

Boardwalktech Software Corp.
Condensed Interim Consolidated Financial Statements

As at and for the three and nine months ended December 31, 2022

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 nine months ended December 31, 2022.

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Financial Position

(United States dollars)

(Unaudited)

As at	December 31 2022	March 31 2022
ASSETS		
Current assets		
Cash	372,661	868,962
Trade and other receivables (Note 3)	1060,060	2,515,060
Prepaid expenses and deposits	167,765	153,279
Total current assets	1,600,486	3,537,301
Non-current assets		
Property and equipment	16,312	16,691
Right-of-use assets (Note 4)	181,986	432,336
Total assets	1,798,784	3,986,328
LIABILITIES and SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	917,575	411,586
Deferred revenue (Note 6)	1,237,261	2,646,582
Current portion of lease liabilities (Note 7)	225,309	374,005
Total current liabilities	2,380,145	3,432,173
Non-current liabilities		
Lease liabilities (Note 7)	—	127,888
Total liabilities	2,380,145	3,560,061
Shareholders' (deficit) equity		
Share capital (Note 10)	41,664,724	36,127,078
Contributed surplus	5,886,789	9,713,848
Accumulated other comprehensive loss	(4,297)	(9,236)
Deficit	(48,128,098)	(45,404,944)
Total (deficit) equity attributed to shareholders	(580,882)	426,746
Non-controlling interest	(479)	(479)
Total shareholders' (deficit) equity	(581,361)	426,267
Total liabilities and shareholders' equity	1,798,784	3,986,328

Subsequent events (Note 15)

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 December 31		For the nine months ended December 31	
	2022	2021	2022	2021
Revenue (Note 8)	1,835,935	1,055,555	4,822,880	3,177,398
Cost of sales	155,399	139,000	446,490	441,980
Gross margin	1,680,536	916,555	4,376,390	2,735,418
Expenses				
Salaries, wages and benefits	1,358,541	1,190,658	4,065,832	3,522,516
Share-based payments (Note 12)	309,339	491,031	1,247,455	762,532
Professional fees	111,246	80,104	321,083	261,580
General and administration (Note 9)	341,475	104,054	847,026	301,389
Consulting	112,170	43,741	324,063	124,300
Depreciation (Note 4)	85,809	72,903	258,870	216,354
Total expenses	2,318,580	1,982,491	7,064,329	5,188,671
Operating loss before other income (expenses)	(638,044)	(1,065,936)	(2,687,939)	(2,453,253)
Rent concessions and imputed interest (Note 7)	(8,934)	(16,023)	(35,215)	2,095
Loss for the period	(646,978)	(1,081,959)	(2,723,154)	(2,451,158)
Other comprehensive income (loss)				
Items that may be reclassified to profit or loss				
Exchange differences on translation of subsidiary companies	(716)	255	4,939	(2,047)
Loss and comprehensive loss for the period	(647,694)	(1,081,704)	(2,718,215)	(2,453,205)
Loss per share (Note 13)				
Basic and diluted	(0.01)	(0.03)	(0.06)	(0.06)

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' (Deficit) Equity

(United States dollars)

(Unaudited)

For the nine months ended December 31	2022	2021
Share capital (Note 10)		
Balance, beginning of period	36,127,078	35,820,706
Conversion of RSUs	4,925,746	—
Exercise of common share warrants	611,900	266,647
Share issue costs	—	(15,938)
Balance, end of period	41,664,724	36,071,415
Contributed surplus		
Balance, beginning of period	9,713,848	8,507,346
Conversion of RSUs (Note 12)	(4,925,746)	—
Exercise of common share warrants	(148,768)	(37,528)
Share-based payments	1,247,455	762,532
Balance, end of period	5,886,789	9,232,350
Accumulated other comprehensive loss		
Balance, beginning of period	(9,236)	(7,740)
Exchange differences on translation of subsidiary companies	4,939	(2,047)
Balance, end of period	(4,297)	(9,787)
Deficit		
Balance, beginning of period	(45,404,944)	(41,841,363)
Loss for the period	(2,723,154)	(2,451,158)
Balance, end of period	(48,128,098)	(44,292,521)
Non-controlling interest		
Balance, beginning and end of period	(479)	(479)
Total shareholders' (deficit) equity	(581,361)	1,000,978

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Cash Flows

(United States dollars)

(Unaudited)

For the nine months ended December 31	2022	2021
Cash provided by (used in) the following activities:		
Operating activities		
Loss for the period	(2,723,154)	(2,451,158)
Depreciation	258,870	216,354
Share-based payments (Notes 12)	1,247,455	762,532
Rent concessions and imputed interest (Note 7)	35,215	(2,095)
Unrealized foreign exchange	7,680	(1,445)
Changes in non-cash working capital:		
Trade and other receivables	1,455,000	(322,829)
Prepaid expenses and deposits	(14,486)	(49,218)
Accounts payable and accrued liabilities	505,989	(167,973)
Deferred revenue	(1,409,321)	86,098
Deferred compensation	—	(14,830)
Cash flows provided by (used in) operating activities	(636,752)	(1,944,564)
Financing activities		
Lease payments (Note 7)	(307,455)	(198,433)
Proceeds from common share issuances, net of issue costs (Note 16)	463,132	328,688
Cash flows provided (used in) by financing activities	155,677	130,255
Investing activities		
Purchase of property and equipment	(13,313)	(20,663)
Cash flows used in investing activities	(13,313)	(20,663)
Change in cash	(494,388)	(1,834,972)
Foreign exchange effect on cash held in foreign currencies	(1,913)	(474)
Cash, beginning of period	868,962	3,101,006
Cash, end of period	372,661	1,265,560
Taxes paid	—	—

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2022

(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

These unaudited condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements as set out in International Accounting Standard 34 Interim Financial Reporting.

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, 2022.

Authorization

These unaudited interim consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on February 22, 2023.

Consolidation

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

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

Functional and presentation currency

The functional currency of BWSC 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 maximum exposure to credit risk at December 31, 2022 is in respect of \$1,060,060 (March 31, 2022 – \$2,515,060) of trade and other receivables. The Company's trade and other receivables consist of:

As at	December 31 2022	March 31 2022
Trade receivables	483,810	427,810
Receivables from contracts with customers	576,250	2,087,250
	1,060,060	2,515,060

As at December 31, 2022, three customers accounted for 62% of trade and other receivables (March 31, 2022 – two customers; 84%), each with balances greater than 10%.

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2022

(United States dollars unless otherwise disclosed)

(Unaudited)

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

As at	December 31 2022	March 31 2022
Current	713,170	2,399,180
31 – 60 days past due	13,680	49,680
61 – 90 days past due	122,610	10,200
Past due for greater than 90 days	210,600	56,000
	1,060,060	2,515,060

During the nine months ended December 31, 2022, the Company evaluated the collectability of trade and other receivables and lifetime expected credit losses and recognized \$nil (nine months ended December 31, 2021 – \$nil) of bad debt expense. 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 leases.

	United States	India	Total
Carrying amount, March 31, 2022	367,091	65,245	432,336
Depreciation	(206,487)	(39,972)	(246,459)
Foreign exchange translation	–	(3,891)	(3,891)
Carrying amount, December 31, 2022	160,604	21,382	181,986

During the nine months ended December 31, 2022, the Company recognized \$258,870 of depreciation expense comprised of \$246,459 for ROU assets and \$12,411 for property and equipment (nine months ended December 31, 2021 – \$216,354 depreciation expense; \$206,487 ROU asset; \$9,867 property and equipment).

5. Accounts Payable and Accrued Liabilities

As at	December 31 2022	March 31 2022
Accounts payable (United States)	742,593	67,332
Accounts payable (India)	107,111	154,249
Total accounts payable	849,704	221,581
Accrued liabilities (United States)	67,871	190,005
	917,575	411,586

6. Deferred Revenue

A continuity of deferred revenue is as follows:

Balance, March 31, 2022	2,646,582
Invoiced in the period, excluding amount recognized as revenue	2,192,684
Amount recognized as revenue	(3,602,005)
Balance, December 31, 2022	1,237,261

Boardwalktech Software Corp.

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(United States dollars unless otherwise disclosed)

(Unaudited)

7. Lease Liabilities

The Company incurs lease payments related to office premises.

	United States	India	Total
Balance, March 31, 2022	431,268	70,625	501,893
Imputed interest	32,311	2,904	35,215
Payments	(262,781)	(44,674)	(307,455)
Foreign currency translation	–	(4,344)	(4,344)
Balance, December 31, 2022	200,798	24,511	225,309

During the nine months ended December 31, 2022, the Company recognized \$35,215 of imputed interest related to lease liabilities. During the nine months ended December 31, 2021, the Company recognized \$54,600 of imputed interest offset by \$56,695 of rent concessions.

Annual future lease payments under the office lease agreements are as follows:

	United States	India	Total
January 1 to March 31, 2023	89,346	14,993	104,339
April 1, 2023 to expiry	120,296	9,995	130,291
Total	209,642	24,988	234,630

8. Revenue

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

	For the three months ended December 31		For the nine months ended December 31	
	2022	2021	2022	2021
Software-as-a-service (SaaS)	1,203,759	484,163	3,291,797	1,509,256
Legacy (hosting and maintenance)	107,576	88,538	310,208	255,668
Software subscriptions and services	1,311,335	572,701	3,602,005	1,764,924
Professional services	524,600	482,854	1,220,875	1,412,474
Total revenue	1,835,935	1,055,555	4,822,880	3,177,398

The Company's revenue is generated in the United States. For nine months ended December 31, 2022, 59.9% of the Company's revenue was earned through sales to two major customers (nine months ended December 31, 2021 – 42.2% of revenue to one major customer). As at December 31, 2022, trade and other receivables (Note 3) included \$576,250 of receivables from software subscriptions and services customers (March 31, 2022 – \$2,087,250) and \$483,810 of receivables from professional services customers (March 31, 2022 – \$427,810).

9. Nature of Expenses

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

	For the three months ended December 31		For the nine months ended December 31	
	2022	2021	2022	2021
Office	83,970	46,931	177,656	119,680
Marketing	235,694 ⁽¹⁾	26,116	519,583 ⁽¹⁾	76,942
Utilities	(1,110)	19,585	50,074	72,728
Travel and lodging	16,553	6,818	69,974	18,706
Shareholder, regulatory and other	6,368	4,604	29,739	13,333
	341,475	104,054	847,026	301,389

⁽¹⁾ Includes \$204,168 and \$408,366, respectively, of amortization of revenue contract costs. In connection with certain new revenue contracts, the Company incurred incremental costs to obtain such contracts. When revenue contract costs become payable, they are amortized to marketing costs over the remaining term of the related license period.

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(United States dollars unless otherwise disclosed)

(Unaudited)

10. Share Capital

Issued common shares:	Number of Shares	Amount (\$)
Balance, March 31, 2022	42,558,809	36,127,078
Conversion of RSUs (Note 12)	4,296,533	4,925,746
Exercise of common share warrants	944,396	611,900
Balance, December 31, 2022	47,799,738	41,664,724

Between August 2022 and November 2022, the Company issued 944,396 common shares on the exercise of 944,396 common share warrants for gross cash proceeds of \$463,132 (CAD 637,098) plus \$148,768 of fair value reclassified from contributed surplus.

Non-voting common shares:

Non-voting common shares are included in the balance of issued common shares and have the same rights and privileges as other common shares, including the same dividend rights, except for the purpose of electing the Company's directors, in which case they are not entitled to vote. These non-voting common shares obtain voting rights to elect the Company's directors upon the Company's receipt of written notice by the non-voting common shareholders to convert the share status to voting common shares following their release from escrow. As at December 31, 2022, the balance of non-voting common shares was 1,399,146 (March 31, 2022 – 2,206,668).

11. Warrants

	Number of Warrants	Weighted Average Exercise Price (USD Equivalent) ⁽²⁾
Common share warrants		
Balance, March 31, 2022	12,768,125	0.63
Exercised	(944,396)	(0.50)
Expired	(2,614,755)	(0.48)
Balance, December 31, 2022	9,208,974	0.68

Information about common share warrants outstanding and exercisable at December 31, 2022 is as follows:

Number of Warrants	Weighted Average Exercise Price (CAD)	Weighted Average Exercise Price (USD Equivalent) ⁽²⁾	Weighted Average Life Remaining (Years)
976,309	0.70	0.52	0.07
7,913,125	0.90	0.66	0.07
319,540	–	1.67	4.98
9,208,974	0.85	0.68	0.24

⁽²⁾ Translated to CAD at the December 31, 2022 USD exchange rate.

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Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2022

(United States dollars unless otherwise disclosed)

(Unaudited)

12. Share-Based Payments

Stock options:

As at March 31, 2022 and December 31, 2022, the Company had 818,915 stock options outstanding. Information about the Company's stock options outstanding and exercisable as at December 31, 2022 is summarized in the following table:

Expiry Date	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
December 3, 2023	173,915	0.44	0.92
December 3, 2025	10,000	0.44	2.93
January 28, 2026	40,000	0.44	3.08
April 26, 2026	7,500	0.44	3.32
February 10, 2028	587,500	2.00	5.12
	818,915	1.56	4.09

RSUs:

	Number
Balance, March 31, 2022	6,095,817
Vested and converted to common shares	(4,296,533)
Granted	1,994,000
Forfeited	(48,834)
Balance, December 31, 2022	3,744,450
Vested, December 31, 2022	—

RSUs entitle participants the conditional right to receive one common share of the Company for each share unit. Vested RSUs are converted to common shares following approval by the Company's Board of Directors.

On April 6, 2022, 1,814,417 vested RSUs were converted to common shares and the related fair value of \$3,431,513 was transferred from contributed surplus to share capital.

On December 30, 2022, 2,482,116 vested RSUs were converted to common shares and the related fair value of \$1,494,233 was transferred from contributed surplus to share capital.

On August 31, 2022, the Company granted 1,994,000 RSUs to officers, directors and employees of the Company, of which 672,996 RSUs vest on August 31, 2023, 672,996 RSUs vest on August 31, 2024 and 648,008 RSUs vest on August 31, 2025. The fair value of these RSUs was determined to be \$1,267,900 based on the \$0.64 (CAD 0.84) market price of the Company's common shares on the grant date.

Vesting information for RSUs outstanding at December 31, 2022 is summarized below:

Vesting Date	Number of RSUs
February 28, 2023	58,331
August 31, 2023	1,799,827
February 28, 2024	58,332
August 31, 2024	1,126,949
February 28, 2025	58,337
August 31, 2025	642,674
	3,744,450

Share-based payments expense:

During the three and nine months ended December 31, 2022, the Company recognized \$309,339 and \$1,247,455 (three and nine months ended December 31, 2021 – \$491,031 and \$762,532), respectively, of share-based payment expense in respect of RSUs. As at December 31, 2022, the remaining unvested balance of share-based payments was \$1,433,104.

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2022

(United States dollars unless otherwise disclosed)

(Unaudited)

13. Per Share Amounts

	For the three months ended December 31		For the nine months ended December 31	
	2022	2021	2022	2021
Loss for the period	(646,978)	(1,081,959)	(2,723,154)	(2,451,158)
Basic and diluted weighted average number of shares	45,092,120	42,351,747	44,583,982	42,310,748
Basic and diluted net loss per share	(0.01)	(0.03)	(0.06)	(0.06)

For the three and nine months ended December 31, 2022 and 2021, all warrants, stock options and RSUs were excluded from the diluted per share amounts as their effect is anti-dilutive in loss periods.

14. 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.

The Company has current assets of \$1,600,486 to satisfy its financial liabilities as they come due. As at December 31, 2022, maturities of the Company's financial liabilities are as follows:

	Carrying Amount	Contractual cash flows	Remainder of fiscal year 2023	Fiscal year 2024
Accounts payable and accrued liabilities (Note 5)	917,575	917,575	917,575	—
Lease liability (Note 7)	225,309	234,630	104,339	130,291
	1,142,884	1,152,205	1,021,914	130,291

15. Subsequent events

In January 2023, the Company issued 301,260 common shares on the exercise of 301,260 common share warrants for gross cash proceeds of approximately \$156,070 (CAD 210,882).

In January and February 2023, 675,049 common share warrants exercisable at CAD 0.70 and 7,913,125 common share warrants exercisable at CAD 0.90 expired.