

Boardwalktech Reports First Quarter Fiscal 2019 Financial Results

CUPERTINO, CA, Aug. 30, 2018 /PRNewswire/ - (TSXV: BWLK) – Boardwalktech Software Corp. ("Boardwalktech"), a leading enterprise blockchain software company, reported its financial results for the three month period ended June 30, 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").

Operational Highlights for Q1-FY19:

- Completed a business combination resulting in the Company's common shares being listed on the TSX Venture Exchange (TSX-V);
- Completed financing of \$7.8M (CAD \$10.1M), used to fund the Company's new go-to-market strategies;
- Strengthened the management team with the appointment of Charlie Glavin as Chief Financial Officer in June; and
- Subsequent to the quarter end, Boardwalktech secured a significant contract with a leading professional services firm.

Financial Highlights for Q1-FY19:

- Revenues for Q1-FY19 totaled \$1.0 million, an 8% decrease from \$1.1 million of revenue in Q1-FY18, primarily due to a \$0.2 million decline in revenue from professional services. This was expected as part of our strategy to shift our focus to recurring software subscription sales of our Blockchain Platform while new and recurring revenue from software subscriptions and services increases in both absolute and relative terms;
- Approximately 70% of revenue in Q1-FY19 came from new and recurring software subscription licenses, with the remainder of revenue derived from professional services. This level is up from 55% in Q1-FY18. The Company expects this level of revenue contribution from new and recurring software subscription licenses and services to continue to increase as bookings continue to rise from the Company's recently implemented sales force expansion and new go-to-market campaign;
- Gross margin for Q1-FY19 was 85.4%, a 0.6%-point increase from the previous year's level of 84.8%, primarily due to a better product mix from higher percentage of license and subscription revenue, inclusive of a portion of consulting expenses that was reclassified from operating expenses to cost of sales (an impact to 1Q-FY19 and 1Q-F18 margins of 4.5% and 4.9%, respectively);
- IFRS comprehensive loss for Q1- FY19 was \$(9.3) million, or a loss of \$(1.46) per basic and diluted share. This is compared to a loss of \$(0.5) million in Q1-FY18, or \$(0.13) per basic and diluted share. Most of this loss is due to one-time and non-cash costs associated with our financing and reverse takeover transaction.
- Non-IFRS net loss for Q1-FY19 (as defined in the Non-IFRS Financial Measures

- section) totaled \$(0.7) million, versus a \$(0.5) million non-IFRS loss in Q1- FY18; and
- Ended the quarter with cash and cash equivalents of \$3.7 million.

"Our new status as a public company has advanced our efforts to deliver the Boardwalk Blockchain Platform to additional Fortune 500 customers and generate significant returns for our investors. As the first company to develop a now patented digital ledger database designed to deliver collaborative multi-party enterprise applications, we believe that the successful listing of our common shares on the TSX Venture Exchange this quarter presents the opportunity to expand awareness of the Company," said Andrew T. Duncan, President and CEO of Boardwalktech Software Corp. "Since inception, we have developed mission critical software, with expertise and focus now on Blockchain technology and products for the extended enterprise. Today we have made considerable progress, strengthening our intellectual property, advancing product development of our Blockchain Platform and securing companies of all sizes, in wide ranging industries, including over 25 companies in the Fortune 500 who are running mission critical processes on the Boardwalk Blockchain Platform. Bookings continue to meet or exceed our expectations, and Boardwalktech is well positioned to continue digitizing enterprise data and increasing our market share in the enterprise software solutions industry."

Evaluation of Prior Valuation

During the course of the preparation of its condensed interim consolidated financial statements, Boardwalktech management, through discussions with its auditors MNP LLP, became aware of potential errors in the accounting treatment of certain Financial Instruments, related to prior loans and warrants with SQN Venture Partners, and whether these warrants should have been accounted for as liabilities or equity. The warrants in question were converted into common shares upon close of the Company's reverse merger transaction, and no longer exist. Boardwalktech concluded that it would be prudent to undertake a further independent review of the prior financial results for fiscal years ending March 31, 2018, 2017, and 2016 which had previously been audited by MNP LLP. At this time, based on an assessment conducted by management, the Company believes these errors do not have a material impact on comparative figures and does not affect the financial health of the business.

More specifically, these potential non-cash valuation errors came from loans and two subsequent amendments to those loans conducted with SQN Venture Partners between March 1, 2016 and December 13, 2017. Further, it was discovered that certain warrants issued in connection with those loans and amendments had ratchet provisions which should have prevented them from being recognized as equity instruments. Boardwalk as of the filing of this interim report and its initial review, has determined the following; that:

- These errors did not impact cash during any of the periods in question;
- These errors were not the result of any internal control issues;
- These errors did not impact any matters relating to the capital structure of the Company or its outstanding securities; and,
- These errors did not impact the removal of Boardwalk's prior Going Concern disclosures following the completion of its reverse takeover transaction with Wood Composite Technologies Inc.

Boardwalktech's condensed interim consolidated financial statements and

management's discussion & analysis ("MD&A"), for the three-month period ended June 30, 2018, are available via Boardwalktech website at www.boardwalktech.com and will be available on SEDAR at www.sedar.com.

About Boardwalktech Software Corp.

Founded in 2004, Boardwalktech has developed a patented digital ledger technology that allows for multi-party collaboration and verification on a trusted, shared, secure, and private information cloud. Our Boardwalk Enterprise Blockchain data management platform 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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