Q1 2018

Condensed Consolidated Interim Financial Statements

Katipult Technology Corp. March 31, 2018

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
As at		**March 31,**	December 31,
($ thousands) - unaudited	Note	**2018**	2017
Assets			
Current assets			
Cash and cash equivalents		**404**	345
Accounts receivable		**145**	76
Tax credit recoverable		**-**	6
Prepaid expenses		**7**	-
		556	427
Property and equipment		**7**	4
		563	431
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**283**	235
		283	235
Shareholders' Equity			
Share capital		**1,259**	949
Contributed surplus		**65**	41
Deficit		**(1,044)**	(794)
		280	196
		563	431
Subsequent event	9		

(See Notes to the Condensed Consolidated Interim Financial Statements)

Signed on behalf of the Board of Directors

Signed
Marcus Shapiro - Director

Signed
Jeff Dawson - Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the three months ended March 31,

($ thousands, except per share amounts) - unaudited	Note	2018	2017
Revenue	6	**312**	212
Cost of revenue	7	**82**	75
		230	137
Expenses			
Selling, general, and administrative	7	**287**	94
Research and development		**184**	70
Foreign exchange		**1**	1
Other income and expenses	8	**-**	(4)
		(242)	(24)
Finance costs	7	**8**	5
Total comprehensive income (loss)		**(250)**	(29)
Earnings per share			
Net earnings			
Basic / Diluted		**(0.00)**	(4.35)

(See Notes to the Condensed Consolidated Interim Financial Statements)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDED STATEMENTS OF CHANGES IN EQUITY
For the three months ended March 31, 2018 and 2017

($ thousands) - unaudited	Common Shares	Share Capital	Contributed surplus	Deficit	Total equity
Balance at December 31, 2017	**62,277,000**	**949**	**41**	**(794)**	**196**
Comprehensive income (loss)	**-**	**-**	**-**	**(250)**	**(250)**
Shares issued for warrants	**3,100,000**	**310**	**-**	**-**	**310**
Share-based payments	**-**	**-**	**24**	**-**	**24**
Balance at March 31, 2018	**65,377,000**	**1,259**	**65**	**(1,044)**	**280**
Balance at December 31, 2016	6,666	-	-	(189)	(189)
Comprehensive income (loss)	-	-	-	(29)	(29)
Balance at March 31, 2017	6,666	-	-	(218)	(218)

(See Notes to the Condensed Consolidated Interim Financial Statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS For the three months ended March 31, ($ thousands) - unaudited	Note	2018	2017
Cash flows provided by (used in)			
Operating activities			
Total comprehensive income (loss)		**(250)**	(29)
Adjustments for:			
Foreign exchange		**1**	1
Finance costs	7	**8**	5
Other		**24**	-
Interest - paid		**(3)**	(1)
Funds provided by (used in) operations		**(220)**	(24)
Change in non-cash working capital		**(28)**	29
		(248)	5
Investing activities			
Purchase of property and equipment		**(3)**	-
		(3)	-
Financing activities			
Proceeds from warrants		**310**	-
		310	-
Net (decrease) increase in cash		**59**	5
Cash and cash equivalents, beginning of period		**345**	188
Cash and cash equivalents, end of period		**404**	193

(See Notes to the Condensed Consolidated Interim Financial Statements)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. STRUCTURE OF CORPORATION

Organization

Katipult Technology Corp. (the "Corporation" or "Katipult") is a technology company that aims to become a global leader in financial compliance software and investor administration related services. The Corporation is incorporated under the British Columbia Business Corporations Act. The registered address of the Corporation is 600, 777 Hornby Street, Vancouver, BC V6Z 1S4. Katipult is a publicly-traded company listed on the TSX Venture Exchange ("TSXV") under the symbol "FUND".

On May 25, 2017, the Corporation entered into a share exchange agreement (the "Agreement") with JOI Media Inc. ("JOI") pursuant to which the Corporation acquired all the outstanding common shares of JOI. JOI shareholders received 6,360.636064 shares of the Corporation for each JOI share. The transaction was completed on August 17, 2017 and JOI became a wholly-owned subsidiary of the Corporation. Following completion of the transaction, the Corporation continued the primary business of JOI. On August 11, 2017, the Corporation changed its name to "Katipult Technology Corp.".

Pursuant to the terms of the Agreement, and following satisfaction of certain conditions precedent, including receipt of all necessary director, shareholder, regulatory and TSX Venture Exchange ("TSXV") approvals, the Corporation listed on the TSXV on November 15, 2017.

Further details of this transaction are described in note 3.

These condensed consolidated interim financial statements of the Corporation as at and for the three-month period ended March 31, 2017, are available upon request from the Corporation, at www.katipult.com or at www.sedar.com.

Operations

The main business of the Corporation is to operate as a financial technology company offering a cloud-based software infrastructure that allows firms to design, set up and operate an investment platform ("the Platform"). The Platform includes features and functionality that enables firms to offer securities on a prospectus-exempt basis to various types of investors. The Platform automates many components of investor and investment management including components of financial transactions, investment marketing, and dividend payouts as well as managing regulatory requirements in a variety of geographic jurisdictions.

Katipult works with its customers to customize the Platform during setup and integration in order to design a white-labeled, investor-facing website. The Platform includes modules for various user types, including investors, issuers, administrators and auditors, among others. The administrators are selected by clients from their staff and are provided a content management system which allows them the ability to manipulate content on the Platform.

The Corporation provides its proprietary software through a "Software As A Service" ("SAAS") business model. The SAAS business model is well suited for cloud-based software solutions, especially ones that have a compelling ongoing need, like Katipult's products. In exchange for a monthly subscription fee, customers benefit from software updates, new features and technical support. The Corporation also earns revenue through one-time set up fees. The set-up fee varies depending on the size and complexity of the client's needs.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION

Statement of compliance:

These condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements. These condensed consolidated interim financial statements were prepared using International Accounting Standard (IAS) 34 - Interim Financial Reporting as at and for the three-month period ended March 31, 2018. These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors as of May 30, 2018.

Other than the adoption of IFRS 9 and IFRS 15, both of which are described below, these condensed consolidated interim financial statements were prepared by management and follow the same accounting policies and methods as the audited consolidated financial statements as at and for the year-ended December 31, 2017, as described in Notes 2 and 3. These condensed consolidated interim financial statements do not contain all of the disclosures required for the annual consolidated financial statements. As a result, these condensed consolidated interim financial statements should be read in conjunction with the Corporation's previous annual consolidated financial statements for the year-ended December 31, 2017, prepared in accordance with IFRS as issued by the IASB.

Basis of measurement:

These condensed consolidated interim financial statements have been prepared on the historical cost basis.

Functional and presentation currency:

These condensed consolidated interim financial statements presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in dollars has been rounded to the nearest thousand except for share and per share amounts.

Going concern:

These condensed consolidated interim financial statements have been prepared on the basis that the Corporation will continue as a going concern, which assumes that the Corporation will be able to raise the necessary capital on terms acceptable to the Corporation and be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern.

As at March 31, 2018, the Corporation's cash and cash equivalents was $404 thousand (December 31, 2017: $345 thousand) and the Corporation had a positive net working capital position of $438 thousand (December 31, 2017: $192 thousand).

The Corporation has not been able to consistently generate the sales volumes required to create positive cash flows from operations. Whether and when the Corporation can consistently generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to March 31, 2018 is uncertain.

Subsequent to March 31, 2018, the Corporation closed a convertible debenture financing for gross proceeds of $3.05 million. Terms of this financing are described in Note 9 – Subsequent events.

New Standards and Interpretations Adopted

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A number of new standards and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) that are effective after December 31, 2017, and, therefore, have been applied to these consolidated financial statements. These new standards are as follows:

IFRS 9 - Financial Instruments: IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39 – Financial Instruments – Recognition and Measurement (IAS 39) with a new measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and related dividends which will now limit recognition to fair value through profit or loss or at fair value through other comprehensive income.

Requirements for financial liabilities were also added in October 2010 but they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

The standard is required to be applied for years beginning on, or after, January 1, 2018. The Corporation has adopted this standard in the preparation of these statements. Management determined the impact of this adoption as being not material.

IFRS 15 – Revenue from Contracts with Customers: IFRS 15 replaces the previous guidance on revenue recognition and provides a framework to record revenue from contracts for the sale of goods or services, unless the contracts are in the scope of IAS 17 – Leases or other IFRS standards. Under IFRS 15, revenue is to be recognized to depict the transfer of goods or services in an amount that reflects the consideration to which the entity expects to be entitled following five steps:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The new standard is effective for annual periods beginning on or after January 1, 2018, using either a full retrospective approach for all periods presented in the period or a modified retrospective approach. The Corporation has adopted the IFRS 15 standard in the preparation of these statements. Management determined the impact of this adoption as being not material.

3. REVERSE TAKEOVER

The Corporation did not meet the definition of a business at the time of the reverse takeover ("RTO"), as a result the transaction was outside of the scope of IFRS 3 Business Combinations, and the transaction was accounted for as a reverse acquisition under IFRS 2 Share-based payment.

Under this basis of accounting, the consolidated entity is considered to be a continuation of the Corporation, with the net identifiable assets of the Corporation deemed to have been acquired by JOI. The purchase consideration below was estimated based on the fair value of the Corporation's common shares that JOI would have paid to the Corporation pursuant to the reverse acquisition. Upon completion of the transaction, the fair value of all identifiable assets and liabilities acquired was determined. The carrying value of JOI's and the Corporation's assets and liabilities at the closing were assumed to approximate their fair values as at that date due to their short-term nature. The difference between fair value of the shares issued and the fair value of net assets acquired is recorded as a cost of public listing.

On May 25, 2017, the Corporation entered into an agreement with JOI pursuant to which the Corporation acquired all of the outstanding common shares of JOI in exchange for the issuance of Corporation shares to JOI shareholders on the basis of 6360.636064 shares of the Corporation for each JOI share. The transaction was completed on August 17, 2017 and JOI became a wholly-owned subsidiary of the Corporation. Following completion of the transaction, the Corporation continued the primary business of JOI.

The following represents management's estimate of the fair value of the net assets acquired and total consideration transferred at August 17, 2017 as a result of the reverse acquisition:

Fair value of acquisition (19,200,000 shares at $0.05 per share)	925,440
Allocated as follows:	
Identified fair value of net assets:	
Cash	469,480
Prepaid deposits	50,000
Accounts payable	(43,300)
	476,180
Listing expense	449,260
	925,440

4. SHARE CAPITAL

(a) Common shares

	Note	Number	$
Balance, December 31, 2015 and December 31, 2016		6,666	-
Cancellation of JOI's shares	5	(6,666)	-
Common shares issued and outstanding prior to RTO	5	19,200,000	925
Issuance of the shares to JOI shareholders at Exchange Ratio		42,400,000	
Shares issued for finder's fee		200,000	-
Conversion of warrants to common shares		477,000	48
Share issuance costs		-	(24)
Balance, December 31, 2017		62,277,000	949
Conversion of warrants to common shares		**3,100,000**	310
Balance, March 31, 2018		**65,377,000**	**1,259**

At March 31, 2018, the Corporation was authorized to issue an unlimited number of common shares without par value. The holders of common shares are entitled to one vote per share and all shares rank equally with regard to the Corporation's residual assets.

(b) Contributed surplus

The contributed surplus reserve included in the Shareholders' Equity section of the Statement of Financial Position comprises all share-based payment transactions that do not involve the issuance of shares, private placement proceeds allocated to unexercised share purchase warrants, and unexercised stock options.

Warrants

The Corporation completed a special warrant financing by issuing 477,000 special warrants (the "Special Warrants") for gross proceeds of $48 thousand. The Special Warrants were deemed exercised on November 1, 2017 and converted into 477,000 common shares of the Corporation.

Prior to completion of the RTO, the Corporation had 5,200,000 warrants outstanding. Each warrant required the holder thereof to purchase one additional common share at a price of $0.10 on or before the date that was six months following the listing date of November 15, 2017 (i.e. the warrants had an expiry date of May 15, 2018).

In the first quarter of 2018, the Corporation received proceeds of $310 thousand from warrant holders who exercised their warrants and acquired 3,100,000 common shares of the Corporation.

At March 31, 2018, 2,100,000 (December 31, 2017: 5,200,000) warrants were outstanding and exercisable. Subsequent to the period end, all the outstanding warrants were exercised.

Options

The Corporation has adopted a stock option plan whereby a maximum of 10% of the issued and outstanding Shares, from time to time, may be reserved for issuance pursuant to the exercise of options. Under the terms of the stock option plan, options may be granted only to: (i) employees, officers, directors, and consultants of the Corporation; and (ii) employees, officers, directors, and consultants of an affiliate of the Corporation.

As of March 31, 2018, 307,500 options were exercisable (December 31, 2017: 307,500). No options have been exercised to date. Further details on the stock options are disclosed in Note 7 to the December 31, 2017 consolidated financial statements.

5. EARNINGS PER SHARE

Basic earnings per share for the three months period ended March 31, 2018 and 2017 is based on the net earnings attributable to shareholders, as reported in the consolidated statements of operations and comprehensive income (loss), and the weighted average number of common shares outstanding in the period.

Diluted earnings per share for the three months period ended year ended March 31, 2018 and 2017 is based on the net earnings attributable to shareholders as reported in the consolidated statements of operations and comprehensive income (loss) and basic weighted average number of common shares outstanding in the year:

For the three months ended March 31, **($ thousands, except per share amounts)**	**2018**	2017
Weighted average of common shares		
Basic	**62,897,000**	6,666
Diluted	**62,897,000**	6,666

The following potential common shares were excluded from the weighted average number of common shares outstanding (diluted) for 2018 because they were antidilutive:

- 2,100,000 warrants; and
- 1,010,000 stock options.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. REVENUE

For the three months ended March 31, ($ thousands)	2018	2017
Subscription fees	**126**	96
Set-up fees	**186**	116
	312	212

Subscription fees refers to monthly recurring fees charged to clients for software updates, new features and technical support. The Corporation views this revenue to be reasonably expected to be continually provided on a periodic basis.

Set-up fees refers to charges to new clients that are viewed by the Corporation to be one-time in nature for the implementation and on-boarding of the client onto the Platform. The amount charged varies based on the complexity of the clients' needs.

7. EXPENSES BY NATURE

The Corporation presents certain expenses in the consolidated statements of operations and comprehensive income (loss) by function. The following table presents those expenses by nature:

For the three months ended March 31, ($ thousands)	2018	2017
Expenses		
Salaries, subcontractors, and benefits	**342**	186
Marketing and sales costs	**9**	5
External services and facilites	**178**	49
Share-based payment	**24**	-
	553	240
Allocated to:		
Cost of revenue	**82**	75
Selling, general, and administrative	**287**	94
Research and development	**184**	**70**
	553	169
Finance costs		
Bank related charges	**5**	4
Interest	**3**	1
	8	5

8. OTHER INCOME AND EXPENSES

For the three months ended March 31, ($ thousands)	2018	2017
Government (grant) repayment	**-**	(4)
	-	(4)

9. SUBSEQUENT EVENTS

Subsequent to March 31, 2018, the Corporation has received proceeds of $210 thousand from warrant holders who exercised their warrants and have acquired 2,100,000 common shares of the Corporation. In addition, 60,000 options have been exercised for which the Corporation has received proceeds of $12 thousand. See note 4 for details of the warrants and options.

On May 30, 2018, the Corporation closed a $3.05 million non-brokered convertible debenture private placement on the following terms.

- Interest on the Debentures will accrue at a rate of 8.5% (the "**Interest**"), subject to adjustments, compounded quarterly until redeemed or converted in accordance with the terms of the Debentures.
- For a period of 5 years from the date of issue of the Debentures, the outstanding principal under the Debentures (the "**Principal**") will be convertible, at the option of the holder, into common shares of the Company ("**Common Shares**") at a conversion price of $0.51 per Common Share (the "**Principal Conversion Price**").
- At the election of the holder, all or a portion of the Interest accrued on the Debentures may be converted into Common Shares at a conversion price equal to the volume weighted average trading price of the Common Shares ("**10-day VWAP**") for the immediately preceding ten (10) trading days (the "**Interest Conversion Price**").
- Subject to the Corporation satisfying certain milestones, the Company has the option to convert all outstanding Principal into Common Shares at the Principal Conversion Price and to convert all accrued Interest into Common Shares at the Interest Conversion Price (the "**Forced Conversion**").
- The Corporation also has the right to redeem the Debentures at any time by paying or issuing, as applicable, to the Debenture holder: (i) a cash payment for the Principal, (ii) converting all accrued Interest into Common Shares at the Interest Conversion Price, and (iii) issuing to the Debenture holder additional Common Shares having a value representing 50% of the Interest that would have accrued up until the five (5) year anniversary of the issue date based on the Interest Conversion Price.
- In the event the Debentures have not been converted or redeemed within five (5) years from the date of issue, the Debenture holder may call the Debenture by providing the Corporation with twelve (12) months' written notice (the "**Notice Date**"), after which, the total Principal and accrued Interest will be due and payable by the Company in cash on the date that is 12 months from the Notice Date.
- The Debentures are also subject to Interest adjustments if the Corporation fails to maintain a cash balance equal to its 12 month burn rate whereby the Interest will increase by 0.5% for each month of inadequate cash balance subject to an interest rate cap of 12%.
- The Corporation intends to use the proceeds from the Private Placement to execute its sales and marketing strategy and for general working capital.
- No finder's fees, broker's fees and/or commissions were paid in connection with the Private Placement.