

**Boardwalktech Software Corp.**  
**Condensed Interim Consolidated Financial Statements**

*As at and for the three and nine months ended December 31, 2020*

*Stated in United States dollars*  
*(Unaudited)*

**Notice of No Auditor Review of  
Condensed Interim Consolidated Financial Statements**

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In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim consolidated financial statements as at and for the three and nine months ended December 31, 2020.

# Boardwalktech Software Corp.

## Condensed Interim Consolidated Statements of Financial Position

(United States dollars)

(Unaudited)

As at	December 31 2020	March 31 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	191,528	794,706
Trade and other receivables (Note 3)	368,412	312,691
Prepaid expenses and deposits	136,218	103,431
Total current assets	696,158	1,210,828
<b>Non-current assets</b>		
Property and equipment	13,316	11,650
Right-of-use asset (Note 4)	21,371	213,800
<b>Total assets</b>	<b>730,845</b>	<b>1,436,278</b>
<b>LIABILITIES and SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	559,228	945,378
Deferred revenue (Note 6)	1,077,822	1,381,614
Deferred compensation	1,008,807	766,617
Current portion of term loan (Note 7)	1,118,176	1,545,650
Lease liability (Note 8)	—	254,702
Total current liabilities	3,764,033	4,893,961
<b>Non-current liabilities</b>		
Term loan (Note 7)	2,603,957	2,613,407
Forgivable loan (Note 9)	700,100	—
<b>Total liabilities</b>	<b>7,068,090</b>	<b>7,507,368</b>
<b>Shareholders' deficiency</b>		
Share capital (Note 13)	26,520,250	25,098,962
Contributed surplus	7,505,100	7,061,637
Accumulated other comprehensive (loss) income	(6,570)	(168)
Deficit	(40,355,546)	(38,231,042)
Total deficiency attributed to shareholders	(6,336,766)	(6,070,611)
Non-controlling interest	(479)	(479)
Total shareholders' deficiency	(6,337,245)	(6,071,090)
<b>Total liabilities and shareholders' deficiency</b>	<b>730,845</b>	<b>1,436,278</b>

Going concern (Note 1)

Subsequent events (Note 18)

Approved by the Board of Directors:

(signed) "Andrew T. Duncan"

(signed) "Steve Bennet"

# Boardwalktech Software Corp.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(United States dollars)

(Unaudited)

	For the three months ended December 31		For the nine months ended December 31	
	2020	2019	2020	2019
<b>Revenue</b> (Note 10)	<b>1,082,714</b>	1,152,182	<b>3,366,714</b>	3,495,746
<b>Cost of sales</b>	<b>145,248</b>	159,155	<b>449,304</b>	469,250
<b>Gross margin</b>	<b>937,466</b>	993,027	<b>2,917,410</b>	3,026,496
<b>Expenses</b>				
Salaries, wages and benefits	<b>994,367</b>	949,759	<b>3,161,324</b>	3,161,601
Share-based payments (Note 15)	<b>96,016</b>	239,974	<b>392,463</b>	938,689
Deferred compensation	<b>117,646</b>	333,113	<b>255,031</b>	670,738
General and administration (Note 11)	<b>87,610</b>	176,364	<b>226,919</b>	577,289
Professional fees	<b>71,757</b>	79,128	<b>209,149</b>	299,022
Depreciation	<b>66,501</b>	66,883	<b>197,913</b>	198,894
Consulting	<b>48,575</b>	87,342	<b>140,875</b>	388,678
Bad debt (Note 3)	<b>—</b>	—	<b>4,500</b>	—
<b>Total expenses</b>	<b>1,482,472</b>	1,932,563	<b>4,588,174</b>	6,234,911
<b>Operating loss before other income (expenses)</b>	<b>(545,006)</b>	(939,536)	<b>(1,670,764)</b>	(3,208,415)
<b>Other income (expenses)</b>				
Rent abatement (Note 8)	<b>81,940</b>	—	<b>81,940</b>	—
Interest and financing costs (Note 12)	<b>(198,016)</b>	(420,563)	<b>(535,680)</b>	(1,324,831)
<b>Loss for the period</b>	<b>(661,082)</b>	(1,360,099)	<b>(2,124,504)</b>	(4,533,246)
<b>Other comprehensive income</b>				
Items that may be reclassified to profit or loss				
Exchange differences on translation of subsidiary companies	<b>(1,199)</b>	(684)	<b>(6,402)</b>	(6,334)
<b>Loss and comprehensive loss for the period</b>	<b>(662,281)</b>	(1,360,783)	<b>(2,130,906)</b>	(4,539,580)
<b>Loss per share</b> (Note 16)				
Basic and diluted	<b>(0.03)</b>	(0.11)	<b>(0.10)</b>	(0.37)

# Boardwalktech Software Corp.

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

(United States dollars)

(Unaudited)

For the nine months ended December 31	2020	2019
<b>Share capital</b>		
Balance, beginning of period	25,098,962	22,174,957
Unit private placement (Note 13)	1,604,005	1,350,746
Share issue costs (Note 13)	(182,717)	(51,556)
Balance, end of period	26,520,250	23,474,147
<b>Contributed surplus</b>		
Balance, beginning of period	7,061,637	5,610,633
Finders' and agents' options (Note 13)	51,000	7,800
Share-based payments (Note 15)	392,463	938,689
Balance, end of period	7,505,100	6,557,122
<b>Accumulated other comprehensive income</b>		
Balance, beginning of period	(168)	1,088
Exchange differences on translation of subsidiary companies	(6,402)	(6,334)
Balance, end of period	(6,570)	(5,246)
<b>Deficit</b>		
Balance, beginning of period	(38,231,042)	(32,412,152)
Loss for the period	(2,124,504)	(4,533,246)
Balance, end of period	(40,355,546)	(36,945,398)
<b>Non-controlling interest</b>		
Balance, beginning and end of period	(479)	(479)
<b>Total shareholders' deficiency</b>	<b>(6,337,245)</b>	<b>(6,919,854)</b>

# Boardwalktech Software Corp.

## Condensed Interim Consolidated Statements of Cash Flows

(United States dollars)

(Unaudited)

For the nine months ended December 31	2020	2019
<b>Cash provided by (used in) the following activities:</b>		
<b>Operating activities</b>		
Loss for the period	(2,124,504)	(4,533,246)
Depreciation	197,913	198,894
Share-based payments (Note 15)	392,463	938,689
Rent abatement (Note 8)	(81,940)	—
Interest and financing costs (Note 12)	535,680	1,324,831
Unrealized foreign exchange	(7,676)	(2,500)
Changes in non-cash working capital:		
Trade and other receivables	(55,721)	(21,634)
Prepaid expenses and deposits	(32,787)	43,481
Accounts payable and accrued liabilities	(386,150)	61,810
Deferred revenue	(303,792)	622,612
Deferred compensation	242,190	473,335
<b>Cash flows used in operating activities</b>	<b>(1,624,324)</b>	<b>(893,728)</b>
<b>Financing activities</b>		
Proceeds from term loan	—	1,000,000
Repayment of term loan (Note 7)	(500,000)	—
Term loan financing fees (Note 7)	(16,011)	(84,597)
Interest paid (Note 7)	(443,730)	(562,038)
Lease payments (Note 8)	(185,625)	(233,253)
Forgivable loan proceeds	700,100	—
Common share proceeds, net of issue costs (Note 13)	1,472,288	1,306,990
<b>Cash flows provided by financing activities</b>	<b>1,027,022</b>	<b>1,427,102</b>
<b>Investing activities</b>		
Purchase of property and equipment	(6,858)	(6,104)
<b>Cash flows used in investing activities</b>	<b>(6,858)</b>	<b>(6,104)</b>
<b>Change in cash</b>	<b>(604,160)</b>	<b>527,270</b>
<b>Foreign exchange effect on cash held in foreign currencies</b>	<b>982</b>	<b>(720)</b>
<b>Cash, beginning of the period</b>	<b>794,706</b>	<b>195,464</b>
<b>Cash, end of the period</b>	<b>191,528</b>	<b>722,014</b>
Taxes paid	—	—

# **Boardwalktech Software Corp.**

## **Notes to Condensed Interim Consolidated Financial Statements**

For the three and nine months ended December 31, 2020

(United States dollars unless otherwise disclosed)

(Unaudited)

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### **1. Description of Business**

Boardwalktech Software Corp. ("Boardwalk" or the "Company") was originally incorporated pursuant to the Business Corporations Act of Alberta. The Company operates from locations in the United States and India and provides enterprise software-as-a-service (SaaS) to global customers. Boardwalk 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 cancellation 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 nine months ended December 31, 2020, the Company generated a loss of \$2,124,504 and negative cash flows from operating activities of \$1,624,324. As at December 31, 2020, the Company has an accumulated deficit of \$40,355,546 and a working capital deficit of \$3,067,875. 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.

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.

Subsequent to December 31, 2020, the Company raised net proceeds of approximately \$8.2 million through the completion of brokered and non-brokered private placements and the exercise of warrants. See Note 18.

### **2. Basis of Presentation**

#### **Statement of compliance**

These unaudited condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements as set out in International Accounting Standard 34 Interim Financial Reporting.

The Company has consistently applied the same accounting policies throughout all periods presented. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended March 31, 2020.

# Boardwalktech Software Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2020

(United States dollars unless otherwise disclosed)

(Unaudited)

### Authorization

These unaudited interim consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on February 26, 2021.

### Consolidation

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

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

### Functional and presentation currency

The functional currency of Boardwalk is the Canadian dollar ("CAD"), the functional currency of Boardwalktech Inc. 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. Trade and Other Receivables

The Company's trade and other receivables consist of:

As at	December 31 2020	March 31 2020
Trade receivables	119,070	191,950
Receivables from contracts with customers	240,160	112,500
Other	9,182	8,241
	368,412	312,691

As at December 31, 2020, five customers accounted for 94% of trade receivables (March 31, 2020 – four customers; 83%), each with balances greater than 10%.

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

As at	December 31 2020	March 31 2020
Current	357,230	251,950
31 – 60 days past due	–	–
61 – 90 days past due	–	–
Past due for greater than 90 days	11,182	60,741
	368,412	312,691

At December 31, 2020, the Company evaluated the collectability of trade and other receivables and lifetime expected credit losses and recognized \$4,500 (March 31, 2020 – \$nil) of bad debt expense. The assessment of expected credit losses due to doubts of collectability did not warrant the recognition of an additional allowance for credit losses.

### 4. Right-Of-Use Asset

The Company has recognized a right-of-use ("ROU") asset and corresponding lease liability (Note 8) related to office premises. The ROU asset is depreciated on a straight-line basis over the term of the related lease.

Carrying amount, March 31, 2020	213,800
Depreciation	(192,429)
Carrying amount, December 31, 2020	21,371



# Boardwalktech Software Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2020

(United States dollars unless otherwise disclosed)

(Unaudited)

### 5. Accounts Payable and Accrued Liabilities

As at	December 31 2020	March 31 2020
Accounts payable	537,146	885,219
Accrued liabilities	22,082	60,159
	559,228	945,378

### 6. Deferred Revenue

A continuity of deferred revenue is as follows:

Balance, March 31, 2020	1,381,614
Invoiced in the period, excluding amount recognized as revenue	1,840,903
Amount recognized as revenue	(2,144,695)
Balance, December 31, 2020	1,077,822

### 7. Term Loan

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

Balance, March 31, 2020	4,159,057
Financing fees	(16,011)
Principal repayments	(500,000)
Gain on de-recognition of term loan	(183,719)
Accretion of financing fees and de-recognition charges	262,806
Balance, December 31, 2020	3,722,133
Current portion	(1,118,176)
Long-term portion	2,603,957

As at March 31, 2020, the Company had a term loan for a principal amount of \$4,988,090 bearing interest at 12.5% per annum due to SQN Venture Income Fund LP ("SQN") subject to the terms of an Amended and Restated Loan and Security Agreement (the "June 2019 Agreement"). Pursuant to the June 2019 Agreement, the Company was required to make interest-only payments until May 31, 2020 followed by monthly blended principal and interest payments of \$212,319 from June 1, 2020 until the maturity date of June 7, 2020 plus a \$299,404 final payment fee on June 7, 2020.

On April 4, 2020, the Company made a \$500,000 prepayment of the term loan.

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. 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.

The Company was unable to make a \$250,000 principal repayment on or before August 31, 2020. In addition, the interest-only period was verbally extended to September 30, 2020.

On November 1, 2020, the Company executed an Amended and Restated Loan and Security Agreement (the "November 2020 Agreement") in relation to the term loan. Key amendments in the November 2020 Agreements are as follows:

- Extension of the interest-only period by six months through February 28, 2021;
- Extension of the maturity date of the loan to January 1, 2023; and
- A reset of the interest rate to 14.95%.

As a result of the loan amendments, the Company recognized an aggregate gain of \$183,719 on de-recognition for the difference between the carrying amount of the term loan and the present value of cash flows on each amendment date based on the terms of the amended agreements. The Company incurred \$16,011 of financing fees related to the amendments.

# Boardwalktech Software Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2020

(United States dollars unless otherwise disclosed)

(Unaudited)

### Loan covenants

The Company must maintain the following covenants:

- A minimum trailing three-month revenues of not less than \$1,200,000; and
- A minimum cash balance of \$250,000 in bank accounts.

As at December 31, 2020, the non-compliance with the term loan covenants was acknowledged by SQN.

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

As at	December 31 2020	March 31 2020
Principal amount of term loan	4,488,089	4,988,089
Unamortized balance of financing fees and de-recognition charges	(765,956)	(829,032)
	3,722,133	4,159,057
Current portion	(1,118,176)	(1,545,650)
Long-term portion	2,603,957	2,613,407

During the three and nine months ended December 31, 2020, the Company was charged \$158,579 and \$443,730, respectively, of interest on the term loan, all of which was paid in the 2020 periods (three and nine months ended December 31, 2019 – \$190,247 and \$562,038, respectively, of interest, all of which was paid in the 2019 periods). As at December 31, 2020, accounts payable and accrued liabilities included \$11,363 of financing fees (March 31, 2020 – \$57,592 of accrued interest and prepayment fees) due to SQN.

## 8. Lease Liability

The Company incurs lease payments related to office premises.

Balance, March 31, 2020	254,702
Imputed interest	12,863
Payments	(185,625)
Rent abatement	(81,940)
Balance, December 31, 2020	–

On November 1, 2020, the Company and its landlord amended the office lease agreement in response to the impact of COVID-19 (the "First Lease Amendment"). Pursuant to the First Lease Amendment, the landlord granted the Company a full rent abatement for the period from November 1, 2020 until the expiry of the lease on January 31, 2021. The Company has applied the IFRS 16 practical expedient permitted for rent concessions that are a direct consequence of COVID-19 and recognized the rent abatement as income in the December 31, 2020 consolidated statement of loss and comprehensive loss.

On January 4, 2021, the Company and its landlord amended the office lease agreement in response to the pending expiry of the original lease agreement (the "Second Lease Amendment"). See Note 18.

## 9. Forgivable Loan

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 operations through the COVID-19 pandemic. 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 submitted its application for loan forgiveness in December 2020 and expects to meet the requirements for full loan forgiveness.

# Boardwalktech Software Corp.

## Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2020

(United States dollars unless otherwise disclosed)

(Unaudited)

### 10. Revenue

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

	For the three months ended December 31		For the nine months ended December 31	
	2020	2019	2020	2019
Software-as-a-service (SaaS) licenses	557,186	520,064	1,661,666	1,433,154
Legacy (hosting and maintenance)	111,878	226,252	454,529	787,443
Software subscriptions and services	669,064	746,316	2,116,195	2,220,597
Professional services	413,650	405,866	1,250,519	1,275,149
<b>Total revenue</b>	<b>1,082,714</b>	<b>1,152,182</b>	<b>3,366,714</b>	<b>3,495,746</b>

The Company's revenue is generated in the United States. For the nine months ended December 31, 2020, 46.7% of the Company's revenue was earned through sales to one major customer (nine months ended December 31, 2019 – 39.2% of revenue from one major customer). As at December 31, 2020, trade and other receivables (Note 3) included \$240,160 of receivables from software subscriptions and services customers (March 31, 2020 – \$112,500) and \$119,070 of receivables from professional services customers (March 31, 2020 – \$191,950).

### 11. Nature of Expenses

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

	For the three months ended December 31		For the nine months ended December 31	
	2020	2019	2020	2019
Office	41,739	42,954	87,703	117,550
Rent and utilities	29,231	19,733	77,434	58,987
Marketing	16,006	52,481	50,774	189,790
Shareholder, regulatory and other	634	15,725	10,647	40,567
Travel and lodging	–	45,471	361	170,395
	<b>87,610</b>	<b>176,364</b>	<b>226,919</b>	<b>577,289</b>

### 12. Interest and Financing Costs

	For the three months ended December 31		For the nine months ended December 31	
	2020	2019	2020	2019
Term loan interest (Note 7)	158,579	190,247	443,730	562,038
Lease liability imputed interest (Note 8)	2,410	10,060	12,863	35,497
Accretion of term loan (Note 7)	76,981	220,256	262,806	640,485
(Gain) loss on de-recognition of term loan (Note 7)	(39,954)	–	(183,719)	86,811
	<b>198,016</b>	<b>420,563</b>	<b>535,680</b>	<b>1,324,831</b>

### 13. Share Capital

Issued common shares:	Number of Shares	Amount (\$)
<b>Common shares</b>		
Balance, March 31, 2020	19,323,097	25,098,962
Unit private placement (a)	1,768,389	646,818
Unit private placement (b)	2,518,800	957,187
Share issue costs	–	(182,717)
<b>Balance, December 31, 2020</b>	<b>23,610,286</b>	<b>26,520,250</b>

- (a) 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,

# Boardwalktech Software Corp.

## Notes to Condensed Interim Consolidated Financial Statements

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(United States dollars unless otherwise disclosed)

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for gross proceeds of \$646,818. 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 (categorized as common share warrants) with a term of two years and an exercise price of CAD 0.50 to compensate finders who introduced purchasers under the private placement and incurred \$21,475 of other share issue costs.

The issue date aggregate fair value of the common share warrants and finders' options was estimated to be \$157,900 and \$24,600, respectively, using the Black-Scholes pricing model based on the following assumptions:

Issue date share price	CAD 0.58	Expected dividend yield	0%
Exercise price	CAD 0.50 – CAD 0.70	Risk-free interest rate	0.19%
Expected volatility	96%	Forfeiture rate	0%
Expected life	2 years	Fair value per common share warrant	\$0.19 – \$0.23

- (b) On November 4, 2020, the Company closed a non-brokered Unit private placement for the placement of 2,518,800 Units at CAD 0.50 per Unit for gross proceeds of \$957,187 (CAD 1,259,400). 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 84,658 and issued 169,316 finders' options (categorized as common share warrants) with a term of two years and an exercise price of CAD 0.50 to compensate finders who introduced purchasers under the private placement and incurred \$6,525 of other share issue costs.

The issue date aggregate fair value of the common share warrants and finders' options was estimated to be \$145,500 and \$26,400, 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 0.50 – CAD 0.70	Risk-free interest rate	0.14%
Expected volatility	70%	Forfeiture rate	0%
Expected life	2 years	Fair value per common share warrant	\$0.12 – \$0.16

### Non-voting and escrowed common shares:

The following common shares and non-voting common shares are escrowed and subject to release as follows:

	Common shares	Non-voting common shares <sup>(1)</sup>
Released 15% on each six-month anniversary date of June 7, 2018, with the final 15% released on June 7, 2021		
Balance, March 31, 2020	515,060	1,530,281
Released	(343,374)	(1,020,187)
Balance, December 31, 2020	171,686	510,094
Released 15% on each six-month anniversary date of June 7, 2018, with the final 25% released on June 7, 2021		
Balance, March 31, 2020	47,713	182,400
Released	(26,025)	(99,491)
Balance, December 31, 2020	21,688	82,909
Total		
March 31, 2020	562,773	1,712,681
December 31, 2020	193,374	593,003

<sup>(1)</sup> 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 December 31, 2020, no non-voting common shares had been converted to voting common shares.

# Boardwalktech Software Corp.

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For the three and nine months ended December 31, 2020

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(Unaudited)

### 14. Common Share Warrants

	Number of Warrants	Weighted Average Exercise Price
<b>Common share warrants</b>		
Balance, March 31, 2020	5,846,988	0.60
Issued (Note 13)	2,074,150	0.55 <sup>(6)</sup>
Issued (Note 13)	276,381	0.39 <sup>(7)</sup>
Balance, December 31, 2020	8,197,519	0.59

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

Expiry Date	Number Outstanding and Exercisable	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
February 22, 2021	502,651	0.86 <sup>(2)</sup>	0.15
April 9, 2021	316,315	0.86 <sup>(2)</sup>	0.27
May 7, 2021	140,385	0.86 <sup>(2)</sup>	0.35
May 10, 2021	43,809	0.86 <sup>(2)</sup>	0.36
November 27, 2021	1,277,794	0.51 <sup>(3)</sup>	0.91
November 27, 2021	49,250	0.35 <sup>(4)</sup>	1.91
March 9, 2022	1,748,044	0.41 <sup>(3)</sup>	1.19
March 9, 2022	99,200	0.35 <sup>(4)</sup>	1.19
June 7, 2022	1,200,000	0.47 <sup>(5)</sup>	1.45
June 12, 2022	814,750	0.55 <sup>(6)</sup>	1.45
June 12, 2022	107,065	0.39 <sup>(7)</sup>	1.45
November 4, 2022	1,259,400	0.55 <sup>(6)</sup>	1.84
November 4, 2022	169,316	0.39 <sup>(7)</sup>	1.84
December 13, 2024	150,000	0.36 <sup>(8)</sup>	3.95
December 21, 2027	319,540	1.67	6.98
	8,197,519	0.59	1.48

<sup>(2)</sup> CAD 1.10 at the December 31, 2020 USD exchange rate.

<sup>(3)</sup> CAD 0.65 at the December 31, 2020 USD exchange rate.

<sup>(4)</sup> CAD 0.45 at the December 31, 2020 USD exchange rate.

<sup>(5)</sup> CAD 0.60 at the December 31, 2020 USD exchange rate.

<sup>(6)</sup> CAD 0.70 at the December 31, 2020 USD exchange rate.

<sup>(7)</sup> CAD 0.50 at the December 31, 2020 USD exchange rate.

<sup>(8)</sup> CAD 0.46 at the December 31, 2020 USD exchange rate.

### 15. Share-Based Payments

#### Stock options:

As at March 31, 2020 and December 31, 2020, the Company had 828,915 stock options outstanding and exercisable.

Information about the Company's stock options as at September 30, 2020 is summarized in the following table:

Expiry Date	Number Outstanding and Exercisable	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
December 3, 2023	183,915	0.44	2.92
December 3, 2025	10,000	0.44	4.93
January 28, 2026	40,000	0.44	5.08
April 26, 2026	7,500	0.44	5.32
February 10, 2028	587,500	2.00	7.12
	828,915	1.55	6.05

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### RSUs:

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

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 and second vested tranches which will be converted to common shares following approval by the Company's Board of Directors.

### Share-based payment expense:

During the three and nine months ended December 31, 2020, the Company recognized \$96,016 and \$388,713 (three and nine months ended December 31, 2019 – \$239,974 and \$938,689) of share-based payment expense. As at December 31, 2020, the remaining unvested balance of share-based payments was \$161,765.

## 16. Per Share Amounts

	For the three months ended December 31		For the nine months ended December 31	
	2020	2019	2020	2019
Loss for the period	(661,082)	(1,360,099)	(2,124,504)	(4,533,246)
Basic and diluted weighted average number of shares	22,652,047	12,826,988	21,144,138	12,127,271
Basic and diluted net loss per share	(0.03)	(0.11)	(0.10)	(0.37)

All common share warrants, stock options and RSUs were excluded from the diluted per share amounts as their effect is anti-dilutive.

## 17. 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 December 31, 2020	Carrying Amount	Contractual cash flows	March 31 2021	March 31 2022	March 31 2023
Accounts payable and accrued liabilities	559,228	559,228	559,228 <sup>(1)</sup>	–	–
Deferred compensation	1,008,807	1,008,807	1,008,807 <sup>(1)</sup>	–	–
Term loan (Note 7)	3,722,133	4,488,089	169,715	2,209,279	2,109,095
Term loan interest	–	813,218	167,742	498,276	147,200
Forgivable loan (Note 9)	700,100	700,100	–	–	700,100
Forgivable loan interest	–	10,847	3,501	7,001	345
	5,990,268	7,580,289	1,908,993	2,714,556	2,956,740

<sup>(1)</sup> Expected repayment is within 12 months of the statement of financial position date.

The Company has current assets of \$696,158 to satisfy its financial liabilities and therefore will have to generate sources of cash through positive operating cash flows, acquisitions and/or equity financing to satisfy liabilities as they come due.

## 18. Subsequent Events

### Unit Private Placements:

On January 26, 2021, the Company closed a brokered Unit private placement for the issuance of 14,286,250 Units at CAD 0.70 per Unit for gross proceeds of approximately \$7.9 million (CAD 10,000,375). 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 0.90 per share for a period of 24 months following the closing. Concurrent with the brokered Unit private placement, the Company closed a non-brokered private placement of 540,000 Units on equivalent terms for gross proceeds of \$0.3 million (CAD 378,000). The Company paid aggregate finder's fees of \$0.6 million (CAD 780,030) and issued 1,114,329 compensation warrants (categorized as common share warrants) with a term of two years and an exercise price of CAD 0.70 to compensate agents and members of the agents' selling group.

On February 4, 2021, the Company issued an additional 1,000,000 Units on a non-brokered basis on equivalent terms as

## Boardwalktech Software Corp.

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the January 26, 2021 private placement for gross proceeds of \$0.5 million (CAD 700,000).

#### Exercise of Warrants:

In January and February 2021, the Company issued 219,250 common shares on the exercise of 219,250 common share purchase warrants for gross proceeds of approximately \$122,000 (CAD 158,625).

#### Office Lease:

On January 4, 2021, the Company and its landlord signed Second Lease Amendment for the Company's office premises (Note 8). Pursuant to the Second Lease Amendment:

- The lease term was extended for 30 months commencing on February 1, 2021 and expiring on July 31, 2023;
- Base rent payments under the Company's Second Lease Amendment are as follows:

	Monthly	Total
February 1, 2021 to January 31, 2022	28,348	340,170
February 1, 2022 to January 31, 2023	29,198	350,375
February 1, 2023 to July 31, 2023	30,074	180,443

- Base rent payments for the period February 1, 2021 to July 31, 2021 will be reduced by a COVID-19 50% rent abatement; and
- A free rent period will be granted for the period January 1, 2022 to February 28, 2022.