
BALSAM TECHNOLOGIES CORP.
(formerly Rewardstream Solutions Inc.)
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

Notice of No Auditor Review of Condensed Interim Financial Statements

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim financial statements for the three months ended December 31, 2020. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

BALSAM TECHNOLOGIES CORP.
(formerly Rewardstream Solutions Inc.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at December 31, 2020 and September 30, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	December 31, 2020	September 30, 2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 421,623	\$ 457,930
Accounts receivable	7,901	12,211
Total assets	\$ 429,524	\$ 470,141
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Notes 3 and 6)	\$ 288,878	\$ 251,208
Loans payable (Note 4)	31,766	31,312
Total liabilities	320,644	282,520
EQUITY		
Share capital (Note 5)	16,483,003	16,483,003
Share-based compensation reserve (Note 5)	1,860,580	1,860,580
Warrant reserve (Note 5)	288,995	288,995
Deficit	(18,523,698)	(18,444,957)
Total equity	108,880	187,621
Total liabilities and shareholders' equity	\$ 429,524	\$ 470,141

Nature of business and continuance of operations (Note 1)
Subsequent events (Note 9)

Approved and authorized by the Board of Directors:

"Joel Shacker"
Joel Shacker, Director

"Geoff Balderson"
Geoff Balderson, Director

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

BALSAM TECHNOLOGIES CORP.
(formerly Rewardstream Solutions Inc.)
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the three months ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended December 31,	
	2020	2019
EXPENSES		
Consulting fees (Note 6)	\$ 52,500	\$ 33,600
Interest and bank charges (Note 4)	550	38
Office and miscellaneous	2,438	-
Professional fees	7,601	1,370
Rent	9,000	12,000
Transfer agent and filing fees	3,499	2,493
Travel expenses	-	4,256
Website	3,153	-
	78,741	53,757
Net loss before other item	(78,741)	(53,757)
OTHER ITEM		
Interest income	-	1,307
Net loss and comprehensive loss for the period	\$ (78,741)	\$ (52,450)
Basic and diluted loss per share	(0.01)	(0.03)
Weighted average number of common shares outstanding	5,319,740	1,748,313

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

BALSAM TECHNOLOGIES CORP.
(formerly Rewardstream Solutions Inc.)
STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
For the three months ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	SHARE CAPITAL		RESERVES			Total Equity (Deficiency)
	Number of Shares	Amount	Share-based Compensation Reserve	Warrant Reserve	Deficit	
Balance at September 30, 2019	1,748,313	\$ 15,996,267	\$ 1,860,580	\$ 288,995	\$ (18,160,419)	\$ (14,577)
Net loss for the period	-	-	-	-	(52,450)	(52,450)
Balance at December 31, 2019	1,748,313	\$ 15,996,267	\$ 1,860,580	\$ 288,995	\$ (18,212,869)	\$ (67,027)
Balance at September 30, 2020	5,319,740	\$ 16,483,004	\$ 1,860,580	\$ 288,995	\$ (18,444,957)	\$ 187,622
Net loss for the period	-	-	-	-	(78,741)	(78,741)
Balance at December 31, 2020	5,319,740	\$ 16,483,004	\$ 1,860,580	\$ 288,995	\$ (18,523,698)	\$ 108,881

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BALSAM TECHNOLOGIES CORP.
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CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the three months ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended December 31,	
	2020	2019
OPERATING ACTIVITIES		
Net loss for the year	\$ (78,741)	\$ (52,450)
Items not involving cash:		
Accrued interest payable	454	-
Changes in non-cash working capital items:		
Accounts receivable	4,310	68,456
Accounts payable and accrued liabilities	37,670	(15,876)
Cash provided by (used in) operating activities	(36,307)	130
CHANGE IN CASH	(36,307)	130
CASH, Beginning of period	457,930	1,221
CASH, End of period	\$ 421,623	\$ 1,351
Supplemental disclosure of cash flow information		
Interest paid	-	-
Income taxes paid	-	-

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

BALSAM TECHNOLOGIES CORP.
(formerly Rewardstream Solutions Inc.)
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
December 31, 2020
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the laws of British Columbia on March 23, 1999 and continued under the *Canada Business Corporations Act* on December 22, 1999. The Company was subsequently continued under the laws of British Columbia on October 21, 2015. The head office and records are located at Suite 1000, 409 Granville Street, Vancouver, British Columbia V6C 1T2. On February 20, 2020, the Company's listing was transferred to the NEX and on March 30, 2020, was reinstated for trading on the NEX board under the trading symbol "REW.H". Effective October 8, 2020, the Company changed its name to Balsam Technologies Corp and trade under the trading symbol "BTEC.H". The Company continues to search for strategic business opportunities.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of \$78,741 for the period ended December 31, 2020. As at December 31, 2020, the Company had an accumulated deficit of \$18,523,698. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company's continued existence is dependent upon its ability to raise additional capital and to identify and acquire a suitable business opportunity. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

There was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations.

These financial statements do not include any adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The condensed interim financial statements were authorized for issue by the Audit Committee and approved and authorized for issue by the Board of Directors on February 17, 2021.

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2. BASIS OF PRESENTATION – (cont'd)

b) Basis of measurement

These financial statements have been prepared on a historical basis, except for certain financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as September 30, 2020. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2020.

Use of estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of management judgments include:

The going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

The Company bases its estimates and judgments on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2020	September 30, 2020
Accounts payable	\$ 276,378	\$ 236,708
Accrued liabilities	12,500	14,500
	\$ 288,878	\$ 251,208

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4. LOANS PAYABLE

On January 9, 2020, the Company received a promissory note of \$30,000 from a third party which bears interest at 6% per annum, unsecured and repayable by July 9, 2020 and remains outstanding as at December 31, 2020. Loans payable consist of the following:

	December 31, 2020	September 30, 2020
Opening balance	\$ 31,312	\$ -
Loan received	-	30,000
Accrued interest	454	1,312
Ending balance	\$ 31,766	\$ 31,312

During the three months ended December 31, 2020, the Company recorded \$454 in accrued interest expense.

5. SHARE CAPITAL

- a) Authorized:
unlimited common shares, without par value

On April 7, 2020, the Company completed a share consolidation on the basis of 10 old shares for 1 new share. The share consolidation has been retroactively presented in these financial statements and all share amounts, including per share amounts, reflect the share consolidation.

- b) Issued and outstanding:

There were no shares issued during the three months ended December 31, 2020.

During the year ended September 30, 2020:

On August 27, 2020, the Company issued 3,571,427 units at a price of \$0.14 per unit for gross proceeds of \$500,000. Each unit consist of one common share and one share purchase warrant with each share purchase warrant entitling the holder the right to purchase an additional common share at a price of \$0.185 per share expiring on August 27, 2021. The Company incurred \$13,263 in share issuance costs.

- c) Stock options

The Company has a stock option plan (the "Plan") that permits the grant of share purchase options up to 10% of the issued and outstanding common shares of the Company to directors, officers, key employees and consultants. Terms of the options granted are subject to determination and approval by the Board of Directors.

There were no stock options granted during the three months ended December 31, 2020 and for the year ended September 30, 2020.

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5. SHARE CAPITAL – (cont'd)

d) Warrants

The table below summarizes the information on the outstanding warrants of the Company for the three months ended December 31, 2020 and for the year ended September 30, 2020:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2019	-	\$ -
Issued	3,571,427	0.185
Balance, September 30, 2020 and December 31, 2020	3,571,427	\$0.185

As at December 31, 2020, the Company has 3,571,427 share purchase warrants outstanding exercisable at \$0.185 per share expiring on August 27, 2021.

6. RELATED PARTY TRANSACTIONS

Related party transactions not otherwise described in these financial statements are shown below.

The remuneration of the Company's directors and other members of key management, individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company, for the years ended September 30, 2020 and 2019 are as follows:

	For the three months ended December 31.	
	2020	2019
<u>Consulting fees</u>		
Enermetals Ventures Inc. (Pat Morris, Director and former CEO)	\$ -	\$ 15,000
Harmony Corporate Services Ltd; (Geoff Balderson, Director and CFO)	-	9,600
1156724 BC Ltd. (Joel Shacker, Director and CEO)	30,000	-
	\$ 30,000	\$ 110,400

Accounts payable and accrued liabilities at December 31, 2020, includes \$145,535 (September 30, 2020 - \$114,035) owing to companies controlled by directors and officers of the Company for unpaid fees.

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7. FINANCIAL INSTRUMENTS

The carrying values of cash, accounts receivable, loans payable, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis.

Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and consider the implications of market conditions in relation to the Company's activities.

There are no changes in the Company's objective, policies and processes for managing the risks and the methods used to measure the risks during the period ended December 31, 2020.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held at a large Canadian financial institution in interest-bearing accounts.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable and accrued liabilities are typically due in 30 days. The Company uses cash to settle its financial obligations as they fall due. As at December 31, 2020, the Company has a working capital of \$108,880. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short term and long-term cash requirement.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

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7. FINANCIAL INSTRUMENTS – (cont'd)

c) Market risk (cont'd)

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. The Company had no interest rate swap or financial contracts in place as at December 31, 2020. Interest rate risk is minimal as loans have a fixed interest rate.

(ii) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at December 31, 2020, the Company did not have any financial instruments denominated in foreign currencies and considers foreign currency risk to be negligible.

(iii) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market.

8. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and makes adjustments to it to effectively support the Company's objectives. In order to pay for general administrative costs, the Company will raise additional amounts as needed.

The Company reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers shareholders' equity and working capital as components of its capital base. The Company may access capital through the issuance of shares or the disposition of assets. Management historically funds the Company's expenditures by issuing share capital rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

There were no changes to the Company's approach to capital management during the period ended December 31, 2020.

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9. SUBSEQUENT EVENTS

On February 4, 2021, the Company completed a non-brokered private placement of up to 2,608,696 units at a price of \$0.23 per unit for gross proceeds of up to \$600,000. Each unit will consist of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.31 for a period of twelve months expiring on February 4, 2022.