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Boardwalktech Reports Fourth Quarter and Fiscal 2020 Financial Results

Continued Progress to Profitability with 72% Reduction in Net Loss

CUPERTINO, CA, July 22, 2020 /CNW/ - (TSXV: BWLK) (OTCQB: BLWKF) – Boardwalktech Software Corp. ("Boardwalktech" or the "Company"), a leading digital ledger platform and enterprise software solutions company, is pleased to report its financial results for the three and twelve-month period ended March 31, 2020. All figures are reported in U.S. dollars, unless otherwise indicated. Boardwalktech's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").



Financial Highlights:

- Revenue for Q4-FY20 was \$1.1 million versus \$1.2 million of revenue in Q3-FY20 and \$1.3 million in Q4-FY19. Total revenue for FY20 was \$4.6 million versus \$4.9 million with the decrease directly attributable to a decline in legacy hosting contracts and professional services, even as year-over-year recurring license revenue grew.
- Revenue from subscription licenses grew 24% in FY20 from FY19. Annualized Recurring Revenue for Q4-FY20 of \$3.8 million increased 5% from \$3.6 million in Q3-FY20 and up 6% from \$3.6 million as of Q4-FY19, despite \$0.2 million less of legacy business, as the Company closed four new customer deals during the quarter. Sales pipeline is now close to pre-COVID levels of \$5.5 – 6.4 million.
- Gross margin in Q4-FY20 was 85.3%, a 0.9%-point decrease from Q3-FY20 level of 86.2%, reflecting the impact of the higher allocation to cost of sales from recent customer support investments.
- Cash from Operating Activities for FY20 totaled \$(1.2) million compared to \$(4.4) million in FY19, an improvement of 70%.
- Adjusted EBITDA loss of \$(0.5) million in Q4-FY20, a 20% improvement from a loss of \$(0.6) million in Q3-FY20, and a 5% improvement versus Q4-FY19. Adjusted EBITDA for FY20 was a loss of \$(2.6) million compared to \$(3.2) million for the same period in FY19, a 20% improvement.
- Non-IFRS net loss for Q4-FY20 (as defined in the Non-IFRS Financial Measures section) totaled \$(0.7) million, or \$(0.04) per basic and diluted share versus a \$(0.8) million loss in Q3-FY20, or \$(0.06) per basic and diluted share. Non-IFRS net loss for FY20 totaled \$(3.4) million or \$(0.26) per basic and diluted share, an improvement of

16% compared to \$(4.0) million and \$(0.41) per basic and diluted share in FY19.

- Reported loss for FY20 was \$(5.8) million, or loss of \$(0.45) per basic and diluted share, representing a 72% improvement versus a \$(20.9) million loss, or \$(2.11) per basic and diluted share in FY19.

Operations highlights

- January 7, 2020, the Company announced signing of a worldwide master license and services agreement with a new Fortune 100 consumer products company;
- January 7, 2020, the Company announced a suite of product enhancements, called the BW.Supplychain ecosystem, targeting customers in the Retail and Consumer Packaged Goods segments, including a patent-pending Network of Words (NOW) technology for extracting and organizing structured and unstructured data;
- On February 28, 2020, the Company completed a previously announced \$500,000 debt-to-equity conversion, with its existing investor, SQN Venture Income Fund LP, at price of US\$0.36 per share;
- On March 9, 2020, the Company closed a non-brokered private placement equity units for 3,496,088 Units at CAD 0.45 per Unit, for gross proceeds of \$1,150,512 (CAD \$1,573,240), including participation by SQN Venture Partners LLP, the Company's primary debt holder;
- On March 18, 2020, the Company announced closing of a new license and service contract with Osydo Co, Ltd. (a sub-contractor for the world's top three mobile phone manufacturer);
- On March 22, 2020, the Company announced the expansion of a trade promotion, planning, forecasting and pricing program with an existing Fortune 200 Food customer.

Subsequent to the quarter:

- On April 1, 2020, the Company announced it had signed a new licensing deal with Sekisui Specialty Chemicals;
- On April 9, 2020, the Company announced a limited time free trial promotion of its Diamond Lane product (Excel-based multi-user collaboration tool) to help remote work by business impacted from COVID-19;
- On April 22, 2020, the Company announced it had secured \$700,100 of funding under the Payroll Protection Program of CARES Act;
- On May 7, 2020, the Company announced the expansion of its recurring license with HCL Technologies;
- On June 12, 2020, the Company closed a non-brokered private placement of equity units for 1,768,389 Units at CAD 0.50 per Unit, for gross proceeds of \$636,620 (CAD 884,195);
- On July 3, 2020, the Company completed a new amendment with its existing investor, SQN Venture Income Fund LP, to extend the maturity of its loan to August 2020, extend interest-only payment until August 2020, and a best efforts option to prepay another \$250,000 of principal (with fees waived).

"We are very pleased with the progress we made towards profitability during the course of fiscal year 2020, even given the impact of COVID-19 exiting the year. The Boardwalk team substantially increased our sales pipeline, increased our recurring revenue base, recognized \$1 million in opex savings, reduced our outstanding debt balance by \$1.5 million, and secured over \$3 million in financing to support future growth," said Andrew T. Duncan, Chief

Executive Officer of Boardwalktech. "While total revenue was marginally down year-over-year reflecting certain older legacy hosting contracts that were converted, and a planned reduction in professional services revenue as more customers are now certified to do this work themselves, revenue from subscription licenses (both new and existing customers) grew 24% compared to last year as more and more large enterprise clients understand the value in having full auditability and detailed insight into day-to-day operations and exchanges with their own vendors and partners."

Mr. Duncan continued, "Our pipeline going into fiscal year 2021 is estimated between \$5.5-\$6.4 million which is a function of the industry tailwinds we have anticipated over the last few years and is also directly attributable to COVID-19 exposing deficiencies in corporate information management systems which can be resolved and significantly improved using our products. With our pipeline strong and growth capital secured, we anticipate showing profitability within calendar year 2020 which would mark yet another significant milestone for Boardwalktech. Despite the overall economic impact from the COVID-19 pandemic, Boardwalktech remains not simply open for business, but continuing to add value as we closed several new customer deals and expansions since the beginning of March that we anticipate having a material impact on revenue throughout Fiscal Year 2021. Furthermore, we believe our recently launched Network of Words platform can be a significant catalyst for upside growth as we have seen very good, early reception by potentially company-altering prospective clients that understand the enormous value in being able to extract, manage and analyze unstructured data."

About Boardwalktech Software Corp.

Boardwalktech has developed a patented Digital Ledger Technology Platform currently used by Fortune 500 companies running mission-critical applications worldwide. Boardwalktech's digital ledger technology and its unique method of managing vast amounts of structured and unstructured data is the only platform on the market today where multiple parties can effectively work on the same data simultaneously while preserving the fidelity and provenance of the data. Boardwalktech can deliver collaborative, purpose-built enterprise information management applications on any device or user interface with full integration with enterprise systems of record in a fraction of the time it takes other non-digital ledger technology-based platforms. Boardwalktech is headquartered in Cupertino, California with offices in India and operations in North America. For more information on Boardwalktech, visit our website at www.boardwalktech.com.

Forward-Looking Information and Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases

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An investment in securities of the Company is speculative and subject to several risks including, without limitation, the risks discussed under the heading "Risk Factors" in the Company's filing statement dated May 30, 2018. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this press release, the Company has made certain assumptions. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

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