

# Boardwalktech Reports First Quarter Fiscal 2022 Financial Results

Cupertino, Calif., Aug. 26, 2021 /CNW/ - (TSXV: BWLK) (OTCQB: BWLKF) – Boardwalktech Software Corp. ("Boardwalktech" or the "Company"), a leading digital ledger platform and enterprise software solutions company, is pleased to report its financial results for the three month period ended June 30, 2021. All figures are reported in U.S. dollars, unless otherwise indicated. Boardwalktech's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

## Financial Highlights:

- Revenue for Q1-FY22 was \$1.0 million versus \$1.2 million in Q1-FY21, a decrease of 16%, with revenue increasing 4% sequentially due to new recurring licenses. The year-over-year decline was due to an expected decline in revenue from legacy contracts (executed pre-2018, during Company's start-up phase) which now comprises just 8% of total revenue versus 15% last year plus, as noted last quarter, a \$0.1 million impact due to a lower renewal from one customer in the retail apparel market impacted during COVID. However, the Company does not anticipate a material reduction from legacy revenue for the remainder of FY22.
- Revenue from SaaS licenses signed since the beginning of 2018 grew 11% versus a comparable period last year, while the sales pipeline (of specific targeted customer projects) now exceeds \$9 million, which is nearly double the level from a year ago. The Company estimates that it would need to convert just 25%-35% of that existing pipeline for the Company to achieve breakeven levels, which the Company feels confident about as it is actively working to quickly close new contracts.
- Gross margin in Q1-FY22 was 85.5%, a decrease of 1.5% compared to Q1-FY21 but flat with Q4-FY21.
- Adjusted EBITDA for Q1-FY22 was \$(0.5) million, compared to Adjusted EBITDA of \$(0.3) million in Q1-FY21, and a 10% improvement from \$(0.6) million in Q4-FY21.
- Non-IFRS net loss for Q1-FY22 (as defined in the Non-IFRS Financial Measures section) totaled \$(0.6) million, or \$(0.01) per basic and diluted share, compared to a net loss of \$(0.8) million in Q4-FY21, or \$(0.02) per basic and diluted share, an improvement of 32%.

## Operations highlights

- On April 21, 2021, the Company announced it had received final confirmation that it was granted full forgiveness of its \$700,100 Payroll Protection Program loan.
- On May 18, 2021, the Company announced it had been selected by a Fortune 50 Social Media company to deliver new applications for data management and supply chain, with additional applications and licenses expected.
- On June 15, 2021, the Company announced it had signed the first recurring license with an existing Fortune 10 client.

*Subsequent to the quarter:*

- On July 26<sup>th</sup>, the Company announced that it had expanded its relationship with Sekisui Specialty Chemicals America LLC, to both add a new application and expands its current sales and operations execution application for its demand, supply, and allocation planning.

"While our pipeline has not converted as quickly as we had initially expected, this is primarily a function of certain clients now requesting us to expand our platform across more business units within those organizations than initially envisioned. Such enterprise deals, versus business unit specific contracts, require more time given scope, breadth, and diligence. Accordingly, we are making good progress going through additional steps, including more security testing and compliance audits in order to ensure both the successful launch and deployment of our platform for these clients. Although this longer lead time to launch may impact near term results, longer-term there is no better validation of the value the Boardwalktech Digital Ledger brings to these organizations than their request to expand, pre-launch, to more business units and users," said Andrew T. Duncan, Chief Executive Officer of Boardwalktech.

Mr. Duncan continued, "We have also noticed the sales cycles increase with other prospective customers given extra diligence and heightened attention on overall data security due to recent, but unrelated cyber attacks. As part of our ongoing commitment to customer performance and data quality, we continue to not only provide what has been asked of us by prospective clients, but have proactively implemented new compliance testing and hosting enhancements for all clients. These efforts mean we are now simply working to finalize contracts, and we are very confident that we will convert a portion of this pipeline into new client recurring revenue contracts and expect further announcements over the coming weeks and months. This "land and expand" strategy with existing clients which has been successful as demonstrated by our recent announcements to convert legacy customers to SaaS contracts and with Sekisui Chemicals regarding our additional expansion within their organization."

### **RSU Grants**

As part of the Company's ongoing retention program and as allowed under the 2019 Equity Incentive Plan, as amended and approved by shareholders on March 4, 2021, the Company has granted an aggregate of 4,203,400 Restricted Stock Units ("RSU's") to officers, directors and employees of the Company. 1,422,800 of the RSUs vest over a one year period, 1,362,800 of the RSUs vest over a two year period, and 1,425,800 of the RSUs vest over a three year period. This is the first set of Equity Incentive grants since 2018, and these grants will be deemed effective as of August 31, 2021.

### **About Boardwalktech Software Corp.**

Boardwalktech has developed a patented Digital Ledger Technology Platform currently used by Fortune 500 companies running mission-critical applications worldwide. Boardwalktech's digital ledger technology and its unique method of managing vast amounts of structured and unstructured data is the only platform on the market today where multiple parties can effectively work on the same data simultaneously while preserving the fidelity and provenance of the data. Boardwalktech can deliver collaborative, purpose-built enterprise

information management applications on any device or user interface with full integration with enterprise systems of record in a fraction of the time it takes other non-digital ledger technology-based platforms. Boardwalktech is headquartered in Cupertino, California with offices in India and operations in North America. For more information on Boardwalktech, visit our website at [www.boardwalktech.com](http://www.boardwalktech.com).

## **Forward-Looking Information and Statements**

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

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

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

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

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