MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

DATED: JULY 22, 2020

This Management's Discussion and Analysis ("MD&A") for the years ended March 31, 2020 and 2019 provides detailed information on the operating activities, performance and financial position of Boardwalktech, Inc. ("Boardwalk" or the "Company"). This discussion should be read in conjunction with the Company's audited annual consolidated financial statements and accompanying notes. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in U.S. dollars, unless otherwise stated. In this MD&A, unless otherwise noted, all dollar amounts are expressed in USD. References to "CAD" are to Canadian dollars. The information contained herein is current to July 22, 2020, unless otherwise stated.

The Company's fiscal year commences April 1st of each year and ends on March 31st of the following year. The Company's current fiscal year, which ended on March 31, 2020 is referred to as "current fiscal year", "Fiscal 2020" or using similar words. The previous fiscal year, which ended on March 31, 2019, is referred to as "previous fiscal year", "Fiscal 2019" or using similar words. The three- month quarter ended March 31, 2020 may be referred to as "Q4 Fiscal 2020" or "Q4 2020"and the previous three-month quarter ended March 31, 2019 may be referred to as "Q4 Fiscal 2019" or "Q4 2019".

In this document unless otherwise specified, "we", "us", "our", "Company" and "Boardwalk" all refer to Boardwalktech, Inc. collectively with its subsidiaries. The content of this MD&A has been approved by the Board of Directors, on the recommendation of its Audit Committee.

CAUTION REGARDING FORWARD LOOKING INFORMATION

Certain statements in this MD&A which are not historical facts constitute forward-looking statements or information within the meaning of applicable securities laws ("forward-looking statements"). Such statements include, but are not limited to, statements regarding Boardwalk's projected revenues, gross margins, earnings, growth rates, the impact of new product design wins, market penetration and product plans. The use of terms such as "may", "anticipated", "expected", "projected", "targeting", "estimate", "intend" and similar terms are intended to assist in identification of these forward-looking statements. Readers are cautioned not to place undue reliance upon any such forward-looking statements. Such forward-looking statements are not promises or guarantees of future performance and involve both known and unknown risks and uncertainties that may cause Boardwalk's actual results to be materially different from historical results or from any results expressed or implied by such forward-looking statements. Accordingly, there can be no assurance that forward-looking statements will prove to be accurate and readers are therefore cautioned not to place undue reliance upon any such forward-looking statements.

Factors that could cause results or events to differ materially from current expectations expressed or implied by forward looking statements contained herein include, but are not limited to: our history of losses and the risks associated with not achieving or sustaining profitability; the Company's dependence on a limited number of customers for a substantial portion of revenues; fluctuating revenue and expense levels arising from changes in customer demand, sales cycles, product mix, average selling prices, manufacturing costs and timing of product introductions; risks associated with competing against larger and more established companies; competitive risks and pressures from further consolidation amongst competitors, customers, and suppliers; market share risks and timing of revenue recognition associated with product transitions; risks related to intellectual property, including third party licensing or patent infringement claims; the loss of any of the Company's key personnel could seriously harm its business; risks associated with adverse economic conditions; delays in the launch of customer products; price re-negotiations by existing customers; legal proceedings arising from the ordinary course of business; ability to raise needed capital; ongoing liquidity requirements; and other factors discussed in the "Risk Factors" section. All forward-looking statements are qualified in their entirety by this cautionary statement. Boardwalk is providing this information as of the current date and does not undertake any obligation to update any forward-looking statements contained herein as a result of new information, future events or otherwise except as may be required by applicable securities laws.

Risks relating to the Company include, but are not limited to, the following:

- the Company has a history of losses and may not achieve profitability in the future;
- the Company has historically received a substantial portion of its revenue from a limited number of customers;
- the Company expects its operating results to continue to fluctuate;
- the Company faces intense competition and expects continued market competition in the future;
- assertions by third parties of infringement by Boardwalk of, or of Boardwalk's failure to protect, their intellectual property rights could result in significant costs and cause Boardwalk's operating results to suffer;
- the Company may have difficulty accurately predicting revenue for the purpose of appropriately budgeting and adjusting its expenses.
- the loss of customers could affect the Company's financial returns and future plans;
- the Company's customers may cancel future subscriptions that can adversely impact future recurring revenue;
- the Company may be unable to generate funds required to meet its funding requirements, and may need to raise additional funds;
- changes in industry standards or technology could impede the sale of Boardwalk's products;
- the loss of any of the Company's key personnel could seriously harm its business;
- the pattern of customer product ramps as they shift from legacy products to new products based on our more advanced designs could affect both the amount and timing of revenue recognized by the Company;
- the Company's failure to maintain compliance with applicable regulations in certain geographies or other jurisdictions may force it to cease distribution in those areas;
- the majority of the Company's operating expenses are denominated in U.S. dollars and Indian Rupee, therefore, the Company's earnings are impacted by fluctuations in exchange rates between the U.S. dollar and other currencies; and
- the Company may be involved in legal proceedings from time to time; arising in the ordinary course of its business and such proceedings may affect the Company's financial position, results of operations or cash flows.

FINANCIAL HIGHLIGHTS

Total revenue for Fiscal 2020 was $4.6 million compared to $4.9 million for Fiscal 2019. While this represented a 6% annual decrease, revenue from prior year levels, the portion of revenue from software subscription and services increased 8% year-over-year due to higher revenue from recurring customers and additional revenue from new customers. Revenue from subscription licenses (new and existing customers) grew 24% in Fiscal 2020 to $2.0 million from Fiscal 2019. Approximately 64% of revenue in Fiscal 2020 came from new and recurring software subscription licenses and service, up from the 56% in Fiscal 2019. Thus, these year-over-year changes were primarily due to lower professional services revenue from higher than expected levels last year. That said, total revenue for Fiscal 2020 finished lower than expected due to two reasons. First, the Company estimates that approximately $0.2-0.3 million of potential revenue was delayed, though not canceled, in the last month of fiscal quarter 2020 due to the onset of the COVID-19 crisis. Second, roughly $0.2 million of older, legacy supplemental hosting and premium maintenance services (that accompany subscription licenses) were not renewed, as customers brought such services in-house (especially hosting). The Company expects to recognize the delayed revenue exiting Fiscal 2020 during the first half of Fiscal 2021, as the Company continues to see a robust, but dynamic sales pipeline for specific customer projects identified to potentially close within the next nine months. After an initial drop in the pipeline when the COVID-19 situation hit during the first calendar quarter of 2020, as several customers put plans on hold, the aggregate pipeline has since rebounded and is close to pre-COVID-19 levels of approximately $5.5-6.4 million.

Gross margin for Fiscal 2020 was 86.3%, a 2.3% point decrease from the previous year's level of 88.6% primarily due to lower volumes and higher hosting costs associated with new investments and dedicated servers as a result of recent new customer projects. As these, and other projects, ramp in volume the Company expects to see material economies of scale, resulting in gross margin expansion over future quarter.

IFRS net loss for Fiscal 2020 was $(5.8) million, or a loss of $(0.45) per basic and diluted share, a 72% improvement when compared to a net loss of $(20.8) million in Fiscal 2019, or $(2.11) per basic and diluted share. While most of the Fiscal 2019 loss was from one-time expense and non-cash based valuation adjustments triggered by the Company's reverse takeover and public trading event in June 2018, the Company did reduce total operating expenses excluding share-based compensation and depreciation ("adjusted operating expenses") in Fiscal 2020 by $1.0 million. While adjusted operating expenses in Fiscal 2020 totaled $6.6 million, the progress continued as adjusted operating expenses declined on a sequential quarterly basis during Fiscal 2020 as adjusted operating expenses in 4Q FY20 were $1.48 million, a 13% reduction versus $1.7 million in prior year.

Non-IFRS net loss for Fiscal 2020 (as defined in the Adjusted EBITDA and Non-IFRS Financial Measures section) totaled $(3.4) million, versus a $(4.0) million non-IFRS loss in Fiscal 2019. Adjusted EBITDA for Fiscal 2020 was $(2.5) million, compared to Adjusted EBITDA of $(3.2) million in Fiscal 2019. Both non-IFRS and adjusted EBITDA losses improved in the fourth quarter of Fiscal 2020 versus the comparable period in Fiscal 2019, despite lower than expected revenue levels exiting the fiscal year, as the Company continued to implement investment and cost control measures to facilitate future revenue growth as part of its goal to achieve profitability in fiscal 2021. Non-IFRS net loss for fourth quarter of Fiscal 2020 totaled $(0.7) million, or a loss of $(0.04) per basic and diluted share, was a 18% sequential improvement over the $(0.8) million non-IFRS loss, or loss of $(0.09) per share, in the prior quarter; while adjusted EBITDA for fourth quarter of Fiscal 2020 was a loss of $(0.5) million, a 20% improvement from the $(0.6) loss in the prior quarter.

Subsequent Events: Close of Financing and Restructuring of Term Loan

On April 4, 2020, the Company made a $500,000 prepayment on its existing term loan.

On April 18, 2020, the Company received a $700,100 PPP loan. The PPP loan has a term of two years, is unsecured, and is guaranteed by the U.S. Small Business Administration. The loan bears a fixed interest rate of 1% per annum with the first six months of interest deferred. The loan will be forgiven if the proceeds are used by the Company to cover payroll costs (including benefits), with up to twenty-five percent (25%) allowed for rent and utilities, during the eight-week period following the loan origination date. The Company expects to meet the requirements for full loan forgiveness.

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 $636,620 (CAD $884,195). 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 with a term of two years and an exercise price of CAD 0.50 to compensate finders who introduced purchasers under the private placement.

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 prepayment fee shall be added to the final payment fee, increasing it to $319,904.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth selected financial information derived from the Company's audited annual consolidated financial statements for the two fiscal years ended March 31, 2020 and March 31, 2019. The selected financial information was prepared in accordance with IAS 34 in a manner consistent with the Company's annual financial statements. The following information should be read in conjunction with these statements and accompanying notes.

in thousands of U.S. dollars	for Three-month period ended Mar 31, 2020	Dec 31, 2019	Mar 31, 2019	Fiscal Year, period ended Mar 31, 2020	Mar 31, 2019
Revenue	$1,140	$1,152	$1,309	$4,636	$4,917
Cost of sales	167	159	136	636	561
Gross Profit	$973	$993	$1,174	$4,000	$4,356
Operating expenses	$1,477	$1,626	$1,704	$6,575	$7,580
Share-based payments	234	240	535	$1,172	$1,784
Depreciation	66	67	4	265	7
Operating Income/(Loss)	(804)	(940)	(1,070)	(4,013)	(5,015)
Interest expense	$171	$200	$181		
Other expenses	297	220	111	1,793	15,819
Loss for the period	**($1,273)**	**($1,360)**	**($1,361)**	**($5,806)**	**($20,834)**
Loss per share, basic and diluted	($0.08)	($0.11)	($0.14)	($0.45)	($2.11)

in thousands of U.S. dollars	as at March 31, 2020	as at March 31, 2019
Current assets		
Cash	$ 795	$ 195
Trade and other receivables	313	812
Prepaid expenses and deposits	103	165
Total current assets	**$ 1,211**	**$ 1,172**
Total non-current assets	**225**	**15**
Total assets	**$ 1,436**	**$ 1,187**
Current liabilities		
Account payables and accrued liabilities	$ 945	$ 875
Deferred revenue	1,382	1,179
Deferred compensation	767	225
Current portion of term loan	1,546	1,016
Current portion of lease liability	255	0
Total current liabilities	**4,894**	**3,295**
Non-current liabilities	**$ 2,613**	$ **2,518**
Shareholder Equity	**$ (6,071)**	**$ (4,626)**
Total Liabilities and Shareholders' Equity	**$ 1,436**	$ **1,187**

ADJUSTED-EBITDA AND NON-IFRS FINANCIAL MEASURES

In addition to disclosing results in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), the Company also provides supplementary Adjusted-EBITDA and non-IFRS financial measures, disclosed as a supplement to financial results in order to provide a further understanding of Boardwalk' results of operational performance from management's perspective. In particular, Boardwalk uses Adjusted-EBITDA and non-IFRS measures to highlight trends in its core business that may not otherwise be readily apparent solely from IFRS measures. Boardwalk management uses Adjusted-EBITDA and non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess Boardwalk's ability to meet its future capital expenditure and working capital requirements. Boardwalk believes that securities analysts, investors and other interested parties frequently use Adjusted-EBITDA and non-IFRS measures in the evaluation of issuers.

Non-IFRS net income (loss) is defined as net income (loss) before share-based payments, depreciation and certain financing costs and non-recurring or one-time items such as: transaction costs, listing expenses, non-cash adjustments for the de-recognition term loan, term loan success fee and fair value derivative liability adjustments. Non-IFRS net income (loss) does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Non-IFRS net loss from operations should not be considered in isolation or as a substitute for comprehensive loss prepared in accordance with IFRS.

Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation, and share-based payments.

Boardwalk has provided a comparison of net income (loss) to non-IFRS and Adjusted EBITDA measures in the following tables ("Note" references pertain to additional details given in the March 31, 2020 audited consolidated financial statements):

Non-IFRS Net Income (Loss)	for Three-month period ended			Fiscal Year, period ended	
in thousands of U.S. dollars	Mar 31, **2020**	Dec 31, **2019**	Mar 31, **2019**	Mar 31, **2020**	Mar 31, **2019**
Net Income (Loss) for the period	**($1,286)**	**($1,360)**	**($1,387)**	**($5,819)**	**($20,859)**
Adjustments:					
Share-based payments	234	240	535	1,172	1,784
Depreciation, including lease obligations	66	67	4	265	7
Fiancing costs (Note 14)	365	220	217	1,005	707
Transaction costs (Note 5)	0	0	0	0	1,230
Listing expenses on reverse takeover (Note 5)	0	0	0	0	1,033
Success Fee on Debt (Note 10)	0	0	0	0	3,658
De-recognition of term loan (Note 14)	(67)	0	(106)	19	(1,581)
Fair value adjustment of derivative liability	0	0	0	0	10,009
Total Adjustments	597	527	650	2,462	16,847
Non-IFRS Net Income (Loss)	**($689)**	**($833)**	**($737)**	**($3,357)**	**($4,012)**
Non-IFRS Loss per share, basic and diluted:	($0.04)	($0.06)	($0.07)	($0.26)	($0.41)

Adjusted-EBITDA	for Three-month period ended			Fiscal Year, period ended	
figures in U.S. dollars, thousands	Mar 31, **2020**	Dec 31, **2019**	Mar 31, **2019**	Mar 31, **2020**	Mar 31, **2019**
Operating Income (Loss) for the Period	**($804)**	**($940)**	**($1,070)**	**($4,013)**	**($5,015)**
Add back (deduct)					
Depreciation & Amortization	66	67	4	265	7
Share-based Compensation expenses	234	240	535	1,172	1,784
Adjusted EBITDA	**($504)**	**($633)**	**($530)**	**($2,575)**	**($3,224)**

OVERVIEW

Our Company

Boardwalk designs and licenses industry leading enterprise software solutions, based upon its unique patented digital ledger technology. Founded in 2004, the Company has over 70 employees and full-time contractors primarily at its Cupertino, California headquarters and its wholly owned-subsidiary in Mumbai, India. Through its extensive data management/database technology expertise, Boardwalk was first to market in 2005 with a proprietary and patented positional, cell data management technology (aka "digital ledger') - what is now commonly called a 'blockchain'-- which addresses the digital transformation issues companies face when working with multiple parties and (as an example) exchanging information. The Company's solutions resolve two enterprise business problems – connecting multiple users in the enterprise value chain to improve planning and results and the alignment of data from various/multiple enterprise systems of record used in planning and information exchange processes. Boardwalk's unique technology allows multiple users secure simultaneous access to the same data in a relational database environment which supports concurrent access to record objects while being edited. Another key enterprise problem that is solved with Boardwalk's technology is the chaining of transactions in a database to support provenance and immutable versioning and change management/change history. Concurrent with the Company's initial go-to-market activities, a patent was filed to protect the IP associated with versioned sharing, consolidating, and reporting enterprise information. Also, in 2014 the Company applied for a patent to protect the IP associated with cell-based data management and this patent was issued in September 2018 which coincides with an existing patent issued July 2005 for managing time-based data at the cell or atomic unit level. Boardwalk's revenue comes primarily from the sale of new and recurring license subscription agreements, maintenance, and service contracts. Boardwalk's customers include 26 companies in the Fortune 500.

On June 11, 2018, Boardwalk began trading on the TSX Venture Exchange under the symbol 'BWLK'; and on November 13, 2019, Boardwalk began trading on the OTC Markets Group/ OTCQB under the symbol "BWLKF".

Products and Solutions

The Boardwalk Enterprise Digital Ledger Platform is a complete enterprise platform that resolves trust and collaboration issues companies face when working with multiple parties, which enables customers to automate manual business processes and turn them into enterprise "digital" applications using our patented digital ledger blockchain data management technology. Previously, we referred to our product just as the Boardwalk Enterprise Blockchain (BEB) but have shifted references more to "Boardwalk Enterprise Digital Ledger Platform" to emphasize our underlining differential technology, better position our product offering and to minimize the negative connotation and confusion in the market around cryptocurrency blockchain. The Boardwalk Digital Ledger Platform can be used to build and maintain applications with multiple internal or external users working in Excel, a web form, or mobile environment as the user interface. The Company's software supports a dynamic, cell-based smart contract and machine learning-enabled information exchange that combines Boardwalk's temporal data management and enterprise integration environment with blockchain's digital ledger-based trust and validation capabilities. The result is a private permissioned enterprise data management environment that supports time-based multi-party transactions and consensus models for automating previously established manual-based processes and turning them into connected digital applications.

Growth Strategy

Boardwalk's objective is to be the leading provider of private permissioned digital ledger solutions for global enterprise customers of any size. Elements key to this strategy include:

- expand our network of direct sales people;
- expand our network of reseller sales channels;
- broader adoption of Boardwalk's solutions by new markets and new customers;
- greater penetration of our existing customer base;
- expand internationally;
- introduction of new features and capabilities specifically focused on digital AI and Machine Learning
- extending our digital ledger technology into an end-to-end operating system solution;

Sales and Distribution

Boardwalk uses primarily a direct sales model where the Boardwalk Enterprise Digital Ledger Platform creates a unique go-to-market opportunity for the Boardwalk solution. For direct sales, the Company uses regional sales representatives paired with a Sales Development Representative (SDR) who will guide lead development, with sales reps on a standard back-end weighted commission plan while the SDR will have a base salary plus variable compensation. Boardwalk is also starting to grow its reseller partner sales program by recruiting new partners that can build and manage solutions for their clients leveraging Boardwalk and the Boardwalk Enterprise Digital Ledger Platform. Deployment and professional services for direct sales Boardwalk customers will be handled by Boardwalk professional services group while deployment and professional services for reseller partner sales will be mainly handled by the partner.

Boardwalk offers the Boardwalk Enterprise Digital Ledger Platform based on annual subscriptions, with pricing built around multiple digital applications and scale/size of data. Boardwalk engages enterprise clients with an annual subscription for the platform and associated applications and all platform capabilities are included such as:

- Boardwalk Digital Ledger Server;
- Boardwalk Application Design Studio;
- Boardwalk Integration Framework;
- Boardwalk Smart Contract engine;
- Boardwalk APIs; and
- Boardwalk Virtual Machines (Nodes).

Corporate Developments

- On April 2, 2019, the Company announced it had signed a new engagement with another US-based Fortune 250 food and beverage company;
- On April 10, 2019, the Company closed the second tranche of its non-brokered private placement for gross proceeds of $306,749;
- On May 14, 2019, the Company closed the third and final tranche of its non-brokered private placement for gross proceeds of $176,174;
- On May 28, 2019, the Company announced the appointment of industry veteran Steve Bennet to the Board of Directors and as chairman of the Company's Audit Committee;
- On June 11, 2019, the Company announced the completion of a Debt Restructuring with its existing lender and investor, SQN Venture Income Fund LP ("SQN"), to extend the existing loan for three years, lower the interest rate from 14.5% to 12.5%, a six-month interest-only period, add a new $1million working capital facility, and the intent to convert $1.2 million of debt principal into equity (upon approval at the next shareholder meeting).
- On July 5, 2019, announced that Steve Parry had resigned from the Board of Directors;
- On July 16, 2019, the Company announced the closing of a $1 million license contract with an existing Fortune 50 financial services customer.
- On August 7, 2019, the Company announced expansion of business with two major Customers, including expanded the number of users for its price/quote management system at a multinational IT and Services company and a third application (RFP/FRQ process) with a Fortune 500 semiconductor company;
- On September 3, 2019, the Company announced expansion of license and professional services revenue with an existing Fortune 100 telecommunications customer;
- On September 3, 2019, the Company announced the signing of a new enterprise license and Sales and Operations Planning application with a new, innovative customer supplier in Food Service Sector;

- On November 13, 2019, the Company announced that its common shares would commence trading on The OTC Markets Group/ OTCQB on November 13, 2019 under the ticker symbol "BWLKF";
- On November 27, 2019, the Company closed a non-brokered private placement 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 per Unit for gross proceeds of $867,823 (CAD1,150,015), including participation by the Company's CEO and CFO, and SQN, the Company's primary debt holder;
- On December 4, 2019, the Company announced results of its Annual and Special Meeting, where shareholders elected all proposed Directors, appointed MNP LLP as auditors of the Company, approved an amendment to the Equity Incentive Plan, and approved the creation SQN as control person (as defined under the policies of the TSX Venture Exchange);
- 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 unveiled a suite of product enhancements, called the BW.Supplychain ecosystem, targeted at new and existing customers in the Retail, Apparel and Consumer Packaged Goods (CPG) segments, including a new patent-pending Network of Words (NOW) technology for extracting and organizing structured and unstructured data;
- 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;
- On March 9, 2020, the Company closed a non-brokered private placement 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 (CAD1,573,240), including participation by SQN, 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;
- 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 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 $636,620 (CAD 884,195);
- On July 3, 2020, the Company completes a new amendment with its existing lender and investor, SQN, 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).

COMPOSITION OF REVENUE, EXPENSES AND OTHER INCOME/ (EXPENSE)

Boardwalk derives its revenues from two sources: (1) recurring software subscription revenues (SaaS), which are derived from customers accessing the Company's cloud services, certain hosting services for dedicated servers, and from customers paying for additional services beyond the standard support that is included in the basic subscription fees; and (2) related professional services such as consulting, application development, quality assurance (QA), application delivery, and training. New revenue is defined as newly signed contracts during the reporting period for license subscriptions, while recurring or renewal revenue are revenue streams that have been extended from previous periods.

The Company recognizes revenue when all of the following conditions are met:

- there is persuasive evidence of an arrangement;
- the service has been or is being provided to the customer;
- the amount of fees to be paid by the customer is fixed or determinable; and,
- the collection of the fees is reasonably assured.

Software Subscription and Services Revenue

Subscription and support revenues are generally set on an annual renewal basis and recognized ratably over the 12-month term beginning on the commencement date of each contract, which is the date the Company service is made available to and/or acceptance by customers. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria have been met. The Company's subscription service arrangements are non-cancelable and do not contain refund-type provisions.

Professional Services

The Company's professional services consist primarily of customer direct consulting/delivery services and ad hoc engagements where the Company's experts consult and write/configure specific applications that run on the Boardwalk Enterprise Digital Ledger Platform enabling and automating digital business collaboration and multi-party information exchange.

These revenues are recognized as the services are rendered, using either a milestone method or ratable method. The milestone method for revenue recognition is used for fixed price contracts when there is possible uncertainty on timing at the date the contract is entered into, whether the milestone(s) will be achieved. Revenue under the milestone method is recognized only when the milestones are distinct, achieved and accepted by the customer. Revenue for other non-milestone based professional service contracts is recognized on a ratable basis over the contract term for services rendered.

Cost of sales

Cost of subscription and support revenues primarily consists of expenses related to delivering our service and providing support and the costs of data center capacity fees and hosting, including direct expenses from our India subsidiary. Employee benefit costs and taxes are allocated based upon a percentage of total compensation expense. As such, general overhead expenses are reflected in each cost of revenue and operating expense category. Cost of professional services and other revenues consists primarily of employee-related costs associated with these services, including stock-based expenses, the cost of subcontractors, certain third-party fees and allocated overhead.

Operating expenses

Research and development

Research and development expenses primarily consist of personnel costs, non-recoverable engineering costs related to research, development, design and testing of a new software products or services – including periodic upgrades to our platform(s), product updates, and new feature innovations.

Selling, general and administrative

Selling, general and administrative ("SG&A") expenses primarily consist of costs of personnel, accounting and legal fees, patent costs, information systems costs, sales commissions, costs for trade shows and marketing development programs, as well as depreciation, allocated facilities expenses, and stock-based compensation expense. Our costs related to personnel, facilities, sales commissions, trade shows and marketing development programs are predominately denominated in U.S. dollars. Given our TSXV listing, we do incur financing, accounting, and legal cost that are denominated in Canadian dollars. Accordingly, the reported costs in U.S. dollars vary based on the exchange rate between the U.S. dollar and the Canadian dollar.

Other income (expense)

Other income (expense) consists of finance costs and finance income. Given the Company's reverse takeover transaction, other expenses included a large number of fees and expenses incurred during that process and non-cash valuation adjustments on certain financial instruments and capital account conversions. Finance costs also include loan origination fees and interest expense on our outstanding debt.

Finance income includes investment income on cash and cash equivalents and available-for-sale financial investments. Increases and decreases in market value of available-for-sale financial investments are included in other comprehensive income until realized.

Current and Deferred Tax for the Period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income (loss) profit or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income (loss) profit or directly in equity respectively.

CURRENT PERIOD OPERATING RESULTS

Revenue

in thousands of U.S. dollars	for Three-month period ended			Fiscal Year, period ended	
	Mar 31, **2020**	Dec 31, **2019**	Mar 31, **2019**	Mar 31, **2020**	Mar 31, **2019**
Software Subscriptions and Service	$732	$746	$689	$2,953	$2,743
Professional Services	408	406	621	1,683	2,174
Total Revenue	**$1,140**	**$1,152**	**$1,310**	**$4,636**	**$4,917**

Q4 Fiscal 2020 compared to Q4 Fiscal 2019

Revenue of $1.14 million for Q4 2020 decreased from revenue of $1.31 million in Q4 2019. The year-over-year decrease was entirely due to higher than normal professional services last year, as revenue from software subscription and other recurring revenue contracts actually increased 6% year over year.

Q4 Fiscal 2020 compared to Q3 Fiscal 2020

Revenue of $1.14 million for Q4 2020 represented a 1% seasonal decrease from $1.15 million of revenue in the third quarter of Fiscal 2020, despite a modest increase in new and renewal licenses during the quarter.

Fiscal 2020 compared to Fiscal 2019

Revenue for Fiscal 2020 was $4.6 million compared to $4.9 million for Fiscal 2019. While this represented a 6% annual decrease, revenue from prior year levels, revenue from software subscription and other recurring revenue contracts actually increased 8% year over year. This increase in recurring revenue even factors in roughly $0.2 million of supplemental hosting and premium maintenance contracts that accompany new or recurring subscription licenses, usually as customers bring such services in-house (especially hosting). This pattern generally reflects legacy contracts (prior to 2018) where hosting and premium maintenance were often sold as supplemental paid service, whereas current master license agreements are bundle priced. Revenue from subscription licenses (new and existing customers) grew 24% in Fiscal 2020 to $2.0 million from Fiscal 2019.

The Company continues to see a robust, but dynamic sales pipeline for specific customer projects identified to potentially close within the next nine months. After an initial drop in the pipeline when the COVID-19 situation hit during the first calendar quarter of 2020, as several customers put plans on hold, the aggregate pipeline has since rebounded and is close to pre-COVID-19 levels of approximately $5.5-6.4 million.

The Company expects revenue growth to increase in future quarters, and years, as the Company's recent sales force expansion closes deals within that pipeline. The recent financing was done to help facilitate, support and accelerate those sales efforts. Further, the Company expects new sales and marketing investments, including those around the recently introduced Network of Words (NOW) and Diamond Lane products to take two to three quarters for new software subscription sales (SaaS) to occur and impact financials.

As the Company and its new sales staff continue to engage with new customers and increases its pipeline, we expect Professional Services revenue to increase in absolute terms, but decline as a percentage of overall revenue. Further, the Company believes that a large portion of its Professional Services revenue will be ongoing, and even recurring, as customers partner with Boardwalk's expertise to find new methods and new applications for utilizing Boardwalk's unique digital ledger platform.

Revenue Derived from Major Customers

Based on information from our direct and reseller sales, our customers representing greater than 10% of our revenue for the periods are:

	for Three-month period ended			Fiscal Year, period ended	
	Mar 31, **2020**	Dec 31, **2019**	Mar 31, **2019**	Mar 31, **2020**	Mar 31, **2019**
Customer A	41.4%	42.3%	27.3%	39.7%	18.9%
Customer B	1.6%	1.6%	11.8%	3.5%	8.6%
Top 5	73.8%	72.6%	64.3%	72.0%	59.6%
Top 10	86.5%	87.6%	84.2%	86.8%	81.6%

Currently, the Company's quarterly revenues can be impacted by and fluctuate due to the timing and frequency of new and existing customers. While we currently receive a substantial portion of our revenue from a limited number of customers, we expect our customer concentration to continue to decline in the future.

Gross Margin

Our revenue, cost of sales, and gross margin for the fiscal periods indicated are as follows:

	for Three-month period ended			Fiscal Year, period ended	
thousands of U.S. dollars	Mar 31, **2020**	Dec 31, **2019**	Mar 31, **2019**	Mar 31, **2020**	Mar 31, **2019**
Revenue	$1,140	$1,152	$1,309	$4,636	$4,917
Cost of Sales	167	159	136	636	561
Gross Margin $	$973	$993	$1,174	$4,000	$4,356
Gross Margin %	*85.3%*	*86.2%*	*89.6%*	*86.3%*	*88.6%*

Q4 Fiscal 2020 compared to Q4 Fiscal 2019

Gross margin during Q4 2020 was 85.3%, a 4.3-point change versus the previous year's level of 89.6%, due to lower revenue levels (which impacted margin by roughly 1.9 points), the re-allocation of certain consulting expenses from opex to cost of sales, and the impact of new investment in servers during the second half of Fiscal 2020.

Q4 Fiscal 2020 compared to Q3 Fiscal 2020

Gross margin of 85.3% for Q4 2020 was a 0.9-point sequential decrease from the 86.2% level in the third quarter of FY20. This sequential decline is primarily due to the impact of the higher allocation to cost of sales from recent customer support investments (roughly 0.7 points). As revenue levels increase, and economies of scale are realized, the Company expects quarterly gross margin levels to expand accordingly.

Fiscal 2020 compared to Fiscal 2019

Gross margin for Fiscal 2020 was 86.3%, a 2.3-point decrease from the previous year's level of 88.6% primarily due to lower revenue levels, reclassifying a portion of consulting expenses from operating expenses to cost of sales, and higher hosting costs associated with new investments and dedicated servers as a result of recent new customer projects, and in anticipation of supporting new deal closings. As these, and other, projects ramp in volume the Company expects to see material economies of scale, resulting in gross margin expansion over future quarters.

As revenue levels increase, and economies of scale are realized, the Company expects gross margin levels to expand to levels recognized in Fiscal 2019, but may fluctuate period-to-period due to a variety of factors, including the average prices of our products and services, our product mix, the timing and pass-through of cost reductions to our customers, as well as the timing of signing and entering into development agreements.

Operating Expenses

The following table provides an analysis of the Company's total operating expenses plus adjusted operating expenses which exclude non-cash share-based compensation expenses, as a percentage of total revenue. The analysis following the table will primarily focus on the adjusted operating expenses for the respective periods.

	for Three-month period ended			Fiscal Year, period ended	
figures in U.S. dollars, thousands	Mar 31, **2020**	Dec 31, **2019**	Mar 31, **2019**	Mar 31, **2020**	Mar 31, **2019**
Total Operating Expenses	$1,777	$1,933	$2,243	$8,012	$9,371
Total Adjusted Operating Expenses*	$1,477	$1,626	$1,704	$6,575	$7,580

** adjusted Operating Expenses exclude non-cash share-based compensation and amortization*

Q4 Fiscal 2020 compared to Q4 Fiscal 2019

Total adjusted operating expenses in Q4 2020 of $1.5 million decreased by $0.2 million (a 13% year-over-year decline) versus adjusted operating expenses for the same quarter last year, with roughly half of that decline from the reduction of outside contractors to focus on our sales and go-to-market initiatives.

Q4 Fiscal 2020 compared to Q3 Fiscal 2020

Total adjusted operating expenses in Q4 2020 were $0.2 million lower than the $1.9 million in the third quarter of Fiscal 2020, even with slightly higher professional services expenses in the fourth quarter (from our annual meeting and financing), which partially offset lower sequential expenses from improved use of third-party contractors and a reduction in general and administrative ("G&A") expenses.

Fiscal 2020 compared to Fiscal 2019

Total operating expenses for Fiscal 2020 were $8.0 million compared to $9.4 million for Fiscal 2019, a $1.4 million reduction (or 14% year over year decline). Total adjusted operating expenses were $1.0 million lower in Fiscal 2020 than in Fiscal 2019, a 13% improvement. This year-over-year decrease was mostly due to a $0.5 million reduction in G&A expenses from better cost savings, a $0.4 million decrease in consulting expenses as the Company brought more support in-house and focused more on sales and marketing efforts, and $0.1 million decrease in outside professional services. Some of the higher professional and G&A expenses in Fiscal 2019 were residual effects associated with the Company's reverse takeover transaction which close in June 2018 and initial incremental expenses as a public company. Despite the impact of new investments, the Company has actually reduced total operating expenses from a peak of $2.6 million in second quarter of Fiscal 2019 to $1.8 in the most recent quarter, and has reduced adjusted operating expenses by $0.6 million per quarter from a $2.1 million peak to $1.5 million per quarter over that same time period.

We plan to selectively expand the size of our sales and marketing organizations through additional expenditures and new hires, in order to support additional customers and close new opportunities in our sales pipeline, as we continue to expand into existing and new markets. Overall, we expect our SG&A expenses to increase in absolute dollars, but longer term to generally decrease as a percentage of revenue, as our investments in SG&A translate into higher sales. We note that there is a lag between the investment in new SG&A costs (such as the hiring of new sales personnel) and the revenue generated from those expenses (via new customer wins), though the timing of that lag may vary by markets.

As a percentage of revenue, research and development costs is expected to fluctuate from one quarter or period to another, but we do not expect any significant changes in R&D spending, nor a requirement to do so in order to meet our revenue and strategic plans in the next 12 months. The Company continues to invest in and develop both new upgrades to our platform and new updates, and thus expects overall R&D spending to increase in absolute dollars but decrease as of percentage of total revenue.

Other Income (Expense)

The breakdown of other income and expense is as follows:

figures in U.S. dollars, thousands	for Three-month period ended			Fiscal Year, period ended	
	Mar 31, **2020**	Dec 31, **2019**	Mar 31, **2019**	Mar 31, **2020**	Mar 31, **2019**
Interest Expense	$171	$200	$181	$769	$762
Other Expenses	297	220	111	1,024	15,057
Other Expenses, net	$468	$421	$292	$1,793	$15,819

Other expenses include the non-cash impact from the accretion of financing fees, derivative liability and de-recognition charges related to our term loan.

Q4 Fiscal 2020 compared to Q4 Fiscal 2019

Other expenses (income) for the Q4 2020, was $0.2 higher than expenses incurred in the Q4 2019, all due to higher accretion (financing costs) which offset a reduction in interest expenses related to the SQN term loan, given a lower outstanding principal balance since the June 2019 restructuring amendment and principal repayments made to the SQN term loan.

Q4 Fiscal 2020 compared to Q3 Fiscal 2020

Other expenses for the Q4 2020 was modestly higher than in third quarter of Fiscal 2020, all due to higher accretion (financing costs) which offset a reduction in interest expenses related to the SQN term loan.

Fiscal 2020 compared to Fiscal 2019

Other expenses (income) for Fiscal 2020 was $1.8 million compared to $15.8 million for Fiscal 2019. Most of the Fiscal 2019 amount was from one-time expenses and non-cash based valuation adjustments triggered by the Company's reverse takeover and public trading event in June 2018, including $10.0 million in fair value adjustments of derivative liabilities, $1.0 million of listing expenses, an additional $1.2 million of transaction costs, and $2.7 million of non-cash costs associated with the restructuring of the Company's term loan.

With the exception of future monthly interest payments on the Company's long-term debt, the remaining Other Expenses are considered to be non-cash impacts to comprehensive income.

LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company has financed its operations primarily through the sale of equity securities, debt, and cash from operating activities.

Cash and cash equivalents

As at March 31, 2020, the Company's cash and cash equivalents increased $0.6 million compared to $0.2 million as at March 31, 2019. The Fiscal 2020 ending balance does not reflect all proceeds from the Company's private placement financing or PPP government assistance, which both occurred as subsequent events after March 31, 2020.

Working capital

Working capital represents the Company's current assets less its current liabilities. The Company's working capital balance decreased in Fiscal 2020 to $(3.7) million as at March 31, 2020 from $(2.1) million at March 31, 2019. Notably, almost of this change occurred from three unique working capital categories: a $0.5 million increase in deferred compensation that the Company anticipates will not be paid back until profitability (through a combination of cash and equity), a $0.5 million increase in the current portion of the term loan (as the Company reduces principal), and a new $0.3 million lease liability (related to its office rental lease) as a result of the Company's adoption of IFRS-16. Other working capital changes included a $0.6 million increase in cash and cash equivalents, a $0.5 million decrease in trade receivables from better collection, a $0.1 million increase in trade payables, a $0.2 million increase in deferred revenue.

in thousands of U.S. dollars	as at March31, **2020**	as at March31, **2019**
Current Assets	$ 1,211	$ 1,172
Current Liabilities	4,894	3,295
Working Capital	$ (3,683)	$ (2,123)

The Company expects net working capital to increase as revenue growth occurs. While the Company plans to keep its targeted collection days in-line with its payment terms, aggregate trade receivables level should increase in absolute dollars as revenue levels grow.

The following table shows our cash flows from operating activities, investing activities and financing activities for the periods indicated.

Cash inflows (outflows) by activity:	for Three-month period ended			Fiscal Year, period ended	
in thousands of U.S. dollars	Mar 31, **2020**	Dec 31, **2019**	Mar 31, **2019**	Mar 31, **2020**	Mar 31, **2019**
Operating Activities	($302)	$50	($291)	($1,196)	($4,136)
Investing Activities	0	0	(12)	(6)	(16)
Financing Activities	376	575	282	1,803	4,288
Net Inflows (outflows)	**$74**	**$625**	**($21)**	**$601**	**$136**

Cash Flows Used in Operating Activities

Cash flows applied to operating activities primarily consist of our net loss adjusted for non-cash expenses and for changes in working capital items. Non-cash adjustments generally include depreciation, share-based payments, and in Fiscal 2019, fair value adjustments on derivative liabilities. Working capital adjustments generally include changes in accounts receivable, which will increase as revenue increases, deferred revenue, and changes to accounts payable as we purchase more goods and services from suppliers to support such growth.

Q4 Fiscal 2020 compared to Q4 Fiscal 2019

During the fourth quarter of Fiscal 2020, net cash usage from operating activities was $(0.3) million, which is flat versus cash usage during the same quarter in Fiscal 2019, despite a $0.2 million reduction in revenue and gross margin. Cash usage for the current quarter was primarily due to adjusted EBITDA loss of $(0.5) million, not including $0.3 million of non-cash stock-based compensation expenses and depreciation or $0.3 million in non-cash related accretion and other financing costs. Year-over-year changes in working capital accounts included with $0.5 million of cash inflow from lower trade receivables, a $0.6 increase in accrued payables and deferred compensation, and $0.2 million increase in deferred revenue.

Q4 Fiscal 2020 compared to Q3 Fiscal 2020

Operating Cash usage of $(0.3) million for the current quarter increased $0.4 million decrease versus operating cash usage during the previous quarter. Operating loss improved by $0.1 million between the quarters (despite lower revenue levels) with the cash inflows coming primarily from a $0.5 million reduction in trade receivables and $0.1 million increased in deferred compensation, offset by a $0.4 million reduction in deferred revenue.

Fiscal 2020 compared to Fiscal 2019

During Fiscal 2020, the cash usage from operating activities improved by $3.2 million to $(1.2) million versus the $(4.4) million usage during Fiscal 2019. Non-cash adjustments to net loss included $0.3 million of stock-based compensation expenses, with cash inflows from a $0.5 decrease in trade receivables, a $0.5 million increase in deferred compensation, a $0.1 million increase in trade payables, and a $0.2 million increase in deferred revenue.

Cash Flows from Investing Activities

Net cash out flows from investing activities resulted from purchases and disposals of property and equipment, and in Fiscal 2019, from transaction costs related to the reverse take-over merger transaction.

Q4 Fiscal 2020 compared to Q4 Fiscal 2019

During Q4 2020, there was a small decrease in investing activities due to the purchase of new laptops last year, but these small changes were similar to prior quarters, from the purchase of new computer equipment.

Q4 Fiscal 2020 compared to Q3 Fiscal 2020

During Q4 2020, there was no impact from investing activities.

Fiscal 2020 compared to Fiscal 2019

During Fiscal 2020, net cash change from investing activities was $21,416, lower cash usage versus the comparable period last year. For both periods, the small changes came from the purchase of new computer equipment.

Cash Flows from Financing Activities

Q4 Fiscal 2020 compared to Q4 Fiscal 2019

During the fourth quarter of Fiscal 2020, net cash inflows from financing activities was $0.4 million, of which most of the inflow came from the closing of $1.1 million in private placements offset by $0.5 million in principal payments and $0.1 of interest payments on its SQN term loan, compared to $0.3 of cash inflow in the fourth quarter in Fiscal 2019 as $0.2 million interest on our term loan was offset by $0.5 million from proceeds of common share issuance.

Q4 Fiscal 2020 compared to Q3 Fiscal 2020

During the Q4 2020, net cash inflows from financing activities was $0.4 million, of which most of the inflow came from the closing of $1.1 million in private placements offset by $0.5 million in principal payments and $0.1 of interest payments on its SQN term loan, compared to cash inflow of $0.6 million in the prior quarter which included $0.2 million of interest payments on its term loan offset by $0.8 million from proceeds of common share issuance. Both quarters Fiscal 2020 were impacted by $0.1 million of lease payments, per treatment of our headquarter lease agreement under IFRS 16.

Fiscal 2020 compared to Fiscal 2019

During Fiscal 2020, net cash inflows from financing activities was $1.8 million versus $4.6 million of cash inflow in Fiscal 2019. The net inflows in Fiscal 2020 represented a combination of private placement financing totaling $2.4 million offset by $0.7 million of interest payment on its SQN term loan; while in Fiscal 2019, the inflow was primarily due to net proceeds from the financing associated with the Company's reverse takeover transaction and $0.6 million in proceeds from the issuance of common shares, offset by $0.8 million of interest payments and $2.3 million in principal payments on its SQN term loan.

The Company has reduced its SQN debt levels from a peak of $7.3 million in June 2018 to $4.9 million as of March 31, 2020.

The adoption of IFRS 16 during Fiscal 2020 meant that $0.4 million of rent payments for the Company headquarters were treated as lease payments under financing activities, whereas all rent payments were treated as operating activity expenses during Fiscal 2019.

Liquidity and Cash Resource Requirements

These annual audited consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

As at March 31, 2020, the Company has not yet achieved profitable operations, and has an accumulated deficit of $38.2 million. Whether, and when, the Company can attain profitability and positive cash flows from operations have uncertainty, which casts significant doubt upon the Company's ability to continue as a going concern. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so. While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in future on terms favorable for the Company. The Company does expect to raise capital in order to fully fund its operations, including the successful closing of a private placement subsequent to the end of the fiscal year (during the midst of the COVID-19 shutdowns). Future financing efforts may be adversely impacted by: uncertain market conditions (including continuing disruptions from COVID-19), approval by regulatory bodies, and adverse results from operations. The Company believes it will be able to acquire sufficient funds to cover planned operations through the next twelve-month period from anticipated revenue growth during Fiscal 2020, continued credit access from its primary lender and other sources, plus the release of the financing proceeds held in escrow as of this report. The outcome of these matters cannot be predicted at this time.

Off-Balance Sheet Arrangements

During the periods presented, the Company did not have, nor do we currently have, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Financial Instruments and Risk Management

Boardwalk's activities expose it to a variety of financial risks. Boardwalk is exposed to credit risk and liquidity risk because of holding certain financial instruments. Boardwalk is not exposed to market risk (currency, interest rate, or other) as it does not hold financial instruments that expose Boardwalk to market risk. Boardwalk's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on Boardwalk's financial performance.

Risk management is carried out by senior management, in particular, the board of directors of Boardwalk.

Fair Value

Boardwalk's financial instruments consist of cash, trade and other receivables, due from trade payables and accrued liabilities, contingent consideration, and convertible notes. Aside from convertible notes and contingent consideration, the carrying amounts of these items approximate their fair value due to their short period to maturity. The carrying amounts of convertible notes do not approximate their fair value as the convertible notes are a derivative contract, which will be settled with a variable number of equity instruments. Contingent consideration is carried at fair value

The carrying value of the revolving bank loan payable is based on amortized cost.

Market Risk and Foreign Currency risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise these types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. However, the Company's exposure to the risk of changes in market interest rates is minimal given that the Company has no bank debt obligations with floating interest rates.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and to a lesser degree from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade accounts receivable

Customer credit risk is managed through the Company's established policy, procedures and control relating to customer credit risk management. In order to further reduce charges for doubtful accounts, the Company has recently adopted new policies to insure customer acceptance is explicitly confirmed in writing before an invoice is generated against recognized or deferred revenue.

Financial instruments and cash deposits

Credit risk from balances on deposit with banks and financial institutions is managed in accordance with the Company's policies. Investments of surplus funds are made only with approved counterparties and within credit limits approved for each of those counterparties. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Liquidity risk

The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents, managing cash from operations, and if required through financing activities.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred in the twelve months ended March 31, 2020 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the reporting period. We regularly evaluate our estimates and assumptions related to revenue recognition, accounts receivable, share-based transaction expense, and warrant liability. We base our estimates and assumption on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenues, costs and expenses that are not readily apparent from other sources. The actual results experienced by us may differ materially and adversely from our estimates. To the extent there are material differences between our estimates and actual results, our future results of operations will be affected. For a description of our critical accounting estimates, please refer to Note 3, *Accounting policies,* in our audited consolidated financial statements for the fiscal year ended March 31, 2020.

New standards adopted by the Company

On April 1, 2019, the Company adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective approach which does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.
On adoption of IFRS 16, the Company's lease liability related to contracts classified as leases is measured at the discounted present value of the remaining minimum lease payments, excluding short-term and low-value leases. The right-of -use ("ROU") asset recognized was measured at amounts equal to the present value of the lease obligations. The weighted average incremental borrowing rate used to determine the lease liability at adoption was approximately 12.5%. The ROU asset and lease liability recognized relates to office premises. The Company elected not to apply lease accounting to certain leases for which the lease term ends within 12 months of the date of initial application and leases of low dollar value assets.

The cumulative effect of initially applying IFRS 16 was recognized as $523,839 as a lease liability with a corresponding amount for a ROU asset. In accordance with IFRS 16, the ROU was reduced by the April 1, 2019 balance of deferred rent related to lease incentives.

The following table reconciles the Company's commitments at March 31, 2019, as disclosed in the Company's audited March 31, 2019 consolidated financial statements, to the lease liability recognized on initial adoption of IFRS 16 on April 1, 2019:

Lease commitments disclosed at March 31, 2019	634,999
Correction for number of months in lease term	(54,627)
Discounted effect	(56,533)
Lease liability at April 1, 2019	523,839