

Boardwalktech Software Corp.
Condensed Interim Consolidated Financial Statements
As at and for the three and nine months ended December 31, 2023

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, 2023.

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Financial Position

(United States dollars)

(Unaudited)

As at	December 31 2023	March 31 2023
ASSETS		
Current assets		
Cash	895,505	2,187,499
Subscriptions receivable (Note 11)	386,019	–
Trade and other receivables (Note 3)	513,600	1,331,327
Prepaid expenses and deposits	339,861	149,804
Total current assets	2,134,985	3,668,630
Non-current assets		
Property and equipment	11,861	14,442
Right-of-use asset (Note 4)	875,137	100,386
Total assets	3,021,983	3,783,458
LIABILITIES and SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	1,016,954	1,228,669
Deferred compensation (Note 6)	103,049	–
Deferred revenue (Note 7)	1,904,400	3,389,875
Current portion of lease liability (Note 8)	298,356	127,066
Total current liabilities	3,322,759	4,745,610
Non-current liabilities		
Lease liability (Note 8)	703,174	–
Total liabilities	4,025,933	4,745,610
Shareholders' deficit		
Share capital (Note 11)	43,855,695	42,583,679
Contributed surplus	6,581,468	5,449,865
Accumulated other comprehensive loss	(8,683)	(5,928)
Deficit	(51,431,951)	(48,989,289)
Total deficit attributed to shareholders	(1,003,471)	(961,673)
Non-controlling interest	(479)	(479)
Total shareholders' deficit	(1,003,950)	(962,152)
Total liabilities and shareholders' deficit	3,021,983	3,783,458

Subsequent event (Note 16)

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	
	2023	2022	2023	2022
Revenue (Note 9)	1,469,489	1,835,935	4,548,990	4,822,880
Cost of sales	160,369	155,399	466,574	446,490
Gross margin	1,309,120	1,680,536	4,082,416	4,376,390
Expenses				
Salaries, wages and benefits	1,253,046	1,358,541	4,100,888	4,065,832
Share-based payments (Note 13)	291,798	309,339	896,242	1,247,455
General and administration (Note 10)	94,225	341,475	419,824	847,026
Professional fees	152,309	111,246	494,225	321,083
Consulting	74,000	112,170	202,400	324,063
Deferred compensation (Note 6)	121,743	–	121,743	–
Depreciation (Note 4)	79,300	85,809	241,646	258,870
Total expenses	2,066,421	2,318,580	6,476,968	7,064,329
Operating loss before other expenses	(757,301)	(638,044)	(2,394,552)	(2,687,939)
Imputed interest (Note 8)	(25,521)	(8,934)	(48,110)	(35,215)
Loss for the period	(782,822)	(646,978)	(2,442,662)	(2,723,154)
Other comprehensive income (loss)				
Items that may be reclassified to profit or loss				
Exchange differences on translation of subsidiary companies	(823)	(716)	(2,755)	4,939
Loss and comprehensive loss for the period	(783,645)	(647,694)	(2,445,417)	(2,718,215)
Loss per share (Note 14)				
Basic and diluted	(0.02)	(0.01)	(0.05)	(0.06)

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit

(United States dollars)

(Unaudited)

For the nine months ended December 31	2023	2022
Share capital (Note 11)		
Balance, beginning of period	42,583,679	36,127,078
Unit private placement, net of share issue costs	1,272,016	–
Conversion of restricted share units	–	4,925,746
Exercise of common share warrants	–	611,900
Balance, end of period	43,855,695	41,664,724
Contributed surplus		
Balance, beginning of period	5,449,865	9,713,848
Unit private placement (Note 11)	235,361	–
Conversion of restricted share units	–	(4,925,746)
Exercise of common share warrants	–	(148,768)
Share-based payments (Note 13)	896,242	1,247,455
Balance, end of period	6,581,468	5,886,789
Accumulated other comprehensive income		
Balance, beginning of period	(5,928)	(9,236)
Exchange differences on translation of subsidiary companies	(2,755)	4,939
Balance, end of period	(8,683)	(4,297)
Deficit		
Balance, beginning of period	(48,989,289)	(45,404,944)
Loss for the period	(2,442,662)	(2,723,154)
Balance, end of period	(51,431,951)	(48,128,098)
Non-controlling interest		
Balance, beginning and end of period	(479)	(479)
Total shareholders' deficit	(1,003,950)	(581,361)

Boardwalktech Software Corp.
Condensed Interim Consolidated Statements of Cash Flows
(United States dollars)
(Unaudited)

For the nine months ended December 31	2023	2022
Cash provided by (used in) the following activities:		
Operating activities		
Loss for the period	(2,442,662)	(2,723,154)
Depreciation	241,646	258,870
Share-based payments (Note 13)	896,242	1,247,455
Imputed interest (Note 8)	48,110	35,215
Rent incentive (Note 8)	(28,057)	–
Unrealized foreign exchange	(2,142)	7,680
Changes in non-cash working capital:		
Trade and other receivables	817,727	1,455,000
Prepaid expenses and deposits	(76,522)	(14,486)
Accounts payable and accrued liabilities	(201,439)	505,989
Deferred revenue	(1,485,475)	(1,409,321)
Deferred compensation	121,743	–
Cash flows used in operating activities	(2,110,829)	(636,752)
Financing activities		
Lease payments (Note 8)	(153,803)	(307,455)
Proceeds from unit private placement (Note 11)	1,062,213	–
Share issue costs (Note 11)	(83,361)	
Proceeds from exercise of common share warrants	–	463,132
Cash flows provided by financing activities	825,049	155,677
Investing activities		
Proceeds from sale of property and equipment	334	–
Purchase of property and equipment	(6,122)	(13,313)
Cash flows used in investing activities	(5,788)	(13,313)
Change in cash	(1,291,568)	(494,388)
Foreign exchange effect on cash held in foreign currencies	(426)	(1,913)
Cash, beginning of period	2,187,499	868,962
Cash, end of period	895,505	372,661
Taxes paid	20,724	–

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023

(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, 2023.

The Company adopted amendments to certain accounting pronouncements effective April 1, 2023, however, the amendments had no impact on the Company’s December 31, 2023 condensed interim consolidated financial statements nor do the amendments relate to accounting policies considered material to the Company. An accounting policy is considered material to the Company if it provides information to facilitate the understanding of other material information reported and disclosed in the Company’s consolidated financial statements.

Authorization

These unaudited interim consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on February 28, 2024.

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.

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023

(United States dollars unless otherwise disclosed)

(Unaudited)

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 December 31, 2023 is in respect of \$513,600 (March 31, 2023 – \$1,331,327) of trade and other receivables. The Company's trade and other receivables consist of:

As at	December 31 2023	March 31 2023
Trade receivables	101,600	400,010
Receivables from contracts with customers	412,000	931,317
	513,600	1,331,327

As at December 31, 2023, four customers accounted for 94% of trade and other receivables (March 31, 2023 – three customers; 65%), each with balances greater than 10%.

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

As at	December 31 2023	March 31 2023
Current	419,640	1,168,747
31 – 60 days past due	–	70,500
61 – 90 days past due	–	50,000
Past due for greater than 90 days	93,960	42,080
	513,600	1,331,327

As at December 31, 2023, the Company evaluated the collectability of trade and other receivables and lifetime expected credit losses and recognized \$nil (nine months ended December 31, 2022 – \$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 Asset

The Company has recognized a right-of-use ("ROU") asset and corresponding lease liability (Note 9) related to office premises. The ROU asset is depreciated on a straight-line basis over the term of the related lease.

	United States	India	Total
Carrying amount, March 31, 2023	91,775	8,611	100,386
Addition (Note 7)	907,590	101,834	1,009,424
Depreciation	(205,225)	(28,245)	(233,470)
Foreign exchange translation	–	(1,203)	(1,203)
Carrying amount, December 31, 2023	794,140	80,997	875,137

During the nine months ended December 31, 2023, the Company recognized \$241,646 of depreciation expense comprised of \$233,470 for the ROU asset and \$8,176 for property and equipment (nine months ended December 31, 2022 – \$258,570 of depreciation expense comprised of \$246,459 for ROU assets and \$12,411 for property and equipment).

5. Accounts Payable and Accrued Liabilities

As at	December 31 2023	March 31 2023
Accounts payable (United States)	343,235	505,473
Accounts payable (India)	170,844	149,013
Total accounts payable	514,079	654,486
Accrued liabilities (United States)	502,875	574,183
	1,016,954	1,228,669

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023

(United States dollars unless otherwise disclosed)

(Unaudited)

6. Deferred Compensation

During the nine months ended December 31, 2023, the Company recognized \$121,743 of deferred compensation (nine months ended December 31, 2022 – \$nil) of which \$103,048 was included in deferred compensation payable at December 31, 2023 (March 31, 2023 – \$nil).

Balance, March 31, 2023	–
Expense	121,743
Unit private placement (Note 10)	(18,694)
Balance, December 31, 2023	103,049

7. Deferred Revenue

Balance, March 31, 2023	3,389,875
Invoiced in the period, excluding amount recognized directly in revenue	2,497,369
Amount recognized as revenue	(3,982,844)
Balance, December 31, 2023	1,904,400

8. Lease Liability

The Company incurs lease payments related to office premises.

	United States	India	Total
Balance, March 31, 2023	117,100	9,966	127,066
Lease liability for ROU asset (Note 4)	907,590	101,834	1,009,424
Imputed interest	41,743	6,367	48,110
Payments	(120,746)	(33,057)	(153,803)
Lease incentive	(28,057)	–	(28,057)
Foreign currency translation	–	(1,210)	(1,210)
Balance, December 31, 2023	917,630	83,900	1,001,530

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

	United States	India	Total
Balance, December 31, 2023	917,630	83,900	1,001,530
Current portion	(266,375)	(31,981)	(298,356)
Non-current portion	651,255	51,919	703,174

In May 2023, the Company and its landlord for office premises in India executed an office lease agreement for commencing on May 20, 2023 and expiring on May 19, 2026. The Company is required to make lease payments for a minimum of 18 months after which time the Company may terminate the lease with a minimum of three months notice. The lease liability for the India office lease was determined using an incremental borrowing rate of 15% and a lease term of 36 months.

In July 2023, the Company extended its United States office lease for an additional 40 months to November 30, 2026 during which the Company will receive a rent-free period from August 1 to November 30, 2023. The lease liability for the United States office lease was determined using an incremental borrowing rate of 11% and a lease term of 40 months. In connection with the lease extension, the office carpet was to be replaced by a certain date which did not occur. As compensation to the Company, the landlord waived the rent for the month of December 2023.

As at December 31, 2023, the annual future undiscounted lease payments under the office lease agreements are as follows:

	United States	India	Total
Remainder fiscal year ended March 31, 2024	85,521	9,362	94,883
Fiscal year ended March 31, 2025	349,102	39,369	388,471
Fiscal year ended March 31, 2026	359,627	41,044	400,671
Fiscal year ended March 31, 2027	273,599	4,907	278,506
	1,067,849	94,682	1,162,531

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

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(United States dollars unless otherwise disclosed)

(Unaudited)

9. 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	
	2023	2022	2023	2022
Software-as-a-service (SaaS)	1,270,183	1,203,759	3,705,523	3,291,797
Legacy (hosting and maintenance)	72,044	107,576	270,405	310,208
Software subscriptions and services	1,342,227	1,311,335	3,975,928	3,602,005
Professional services	127,262	524,600	573,062	1,220,875
Total revenue	1,469,489	1,835,935	4,548,990	4,822,880

As at December 31, 2023, trade and other receivables (Note 3) included \$598,519 of receivables from software subscriptions and services customers (March 31, 2023 – \$931,317) and \$213,780 of receivables from professional services customers (March 31, 2023 – \$400,010).

The Company's revenue is generated in the United States. For the nine months ended December 31, 2023, 67.7% of the Company's revenue was earned through sales to two major customers (nine months ended December 31, 2022 – 59.9% of revenue, two major customers), each with revenues of 10% or greater:

For the nine months ended December 31	2023	2022
Customer 1	30.6%	32.7%
Customer 2	37.1%	27.2%
	67.7%	59.9%

10. 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	
	2023	2022	2023	2022
Office	43,222	83,970	144,770	177,656
Marketing	17,015	235,694 ⁽¹⁾	136,695	519,583 ⁽¹⁾
Utilities	12,262	(1,110)	35,938	50,074
Travel and lodging	8,526	16,553	46,033	69,974
Shareholder, regulatory and other	13,200	6,368	56,388	29,739
	94,225	341,475	419,824	847,026

⁽¹⁾ Includes \$204,168 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 became payable, they were amortized to marketing costs over the remaining term of the related license period.

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2023

(United States dollars unless otherwise disclosed)

(Unaudited)

11. Share Capital

Issued common shares:	Number of Shares	Amount (\$)
Balance, March 31, 2023	48,100,998	42,583,679
Unit private placement	7,015,353	1,378,341
Share issue costs		(106,325)
Balance, December 31, 2023	55,116,351	43,855,695

On December 28, 2023, the Company completed the private placement of 7,015,353 units at a price of CAD 0.50 per unit for gross proceeds of \$1,590,738 (CAD 2,104,606). Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of CAD 0.50 per share for a period of three years from the date of issuance, subject to early acceleration by the Company if the trading price of the Company's common shares is greater than CAD 1.00 for 10 consecutive trading days.

Of the gross proceeds, \$1,062,213 (CAD 1,405,100) was collected by the Company in December 2023, \$113,535 (CAD 150,000) was settled by a direction-to-pay a vendor for prepaid trade show fees, \$28,971 (CAD 39,506) was settled by accounts payable and deferred compensation (Note 6) due to an officer of the Company, and \$386,019 (CAD \$510,000) was recorded as share subscriptions receivable as at December 31, 2023. All share subscriptions receivable were collected in January 2023.

Gross proceeds from the sale of units has been allocated to the respective equity instruments based on fair values using the residual value method whereby \$1,378,341 (CAD 1,823,992) of fair value has been assigned to the more readily determinable instrument, being the common shares at a market price of CAD 0.26 per share on the date of issue, with the remaining \$212,397 (CAD 280,614) allocated to the warrants (CAD 0.04 per warrant).

In connection with the private placement, the Company paid \$81,721 of commissions to qualified non-related parties, issued 359,893 finders' warrants exercisable at a price of \$0.50 per share for a period of three years from the date of issuance and incurred \$1,640 of other cash issuance costs.

Finders' warrants have been recorded at their estimated \$22,964 (CAD 30,340) issue date fair value using the Black-Scholes pricing model based on the following assumptions:

Share price	CAD 0.26	Exercise price	CAD 0.50
Expected volatility	72%	Expected dividend yield	0%
Expected life	3 years	Risk-free interest rate	3.71%

12. Warrants

	Number of Warrants	Weighted Average Exercise Price (USD Equivalent)
Balance, March 31, 2023	319,540	1.67
Expired	(319,540)	(1.67)
Issued (Note 11)	7,375,246	0.38 ⁽¹⁾
Balance, December 31, 2023	7,375,246	0.38

⁽¹⁾ Translated to CAD at the December 31, 2023 USD exchange rate.

Warrants outstanding at December 31, 2023 are exercisable at \$0.38 (CAD 0.50) per share until December 28, 2026.

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

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(Unaudited)

13. Share-Based Payments

Stock options:

As at March 31, 2023, the Company had 818,915 stock options outstanding and exercisable, of which 173,915 expired resulting in a balance of 645,000 stock options outstanding and exercisable as at December 31, 2023.

Expiry Date	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
December 3, 2025	10,000	0.44	1.93
January 28, 2026	40,000	0.44	2.08
April 26, 2026	7,500	0.44	2.32
February 10, 2028	587,500	2.00	4.12
	645,000	1.86	3.94

RSUs:

RSUs entitle participants the conditional right to receive one common share of the Company for each share unit. As at March 31, 2023, the Company had 3,964,450 RSUs outstanding.

On August 31, 2023, the Company granted 2,245,000 RSUs to officers, directors and employees of the Company, of which 748,324 RSUs vest on August 31, 2024, 748,324 RSUs vest on August 31, 2025, and 748,352 RSUs vest on August 31, 2026. The grant date fair value of these RSUs was determined to be \$738,610 based on the \$0.33 (CAD 0.445) market price of the Company's common shares on the grant date.

As at December 31, 2023, the Company had 6,209,450 RSUs outstanding, of which 1,858,158 were exercisable.

Vesting information for RSUs outstanding at December 31, 2023 is summarized below:

Vesting Date	Number of RSUs
February 28, 2023	58,331
August 31, 2023	1,799,827
February 28, 2024	198,330
August 31, 2024	1,875,273
February 28, 2025	98,338
August 31, 2025	1,390,998
February 28, 2026	40,001
August 31, 2026	748,352
	6,209,450

Share-based payments expense:

During the three and nine months ended December 31, 2023, the Company recognized \$291,798 and \$896,242 (three and nine months ended December 31, 2022 – \$309,339 and \$1,247,455), respectively of share-based payment expense in respect of RSUs. As at December 31, 2023, the remaining unvested balance of share-based payments was \$1,075,188.

14. Per Share Amounts

	For the three months ended December 31		For the nine months ended December 31	
	2023	2022	2023	2022
Loss for the period	(782,822)	(646,978)	(2,442,662)	(2,723,154)
Basic and diluted weighted average number of shares	48,329,759	45,092,120	48,177,530	44,583,982
Basic and diluted net loss per share	(0.02)	(0.01)	(0.05)	(0.06)

For the three and nine months ended December 31, 2023 and 2022, all warrants, stock options and RSUs were excluded from the diluted per share amounts as their effect is anti-dilutive.

Boardwalktech Software Corp.

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(Unaudited)

15. 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 December 31, 2023, 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)	1,016,954	1,016,954	1,016,954	–	–
Deferred compensation (Note 6)	103,049	103,049	103,049	–	–
Lease liability (Note 8)	1,001,530	1,162,531	386,236	397,621	378,674
	2,121,533	2,282,534	1,506,239	397,621	378,674

The Company has current assets of \$2,134,985 to satisfy its financial liabilities to satisfy liabilities as they come due.

16. Subsequent Events

In January 2024, the Company terminated certain employees and cancelled 521,871 unvested RSUs.

On February 26, 2024, the Company issued 506,225 units for gross proceeds of \$112,303 (CAD 151,780) pursuant to the closing of the second and final tranche of the unit private placement disclosed in Note 10. In connection with the second tranche, the Company paid approximately \$8,406 of commissions to qualified non-related parties, issued 37,872 finders' warrants exercisable at a price of \$0.50 per share for a period of three years from the date of issuance.