Boardwalktech Software Corp.
Consolidated Financial Statements
As at and for the years ended March 31, 2021 and 2020

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, 2021 and March 31, 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (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, 2021 and March 31, 2020, 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 audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

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 audit 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 audit 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.

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

The engagement partner on the audit resulting in this independent auditor's report is Leanne Bjalek.

Calgary, Alberta

MNP LLP

July 20, 2021

Chartered Professional Accountants

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

As at March 31	**2021**	2020
ASSETS		
Current assets		
Cash	**3,101,006**	794,706
Trade and other receivables (Note 5)	**493,627**	312,691
Prepaid expenses and deposits	**114,801**	103,431
Share subscriptions receivable (Note 17)	**115,507**	–
Total current assets	**3,824,941**	1,210,828
Non-current assets		
Property and equipment	**9,734**	11,650
Right-of-use asset (Note 6)	**642,407**	213,800
Total assets	**4,477,082**	1,436,278
LIABILITIES and SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	**399,475**	945,378
Deferred revenue (Note 8)	**937,991**	1,381,614
Deferred compensation (Note 15)	**14,830**	766,617
Current portion of term loan (Note 9)	**–**	1,545,650
Current portion of lease liability (Note 10)	**215,048**	254,702
Total current liabilities	**1,567,344**	4,893,961
Non-current liabilities		
Term loan (Note 9)	**–**	2,613,407
Lease liability (Note 10)	**431,268**	–
Total liabilities	**1,998,612**	7,507,368
Shareholders' equity (deficiency)		
Share capital (Note 17)	**35,820,706**	25,098,962
Contributed surplus	**8,507,346**	7,061,637
Accumulated other comprehensive loss	**(7,740)**	(168)
Deficit	**(41,841,363)**	(38,231,042)
Total equity (deficiency) attributed to shareholders	**2,478,949**	(6,070,611)
Non-controlling interest	**(479)**	(479)
Total shareholders' equity (deficiency)	**2,478,470**	(6,071,090)
Total liabilities and shareholders' equity (deficiency)	**4,477,082**	1,436,278

Subsequent events (Note 23)

Approved by the Board of Directors:

(signed) *"Andrew T. Duncan"*
Director

(signed) "*Steve Bennet*"
Director

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

Boardwalktech Software Corp.

Consolidated Statements of Loss and Comprehensive Loss

(United States dollars)

For the years ended March 31	**2021**	2020
Revenue (Note 12)	**4,342,528**	4,635,986
Cost of sales	**589,164**	636,382
Gross margin	**3,753,364**	3,999,604
Expenses		
Salaries, wages and benefits	**4,335,871**	4,275,559
Share-based payments (Notes 18 and 19)	**433,849**	1,172,304
General and administration (Note 13)	**319,558**	715,414
Consulting	**180,857**	427,501
Deferred compensation (Note 15)	**255,031**	743,864
Professional fees	**332,494**	412,296
Depreciation	**268,747**	265,283
Bad debt (Note 5)	**4,500**	–
Total expenses	**6,130,907**	8,012,221
Operating loss before other income (expenses)	**(2,377,543)**	(4,012,617)
Rent concessions (Note 10)	**110,287**	–
Forgiven loan (Note 11)	**700,100**	–
Interest and financing costs (Note 14)	**(2,033,476)**	(1,793,238)
Loss before taxes	**(3,600,632)**	(5,805,855)
Tax expense (Note 16)	**(9,689)**	(13,035)
Net loss for the year	**(3,610,321)**	(5,818,890)
Other comprehensive (loss)		
Items that may be reclassified to profit or loss		
Exchange differences on translation of subsidiary companies	**(7,572)**	(1,256)
Net loss and comprehensive loss for the year	**(3,617,893)**	(5,820,146)
Net loss per share (Note 20)		
Basic and diluted	**(0.15)**	(0.45)

Boardwalktech Software Corp.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(United States dollars)

For the years ended March 31	**2021**	2020
Share capital		
Balance, beginning of year	**25,098,962**	22,174,957
Unit private placements (Note 17)	**10,268,540**	2,501,258
Conversion of term loan (Note 9)	**1,595,050**	541,667
Settlement of accounts payable (Note 17)	**65,625**	–
Exercise of common share warrants (Note 17)	**139,842**	–
Share issue costs	**(1,347,313)**	(118,920)
Balance, end of year	**35,820,706**	25,098,962
Contributed surplus		
Balance, beginning of year	**7,061,637**	5,610,633
Term loan warrants (Note 9)	**–**	248,700
Finders' warrants (Note 17)	**410,700**	30,000
Exercise of common share warrants	**(3,473)**	–
Share-based payments (Notes 18 and 19)	**433,849**	1,172,304
Settlement of deferred compensation (Notes 15 and 19)	**604,633**	–
Balance, end of year	**8,507,346**	7,061,637
Accumulated other comprehensive income		
Balance, beginning of year	**(168)**	1,088
Exchange differences on translation of subsidiary companies	**(7,572)**	(1,256)
Balance, end of year	**(7,740)**	(168)
Deficit		
Balance, beginning of year	**(38,231,042)**	(32,412,152)
Net loss for the year	**(3,610,321)**	(5,818,890)
Balance, end of year	**(41,841,363)**	(38,231,042)
Non-controlling interest		
Balance, beginning and end of year	**(479)**	(479)
Total shareholders' equity (deficiency)	**2,478,470**	(6,071,090)

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

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

For the years ended March 31	**2021**	2020
Cash provided by (used in) the following activities:		
Operating activities		
Net loss for the year	**(3,610,321)**	(5,818,890)
Depreciation	**268,747**	265,283
Share-based payments (Notes 18 and 19)	**433,849**	1,172,304
Rent concessions (Note 10)	**(110,287)**	–
Forgiven loan (Note 11)	**(700,100)**	–
Interest and financing costs (Note 14)	**2,033,476**	1,793,238
Unrealized foreign exchange	**(8,831)**	1,704
Changes in non-cash working capital:		
Trade and other receivables	**(180,936)**	498,953
Prepaid expenses and deposits	**(11,370)**	61,070
Accounts payable and accrued liabilities	**(480,278)**	86,592
Deferred revenue	**(443,623)**	202,272
Deferred compensation	**(147,154)**	541,889
Cash flows used in operating activities	**(2,956,828)**	(1,195,585)
Financing activities		
Proceeds from term loan (Note 9)	**–**	1,000,000
Repayment of term loan (Note 9)	**(3,507,994)**	(500,000)
Term loan financing fees (Note 9)	**(421,064)**	(108,763)
Interest paid (Note 9)	**(640,844)**	(687,622)
Lease payments (Note 10)	**(213,973)**	(312,807)
Forgiven loan proceeds (Note 11)	**700,100**	–
Proceeds from common share issuances, net of issue costs (Note 17)	**9,352,789**	2,412,338
Cash flows provided by financing activities	**5,269,014**	1,803,146
Investing activities		
Purchase of property and equipment	**(6,858)**	(6,104)
Cash flows used in investing activities	**(6,858)**	(6,104)
Change in cash	**2,305,328**	601,457
Foreign exchange effect on cash held in foreign currencies	**972**	(2,215)
Cash, beginning of the year	**794,706**	195,464
Cash, end of the year	**3,101,006**	794,706
Taxes paid (Note 16)	**–**	43,788

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

Given the continued global spread of COVID-19 and its variants and the burden to implement new and/or continued public health measures and restrictions in response to the COVID-19 pandemic, the Company's financial and/or operating performance could be materially adversely impacted by way of, but not limited to:

- an increase in economic uncertainty in North America, India and elsewhere;
- Increased volatility in currency exchange rates, higher lending rates and a marked decline in long-term interest rates;
- 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 duration and extent of the impact from the COVID-19 pandemic remains uncertain and depends on future developments that cannot be accurately predicted at this time. This situation is changing rapidly and future impacts may materialize that are not yet known. There are no comparable recent events that provide guidance as to the effect the COVID-19 pandemic may have, and, as a result, the ultimate impact and lasting effects on the Company's business, operations and financial condition, and on the global economy as whole, are highly uncertain.

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.

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, 2020.

These consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on July 20, 2021.

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

The Company did not enter into any derivative contracts.

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 calculates 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.

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).

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 using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. 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 right-of-use 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.

As a practical expedient, the Company may elect not to assess whether rent concessions that are a direct consequence of COVID-19 are a lease modification provided the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
(c) there is no substantive change to other terms and conditions of the lease.

The Company has applied the practical expedient and recognized COVID-19 rent concessions as income in the consolidated statement of loss and comprehensive loss. The Company has also applied the practical expedients for short-term and low value leases whereby related lease payments are recognized as expenses in the period incurred.

Government assistance

In response to the COVID-19 pandemic, governments have established various programs to assist companies through this period of uncertainty. The Company recognizes government assistance when there is reasonable assurance that it will comply with the conditions required to qualify for the government assistance and that the government assistance will be received.

The Company recognizes government assistance received under the U.S. Small Business Administration’s Payroll Protection Program (“PPP”) as debt in the statement of financial position. The PPP loan may be forgivable if certain criteria are met. The Company recognizes the loan forgiveness as income when reasonable assurance of forgiveness has been obtained.

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 subscriptions 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 fee 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.

Software subscriptions and services revenue includes two categories: (i) recurring software subscription revenues (SaaS), which are derived from customers accessing the Company's cloud services and (ii) legacy supplemental hosting and premium maintenance services contracts which include additional services beyond the standard support that is included in the basic subscription fees.

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

Short-term benefits

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 contributed surplus, 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

The Company has reviewed new and amended accounting pronouncements that have been issued but are not yet effective and determined that there are no such pronouncements that may impact the Company.

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.

Leases

Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

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.

Deferred taxes

Deferred taxes are based on estimates as to the timing of the reversal of temporary and taxable differences, substantively enacted tax rates and the likelihood of assets being realized.

<u>Judgments</u>

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.

Leases

The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.

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. 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, 2021 is in respect of $493,627 (2020 – $312,691) of trade and other receivables. The Company's trade and other receivables consist of:

As at March 31	2021	2020
Trade receivables	264,930	191,950
Receivables from contracts with customers	219,400	112,500
Other	9,297	8,241
	493,627	312,691

As at March 31, 2021, three customers accounted for 63% of trade receivables (2020 – four customers; 83%), each with balances greater than 10%.

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

As at March 31	2021	2020
Current	460,330	251,950
31 – 60 days past due	24,000	–
61 – 90 days past due	–	–
Past due for greater than 90 days	9,297	60,741
	493,627	312,691

At March 31, 2021, the Company evaluated the collectability of trade and other receivables and lifetime expected credit losses and recognized $4,500 (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.

6. Right-Of-Use Asset

The Company has recognized a right-of-use ("ROU") asset and corresponding lease liability (Note 10) related to office premises. The ROU asset is depreciated on a straight-line basis over the 30 month (2020 – 22 month) term of the related lease.

Carrying amount, March 31, 2019	470,372
Depreciation	(256,572)
Carrying amount, March 31, 2020	213,800
Addition (Note 10)	688,293
Depreciation	(259,686)
Carrying amount, March 31, 2021	642,407

7. Accounts Payable and Accrued Liabilities

As at March 31	2021	2020
Accounts payable	291,691	885,219
Accrued liabilities	107,784	60,159
	399,475	945,378

8. Deferred Revenue

The following table represents the change in deferred revenue for the years ended March 31, 2021 and 2020:

As at March 31	2021	2020
Balance, beginning of year	1,381,614	1,179,342
Invoiced in the period, excluding amount recognized as revenue	2,263,146	3,216,439
Amount recognized as revenue	(2,706,769)	(3,014,167)
Balance, end of year	937,991	1,381,614

9. Term Loan

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

	2021	2020
Balance, beginning of year	4,159,057	3,533,833
Advances	–	1,000,000
Financing fees	(421,064)	(108,763)
Common share warrants	–	(248,700)
Principal repayments	(3,507,994)	(500,000)
Conversion to common shares (Note 17)	(1,480,095)	(500,000)
Accretion of financing fees and de-recognition charges	443,834	963,328
Loss on de-recognition of term loan	806,262	19,359
Balance, end of year	–	4,159,057
Current portion	–	(1,545,650)
Long-term portion	–	2,613,407

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

April 1, 2019 to March 31, 2020

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

April 1, 2020 to March 31, 2021

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 and 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.

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.

Loan settlement

On March 22, 2021, the Company and SQN agreed to the conversion of $1,480,095 of term loan principal at a conversion price of $0.66 per share and recognized a $114,955 loss on conversion based on the fair value of the Company's shares ($1,595,050) on the date of conversion. The Company then paid the remaining principal balance of $3,007,994 plus $405,053 of prepayment and final payment fees in cash to SQN. As a result of the loan settlement, the Company recognized a $989,981 loss on de-recognition.

Loan interest

During the year ended March 31, 2021, the Company was charged $640,844 of interest on the term loan, all of which was paid (2020 – $725,214, of which $687,622 was paid). As at March 31, 2021, accounts payable and accrued liabilities included $nil (March 31, 2020 – $57,592 of accrued interest and prepayment fees) due to SQN.

10. Lease Liability

The Company incurs lease payments related to office premises.

	2021	2020
Balance, beginning of year	254,702	–
Lease liability for ROU asset (Note 6)	688,293	523,839
Imputed interest	27,581	43,670
Payments	(213,973)	(312,807)
Rent concessions	(110,287)	–
Balance, end of year	646,316	254,702
Current portion	(215,048)	(254,702)
Long-term portion	431,268	–

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 concession for the period from November 1, 2020 until the expiry of the lease on January 31, 2021.

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"). 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 concession; and
- A free rent period will be granted for the period January 1, 2022 to February 28, 2022.

The lease liability for the Second Lease Amendment was determined using an incremental borrowing rate of 14.95% and a lease term of 30 months.

11. Forgiven 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 unsecured PPP loan was for a term of two years, guaranteed by the U.S. Small Business Administration and bore interest a fixed interest rate of 1% per annum with the first six months of interest deferred. The Company qualified for full forgiveness of the loan as the proceeds the 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 forgiven amount is non-taxable and has been recognized as income in the March 31, 2021 consolidated statement of loss and comprehensive loss.

12. Revenue

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

For the years ended March 31	2021	2020
Software-as-a-service (SaaS)	2,146,151	1,979,467
Legacy (hosting and maintenance)	532,118	973,200
Software subscriptions and services	2,678,269	2,952,667
Professional services	1,664,259	1,683,319
Total revenue	4,342,528	4,635,986

The Company's revenue is generated in the United States. For the year ended March 31, 2021, 45.5% of the Company's revenue was earned through sales to one major customer (2020 – 38.3% of revenue to one major customer). As at March 31, 2021, trade and other receivables (Note 5) included $219,400 of receivables from software subscriptions and services customers (2020 – $112,500) and $264,930 of receivables from professional services customers (2020 – $191,950).

13. Nature of Expenses

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

For the years ended March 31	2021	2020
Office	129,805	122,902
Marketing	61,813	217,142
Rent	58,239	56,432
Utilities	47,092	75,558
Travel and lodging	10,912	195,110
Shareholder, regulatory and other	11,697	48,270
	319,558	715,414

14. Interest and Financing Costs

For the years ended March 31	2021	2020
Term loan (Note 9)	640,844	725,214
Lease liability (Note 10)	27,581	43,670
Accretion of term loan (Note 9)	443,834	963,328
Loss on de-recognition of term loan (Note 9)	806,262	19,359
Loss on debt-to-equity conversion of term loan (Note 9)	114,955	41,667
	2,033,476	1,793,238

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, 2021, key management personnel compensation included $790,000 (2020 – $710,000) in salaries, wages and benefits and deferred compensation expense and $192,008 (2020 – $423,677) in share-based payments expense.

Deferred compensation

During the year ended March 31, 2021, deferred compensation of $255,031 (2020 – $743,864) was recognized of which $14,830 was included in deferred compensation payable at March 31, 2021 (2020 – $766,617).

	2021	2020
Deferred compensation payable, beginning of year	766,617	224,728
Expense	255,031	743,864
Payments	(402,185)	(201,975)
Issuance of RSUs (Note 17)	(604,633)	–
Deferred compensation payable, end of year	14,830	766,617

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	2021	2020
Loss before taxes	(3,600,632)	(5,805,855)
Statutory income tax rate (%)	22%	22%
Expected recovery at statutory rate	(792,139)	(1,277,288)
Increase (decrease) in taxes resulting from:		
Non-deductible items	208,004	895,708
Impact of tax rate changes	78,308	60,774
Taxable intercompany advances	241,796	156,036
Deferred tax benefits not recognized	273,720	177,805
Tax expense	9,689	13,035

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, to 10% on January 1, 2020 and to 8% on July 1, 2020.

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

	2021	2020
Tax difference on accounting versus cash tax reporting	(139,800)	(47,400)
Net operating losses utilized	139,800	47,400
Net deferred tax liability	–	–

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

	2021	2020
Net operating losses – United States	20,740,000	18,588,000
Non-capital losses – Canada	14,617,000	12,957,000
Total deductible temporary differences	35,357,000	31,545,000

The Company has net operating losses of approximately $20,740,000 and non-capital losses of approximately $14,617,000 (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, 2019	10,881,516	22,174,957
Unit private placement (a)	1,001,016	482,923
Unit private placement (b)	2,555,588	867,823
Unit private placement (c)	3,496,088	1,150,512
Conversion of term loan (Note 9)	1,388,889	541,667
Share issue costs (a)(b)(c)	–	(118,920)
Balance, March 31, 2020	19,323,097	25,098,962
Unit private placement (d)	1,768,389	646,818
Unit private placement (e)	2,518,800	957,187
Unit private placement (f)	14,826,250	8,124,535
Unit private placement (g)	1,000,000	540,000
Exercise of warrants (h)	239,250	139,842
Conversion of term loan (Note 9)	2,242,568	1,595,050
Settlement of accounts payable (i)	98,660	65,625
Share issue costs (d)(e)(f)(g)(i)	–	(1,347,313)
Balance, March 31, 2021	42,017,014	35,820,706

(a) 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

(b) 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

(c) 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

(d) 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 $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 $171,359 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

(e) 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

(f) 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 $7,829,166 (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 $295,369 (CAD 378,000), of which $110,003 is included in share subscriptions receivable as at March 31, 2021 (Note 23(a)).

The Company paid aggregate finder's fees of $610,684 (CAD 780,030), $185,290 of other issue costs and issued 1,114,329 finders' options (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.

The issue date aggregate fair value of the common share warrants and finders' options was estimated to be $1,975,900 and $359,700, respectively, using the Black-Scholes pricing model based on the following assumptions:

Issue date share price	CAD 0.90	Expected dividend yield	0%
Exercise price	CAD 0.70 – CAD 0.90	Risk-free interest rate	0.11%
Expected volatility	69%	Forfeiture rate	0%
Expected life	2 years	Fair value per common share warrant	$0.27 – $0.32

(g) On February 4, 2021, the Company issued an additional 1,000,000 Units on a non-brokered basis on equivalent terms as the January 26, 2021 private placement (Note 17(f)) for gross proceeds of $540,000 (CAD 700,000).

The issue date aggregate fair value of the common share warrants was estimated to be $114,000, using the Black-Scholes pricing model based on the following assumptions:

Issue date share price	CAD 0.83	Expected dividend yield	0%
Exercise price	CAD 0.90	Risk-free interest rate	0.11%
Expected volatility	69%	Forfeiture rate	0%
Expected life	2 years	Fair value per common share warrant	$0.23

(h) In January, February and March 2021, the Company issued 239,250 common shares on the exercise of 239,250 common share purchase warrants for gross proceeds of $136,369 (CAD 175,125) plus $3,473 of fair value reclassified from contributed surplus. Of the cash proceeds, $5,504 is included in share subscriptions receivable at March 31, 2021 (Note 23(a)).

(i) On March 22, 2021, the Company issued 98,660 common shares for the settlement of $65,625 of accounts payable owed to two vendors. The Company incurred $8,922 of costs related to the issuance of these shares and shares issued to SQN (Note 9).

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, March 31, 2019	858,434	2,550,467
Released	(343,374)	(1,020,186)
Balance, March 31, 2020	515,060	1,530,281
Released	(343,374)	(1,020,186)
Balance, March 31, 2021	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, 2019	73,739	281,890
Released	(26,026)	(99,490)
Balance, March 31, 2020	47,713	182,400
Released	(26,025)	(99,491)
Balance, March 31, 2021	21,688	82,909
Total		
March 31, 2020	562,773	1,712,681
March 31, 2021	193,374	593,003

(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, 2021, no non-voting common shares had been converted to voting common shares.

18. Warrants

	Number of Warrants	Weighted Average Exercise Price (USD Equivalent) (2)
Common share warrants		
Balance, March 31, 2019	822,191	1.18
Issued (Note 17(a))	500,509	0.87
Issued (Note 17(b) and (c))	3,025,838	0.52
Issued (Note 17(b) and (c))	148,450	0.36
Issued (Note 9)	1,200,000	0.48
Issued for investor relation services (a)	150,000	0.37
Balance, March 31, 2020	5,846,988	0.63
Issued (Note 17(d) and (e))	2,143,595	0.56
Issued (Note 17(d) and (e))	276,381	0.40
Issued (Note 17(f) and (g))	7,913,125	0.72
Issued (Note 17(f))	1,114,329	0.56
Exercised (Note 17(h))	(239,250)	(0.58)
Expired	(464,151)	0.87
Balance, March 31, 2021	16,591,017	0.65

(a) 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

During the year ended March 31, 2021, the Company recognized $3,750 (2020 – $41,250) of share-based payment expense in the 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, 2021 is as follows:

Number of Warrants	Weighted Average Exercise Price (CAD)	Weighted Average Exercise Price (USD Equivalent) (2)	Weighted Average Life Remaining (Years)
141,950	0.45	0.36	0.86
150,000	0.46	0.37	3.71
266,381	0.50	0.40	1.45
1,200,000	0.60	0.48	1.19
2,943,338	0.65	0.52	0.82
3,156,174	0.70	0.56	1.57
7,913,125	0.90	0.72	1.83
500,509	1.10	0.87	0.05
319,540	–	1.67	6.73
16,591,017	0.79	0.65	1.60

(2) Translated to CAD at the March 31, 2021 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, 2021, 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 7,687,307 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:

As at March 31, 2021, 2020 and 2019, the Company had 828,915 stock options outstanding and exercisable.

Information about stock options outstanding and exercisable as at March 31, 2021, 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	2.68
December 3, 2025	10,000	0.44	4.68
January 28, 2026	40,000	0.44	4.64
April 26, 2026	7,500	0.44	5.08
February 10, 2028	587,500	2.00	6.87
	828,915	1.55	5.80

RSUs:

	Number
Balance, March 31, 2019	875,000
Forfeited	(21,667)
Balance, March 31, 2020	853,333
Forfeited	(13,333)
Issued	884,418
Balance, March 31, 2021	1,724,418
Vested, March 31, 2021	1,449,432

On March 23, 2021, the Company granted 884,418 fully-vested RSUs to certain officers and employees of the Company in lieu of $604,633 of current and prior year deferred compensation payable to the officers based on the fair value of the Company's shares on the date of grant.

During the year ended March 31, 2021, the Company recognized $430,099 (2020 – $1,131,054) of share-based payment expense in respect of RSUs granted in June 2018. As at March 31, 2021, the remaining unvested balance of share-based payments was $66,232.

RSUs entitle participants the conditional right to receive one common share of the Company for each share unit. RSUs granted in June 2018 vest in three equal tranches on the first, second and third anniversaries of the grant date. Vested RSUs are converted to common shares following approval by the Company's Board of Directors.

As at March 31, 2021, the Company had 1,724,418 RSUs outstanding of which 1,449,432 RSUs are vested and 274,986 RSUs will vest on June 4, 2021.

20. Per Share Amounts

For the years ended March 31	2021	2020
Net loss	(3,610,321)	(5,818,890)
Basic and diluted weighted average number of shares	24,590,106	13,033,403
Basic and diluted net loss per share	(0.15)	(0.45)

For the years ended March 31, 2021 and 2020, all warrants, stock 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 exposed to market risks related to financial instruments denominated in foreign currencies. 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, 2021, 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. As at March 31, 2021, the Company's maximum exposure to credit risk with respect to cash and trade and other receivables is $3,594,633.

Trade and other receivables (Note 6) credit exposure is minimized by entering into transactions with creditworthy counterparties, invoicing only after the customer's written acceptance of completed work, 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.

As at March 31, 2021, maturities of the Company's financial liabilities are as follows:

As at March 31, 2021	Carrying Amount	Contractual cash flows	2022	2023	2024
Accounts payable and accrued liabilities	399,475	399,475	399,475	–	–
Deferred compensation	14,830	14,830	14,830	–	–
Lease liability (Note 10)	646,316	700,052	227,630	352,126	120,296
	1,060,621	1,114,357	641,935	352,126	120,296

The Company has current assets of $3,824,941 to satisfy its financial liabilities 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	2021	2020
Cash	27,648	15,999
Trade and other receivables	9,297	8,241
Accounts payable and accrued liabilities	(114,056)	(309,812)
Net monetary liabilities	(77,111)	(285,572)

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 $3,855 (2020 – $14,280).

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 indebtedness at variable rates 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.

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, obtain credit facilities, raise new debt and issue share capital.

23. Subsequent Events

(a) Subsequent to March 31, 2021, the Company collected the $115,507 of share subscriptions receivable (Note 17(f) and (h)).

(b) Subsequent to March 31, 2021, the Company issued 291,320 common shares on the exercise of 291,320 common share warrants for gross proceeds of approximately $165,200 (CAD 202,924).