

Boardwalktech Reports Third Quarter Fiscal 2021 Financial Results

Company Continues Progress on Fiscal Strength

CUPERTINO, Calif., Feb. 26, 2021 /PRNewswire/ - (TSXV: BWLK) (OTCQB: BWLKF) – Boardwalktech Software Corp. ("Boardwalktech" or the "Company"), the leading digital ledger platform and enterprise software solutions company, is pleased to report its financial results for the three-month period ended December 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:

- Revenues for Q3-FY21 of \$1.1 million were flat compared with Q2-FY21, but down from \$1.2 million of revenue in Q3-FY20. SaaS license revenue increase of 7% and professional services revenue increase of 2% for Q3-FY21 was offset by lower expected revenue from legacy contracts being retired (supplemental hosting and premium services), down 51%, as these sales shift in favor of the Company's new SaaS model, implemented in 2018.
- Annualized Recurring Revenue in Q3-FY21 was \$3.5 million, even with the impact from retired legacy contracts, compared to \$3.5 million in Q3-FY20. The Company maintains its belief that ARR will exceed \$5 million by Spring 2021.
- As evidenced of the traction of the new SaaS model, over 62% of revenue year-to-date in FY21 came from contracts executed since 2018, up from 47% for the comparable period last year. Further, subscription licenses contributed 62% of total revenue in Q3-FY21 versus 48% two years ago.
- Despite COVID-19 headwinds, the sales pipeline grew again in Q3-FY21 and is now over \$8 million compared to \$5-6 million range last year.
- Gross margin in Q3-FY21 was 86.6%, up from 86.3% in Q2-FY21 and up from 86.2% in Q3-FY20, as cost of sales decreased in absolute dollars, even given infrastructure enhancement expenses.
- Adjusted EBITDA loss of \$(0.4) million in Q3-FY21, a 37% improvement from a loss of \$(0.6) million in Q3-FY20.
- Non-IFRS loss for Q3-FY21 (as defined in the Non-IFRS Financial Measures section) totaled \$(0.5) million, or \$(0.02) per basic and diluted share, a 35% improvement versus a \$(0.8) million loss in Q3-FY20, or \$(0.06) per basic and diluted share.
- Reported loss for Q3-FY21 was \$(0.7) million, or loss of \$(0.03) per basic and diluted share, representing a 51% improvement versus a \$(1.4) million loss, or \$(0.11) per basic and diluted share in Q3-FY20.

Operations highlights:

- On November 1, 2020, the Company completed a new amendment with its existing

investor, SQN Venture Income Fund LP, to extend the maturity of its term loan to January 2023, extended interest-only payment by six months to February 28, 2021, and a reset of the interest rate to 14.95%.

- On November 30, 2020, the Company announcing the signing of a major European based consumer products company, to be used to manage forecasting and planning for products sold globally. No terms were disclosed.
- In December 2020, the Company submitted in its loan forgiveness application for the SBA Payroll Protection Program and, having met all requirements, the Company anticipates the full amount to be forgiven.

Subsequent to the quarter:

- On January 4, 2021, the Company completed two Amendments with its landlord, effective as of November 1, 2020, to extend the expiry of its lease by 30 months, with COVID-19 rent abatement plus additional, material concessions that have lowered both the Company's cash and accrued expenses under IFRS-16.
- On January 26, 2021, the Company closed a \$7.9 million brokered Unit private placement, plus two non-brokered tranches totaling \$0.8 million (second close on February 4, 2021), to be used towards paying off the Company's term loan, sales and marketing expansion, and other working capital needs.
- On February 8, 2021, the Company announcing the signing of a major European broadcasting and media company to the first of several expected applications. This initial contract for \$100,000 is being used to better manage production activity and production costs for content produced by the Client.
- On February 16, 2021, the Company announcing the signing of a new Fortune 500, U.S.-based multinational consumer products company to the first of several expected licenses. This initial contract for \$150,000 is being used by the Client to manage local regulatory labelling, packaging and compliance for products sold globally.

"The value generated by our proprietary Digital Ledger Platform solution, and the surrounding technologies we are delivering to enterprise clients, has been the key driver behind the substantial increase in our pipeline in the early parts of calendar year 2021, as our clients recognize the growing need for managing both structured and unstructured data across their organization," Andrew T. Duncan, CEO of Boardwalktech. "Unstructured data, makes up more than 80% of all data in the enterprise and is becoming the single largest pain point for most of our clients who are actively seeking out practical ways to manage, run analytics and get this unstructured data into compliance like the solutions we provide, and our pipeline growth reflects this. Subscription enterprise license revenue from clients added since 2018 continues to grow while we transition legacy contracts into our focused SaaS business model. We are implementing new licenses and applications into our growing client base and our pipeline continues to grow not just from new accounts, but from high demand to develop new applications within existing clients. Furthermore, we are making progress toward achieving our previously stated goal of being both Adjusted EBITDA and Net Income positive, as reflected in our results this quarter."

Mr. Duncan continued, "We appreciate the support of our current and new investors, especially those who participated in our recent financings, as we look to leverage those assets into tangible returns. As a result of those financings and significant improvement in our balance sheet, we anticipate proceeding towards a full extinguishment of Boardwalk's

debt, expanding our sales efforts, and other working capital improvements. With our recent new customer announcements and progress, plus other financial and operational steps we have taken, we expect to finish our March fiscal year-end strong, with an even stronger outlook ahead."

About Boardwalktech Software Corp.

Boardwalktech has developed a patented Digital Ledger Technology Platform used by Fortune 500 companies running hundreds of live mission-critical applications worldwide. Boardwalktech's patented 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. Boardwalktech can deliver a collaborative purpose-built enterprise information management application 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 applications. Boardwalktech is headquartered in Cupertino, California with offices in India and operations in North America. To learn more about Boardwalktech and its capabilities, please visit 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 or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved".

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements.

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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