

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE THREE MONTHS AND YEARS ENDED MARCH 31, 2022 AND 2021

DATED: JUNE 28, 2022

This Management's Discussion and Analysis ("MD&A") for the three months and years ended March 31, 2022 and 2021 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 March 31, 2022 audited annual consolidated financial statements and accompanying notes. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in United States dollars ("USD"), unless otherwise stated. In this MD&A, unless otherwise noted, all dollar amounts are expressed in USD. References to "CAD" are to Canadian dollars. The information contained herein is current to June 28, 2022, 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 ended on March 31, 2022 is referred to as "current fiscal year", "Fiscal 2022" or similar words. The previous fiscal year, which ended on March 31, 2021, is referred to as "previous fiscal year", "Fiscal 2021" or similar words. The three-month quarter ended March 31, 2022 may be referred to as "Q4 Fiscal 2022" and the comparative three-month quarter ended March 31, 2021 may be referred to as "Q4 Fiscal 2021".

In this document unless otherwise specified, "we", "us", "our", "Company" and "Boardwalk" all refer to Boardwalktech, Inc. 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 and Indian Rupee, 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

Total revenue for Fiscal 2022 was \$4.4 million compared to \$4.3 million for Fiscal 2021. While this represented a 1% annual increase from prior year levels, revenue in Q4 Fiscal 2022 was up 23% year-over-year and up 13% sequentially, reflecting the initial impact of deals closed late in the final quarter. The portion of revenue from new and recurring SaaS licenses in Q4 Fiscal 2022 increased 31% year-over-year due to higher revenue from incremental licenses executed with both new and existing customers. It should be noted that the full impact of deals closed in the final month of the year will not be fully reflected in the quarterly figures.

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 March 31, 2022 was \$3.7 million, a 30% year-over-year increase versus ARR of \$2.8 million at March 31, 2021.

Gross margin for Fiscal 2022 was 86.6%, a slight 0.2%-point increase from the previous year's level of 86.4%, while Q4 Fiscal 2022 gross margin was 87.9% due to higher revenue levels. Prior investments in dedicated servers have already been adopted by some new customer projects, meaning that hosting costs should see good economies of scale as projects ramp in volume, resulting in potential gross margin expansion.

The Company finished Fiscal 2022 with a strong balance sheet both in terms of cash balances and high receivables from new and renewing annual licenses, to enable it to fund its current growth projections and achieve profitability this year. As at March 31, 2022, the Company had no debt and reported positive working capital of \$0.1 million.

Net loss for Fiscal 2022 was \$(3.53) million, or a loss of \$(0.08) per basic and diluted share, versus a net loss of \$(3.60) million in Fiscal 2021, or \$(0.15) per basic and diluted share. Adjusted operating expenses in Fiscal 2022 totaled \$5.5 million, a slight increase from the \$5.4 million of adjusted operating expenses during Fiscal 2021, as the Company continues to control costs while leveraging external partnerships to increase new revenue.

Non-IFRS net loss for Fiscal 2022 improved 14% (as defined in the Adjusted EBITDA and Non-IFRS Financial Measures section) totaling \$(2.0) million, or a loss of \$(0.05) per basic and diluted share, versus a \$(2.4) million non-IFRS loss in Fiscal 2021, or a loss of \$(0.10) per basic and diluted share, with a 40% improvement in non-IFRS losses during Q4 Fiscal 2022 over the prior year. Adjusted EBITDA for Fiscal 2022 was \$(1.9) million, compared to Adjusted EBITDA of \$(1.7) million in Fiscal 2021. Adjusted EBITDA losses improved by 24% in Q4 Fiscal 2022 versus Q4 Fiscal 2021, even though the full impact of new licenses that closed at the end of Fiscal 2022 did not reflect a full quarter of amortized revenue.

Subsequent Events:

On April 6, 2022, all 1,814,417 vested restricted share units (RSUs) were converted to common shares of the Company.

OUTLOOK

Guidance for Fiscal Year 2023:

Based upon the Company's recent contract closings and those in process of closing, the Company projects revenue for the upcoming fiscal year to be \$6.5 million to \$7.0 million (or roughly 55% growth at its mid-point). Over 95% of the incremental growth in this initial guidance is expected from recurring license revenue. This does not preclude any additional professional service revenue above this guidance, just that this guidance does not assume any revenue growth based on professional services. The Company is giving this guidance as the revenue from recently announced contracts has yet to be fully reflected in the financial results for Fiscal 2022 as the revenue from contracts closed late in Q4 Fiscal 2022 and in the first two quarters of Fiscal 2023 are recognized as revenue over the respective terms of the licenses, and reported in future interim financial statements. This initial guidance is not based on pipeline potential but based on what is in the Company's control or already closed. As the Company continues to make additional progress, the Company may increase guidance accordingly, though investors should not expect this annual guidance to be updated with each interim quarter.

The Company has sufficient funds and current receivables such that it does not need to, nor does it plan to do any equity financing events to achieve its guidance or upside growth, while reaching profitability during the next year.

Since the Company implemented its SaaS business model in 2018, total revenue from new contracts signed since 2018 comprised approximately 73% of total revenue in Fiscal 2022, compared to 65% in the prior year, but nearly 95% of total revenue in Q4 Fiscal 2022, expanding at a 46% compound annual growth rate ("CAGR"). Revenue from new SaaS licenses signed since 2018 has grown at a 50% CAGR. We believe the negative effects of pre-2018 legacy customers have now subsided as these legacy customers have either migrated to recurring license or stabilized. The Company expects the contribution from professional services will continue to grow in absolute dollars over time but decrease as a percentage of total revenue, though levels are expected to fluctuate on a quarter-by-quarter basis as new projects commence and the timing of when milestones are completed. The Company believes that a large portion of its professional services revenue will be ongoing, and even recurring, as customers partner with Boardwalk's expertise to find new methods and new applications for utilizing Boardwalk's unique digital ledger platform.

Despite the dislocations caused by COVID-19, the aggregate sales pipeline (by specific customer, project, target closing and factored contribution) is a robust \$7.5 million, based solely upon expected revenue in the first year that a contract closes, not over the economic life of the engagement. The pipeline figure is separate from and potentially additive to the amount given in the \$6.5 million to \$7.0 million revenue guidance. We believe the breadth and size of that pipeline reflect these prospective customers' demand and need for our real-time digital ledger platform by enterprises struggling with managing compliance, tracking, security, real-time accurate decisions, and still maintaining data quality and provenance, while addressing new structured and unstructured data challenges.

The Company views its \$7.5 million sales pipeline as genuine, given explicit customer demand for specific projects that our real-time digital ledger platform provides. The Company did see a variety of sales cycles ranging from just a few months to 6-9 months for broader enterprise deployments (requiring increased diligence work). However, the Company believes the closure of the Company's first financial services client did not reflect an elongated sales cycle but rather an expansion, as the deal actually grew by 4-5x from the amount expected out of the pipeline. The Company

does encounter competitive solutions that tend to be on the low-end, less comprehensive, limited, or have inferior technology, but the Company believes the biggest competition tends to be internal (or “not invented here” efforts), so the Company needs to work with IT departments (and their security, compliance needs) as business owners embrace the ROI that the Boardwalk platform provides.

While the Company’s initial revenue guidance for Fiscal 2023 does not rely upon conversion of its pipeline, the Company does expect upside to that guidance from incremental revenue in future quarters, and years, as the Company’s dedicated sales force closes additional contracts within its sales pipeline. Further, the Company expects new sales and marketing investments, including those around the recently introduced product extension for its Unity Central product and new engagements in the financial services market to take two to three quarters for new software subscription sales (SaaS) to occur and impact financials.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth selected financial information derived from the Company’s audited annual consolidated financial statements for the fiscal years ended March 31, 2022 and March 31, 2021. The selected quarterly financial information was prepared in accordance with IAS 34 in a manner consistent with the Company’s annual financial statements.

<i>in thousands of U.S. dollars except per share amounts</i>	<u>for Three-month period ended</u>			<u>Fiscal Year, ended</u>	
	Mar 31, <u>2022</u>	Dec 31, <u>2021</u>	Mar 31, <u>2021</u>	Mar 31, <u>2022</u>	Mar 31, <u>2021</u>
Revenue	\$1,197	\$1,056	\$976	\$4,375	\$4,343
Cost of sales	145	139	140	587	589
Gross Profit	<u>\$1,053</u>	<u>\$917</u>	<u>\$836</u>	<u>\$3,788</u>	<u>\$3,753</u>
SG&A expenses *	\$1,507	\$1,419	\$1,431	\$5,716	\$5,428
Share-based payments	503	491	41	1,265	434
Depreciation	120	73	71	337	269
Operating Income/(Loss)	<u>(1,077)</u>	<u>(1,066)</u>	<u>(707)</u>	<u>(3,530)</u>	<u>(2,378)</u>
Interest (term loan)	\$0	\$0	\$197	\$0	\$641
Imputed interest, rent concessions	21	16	(14)	\$19	\$582
Financing costs & other expenses	-	-	586	0	0
Loss before taxes	<u>(\$1,098)</u>	<u>(\$1,082)</u>	<u>(\$1,476)</u>	<u>(3,549)</u>	<u>(3,601)</u>
Taxes	15	-	10	(14)	1
Loss for the period	<u>(\$1,112)</u>	<u>(\$1,082)</u>	<u>(\$1,486)</u>	<u>(\$3,535)</u>	<u>(\$3,601)</u>
Loss per share, basic and diluted	<u>(\$0.03)</u>	<u>(\$0.03)</u>	<u>(\$0.04)</u>	<u>(\$0.08)</u>	<u>(\$0.15)</u>

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

<i>in thousands of U.S. dollars</i>	as at March 31,	as at March 31,
	2022	2021
Current assets		
Cash	\$ 869	\$ 3,101
Trade and other receivables	2,515	494
Prepaid expenses and deposits	153	115
Share subscriptions receivable	-	116
Total current assets	\$ 3,537	\$ 3,825
Total non-current assets	449	652
Total assets	\$ 3,986	\$ 4,477
Current liabilities		
Account payables and accrued liabilities	\$ 412	\$ 399
Deferred revenue	2,647	938
Deferred compensation	0	15
Current portion of lease liability	374	215
Total current liabilities	\$ 3,432	\$ 1,567
Lease Liability	128	431
Total Liabilities	\$ 3,560	\$ 1,999
Shareholder Equity	\$ 426	\$ 2,478
Total Liabilities and Shareholders' Equity	\$ 3,986	\$ 4,477

ADJUSTED-EBITDA AND NON-IFRS FINANCIAL MEASURES

In addition to disclosing results in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”), the Company also provides supplementary 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 of operational performance from management’s perspective. In particular, Boardwalk uses Adjusted-EBITDA and non-IFRS 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 measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to assess Boardwalk’s ability to meet its future capital expenditure and working capital requirements. Boardwalk believes that securities analysts, investors and other interested parties frequently use Adjusted-EBITDA and non-IFRS measures in the evaluation of issuers.

Non-IFRS net income (loss) is defined as net income (loss) before share-based payments, depreciation, accretion of term loan financing fees, loss on de-recognition of term loan, loss on debt-to-equity conversion of term loan, forgiven loan and COVID-19 related rent concessions. 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) from operations should not be considered in isolation or as a substitute for income (loss) reported in accordance with IFRS.

Adjusted EBITDA is defined as net income (loss) for the period less term loan interest and financing costs, rent concessions and imputed interest, depreciation and share-based payments.

Boardwalktech has provided a comparison of net income (loss) to non-IFRS 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>Fiscal Year, ended</u>	
	Mar 31, <u>2022</u>	Dec 31, <u>2021</u>	Mar 31, <u>2021</u>	Mar 31, <u>2022</u>	Mar 31, <u>2021</u>
Net Income (Loss) for the period	(\$1,112)	(\$1,082)	(\$1,486)	(\$3,564)	(\$3,610)
<u>Adjustments:</u>					
Share-Based Payments	503	491	41	1,265	434
Depreciation	120	73	71	337	269
Financing costs	0	0	181	0	444
(Gain) loss on de-recognition of term loan	0	0	990	0	806
Forgiveness of PPP loan	0	0	(700)	0	(700)
Rent concessions	0	0	(28)	(57)	(110)
<u>Total Adjustments</u>	<u>623</u>	<u>564</u>	<u>670</u>	<u>1,545</u>	<u>1,257</u>
Non-IFRS Net Income (Loss)	(\$489)	(\$518)	(\$816)	(\$2,018)	(\$2,353)
Non-IFRS amount per share, basic and diluted:	(\$0.01)	(\$0.01)	(\$0.04)	(\$0.05)	(\$0.10)

<u>Adjusted-EBITDA</u> <i>figures in U.S. dollars, thousands</i>	<u>for Three-month period ended</u>			<u>Fiscal Year, ended</u>	
	March 31, <u>2022</u>	Dec 31, <u>2021</u>	March 31, <u>2021</u>	March 31, <u>2022</u>	March 31, <u>2021</u>
Operating Income (Loss) for the Period	(\$1,077)	(\$1,066)	(\$707)	(\$3,530)	(\$2,378)
<u>Add back (deduct)</u>					
Depreciation	120	73	71	337	269
<u>Share-Based Payment expenses</u>	<u>503</u>	<u>491</u>	<u>41</u>	<u>1,265</u>	<u>434</u>
Adjusted EBITDA	(\$454)	(\$502)	(\$595)	(\$1,929)	(\$1,675)

OVERVIEW

Our Company

Boardwalktech Software Corp. (“Boardwalk” or the “Company”) 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 primarily 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 Enterprise Digital Ledger 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.

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 reseller sales channels;
- broader adoption of Boardwalk’s solutions by new markets and new customers;
- greater penetration of our existing customer base;
- expand internationally;
- introduction of new features and capabilities specifically focused on digital AI and Machine Learning; and
- extending our digital ledger technology into an end-to-end operating system solution.

Sales and Distribution

Boardwalk uses primarily a direct sales model where the Boardwalk Enterprise Digital Ledger 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 reps 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 reseller partner sales program by recruiting new partners that can build and manage solutions for their clients leveraging Boardwalk and the Boardwalk Enterprise Digital Ledger Platform. Deployment and professional services for direct sales Boardwalk customers will be handled by Boardwalk professional services group while deployment and professional services for reseller partner sales will be mainly handled by the partner.

Boardwalk offers the Boardwalk Enterprise Digital Ledger Platform based on annual subscriptions, 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; and
- Boardwalk Virtual Machines (Nodes).

Corporate Developments

- On January 26, 2021, the Company closed CAD\$10,000,375 (\$7,829,166) of gross proceeds from an upsized and oversubscribed brokered offering led by Echelon Wealth Partners Inc., consisting of 14,286,250 Units subscribed at a price of CAD \$0.70 per Unit and concurrently with the completion of the brokered offering,

the Company also issued 540,000 Units on a non-brokered basis on equivalent commercial terms for gross proceeds of \$295,369 (CAD \$378,000); with each Unit including one-half of one common share purchase warrant at a price of CAD \$0.90 per common share for a period of 24 months from the closing date.

- On March 22, 2021, the Company and SQN agreed to a final payoff, which pursuant to the terms of the Transaction, the Company issued 2,242,568 common shares to SQN at a deemed price per common share of US\$0.66 to settle US\$1,480,095 of principal indebtedness (upon approval of March 10, 2021 Shares for Debt submission) and paid the balance of \$3,413,047 in cash, which represents all principal, interest, prepayment fees, liabilities and other indebtedness owed by the Company to SQN.
- On April 21, 2021, the Company announced it had received final confirmation that it was granted full forgiveness of its \$700,100 Payroll Protection Program loan.
- On May 18, 2021, the Company announced it had been selected by a Fortune 50 social media company to deliver new applications for data management and supply chain, with additional applications and licenses expected.
- On June 15, 2021, the Company announced it had signed the first recurring license with an existing Fortune 10 customer.
- On July 26, 2021, the Company announced it had expanded its relationship with Sekisui Specialty Chemicals to both add a second application and expand its current Sales & Operations Execution (S&OE) application for its demand, supply, and allocation planning (DSAP).
- On September 23, 2021, the Company announced it had signed a new recurring license with an existing North American Fortune 500 multinational consumer products customer. This second application would surround tracking and managing product formulas for products that are distributed globally, with revenue in the first year expected to exceed \$150,000.
- On December 20, 2021, the Company announced that it had expanded its business footprint with a major European based broadcasting and media, to implement its second application on the Boardwalk Digital Ledger Platform. First year total revenue from this new application was projected to exceed US\$160,000 for this client with more expected in 2022, comprising both recurring revenue and professional services.
- On January 4, 2022, the Company announced that it had signed an engagement with Harbor Access LLC to improve its investor relations services along with engaging in cross-border IR activities and services.
- On March 1, 2022, the Company announced that its common shares became eligible for electronic clearing and settlement through the Depository Trust Company (DTC). Since then, the Company's common shares also became FAST eligible. DTC eligibility is expected to simplify the process of trading and enhance the liquidity of the Company's common shares in the United States. On April 18, 2022, the Company also migrated its transfer agent services to Odyssey Trust Company to further simplify and improve the processing of Company's common share and improve liquidity.
- On March 7, 2022, the Company announced it had signed a third recurring license with an existing North American Fortune 500 multinational consumer products customer, reflecting the Company's "land and expand" strategy. This new application will automate managing their global excess inventory by automating this process on the Boardwalk Digital Ledger low-code application platform, with revenue in the first year expected to exceed \$150,000.
- On March 31, 2022, the Company announced it had signed a long-term recurring license agreement with one of the world's largest banking and financial services companies based in New York, with a focus on compliance, risk, data management, and business process improvement. This new client was brought via a teaming agreement with an existing Boardwalktech client/partner, with the Company projected to recognize net proceeds (i.e., Adjusted-EBITDA) in excess of \$4 million over the first three years of the contract.
- On April 25, 2022, the Company announced it had signed its second banking client via a new license contract with a major India bank.
- On June 3, 2022, the Company announced results of its Annual and Special Meeting, where shareholders elected all proposed Directors, appointed MNP LLP as auditors of the Company and approved an amendment to the Equity Incentive Plan.

CURRENT PERIOD OPERATING RESULTS

Revenue

<i>in thousands of U.S. dollars</i>	<u>for Three-month period ended</u>			<u>Fiscal Year, ended</u>	
	Mar 31, <u>2022</u>	Dec 31, <u>2021</u>	Mar 31, <u>2021</u>	Mar 31, <u>2022</u>	Mar 31, <u>2021</u>
SaaS License (New and Renewals)	\$641	\$484	\$484	\$2,151	\$2,146
<u>Legacy (Hosting and Maintenance)</u>	95	89	78	351	532
Software Subscriptions and Service	\$737	\$573	\$562	\$2,502	\$2,678
Professional Services	461	483	414	1,873	1,665
Total Revenue	\$1,197	\$1,056	\$976	\$4,375	\$4,343

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.

Q4 Fiscal 2022 compared to Q4 Fiscal 2021

Total revenue of \$1.2 million for Q4 Fiscal 2022 increased by 23% from revenue of \$1.0 million in Q4 Fiscal 2021. The year-over-year increase was primarily due to a 31% year-over-year increase in subscription licenses and a small impact from older, legacy supplemental hosting and premium maintenance services contract.

Q4 Fiscal 2022 compared to Q3 Fiscal 2022

Revenue of \$1.2 million for Q4 Fiscal 2022 represented a 13% sequential increase from \$1.05 million of revenue in Q3 Fiscal 2022, mostly due to a 29% increase in subscription licenses revenue. Again, this subscription license revenue in Q4 Fiscal 2022 only reflects one month of amortized revenue from the recently announced large contracts. Legacy revenue was flat at \$0.1 million, as the Company does not believe this will be a negative drag in future quarters as legacy customers stay or migrate to recurring licenses.

Fiscal 2022 compared to Fiscal 2021

Total revenue for Fiscal 2022 was \$4.4 million compared to \$4.3 million for Fiscal 2021. While this represented a 1% annual increase from prior year levels, revenue in Q4 Fiscal 2022 was up 23% year-over-year and up 13% sequentially, reflecting the initial impact of contracts closed late in the final quarter. The portion of revenue from new and recurring SaaS licenses in the fourth quarter of Fiscal 2022 increased 31% year-over-year due to higher revenue from incremental licenses executed with both new and existing customers.

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>			<u>Fiscal Year, ended</u>	
	Mar 31, <u>2022</u>	Dec 31, <u>2021</u>	Mar 31, <u>2021</u>	Mar 31, <u>2022</u>	Mar 31, <u>2021</u>
Customer A	39.9%	44.6%	40.9%	41.6%	45.4%
Customer B	11.6%	19.4%	8.8%	10.3%	2.0%
Customer C	12.6%	0.0%	0.0%	0.0%	0.0%
Top 5	74.7%	78.3%	70.9%	69.6%	68.3%
Top 10	87.2%	89.5%	85.2%	84.2%	82.7%

Currently, 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>	<u>for Three-month period ended</u>			<u>Fiscal Year, ended</u>	
	Mar 31, <u>2022</u>	Dec 31, <u>2021</u>	Mar 31, <u>2021</u>	Mar 31, <u>2022</u>	Mar 31, <u>2021</u>
Revenue	\$1,197	\$1,056	\$976	\$4,375	\$4,343
<u>Cost of Sales</u>	<u>145</u>	<u>139</u>	<u>140</u>	<u>587</u>	<u>589</u>
Gross Margin \$	<u>\$1,053</u>	<u>\$917</u>	<u>\$836</u>	<u>\$3,788</u>	<u>\$3,753</u>
Gross Margin %	87.9%	86.8%	85.7%	86.6%	86.4%

Q4 Fiscal 2022 compared to Q4 Fiscal 2021

Gross margin reported in Q4 Fiscal 2022 was 87.9%, a 2.1%-point improvement versus 85.7% reported in Q4 Fiscal 2021, due primarily to higher revenue levels and new dedicated hosting contributions

Q4 Fiscal 2022 compared to Q3 Fiscal 2022

Gross margin of 87.9% for Q4 Fiscal 2022 was a 1.1%-point improvement from the 86.8% level in Q3 Fiscal 2021, due to primarily to higher revenue levels and new dedicated hosting contributions.

Fiscal 2022 compared to Fiscal 2021

Gross margin for Fiscal 2022 was 86.6%, a slight 0.2%-point increase from the previous year's level of 86.4%, as most of the revenue and gross margin improvement occurred towards the end of Fiscal 2022, while the beginning of Fiscal 2022 reported lower COVID and legacy related revenue levels while the Company made certain investments in hosting and dedicated servers.

As revenue levels increase, and further economies of scale are realized, the Company expects gross margin levels to expand from levels recognized in Fiscal 2022, but may fluctuate period-to-period due to a variety of factors, including the average prices of our products and services, our product mix, the timing and pass-through of cost reductions to our customers, as well as the timing of signing and entering into development agreements.

Contract costs associated with the acquiring and fulfillment of new deals will be capitalized over the life of the license terms, recognized as operating expenses over the term of the licence, and should not impact gross margins.

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>			<u>Fiscal Year, ended</u>	
	Mar 31, <u>2022</u>	Dec 31, <u>2021</u>	Mar 31, <u>2021</u>	Mar 31, <u>2022</u>	Mar 31, <u>2021</u>
Total Operating Expenses	\$2,130	\$1,982	\$1,543	\$7,318	\$6,131
Total Adjusted Operating Expenses*	\$1,507	\$1,419	\$1,431	\$5,716	\$5,428

* adjusted Operating Expenses exclude non-cash share-based payment expenses and depreciation

Q4 Fiscal 2022 compared to Q4 Fiscal 2021

Total adjusted operating expenses in Q4 Fiscal 2022 of \$1.5 million increased slightly from the \$1.4 million level for the same quarter last year, mainly from higher salaries due to the hiring of new sales and support personnel.

Q4 Fiscal 2022 compared to Q3 Fiscal 2022

Total adjusted operating expenses in Q4 Fiscal 2022 of \$1.5 million was \$0.1 million higher than the \$1.4 million in the third quarter of Fiscal 2022, mainly from higher salaries due to the hiring of new sales and support personnel.

Fiscal 2022 compared to Fiscal 2021

Total operating expenses for Fiscal 2022 were \$7.3 million compared to \$6.2 million for Fiscal 2021, a \$1.1 increase, due to prudent hiring of new sales and support personnel. Total adjusted operating expenses were also had a slight increase of \$0.1 million in Fiscal 2022 than in Fiscal 2021, from the aforementioned hiring. This year-over-year increase was mostly due to a \$0.1 million increase in wages (including deferred comp in Fiscal 2021) and benefits, plus \$0.1 million in higher professional fees, while consultants and other G&A expenses were essentially flat.

We plan to selectively expand the size of our sales and marketing organizations through additional expenditures and new hires, in order to support additional customers and close new opportunities in our sales pipeline, as we continue to expand into existing and new markets. We do plan to leverage the selective use of teaming partners, where they have existing client relationships, to close new deals; which should limit the need to rely mainly on direct sales, which should keep costs under control while providing operating income leverage. Overall, we expect our SG&A expenses to increase in absolute dollars, but longer term to generally decrease as a percentage of revenue, as our investments in SG&A translate into higher sales. We note that there is a lag between the investment in new SG&A costs (such as the hiring of new sales personnel) and the revenue generated from those expenses (via new customer wins), though the timing of that lag may vary by markets.

As a percentage of revenue, research and development costs is expected to fluctuate from one quarter or period to another, but we do not expect any significant changes in R&D spending, nor a requirement to do so in order to meet our revenue and strategic plans in the next 12 months. The Company continues to invest in and develop both new upgrades to our platform and new updates, and thus expects overall R&D spending to increase in absolute dollars but decrease as of percentage of total revenue.

Other Income (Expense)

The breakdown of other income and expense is as follows:

<i>figures in U.S. dollars, thousands</i>	<u>for Three-month period ended</u>			<u>Fiscal Year, ended</u>	
	Mar 31, <u>2022</u>	Dec 31, <u>2021</u>	Mar 31, <u>2020</u>	Mar 31, <u>2022</u>	Mar 31, <u>2021</u>
Imputed interest and rent concessions	\$21	\$16	(\$14)	\$19	(\$83)
PPP Loan Forgiveness	-	-	(700)	-	(\$700)
<u>Financing cost and Term Loan interest</u>	-	-	1,483	-	2,006
Other Expenses, net	<u>\$21</u>	<u>\$16</u>	<u>\$769</u>	<u>\$19</u>	<u>\$1,223</u>

Other expenses include the non-cash impact from the accretion of financing fees, derivative liability and de-recognition charges related to our term loan.

Q4 Fiscal 2022 compared to Q4 Fiscal 2021

Other expenses (income) for the Q4 Fiscal 2022, was \$1.4 lower than expenses incurred in the Q4 Fiscal 2021, mainly due to higher accretion (financing costs) and de-recognition expenses from the shares for debt and full repayment of the term loan that occurred in March of 2021. The Company is now debt free and has no interest or other related financing costs.

Q4 Fiscal 2022 compared to Q3 Fiscal 2022

Other expenses for the Q4 Fiscal 2022 was flat with Q3 Fiscal 2022, all due to imputed lease interest related to the Company's office lease (as recorded under IFRS 16).

Fiscal 2022 compared to Fiscal 2021

Other expenses (income) for Fiscal 2022 was negligible, a \$1.7 million decrease from levels in Fiscal 2021, mainly from expenses stemming from the Company's previous term loan with SQN. As of March 2021, the Company is debt

free, so Other Expense during Fiscal 2022 were only due to imputed lease interest related to the Company's office lease (as recorded under IFRS 16).

LIQUIDITY AND CAPITAL RESOURCES

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

Cash and cash equivalents

As at March 31, 2022, the Company's cash and cash equivalents were \$0.9 million compared to \$3.1 million as at March 31, 2021.

Working capital

Working capital represents the Company's current assets less its current liabilities. Current liabilities include deferred revenue, which the Company must record as a liability, but given the non-refundable license agreements underlying those annual license terms (and resultant deferred revenue), the Company does not expect it to be a cash usage. The Company's working capital balance decreased in Fiscal 2022 to \$0.1 million as at March 31, 2022 from \$2.3 million at March 31, 2021. Notably, this change came from significant steps taken by the Company to use part of the proceeds from its successful financings during Q4 Fiscal 2021 to improve its balance sheet by paying down outstanding payables, accrued liabilities and some deferred compensation to employees. A strong balance sheet is viewed as attractive to prospective customers. The change came from a \$2.2 million decrease in cash even after a 24% improvement in Adjusted-EBITDA. Due to significant new licenses executed at the end of Fiscal 2022, trade receivables increased by \$2.0 million to \$2.5 million and deferred revenue increased by \$1.7 million to \$2.6 million. The change in all other current liabilities was relatively flat or down slightly.

<i>in thousands of U.S. dollars</i>	as at March31, 2022	as at March31, 2021
Current Assets	\$ 3,537	\$ 3,825
Current Liabilities	3,432	1,567
Working Capital	\$ 105	\$ 2,258

The Company expects working capital to increase as revenue growth continues to occur. 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 provided by (used in) the following activities:	<u>for Three-month period ended</u>			<u>Fiscal Year, ended</u>	
<i>in thousands of U.S. dollars</i>	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Mar 31, 2022	Mar 31, 2021
Operating Activities	(\$353)	(\$912)	(\$1,333)	(\$2,297)	(\$2,957)
Investing Activities	(1)	(8)	0	(22)	(7)
Financing Activities	(42)	(39)	4,242	88	5,269
Net Inflows (outflows)	<u>(\$396)</u>	<u>(\$959)</u>	<u>\$2,909</u>	<u>(\$2,231)</u>	<u>\$2,305</u>

Cash Flows Used In Operating Activities

Cash flows related to 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 generally include depreciation, share-based payments, and the add-back of certain other income (expenses) that are represented under financing activities. Working capital adjustments generally 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.

Q4 Fiscal 2022 compared to Q4 Fiscal 2021

During the Q4 Fiscal 2022, cash flows used in operating activities were \$(0.35) million, a \$1.0 million year-over-year improvement from \$(1.33) million of cash flows used in operating activities in Q4 Fiscal 2021. Cash usage for the current quarter was primarily due to adjusted EBITDA loss of \$(0.45) million, a 24% improvement over the comparable period last year and \$0.2 million of trade payables. In Q4 Fiscal 2021 the Company used part of the proceeds from its successful financing to improve its balance sheet and changes in working capital accounts included a \$0.1 million of cash outflow from lower trade payables and a \$0.4 reduction in deferred compensation during Q4 Fiscal 2021.

Q4 Fiscal 2022 compared to Q3 Fiscal 2022

Cash flows used in operating activities of \$(0.35) million for the current quarter improved by \$0.6 million compared to \$(0.91) million reported in Q3 Fiscal 2022. This change reflected Adjusted EBITDA improvement of 10% between the quarters (due to higher revenue levels in Q4 Fiscal 2022) along with a \$0.3 million cash usage from trade receivables in the prior quarter.

Fiscal 2022 compared to Fiscal 2021

During Fiscal 2022, cash flows used in operating activities were \$(2.3) million compared to \$(3.0) million for Fiscal 2021. This \$0.7 million year-over year improvement came primarily from the \$0.2 increase in trade receivables, a \$0.4 million reduction in cash usage from trade payables, \$0.7 million from PPP loan forgiveness in Fiscal 2021, \$0.1 million decrease in deferred compensation, plus a \$1.7 million increase in deferred revenue offset by a \$2.0 million increase in trade receivables in Fiscal 2022.

Cash Flows Used In Investing Activities

Cash flows used in investing activities relate to purchases of computer equipment. Such purchases are generally small but necessary as the Company continues to replace old laptops and upgrade its development services to support new customer projects.

Cash Flows Provided By (Used In) Financing Activities

Q4 Fiscal 2022 compared to Q4 Fiscal 2021

During Q4 Fiscal 2022, cash flows used in financing activities were \$(0.04) million and related to office lease payments offset by proceeds from the exercise of common share warrants. This contrasts significantly from 4Q Fiscal 2021 which reported \$4.2 million of cash flows provided by financing activities related to \$7.9 million of net proceeds from private placements (\$9.3 million gross proceeds, less \$1.2 million of share issue costs) offset by \$0.4 million in debt financing fees and \$3.0 million in SQN term loan principal payments, plus \$0.2 million of interest payments on the SQN term loan and \$0.03 of office lease payments.

Q4 Fiscal 2022 compared to Q3 Fiscal 2022

Cash flows used in financing activities in Q3 Fiscal 2022 were comparable to Q4 Fiscal 2022. During Q4 Fiscal 2022, net cash outflows from financing activities was negligible, as \$0.1 million of office lease payments was offset by some exercise of common stock warrants. This was essentially Unchanged from the outflow pattern as in the prior two quarters, including Q3 Fiscal 2022.

Fiscal 2022 compared to Fiscal 2021

During Fiscal 2022, cash flows provided by financing activities were \$0.1 million compared to \$5.3 million reported in Fiscal 2021. Cash flows from financing activities in Fiscal 2022 related to \$0.4 million of proceeds from the exercise of common share warrants offset by \$0.3 million of office lease payments. Cash flows from financing activities in Fiscal 2021 related to private placement financings totaling \$9.4 million and \$0.7 million in PPP forgivable loan proceeds, offset by \$3.5 million of debt principal repayments to SQN, \$0.4 million of debt financing fees, \$0.6 million of interest payment on the SQN term loan and \$0.2 million of office lease payments.

As of March 22, 2021, the Company had paid off all principal, interest, prepayment fees, and other indebtedness owed by the Company to SQN and eliminated all debt levels from a peak of \$7.3 million in June 2018.

Further, at the end of calendar 2021, the Company submitted a forgiveness application to the Small Business Administration (SBA) for the Payroll Protection Program loan (\$700,100). The Company qualified for full forgiveness of the loan as the proceeds the used by the Company to cover payroll costs (including benefits), with up

to twenty-five percent (25%) allowed for rent and utilities, during the eight-week period following the loan origination date. The forgiven amount was non-taxable and was recognized as income in Q4 Fiscal, 2021.

Consequently, as a result of these two events, the Company was completely debt free as at March 31, 2021, and throughout Fiscal 2022.

Based on its existing cash, trade receivable levels from recently signed licenses and upcoming license renewals (annual license fees paid, non-refundable at the beginning of each new term), the Company does not foresee a need for financing in Fiscal 2023, but may explore non-dilutive working capital options (such as ARR lines of credit) should new pipeline deals and revenue growth occur faster than projected.

SHARE CAPITAL

	Common shares	Common share warrants	Stock options	Restricted share units
Balance, March 31, 2021	42,017,014	16,591,017	828,915	1,729,417
Issued	541,795	-	-	4,386,400
Exercised	-	(541,795)	-	-
Forfeited	-	-	(10,000)	(20,000)
Expired	-	(3,281,097)	-	-
Balance, March 31, 2022	42,558,809	12,768,125	818,915	6,095,817
Issued	-	-	-	-
Converted	1,814,417	-	-	(1,814,417)
Expired	-	(2,110,655)	-	-
Balance, date of this MD&A	44,373,226	10,657,470	818,915	4,281,400

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

Boardwalk's activities expose it to a variety of financial risks. Boardwalk is exposed to credit risk and liquidity risk because of holding certain financial instruments. Boardwalk is not exposed to market risk (currency, interest rate, or other) as it does not hold financial instruments that expose Boardwalk to market risk. Boardwalk's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on Boardwalk's financial performance.

Risk management is carried out by senior management, in particular, the board of directors of Boardwalk.

Fair Value

Boardwalk's financial instruments consist of cash, trade and other receivables, trade payables and accrued liabilities, deferred compensation and lease liability. The carrying amounts of the current financial instrument items approximate their fair value due to their short period to maturity. The carrying amount of long-term financial instrument items approximate their fair value due to market determined interest and discount rates. As at March 31, 2022, the Company measured all of its financial instruments at amortized cost.

Credit risk

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Financial instruments that subject the Company to credit risk consist primarily of cash and trade and other receivables. The credit risk relating to cash balances is limited because the counterparties are large commercial banks in the United States, Canada and India. The amounts reported for trade and other receivables in the consolidated statements of financial position are net of allowances for credit losses and bad debts. As at March

31, 2022, the Company's maximum exposure to credit risk with respect to cash and trade and other receivables is \$3,384,022.

Trade and other receivables credit exposure is minimized by entering into transactions with creditworthy counterparties, invoicing only after the customer's written acceptance of completed work, 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.

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 March 31, 2022, maturities of the Company's financial liabilities are as follows:

As at March 31, 2022	Carrying Amount	Contractual cash flows	2023	2024
Accounts payable and accrued liabilities	411,586	411,586	411,586	–
Lease liability (Note 10)	501,893	546,597	415,408	131,189
	913,479	958,183	826,994	131,189

The Company has current assets of \$3,537,301 to satisfy its financial liabilities to satisfy liabilities as they come due.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains cash balances and enters into transactions denominated in foreign currencies, principally in INR and CAD, which exposes the Company to fluctuating balances and cash flows due to variations in foreign exchange rates.

The USD equivalent carrying amounts of the Company's foreign denominated monetary assets and monetary liabilities is follows:

As at March 31	2022	2021
Cash	23,348	27,648
Trade and other receivables	–	9,297
Accounts payable and accrued liabilities	(154,249)	(114,056)
Lease liability	(70,625)	–
Net monetary liabilities	(201,526)	(77,111)

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between the USD and foreign currencies would increase or decrease net loss for the year by approximately \$10,080 (2021 – \$3,855).

To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

Interest rate risk

The Company is not exposed to interest rate risk as there are no investments of excess cash in short-term money market investments and/or indebtedness at variable rates of interest.

Revenue contract costs

In connection with certain new revenue contracts, the Company has commitments to pay incremental costs to obtain such contracts and, for up to 3 years from the initial contract date, additional contract costs of 10% to 25% of the license value on future contract renewals. Amounts are payable to third parties within 30 days of receipt of the annual license fees from the related customers.

When revenue contract costs become payable, they will be amortized to marketing costs (included in general and administrative expenses) over the remaining term of the related license period.

As at March 31, 2022, the Company has a \$626,000 revenue contract cost commitment which is payable in July 2022 and will be amortized over nine months from July 2022 to March 2023.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting that occurred in the year ended March 31, 2022 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 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. We regularly evaluate our estimates and assumptions related to revenue recognition, accounts receivable, share-based transaction expense, and warrant liability. We base our estimates and assumption on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenues, costs and expenses that are not readily apparent from other sources. 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.

Estimates

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant areas of estimation uncertainty are:

Expected credit losses

The Company's trade and other receivables are typically short-term in nature, as payment for License and Software Service Agreements is prepaid at the beginning of the license term, and the Company recognizes an amount equal to the lifetime ECL based on a probability-weighted matrix. The Company measures loss allowances based customer-specific factors, historical default rates and forecasted economic conditions. The amount of ECLs is sensitive to changes in circumstances of forecast economic conditions.

Revenue recognition

Where the outcome of performance obligations for contracts can be estimated reliably, revenue is recognized. The Company recognizes revenue when obligations have been satisfied and, where such provisions exist, the Company does not begin revenue recognition for license subscriptions that have conditional or trial periods until such periods expire. Where the outcome of performance obligations for sales contracts cannot be reliably measured, contract revenue is recognized in the current year to the extent that costs have been incurred until such time that the outcome of the performance obligations can be reasonably measured. Significant estimation assumptions are required to estimate total contract costs, which are recognized as expenses in the year in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Leases

Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Determining the fair value of such share-based awards granted as common share warrants and stock options requires estimate as to the appropriate valuation model (Black-Scholes pricing model) and the inputs for the model require assumptions including the rate of forfeiture of warrants or options granted, the

expected life of the warrant or option, the Company's share price and its expected volatility, the risk-free interest rate and expected dividends. RSUs are valued based on the market price of the Company's shares at the time of grant.

Deferred taxes

Deferred taxes are based on estimates as to the timing of the reversal of temporary and taxable differences, substantively enacted tax rates and the likelihood of assets being realized.

Judgments

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements.

Determination of CGUs

For the purposes of assessing impairment of non-financial assets, the Company must determine CGUs. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgment. The asset composition of a CGU can directly impact the recoverability of assets included within the CGU. Management has determined that the Company has one CGU.

Leases

The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.

Contingencies

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

Going concern

The going concern assessment requires management's judgment on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing to increase the number of licensed customers and continue with expansion in the digital ledger market.

Taxation

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

New standards, interpretations and amendments adopted by the Company

The Company did not adopt any new standards, interpretations or amendments during the year ended March 31, 2022.