

Boardwalktech Software Corp.
Condensed Interim Consolidated Financial Statements
As at and for the three and six months ended September 30, 2024

Stated in United States dollars
(Unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim consolidated financial statements as at and for the three and six months ended September 30, 2024.

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Financial Position

(United States dollars)

(Unaudited)

As at	September 30 2024	March 31 2024
ASSETS		
Current assets		
Cash	193,498	2,231,652
Trade and other receivables (Note 3)	595,955	444,880
Prepaid expenses and deposits	194,337	281,314
Total current assets	983,790	2,957,846
Non-current assets		
Property and equipment	6,357	8,769
Right-of-use assets (Note 4)	645,317	798,549
Total assets	1,635,464	3,765,164
LIABILITIES and SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	525,424	643,032
Deferred compensation	—	241,307
Deferred revenue (Note 7)	893,972	1,290,011
Current portion of lease liabilities (Note 8)	330,592	308,951
Total current liabilities	1,749,988	2,483,301
Non-current liabilities		
Credit facility (Note 6)	2,128,666	2,250,000
Lease liabilities (Note 8)	451,121	622,045
Total liabilities	4,329,775	5,355,346
Shareholders' deficit		
Share capital (Note 11)	43,871,564	43,871,564
Contributed surplus	7,090,072	6,716,856
Accumulated other comprehensive loss	(10,344)	(56,496)
Deficit	(53,645,124)	(52,121,627)
Total deficit attributed to shareholders	(2,693,832)	(1,589,703)
Non-controlling interest	(479)	(479)
Total shareholders' deficit	(2,694,311)	(1,590,182)
Total liabilities and shareholders' deficit	1,635,464	3,765,164

Subsequent events (Note 17)

Approved by the Board of Directors:

(signed) "Andrew T. Duncan"
Director

(signed) "Steve Bennet"
Director

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(United States dollars)

(Unaudited)

	For the three months ended September 30		For the six months ended September 30	
	2024	2023	2024	2023
Revenue (Note 9)	1,277,553	1,526,801	2,526,864	3,079,501
Cost of sales	145,246	151,131	295,920	306,205
Gross margin	1,132,307	1,375,670	2,230,944	2,773,296
Expenses				
Salaries, wages and benefits	1,113,019	1,402,981	2,260,571	2,847,842
Share-based payments (Note 13)	172,436	272,331	373,216	604,444
General and administration (Note 10)	102,888	115,509	245,180	325,599
Professional fees	156,254	150,960	297,925	341,916
Consulting	125,680	65,400	199,480	128,400
Depreciation (Note 4)	77,525	79,929	155,182	162,346
Total expenses	1,747,802	2,087,110	3,531,554	4,410,547
Operating loss before other expenses	(615,495)	(711,440)	(1,300,610)	(1,637,251)
Interest on credit facility (Note 6)	(69,358)	–	(147,448)	–
Amortization of credit facility fees (Note 6)	(15,762)	–	(31,868)	–
Imputed interest (Note 8)	(20,861)	(18,191)	(43,571)	(22,589)
Loss for the period	(721,476)	(729,631)	(1,523,497)	(1,659,840)
Other comprehensive income (loss)				
Items that may be reclassified to profit or loss				
Exchange differences on translation of subsidiary companies	(30)	44,243	46,152	(1,932)
Loss and comprehensive loss for the period	(721,506)	(685,388)	(1,477,345)	(1,661,772)
Loss per share (Note 14)				
Basic and diluted	(0.01)	(0.02)	(0.03)	(0.03)

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit

(United States dollars)

(Unaudited)

For the six months ended September 30	2024	2023
Share capital (Note 11)		
Balance, beginning and end of period	43,871,564	42,583,679
Contributed surplus		
Balance, beginning of period	6,716,856	5,449,865
Share-based payments (Notes 13)	373,216	604,444
Balance, end of period	7,090,072	6,054,309
Accumulated other comprehensive (loss) income		
Balance, beginning of period	(56,496)	(5,928)
Exchange differences on translation of subsidiary companies	46,152	(1,932)
Balance, end of period	(10,344)	(7,860)
Deficit		
Balance, beginning of period	(52,121,627)	(48,989,289)
Loss for the period	(1,523,497)	(1,659,840)
Balance, end of period	(53,645,124)	(50,649,129)
Non-controlling interest		
Balance, beginning and end of period	(479)	(479)
Total shareholders' deficit	(2,694,311)	(2,019,480)

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Cash Flows

(United States dollars)

(Unaudited)

For the six months ended September 30	2024	2023
Cash provided by (used in) the following activities:		
Operating activities		
Loss for the period	(1,523,497)	(1,659,840)
Depreciation	155,182	162,346
Share-based payments (Notes 13)	373,216	604,444
Interest on credit facility (Note 6)	147,448	—
Amortization of credit facility fees (Note 6)	31,868	—
Imputed interest (Note 8)	43,571	22,589
Unrealized foreign exchange	46,284	(1,374)
Changes in non-cash working capital:		
Trade and other receivables	(151,075)	519,028
Prepaid expenses and deposits	86,977	(54,425)
Accounts payable and accrued liabilities	(142,270)	(471,601)
Deferred revenue	(396,039)	(500,498)
Deferred compensation	(241,307)	—
Cash flows provided by (used in) operating activities	(1,569,642)	(1,379,331)
Financing activities		
Repayment of credit facility (Note 6)	(153,202)	—
Interest paid on credit facility (Note 6)	(122,786)	—
Lease payments (Note 8)	(192,415)	(143,996)
Cash flows provided by financing activities	(468,403)	(143,996)
Investing activities		
Proceeds from sale of property and equipment	—	334
Purchase of property and equipment	—	(5,136)
Cash flows used in investing activities	—	(4,802)
Change in cash	(2,038,045)	(1,528,129)
Foreign exchange effect on cash held in foreign currencies	(109)	(395)
Cash, beginning of period	2,231,652	2,187,499
Cash, end of period	193,498	658,975
Taxes paid	—	—

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

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(United States dollars unless otherwise disclosed)

(Unaudited)

1. Description of Business

Boardwalktech Software Corp. ("Boardwalk" or the "Company") was originally incorporated pursuant to the Business Corporations Act of Alberta. The Company operates from locations in the United States and India and provides enterprise software-as-a-service ("SaaS") to global customers. Boardwalk is a publicly traded company whose shares are listed on the TSX Venture Exchange under the symbol BWLK.V and on the OTCQB under the symbol BWLKF.

The Company designs and sells collaborative enterprise digital ledger data management technology offered as either a cloud-based platform service that runs industry, or customer specific applications, Boardwalk Application Engine ("BAE") or Boardwalk Enterprise Blockchain ("BEB") platforms.

The address of the Company's corporate and registered office is 10050 N Wolfe Road, Cupertino, CA, 95014 USA.

2. Basis of Presentation

Statement of compliance

The unaudited condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and adhere to the guidance of International Accounting Standard 34 – Interim Financial Reporting. Certain information and disclosures included in the March 31, 2024 audited consolidated financial statements, prepared in accordance with IFRS Accounting Standards, have been condensed or omitted. The Company has consistently applied the same accounting policies throughout all periods presented. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended March 31, 2024.

These unaudited condensed interim consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on **November 26, 2024**.

Basis of consolidation

These consolidated financial statements include the accounts of the following entities:

Name of entity	Principle activity	Place of business and operations	Legal ownership
Boardwalk	Legal parent	Canada	–
Boardwalktech, Inc. ("Boardwalktech")	Accounting parent and operating company	United States	100% owned by Boardwalk
Boardwalktech Solutions Private Limited ("BWSPL")	Research and development company	India	98% owned by Boardwalktech

Functional and presentation currency

The functional currency of Boardwalk is the Canadian dollar ("CAD"), the functional currency of Boardwalktech is the United States dollar ("USD") and the functional currency of BWSPL is the Indian Rupee ("INR"). The presentation currency of the Company is the USD.

3. Trade and Other Receivables

The Company's trade and other receivables are exposed to the risk of financial loss if the counterparty fails to meet its contractual obligations. Trade and other receivables credit exposure is minimized by entering into transactions with creditworthy counterparties and monitoring the age and balances outstanding on an ongoing basis. Most of the Company's credit exposures are with counterparties in the consulting and technology industries and are subject to normal industry credit risk. Payment terms with customers are 30 days from invoice date.

The Company's maximum exposure to credit risk at September 30, 2024 is in respect of \$595,955 (March 31, 2024 – \$444,880) of trade and other receivables. The Company's trade and other receivables consist of:

As at	September 30 2024	March 31 2024
Trade receivables for professional services	232,723	72,880
Receivables from contracts with customers	363,232	372,000
	595,955	444,880

As at September 30, 2024, four customers accounted for 62% of trade and other receivables (March 31, 2024 – four

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(United States dollars unless otherwise disclosed)

(Unaudited)

customers; 88%), each with balances greater than 10%.

The Company's trade and other receivables are aged as follows:

As at	September 30 2024	March 31 2024
Current	322,453	373,420
31 – 60 days past due	116,000	–
61 – 90 days past due	43,542	–
Past due for greater than 90 days	113,960	71,460
	595,955	444,880

As at September 30, 2024, the Company evaluated the collectability of trade and other receivables and lifetime expected credit losses and recognized \$nil (three months ended September 30, 2023 – \$nil) provision for expected credit losses. The assessment of expected credit losses due to doubts of collectability did not warrant the recognition of an additional allowance for credit losses.

4. Right-Of-Use Assets

The Company has recognized right-of-use ("ROU") assets and corresponding lease liabilities (Note 10) related to office premises. The ROU assets are depreciated on a straight-line basis over the term of the related lease.

	United States	India	Total
Carrying amount, March 31, 2024	726,070	72,479	798,549
Depreciation	(136,140)	(16,680)	(152,820)
Foreign exchange translation	–	(412)	(412)
Carrying amount, September 30, 2024	589,930	55,387	645,317

During the six months ended September 30, 2024, the Company recognized \$155,182 of depreciation expense comprised of \$152,820 for ROU assets and \$2,362 for property and equipment (six months ended September 30, 2023 – \$162,346 of depreciation expense comprised of \$157,025 for ROU assets and \$5,321 for property and equipment).

5. Accounts Payable and Accrued Liabilities

As at	September 30 2024	March 31 2024
Accounts payable (United States)	327,075	377,769
Accounts payable (India)	163,087	173,484
Total accounts payable	490,162	551,253
Accrued liabilities (United States)	35,262	91,779
	525,424	643,032

6. Credit Facility

On March 28, 2024, the Company secured a three-year \$4 million credit facility with Celtic Bank, for which the available amount is based 60% of trailing 12-month annual recurring revenue. The credit facility matures on March 27, 2027 at which time the unpaid principal amount plus any unpaid interest is due in full and requires interest-only payments during the initial three-year term at an initial interest rate of 12.5% based on the prime rate plus 4%. In connection with the credit facility, the Company paid \$187,441 of fees which have been net against the credit proceeds and will be amortized over the term of the credit facility.

Amount drawn on March 28, 2024	2,437,441
Fees paid	(187,441)
Balance, March 31, 2024	2,250,000
Repayment	(153,202)
Amortization of credit facility fees	31,868
Balance, September 30, 2024	2,128,666

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(United States dollars unless otherwise disclosed)

(Unaudited)

The credit facility agreement requires that the Company maintain gross working capital of at least \$500,000 at all times, measured quarterly. Gross working capital, for the purposes of the financial covenant, is defined as the sum of (1) cash on hand plus (2) the borrowing base less the outstanding principal balance of the loan. The financial covenant was met as at September 30, 2024.

During the six months ended September 30, 2024, the Company recognized \$147,448 (six months ended September 30, 2023 \$nil) of interest expense on the credit facility.

7. Deferred Revenue

Balance, March 31, 2024	1,290,011
Invoiced in the period, excluding amount recognized directly in revenue	1,838,695
Amount recognized as revenue	(2,234,734)
Balance, September 30, 2024	893,972

8. Lease Liabilities

The Company incurs lease payments related to office premises.

	United States	India	Total
Balance, March 31, 2024	854,582	76,414	930,996
Imputed interest	40,118	3,453	43,571
Payments	(172,797)	(19,618)	(192,415)
Foreign currency translation	—	(439)	(439)
Balance, September 30, 2024	721,903	59,810	781,713

The current and non-current portions of lease liabilities are as follows:

	United States	India	Total
Balance, September 30, 2024	721,903	59,810	781,713
Current portion	(295,248)	(35,344)	(330,592)
Non-current portion	426,655	24,466	451,121

As at September 30, 2024, the annual future undiscounted lease payments under the office lease agreements are as follows:

	United States	India	Total
Fiscal year ended March 31, 2025	176,305	19,493	195,798
Fiscal year ended March 31, 2026	359,627	40,697	400,324
Fiscal year ended March 31, 2027	273,599	4,866	278,465
	809,531	65,056	874,587

9. Revenue

The following table presents the Company's revenue disaggregated by type:

	For the three months ended September 30		For the six months ended September 30	
	2024	2023	2024	2023
Software-as-a-service (SaaS)	1,032,106	1,210,219	2,092,010	2,435,340
Legacy (hosting and maintenance)	71,157	96,212	142,724	198,361
Software subscriptions and services	1,103,263	1,306,431	2,234,734	2,633,701
Professional services	174,290	220,370	292,130	445,800
Total revenue	1,277,553	1,526,801	2,526,864	3,079,501

As at September 30, 2024, trade and other receivables (Note 3) included \$363,232 of receivables from software subscriptions and services customers (March 31, 2024 – \$372,000) and \$232,723 of receivables from professional services customers (March 31, 2024 – \$72,880).

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(United States dollars unless otherwise disclosed)

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The Company's revenue is generated in the United States. For the six months ended September 30, 2024, 56.5% of the Company's revenue was earned through sales to two major customers (six months ended September 30, 2023 – 68.3% of revenue; two major customers), each with revenues of 10% or greater in any of the reported quarters:

For the six months ended September 30	2024	2023
Customer 1	32.7%	36.5%
Customer 2	23.8%	31.8%
	56.5%	68.3%

10. Nature of Expenses

The nature of the Company's general and administrative expenses is as follows:

	For the three months ended September 30		For the six months ended September 30	
	2024	2023	2024	2023
Office	46,471	44,048	93,614	101,548
Marketing	12,961	14,731	64,853	119,680
Utilities	8,832	13,313	17,423	23,676
Travel and lodging	10,800	17,022	27,292	37,507
Shareholder, regulatory and other	23,824	26,395	41,998	43,188
	102,888	115,509	245,180	325,599

11. Share Capital

	Number of Shares	Amount (\$)
Issued common shares:		
Balance, March 31, 2024 and September 30, 2024	55,622,576	43,871,564

12. Warrants

As at March 31, 2024 and September 30, 2024, the Company had 7,919,343 warrants outstanding and exercisable at \$0.37 (CAD 0.50) per share. 7,375,246 warrants expire on December 28, 2026 and 544,097 warrants expire on February 26, 2027, for a total weighted average life remaining at September 30, 2024 of 2.26 years.

13. Share-Based Payments

Stock options:

As at March 31, 2024, the Company had 395,000 stock options outstanding. During the current period, 10,000 stock options were determined to be forfeited resulting in 385,000 stock options outstanding as at September 30, 2024, all of which are exercisable. Information about the Company's stock options outstanding as at September 30, 2024 is summarized in the following table:

Expiry Date	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
January 28, 2026	40,000	0.44	1.33
April 26, 2026	7,500	0.44	1.57
February 10, 2028	337,500	2.00	3.36
	385,000	1.81	3.11

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(United States dollars unless otherwise disclosed)

(Unaudited)

Restricted share units ("RSUs"):

As at March 31, 2024, the Company had 5,687,575 RSUs outstanding.

On August 31, 2024, the Company granted 2,671,300 RSUs to officers, directors and employees of the Company, of which 890,424 RSUs vest on August 31, 2025, 890,424 RSUs vest on August 31, 2026, and 890,452 RSUs vest on August 31, 2027. The grant date fair value of these RSUs was determined to be \$178,980 based on the \$0.07 (CAD 0.09) market price of the Company's common shares on the grant date.

As at September 30, 2024, the Company had 8,358,875 RSUs outstanding, of which 3,695,003 are exercisable. RSUs entitle participants the conditional right to receive one common share of the Company for each share unit.

Vesting information for RSUs outstanding at September 30, 2024 is summarized below:

Vesting Date	Number of RSUs
February 28, 2023	58,331
August 31, 2023	1,799,812
February 28, 2024	197,997
August 31, 2024	1,638,863
February 28, 2025	98,004
August 31, 2025	2,097,041
February 28, 2026	40,001
August 31, 2026	1,538,374
August 31, 2027	890,452
	8,358,875

Share-based payments expense:

During the six months ended September 30, 2024, the Company recognized \$373,216 (six months ended September 30, 2023 – \$304,444) of share-based payment expense in respect of RSUs. As at September 30, 2024, the remaining unvested balance of share-based payments was \$361,856.

14. Per Share Amounts

	For the three months ended September 30		For the six months ended September 30	
	2024	2023	2024	2023
Loss for the period	(721,476)	(729,631)	(1,523,497)	(1,659,840)
Basic and diluted weighted average number of shares	55,622,576	48,100,998	55,622,576	48,100,998
Basic and diluted net loss per share	(0.01)	(0.02)	(0.03)	(0.03)

For the three and six months ended September 30, 2024 and 2023, all warrants, stock options and RSUs were excluded from the diluted per share amounts as their effect is anti-dilutive.

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2024

(United States dollars unless otherwise disclosed)

(Unaudited)

15. Financial Risk Management

The Company is exposed to the following financial risks as at and for the three months ended September 30, 2024:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations, acquisitions and/or equity financing to provide sufficient liquidity to meet budgeted operating requirements.

As at September 30, 2024, maturities of the Company's financial liabilities are as follows:

	Carrying amount	Contractual cash flows	Within 1 year	2 years	Thereafter
Accounts payable and accrued liabilities (Note 5)	525,424	525,424	525,424	–	–
Credit facility (Note 6)	2,128,666	2,284,239	–	–	2,284,239
Lease liability (Note 8)	781,713	874,587	195,798	400,324	278,465
	3,435,803	3,684,250	721,222	400,324	2,562,704

The Company has current assets of \$983,790 to satisfy its financial liabilities to satisfy liabilities as they come due.

Interest rate risk

The Company is not exposed to interest rate risk as there are no investments of excess cash in short-term money market investments at variable rates of interest. The credit facility (Note 8) bears interest based on the prime rate plus 4%. A 1% increase/decrease in the prime rate of interest would increase/decrease interest expense and loss for the three months ended September 30, 2024 by approximately \$12,200.

16. Capital Management

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements.

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, obtain credit facilities, raise new debt and issue share capital.

17. Subsequent Events

On October 9, 2024, the Company entered into an investor relations agreement for an initial term of 12 months for a monthly fee of CAD 8,000 and 500,000 stock options. The stock options are exercisable at CAD 0.14 per share, vest 25% every three months following the grant date and expire on October 9, 2029.

Subject to TSX Venture Exchange approval, the Company will issue 810,810 warrants to a financial advisor who has elected to receive its \$15,000 financing success fee (included in credit facility fees, Note 6) in the form of warrants in lieu of cash. The warrants will be exercisable at CAD 0.20 per share for a period of five years from the issue date.