Boardwalktech Software Corp.
Consolidated Financial Statements
As at and for the years ended March 31, 2020 and 2019

Stated in United States dollars

Independent Auditor's Report

To the Shareholders of Boardwalktech Software Corp.:

Opinion

We have audited the consolidated financial statements of Boardwalktech Software Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and March 31, 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2020 and March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that during the year ended March 31, 2020, the Company generated a net loss of $5,818,890 and negative cash flows from operating activities of $1,195,585. As at March 31, 2020, the Company has an accumulated deficit of $38,231,042 and a working capital deficit of $3,683,133. 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 Management's Discussion and Analysis.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

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

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 Leanne Bjalek.

Calgary, Alberta

MNP LLP

July 22, 2020

Chartered Professional Accountants

Boardwalktech Software Corp.
Consolidated Statements of Financial Position
(United States dollars)

As at March 31	**2020**	2019
ASSETS		
Current assets		
Cash	**794,706**	195,464
Trade and other receivables (Note 6)	**312,691**	811,644
Prepaid expenses and deposits	**103,431**	164,501
Total current assets	**1,210,828**	1,171,609
Non-current assets		
Property and equipment	**11,650**	15,002
Right-of-use asset (Note 7)	**213,800**	–
Total assets	**1,436,278**	1,186,611
LIABILITIES and SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	**945,378**	874,661
Deferred revenue (Note 9)	**1,381,614**	1,179,342
Deferred compensation (Note 15)	**766,617**	224,728
Current portion of term loan (Note 10)	**1,545,650**	1,015,817
Lease liability (Note 11)	**254,702**	–
Total current liabilities	**4,893,961**	3,294,548
Non-current liabilities		
Term loan (Note 10)	**2,613,407**	2,518,016
Total liabilities	**7,507,368**	5,812,564
Shareholders' deficiency		
Share capital (Note 17)	**25,098,962**	22,174,957
Contributed surplus	**7,061,637**	5,610,633
Accumulated other comprehensive (loss) income	**(168)**	1,088
Deficit	**(38,231,042)**	(32,412,152)
Total deficiency attributed to shareholders	**(6,070,611)**	(4,625,474)
Non-controlling interest	**(479)**	(479)
Total shareholders' deficiency	**(6,071,090)**	(4,625,953)
Total liabilities and shareholders' deficiency	**1,436,278**	1,186,611

Going concern (Note 1)
Subsequent events (Note 23)

Approved by the Board of Directors:

(signed) *"Andrew T. Duncan"* (signed) "*Steve Bennet*"

Boardwalktech Software Corp.
Consolidated Statements of Loss and Comprehensive Loss
(United States dollars)

For the years ended March 31	**2020**	2019
Revenue (Note 12)	**4,635,986**	4,917,314
Cost of sales	**636,382**	561,455
Gross margin	**3,999,604**	4,355,859
Expenses		
Salaries, wages and benefits	**4,275,559**	4,723,054
Share-based payments (Note 18(b), Note 19)	**1,172,304**	1,783,825
General and administration (Note 13)	**715,414**	1,255,401
Consulting	**427,501**	806,123
Deferred compensation (Note 15)	**743,864**	300,358
Professional fees	**412,296**	495,097
Depreciation	**265,283**	6,828
Total expenses	**8,012,221**	9,370,686
Operating loss before other expenses	**(4,012,617)**	(5,014,827)
Other expenses		
Listing expense on reverse takeover (Note 5)	**–**	1,032,535
Transaction costs (Note 5)	**–**	1,230,122
Interest (Note 14)	**768,884**	762,195
Financing costs (Note 14)	**1,024,354**	2,784,498
Fair value adjustment of derivative liability (Note 17(b))	**–**	10,009,363
Total other expenses	**1,793,238**	15,818,713
Loss before taxes	**(5,805,855)**	(20,833,540)
Tax expense (Note 16)	**13,035**	25,556
Net loss for the year	**(5,818,890)**	(20,859,096)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of subsidiary companies	**(1,256)**	1,088
Net loss and comprehensive loss for the year	**(5,820,146)**	(20,858,008)
Net loss per share (Note 20)		
Basic and diluted	**(0.45)**	(2.11)

Boardwalktech Software Corp.
Consolidated Statements of Changes in Shareholders' Deficiency
(United States dollars)

For the years ended March 31	**2020**	2019
Share capital		
Balance, beginning of year	**22,174,957**	562,887
Unit private placements (Note 17(g),(h),(i))	**2,501,258**	–
Conversion of term loan (Note 10)	**541,667**	–
Issuance of common shares (Note 17(a),(d),(f))	**–**	8,403,571
Exercise of common share warrants (Note 18(a))	**–**	376,628
Exercise of stock options (Note 17(e))	**–**	49,641
Reverse takeover (Note 5)	**–**	863,447
Conversion of preferred shares (Note 17(b))	**–**	9,346,400
Conversion of preferred share warrants (Note 17(c))	**–**	3,930,137
Share issue costs	**(118,920)**	(1,357,754)
Balance, end of year	**25,098,962**	22,174,957
Contributed surplus		
Balance, beginning of year	**5,610,633**	2,919,199
Term loan warrants (Note 10)	**248,700**	–
Agent options (Note 17(a))	**–**	(44,800)
Finders' warrants (Note 17(h), (i))	**30,000**	–
Transaction costs (Note 18(a))	**–**	1,216,120
Exercise of common share warrants (Note 18(a))	**–**	(243,222)
Share-based payments (Note 18(b), Note 19)	**1,172,304**	1,783,825
Exercise of stock options (Note 19)	**–**	(20,489)
Balance, end of year	**7,061,637**	5,610,633
Accumulated other comprehensive income		
Balance, beginning of year	**1,088**	–
Exchange differences on translation of subsidiary companies	**(1,256)**	1,088
Balance, end of year	**(168)**	1,088
Deficit		
Balance, beginning of year	**(32,412,152)**	(11,553,056)
Net loss for the year	**(5,818,890)**	(20,859,096)
Balance, end of year	**(38,231,042)**	(32,412,152)
Non-controlling interest		
Balance, beginning and end of year	**(479)**	(479)
Total shareholders' deficiency	**(6,071,090)**	(4,625,953)

Boardwalktech Software Corp.
Consolidated Statements of Cash Flows
(United States dollars)

For the years ended March 31	**2020**	2019
Cash provided by (used in) the following activities:		
Operating activities		
Net loss for the year	**(5,818,890)**	(20,859,096)
Depreciation	**265,283**	6,828
Share-based payments (Note 18(b), Note 19)	**1,172,304**	1,783,825
Listing expense on reverse takeover (Note 5)	**–**	1,032,535
Transaction costs (Note 5)	**–**	1,230,122
Interest (Note 14)	**768,884**	762,195
Financing costs (Note 14)	**1,024,354**	2,784,498
Fair value adjustment of derivative liabilities (Note 17(b))	**–**	10,009,363
Unrealized foreign exchange	**1,704**	626
Changes in non-cash working capital:		
Trade and other receivables	**498,953**	(251,458)
Prepaid expenses and deposits	**61,070**	(62,461)
Accounts payable and accrued liabilities	**86,592**	(466,145)
Deferred revenue	**202,272**	(363,613)
Deferred compensation	**541,889**	(45,767)
Cash flows used in operating activities	**(1,195,585)**	(4,438,548)
Financing activities		
Proceeds from term loan (Note 10)	**1,000,000**	–
Term loan financing fees (Note 10)	**(108,763)**	(215,244)
Repayment of term loan (Note 10)	**(500,000)**	(2,321,672)
Interest paid (Note 10)	**(687,622)**	(762,195)
Lease payments (Note 11)	**(312,807)**	–
Proceeds from common share issuances, net of issue costs (Note 17)	**2,412,338**	7,869,436
Cash flows provided by financing activities	**1,803,146**	4,570,325
Investing activities		
Cash acquired in reverse takeover (Note 5)	**–**	1,920
Transaction costs (Note 5)	**–**	(14,002)
Purchases of property and equipment	**(6,104)**	(15,438)
Cash flows used in investing activities	**(6,104)**	(27,520)
Change in cash	**601,457**	104,257
Foreign exchange effect on cash held in foreign currencies	**(2,215)**	(1,075)
Cash, beginning of the year	**195,464**	92,282
Cash, end of the year	**794,706**	195,464
Taxes paid (Note 16)	**43,788**	25,556

1. Description of Business

Wood Composite Technologies Inc. (“Wood”) was incorporated pursuant to the Business Corporations Act of Alberta. On June 4, 2018, Wood acquired all of the issued and outstanding shares of Boardwalktech, Inc. (“Boardwalktech”), a company organized in 2004 under the laws of the state of California. As consideration, Wood issued 9,454,228 common shares to the shareholders of Boardwalktech, resulting in Boardwalktech’s shareholders controlling Wood. The acquisition of Boardwalktech by Wood has been accounted for as a reverse takeover transaction (the “RTO”). See Note 5.

In conjunction with the RTO, Wood changed its name to Boardwalktech Software Corp. (“BWSC” or the “Company”). The Company operates from locations in the United States and India and provides enterprise blockchain software products and services to global customers. BWSC is a publicly-traded company whose shares are listed on the TSX Venture Exchange under the symbol BWLK.V and on the OTCQB under the symbol BWLKF.

The Company designs and sells collaborative enterprise digital ledger data management technology offered as either a cloud-based platform service that runs industry, or customer specific applications, Boardwalk Application Engine (“BAE”) or Boardwalk Enterprise Blockchain (“BEB”) platforms.

The address of the Company’s corporate and registered office is 10050 N Wolfe Road, Cupertino, CA, 95014 USA.

COVID-19

In early March 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") to be a pandemic. Responses to the spread of COVID-19 have resulted in a significant disruption to business operations and a significant increase in economic uncertainty in North America, India and elsewhere, with more volatile currency exchange rates, higher lending rates and a marked decline in long-term interest rates. These events have resulted in a volatile and challenging economic climate which may adversely affect the Company's operational results and financial position. The current economic climate is having and may continue to have significant adverse impacts on the Company, which may include, but are not limited to:

- a delay in business activity that could result in material reductions in future revenue and cash flows;
- inability to access equity and/or debt financing;
- increased risk of non-performance by the Company’s customers which could materially increase collection risk of accounts receivable and the risk of customer defaults on contracts; and
- increased risk of non-renewals of future subscription license, or cancelation of pending projects contracts.

While the Company does not believe there has been an impact to existing business, the current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgments made by management in the preparation of these consolidated financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the year ended March 31, 2020, the Company generated a net loss of $5,818,890 (2019 – $20,859,096) and negative cash flows from operating activities of $1,195,585 (2019 – $4,438,548). As at March 31, 2020, the Company has an accumulated deficit of $38,231,042 (2019 – $32,412,152) and a working capital deficit of $3,683,133 (2019 – $2,122,939). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company’s ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing to increase the number of licensed customers and continue with expansion in the digital ledger market.

As disclosed in Note 23:

- on April 4, 2020, the Company made a $500,000 term loan repayment (Note 10);
- on April 18, 2020, the Company obtained a forgivable $700,100 loan under the U.S. Small Business Administration’s Payroll Protection Program (“PPP”) designed to assist companies in maintaining their workers through the COVID-19 pandemic;
- on June 12, 2020, the Company completed a non-brokered private placement for gross cash proceeds of $636,620; and
- on June 30, 2020, the Company executed Amended and Restated Loan and Security Agreement.

The ability of the Company to be successful in obtaining additional future financing, if required, cannot be predicted at this present time. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of Preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") that are in effect at April 1, 2019.

These consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on July 22, 2020.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and equity instruments, such as common share warrants, stock options and restricted share units ("RSUs") that have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries which are consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. All intercompany balances and transactions are eliminated in full upon consolidation.

These consolidated financial statements include the accounts of the following entities:

Name of entity	Principle activity	Place of business and operations	Legal ownership
BWSC	Legal parent	Canada	–
Boardwalktech	Accounting parent and operating company	United States	100% owned by BWSC
Boardwalktech Solutions Private Limited ("BWSPL")	Research and development company	India	98% owned by Boardwalktech

Functional and presentation currency

The functional currency of BWSC is the Canadian dollar ("CAD"), the functional currency of Boardwalktech is the United States dollar ("USD") and the functional currency of BWSPL is the Indian Rupee ("INR"). The presentation currency of the Company is the USD.

3. Significant Accounting Policies

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash, trade and other receivables, accounts payable and accrued liabilities, deferred compensation, term loan and lease liability. Non-derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are classified based on the business model in which they are held and the characteristics of their contractual cash flows.

IFRS 9 Financial Instruments ("IFRS 9") contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The classification categories are as follows:

- A financial asset is measured at amortized cost: Financial assets held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortized cost are measured using the effective interest method. Cash and trade and other receivables are classified as financial assets measured at amortized cost.
- Financial assets at FVOCI: Financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at FVTPL: Financial assets that do not meet the criteria for amortized cost or fair value through other comprehensive income. Transaction costs of financial assets measured at FVTPL are expensed in the consolidated statement of loss and comprehensive loss.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to those assets are transferred.

Financial liabilities – The classification of financial liabilities is determined by the Company at initial recognition. The classification categories are as follows:

- Financial liabilities measured at amortized cost: Financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the consolidated statement of loss and comprehensive loss. Accounts payable and accrued liabilities, deferred compensation, term loan and lease liability are classified as financial liabilities measured at amortized cost.

- Financial liabilities measured at FVTPL: Financial liabilities measured a fair value with changes in fair value and interest expense recognized in the consolidated statement of loss and comprehensive loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of loss and comprehensive loss.

Derivative financial instruments

Preferred shares that may be redeemed with cash or another financial asset or are convertible into a variable number of common shares (as in the case of anti-dilution provisions) are classified as a derivative financial liability, measured at fair value on the date of issuance.

Warrants issued to the lender in connection with term loan agreements that are exercisable into a variable number of common shares are classified as a derivative financial liability. Such warrants are measured at fair value on the date of issuance and accounted for as a directly attributable transaction cost with a corresponding amount recognize as a derivative liability.

These derivative liabilities are subsequently classified as FVTPL. Upon the exercise or conversion of warrants or preferred shares to common shares, the related fair value of the derivative liability is transferred to share capital as consideration for the common shares issued, along with cash consideration, if any.

Impairment of financial assets

Impairment of financial assets is based on an expected credit loss (“ECL”) model. ECLs are a probability-weighted estimate of credit losses. The Company calculated lifetime ECLs based on consideration of customer-specific factors, actual credit loss experience and forecasted economic conditions. Management considers historical default rates generally represent a reasonable approximation of future expected defaults and as a percentage of revenue, the Company’s actual credit loss experience has been minor.

Cash

Cash consists of bank balances with financial institutions in the United States, Canada and India.

Foreign currencies

Transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in the consolidated statement of loss and comprehensive loss in the period in which they arise.

The financial results of operations that have a functional currency different from the presentation currency are translated into the presentation currency. Income and expenditures of operations are translated at the average rate of the exchange for the year. All assets and liabilities are translated at the rate of exchange at the reporting date. Differences arising on translation are recognized as other comprehensive income (loss).

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is recorded to recognize the cost of assets over their useful lives, using the straight-line method over three to seven years. When a property and equipment asset has significant components with different useful lives, each significant component is depreciated separately. The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of loss and comprehensive loss.

Repairs and maintenance costs that do not improve or extend productive life are recognized in the consolidated statement of loss and comprehensive loss in the period in which the costs are incurred.

Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of all assets, other than financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is indication of an impairment loss. If any such indication exists, the asset's recoverable amount is estimated. For any asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. If the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is written down to its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, limited such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

Business combination

Acquisitions of subsidiaries and assets that meet the definition of a business under IFRS are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The identifiable assets acquired and liabilities and contingent liabilities assumed that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for, deferred income taxes, employee benefit arrangements, share-based compensation, and assets held for sale, which are measured in accordance with their applicable IFRS. Any excess consideration over the fair value of the identifiable net assets is recognized as goodwill. Acquisition-related costs, other than those associated with the issuance of debt or equity, are recognized in the consolidated statement of loss and comprehensive loss as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date up to a maximum of one year.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 either in the consolidated statement of loss and comprehensive loss or as a change to other comprehensive income (loss). If the contingent consideration is classified as equity, it shall not be re-measured and its final settlement shall be accounted for within equity.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Revenue recognition

The Company's revenue is generated from two primary sources: (1) software subscriptions and services and (2) professional services.

Software subscriptions and services

Software licensing and services revenue consists primarily of licensing agreements for software ("License and Software Service Agreements") written by the Company. This includes the Company's collaborative enterprise digital ledger data management technology platform offered as either a cloud-based platform service that runs industry, or customer specific applications, BAE or BEB platforms. Customers pay a lump-sum upfront for the use of the Company's software licenses and services over a specified term. These revenues are deferred and recognized monthly on the first day of the month that the contract commences over the term of the License and Software Service Agreement. License and Software Service Agreements generally have automatic renewals and do not offer the unilateral right to terminate or cancel the contract and receive a cash refund.

License and Software Service Agreements can also include dedicated server hosting revenue for customers who choose to prepay server hosting fees for 12 months and the related revenues are deferred and recognized monthly on the first day of the month that the contract commences over the term of the dedicated server hosting contract.

In addition, maintenance services are typically included in License and Software Service Agreements. However, in some cases, customers pay for supplemental or additional maintenance services under a separate contract. In these cases, customers prepay maintenance fees for 12 months and the related maintenance revenues are deferred and recognized monthly on the first day of the month that the contract commences over the term of the maintenance contract. Maintenance contracts include the right to unspecified upgrades on a when-and-if available basis, and ongoing support.

Revenue from software subscriptions and services is recognized as a series of satisfied obligations over the specified term, for the right to access or transfer of promised services to the customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. The Company's contracts often include a number of promised services such as software licenses and services, dedicated server hosting and maintenance services. The Company's services are generally distinct and accounted for as separate performance obligations. A service is distinct if the customer can benefit from it on its own or together with other readily available resources, and the Company's promise to transfer the service is separately identifiable from other promises in the contractual arrangement with the customer.

Professional services

Professional services revenue consists of consulting, training and contract customization activities, and ad hoc engagements where the Company's experts consult and write specific applications that run on the BAE platform or the BEB platform, enabling and automating business collaboration and multi-party information exchange. These arrangements can be executed through various means including a statement of work ("SOW") or period-based agreements as hours or services are incurred. Revenue from professional services is recognized at a point in time when the distinct and separate professional and consulting services are rendered to and accepted by the customer, and the payments associated with those completed and accepted professional service are non-refundable.

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable. Capitalized contract acquisition costs are amortized consistent with the pattern of transfer of the services to which the asset relates. The amortization period includes anticipated contract renewals where there is either no renewal commission or a renewal commission that is not commensurate with the initial commission. The Company does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less. The Company does not have any incremental costs meeting capitalization criteria.

The Company does not adjust the total consideration over the contract term for the effect of a financing component if the period between the transfer of services to the customer and the customer's payment for these services is expected to be one year or less.

Amounts billed and collected in accordance with customer contracts but not yet earned are recorded and presented as deferred revenue.

Cost of sales

Cost of sales includes direct costs and labour related to the rendering of services. The Company's data centre related costs are expensed to cost of sales per service contracts with cloud hosting partners. Fees are paid monthly and the services can be cancelled at any time with advance notice.

Employee benefits

<u>Short-term benefits</u>

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes pricing model.

The fair value determined at the grant date of the equity-settled share-based payments is recognized as share-based payment expense, with a corresponding increase in equity, over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated statement of loss and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the counterparty renders the service. The fair value of RSUs is estimated based on the market value of the Company's shares on the date of grant.

Upon exercise of equity instruments, the consideration received plus the amount previously recorded in contributed surplus is recorded as an increase to share capital.

Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized using the statement of financial position method based on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized in the consolidated statement of loss and comprehensive loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive loss or directly in equity respectively.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The weighted average number of common shares outstanding is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all common share warrants and stock options with exercise prices below the average market price for the year.

Newly adopted accounting standards

IFRS 16 Leases

On April 1, 2019, the Company adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective approach which does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

On adoption of IFRS 16, the Company's lease liability related to contracts classified as leases is measured at the discounted present value of the remaining minimum lease payments, excluding short-term and low-value leases. The right-of -use ("ROU") asset recognized was measured at amounts equal to the present value of the lease obligations. The weighted average incremental borrowing rate used to determine the lease liability at adoption was approximately 12.5%. The ROU asset and lease liability recognized relates to office premises. The Company elected not to apply lease accounting to certain leases for which the lease term ends within 12 months of the date of initial application and leases of low dollar value assets.

The cumulative effect of initially applying IFRS 16 was recognized as $523,839 as a lease liability (Note 11) with a corresponding amount for a ROU asset (Note 7). In accordance with IFRS 16, the ROU was reduced by the April 1, 2019 balance of deferred rent (Note 8) related to lease incentives.

In applying IFRS 16 for the first time, the Company used the following practical expedients permitted by the standard:

- Use of a single discount rate to a portfolio of leases with similar characteristics;
- Accounting for leases with a remaining term of less than 12 months as at April 1, 2019 as short-term leases;
- Accounting for lease payments as an expense and not recognizing a ROU asset if the underlying asset is of low dollar value; and
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease.

Prior to the adoption of IFRS 16, the Company's accounting policy for leases was as follows:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognized as an expense as incurred. In the event that lease incentives, such as deferral of cash payments, are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Upon the adoption of IFRS 16, the Company adopted the following significant accounting policy effective April 1, 2019:

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the ROU asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying amount of the ROU assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

The following table reconciles the Company's commitments at March 31, 2019, as disclosed in the Company's audited March 31, 2019 consolidated financial statements, to the lease liability recognized on initial adoption of IFRS 16 on April 1, 2019:

Lease commitments disclosed at March 31, 2019	634,999
Correction for number of months in lease term	(54,627)
Discounted effect	(56,533)
Lease liability at April 1, 2019	523,839

4. Accounting Estimates and Judgments

In the application of the Company's accounting policies, management is required to make judgments and estimates that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the periods presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Estimates

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant areas of estimation uncertainty are:

Expected credit losses

The Company's trade and other receivables are typically short-term in nature, as payment for License and Software Service Agreements is prepaid at the beginning of the license term, and the Company recognizes an amount equal to the lifetime ECL based on a probability-weighted matrix. The Company measures loss allowances based customer-specific factors, historical default rates and forecasted economic conditions. The amount of ECLs is sensitive to changes in circumstances of forecast economic conditions.

Revenue recognition

Where the outcome of performance obligations for contracts can be estimated reliably, revenue is recognized. The Company recognizes revenue when obligations have been satisfied and, where such provisions exist, the Company does not begin revenue recognition for license subscriptions that have conditional or trial periods until such periods expire. Where the outcome of performance obligations for sales contracts cannot be reliably measured, contract revenue is recognized in the current year to the extent that costs have been incurred until such time that the outcome of the performance obligations can be reasonably measured. Significant estimation assumptions are required to estimate total contract costs, which are recognized as expenses in the year in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Derivative liabilities

Determining the fair value of derivative liabilities requires estimate as to the appropriate valuation model (Black-Scholes pricing model) and the inputs for the model require assumptions including the expected life of the instrument, the Company's share price and its expected volatility, the risk-free interest rate and expected dividends.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Determining the fair value of such share-based awards granted as common share warrants and stock options requires estimate as to the appropriate valuation model (Black-Scholes pricing model) and the inputs for the model require assumptions including the rate of forfeiture of warrants or options granted, the expected life of the warrant or option, the Company's share price and its expected volatility, the risk-free interest rate and expected dividends. RSUs are valued based on the market price of the Company's shares at the time of grant.

Purchase price allocations

The acquired assets and assumed liabilities are recognized at fair value on the date the Company effectively obtains control. The measurement of each business combination is based on the information available on the acquisition date. The estimate of fair value of the acquired intangible assets (including goodwill), property and equipment, other assets and the liabilities assumed are based on assumptions. The measurement is largely based on projected cash flows, discount rates and market conditions at the date of acquisition.

Judgments

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements.

Determination of CGUs

For the purposes of assessing impairment of non-financial assets, the Company must determine CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgment. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. Management has determined that the Company has one CGU.

Contingencies

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

Going concern

The going concern assessment requires management's judgment on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing to increase the number of licensed customers and continue with expansion in the digital ledger market.

Taxation

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

5. Reverse Takeover

Pursuant to a merger agreement (the "Merger Agreement"), on June 4, 2018, Wood and Boardwalktech completed the RTO whereby Wood acquired all of the issued and outstanding shares of Boardwalktech. As consideration, the shareholders of Boardwalktech received 9,454,228 common shares of Wood.

Prior to completion of the RTO, Wood completed a share consolidation of 410:1 resulting in a reduction of its share capital from 87,011,141 common shares to 212,208 common shares outstanding. Following the RTO, the former shareholders of Boardwalktech owned approximately 98% of the voting shares of Wood and as a result, the transaction was accounted for as a reverse takeover with Boardwalktech deemed to be the acquirer and accounting parent. These consolidated financial statements are considered to be a continuation of Boardwalktech, the deemed acquirer and accounting parent company, except with regards to the authorized and issued share capital which is that of the legal parent, Wood. The accounting information and results of Wood have been included in these consolidated financial statements from the date of the RTO.

The fair value of the consideration was determined based on the percentage of ownership of the merged entity that was transferred to the shareholders of Wood upon completion of the RTO. This value represents the fair value of the number of shares that Boardwalktech would have had to issue for the ratio of ownership interest in the combined entity to be the same as if the Merger Agreement had taken the legal form of Boardwalktech acquiring 100% of the shares of Wood. The fair value of the RTO is based on the private placement completed by Boardwalktech in conjunction with the RTO (Note 17(a)).

The following summarizes the fair value of Wood's net assets acquired on June 4, 2018:

Net assets acquired:	
Cash	1,920
Non-cash working capital deficit	(171,008)
Listing expense on reverse takeover	1,032,535
	863,447
Consideration paid:	
Common shares of Wood	863,447

The public company listing expense on reverse takeover is deemed to be the difference between the consideration paid for Wood shares and the net assets of Wood.

The Company recognized $1,230,122 of transaction costs in the March 31, 2019 consolidated statement of loss and comprehensive loss comprised of $1,216,120 for the fair value of common share warrants (Note 18(a)) and $14,002 of other expenses.

6. Trade and Other Receivables

The Company's trade and other receivables are exposed to the risk of financial loss if the counterparty fails to meet its contractual obligations. Trade and other receivables credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Most of the Company's credit exposures are with counterparties in the consulting and technology industries and are subject to normal industry credit risk. Payment terms with customers are 30 days from invoice date.

The Company's maximum exposure to credit risk at March 31, 2020 is in respect of $312,691 (2019 – $811,644) of trade and other receivables. The Company's trade and other receivables consist of:

As at March 31	2020	2019
Trade receivables	191,950	487,878
Receivables from contracts with customers	112,500	315,000
Other	8,241	8,766
	312,691	811,644

As at March 31, 2020, four customers accounted for 83% of trade receivables (2019 – two customers; 37%), each with balances greater than 10%.

The Company's trade and other receivables are aged as follows:

As at March 31	2020	2019
Current	251,950	736,878
31 – 60 days past due	–	40,000
61 – 90 days past due	–	10,000
Past due for greater than 90 days	60,741	24,766
	312,691	811,644

At March 31, 2020, the Company evaluated the collectability of trade and other receivables and lifetime expected credit losses and recognized $nil (2019 – $nil) of bad debt expense and allowance for credit losses due to doubts of collectability.

7. Right-Of-Use Asset

The Company has recognized a right-of-use ("ROU") asset and corresponding lease liability (Note 11) related to office premises. The ROU asset is depreciated on a straight-line basis over the 22 month term of the related lease.

March 31, 2019	–
Adoption of IFRS 16 (Note 3)	523,839
Deferred rent (Note 8)	(53,467)
Right-of-use asset	470,372
Depreciation	(256,572)
Net carrying amount as at March 31, 2020	213,800

8. Accounts Payable and Accrued Liabilities

As at March 31	2020	2019
Accounts payable	885,219	753,781
Accrued liabilities	60,159	120,880
	945,378	874,661

Included in accrued liabilities at March 31, 2020 is $nil (2019 – $53,467) of deferred rent (Note 7).

9. Deferred Revenue

The following table represents the change in deferred revenue for the years ended March 31, 2020 and 2019:

As at March 31	2020	2019
Balance, beginning of year	1,179,342	1,542,955
Invoiced in the period, excluding amount recognized as revenue	3,216,439	2,439,960
Amount recognized as revenue	(3,014,167)	(2,803,573)
Balance, end of year	1,381,614	1,179,342

10. Term Loan

A continuity of the Company's term loan is as follows:

	2020	2019
Balance, beginning of year	3,533,833	3,286,251
Advances	1,000,000	–
Financing fees	(108,763)	(215,244)
Common share warrants	(248,700)	–
Principal repayments	(500,000)	(2,321,672)
Conversion to common shares (Note 17)	(500,000)	–
Accretion of financing fees and de-recognition charges	963,328	707,169
Loss (gain) on de-recognition of term loan	19,359	(1,580,552)
Success fee	–	3,657,881
Balance, end of year	4,159,057	3,533,833
Current portion	(1,545,650)	(1,015,817)
Long-term portion	2,613,407	2,518,016

Beginning in February 2016, the Company entered into a series of term loans from SQN Venture Income Fund LP ("SQN").

April 1, 2018 to March 31, 2019

The RTO completed on June 4, 2018 (Note 5) constituted a change of control and triggered a $3,657,881 success fee which was added to the outstanding term loan balance, increasing the term loan to $7,309,762. In connection with the RTO, all Series A, A-1 and A-2 preferred shares and preferred share warrants were converted to common shares (Note 17). The success fee was recognized as a non-cash expense in the March 31, 2019 consolidated statement of loss and comprehensive loss.

Pursuant to an Amended and Restated Loan and Security Agreement executed on June 15, 2018 (the "June 2018 Agreement"), maturity date of the term loan was extended from April 30, 2018 to December 1, 2021, the interest rate was reduced from 25% to 14.5% per annum. In addition, the Company made a $1,500,000 principal payment, reducing the principal amount of the term loan to $5,809,762 secured by all current and future property of the Company including intellectual property. The Company incurred $215,244 of related financing fees.

Other key terms of the June 2018 Agreement are as follows:

Blended principal and interest payments

Following a $354,402 payment made on June 18, 2018, of which $284,201 was applied against the loan principal and $70,201 to interest, monthly blended principal and interest payments were set at $171,695 from August 1, 2018 to December 1, 2021.

Loan prepayment option

The Company has the option to prepay the term loan in whole or in part in $500,000 increments, If the Company prepays any increment or the balance of the loan, a prepayment fee is payable to SQN and is calculated as follows:

- For a prepayment made before June 15, 2019, a fee equal to five percent (5.0%) of the amount so prepaid;
- For a prepayment made after June 15, 2019 but before June 15, 2020, a fee equal to four percent (4.0%) of the amount so prepaid; and,
- For a prepayment made after June 15, 2020, a fee equal to three percent (3.0%) of the amount so prepaid.

Loan covenant

The Company must maintain minimum trailing three-month revenues of not less than $1,200,000, beginning October 1, 2018. The Company was in compliance with this covenant as at March 31, 2019.

On June 15, 2018, the Company recognized a $1,474,384 gain on de-recognition for the difference between the then carrying amount of the $3,351,881 principal amount of term loan and the present value of cash flows based on the terms of the June 2018 Agreement.

Pursuant to an Amended and Restated Loan and Security Agreement and Amendment No. 2 to the June 15, 2018 Agreement signed on March 6, 2019 (the "March 2019 Agreement"), the Company is required to make interest-only payments in the amount of $60,273 per month from January 1, 2019 to March 31, 2019 followed by monthly blended principal and interest payments of $204,293 from April 1, 2019 until the extended maturity date of August 31, 2019.

On January 1, 2019, the Company recognized a $106,168 gain on de-recognition for the difference between the then carrying amount of the $4,988,090 principal amount of term loan and the present value of cash flows based on the terms of the March 2019 Agreement.

<u>April 1, 2019 to March 31, 2020</u>

On June 7, 2019, the Company and SQN executed an Amended and Restated Loan and Security Agreement (the "June 2019 Agreement"). Key terms of the June 2019 Agreement are as follows:

- An extension of the loan's maturity to June 7, 2022;
- A reduction of the interest rate from 14.5% to 12.5%;
- An initial six-month interest-only period through to November 30, 2019 which was extended to May 31, 2020 at the discretion of SQN; and
- A new $1,000,000 working capital loan on terms similar to the new extension.

The Company incurred $123,665 and $500,507 of interest expense for the periods from April 1, 2019 to June 7, 2019 and June 7, 2019 to March 31, 2020, respectively.

In connection with the $1,000,000 working capital loan, subject to the approval of the TSXV, it was intended that:

- The Company would issue 1,200,000 common share warrants to SQN exercisable at CAD 0.60 per share for a period not to exceed the term of the loan (issued on February 28, 2020, see below); and
- SQN would convert $1,000,000 of the existing term loan and $249,404 of prepayment fees into common shares of the Company at a conversion price of $0.36 per share ($500,000 converted to common shares on February 28, 2020, see below).

The Company incurred $101,042 of interest expense on working capital loan for the period from June 7, 2019 to March 31, 2020.

Other key terms of the term loan are as follows:

Loan prepayment option

The Company has the option to prepay the term loan in whole or in part in $500,000 increments, If the Company prepays any increment or the entire balance of the loan, a prepayment fee is payable to SQN and is calculated as follows:

- For a prepayment made before June 15, 2019, a fee equal to five percent (5.0%) of the amount so prepaid;
- For a prepayment made after June 15, 2019 but before June 15, 2020, a fee equal to four percent (4.0%) of the amount so prepaid; and,
- For a prepayment made after June 15, 2020, a fee equal to three percent (3.0%) of the amount so prepaid.

Loan covenants

The Company must maintain the following covenants:

- A minimum trailing three-month revenues of not less than $1,200,000, beginning with the monthly period commencing on August 1, 2019;
- A minimum cash balance of $250,000 in bank accounts subject to a deposit account control agreement in favor of SQN; and
- A minimum of 85% of quarterly revenue, bookings, expenses and adjusted EBITDA (as defined in the June 2019 agreement) set forth in the Company's budget as adjusted with written consent of SQN.

On June 7, 2019, the Company recognized a $19,359 loss on de-recognition for the difference between the then carrying amount of the $4,988,090 principal amount of term loan and the present value of cash flows based on the terms of the June 2019 Agreement. The Company incurred $108,763 of financing fees related to the June 2019 Agreement.

In contemplation of the debt-to-equity conversion, at the annual and special meeting of the Company's shareholders held on

December 4, 2019, the shareholders of Boardwalktech approved the creation of SQN as a "control person" (as defined under the policies of the TSXV) of the Company following the debt-to-equity conversion.

On January 1, 2020, the Company made a $500,000 prepayment of the term loan.

On February 28, 2020, the Company and SQN agreed to the conversion of $500,000 of term loan principal (reduced from $1,000,000) into common shares of the Company at a conversion price of $0.36 per share and recognized a $41,667 loss on conversion based on the fair value of the Company's shares ($541,667) on the date of conversion. It was also agreed that the $249,404 of prepayment fees would not be converted in to common shares of the Company.

On February 28, 2020, the Company issued 1,200,000 common share warrants to SQN exercisable at CAD 0.60 per share until June 7, 2022. The common share warrants were accounted as an incremental transaction cost incurred in relation to the new working capital loan. The issue date fair value of the common share warrants was estimated to be $248,700 using the Black-Scholes pricing model based on the following assumptions:

Issue date share price	CAD 0.53	Expected dividend yield	0%
Exercise price	CAD 0.60	Risk-free interest rate	0.86%
Expected volatility	100%	Forfeiture rate	0%
Expected life	2.27 years	Fair value per common share warrant	$0.21

As at March 31, 2020, the Company was in compliance with the term loan covenants with the exception of the minimum trailing three-month revenues covenant for which the Company received forbearance from SQN.

The carrying amount of the term loan is comprised of the following:

As at March 31	2020	2019
Principal amount of term loan	4,988,089	4,988,089
Unamortized balance of financing fees and de-recognition charges	(829,032)	(1,454,256)
	4,159,057	3,533,833
Current portion	(1,545,650)	(1,015,817)
Long-term portion	2,613,407	2,518,016

On April 4, 2020, the Company made a $500,000 prepayment of the term loan and the term loan was further amended on June 30, 2020 (Note 23).

11. Lease Liability

The Company incurs lease payments related to office premises.

Balance, March 31, 2019	–
Lease liability for ROU asset (Notes 3 and 7)	523,839
Imputed interest	43,670
Payments	(312,807)
Balance, March 31, 2020	254,702
Current portion	(254,702)
Long-term portion	–

Total expected payments under the Company's office lease agreement are as follows:

	Monthly	Total
April 1, 2020 to October 31, 2020	26,518	185,626
November 1, 2020 to January 31, 2021	27,313	81,939

12. Revenue

The following table presents the Company's revenue disaggregated by type:

For the years ended March 31	2020	2019
Software subscriptions and services	2,952,667	2,742,885
Professional services	1,683,319	2,174,429
Total revenue	4,635,986	4,917,314

The Company's revenue is generated in the United States. For the year ended March 31, 2020, 38.3% of the Company's revenue was earned through sales to one major customer (2019 – 19.5% of revenue to one major customer). As at March 31, 2020, trade and other receivables included $112,500 of receivables from software subscriptions and services customers (2019 – $315,000) and $191,950 of receivables from professional services customers (2019 – $487,878) (Note 6).

13. Nature of Expenses

The nature of the Company's general and administrative expenses is as follows:

For the years ended March 31	2020	2019
Marketing	217,142	447,692
Rent	56,432	340,635
Travel and lodging	195,110	291,714
Office	122,902	104,776
Utilities	75,558	51,471
Shareholder, regulatory and other	48,270	19,113
	715,414	1,255,401

14. Interest and Financing Costs

For the years ended March 31	2020	2019
Interest		
Term loan (Note 10)	725,214	762,195
Lease liability (Note 11)	43,670	–
	768,884	762,195

For the years ended March 31	2020	2019
Financing Costs		
Accretion of term loan (Note 10)	963,328	707,169
Loss (gain) on de-recognition of term loan (Note 10)	19,359	(1,580,552)
Loss on debt-to-equity conversion of term loan (Note 10)	41,667	–
Success fee (Note 10)	–	3,657,881
	1,024,354	2,784,498

15. Related Party Transactions

Key management personnel compensation

The Company defines key management personnel as being the Chief Executive Officer, Chief Financial Officer, and Chief Technical Officer. For the year ended March 31, 2020, key management personnel compensation included $710,000 (2019 – $733,139) in salaries, wages and benefits expense and $423,677 (2019 – $764,496) in share-based payments expense.

Deferred compensation

During the year ended March 31, 2020, deferred compensation of $743,864 (2019 – $300,358) was recognized, of which $766,617 was included in deferred compensation payable at March 31, 2020 (2019 – $224,728).

16. Taxes

The tax provision recorded in the consolidated financial statements differs from the amount computed by applying the combined Canadian federal and provincial income tax statutory rates to loss before tax as follows:

For the years ended March 31	2020	2019
Loss before taxes	(5,805,855)	(20,833,540)
Statutory income tax rate (%)	22%	22%
Expected recovery at statutory rate	(1,277,288)	(4,583,379)
Increase (decrease) in taxes resulting from:		
Non-deductible items	895,708	2,935,494
Impact of tax rate changes	60,774	–
Effect of tax return filings	–	(650,524)
Taxable intercompany advances	156,036	173,174
Deferred tax benefits not recognized	177,805	2,150,791
Tax expense	13,035	25,556

The impact of tax rate changes is due to a reduction in the Canadian provincial statutory tax rate from 12% to 11% on July 1, 2019.

The Company's deferred tax assets (liabilities) are as follows:

	2020	2019
Tax difference on accounting versus cash tax reporting	(47,400)	(1,600)
Net operating losses utilized	47,400	1,600
Net deferred tax liability	–	–

The Company has not recognized a differed tax asset in respect of the following deductible temporary differences:

	2020	2019
Net operating losses – United States	18,588,000	16,284,000
Non-capital losses – Canada	12,957,000	13,775,000
Total deductible temporary differences	31,545,000	30,059,000

The Company has net operating losses of approximately $18,588,000 and non-capital losses of approximately $12,957,000 (CAD 18,381,000) which are available to reduce future years' taxable income in the United States and Canada, respectively. The net operating losses will commence to expire in fiscal 2028 while the non-capital losses will commence to expire in 2024 if not utilized. Deferred tax assets are recorded only to the extent that future taxable income will be available against which the deferred tax asset can be offset. Management estimates future income using forecasts based on the best available current information. Based on the current estimates, no deferred tax asset has been recorded.

17. Share Capital

Authorized:

Unlimited number of voting common shares

Issued:	Number of Shares	Amount ($)
Common shares		
Balance, March 31, 2018	4,047,197	53,077
Shares issued	57,987	5,800
Conversion of subscription receipts (a)	1,925,729	7,794,074
Conversion of Series A, A-1 and A-2 preferred shares (b)	2,427,638	9,856,210
Conversion of preferred share warrants (c)	968,014	3,930,137
Shares exchanged to effect RTO (Note 5)	(9,454,228)	–
Issued to effect the RTO (Note 5)	9,454,228	–
Wood shares (Note 5)	212,208	863,447
Issued to settle Wood debt (d)	26,857	108,697
Exercise of common share warrants (Note 18(a))	79,884	376,628
Exercise of stock options (e)	130,700	49,641
Unit private placement (f)	1,005,302	495,000
Share issue costs (a)(f)	–	(1,357,754)
Balance, March 31, 2019	10,881,516	22,174,957
Unit private placement (g)	1,001,016	482,923
Unit private placement (h)	2,555,588	867,823
Unit private placement (i)	3,496,088	1,150,512
Conversion of term loan (Note 10)	1,388,889	541,667
Share issue costs (g)(h)(i)	–	(118,920)
Balance, March 31, 2020	19,323,097	25,098,962
Series A preferred shares		
Balance, March 31, 2018	976,834	–
Converted to common shares (b)	(976,834)	–
Balance, March 31, 2019 and 2020	–	–
Series A-1 preferred shares		
Balance, March 31, 2018	940,775	189,254
Converted to common shares (b)	(940,775)	(189,254)
Balance, March 31, 2019 and 2020	–	–
Series A-2 preferred shares		
Balance, March 31, 2018	510,029	320,556
Converted to common shares (b)	(510,029)	(320,556)
Balance, March 31, 2019 and 2020	–	–
Totals		
Balance, March 31, 2019	10,881,516	22,174,957
Balance, March 31, 2020	19,323,097	25,098,962

(a) In conjunction with the RTO completed on June 4, 2018 (Note 5), the Company completed a private placement of 1,925,729 subscription receipts (the "Offering") for gross proceeds of $7,794,074 ($4.06 per receipt (CAD 5.25)). Each subscription receipt was automatically converted into one common share of the Company upon closing of the RTO.

In connection with the Offering, the Company incurred $1,325,684 of share issue costs comprised of $293,070 of legal and other expenses, $682,614 of Agent commissions and expenses and $350,000 in respect of 134,801 compensation options ("Agent Option"). Each Agent Option is exercisable for one common share of the Company at CAD 5.25 for a period of 24 months following the closing of the Offering. The $350,000 fair value of the Agent Options was determined using the Black-Scholes pricing model for which a preliminary estimate of $394,800 was included in deferred financing costs at March 31, 2018, resulting in a $44,800 corresponding adjustment to contributed surplus on the closing date.

(b) Under the terms of the Merger Agreement (Note 5), all Series A, Series A-1 and Series A-2 preferred shares were converted to common shares on a one-for-one basis immediately prior to the completion of the RTO. These share conversions were accounted for at the fair value of the related derivative liability on June 4, 2018. Immediately prior to the conversion, the Company recognized a $10,009,363 fair value adjustment in the March 31, 2019 consolidated statement of loss and comprehensive loss.

(c) Under the terms of the Merger Agreement (Note 5), 968,014 preferred share warrants were converted to common shares immediately prior to the completion of the RTO.

(d) Under the terms of the Merger Agreement (Note 5), certain indebtedness of Wood totalling $108,697 was settled through the issuance of 26,857 common shares.

(e) During the year ended March 31, 2019, at total of 130,700 stock options were exercised (Note 19) for gross cash proceeds of $29,152 plus a pro-rata portion of related fair value $20,489 reclassified from contributed surplus.

(f) On February 22, 2019, the Company closed the first tranche of a non-brokered private placement of units (each, a "Unit") for 1,005,302 Units at CAD 0.65 per Unit, for gross proceeds of $495,000 (CAD 653,446). Each Unit is comprised of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable at a price of CAD 1.10 per share for a period of 24 months following the closing and will be subject to early redemption by the Company if the trading price of the Company's common shares is greater than CAD 1.75 for 10 consecutive trading days. The Company paid aggregate finder's fees of $15,891 plus $16,179 of other issuance costs.

The issue date fair value of the common share warrants was estimated to be $42,700 using the Black-Scholes pricing model based on the following assumptions:

Issue date share price	CAD 0.44	Expected dividend yield	0%
Exercise price	CAD 1.10	Risk-free interest rate	2.55%
Expected volatility	99%	Forfeiture rate	0%
Expected life	1 year	Fair value per common share warrant	$0.09

(g) In April and May 2019, the Company closed two tranches of a Unit private placement for the aggregate issuance of 1,001,016 Units, of which 738,772 Units were subscribed at CAD 0.65 per Unit and 262,244 Units were subscribed at $0.49, for gross proceeds of $482,923. Each Unit is comprised of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable at a price of CAD 1.10 per share for a period of 24 months following the closing and will be subject to early redemption by the Company if the trading price of the Company's common shares is greater than CAD 1.75 for 10 consecutive trading days. The Company paid aggregate finder's fees of $7,381 (CAD 9,913) to compensate finders who introduced purchasers under the private placement plus $12,268 of other issuance costs. An officer of the Company subscribed for 30,612 Units.

The issue date aggregate fair value of the common share warrants was estimated to be $81,400 using the Black-Scholes pricing model based on the following assumptions:

Issue date share price	CAD 0.42 – 0.475	Expected dividend yield	0%
Exercise price	CAD 1.10	Risk-free interest rate	2.28% – 2.35%
Expected volatility	129%	Forfeiture rate	0%
Expected life	2 years	Fair value per common share warrant	$0.14 – $0.17

(h) On November 27, 2019, the Company closed the first tranche of a non-brokered Unit private placement for the issuance of 2,555,588 Units, of which 985,000 Units were subscribed at CAD 0.45 per Unit and 1,570,588 Units were subscribed at $0.34, for gross proceeds of $867,823. Each Unit is comprised of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable at a price of CAD 0.65 per share for a period of 24 months following the closing and will be subject to early redemption by the Company if the trading price of the Company's common shares is greater than CAD 1.00 for 10 consecutive trading days. The Company paid aggregate finder's fees of $16,767 (CAD 22,263) and issued 49,250 finders' options (categorized as common share warrants) with a term of two years and an exercise price of CAD 0.45 to compensate finders who introduced purchasers under the private placement plus $7,340 of other issuance costs. Directors and officers of the Company subscribed for 100,000 Units.

The issue date aggregate fair value of the common share warrants and finders' options was estimated to be $194,200 and $8,900, respectively, using the Black-Scholes pricing model based on the following assumptions:

Issue date share price	CAD 0.44	Expected dividend yield	0%
Exercise price	CAD 0.45 – CAD 0.65	Risk-free interest rate	1.63%
Expected volatility	105%	Forfeiture rate	0%
Expected life	2 years	Fair value per common share warrant	$0.15 – $0.18

(i) On March 9, 2020, the Company closed the second tranche of a non-brokered Unit private placement for the issuance of 3,496,088 Units, of which 1,950,500 Units were subscribed at CAD 0.45 per Unit and 1,545,588 Units were subscribed at $0.34, for gross proceeds of $1,150,512. Each Unit is comprised of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable at a price of CAD 0.65 per share for a period of 24 months following the closing and will be subject to early redemption by the Company if the trading price of the Company's common shares is greater than CAD 1.00 for 10 consecutive trading days. The Company paid aggregate finder's fees of $32,828 (CAD 44,640) and issued 99,200 finders' options (categorized as common share warrants) with a term of two years and an exercise price of CAD 0.45 to compensate finders who introduced purchasers under the private placement plus $12,336 of other issuance costs.

The issue date aggregate fair value of the common share warrants and finders' options was estimated to be $313,300 and $21,100, respectively, using the Black-Scholes pricing model based on the following assumptions:

Issue date share price	CAD 0.52	Expected dividend yield	0%
Exercise price	CAD 0.45 – CAD 0.65	Risk-free interest rate	0.38%
Expected volatility	100%	Forfeiture rate	0%
Expected life	2 years	Fair value per common share warrant	$0.18 – $0.21

Non-voting and escrowed common shares:

In connection with the RTO, the following common shares and non-voting common shares were escrowed and are subject to release as follows:

	Common shares	Non-voting common shares (1)
Released 15% on each six-month anniversary date of June 7, 2018, with the final 15% released on June 7, 2021		
Balance, June 4, 2018	1,144,579	3,400,622
Released	(286,145)	(850,155)
Balance, March 31, 2019	858,434	2,550,467
Released	(343,374)	(1,020,186)
Balance, March 31, 2020	515,060	1,530,281
Released 15% on each six-month anniversary date of June 7, 2018, with the final 25% released on June 7, 2021		
Balance, June 4, 2018	86,752	331,635
Released	(13,013)	(49,745)
Balance, March 31, 2019	73,739	281,890
Released	(26,026)	(99,490)
Balance, March 31, 2020	47,713	182,400
Total		
March 31, 2019	932,173	2,832,357
March 31, 2020	562,773	1,712,681

(1) Non-voting common shares have the same rights and privileges as other common shares, including the same dividend rights, except for the purpose of electing the Company's directors, in which case they are not entitled to vote. These non-voting common shares obtain voting rights to elect the Company's directors upon the Company's receipt of written notice by the non-voting common shareholders to convert the share status to voting common shares following their release from escrow. As at March 31, 2020, no non-voting common shares had been converted to voting common shares.

18. Warrants

	Number of Warrants	Weighted Average Exercise Price
Common share warrants		
Balance, March 31, 2018	–	–
Issued (a)	399,424	1.67
Exercised (a)	(79,884)	(1.67)
Issued (Note 17(f))	502,651	0.78 (2)
Balance, March 31, 2019	822,191	1.13
Issued (Note 17(g))	500,509	0.78 (2)
Issued (Note 17(h) and (i))	3,025,838	0.46 (3)
Issued (Note 17(h) and (i))	148,450	0.32 (4)
Issued (Note 10)	1,200,000	0.42 (5)
Issued for investor relation services (b)	150,000	0.32 (6)
	5,846,988	0.57
Preferred share warrants		
Balance, March 31, 2018	968,014	1.36
Converted to common shares pursuant to RTO (Note 15(c))	(968,014)	(1.36)
Balance, March 31, 2019 and March 31, 2020	–	–
Totals		
Balance, March 31, 2019	822,191	1.13
Balance, March 31, 2020	5,846,988	0.57

(a) The Company signed a consulting agreement on December 29, 2017 pursuant to which the consulting service provider would receive compensation comprised of 399,424 common share warrants immediately prior to the completion by the Company of transaction such as an initial public offering or an RTO of a company listed on a qualifying stock exchange.

Immediately prior to the completion of the RTO on June 4, 2018 (Note 5), the Company issued 399,424 common share warrants exercisable at $1.67 per share until June 4, 2023. The common share warrants are exercisable in five equal tranches between June 4, 2018 and June 4, 2019.

The issue date fair value of the common share warrants was estimated to be $1,216,120 using the Black-Scholes pricing model based on the following assumptions:

Issue date share price	$4.06 (CAD 5.25)	Expected dividend yield	0%
Exercise price	$1.67	Risk-free interest rate	2.14%
Expected volatility	99%	Forfeiture rate	0%
Expected life	2.5 years	Fair value per common share warrant	$1.23

The Company recognized the $1,216,120 fair value of the common share warrants as transaction costs (Note 5) in the March 31, 2019 consolidated statement of loss and comprehensive loss with a corresponding charge to contributed surplus.

On June 4, 2018, the first exercisable tranche of common share warrants (79,884 warrants) was exercised for cash proceeds of $133,406 a pro-rata portion of related fair value $243,222 reclassified from contributed surplus.

(b) On July 16, 2019, the Company issued 150,000 common share warrants exercisable at CAD 0.46 per share until December 13, 2024 to an investor relations firm as compensation for services. The 37,500 warrants vested immediately and the remainder vest 12,500 per month from August 31, 2019 to April 30, 2020.

The issue date fair value of the common share warrants was estimated to be $45,000 using the Black-Scholes pricing model based on the following assumptions:

Issue date share price	CAD 0.475	Expected dividend yield	0%
Exercise price	CAD 0.46	Risk-free interest rate	1.88%
Expected volatility	118%	Forfeiture rate	0%
Expected life	5 years	Fair value per common share warrant	$0.30

The Company recognized $41,250 of share-based payment expense in the March 31, 2020 consolidated statement of loss and comprehensive loss with a corresponding charge to contributed surplus.

Information about common share warrants outstanding and exercisable at March 31, 2020 is as follows:

Expiry Date	Number Outstanding	Number Exercisable	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
February 22, 2021	502,651	502,651	0.78 (2)	0.90
April 9, 2021	316,315	316,315	0.78 (2)	1.02
May 7, 2021	140,385	140,385	0.78 (2)	1.10
May 10, 2021	43,809	43,809	0.78 (2)	1.11
November 27, 2021	1,277,794	1,277,794	0.46 (3)	1.66
November 27, 2021	49,250	49,250	0.32 (4)	1.66
March 9, 2022	1,748,044	1,748,044	0.46 (3)	1.94
March 9, 2022	99,200	99,200	0.32 (4)	1.94
June 7, 2022	1,200,000	1,200,000	0.42 (5)	2.19
December 13, 2024	150,000	137,500	0.32 (6)	4.71
December 21, 2027	319,540	319,540	1.67	7.73
	5,846,988	5,834,488	0.57	2.15

(2) CAD 1.10 at the March 31, 2020 CAD to USD exchange rate.
(3) CAD 0.65 at the March 31, 2020 to USD exchange rate.
(4) CAD 0.45 at the March 31, 2020 CAD to USD exchange rate.
(5) CAD 0.60 at the March 31, 2020 CAD to USD exchange rate.
(6) CAD 0.46 at the March 31, 2020 CAD to USD exchange rate.

19. Share-Based Payments

The Company has established an equity incentive plan (the “Equity Incentive Plan”) administered by the Company’s Board of Directors (the “Board”) which provides for the grant of incentive stock awards, including incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards and other awards based on common stock. Under the Equity Incentive Plan, these awards are available to employees, consultants, and directors of the Company. All awards granted under the Equity Incentive Plan are governed by an award agreement and vest in accordance with the vesting schedule set forth in such award agreement, which may be accelerated upon a change of control. The exercise price for awards granted under the Equity Incentive Plan shall be fixed by the Board and shall not be less than the Discounted Market Price (as defined in the policies of the TSX Venture Exchange (the “TSXV”)), or such other price as permitted pursuant to a waiver obtained from the TSXV, of common shares on the effective date of grant; provided however, that no award granted to a participant holding 10% or more of the Company’s common shares shall have an exercise price per common share that is less than one hundred ten percent (110%) of the market price of the Company’s common shares on the effective date of grant. The term of each award shall be fixed by the Board, but no award shall be exercisable more than ten years after the date the award is granted. In the case of an award that is granted to a participant who, on the grant date, owns 10% of the voting power of all classes of the Company’s shares, the term of such award shall be no more than five years from the date of grant.

As at March 31, 2020, the maximum number of common shares which are reserved and set aside for issuance upon the grant or exercise of awards under the Equity Incentive Plan is 2,376,506 common shares. This number is subject to adjustment in the event of a stock split, stock dividend or other changes in the Company’s capitalization.

Stock options:

A continuity of the Company’s stock options is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2018	959,615	1.41
Exercised (Note 17(e))	(130,700)	(0.22)
Balance, March 31, 2019 and 2020	828,915	1.55
Exercisable	828,915	1.55

Information about stock options outstanding and exercisable as at March 31, 2020, is summarized in the following table:

Expiry Date	Number	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
December 3, 2023	183,915	0.44	3.68
December 3, 2025	10,000	0.44	5.68
January 28, 2026	40,000	0.44	5.64
April 26, 2026	7,500	0.44	6.08
February 10, 2028	587,500	2.00	7.87
	828,915	1.55	6.80

Agent options:

	Number	Weighted Average Exercise Price
Balance, March 31, 2018 and 2019	134,801	3.94 (1)
Expired	(134,801)	(3.94)
Balance, March 31, 2020	–	–

(1) CAD 5.25 at the March 31, 2019 CAD to USD exchange rate.

RSUs:

	Number
Balance, March 31, 2018	–
Issued June 4, 2018	875,000
Balance, March 31, 2019	875,000
Forfeited	(21,667)
Balance, March 31, 2020	853,333

RSUs entitle participants the conditional right to receive one common share of the Company for each share unit. RSUs typically vest in three equal tranches on the first, second and third anniversaries of the grant date. RSUs automatically convert to common shares on the vesting date, with the exception of the first vested tranche which will be converted to common shares following approval by the Company's Board of Directors.

The Company granted 875,000 RSUs on June 4, 2018 for which the fair value was determined to be $3,553,350 based on the $4.06 (CAD 5.25) market price of the Company's common shares on the grant date. During the year ended March 31, 2020, the Company recognized $1,131,054 (2019 – $1,783,825) of share-based payment expense. As at March 31, 2020, the remaining unvested balance of share-based payments was $550,478.

As at March 31, 2020, the Company had 853,333 RSUs outstanding of which 290,007 RSUs vested on June 4, 2019 and 281,674 RSUs will vest on June 4, 2020 and 281,652 RSUs will vest on June 4, 2021.

20. Per Share Amounts

For the years ended March 31	2020	2019
Net loss	(5,818,890)	(20,859,096)
Basic and diluted weighted average number of shares	13,033,403	9,880,944
Basic and diluted net loss per share	(0.45)	(2.11)

In accordance with RTO accounting guidance, for the purpose of computing per share amounts for the year ended March 31, 2019, the number of shares outstanding for the period from the beginning of the year to the date of the RTO shall be deemed to be the number of shares issued by the legal parent, Wood. For the period from the date of the RTO to the end of year, the number of shares to be used in per share calculations is the actual number of shares of the legal parent outstanding in that period.

For the years ended March 31, 2020 and 2019, all warrants, stock options, agent options and RSUs were excluded from the diluted per share amounts as their effect is anti-dilutive.

21. Financial Instruments and Risk Management

The Company's activities expose it to a variety of financial risks. The Company is exposed to credit risk and liquidity risk because of holding certain financial instruments. The Company is not exposed to market risk (interest rate, or other price) as it does not hold financial instruments that expose the Company to market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management, with oversight governance by the Board of Directors.

Fair Value

The Company's financial instruments consist of cash, trade and other receivable, accounts payable and accrued liabilities, deferred compensation, term loan and lease liability. The carrying amounts of the current financial instrument items approximate their fair value due to their short period to maturity. The carrying amount of long-term financial instrument items approximate their fair value due to market determined interest and discount rates. As at March 31, 2020, the Company measured all of its financial instruments at amortized cost.

Credit risk

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Financial instruments that subject the Company to credit risk consist primarily of cash and trade and other receivables. The credit risk relating to cash balances is limited because the counterparties are large commercial banks in the United States, Canada and India. The amounts reported for trade and other receivables in the consolidated statements of financial position are net of allowances for credit losses and bad debts and the net carrying value represents the Company's maximum exposure to credit risk.

Trade and other receivables (Note 6) credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Most of the Company's credit exposures are with counterparties in the consulting and technology industries and are subject to normal industry credit risk. Payment terms with customers are 30 days from invoice date.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations, acquisitions and/or equity financing to provide sufficient liquidity to meet budgeted operating requirements. Maturities of the Company's financial liabilities are as follows:

As at March 31, 2020	Carrying Amount	Contractual cash flows	2021	2022	2023
Accounts payable and accrued liabilities	945,378	945,378	945,378	–	–
Deferred compensation	766,617	766,617	766,617	–	–
Term loan	4,159,057	4,988,089	2,235,491	2,334,504	418,094
Term loan interest	–	701,773	481,900	213,329	6,544
Lease liability	254,702	267,565	267,565	–	–
	6,125,754	7,669,422	4,696,951	2,547,833	424,638

The Company has current assets of $1,210,828 to satisfy its financial liabilities and therefore will have to generate sources of cash through positive operating cash flows, acquisitions and/or equity financing (Note 23) to satisfy liabilities as they come due.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains cash balances and enters into transactions denominated in foreign currencies, principally in INR and CAD, which exposes the Company to fluctuating balances and cash flows due to variations in foreign exchange rates.

The USD equivalent carrying amounts of the Company's foreign denominated monetary assets and monetary liabilities is follows:

As at March 31	2020	2019
Cash	15,999	28,702
Trade and other receivables	8,241	8,766
Accounts payable and accrued liabilities	(309,812)	(95,577)
Net monetary liabilities	(285,572)	(58,109)

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between the USD and foreign currencies would increase or decrease net loss for the year by approximately $14,280 (2019 – $2,900).

To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

Interest rate risk

The Company is not exposed to interest rate risk as there are no investments of excess cash in short-term money market investments and/or bank debt at variable rates of interest. The term loan bears a fixed rate of interest.

22. Capital Management

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements apart from its term loan covenants (Note 10).

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, refinance existing credit facilities, raise new debt and issue share capital.

23. Subsequent Events

(a) On April 4, 2020, the Company made a $500,000 prepayment of the term loan (Note 10).

(b) On April 18, 2020, the Company received a $700,100 PPP loan (Note 1). The PPP loan has a term of two years, is unsecured, and is guaranteed by the U.S. Small Business Administration. The loan bears a fixed interest rate of 1% per annum with the first six months of interest deferred. The loan will be forgiven if the proceeds are used by the Company to cover payroll costs (including benefits), with up to twenty-five percent (25%) allowed for rent and utilities, during the eight-week period following the loan origination date. The Company expects to meet the requirements for full loan forgiveness.

(c) On June 12, 2020, the Company closed a non-brokered Unit private placement for the placement of 1,768,389 Units, of which 1,629,500 Units were subscribed at CAD 0.50 per Unit and 138,889 Units were subscribed at $0.36 per Unit, for gross proceeds of $636,620. Each Unit is comprised of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable at a price of CAD 0.70 per share for a period of 24 months following the closing and will be subject to early redemption by the Company if the trading price of the Company's common shares is greater than CAD 1.10 for 10 consecutive trading days. The Company paid aggregate finder's fees of CAD 53,533 ($39,374) and issued 107,065 finders' options with a term of two years and an exercise price of CAD 0.50 to compensate finders who introduced purchasers under the private placement.

(d) On June 30, 2020, the Company executed an Amended and Restated Loan and Security Agreement (the "June 2020 Agreement") in relation to the term loan (Note 10). Key amendments in the June 2020 Agreements are as follows:

  - An extension of the loan's maturity to August 1, 2022;
  - An extension of the interest-only period to August 31, 2020;
  - The Company shall use its best efforts to make a $250,000 principal repayment on or before August 31, 2020 as long as such payment would not result in the Company's forecasted cash balance to fall below $250,000; and
  - $20,000 shall be added to the final payment fee, increasing it to $319,904.