

Boardwalktech Software Corp.
Condensed Interim Consolidated Financial Statements

As at and for the three months ended June 30, 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 months ended June 30, 2022.

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Financial Position

(United States dollars)

(Unaudited)

As at	June 30 2022	March 31 2022
ASSETS		
Current assets		
Cash	1,717,784	868,962
Trade and other receivables (Note 3)	1,789,067	2,515,060
Prepaid expenses and deposits	170,208	153,279
Total current assets	3,677,059	3,537,301
Non-current assets		
Property and equipment	16,978	16,691
Right-of-use assets (Note 4)	347,546	432,336
Total assets	4,041,583	3,986,328
LIABILITIES and SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	664,823	411,586
Deferred revenue (Note 6)	2,889,359	2,646,582
Current portion of lease liabilities (Note 7)	382,594	374,005
Total current liabilities	3,936,776	3,432,173
Non-current liabilities		
Lease liabilities (Note 7)	29,751	127,888
Total liabilities	3,966,527	3,560,061
Shareholders' equity		
Share capital (Note 10)	39,558,591	36,127,078
Contributed surplus	6,777,921	9,713,848
Accumulated other comprehensive loss	(4,201)	(9,236)
Deficit	(46,256,776)	(45,404,944)
Total equity attributed to shareholders	75,535	426,746
Non-controlling interest	(479)	(479)
Total shareholders' equity	75,056	426,267
Total liabilities and shareholders' equity	4,041,583	3,986,328

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 June 30	2022	2021
Revenue (Note 8)	1,505,020	1,016,249
Cost of sales	147,714	147,716
Gross margin	1,357,306	868,533
Expenses		
Salaries, wages and benefits	1,235,984	1,187,562
Share-based payments (Notes 12)	495,586	66,232
Professional fees	130,430	81,549
General and administration (Note 9)	147,812	100,657
Consulting	98,459	36,739
Depreciation (Note 4)	86,352	71,544
Total expenses	2,194,623	1,544,283
Operating loss before other income (expenses)	(837,317)	(675,750)
Rent concessions and imputed interest (Note 7)	(14,515)	22,168
Loss for the period	(851,832)	(653,582)
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Exchange differences on translation of subsidiary companies	5,035	(188)
Net loss and comprehensive loss for the period	(846,797)	(653,770)
Net loss per share (Note 13)		
Basic and diluted	(0.02)	(0.02)

Boardwalktech Software Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(United States dollars)

(Unaudited)

For the three months ended June 30	2022	2021
Share capital		
Balance, beginning of period	36,127,078	35,820,706
Conversion of RSUs (Note 10)	3,431,513	—
Exercise of common share warrants	—	189,247
Share issue costs	—	(15,938)
Balance, end of period	39,558,591	35,994,015
Contributed surplus		
Balance, beginning of period	9,713,848	8,507,346
Conversion of RSUs (Note 12)	(3,431,513)	—
Exercise of common share warrants	—	(13,830)
Share-based payments	495,586	66,232
Balance, end of period	6,777,921	8,559,748
Accumulated other comprehensive income		
Balance, beginning of period	(9,236)	(7,740)
Exchange differences on translation of subsidiary companies	5,035	(188)
Balance, end of period	(4,201)	(7,928)
Deficit		
Balance, beginning of period	(45,404,944)	(41,841,363)
Loss for the period	(851,832)	(653,582)
Balance, end of period	(46,256,776)	(42,494,945)
Non-controlling interest		
Balance, beginning and end of period	(479)	(479)
Total shareholders' equity	75,056	2,050,411

Boardwalktech Software Corp.**Condensed Interim Consolidated Statements of Cash Flows**

(United States dollars)

(Unaudited)

For the six months ended June 30	2022	2021
Cash provided by (used in) the following activities:		
Operating activities		
Loss for the period	(851,832)	(653,582)
Depreciation	86,352	71,544
Share-based payments (Notes 12)	495,586	66,232
Rent concessions and imputed interest (Note 7)	14,515	(22,168)
Unrealized foreign exchange	6,239	359
Changes in non-cash working capital:		
Trade and other receivables	725,993	(656,946)
Prepaid expenses and deposits	(16,929)	(29,448)
Accounts payable and accrued liabilities	253,237	(107,584)
Deferred revenue	242,777	490,371
Deferred compensation	—	(14,830)
Cash flows provided by (used in) operating activities	955,938	(856,052)
Financing activities		
Lease payments (Note 7)	(101,618)	(42,521)
Proceeds from common share issuances, net of issue costs (Note 16)	—	222,269
Cash flows provided (used in) by financing activities	(101,618)	179,748
Investing activities		
Purchase of property and equipment	(4,613)	(4,879)
Cash flows used in investing activities	(4,613)	(4,879)
Change in cash	849,707	(681,183)
Foreign exchange effect on cash held in foreign currencies	(885)	(393)
Cash, beginning of period	868,962	3,101,006
Cash, end of period	1,717,784	2,419,430
Taxes paid	—	—

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 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 August 17, 2022.

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 June 30, 2022 is in respect of \$1,789,067 (March 31, 2022 – \$2,515,060) of trade and other receivables. The Company's trade and other receivables consist of:

As at	June 30 2022	March 31 2022
Trade receivables	275,455	427,810
Receivables from contracts with customers	1,513,612	2,087,250
	1,789,067	2,515,060

As at June 30, 2022, two customers accounted for 92% 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 months ended June 30, 2022

(United States dollars unless otherwise disclosed)

(Unaudited)

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

As at	June 30 2022	March 31 2022
Current	1,532,147	2,399,180
31 – 60 days past due	152,000	49,680
61 – 90 days past due	90,000	10,200
Past due for greater than 90 days	14,920	56,000
	1,789,067	2,515,060

During the three months ended June 30, 2022, the Company evaluated the collectability of trade and other receivables and lifetime expected credit losses and recognized \$nil (three months ended June 30, 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	(68,829)	(13,746)	(82,575)
Foreign exchange translation	–	(2,215)	(2,215)
Carrying amount, June 30, 2022	298,262	49,284	347,546

During the three months ended June 30, 2022, the Company recognized \$86,352 of depreciation expense comprised of \$82,575 for the ROU asset and \$3,777 for property and equipment (three months ended June 30, 2021 – \$71,544 depreciation expense; \$68,829 ROU asset; \$2,715 property and equipment).

5. Accounts Payable and Accrued Liabilities

As at	June 30 2022	March 31 2022
Accounts payable (United States)	129,911	67,332
Accounts payable (India)	137,572	154,249
Total accounts payable	267,483	221,581
Accrued liabilities (United States)	397,340	190,005
	664,823	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	1,331,612
Amount recognized as revenue	(1,088,835)
Balance, June 30, 2022	2,889,359

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

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(United States dollars unless otherwise disclosed)

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7. Lease Liabilities

The Company incurs lease payments related to office premises.

	2022		
	United States	India	Total
Balance, March 31, 2022	431,268	70,625	501,893
Imputed interest	13,245	1,270	14,515
Payments	(87,594)	(14,024)	(101,618)
Foreign currency translation	–	(2,445)	(2,445)
Balance, June 30, 2022	356,919	55,426	412,345
Current portion	(327,168)	(55,426)	(382,594)
Non-current portion	29,751	–	29,751

During the three months ended June 30, 2022, the Company recognized \$14,515 of imputed interest related to lease liabilities. During the three months ended June 30, 2021, the Company recognized \$20,353 of imputed interest offset by \$42,521 of rent concessions.

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

	United States	India	Total
July 1, 2022 to March 31, 2023	264,533	47,125	311,658
April 1, 2023 to expiry	120,296	10,472	130,768
Total	384,829	57,597	442,426

8. Revenue

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

For the three months ended June 30	2022	2021
Software-as-a-service (SaaS)	995,362	496,114
Legacy (hosting and maintenance)	93,473	80,890
Software subscriptions and services	1,088,835	577,004
Professional services	416,185	439,245
Total revenue	1,505,020	1,016,249

The Company's revenue is generated in the United States. For three months ended June 30, 2022, 63.7% of the Company's revenue was earned through sales to two major customers (three months ended June 30, 2021 – 43.7% of revenue to one major customer). As at June 30, 2022, trade and other receivables (Note 3) included \$1,513,612 of receivables from software subscriptions and services customers (March 31, 2022 – \$2,087,250) and \$275,455 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 June 30	2022	2021
Office	53,858	36,158
Marketing	32,838	23,822
Utilities	19,799	26,745
Travel and lodging	31,451	10,788
Shareholder, regulatory and other	9,866	3,144
	147,812	100,657

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(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)	1,814,417	3,431,513
Balance, June 30, 2022	44,373,226	39,558,591

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 June 30, 2022, the balance of non-voting common shares was 2,206,668 (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	0.67
Expired	(2,110,655)	(0.49)
Balance, June 30, 2022	10,657,470	0.69

Information about common share warrants outstanding and exercisable at June 30, 2022 is as follows:

Number of Warrants	Weighted Average Exercise Price (CAD)	Weighted Average Exercise Price (USD Equivalent) ⁽²⁾	Weighted Average Life Remaining (Years)
109,096	0.50	0.39	0.35
2,315,709	0.70	0.54	0.46
7,913,125	0.90	0.70	0.58
319,540	–	1.67	5.48
10,657,470	0.79	0.69	0.70

⁽²⁾ Translated to CAD at the June 30, 2022 USD exchange rate.

12. Share-Based Payments

Stock options:

As at March 31, 2022 and June 30, 2022, the Company had 818,915 stock options outstanding. Information about the Company's stock options outstanding and exercisable as at June 30, 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	1.43
December 3, 2025	10,000	0.44	3.43
January 28, 2026	40,000	0.44	3.58
April 26, 2026	7,500	0.44	3.82
February 10, 2028	587,500	2.00	5.62
	818,915	1.56	4.59

Boardwalktech Software Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2022

(United States dollars unless otherwise disclosed)

(Unaudited)

RSUs:

	Number
Balance, March 31, 2022	6,095,817
Vested and converted to common shares	(1,814,417)
Balance, June 30, 2022	4,281,400
Vested, June 30, 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.

Vesting information for RSUs outstanding at June 30, 2022 is summarized below:

Vesting Date	Number of RSUs
August 31, 2022	2,476,115
February 28, 2023	58,331
August 31, 2023	1,158,327
February 28, 2024	58,332
August 31, 2024	471,958
February 28, 2025	58,337
Unvested	4,281,400

Share-based payments expense:

During the three months ended June 30, 2022, the Company recognized \$495,586 (three months ended June 30, 2021 – \$66,232) of share-based payment expense in respect of RSUs. As at June 30, 2022, the remaining unvested balance of share-based payments was \$936,838.

13. Per Share Amounts

For the three months ended June 30	2022	2021
Loss for the period	(851,832)	(653,582)
Basic and diluted weighted average number of shares	44,253,594	42,227,830
Basic and diluted loss per share	(0.02)	(0.02)

For the three months ended June 30, 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 \$3,677,059 to satisfy its financial liabilities as they come due. As at June 30, 2022, maturities of the Company's financial liabilities are as follows:

	Carrying Amount	Contractual cash flows	2023	2024
Accounts payable and accrued liabilities (Note 5)	664,823	664,823	664,823	—
Lease liability (Note 7)	412,345	442,426	311,658	130,768
	1,077,168	1,107,249	976,481	130,768