

Boardwalktech Reports Third Quarter Fiscal 2019 Financial Results

Continued growth based on new go-to-market strategy

CUPERTINO, CA, Feb. 27, 2019 /CNW/ - (TSXV:BWLK) – Boardwalktech Software Corp. ("Boardwalktech"), a leading digital ledger platform and enterprise software solutions company, reported its financial results for the three and nine month periods ended December 31, 2018. All figures are reported in U.S. dollars (\$), unless otherwise indicated. Boardwalktech's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Financial Highlights:

- Revenues for Q3-FY19 grew to \$1.4 million, a 26% year-over-year increase from \$1.1 million of revenue in the Q3-FY18, and an 11% sequential increase from revenue of \$1.2 million in Q2-FY19. This revenue growth reflects higher bookings from the Company's strategy and focus on recurring "SaaS" software subscription sales of the Company's proprietary Enterprise Blockchain Digital Ledger platform;
- Gross margin for Q3-FY19 was 90.2%, a 1.8%-point sequential increase from the 88.4% level in the second quarter, and a 1.8%-point increase from the previous year's level of 88.3. Both the year-over-year and sequential improvements are primarily due to better economies of scale from higher revenue levels, higher levels of revenue per customer, and better data center hosting efficiencies;
- IFRS comprehensive income for Q3-FY19 was a loss of \$(1.5) million, or earnings of \$(0.15) per basic and diluted share. This is compared to income of \$1.5 million, or earnings of \$0.15 per basic and diluted share for Q2-FY19 and a \$(0.3) million loss in Q3- FY18, or \$(0.03) per basic and diluted share;
- Non-IFRS net loss for Q3-FY19 (as defined in the Non-IFRS Financial Measures section) totaled \$(0.9) million, or a loss of \$(0.09) per basic and diluted share, an improvement versus a \$(1.2) million non-IFRS loss, or \$(0.12) per share, in Q2-2019 and \$(0.3) million in Q3-FY18, or a loss of \$(0.03) per share. The quarter-over-quarter improvement is mainly due to higher revenue, better margins, and lower operating expenses; while the year-over-year change was mainly due to costs from the Company's going public transaction, new experienced hires, and deferred payroll in the prior year;
- Adjusted EBITDA for the third quarter of FY19 was a loss of \$(0.7) million, an improvement from the \$(0.9) in the second quarter of FY19;
- During the six months since its RTO transaction in the first quarter of FY19, the Company has reduced its debt with SQN Venture Income Fund from \$7.3 million to \$4.88 million as of December 31, 2018;
- Subsequent to the end of the third quarter of FY19, the Company closed the first tranche of a non-brokered private placement on February 22, 2019 for net proceeds of \$0.5 million; and

- Bookings outlook for the fourth quarter of FY19 look to be similar to the bookings growth experienced in Q3-FY19, and is on pace to be double the levels in the second quarter of FY19, as the impact from the Company's go-to-market strategy and new sales force investment (both done in June) are realized.

Operational Highlights:

- Announced that a new essential patent has been granted by the USPTO for Cell Based Data Management.
- Expanded traction with three existing Fortune 100 customers (one each in consumer electronics, apparel retail, professional services/tax) adding additional applications and services on the Boardwalk Blockchain Platform reflecting deeper penetration and expansion within our existing customer base.
- Completed work and launched a new Machine Learning module/product, at National Retail Federation (NRF) 2019 in January, and is now a part of the Boardwalk Enterprise Blockchain Digital Ledger Platform

"Market traction continues to build as companies globally are focused on getting to a 100% digital state for all of their customer, supplier and internal processes. Over the past three quarters, we have made great progress toward our objective of being the leading provider of private permissioned enterprise blockchain solutions for global enterprise customers. Our SaaS-based revenue model provides steady results as we continue to expand programs with current customers and secure new contracts to drive our pipeline of new customers. At the same time, we are successfully controlling costs in our push toward profitability" said Andrew T. Duncan, President and CEO of Boardwalktech Software Corp. "Looking forward, with a strengthened balance sheet and steadily improving cash usage, we will focus on continuing to capture market share, delivering solid margins while keeping pace with global demand for enterprise blockchain solutions."

About Boardwalktech Software Corp.

Founded in 2004, Boardwalktech has developed a patented, robust, digital ledger technology that allows for multi-party collaboration and verification on a trusted, shared, secure, and private information cloud. Our Boardwalk Enterprise Blockchain Digital Ledger Platform is in use today by 25 of the Fortune 500 and allows rapid blockchain application development on many platforms using any user interface, supporting "smart contract" business logic, integration with legacy systems and an easy method of connecting all participants (through Boardwalk virtual machines) enabling the exchange of secure and validated digital business information.

Boardwalktech is headquartered in Cupertino, California with offices in India and operations in North America. For more information on Boardwalktech, visit our website at www.boardwalktech.com.

Forward-Looking Information and Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information

and statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved".

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

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

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

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