

**Boardwalktech Software Corp.**  
**Consolidated Financial Statements**  
*As at and for the years ended March 31, 2024 and 2023*

*Stated in United States dollars*

To the Shareholders of Boardwalktech Software Corp.:

## Opinion

We have audited the consolidated financial statements of Boardwalktech Software Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and March 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2024 and March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Leanne Bjalek.

Calgary, Alberta

June 26, 2024

*MNP LLP*

Chartered Professional Accountants

**Boardwalktech Software Corp.**  
**Consolidated Statements of Financial Position**

(United States dollars)

As at March 31	2024	2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	2,231,652	2,187,499
Trade and other receivables (Note 5)	444,880	1,331,327
Prepaid expenses and deposits	281,314	149,804
<b>Total current assets</b>	<b>2,957,846</b>	3,668,630
<b>Non-current assets</b>		
Property and equipment	8,769	14,442
Right-of-use assets (Note 6)	798,549	100,386
<b>Total assets</b>	<b>3,765,164</b>	3,783,458
<b>LIABILITIES and SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	643,032	1,228,669
Deferred compensation (Note 13)	241,307	–
Deferred revenue (Note 9)	1,290,011	3,389,875
Current portion of lease liabilities (Note 10)	308,951	127,066
<b>Total current liabilities</b>	<b>2,483,301</b>	4,745,610
<b>Non-current liabilities</b>		
Credit facility (Note 8)	2,250,000	–
Lease liabilities (Note 10)	622,045	–
<b>Total liabilities</b>	<b>5,355,346</b>	4,745,610
<b>Shareholders' deficit</b>		
Share capital (Note 15)	43,871,564	42,583,679
Contributed surplus	6,716,856	5,449,865
Accumulated other comprehensive loss	(56,496)	(5,928)
Deficit	(52,121,627)	(48,989,289)
<b>Total deficit attributed to shareholders</b>	<b>(1,589,703)</b>	(961,673)
Non-controlling interest	(479)	(479)
<b>Total shareholders' deficit</b>	<b>(1,590,182)</b>	(962,152)
<b>Total liabilities and shareholders' deficit</b>	<b>3,765,164</b>	3,783,458

Approved by the Board of Directors:

(signed) "Andrew T. Duncan"  
 Director

(signed) "Steve Bennet"  
 Director

**Boardwalktech Software Corp.**  
**Consolidated Statements of Loss and Comprehensive Loss**

(United States dollars)

For the years ended March 31	2024	2023
<b>Revenue</b> (Note 11)	<b>5,971,622</b>	6,474,525
<b>Cost of sales</b>	<b>622,050</b>	607,844
<b>Gross margin</b>	<b>5,349,572</b>	5,866,681
<b>Expenses</b>		
Salaries, wages and benefits (Note 13(a))	5,123,547	5,266,432
Share-based payments (Notes 17)	1,006,914	1,565,659
General and administration (Note 12)	563,948	1,189,619
Professional fees	660,765	594,998
Consulting	321,900	428,305
Deferred compensation (Note 13(b))	282,503	–
Depreciation (Note 6)	321,075	344,644
<b>Total expenses</b>	<b>8,280,652</b>	9,389,657
<b>Operating loss before other expenses</b>	<b>(2,931,080)</b>	(3,522,976)
Interest (Note 8)	(2,312)	–
Imputed interest (Note 10)	(72,609)	(41,245)
Severance costs (Note 13(c))	(103,810)	–
<b>Loss before taxes</b>	<b>(3,109,811)</b>	(3,564,221)
Tax expense (Note 14)	(22,527)	(20,124)
<b>Net loss for the year</b>	<b>(3,132,338)</b>	(3,584,345)
<b>Other comprehensive income (loss)</b>		
Items that may be reclassified to profit or loss		
Exchange differences on translation of subsidiary companies	(50,568)	3,308
<b>Net loss and comprehensive loss for the year</b>	<b>(3,182,906)</b>	(3,581,037)
<b>Net loss per share</b> (Note 18)		
Basic and diluted	<b>(0.06)</b>	(0.08)

**Boardwalktech Software Corp.**  
**Consolidated Statements of Changes in Shareholders' Deficit**

(United States dollars)

For the years ended March 31	2024	2023
<b>Share capital</b> (Note 15)		
Balance, beginning of year	42,583,679	36,127,078
Unit private placement	1,468,170	–
Conversion of restricted share units	–	5,581,577
Exercise of common share warrants	–	875,024
Share issue costs	(180,285)	–
Balance, end of year	43,871,564	42,583,679
<b>Contributed surplus</b>		
Balance, beginning of year	5,449,865	9,713,848
Unit private placement (Note 15)	260,077	–
Conversion of restricted share units (Note 15)	–	(5,581,577)
Exercise of common share warrants (Note 15)	–	(248,065)
Share-based payments (Notes 17)	1,006,914	1,565,659
Balance, end of year	6,716,856	5,449,865
<b>Accumulated other comprehensive income</b>		
Balance, beginning of year	(5,928)	(9,236)
Exchange differences on translation of subsidiary companies	(50,568)	3,308
Balance, end of year	(56,496)	(5,928)
<b>Deficit</b>		
Balance, beginning of year	(48,989,289)	(45,404,944)
Net loss for the year	(3,132,338)	(3,584,345)
Balance, end of year	(52,121,627)	(48,989,289)
<b>Non-controlling interest</b>		
Balance, beginning and end of year	(479)	(479)
<b>Total shareholders' deficit</b>	<b>(1,590,182)</b>	<b>(962,152)</b>

**Boardwalktech Software Corp.**  
**Consolidated Statements of Cash Flows**  
(United States dollars)

For the years ended March 31	2024	2023
<b>Cash provided by (used in) the following activities:</b>		
<b>Operating activities</b>		
Net loss for the year	(3,132,338)	(3,584,345)
Depreciation	321,075	344,644
Share-based payments (Notes 17)	1,006,914	1,565,659
Imputed interest (Note 10)	72,609	41,245
Rent incentive (Note 10)	(28,057)	–
Unrealized foreign exchange	(49,838)	5,825
Changes in non-cash working capital:		
Trade and other receivables	886,447	1,183,733
Prepaid expenses and deposits	(17,975)	3,475
Accounts payable and accrued liabilities	(575,361)	817,083
Deferred revenue	(2,099,864)	743,293
Deferred compensation	260,001	–
<b>Cash flows provided by (used in) operating activities</b>	<b>(3,356,387)</b>	<b>1,120,612</b>
<b>Financing activities</b>		
Credit facility proceeds (Note 8)	2,250,000	–
Lease payments (Note 10)	(248,703)	(411,889)
Proceeds from common share issuances (Note 15)	1,560,535	626,959
Share issuance costs (Note 15)	(155,079)	–
<b>Cash flows provided by financing activities</b>	<b>3,406,753</b>	<b>215,070</b>
<b>Investing activities</b>		
Purchase of property and equipment	(6,122)	(15,366)
Proceeds from sale of property and equipment	451	–
<b>Cash flows used in investing activities</b>	<b>(5,671)</b>	<b>(15,366)</b>
<b>Change in cash</b>	<b>44,695</b>	<b>1,320,316</b>
<b>Foreign exchange effect on cash held in foreign currencies</b>	<b>(542)</b>	<b>(1,779)</b>
<b>Cash, beginning of the year</b>	<b>2,187,499</b>	<b>868,962</b>
<b>Cash, end of the year</b>	<b>2,231,652</b>	<b>2,187,499</b>
Taxes paid (Note 14)	20,701	72,201



# Boardwalktech Software Corp.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

### 1. Description of Business

Boardwalktech Software Corp. (“Boardwalk” or the “Company”) was originally incorporated pursuant to the Business Corporations Act of Alberta. The Company operates from locations in the United States and India and provides enterprise software-as-a-service (SaaS) to global customers. Boardwalk is a publicly traded company whose shares are listed on the TSX Venture Exchange under the symbol BWLK.V and on the OTCQB under the symbol BWLKF.

The Company designs and sells collaborative enterprise digital ledger data management technology offered as either a cloud-based platform service that runs industry, or customer specific applications, Boardwalk Application Engine (“BAE”) or Boardwalk Enterprise Blockchain (“BEB”) platforms.

The address of the Company’s corporate and registered office is 10050 N Wolfe Road, Cupertino, CA, 95014 USA.

### 2. Basis of Presentation

#### Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) in effect as at April 1, 2023.

These consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on June 26, 2024.

#### Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and equity instruments, such as common share warrants, stock options and restricted share units (“RSUs”) that have been measured at fair value.

#### Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries which are consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies. All intercompany balances and transactions are eliminated in full upon consolidation.

These consolidated financial statements include the accounts of the following entities:

Name of entity	Principle activity	Place of business and operations	Legal ownership
Boardwalk	Legal parent	Canada	–
Boardwalktech, Inc. (“Boardwalktech”)	Accounting parent and operating company	United States	100% owned by Boardwalk
Boardwalktech Solutions Private Limited (“BWSPL”)	Research and development company	India	98% owned by Boardwalktech

#### Functional and presentation currency

The functional currency of Boardwalk is the Canadian dollar (“CAD”), the functional currency of Boardwalktech is the United States dollar (“USD”) and the functional currency of BWSPL is the Indian Rupee (“INR”). The presentation currency of the Company is the USD.

#### Adoption of amended IFRS Accounting Standards

The Company adopted the following amendments to IFRS Accounting Standards that are mandatorily effective for the Company beginning on April 1, 2023. Their adoption has not had a material impact on disclosures or amounts reported in these consolidated financial statements.

##### *IAS 1 Presentation of Financial Statements*

Amendments to IAS 1 require that companies disclose their material accounting policies rather than their significant accounting policies and explain how a company identifies its material accounting policies.

##### *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

Amendments to IAS 8 replace the definition of a change in accounting estimate with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

# Boardwalktech Software Corp.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

---

### 2. Basis of Presentation (Continued)

#### Adoption of amended IFRS Accounting Standards (Continued)

##### *IAS 12 Income Taxes*

Amendments to IAS 12 relate to deferred tax assets and liabilities arising from a single transaction and clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

### 3. Material Accounting Policies

An accounting policy is considered material to the Company if it provides information to facilitate the understanding of other material information reported and disclosed in the Company's consolidated financial statements. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Company's material accounting policies are as follows:

#### Financial instruments

##### *Non-derivative financial instruments*

Non-derivative financial instruments comprise cash, trade and other receivables, accounts payable and accrued liabilities, credit facility, deferred compensation and lease liability. Non-derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are classified based on the business model in which they are held and the characteristics of their contractual cash flows.

IFRS 9 Financial Instruments ("IFRS 9") contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL").

The classification categories are as follows:

- A financial asset is measured at amortized cost: Financial assets held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortized cost are measured using the effective interest method. Cash and trade and other receivables are classified as financial assets measured at amortized cost.
- Financial assets at FVOCI: Financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at FVTPL: Financial assets that do not meet the criteria for amortized cost or fair value through other comprehensive income. Transaction costs of financial assets measured at FVTPL are expensed in the consolidated statements of loss and comprehensive loss.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to those assets are transferred.

Financial liabilities – The classification of financial liabilities is determined by the Company at initial recognition. The classification categories are as follows:

Financial liabilities measured at amortized cost: Financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the consolidated statements of loss and comprehensive loss. Accounts payable and accrued liabilities, credit facility, deferred compensation and lease liability are classified as financial liabilities measured at amortized cost.

- Financial liabilities measured at FVTPL: Financial liabilities measured a fair value with changes in fair value and interest expense recognized in the consolidated statements of loss and comprehensive loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statements of loss and comprehensive loss.

# Boardwalktech Software Corp.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

---

### 3. Material Accounting Policies (Continued)

#### Financial instruments (Continued)

##### *Derivative financial instruments*

The Company did not enter into any derivative contracts.

##### *Impairment of financial assets*

Impairment of financial assets is based on an expected credit loss (“ECL”) model. ECLs are a probability-weighted estimate of credit losses. The Company calculates lifetime ECLs based on consideration of customer-specific factors, actual credit loss experience and forecasted economic conditions. Management considers historical default rates generally represent a reasonable approximation of future expected defaults and as a percentage of revenue, the Company’s actual credit loss experience has been minor.

#### Foreign currencies

Transactions in currencies other than the Company’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in the consolidated statements of loss and comprehensive loss in the period in which they arise.

The financial results of operations that have a functional currency different from the presentation currency are translated into the presentation currency. Income and expenditures of operations are translated at the average rate of the exchange for the year. All assets and liabilities are translated at the rate of exchange at the reporting date. Differences arising on translation are recognized as other comprehensive income (loss).

#### Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date using the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

#### Revenue recognition

The Company’s revenue is generated from two primary sources: (1) software subscriptions and services and (2) professional services.

##### *Software subscriptions and services*

Software subscriptions and services revenue consists primarily of licensing agreements for software (“License and Software Service Agreements”) written by the Company. This includes the Company’s collaborative enterprise digital ledger data management technology platform offered as either a cloud-based platform service that runs industry, or customer specific applications, BAE or BEB platforms. Customers pay a lump-sum upfront fee for the use of the Company’s software licenses and services over a specified term. These revenues are deferred and recognized monthly on the first day of the month that the contract commences over the term of the License and Software Service Agreement. License and Software Service Agreements generally have automatic renewals and do not offer the unilateral right to terminate or cancel the contract and receive a cash refund.

License and Software Service Agreements can also include dedicated server hosting revenue for customers who choose to prepay server hosting fees for 12 months and the related revenues are deferred and recognized monthly on the first day of the month that the contract commences over the term of the dedicated server hosting contract.

In addition, maintenance services are typically included in License and Software Service Agreements. However, in some cases, customers pay for supplemental or additional maintenance services under a separate contract. In these cases, customers prepay maintenance fees for 12 months and the related maintenance revenues are deferred and recognized monthly on the first day of the month that the contract commences over the term of the maintenance contract. Maintenance contracts include the right to unspecified upgrades on a when-and-if available basis, and ongoing support.

# Boardwalktech Software Corp.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

---

### 3. Material Accounting Policies (Continued)

#### Revenue recognition (Continued)

Revenue from software subscriptions and services is recognized as a series of distinct obligations over the specified term, for the right to access or transfer of promised services to the customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. The Company's contracts often include a number of promised services such as software licenses and services, dedicated server hosting and maintenance services. The Company's services are generally distinct and accounted for as separate performance obligations. A service is distinct if the customer can benefit from it on its own or together with other readily available resources, and the Company's promise to transfer the service is separately identifiable from other promises in the contractual arrangement with the customer.

Software subscriptions and services revenue includes two categories: (i) recurring software subscription revenues (SaaS), which are derived from customers accessing the Company's cloud services and (ii) legacy supplemental hosting and premium maintenance services contracts which include additional services beyond the standard support that is included in the basic subscription fees.

#### *Professional services*

Professional services revenue consists of consulting, training and contract customization activities, and ad hoc engagements where the Company's experts consult and write specific applications that run on the BAE platform or the BEB platform, enabling and automating business collaboration and multi-party information exchange. These arrangements can be executed through various means including a statement of work ("SOW") or period-based agreements as hours or services are incurred. Revenue from professional services is recognized at a point in time when the distinct and separate professional and consulting services are rendered to and accepted by the customer, and the payments associated with those completed and accepted professional service are non-refundable.

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable. Capitalized contract acquisition costs are amortized consistent with the pattern of transfer of the services to which the asset relates. The amortization period includes anticipated contract renewals where there is either no renewal commission or a renewal commission that is not commensurate with the initial commission. The Company does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less. The Company does not have any incremental costs meeting capitalization criteria.

The Company does not adjust the total consideration over the contract term for the effect of a financing component if the period between the transfer of services to the customer and the customer's payment for these services is expected to be one year or less.

Amounts billed and collected in accordance with customer contracts but not yet earned are recorded and presented as deferred revenue.

#### **Cost of sales**

Cost of sales includes direct costs and labour related to the rendering of services. The Company's data centre related costs are expensed to cost of sales per service contracts with cloud hosting partners. Fees are paid monthly and the services can be cancelled at any time with advance notice.

#### **Employee benefits**

##### Short-term benefits

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### Share-based payment arrangements

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 using the Black-Scholes pricing model.

The fair value determined at the grant date of the equity-settled share-based payments is recognized as share-based payment expense, with a corresponding increase in contributed surplus, over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated statements of loss and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

# Boardwalktech Software Corp.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

---

### 3. Material Accounting Policies (Continued)

#### Employee benefits (Continued)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the counterparty renders the service.

The fair value of restricted share units ("RSUs") is estimated based on the market value of the Company's shares on the date of grant.

Upon exercise of equity instruments, the consideration received plus the amount previously recorded in contributed surplus is recorded as an increase to share capital.

#### Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### Deferred tax

Deferred tax is recognized using the liability method based on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

##### Current and deferred tax for the period

Current and deferred tax are recognized in the consolidated statements of loss and comprehensive loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive loss or directly in equity respectively.

#### Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings (loss) per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential equity instruments. The weighted average number of common shares outstanding is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all common share warrants and stock options with exercise prices below the average market price for the year.

#### Segmented information

The Company reports segment information based on internal reports used by the chief operating decision maker ("CODM") to make operating and resource decisions and to assess performance. The CODM is the Chief Executive Officer of the Company. The CODM makes decisions and assesses performance of the Company on a consolidated basis such that the Company is a single reportable operating segment. For the years ended March 31, 2024 and 2023, all revenues generated by the Company were earned through their operations based in the United States (Note 11). For the years ended March 31, 2023 and 2022, all property and equipment and right-of-use assets were held by the Company's subsidiaries in the United States and India (Note 6).

# Boardwalktech Software Corp.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

---

### 3. Material Accounting Policies (Continued)

#### New and amended IFRS Accounting Standards not yet adopted

The Company has reviewed amended accounting pronouncements that have been issued but are not yet effective and determined that the following pronouncements are applicable to the Company but are not expected to have a material impact:

##### *IAS 1 Presentation of Financial Statements*

Effective for the Company on April 1, 2024, amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability as current or non-current.

### 4. Accounting Estimates and Judgments

In the application of the Company's accounting policies, management is required to make judgments and estimates that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the periods presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

#### 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.

# Boardwalktech Software Corp.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

---

### 4. Accounting Estimates and Judgments (Continued)

#### 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.

#### *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.

#### *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.

#### *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.

### 5. Trade and Other Receivables

The Company's trade and other receivables are exposed to the risk of financial loss if the counterparty fails to meet its contractual obligations. Trade and other receivables credit exposure is minimized by entering into transactions with creditworthy counterparties 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.

The Company's maximum exposure to credit risk at March 31, 2024 is in respect of \$444,880 (2023 – \$1,331,327) of trade and other receivables. The Company's trade and other receivables consist of:

As at March 31	2024	2023
Trade receivables for professional services	72,880	400,010
Receivables from contracts with customers	372,000	931,317
	<b>444,880</b>	<b>1,331,327</b>

As at March 31, 2024, four customers accounted for 88% of trade and other receivables (2023 – three customers; 65%), each with balances greater than 10%.

**Boardwalktech Software Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

**5. Trade and Other Receivables (Continued)**

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

As at March 31	2024	2023
Current	<b>373,420</b>	1,168,747
31 – 60 days past due	–	70,500
61 – 90 days past due	–	50,000
Past due for greater than 90 days	<b>71,460</b>	42,080
	<b>444,880</b>	1,331,327

As at March 31, 2024, the Company evaluated the collectability of trade and other receivables and lifetime expected credit losses and recognized \$nil (2023 – \$nil) provision for expected credit losses. The assessment of expected credit losses due to doubts of collectability did not warrant the recognition of an additional allowance for credit losses.

**6. Right-Of-Use Assets**

The Company has recognized right-of-use (“ROU”) assets and corresponding lease liabilities (Note 10) related to office premises. The ROU assets are depreciated on a straight-line basis over the term of the related lease.

	United States	India	Total
Carrying amount, March 31, 2022	367,091	65,245	432,336
Depreciation	(275,316)	(52,883)	(328,199)
Foreign exchange translation	–	(3,751)	(3,751)
Carrying amount, March 31, 2023	91,775	8,611	100,386
Addition (Note 10)	907,590	101,834	1,009,424
Depreciation	(273,295)	(36,640)	(309,935)
Foreign exchange translation	–	(1,326)	(1,326)
Carrying amount, March 31, 2024	726,070	72,479	798,549

During the year ended March 31, 2024, the Company recognized \$321,075 of depreciation expense comprised of \$309,935 for ROU assets and \$11,140 for property and equipment (year ended March 31, 2023 – \$344,644 of depreciation expense comprised of \$328,199 for ROU assets and \$16,445 for property and equipment).

**7. Accounts Payable and Accrued Liabilities**

As at March 31	2024	2023
Accounts payable (United States)	<b>377,769</b>	505,473
Accounts payable (India)	<b>173,484</b>	149,013
Total accounts payable	<b>551,253</b>	654,486
Accrued liabilities (United States)	<b>91,779</b>	574,183
	<b>643,032</b>	1,228,669

**8. Credit Facility**

On March 28, 2024, the Company secured a three-year \$4 million credit facility with Celtic Bank, for which the available amount is based 60% of trailing 12-month annual recurring revenue. The credit facility matures on March 27, 2027 at which time the principal amount plus any unpaid interest is due in full, and requires interest-only payments during the initial three-year term at an initial interest rate of 12.5% based on the prime rate plus 4%. In connection with the credit facility, the Company paid \$187,441 of fees which have been net against the credit proceeds and will be expensed over the term of the credit facility.

As at March 31	2024
Amount drawn on March 28, 2024	<b>2,437,441</b>
Fees paid	<b>(187,441)</b>
Balance, end of year	<b>2,250,000</b>



**Boardwalktech Software Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

**8. Credit Facility (Continued)**

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. The financial covenant was met as at March 31, 2024.

During the year ended March 31, 2024, the Company recognized \$2,321 of interest expense on the credit facility.

**9. Deferred Revenue**

As at March 31	2024	2023
Balance, beginning of year	3,389,875	2,646,582
Invoiced in the year, excluding amount recognized directly in revenue	3,220,862	5,559,037
Amount recognized as revenue	<b>(5,320,726)</b>	<b>(4,815,744)</b>
Balance, end of year	<b>1,290,011</b>	3,389,875

**10. Lease Liabilities**

The Company incurs lease payments related to office premises.

	United States	India	Total
Balance, March 31, 2022	431,268	70,625	501,893
Imputed interest	37,958	3,287	41,245
Payments	(352,126)	(59,763)	(411,889)
Foreign currency translation	–	(4,183)	(4,183)
Balance, March 31, 2023	117,100	9,966	127,066
Lease liability for ROU asset (Note 6)	907,590	101,834	1,009,424
Imputed interest	64,216	8,393	72,609
Payments	(206,267)	(42,436)	(248,703)
Lease incentive	(28,057)	–	(28,057)
Foreign currency translation	–	(1,343)	(1,343)
<b>Balance, March 31, 2024</b>	<b>854,582</b>	<b>76,414</b>	<b>930,996</b>

The current and non-current portions of lease liabilities are as follows:

	United States	India	Total
<b>Balance, March 31, 2024</b>	<b>854,582</b>	<b>76,414</b>	<b>930,996</b>
Current portion	(275,761)	(33,190)	(308,951)
Non-current portion	578,821	43,224	622,045
	United States	India	Total
Balance, March 31, 2023	117,100	9,966	127,066
Current portion	(117,100)	(9,966)	(127,066)
Non-current portion	–	–	–

In May 2023, the Company and its landlord for office premises in India executed an office lease agreement commencing on May 20, 2023 and expiring on May 19, 2026. The Company is required to make lease payments for a minimum of 18 months after which time the Company may terminate the lease with a minimum of three months notice. The lease liability for the India office lease was determined using an incremental borrowing rate of 11% and a lease term of 36 months.

In July 2023, the Company extended its United States office lease for an additional 40 months to November 30, 2026 during which the Company will receive a rent-free period from August 1 to November 30, 2023. The lease liability for the United States office lease was determined using an incremental borrowing rate of 11% and a lease term of 40 months. In connection with the lease extension, the office carpet was to be replaced by a certain date which did not occur. As compensation to the Company, the landlord waived the \$28,057 of rent for the month of December 2023.

**Boardwalktech Software Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

**10. Lease Liabilities (Continued)**

As at March 31, 2024, the annual future undiscounted lease payments under the office lease agreements are as follows:

	United States	India	Total
Fiscal year ended March 31, 2025	349,102	39,294	388,396
Fiscal year ended March 31, 2026	359,627	40,965	400,592
Fiscal year ended March 31, 2027	273,599	4,898	278,497
	<b>982,328</b>	<b>85,157</b>	<b>1,067,485</b>

**11. Revenue**

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

For the years ended March 31	2024	2023
Software-as-a-service (SaaS)	<b>4,970,027</b>	4,411,375
Legacy (hosting and maintenance)	<b>343,783</b>	411,285
Software subscriptions and services	<b>5,313,810</b>	4,822,660
Professional services	<b>657,812</b>	1,651,865
<b>Total revenue</b>	<b>5,971,622</b>	6,474,525

As at March 31, 2024, trade and other receivables (Note 5) included \$372,000 of receivables from software subscriptions and services customers (2023 – \$931,317) and \$72,880 of receivables from professional services customers (2023 – \$400,010).

The Company's revenue is generated in the United States. For the year ended March 31, 2024, 67.4% of the Company's revenue was earned through sales to two major customers (2023 – 60.2% of revenue, two major customers), each with revenues of 10% or greater:

For the years ended December 31	2024	2023
Customer 1	<b>37.4%</b>	27.7%
Customer 2	<b>30.0%</b>	32.5%
	<b>67.4%</b>	60.2%

**12. Nature of Expenses**

The nature of the Company's general and administrative expenses is as follows:

For the years ended March 31	2024	2023
Office	<b>186,653</b>	223,917
Marketing	<b>149,565</b>	764,103 <sup>(1)</sup>
Travel and lodging	<b>63,597</b>	76,133
Rent and utilities	<b>45,136</b>	61,764
Shareholder, regulatory and other	<b>118,997</b>	63,702
	<b>563,948</b>	1,189,619

<sup>(1)</sup> Includes \$626,000 of amortization of revenue contract costs. In connection with certain new revenue contracts, the Company committed 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 are amortized to marketing costs over the remaining term of the related license period.

**Boardwalktech Software Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

**13. Compensation**

(a) Key management personnel compensation

The Company defines key management personnel as being the Chief Executive Officer, Chief Financial Officer, and Chief Technical Officer. For the year ended March 31, 2024, key management personnel compensation included in salaries, wages and benefits expense is \$572,286 (2023 – \$718,508) and in share-based payments expense is \$346,366 (2023 – \$589,665).

(b) Deferred compensation payable

During the year ended March 31, 2024, the Company recognized \$282,503 of deferred compensation (2023 – \$nil) of which \$241,307 was payable at March 31, 2024 (2023 – \$nil).

Balance, March 31, 2023	–
Expense	282,503
Unit private placement (Note 15(b))	(18,694)
Payment	(22,502)
<b>Balance, March 31, 2024</b>	<b>241,307</b>

(c) Severance costs

During the year ended March 31, 2024, the Company incurred \$103,810 (2023 – \$nil) of severance costs in connection with a realignment of resources that resulted in the termination of 17 employees.

**14. Taxes**

The tax provision recorded in the consolidated financial statements differs from the amount computed by applying the combined Canadian federal and provincial income tax statutory rates to loss before tax as follows:

For the years ended March 31	2024	2023
Loss before taxes	<b>(3,109,811)</b>	(3,564,221)
Statutory income tax rate (%)	<b>22%</b>	22%
Expected recovery at statutory rate	<b>(684,158)</b>	(784,129)
Increase (decrease) in taxes resulting from:		
Non-deductible items	<b>218,613</b>	339,809
Impact of tax rate changes	–	(91,072)
Impact of foreign exchange rate changes	<b>(86,778)</b>	300,327
Taxable intercompany advances	<b>282,833</b>	237,012
Deferred tax benefits not recognized	<b>292,017</b>	18,177
Tax expense	<b>22,527</b>	20,124

The Company's deferred tax assets (liabilities) are as follows:

	2024	2023
Tax difference on leased assets	<b>(182,924)</b>	(21,155)
Net operating losses utilized	<b>182,924</b>	21,155
Net deferred tax liability	–	–

The Company has not recognized a differed tax asset in respect of the following deductible temporary differences:

	2024	2023
Net operating losses – United States	<b>19,457,007</b>	19,484,000

The Company has net operating losses of approximately \$19,457,007 which are available to reduce future years' taxable income in the United States. The net operating losses will commence to expire in fiscal 2032. Deferred tax assets are recorded only to the extent that future taxable income will be available against which the deferred tax asset can be offset. Management estimates future income using forecasts based on the best available current information. Based on the current estimates, no deferred tax asset has been recorded.

**Boardwalktech Software Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

**15. Share Capital**

**Authorized:** Unlimited number of voting common shares

<b>Issued:</b>	Number of Shares	Amount (\$)
<b>Common shares</b>		
Balance, March 31, 2022	42,558,809	36,127,078
Conversion of RSUs (Note 17)	4,296,533	5,581,577
Exercise of common share warrants (a)	1,245,656	875,024
Balance, March 31, 2023	48,100,998	42,583,679
Unit private placement (b)(c)	7,521,578	1,468,170
Share issue costs (d)		(180,285)
<b>Balance, March 31, 2024</b>	<b>55,622,576</b>	<b>43,871,564</b>

(a) During the year ended March 31, 2023, the Company issued 1,245,656 common shares on the exercise of 1,245,656 common share warrants for gross cash proceeds of \$626,959 (CAD 847,980) plus \$248,065 of fair value reclassified from contributed surplus.

(b) On December 28, 2023, the Company completed the private placement of 7,015,353 units at a price of CAD 0.30 per unit for gross proceeds of \$1,590,738 (CAD 2,104,606). Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of CAD 0.50 per share for a period of three years from the date of issuance, subject to early acceleration by the Company if the trading price of the Company's common shares is greater than CAD 1.00 for 10 consecutive trading days.

Of the gross proceeds, \$113,535 (CAD 150,000) was by way of a direction-to-pay a vendor for prepaid trade show fees and \$28,971 (CAD 39,506) was through a \$10,277 offset of accounts payable and \$18,694 of deferred compensation (Note 13(b)) due to an officer of the Company.

Gross proceeds from the sale of units has been allocated to the respective equity instruments based on fair values using the residual value method whereby \$1,378,341 (CAD 1,823,992) of fair value has been assigned to the more readily determinable instrument, being the common shares at a market price of CAD 0.26 per share on the date of issue, with the remaining \$212,397 (CAD 280,614) allocated to the warrants (CAD 0.04 per warrant).

(c) On February 26, 2024, the Company issued 506,225 units for gross proceeds of \$112,303 (CAD 151,868) pursuant to the closing of the second and final tranche of the unit private placement disclosed in Note 15(b).

Gross proceeds from the sale of units has been allocated to the respective equity instruments based on fair values using the residual value method whereby \$89,829 (CAD 121,494) of fair value has been assigned to the more readily determinable instrument, being the common shares at a market price of CAD 0.24 per share on the date of issue, with the remaining \$22,474 (CAD 30,374) allocated to the warrants (CAD 0.06 per warrant).

(d) In connection with the private placements, the Company paid \$90,127 of commissions to qualified non-related parties, issued 397,765 finders' warrants exercisable at a price of \$0.50 per share for a period of three years from the date of issuance and incurred \$64,952 of other cash issuance costs.

Finders' warrants have been recorded at their estimated \$25,206 (CAD 33,370) issue date fair value using the Black-Scholes pricing model based on the following assumptions:

Share price	CAD 0.24 – 0.26	Exercise price	CAD 0.50
Expected volatility	69% – 72%	Expected dividend yield	0%
Expected life	3 years	Risk-free interest rate	3.71% – 3.96%

## Boardwalktech Software Corp.

### Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

#### 16. Warrants

	Number of Warrants	Weighted Average Exercise Price (USD Equivalent) <sup>(1)</sup>
Balance, March 31, 2022	12,768,125	0.67
Exercised (Note 15(a))	(1,245,656)	(0.51)
Expired	(11,202,929)	(0.61)
Balance, March 31, 2023	319,540	1.67
Expired	(319,540)	(1.67)
Unit warrants issued (Note 15(b) and (c))	7,521,578	0.37
Finders warrants issued (Note 15(d))	397,765	0.37
<b>Balance, March 31, 2024</b>	<b>7,919,343</b>	<b>0.37</b>

<sup>(1)</sup> Translated to CAD at the March 31, 2024 USD exchange rate.

The 7,919,343 warrants outstanding as at March 31, 2024 are exercisable at \$0.37 (CAD 0.50) per share, of which 7,375,246 warrants expire on December 28, 2026 and 544,097 warrants expire on February 26, 2027, for a total weighted average life of 2.8 years.

#### 17. Share-Based Payments

The Company has established an equity incentive plan (the "Equity Incentive Plan") administered by the Company's Board of Directors (the "Board") which provides for the grant of incentive stock awards, including incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards and other awards based on common stock. Under the Equity Incentive Plan, these awards are available to employees, consultants, and directors of the Company. All awards granted under the Equity Incentive Plan are governed by an award agreement and vest in accordance with the vesting schedule set forth in such award agreement, which may be accelerated upon a change of control. The exercise price for awards granted under the Equity Incentive Plan shall be fixed by the Board and shall not be less than the Discounted Market Price (as defined in the policies of the TSX Venture Exchange (the "TSXV"), or such other price as permitted pursuant to a waiver obtained from the TSXV, of common shares on the effective date of grant; provided however, that no award granted to a participant holding 10% or more of the Company's common shares shall have an exercise price per common share that is less than one hundred ten percent (110%) of the market price of the Company's common shares on the effective date of grant. The term of each award shall be fixed by the Board, but no award shall be exercisable more than ten years after the date the award is granted. In the case of an award that is granted to a participant who, on the grant date, owns 10% of the voting power of all classes of the Company's shares, the term of such award shall be no more than five years from the date of grant.

As at March 31, 2024, the maximum number of common shares which are reserved and set aside for issuance upon the grant or exercise of awards under the Equity Incentive Plan is 9,620,200 common shares. This number is subject to adjustment in the event of a stock split, stock dividend or other changes in the Company's capitalization.

#### Stock options:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2022 and 2023	818,915	1.56
Expired	(173,915)	(0.44)
Forfeited	(250,000)	(2.00)
<b>Balance, March 31, 2024</b>	<b>395,000</b>	<b>1.77</b>

Information about the Company's stock options outstanding and exercisable as at March 31, 2024 is summarized in the following table:

Expiry Date	Number of Options	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)
December 3, 2025	10,000	0.44	1.68
January 28, 2026	40,000	0.44	1.83
April 26, 2026	7,500	0.44	2.07
February 10, 2028	337,500	2.00	3.87
	<b>395,000</b>	<b>1.77</b>	<b>3.57</b>

**Boardwalktech Software Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

**17. Share-Based Payments (Continued)**

**RSUs:**

	Number
Balance, March 31, 2022	6,095,817
Vested and converted to common shares (a)(b)	(4,296,533)
Granted (c)(d)	2,214,000
Forfeited	(48,834)
Balance, March 31, 2023	3,964,450
Granted (e)	2,245,000
Forfeited	(521,875)
<b>Balance, March 31, 2024</b>	<b>5,687,575</b>
Vested, March 31, 2024	2,056,140

- (a) On April 6, 2022, 1,814,417 vested RSUs were converted to common shares and the related fair value of \$4,087,344 was transferred from contributed surplus to share capital.
- (b) On December 30, 2022, 2,482,116 vested RSUs were converted to common shares and the related fair value of \$1,494,233 was transferred from contributed surplus to share capital.
- (c) On August 31, 2022, the Company granted 1,994,000 RSUs to officers, directors and employees of the Company, of which 672,996 RSUs vest on August 31, 2023, 672,996 RSUs vest on August 31, 2024 and 648,008 RSUs vest on August 31, 2025. The fair value of these RSUs was determined to be \$1,267,900 based on the \$0.64 (CAD 0.84) market price of the Company's common shares on the grant date.
- (d) On February 28, 2023, the Company granted 220,000 RSUs to employees of the Company, of which 139,998 RSUs vest on February 28, 2024, 40,001 RSUs vest on February 28, 2025 and 40,001 RSUs vest on February 28, 2026. The fair value of these RSUs was determined to be \$117,920 based on the \$0.54 (CAD 0.73) market price of the Company's common shares on the grant date.
- (e) On August 31, 2023, the Company granted 2,245,000 RSUs to officers, directors and employees of the Company, of which 748,324 RSUs vest on August 31, 2024, 748,324 RSUs vest on August 31, 2025, and 748,352 RSUs vest on August 31, 2026. The grant date fair value of these RSUs was determined to be \$738,610 based on the \$0.33 (CAD 0.445) market price of the Company's common shares on the grant date.

RSUs entitle participants the conditional right to receive one common share of the Company for each share unit.

Vesting information for RSUs outstanding at March 31, 2024 is summarized below:

Vesting Date	Number of RSUs
February 28, 2023	58,331
August 31, 2023	1,799,812
February 28, 2024	197,997
August 31, 2024	1,638,863
February 28, 2025	98,004
August 31, 2025	1,206,617
February 28, 2026	40,001
August 31, 2026	647,950
	<b>5,687,575</b>

**Share-based payments expense:**

During the year ended March 31, 2024, the Company recognized \$1,006,914 (2023 – \$1,565,659) of share-based payment expense in respect of RSUs. As at March 31, 2024, the remaining unvested balance of share-based payments was \$726,083.

# Boardwalktech Software Corp.

## Notes to Consolidated Financial Statements

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

### 18. Per Share Amounts

For the years ended March 31	2024	2023
Net loss	(3,132,338)	(3,584,345)
Basic and diluted weighted average number of shares	49,949,781	45,434,261
Basic and diluted net loss per share	(0.06)	(0.08)

For the years ended March 31, 2024 and 2023, all warrants, stock options and RSUs were excluded from the diluted per share amounts as their effect is anti-dilutive.

### 19. 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

The Company's financial instruments consist of cash, trade and other receivable, accounts payable and accrued liabilities, credit facility, deferred compensation and lease liability. The carrying amounts of current financial instrument items approximate their fair value due to their short period to maturity.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in an active market for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Fair value measurements are those derived from inputs other than quoted prices in active markets. Prices are either directly or indirectly observable as of the reporting date and are based on inputs, including quoted forward rates for interest rate, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

#### 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, 2024, the Company's maximum exposure to credit risk with respect to cash and trade and other receivables is \$2,676,532.

Trade and other receivables (Note 5) 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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations, acquisitions and/or equity financing to provide sufficient liquidity to meet budgeted operating requirements.

**Boardwalktech Software Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023  
(United States dollars unless otherwise disclosed)

**19. Financial Instruments and Risk Management (Continued)**

**Liquidity risk (Continued)**

As at March 31, 2024, maturities of the Company's financial liabilities are as follows:

	Carrying amount	Contractual cash flows	Within 1 year	2 years	Thereafter
Accounts payable and accrued liabilities (Note 7)	643,032	643,032	643,032	–	–
Credit facility (Note 8)	2,250,000	2,437,441	–	–	2,437,441
Lease liability (Note 10)	930,996	1,067,485	388,396	400,592	278,497
Deferred compensation (Note 13)	241,307	241,307	241,307	–	–
	4,065,335	4,389,265	1,272,735	400,592	2,715,938

The Company has current assets of \$2,957,846 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	2024	2023
Cash	15,151	39,686
Accounts payable and accrued liabilities	(173,484)	(149,013)
Lease liability	(76,414)	(9,966)
Net monetary liabilities	(234,747)	(119,293)

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 \$11,740 (2023 – \$5,965). 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 at variable rates of interest. The credit facility (Note 8) bears interest based on the prime rate plus 4%. A 1% increase/decrease in the prime rate of interest would increase/decrease interest expense and net loss for the year ended March 31, 2024 by a nominal amount.

**20. Capital Management**

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements.

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, obtain credit facilities, raise new debt and issue share capital.