BOARDWALKTECH SOFTWARE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE THREE MONTHS AND NINE MONTHS ENDED DECEMBER 31, 2020

DATED: FEBRUARY 26, 2021

This Management's Discussion and Analysis ("MD&A") for the three and nine months ended December 31, 2020 provides detailed information on the operating activities, performance and financial position of Boardwalktech Software Corp. ("Boardwalk" or the "Company"). This discussion should be read in conjunction with the Company's December 31, 2020 unaudited condensed interim consolidated financial statements and March 31, 2020 audited annual consolidated financial statements and accompanying notes. The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in U.S. dollars, unless otherwise stated. The information contained herein is current to February 26, 2021, 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 will end on March 31, 2021 is referred to as "current fiscal year", "Fiscal 2021" or similar words. The previous fiscal year, which ended on March 31, 2020, is referred to as "previous fiscal year", "Fiscal 2020" or similar words. The three-month quarter ended December 31, 2020 is referred to as "Q3 Fiscal 2021"and the previous three-month quarter ended September 30, 2020 is referred to as "Q2 Fiscal 2021" and the comparative three-month quarter ended December 31, 2019 is referred to as "Q3 Fiscal 2020".

In this document unless otherwise specified, "we", "us", "our", "Company" and "Boardwalk" all refer to Boardwalktech Software Corp. 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

Revenue for Q3 Fiscal 2021 totaled $1.1 million, flat from $1.1 million of revenue in the Q2 Fiscal 2021 and a 6% decrease from $1.2 million of revenue in Q3 Fiscal 2020, as a 7% increase in recurring software-as-a service ("SaaS") subscription license revenue and a 2% increase in professional services was offset by a 44% year-over-year drop in revenue from older, legacy supplemental hosting and premium maintenance services contracts. Approximately 62% of revenue in Q3 Fiscal 2021 came from new and recurring SaaS licenses, which is a steady increase from 48% of revenue from SaaS licenses two years ago. Further, since our new SaaS business model was implemented in 2018, with a new sales force, approximately 62% of the Company's revenue for the first nine months of the current fiscal year has come from new contracts since 2018, versus 47% in the first nine months of last year. The Company expects the contribution from professional service will continue to grow in absolute dollars over time but decrease as a percentage of total revenue, though levels are expected to fluctuate on a quarter-by-quarter basis as the new projects commence. Despite the COVID-19 situation when several customers initially put plans on hold, the aggregate pipeline has continued to grow and now exceeds $8 million – reflecting the effort of our sales force and the attraction of our real-time digital ledger platform to enterprises struggling with remote work while addressing new structured and unstructured data challenges.

Gross margin for Q3 Fiscal 2021 was 86.6%, up slightly from Q2 Fiscal 2021 level of 86.3%, and a 0.4%-point increase from 86.2% in Q3 Fiscal 2020 even given lower revenue and continued infrastructure investments.

The reported loss for Q3 Fiscal 2021 was $(0.7) million, or a loss of $(0.03) per basic and diluted share, versus a $(1.4) million loss in Q3 Fiscal 2020, or $(0.11) per basic and diluted share, and a $(0.9) million loss in Q2 Fiscal 2021, or $(0.04) per basic and diluted share. The 51% year-over-year improvement was due to continued operating expense control as the Company shifts resources towards growth and monetizing its sales pipeline, while the sequential improvement in the reported loss benefited from a $0.1 million of COVID-19 related rent abatement and $0.1 million of positive non-cash de-recognition and accretion impacts related to the November 1, 2020 term loan amendment. Total adjusted operating expenses (excluding share-based compensation and depreciation) in Q3 Fiscal 2021 were $1.3 million, a $0.3 million decrease from $1.6 million in Q3 Fiscal 2020 and flat with $1.3 million in Q2 Fiscal 2021.

Adjusted EBITDA (as defined in the Adjusted EBITDA and Non-IFRS Financial Measures section) for Q3 Fiscal 2021 was a loss of $(0.4) million, a 37% improvement from the $(0.6) loss in Q3 Fiscal 2020 and slightly better than the $(0.4) loss in Q2 Fiscal 2021 due to higher professional services revenue.

Non-IFRS net loss (as defined in the Adjusted EBITDA and Non-IFRS Financial Measures section) for Q3 Fiscal 2021 totaled $(0.5) million, or a loss of $(0.02) per basic and diluted share, versus a $(0.8) million non-IFRS loss in Q3 Fiscal 2020, or a loss of $(0.06) per basic and diluted share, and versus a $(0.5) million non-IFRS loss in Q2 Fiscal 2021, or a loss of $(0.03) per basic and diluted share. The 35% year-over-year improvement reflects operating leverage as non-IFRS and adjusted EBITDA losses continued to improve due to new SaaS licenses ramp, even when factoring in investments in sales and marketing efforts which, in turn, are expected to result in new customers/bookings and higher revenues in future periods.

Subsequent Events: Close of Financings and Office Lease Extension

Unit Private Placements: On January 26, 2021, the Company closed a brokered Unit private placement for issuance of 14,286,250 Units at CAD 0.70 per Unit for gross proceeds of approximately $7.9 million (CAD 10,000,375). Each Unit is comprised of one common share and one-half of one common share purchase warrant of the Company. Each whole warrant is exercisable at a price of CAD 0.90 per share for a period of 24 months following the closing. Concurrent with the brokered Unit private placement, the Company closed a non-brokered private placement of 540,000 Units on equivalent terms for gross proceeds of $0.3 million (CAD 378,000). The Company paid aggregate finder's fees of $0.6 million (CAD 780,030) and issued 1,114,329 compensation warrants, with a term of two years and an exercise price of CAD 0.70 to compensate agents and members of the agents' selling group.

On February 4, 2021, the Company issued an additional 1,000,000 Units on a non-brokered basis on equivalent terms as the January 26, 2021 private placement for gross proceeds of $0.5 million (CAD 700,000).

Exercise of Warrants: In January and February 2021, the Company issued 219,250 common shares on the exercise of 219,250 common share purchase warrants for gross proceeds of approximately $122,000 (CAD 158,625).

Office Lease: On January 4, 2021, the Company and its landlord signed a lease amendment pursuant to which the lease term was extended for 30 months (February 1, 2021 to July 31, 2023), and also included a COVID-19 50% rent abatement (until July 31, 2021) plus two months of free rent for the period January 1, 2022 to February 28, 2022.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth selected financial information derived from the Company's unaudited condensed interim consolidated financial statements for the three-month and nine-month periods ended December 31, 2020 and December 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 the accompanying notes.

in thousands of U.S. dollars except per share amounts	for Three-month period ended			for Nine-month period ended	
	Dec 31, 2020	Sept 30, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Revenue	$1,083	$1,078	$1,152	$3,367	$3,496
Cost of sales	145	148	159	449	469
Gross Profit	$937	$931	$993	$2,917	$3,026
SG&A expenses *	$1,320	$1,324	$1,626	$3,998	$5,097
Share-based payments	96	96	240	392	939
Depreciation	67	66	67	198	199
Operating Income/(Loss)	(545)	(555)	(940)	(1,671)	(3,208)
Interest expense	$161	$148	$200	$457	$598
Other expenses	(45)	170	220	(3)	727
Loss before taxes	($661)	($874)	($1,360)	($2,125)	($4,533)
Taxes	-	-	-	-	-
Loss for the period	**($661)**	**($874)**	**($1,360)**	**($2,125)**	**($4,533)**
Loss per share, basic and diluted	($0.03)	($0.04)	($0.11)	($0.10)	($0.38)

* SG&A expenses comprised of salaries and benefits, general & adminsitrative, consulting, deferred compensation and professional fees

in thousands of U.S. dollars	as at Dec 31, 2020	as at March 31, 2020
Current assets		
Cash	$ 192	$ 795
Trade and other receivables	368	313
Prepaid expenses and deposits	136	103
Total current assets	**$ 696**	**$ 1,211**
Total non-current assets	**35**	**225**
Total assets	**$ 731**	**$ 1,436**
Current liabilities		
Account payables and accrued liabilities	$ 559	$ 945
Deferred revenue	1,078	1,382
Deferred compensation	1,009	767
Current portion of term loan	1,118	1,546
Current portion of lease liability	0	255
Total current liabilities	**$ 3,764**	**4,894**
Term Loan	2,604	2,613
Forgivable Loan	700	-
Total Liabilities	**$ 7,068**	**$ 7,507**
Shareholder Equity	**$ (6,337)**	**$ (6,071)**
Total Liabilities and Shareholders' Equity	**$ 731**	**$ 1,436**

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, to prepare annual operating budgets, and to 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, certain financing costs and non-recurring or one-time items such as non-cash adjustments for de-recognition term loan, accretion of term loan financing fees and the COVID-19 related rent abatement. 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 income (loss) from operations should not be considered in isolation or as a substitute for income (loss) reported in accordance with IFRS.

Adjusted EBITDA is defined as net income (loss) for the period less interest and related financing costs, accretion or other non-cash valuation impacts, taxes, depreciation, and share-based payments.

Boardwalk has provided a comparison of net income (loss) to non-IFRS net income (loss) and Adjusted EBITDA measures in the following tables:

Non-IFRS Net Income (Loss)

in thousands of U.S. dollars except per share amounts	for Three-month period ended			for Nine-month period ended	
	Dec 31, **2020**	Sept 30, **2020**	Dec 31, **2019**	Dec 31, **2020**	Dec 31, **2019**
Net Income (Loss) for the period	**($661)**	**($874)**	**($1,360)**	**($1,463)**	**($3,173)**
Adjustments:					
Share-based payments	96	96	240	392	939
Depreciation, including lease obligations	67	66	67	198	132
Fiancing costs	77	170	220	263	420
(Gain) loss on de-recognition of term loan	(40)	0	0	(184)	87
Rent abatement	(82)	0	0	(82)	0
Total Adjustments	118	332	527	588	1,964
Non-IFRS Net Income (Loss)	**($543)**	**($542)**	**($833)**	**($1,537)**	**($1,835)**
Non-IFRS amount per share, basic and diluted:	($0.02)	($0.03)	($0.06)	($0.07)	($0.22)

Adjusted-EBITDA

figures in U.S. dollars, thousands	for Three-month period ended			Nine-month period ended	
	Dec 31, **2020**	Sept 30, **2020**	Dec 31, **2019**	Dec 31, **2020**	Dec 31, **2019**
Operating Income (Loss) for the Period	**($545)**	**($555)**	**($935)**	**($1,671)**	**($3,208)**
Add back (deduct)					
Depreciation	67	66	66	198	199
Share-based Compensation expenses	96	96	242	392	939
Adjusted EBITDA	**($382)**	**($394)**	**($627)**	**($1,080)**	**($2,071)**

OVERVIEW

Our Company

Boardwalktech Software Corp. (“Boardwalk” or the “Company”) was incorporated pursuant to the Business Corporations Act of British Columbia. The Company operates from locations in the United States and India and provides enterprise software-as-a-service (SaaS) to global customers.

Boardwalk designs and licenses industry leading enterprise software solutions, based upon its unique patented digital ledger technology. The Company has over 50 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 we call “transaction chaining”- which addresses the digital transformation issues companies face when working with multiple parties and exchanging information in real-time. 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 new and recurring license subscription agreements, maintenance, and service contracts. Boardwalk’s customers include over 20 companies in the Global 1000 / 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 data management technology. 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/atomic unit smart contract and machine learning-enabled information exchange that combines Boardwalk’s temporal data management and enterprise integration environment with digital ledger-based trust and validation capabilities. The result is a private permissioned enterprise data management environment that supports time-based multi-party workflow 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).

Revenue

Boardwalk derives its revenues from two sources: (1) recurring software subscription revenues (SaaS), which are derived from customer licenses for a right to access 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.

CURRENT PERIOD OPERATING RESULTS

Revenue

	for Three-month period ended			for Nine-month period ended	
in thousands of U.S. dollars	Dec 31, **2020**	Sept 30, **2020**	Dec 31, **2019**	Dec 31, **2020**	Dec 31, **2019**
SaaS License (New and Renewals)	$557	$546	$520	$1,662	$1,433
Legacy (Hosting and Maintenance)	112	162	226	455	787
Software Subscriptions and Service	$669	$708	$746	$2,116	$2,194
Professional Services	414	370	406	1,251	1,302
Total Revenue	**$1,083**	**$1,078**	**$1,152**	**$3,367**	**$3,496**

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

Revenues for Q3 Fiscal 2021 totaled $1.1 million, a 6% decrease from $1.2 million of revenue in the Q3 Fiscal 2020, as a 7% increase in SaaS license revenue and 2% increase in professional services revenue was offset by a 51% year-over-year drop in revenue from older, legacy supplemental hosting and premium maintenance services contracts.

Q3 Fiscal 2021 compared to Q2 Fiscal 2021

Revenue for Q3 Fiscal 2021 totaled $1.1 million, flat from $1.1 million of revenue in the Q2 Fiscal 2021, as a 2% increase in SaaS license revenue and 12% increase in professional services revenue was offset by an expected 31% decline in revenue from legacy (hosting and premium services) contracts.

Fiscal 2021 YTD compared to Fiscal 2020 YTD

Revenue for the nine-month period ending December 31, 2020 was $3.4 million compared to $3.5 million for the nine-month period ending December 31, 2019. While overall recurring revenue was down slightly, revenue from new and renewed SaaS licenses was up 16% while revenue from professional services declined 2%, as most of the decrease in the nine-month period was due to an expected $0.3 million decline in legacy contracts (supplemental hosting and premium services) or 42% decrease from the comparable nine-month period last year. Since our new SaaS business model was implemented in 2018, approximately 62% of the Company's revenue year-to-date has come from new customers since 2018, versus 47% during the first nine-months of last year.

Despite the COVID-19 situation when several customers initially put plans on hold, the aggregate pipeline has now continued to grow and now exceeds $8 million – reflecting the effort of our sales force and the attraction of our real-time digital ledger platform to enterprises struggling with remote work while addressing new structured and unstructured data challenges.

Approximately 62% of revenue in Q3 Fiscal 2021 came from new and recurring software subscription licenses and other recurring Services, an increase from 48% of contributed revenue two years ago, in December 2018. 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, levels are expected to fluctuate on a quarter-by-quarter basis as the new projects commence, but decline as a percentage of overall revenue longer term. 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.

The Company expects revenue growth to increase in future quarters, and years, as the Company's sales force expansion closes deals within that pipeline. The recent financing has been 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 SaaS revenue to occur and impact financials.

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			for Nine-month period ended	
	Dec 31, **2020**	Sept 30, **2020**	Dec 31, **2019**	Dec 31, **2020**	Dec 31, **2019**
Customer A	47.2%	45.5%	42.3%	46.7%	39.2%
Top 5	76.4%	73.7%	72.6%	75.6%	71.5%
Top 10	91.5%	88.8%	87.6%	89.5%	86.9%

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:

thousands of U.S. dollars	for Three-month period ended Dec 31, **2020**	Sept 30, **2020**	Dec 31, **2019**	Nine-month period ended Dec 31, **2020**	Dec 31, **2019**
Revenue	$1,083	$1,078	$1,152	$3,367	$3,496
Cost of Sales	145	148	159	449	469
Gross Margin $	$937	$931	$993	$2,917	$3,026
Gross Margin %	*86.6%*	*86.3%*	*86.2%*	*86.7%*	*86.6%*

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

Gross margin for Q3 Fiscal 2021 was 86.6%, a 0.4%-point increase from Q3 Fiscal 2020's level of 86.2%, even with the impact of lower revenue in the current quarter and higher third-party hosting expenses in last year's quarter.

Q3 Fiscal 2021 compared to Q2 Fiscal 2021

Gross margin for of 86.6% in Q3 Fiscal 2021 increased from 86.3% in Q2 Fiscal 2021, even given lower revenue levels in the current quarter, due to a decrease in hosting expenses.

Fiscal 2021 YTD compared to Fiscal 2020 YTD

Gross margin for the nine-month period ending December 31, 2020 was 86.7% compared to 86.6% for the nine-month period ending December 31, 2019. Despite the lower revenue and ongoing infrastructure expenditures in Fiscal 2021 (including an upgrade/ refresh of our IaaS platform to better serve our clients, new firewall, latest OS/database, swap-out of older server blades), to support future customers, costs of sales decreased in absolute dollars, reflecting the results of prior enhancements.

We expect our gross margins in future quarters to increase from recent levels as revenue volume grows, 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.

figures in U.S. dollars, thousands	for Three-month period ended Dec 31, **2020**	Sept 30, **2020**	Dec 31, **2019**	Nine-month period ended Sept 30, **2020**	Sept 30, **2019**
Total Operating Expenses	$1,482	$1,486	$1,933	$4,588	$6,235
Total Adjusted Operating Expenses*	$1,320	$1,324	$1,626	$3,998	$5,097

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

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

Total adjusted operating expenses in Q3 Fiscal 2021 of $1.3 million was $0.3 million lower than adjusted operating expenses for Q3 Fiscal 2020, due to $0.2 million of lower total compensation expenses (salaries and deferred compensation) and $0.1 million of lower general and administrative expenses (as part of the Company's cost control and resource re-allocations).

Q3 Fiscal 2021 compared to Q2 Fiscal 2021

Total adjusted operating expenses in Q3 Fiscal 2021 of $1.3 million was flat with adjusted operating expenses of $1.3 million in Q2 Fiscal 2021, as all expense categories were flat with levels in prior quarter.

Fiscal 2021 YTD compared to Fiscal 2020 YTD

Total adjusted operating expenses for the nine-month period ending December 31, 2020 was $4.0 million versus adjusted operating expenses of $5.1 million for the nine-month period ending December 31, 2019. The $1.1 million decrease was due to $0.2 million of lower consultant expenses, $0.1 of lower professional services expenses, $0.4 million of lower total compensation expenses and $0.4 million of lower general and administrative expenses.

The Company plans 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 are 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 Expenses (Income)

The breakdown of other income and expense is as follows:

figures in U.S. dollars, thousands	for Three-month period ended Dec 31, 2020	Sept 30, 2020	Dec 31, 2019	Nine-month period ended Dec 31, 2020	Dec 31, 2019
Interest Expense	$161	$148	$200	$457	$598
Other Expenses/ (Income)	37	170	220	79	727
Rent Abatement	(82)	-	-	(82)	-
Other Expenses, net	$116	$318	$421	$454	$1,325

Other expenses (income) include the non-cash impact of (gains) losses for the de-recognition of the term loan related to loan amendments, accretion of term loan financing fees and the COVID-19 related rent abatement.

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

Other expenses (income) for Q3 Fiscal 2021 of $0.1 million was $0.3 million from Q3 Fiscal 2020, due $0.1 million of COVID-19 related rent abatement in the current quarter, plus lower interest payments and $0.2 million of non-cash beneficial non-cash impact from de-recognition and accretion charges associated with the Company's term loan with SQN Venture Income Fund LLP ("SQN").

Q3 Fiscal 2021 compared to Q2 Fiscal 2021

Similarly, other expenses (income) for Q3 Fiscal 2021 of $0.3 million was $0.2 million lower than expenses (income) recognized in Q2 Fiscal 2021, due $0.1 million of COVID-19 related rent abatement and $0.1 million of beneficial non-cash de-recognition gains and lower accretion expenses in Q3 Fiscal 2021.

Fiscal 2021 YTD compared to Fiscal 2020 YTD

Other expenses (income) for the nine-month period ending December 31, 2020 was $0.5 million versus other expenses (income) of $1.3 million for the nine-month period ending December 31, 2019. The $0.9 million decrease was due to over $0.1 million of lower interest expenses (as total principal levels decrease) plus $0.4 million of lower accretion and $0.3 million of lower de-recognition gains from the 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 one-time impacts to loss for the period.

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

As at December 31, 2020, the Company's reported cash balance was $0.2 million, down $0.6 million when compared to $0.8 million as at March 31, 2020.

Subsequent to December 31, 2020, the Company raised net proceeds of approximately $8.2 million through the completion of brokered and non-brokered private placements and the exercise of warrants.

Working capital

Working capital represents the Company's current assets less its current liabilities. The Company's working capital deficit was $(3.1) million as at December 31, 2020 as compared to $(3.7) million at March 31, 2020. The nine-month period change was primarily from a decrease in cash of $0.6 million (one-third of that from interest paid on term loan) which offset a $0.1 million increase in other current asset and a $1.0 million decrease in current liabilities (even with a $0.2 million increase in deferred compensation).

in thousands of U.S. dollars	as at Dec 31, **2020**	as at March31, **2020**
Current Assets	$ 696	$ 1,211
Current Liabilities	3,764	4,894
Working Capital	$ (3,068)	$ (3,683)

The Company expects 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			Nine-month period ended	
in thousands of U.S. dollars	Dec 31, **2020**	Sept 30, **2020**	Dec 31, **2019**	Dec 31, **2020**	Dec 31, **2019**
Operating Activities	($610)	($115)	$50	($1,624)	($894)
Investing Activities	(3)	(1)	0	(7)	(6)
Financing Activities	686	(365)	575	1,027	1,427
Net Inflows (outflows)	**$74**	**($480)**	**$625**	**($604)**	**$527**

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 to operating activities generally include depreciation, share-based payments and interest and financing fees. 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.

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

During Q3 Fiscal 2021, net cash usage from operating activities was $(0.6) million versus modest cash inflow of $0.0 million during Q3 Fiscal 2020. As noted previously, Adjusted EBITDA in the current quarter improved by 37%, or $0.2 million, versus the same quarter last year. In addition to these operating losses, the cash usage for the current quarter also included $0.1 million from trade payables and $0.2 million from deferred revenue, offset by inflows of $0.1 million of deferred compensation and the impact of $0.1 million in COVID-19 rent abatements.

Q3 Fiscal 2021 compared to Q2 Fiscal 2021

During Q3 Fiscal 2021, net cash usage from operating activities was $(0.6) million, which was $0.5 million higher than the $(0.1) million of net cash usage from operations in Q2 Fiscal 2021. Much of this difference in sequential cash usage came from a modest decrease in trade receivables (versus a $0.9 million decrease, cash inflow, in the prior quarter) and $0.1 million of higher deferred compensation; offset by cash usage from $0.1 million of lower trade payables, $0.2 million of lower deferred revenue.

Fiscal 2021 YTD compared to Fiscal 2020 YTD

For the nine-month period ending December 31, 2020, net cash usage from operating activities was $(1.6) million versus $(0.9) million for the nine-month period ending December 31, 2019. Despite a $1.0 million improvement in Adjusted EBITDA, the nine-month period of Fiscal 2021 saw high cash usage from $0.4 million of lower trade payables, $0.2 million of lower deferred compensation, $0.1million of higher prepaid expense, and $0.9 million higher usage from deferred revenue sources versus the comparable nine-month period in Fiscal 2020.

Cash Flows from Investing Activities

Net cash out flows from investing activities resulted from purchases and disposals of property and equipment (primarily laptop equipment and internal servers).

Cash Flows from Financing Activities

Q3 Fiscal 2021 compared to Q3 Fiscal 2020

During Q3 Fiscal 2021, the net cash inflow from financing activities was $0.7 million versus $0.6 million during Q3 Fiscal 2020. Q3 Fiscal 2021 saw $0.9 million of cash inflow from its unit private placement financing, offset by $0.2 million of interest payments though lower interest paid than Q3 Fiscal 2020. The current quarter did have $0.1 million of lower lease payments than last year.

Q3 Fiscal 2021 compared to Q2 Fiscal 2021

During Q3 Fiscal 2021, the net cash inflow from financing activities was $0.7 million versus net cash usage of $(0.4) million in Q2 Fiscal 2021. Q3 Fiscal 2021 saw $0.9 million of cash inflow from its unit private placement financing, while during Q2 Fiscal 2021 interest payments were $0.1 million higher, as interest payments for the first two quarters of Fiscal 2021 were deferred and paid after the Company executed an Amended and Restated Loan and Security Agreement (the "June 2020 Agreement") on June 30,2020.

Fiscal 2021 YTD compared to Fiscal 2020 YTD

For the nine-month period ending December 31, 2020, net cash inflows from financing activities was $1.0 million versus $1.4 million of net cash inflows from financing activities for the nine-month period ending December 31, 2019. While the Fiscal 2021 period did see $0.2 million of higher proceeds from private placements and 0.7 million in April 2020 from a forgivable loan (granted by the SBA Payroll Protection Program, "PPP"), the Company received a $1.0 million working capital facility in June 2019. Further, the Company had $0.5 million of higher loan principal payments this year versus the comparable period of Fiscal 2020, but $0.1 million of lower interest payment and $0.1 million of debt financing fees.

In December 2020, the Company submitted its loan forgiveness application to the SBA and, having met all PPP program requirements (in 24-week allotted period), the Company anticipates the full amount to be forgiven.

During the past two years since the Company's reverse takeover transaction in Q2 Fiscal 2019, the Company has reduced the principal amount of debt owing to SQN debt from $7.3 million when it was restructured on June 15, 2018 to $4.5 million as of December 31, 2020. The total reported amount of the SQN term loan liability is $3.7 million, as detailed in Note 7 of the December 31, 2020 unaudited condensed interim consolidated financial statements.

Liquidity and Cash Resource Requirements

The Company's unaudited condensed interim consolidated financial statements were 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. The unaudited condensed interim 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 December 31, 2020, the Company has not yet achieved profitable operations, and has an accumulated deficit of $40.3 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 favourable for the Company. In addition to its operations, the Company may need to raise capital in order to fund its operations.

The Company believes that with the cash injection of $8.2 million from its recent financings, it has acquired sufficient funds to cover planned operations through the next twelve-month period including anticipated revenue growth during Fiscal 2021, a prepayment of SQN debt, credit access from other sources, plus other potential strategic options. The outcome of these matters cannot be predicted at this time.

Share Capital

	Common shares	Common share warrants	Stock options	Restricted share units
Balance, March 31, 2020	19,323,097	5,846,988	828,915	853,333
Issued	4,287,189	2,350,531	-	-
Balance, December 31, 2020	23,610,286	8,197,519	828,915	853,333
Issued	15,826,250	9,027,454	-	-
Exercised	219,250	(219,250)	-	-
Expired	-	(464,151)	-	-
Balance, date of this MD&A	39,655,786	16,541,572	828,915	853,333

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 significant 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, accounts payables and accrued liabilities, term loan, lease liability and forgivable loan. The carrying amounts of the current financial instrument items approximate their fair value due to their short period to maturity. The carrying amount of long-term financial instrument items approximate their fair value due to market determined interest and discount rates. As at December 31, 2020, the Company measured all of its financial instruments at 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 during the nine-months ended December 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 4, Accounting Estimates and Judgments, in our audited consolidated financial statements for the fiscal year ended March 31, 2020.

New standards, interpretations and amendments adopted by the Company

The accounting policies followed in the Company's unaudited condensed interim consolidated financial statements are consistent with those used to prepare the annual consolidated financial statements for the year ended March 31, 2020. The Company did not adopt any new standards, interpretations or amendments during the nine-months ended December 31, 2020.