

BOARDWALKTECH SOFTWARE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE THREE MONTHS ENDED JUNE 30, 2025

DATED: AUGUST 28, 2025

This Management's Discussion and Analysis ("MD&A") as at and for the three months ended June 30, 2025 provides detailed information on the operating activities, performance and financial position of Boardwalktech Software Corp. ("Boardwalk" or the "Company"). This discussion should be read in conjunction with the Company's June 30, 2025 unaudited condensed interim consolidated financial statements and March 31, 2025 audited annual consolidated financial statements and accompanying notes. The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in U.S. dollars, unless otherwise stated. The information contained herein is current to August 28, 2025, unless otherwise stated.

The Company's fiscal year commences April 1st of each year and ends on March 31st of the following year. The Company's current fiscal year, which will end on March 31, 2026 is referred to as "Fiscal 2026". The previous fiscal year, which ended on March 31, 2025, is referred to as "Fiscal 2025". The three-month quarter ended June 30, 2025 is referred to as "Q1 Fiscal 2026", the previous three-month quarter ended March 31, 2025 is referred to as "Q4 Fiscal 2025" and the comparative three-month quarter ended June 30, 2024 is referred to as "Q1 Fiscal 2025".

In this document unless otherwise specified, "we", "us", "our", "Company" and "Boardwalk" all refer to Boardwalktech Software Corp. collectively with its subsidiaries. The content of this MD&A has been approved by the Board of Directors, on the recommendation of its Audit Committee.

CAUTION REGARDING FORWARD LOOKING INFORMATION

Certain statements in this MD&A which are not historical facts constitute forward-looking statements or information within the meaning of applicable securities laws ("forward-looking statements"). Such statements include, but are not limited to, statements regarding Boardwalk's projected revenues, gross margins, earnings, growth rates, the impact of new product design wins, market penetration and product plans. The use of terms such as "may", "anticipated", "expected", "projected", "targeting", "estimate", "intend" and similar terms are intended to assist in identification of these forward-looking statements. Readers are cautioned not to place undue reliance upon any such forward-looking statements. Such forward-looking statements are not promises or guarantees of future performance and involve both known and unknown risks and uncertainties that may cause Boardwalk's actual results to be materially different from historical results or from any results expressed or implied by such forward-looking statements. Accordingly, there can be no assurance that forward-looking statements will prove to be accurate, and readers are therefore cautioned not to place undue reliance upon any such forward-looking statements.

Factors that could cause results or events to differ materially from current expectations expressed or implied by forward looking statements contained herein include, but are not limited to: our history of losses and the risks associated with not achieving or sustaining profitability; the Company's dependence on a limited number of customers for a substantial portion of revenues; fluctuating revenue and expense levels arising from changes in customer demand, sales cycles, product mix, average selling prices, manufacturing costs and timing of product introductions; risks associated with competing against larger and more established companies; competitive risks and pressures from further consolidation amongst competitors, customers, and suppliers; market share risks and timing of revenue recognition associated with product transitions; risks related to intellectual property, including third party licensing or patent infringement claims; the loss of any of the Company's key personnel could seriously harm its business; risks associated with adverse economic conditions; delays in the launch of customer products; price re-negotiations by existing customers; legal proceedings arising from the ordinary course of business; ability to raise needed capital; ongoing liquidity requirements; and other factors discussed in the "Risk Factors" section. All forward-looking statements are qualified in their entirety by this cautionary statement. Boardwalk is providing this information as of the current date and does not undertake any obligation to update any forward-looking statements contained herein as a result of new information, future events or otherwise except as may be required by applicable securities laws.

Risks relating to the Company include, but are not limited to, the following:

- the Company has a history of losses and may not achieve profitability in the future;
- the Company has historically received a substantial portion of its revenue from a limited number of customers;
- the Company expects its operating results to continue to fluctuate;
- the Company faces intense competition and expects continued market competition in the future;
- assertions by third parties of infringement by Boardwalk of, or of Boardwalk's failure to protect, their intellectual property rights could result in significant costs and cause Boardwalk's operating results to suffer;
- the Company may have difficulty accurately predicting revenue for the purpose of appropriately budgeting and adjusting its expenses.
- the loss of customers could affect the Company's financial returns and future plans;
- the Company's customers may cancel future subscriptions that can adversely impact future recurring revenue;
- the Company may be unable to generate funds required to meet its funding requirements and may need to raise additional funds;
- changes in industry standards or technology could impede the sale of Boardwalk's products;
- the loss of any of the Company's key personnel could seriously harm its business;
- the pattern of customer product ramps as they shift from legacy products to new products based on our more advanced designs could affect both the amount and timing of revenue recognized by the Company;
- the Company's failure to maintain compliance with applicable regulations in certain geographies or other jurisdictions may force it to cease distribution in those areas;
- the majority of the Company's operating expenses are denominated in U.S. dollars; therefore, the Company's earnings are impacted by fluctuations in exchange rates between the U.S. dollar and other currencies; and,
- the Company may be involved in legal proceedings from time to time; arising in the ordinary course of its business and such proceedings may affect the Company's financial position, results of operations or cash flows.

FINANCIAL HIGHLIGHTS

Revenues for Q1 Fiscal 2026 totaled \$0.9 million, a 6% decrease versus \$1.0 million of revenue reported in Q4 Fiscal 2025, primarily due to a 3% decline in software and subscription services revenue and a 28% sequential decrease in professional services revenue (11% of total revenue). Revenues for Q1 Fiscal 2026 decreased 27% from \$1.2 million of revenue in Q1 Fiscal 2025, primarily due to a 28% decline from software and subscription services revenue from two previously disclosed non-renewals in Fiscal 2025.

The Company defines annual recurring revenue ("ARR") as the recurring revenue expected based on annual license subscriptions and recurring services. ARR is a non-IFRS measure. ARR at June 30, 2025 was \$3.8 million.

Gross margin for Q1 Fiscal 2026 was 83.5%, versus 85.3% in Q4 Fiscal 2025 and 87.9% in Q1 Fiscal 2025, with the change in margin levels due to lower revenue levels.

Net loss for Q1 Fiscal 2026 was \$(0.9) million, or \$(0.01) per basic and diluted share, versus a \$(1.1) million loss in Q4 Fiscal 2025, or \$(0.02) per basic and diluted share, and a \$(0.8) million loss in Q1 Fiscal 2025, or \$(0.01) per basic and diluted share. This represented a 17% sequential improvement over Q4 Fiscal 2025 despite the lower revenue levels. Total adjusted operating expenses (excluding share-based payments and depreciation) in Q1 Fiscal 2026 totaled \$1.4 million, a \$0.2 million decrease from \$1.6 million reported in Q4 Fiscal 2025 and a \$0.1 million decrease from the \$1.5 million reported in Q1 Fiscal 2025, as the Company continues to recognize savings from previously announced cost alignment efforts.

Adjusted EBITDA for Q1 Fiscal 2026 was a loss of \$(0.6) million, which was a 15% improvement versus \$(0.8) million of adjusted EBITDA in Q4 Fiscal 2025.

Non-IFRS net loss for Q1 Fiscal 2026 (as defined in the Non-IFRS Financial Measures section) totaled \$(0.7) million, or \$(0.01) per basic and diluted share, versus a \$(0.9) million in Q4 Fiscal 2025, or \$(0.02) per basic and diluted share, and \$(0.5) million in Q1 Fiscal 2025, or \$(0.01) per basic and diluted share. These changes were due to lower revenues offset by lower operating costs.

OUTLOOK FOR FISCAL 2026

The Company continues to lever its “land and expand” strategy with its Velocity and Digital Ledger (BDL) solutions, as customers seek better, high ROI solutions to critical enterprise pain points. While the Company is making progress, and balancing limited resources, the Company is targeting and expecting higher organic revenue growth going forward, based on the size of its pipeline and later stage visibility on closure of several material license agreements. Despite slower than expected conversions from its sales pipeline than originally expected, the Company is much more optimistic for Fiscal 2026. This is predicated on an expected pick-up of license agreements, currently in the process of execution, with corresponding revenue generating contract announcements expected during the Fiscal 2026. The addition of new teaming partners and business development resources announced over the past year, targeted at the financial services market for our Velocity software product offering, is a positive leading indicator towards improved revenue growth expectations. During Fiscal 2026, the Company seeks to augment its product roadmap and offerings to customers. The Company has already witnessed promising customer interest in the AI focused Unity Central product offering, along with supplemental product tool solution such as the End User Computing (EUC) Asset Tracker (for Velocity) and Boardwalk Agent AI (to extend BDL data intelligence for AI and Agentic AI across all Boardwalk licensed applications) as well as a new application under development on the Unity Central AI Platform for Automated Controls Testing that fits perfectly with our current Velocity offering in the financial services sector. These products complement and expand the Company’s Digital Ledger solutions to manage documents, signals and unstructured data, with initial focus on closing financial services and enterprise supply chain market opportunities in Fiscal 2026.

The decrease in our reported license revenue is primarily due to expired licenses that were not renewed by two customers due to large scale internal reorganizations at each customer. The residual contribution from those events ended in December 2024, as a result, there was no impact following Fiscal 4Q Fiscal 2025. This is consistent with the challenging market headwinds and internal customer issues described and discussed this past year. Even though the Company is not directly impacted by U.S. tariffs actions, its customers’ operations might be impacted (though BDL could be used to better manage tariffs and associated audit trails). Recent engagements would indicate those headwinds have or are in the process of dissipating, leading to a higher degree of confidence for revenue growth in the next 12 months. We believe these factors and delays were not so much related to the sales cycle of customers choosing our products *per se*, but more customer-centric delays as customers focused on “efficiencies” internally and realigned some priorities. While the lead times to close transactions with large, multinational organizations and financial institutions remain long, these have already been factored into our pipeline and projections.

As part of its ongoing strategy to reduce the Company’s cash burn while improving execution and reduce its reliance on slower than expected sales pipeline conversions, the Company recently executed a new initiative in August 2025, which are projected to reduce its cash needs by \$0.7 million-\$0.8 million over the next year (versus Fiscal 2025) from a combination of salary cuts, targeted salary savings, deferred compensation. This savings is in addition to similar actions in early Fiscal 2025 which resulted in \$900,000 of recognized cost savings (exceeding the \$600,000-\$800,000 range the Company mentioned in prior disclosures) with cash usage from Operations decreasing by \$1.6 million year-over-year in the most recent quarter, before the Company’s most recent cost reduction actions.

The Company also executed four new teaming or partnership agreements with leading IT consultancy and service firms in Fiscal 2025 which are projected to have material revenue generating impacts in Fiscal 2026. These firms have existing business relationships with targeted customers in the banking, financial services, Consumer Products group (CPG) and manufacturing markets who would benefit from Boardwalk’s Digital Ledger, Unity Central and Velocity solutions. These partners have already or are currently identifying opportunities where they can leverage our offerings across their customer base, which should lead to new licenses for Boardwalk. The Company will continue to leverage more teaming/alliance arrangements with these partners who are doing the majority of the professional services work for implementing the Digital Ledger, Velocity and Unity Central products (thereby also alleviating the Company’s operating expenses needed for growth). Thus, these agreements provide operating leverage as these partners provide customer access and scale that Boardwalk could not if it relied on only its own direct sales efforts.

The combination of the restructured actions, new product roadmap features/offerings, and leveraging of teaming partners that should enable Boardwalktech to be more efficient and effective in closing new deals in Fiscal 2026 and beyond. The Company still expects to achieve cash breakeven (on an Adjusted EBITDA basis) by the end of Fiscal 2026 based on modest revenue growth assumptions and less reliance on large pipeline conversions (than in previous projections), concurrent with the cost savings measures implemented over the past year.

Subsequent Events

- On July 25, 2025, the Company closed a non-brokered placement of 2,793,800 units at a price of CAD 0.13 per unit for gross proceeds of \$265,023 (CAD 363,194), pursuant to the Listed Issuer Financing Exemption. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of CAD 0.25 per share for a period of one year from the date of issuance. In connection with private placement, the Company paid \$12,783 (CAD 17,518) of commissions to qualified non-related parties and issued 134,750 finders' warrants exercisable at a price of CAD 0.25 per share for a period of one year from the date of issuance.
- Charlie Glavin announced his resignation as Chief Financial Officer and Director of Boardwalktech, effective September 5, 2025. After seven years with Boardwalktech, implementing its new revenue model and other business processes, he is leaving for an unexpected new opportunity but will continue to advise the Company as it strive to tap the unlocked potential of its digital ledger solutions.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth selected financial information derived from the Company's unaudited condensed interim consolidated financial statements for the three-month periods ended June 30, 2025 and June 30, 2024. The selected financial information was prepared in a manner consistent with the Company's March 31, 2025 audited annual consolidated financial statements. The following information should be read in conjunction with these statements and the accompanying notes.

<i>in thousands of U.S. dollars except per share amounts</i>	<u>for Three-month period ended</u>		
	June 30, 2025	Mar 31, 2025	June 30, 2024
Revenue	915	978	\$1,249
Cost of sales	151	144	151
Gross Profit	\$764	\$834	\$1,099
SG&A expenses *	\$1,404	\$1,586	\$1,505
Share-based payments	111	113	201
Depreciation	77	77	78
Operating Loss	(828)	(942)	(685)
Interest on credit facility	81	80	78
Loss on debt settlement	-	52	-
Imputed interest, lease	15	17	23
Financing costs & other expenses	16	15	16
Loss before taxes	(939)	(1,107)	(\$802)
Taxes	-	19	-
Loss for the period	(\$939)	(\$1,126)	(\$802)
Loss per share, basic and diluted	(\$0.01)	(\$0.02)	(\$0.01)

* SG&A expenses: comprised of salaries, wages and benefits, professional fees, general and administrative, deferred compensation, and consulting.

<i>in thousands of U.S. dollars</i>	as at June 30,	as at March 31,
	<u>2025</u>	<u>2025</u>
Current Assets		
Cash	\$ 52	\$ 359
Trade and other receivables	307	600
Prepaid expenses and deposits	174	222
Total Current Assets	\$ 533	\$ 1,181
Total non-current assets	419	496
	\$ 952	\$ 1,677
Current liabilities		
Account payables and accrued liabilities	\$ 1,050	\$ 913
Deferred revenue	478	707
Deferred compensation	295	178
Credit facility	2,505	2,622
Current portion of lease liability	<u>360</u>	<u>353</u>
Total current liabilities	\$ 4,688	\$ 4,773
Credit facility	-	-
Lease liabilities	178	268
Total Liabilities	\$ 4,866	\$ 5,041
Shareholders' Equity	(3,913)	(3,364)
Total Liabilities and Shareholders' Equity	\$ 952	\$ 1,677

ADJUSTED-EBITDA AND NON-IFRS FINANCIAL MEASURES

In addition to disclosing results in accordance with IFRS Accounting Standards, the Company also provides Adjusted EBITDA and Non-IFRS financial measures disclosed as a supplement to financial results in order to provide a further understanding of Boardwalk's results and operational performance from management's perspective. In particular, Boardwalk uses Adjusted EBITDA and Non-IFRS financial measures to highlight trends in its core business that may not otherwise be readily apparent solely from IFRS measures. Boardwalk management uses Adjusted EBITDA and Non-IFRS financial measures to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to assess Boardwalk's ability to meet its future expenditures and working capital requirements. Boardwalk believes that securities analysts, investors and other interested parties frequently use Adjusted EBITDA and Non-IFRS financial measures in the evaluation of publicly traded companies.

Non-IFRS net income (loss) is defined as net income (loss) before share-based payments, depreciation, certain financing and non-recurring or one-time items which may arise from time to time. Non-IFRS net income (loss) does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Non-IFRS net income (loss) should not be considered in isolation or as a substitute for net income (loss) reported in accordance with IFRS.

Adjusted EBITDA is defined as operating income (loss) for the period (as reported in the consolidated statement of loss and comprehensive loss) less depreciation and share-based payments, and other non-recurring expenses, such as severance costs.

Boardwalk has provided a comparison of net income (loss) to Non-IFRS net income (loss) and Adjusted EBITDA measures in the following tables:

<u>Non-IFRS Net Income (Loss)</u> <i>in thousands of U.S. dollars except per share amounts</i>	<u>for Three-month period ended</u>		
	<u>June 30, 2025</u>	<u>Mar 31, 2025</u>	<u>June 30, 2024</u>
Net Loss for the period	(\$939)	(\$1,126)	(\$802)
<u>Adjustments:</u>			
Share-Based Payments	111	113	201
Depreciation	77	77	78
Amortization of credit facility fees	16	15	16
<u>Loss on debt settlement</u>	<u>0</u>	<u>52</u>	<u>0</u>
<u>Total Adjustments</u>	<u>203</u>	<u>258</u>	<u>295</u>
Non-IFRS Net Loss	(\$736)	(\$868)	(\$507)
Non-IFRS amount per share, basic and diluted:	(\$0.01)	(\$0.02)	(\$0.01)

<u>Adjusted-EBITDA</u> <i>figures in U.S. dollars, thousands</i>	<u>for Three-month period ended</u>		
	<u>June 30, 2025</u>	<u>March 31, 2025</u>	<u>June 30, 2024</u>
Operating Loss for the Period	(\$828)	(\$942)	(\$685)
<u>Add back (deduct)</u>			
Depreciation	77	77	78
<u>Share-Based Payments</u>	<u>111</u>	<u>113</u>	<u>201</u>
Adjusted EBITDA	(\$640)	(\$752)	(\$407)

OVERVIEW

Our Company

Boardwalk was incorporated pursuant to the Business Corporations Act of British Columbia. The Company operates from locations in the United States and India and provides enterprise software-as-a-service (SaaS) to global customers.

Boardwalk designs and licenses industry-leading enterprise software solutions based upon its unique patented digital ledger technology. The Company has over 50 employees and full-time contractors at its Cupertino, California headquarters and its wholly owned subsidiary in Mumbai, India. Through its extensive data management/database technology expertise, Boardwalk was first to market in 2005 with a proprietary and patented positional, cell data management technology (aka “digital ledger”) - what we call “transaction chaining”- which addresses the digital transformation issues companies face when working with multiple parties and exchanging information in real-time. The Company’s solutions resolve two enterprise business problems – connecting multiple users in the enterprise value chain to improve planning and results and the alignment of data from various/multiple enterprise systems of record used in planning and information exchange processes. Boardwalk’s unique technology allows multiple users secure simultaneous access to the same data in a relational database environment which supports concurrent access to record objects while being edited. Another key enterprise problem that is solved with Boardwalk’s technology is the chaining of transactions in a database to support provenance and immutable versioning and change management/change history. Concurrent with the Company’s initial go-to-market activities, a patent was filed to protect the IP associated with versioned sharing, consolidating, and reporting enterprise information. Also, in 2014 the Company applied for a patent to protect the IP associated with cell-based data management and this patent was issued in September 2018 which coincides with an existing patent issued July 2005 for managing time-based data at the cell or atomic unit level. Boardwalk’s revenue comes primarily from new and recurring license subscription agreements, maintenance, and service contracts. Boardwalk’s customers include over 20 companies in the Global 1000 / Fortune 500.

On June 11, 2018, Boardwalk began trading on the TSX Venture Exchange under the symbol 'BWLK'; and on November 13, 2019, Boardwalk began trading on the OTC Markets Group/OTCQB under the symbol "BWLKF".

Products and Solutions

The Boardwalk Digital Ledger enterprise platform is a complete enterprise platform that resolves trust and collaboration issues companies face when working with multiple parties, which enables customers to automate manual business processes and turn them into enterprise “digital” applications using our patented digital ledger data management technology. The Boardwalk Digital Ledger platform can be used to build and maintain applications with multiple internal or external users working in Excel, a web form, or mobile environment as the user interface. The Company’s software supports a dynamic, cell-based/atomic unit smart contract and machine learning-enabled information exchange that combines Boardwalk’s temporal data management and enterprise integration environment with digital ledger-based trust and validation capabilities. The result is a private permissioned enterprise data management environment that supports time-based multi-party workflow transactions and consensus models for automating previously established manual-based processes and turning them into connected digital applications. The Company has developed two solutions that run on the core Boardwalk Digital Ledger technology including Boardwalk Velocity which is focused on the risk management and compliance within the financial services sector and Unity Central which is targeted at improving enterprise supply chain visibility and order execution fulfillment metrics.

Growth Strategy

Boardwalk’s objective is to be the leading provider of private permissioned digital ledger solutions for global enterprise customers of any size. Elements key to this strategy include:

- expand our network of direct sales people;
- expand our network of teaming partners and reseller sales channels;
- broader adoption of Boardwalk’s solutions by new markets and new customers;
- greater penetration of our existing customer base;
- introduction of new features and capabilities including digital predictive analytics;
- extending our digital ledger technology into an end-to-end operating system solution; and,
- delivering high ROI industry solutions like Velocity and Unity Central.

Sales and Distribution

Boardwalk primarily uses a direct sales model where the Boardwalk Digital Ledger enterprise platform creates a unique go-to-market opportunity for the Boardwalk solution. For direct sales, the Company uses regional sales representatives paired with a Sales Development Representative (SDR) who will guide lead development, with sales representatives on a standard back-end weighted commission plan while the SDR will have a base salary plus variable compensation. Boardwalk is also starting to grow its partner sales ecosystem by recruiting new teaming partners that can build and manage solutions for their clients with a focus in the financial services area leveraging the Boardwalk Velocity for financial services customers running on the Boardwalk Digital Ledger platform. Deployment and professional services for direct sales Boardwalk customers are handled by Boardwalk professional services group while deployment and professional services for teaming partner sales are mainly handled by the partner.

Boardwalk offers the Boardwalk Digital Ledger enterprise platform on an annual subscription basis, with pricing built around multiple digital applications and scale/size of data. Boardwalk engages enterprise clients with an annual subscription for the platform and associated applications and all platform capabilities are included such as:

- Boardwalk Digital Ledger Server;
- Boardwalk Application Design Studio;
- Boardwalk Integration Framework;
- Boardwalk Smart Contract engine;
- Boardwalk APIs;
- Boardwalk Virtual Machines (Nodes);
- Boardwalk Velocity product; and
- Boardwalk Unity Central product.

CURRENT PERIOD OPERATING RESULTS

Revenue

<i>in thousands of U.S. dollars</i>	<u>for Three-month period ended</u>		
	June 30, 2025	Mar 31, 2024	June 30, 2024
SaaS License (New and Renewals)	\$731	\$766	\$1,060
<u>Legacy (Hosting and Maintenance)</u>	<u>80</u>	<u>68</u>	<u>72</u>
Software Subscriptions and Service	\$811	\$834	\$1,131
Professional Services	104	144	118
Total Revenue	\$915	\$978	\$1,249

Boardwalk derives its revenues from two sources: (1) recurring software subscription revenues (SaaS), which are derived from customer licenses for a right to access the Company's cloud services, certain hosting services for dedicated servers, and from customers paying for additional services beyond the standard support that is included in the basic subscription fees; and (2) related professional services such as consulting, application development, quality assurance (QA), application delivery, and training. New revenue is defined as newly signed contracts during the reporting period for license subscriptions, while recurring or renewal revenue are revenue streams that have been extended from previous periods.

Q1 Fiscal 2026 compared to Q4 Fiscal 2025

Revenues for Q1 Fiscal 2026 totaled \$0.9 million, a 6% sequential decrease from \$1.0 million of revenue reported in Q4 Fiscal 2025. The portion of revenue from software and subscription service licenses decreased slightly by 3% versus Q4 Fiscal 2025. The portion of revenue from professional service revenue decreased 28% but at 11% of total revenue, it is still below expected long-term levels of 10-20%.

Q1 Fiscal 2026 compared to Q1 Fiscal 2025

Revenues for Q1 Fiscal 2026 totaled \$0.9 million, a 27% decrease from \$1.2 million of revenue reported in Q1 Fiscal 2025. The portion of revenue from new and recurring SaaS licenses decreased 28% due to the impact from two previously disclosed customers that did not renew due to internal reorganizations.

Revenue Derived from Major Customers

Based on information from our direct and reseller sales, our customers representing greater than 10% of our revenue for the periods are:

	<u>for Three-month period ended</u>		
	June 30, 2025	Mar 31, 2025	June 30, 2024
Customer A	54.6%	53.9%	31.2%
Customer B	0.0%	0.0%	28.0%
Customer C	9.1%	7.5%	10.2%
Top 5	75.5%	75.9%	77.8%
Top 10	87.4%	88.4%	87.8%

The Company's quarterly revenues can be impacted by and fluctuate due to the timing and frequency of new and existing customers. While we currently receive a substantial portion of our revenue from a limited number of customers, we expect our customer concentration to continue to decline in the future.

Gross Margin

Our revenue, cost of sales, and gross margin for the fiscal periods indicated are as follows:

<i>thousands of U.S. dollars</i>	June 30, <u>2025</u>	Mar 31, <u>2025</u>	June 30, <u>2024</u>
Revenue	\$915	\$978	\$1,249
<i><u>Cost of Sales</u></i>	<u>151</u>	<u>144</u>	<u>151</u>
Gross Margin \$	<u>\$764</u>	<u>\$834</u>	<u>\$1,099</u>
Gross Margin %	83.5%	85.3%	87.9%

Q1 Fiscal 2026 compared to Q4 Fiscal 2025

Gross margin for Q1 Fiscal 2026 was 83.5%, a 1.8%-point decrease from 85.3% for Q4 Fiscal 2025, due to lower revenue levels.

Q1 Fiscal 2026 compared to Q1 Fiscal 2025

Gross margin for Q1 Fiscal 2026 was 83.5%, a 4.4%-point decrease from 87.9% for Q1 Fiscal 2025, due to lower revenue levels.

The Company expects gross margins to return to prior levels at or about 90% as revenue growth resumes but does expect gross margins to fluctuate by quarter. The Company intends to make higher investments with its hosting sub-processor to support further growth, especially with deployment of new Velocity customers and Unity Central. That said, the Company expects gross margins in future quarters to increase as revenue grows, but the impact is likely to fluctuate period-to-period due to a variety of factors, including product mix.

Operating Expenses

The following table provides an analysis of the Company's total operating expenses plus adjusted operating expenses which exclude non-cash share-based compensation expenses, as a percentage of total revenue. The analysis following the table will primarily focus on the adjusted operating expenses for the respective periods.

<i>figures in U.S. dollars, thousands</i>	<u>for Three-month period ended</u>		
	June 30, <u>2025</u>	Mar 31, <u>2025</u>	June 30, <u>2024</u>
Total Operating Expenses	\$1,592	\$1,776	\$1,784
Total Adjusted Operating Expenses**	\$1,404	\$1,586	\$1,505

**** Total Adjusted Operating Expenses exclude non-cash share-based payment expenses and depreciation.**

Q1 Fiscal 2026 compared to Q4 Fiscal 2025

Total adjusted operating expenses in Q1 Fiscal 2026 were \$1.4 million, a \$0.2 million improvement versus \$1.6 million of adjusted operating expenses for Q4 Fiscal 2025. The \$0.2 million improvement in Q1 Fiscal 2026 was due to lower professional expenses, consulting and general administrative costs.

Q1 Fiscal 2026 compared to Q1 Fiscal 2025

Total adjusted operating expenses in Q1 Fiscal 2026 were \$1.4 million, a \$0.1 million improvement versus \$1.5 million of adjusted operating expenses for Q1 Fiscal 2025. The \$0.1 million improvement in Q1 Fiscal 2026 is due to lower net salaries and benefits (taking into account deferred compensation).

Other Expenses

Other expenses primarily consist of imputed interest related to office lease liabilities, which will fluctuate as leases expire or are extended and due to the passage of time plus credit facility interest and accretion and loss on debt settlement.

<i>figures in U.S. dollars, thousands</i>	<u>for Three-month period ended</u>		
	<u>June 30,</u> <u>2025</u>	<u>Mar 31,</u> <u>2025</u>	<u>June 30,</u> <u>2024</u>
Imputed interest	15	17	23
Accretion of credit facility	16	15	16
Loss on debt settlement	-	52	-
<u>Interest on credit facility</u>	<u>81</u>	<u>80</u>	<u>78</u>
Other Expenses, net	<u>112</u>	<u>164</u>	<u>117</u>

LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company has financed its operations primarily through the sale of equity securities, debt, and cash from operating activities.

Working capital

Working capital represents the Company's current assets less its current liabilities. The Company defines pro-forma working capital (a Non-IFRS metric) as working capital plus deferred revenue and the credit facility which matures in March 2027.

<i>in thousands of U.S. dollars</i>	<u>as at June 30,</u> <u>2025</u>	<u>as at March 31,</u> <u>2025</u>
Current Assets	\$ 496	\$ 1,181
Current Liabilities	<u>4,688</u>	<u>4,773</u>
Working Capital	\$ (4,191)	\$ (3,593)
Credit facility	\$ 2,505	\$ 2,622
Deferred Revenue	<u>478</u>	<u>707</u>
Working Capital (pro forma)	\$ (1,209)	\$ (263)

The Company reported a pro-forma working capital deficit of \$(1.2) million at June 30, 2025 (including \$0.1 million of cash and \$0.3 million of trade receivables) compared to \$(0.3) million pro-forma working capital deficit reported at March 31, 2025 (including \$0.4 million of cash and \$0.6 million of trade receivables). The three-month period change is primarily from a \$0.3 million decrease in cash, a \$0.1 million increase in accounts payable and accrued liabilities, and a \$0.3 million decrease in trade and other receivables from the invoicing of license renewals. It should be noted that deferred revenue of \$0.5 million reflects new and recurring licenses that are contractually non-refundable at the beginning of each annual license term, then recognized over the license term (amortizing the deferred revenue down), versus a liability expected to be paid in cash. It should be noted that a few large customers have negotiated the payment of their binding annual licenses on a quarterly basis which lowers absolute deferred revenue levels compared to historical levels of previous quarter.

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. Although the Company did not meet the gross working capital financial covenant at both March 31, 2025 and June 30, 2025, due to later than expected collection of certain receivables (as receivables are not included in the gross working capital covenant), the covenant was cured and accepted by the lender for each period. So, while IFRS requires the reclassification of the credit facility from long-term to current liabilities, as of June 30, 2025 and the date of this MD&A, the lender is not requiring repayment prior to the credit facility's March 2027 maturity date.

The Company expects working capital to improve as revenue growth occurs. While the Company plans to keep its targeted collection days in-line with its payment terms, aggregate trade receivables level should increase in absolute

dollars as revenue levels grow.

The following table shows our cash flows from operating activities, investing activities and financing activities for the periods indicated.

Cash inflows (outflows) by activity:	for Three-month period ended		
<i>in thousands of U.S. dollars</i>	June 30,	Mar 31,	June 30,
	<u>2025</u>	<u>2025</u>	<u>2024</u>
Operating Activities	(\$227)	(\$309)	(\$1,788)
Investing Activities	0	0	0
Financing Activities	(80)	472	(173)
Net Inflows (outflows)	<u>(\$306)</u>	<u>\$163</u>	<u>(\$1,962)</u>

Cash Flows Used in Operating Activities

Cash flows used in operating activities primarily consist of our net loss adjusted for non-cash expenses and for changes in non-cash working capital items. Non-cash adjustments to operating activities generally include depreciation, share-based payments and interest and financing fees. Changes in non-cash working capital items include changes in accounts receivable, which will increase as revenue increases, deferred revenue, and changes to accounts payable as we purchase more goods and services from suppliers to support such growth.

Q1 Fiscal 2026 compared to Q4 Fiscal 2025

During Q1 Fiscal 2026, the Company reported \$(0.2) million of cash flows used in operating activities versus \$0.3 million cash inflows from operating activities during Q4 Fiscal 2025 due primarily a \$0.2 million reduction in operating losses, a \$0.3 million decrease in trade receivable (from timing of renewals) plus \$0.1 increase in accounts payable and accrued liabilities, a \$0.1 million increase in deferred compensation, and a \$0.2 million decrease in deferred revenue versus Q4 Fiscal 2025.

Q1 Fiscal 2026 compared to Q1 Fiscal 2025

During Q1 Fiscal 2026, the Company reported \$(0.2) million of cash flows used in operating activities, a \$1.6 million improvement versus \$(1.8) million of cash flows used in operating activities during Q1 Fiscal 2025. The improvement between the two periods was due to a \$1.1 million decrease in trade receivables, a \$0.5 million increase in accounts payable and accrued liabilities and a \$0.6 million change in deferred revenue versus Q1 Fiscal 2025.

Cash Flows Used in Investing Activities

The Company did not engage in any investing activities (primarily related to the purchase of computers and other minor equipment) during the periods presented.

Cash Flows Provided by (Used in) Financing Activities

Q1 Fiscal 2026 compared to Q4 Fiscal 2025

During Q1 Fiscal 2026 the net cash used in financing activities was \$(0.1) million, related to \$0.1 million of interest on the new credit facility, \$0.1 million reduction in the credit facility and \$0.1 million of office lease payments, mostly offset by net share issue proceeds of \$0.2 million. During Q4 Fiscal 2025, the net cash provided by financing activities of \$0.5 million came primarily from net share issue proceeds of \$0.8 million, offset by \$0.1 million of interest on the credit facility, a \$0.1 million reduction in the credit facility and \$0.1 million of office lease payments,

Q1 Fiscal 2026 compared to Q1 Fiscal 2025

During Q1 Fiscal 2026 the net cash used in financing activities was \$(0.1) million compared to \$(0.2) million used in Q1 Fiscal 2025 which came solely from the first full quarter of interest payments on the credit facility plus \$0.1 million of office lease payments.

Subsequent Event

On July 25, 2025, the Company closed a non-brokered placement of 2,793,800 units at a price of CAD 0.13 per unit for gross proceeds of \$265,023 (CAD 363,194). Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of CAD 0.25 per share for a period of one year from the date of issuance. In connection with private placement, the Company paid \$12,783 (CAD 17,518) of commissions to qualified non-related parties and issued 134,750 finders' warrants exercisable at a price of CAD 0.25 per share for a period of one year from the date of issuance.

Share Capital

	Common shares	Common share warrants	Stock options	Restricted share units
Balance, March 31, 2024	64,449,149	17,865,722	885,000	8,358,875
Issued/granted	2,693,697	2,847,239		
Forfeited	-	-		
Balance, June 30, 2025	67,142,846	20,712,961	885,000	8,358,875
Issued/granted	2,793,800	2,928,550	-	-
Forfeited				
Balance, date of this MD&A	69,936,646	23,641,511	885,000	8,358,875

Off-Balance Sheet Arrangements

During the periods presented, the Company did not have, nor do we currently have, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks. The Company is exposed to credit risk and liquidity risk because of holding certain financial instruments. The Company is exposed to market risks related to financial instruments denominated in foreign currencies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management, with oversight governance by the Board of Directors.

Fair value

Boardwalk's financial instruments consist of cash, trade and other receivables, accounts payables and accrued liabilities and lease liabilities. The carrying amounts of the current financial instrument items approximate their fair value due to their short period to maturity. As at June 30, 2025, the Company measured all of its financial instruments at amortized cost.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and to a lesser degree from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade accounts receivable

Customer credit risk is managed through the Company's established policy, procedures and control relating to customer credit risk management. In order to further reduce charges for doubtful accounts, the Company has recently adopted new policies to ensure customer acceptance is explicitly confirmed in writing before an invoice is generated against recognized or deferred revenue.

Financial instruments and cash deposits

Credit risk from balances on deposit with banks and financial institutions is managed in accordance with the Company's policies. Investments of surplus funds are made only with approved counterparties and within credit limits approved for each of those counterparties. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Liquidity risk

The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents, managing cash from operations, and if required through financing activities.

As at June 30, 2025, the Company has not yet achieved profitable operations and has an accumulated deficit of \$56.3 million. Whether, and when, the Company can attain profitability and positive cash flows from operations indicate the existence of material uncertainty, which casts significant doubt upon the Company's ability to continue as a going concern. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so. While the Company has been successful in obtaining financing to date, there can be no assurance that it will be able to do so in future on terms favourable for the Company. The Company will need to raise capital in order to fund its operations and is in the process of closing an equity financing, via subscription agreements. This financing need may be adversely impacted by: uncertain market conditions, approval by regulatory bodies, and adverse results from operations. The Company believes it will be able to acquire sufficient funds to cover planned operations through the next twelve-month period from anticipated revenue growth during Fiscal 2026, continued credit access from its primary lender and other sources. The outcome of these matters cannot be predicted at this time.

Celtic Bank Credit Facility

The credit facility agreement with Celtic Bank 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 of the credit facility is defined as the sum of (1) cash on hand plus (2) the borrowing base less the outstanding principal balance of the loan. Uncollected receivables are not included in the loan agreement's unique definition of gross working capital. Per terms of the credit facility, all customer invoices are first paid to the Company's Celtic Bank account and applied against the outstanding credit balance, before being drawn (transferred) to the Company's commercial bank account. The financial covenant was not initially met as at March 31, 2025 but was cured (returned to compliance) upon receipt of overdue receivables and accepted by the lender as of June 2, 2025. Likewise, the Company did initially meet the financial covenant as at June 30, 2025 but it was subsequently cured. Even though the breaches and cures were accepted by the lender, IFRS requires the reclassification to a current liability as a 12-month waiver was not obtained on or before each balance sheet date as the preliminary figures were not closed and available until a short time after each balance sheet date.

As at June 30, 2025, the contractual maturities of the Company's financial liabilities are as follows:

<i>in thousands of U.S. dollars</i>	Carrying amount	Contractual	From balance sheet date	
			1 year	2 years
Accounts payable and accrued liabilities	\$1,050	\$1,050	\$1,050	
Credit Facility	2,505	2,614	-	2,614
Lease liability	538	580	302	278
Deferred Compensation	295	295	295	-
	\$4,388	\$4,539	\$1,647	\$2,892

Foreign currency risk and interest rate risk

The Company was not exposed to any significant foreign currency risk or interest rate risk as at or during the three months ended June 30, 2025.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred in the three months ended June 30, 2025 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with IFRS Accounting Standards requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the reporting period. The actual results experienced by us may differ materially and adversely from our estimates. To the extent there are material differences between our estimates and actual results, our future results of operations will be affected. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected. The Company's significant judgments and estimates are disclosed in Note 4 of the audited March 31, 2025 consolidated financial statements.