Q1 2018

Management Discussion & Analysis

Katipult Technology Corp. March 31, 2018

The discussion and analysis of the financial condition and results of operations of the Corporation is prepared as at May 30, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Katipult Technology Corp., and the notes thereto, for the three months ended March 31, 2018, and with the audited consolidated financial statements of Katipult Technology Corp., and the notes thereto, for the year ended December 31, 2017.

All financial information is presented in thousands of Canadian dollars, except share and per share data, and where otherwise indicated.

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (MD&A) of the financial condition and results of operations is intended to help the reader understand the current and prospective financial position and operating results of Katipult Technology Corp. (the "Corporation" or "Katipult"). The MD&A discusses the operating and financial results for the three months period ended March 31, 2018, is dated May 30, 2018, and takes into consideration information available up to that date.

The MD&A is based on the unaudited condensed consolidated interim financial statements of Katipult for the three months period ended March 31, 2018. The MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three months period ended March 31, 2018, and the annual consolidated financial statements and related notes for the year ended December 31, 2017, prepared in accordance with International Financial Reporting Standards (IFRS). The Corporation's audited consolidated financial statements have been prepared on the "going concern" basis, which presumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Additional information is available on Katipult' s website (www.katipult.com) and all previous public filings, including the most recent filed Annual Information Form and Information Circular, are available through SEDAR (www.sedar.com). All amounts are denominated in Canadian dollars (CDN$) unless otherwise identified. All amounts are stated in thousands unless otherwise identified.

FORWARD-LOOKING STATEMENTS

The MD&A contains certain forward-looking statements relating to the Corporation's plans, strategies, objectives, expectations and intentions. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "confident", "might" and similar expressions are intended to identify forward-looking information or statements. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this MD&A. The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates, and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. Such information and statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A may contain forward-looking information and statements pertaining to the fluctuations in the demand for the Corporation's services; the ability for the Corporation to attract and retain qualified personnel; the existence of competitors; technological changes and developments; the existence of operating risks inherent in the financial technology ("fintech") industry; assumptions regarding foreign currency exchange rates and interest rates; the existence of regulatory and legislative uncertainties; the possibility of changes in tax laws and general economic conditions including the capital and credit markets; assumptions made about future performance and operations. The Corporation cautions that the foregoing list of assumptions, risks, and uncertainties is not exhaustive. The forward-looking information and statements contained in this MD&A speak only as of the date of this MD&A and the Corporation assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

NON-GAAP MEASURES AND ADDITIONAL GAAP MEASURES

Throughout this document, reference is made to "gross margin", "working capital", and "adjusted EBITDA", which are all non-IFRS measures. Management believes that gross margin, defined as revenue less Cost of Revenue expenses, is a useful supplemental measure of operations. Management believes that working capital, defined as current assets less current liabilities, is an indicator of the Corporation's liquidity and its ability to meet its current obligations. Management believes that Adjusted EBITDA, which normalize earnings to exclude certain amounts, is a useful measure for comparing results from one period to another. Readers are cautioned that these non-IFRS measures may not be comparable to similar measures used by other companies. Readers are also cautioned not to view these non-IFRS financial measures as an alternative to financial measures calculated in accordance with International Financial Reporting Standards ("IFRS").

CORPORATE PROFILE

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 of the condensed consolidated interim financial statements for the three months ended March 31, 2018.

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.

FINANCIAL AND OPERATION HIGHLIGHTS

For the three months ended March 31, ($ thousands)	2018	2017
Subscription fees [1]	**126**	96
Set-up fees [1]	**186**	116
Total revenue	**312**	212
Gross margin [1]	**230**	137
Gross margin - percentage [1]	**73.7%**	64.6%
Adjusted EBITDA [1]	**(217)**	(27)
EBITDA [1]	**(242)**	(24)
Net loss	**(250)**	(29)
Total comprehensive income (loss)	**(250)**	(29)

47% Year over Year Increase in Revenue [1] at higher Gross margins [1]

- The software continued to perform well on new and existing platforms. The product is being well received and despite putting in only minimal marketing efforts, the positive experience of current customers has resulted in referrals and/or a positive reputation such that the Corporation has enjoyed an organically increased customer and recurring revenue base.
- Subscription fees generated $126 thousand in the first quarter of 2018, increasing 31% from the prior comparative period.
- Set-up fees grew to $186 thousand as the Corporation brought on more clients in the first quarter of 2018 (2017: $116 thousand).

  Given the costs incurred in delivering the Corporation's product has a step function, as the number of customers grows, the gross margin improves until a point in time when additional investment in capacity and support is required.

Continued investment and growth impacts Earnings and Net earnings [1]

On January 24th the Corporation made a strategic addition to its executive team with the addition of CFO Karm Teja, who brings extensive experience in technology growth businesses, to the Corporation's leadership.

The Corporation's Comprehensive loss was $250 thousand for the first quarter of 2018 and $29 thousand for the first quarter of 2017. The higher loss is the result of increased selling, general and administrative costs related to being a publicly listed company and increased efforts to support additional sales inquiries and new installations. In addition, the Corporation incurred higher research and development costs ("R&D") to improve the stability, scalability and develop additional functions and features. These additional expenses were partially offset by higher revenues and higher margins.

As an example of the R&D investment, in March the Corporation announced the release of its Dynamic Form Builder function which is designed specifically to enable the rapid customization of sophisticated investor onboarding forms. This new application will make user experience more efficient, effective and responsive while lowering costs and solving the operational challenges of adhering to shifting regulatory requirements.

Corporation continues to attract new customers, explore new opportunities and gain significant recognition and exposure

In January the Corporation signed a Memorandum of Understanding with Polymath Inc., creator of the Polymath securities token platform, to collaborate in the development of a system of recording securities ownership and transmission using blockchain technology. This initiative was nominated for the Most Promising Partnership Award at the second annual Lendit Fintech Industry awards. The Katipult-Polymath partnership was nominated alongside some of

[1] See Non-GAAP measures and additional GAAP measures

the world's finance and fintech giants including partnerships involving Goldman Sachs, Macquarie Group, Swedbank, and Lending Club.

On January 18 the Corporation had the privilege of opening the trading of the TSXV and benefitting from significant media exposure.

During the quarter, the Corporation expanded its foothold in the Middle East by adding two regulated firms from the UAE to its client list including a subsidiary of a publicly listed entity on the Abu Dhabi Securities Exchange. Subsequent to the quarter end, the Corporation added the prestigious Qatar Development Bank to its client list.

Subsequent to quarter end, the Corporation closes $3.05 million financing and attracts seasoned fintech veterans as investors and to the Board.

- On May 30, 2018, the Corporation closed a $3.05 million non-brokered convertible debenture private placement. Terms of this financing are described in the Subsequent events section of this document or in Note 9 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018.

  The Debenture holders are a small group of six individual investors that includes:

  - Brian Craig - Brian is a former CEO of Solium Capital Inc. ("**Solium**") and continues to bring vision and guidance as a Director. Prior to joining Solium full-time, Brian founded and was President and CEO of Stormworks Ltd., a privately held e-business services company that was acquired by Solium in 2002. Brian invests in many early-stage companies, including energy and technology start-ups. Brian has gained board and audit committee experience at several public and privately held companies.

  - Mike Broadfoot - Mike joined Solium's board of directors in 2002, where he has been the Chairman for most of that tenure. He also served as Solium's CEO from 2011 and 2015. Mr. Broadfoot's other past experience includes being CEO of Engage Energy, an energy trading and marketing company (sold in 2002). He was the founder of a predecessor company to Engage in 1994. Mike is currently a founder and principal in Jemm Properties of Calgary (commercial real estate development). Past board experience includes Medgate (now Cority, the medical records software company), Curve Dental (dental practice software), Southern Lights Ventures of NZ (bio-medical materials), and Peyto (oil and gas producer). For all of those companies, Mike was a principal shareholder and either a founder or early stage investor.

- Subsequent to the closing of the financing, Brian Craig joined the Board of the Corporation and Mike Broadfoot became a Board Observer.

RESULTS OF OPERATIONS

For the three months ended March 31, ($ thousands)	2018	2017
Subscription fees [1]	**126**	96
Set-up fees [1]	**186**	116
	312	212
Cost of revenue	**82**	75
Gross margin [1]	**230**	137
Gross margin - percentage [1]	**73.7%**	64.6%

The software continued to perform well on new and existing platforms. The product is being well received and despite putting in only minimal marketing efforts, the positive experience of current customers has resulted in referrals and/or a positive reputation such that the Corporation has enjoyed an organically increased customer and recurring revenue base. The increase in revenue is due to the Corporation being able to meet the inbound requests as its product achieved stability and scalability. The Corporation charges a one-time set up fee to new clients. The amount charged varies based on the clients' needs and complexity.

Subscription fees generated $126 thousand in the first quarter of 2018, increasing 31% from the prior comparative period. Set-up fees grew as the Corporation onboarded more clients at $186 thousand in the first quarter of 2018 (2017: $116 thousand).

The Corporation continued to add customers throughout the quarter and due to additional customers and improved efficiencies in onboarding, the Corporation has been able to improve its gross margin from 65% in first quarter of 2017 to 74% in first quarter of 2018.

SELLING, GENERAL, AND ADMINISTRATION

($ thousands)	2018	2017
Selling, general, and administrative less share-based payment	**263**	94
Share-based payment	**24**	-
Selling, general, and administrative	**287**	94

For the three-month period ended March 31, 2018, total selling, general, and administration expenses increased by $193 thousand compared to first quarter of 2017. The significant increase is due to costs related to being a publicly listed company and increased efforts to support additional sales inquiries and new installations.

Share-based payment expense was $24 thousand in the period. The expense is driven by the timing of vesting of stock options. This is a non-cash expense.

RESEARCH AND DEVELOPMENT

For the three months ended March 31, ($ thousands)	2018	2017
Research and development	**184**	70

The Corporation continued its research and development initiatives to increase product functionality, speed up the onboarding process and allow for scalable deployments.

[1] See Non-GAAP measures and additional GAAP measures

FOREIGN EXCHANGE

For the three months ended March 31, ($ thousands)	2018	2017
Foreign exchange	**1**	1

Foreign exchange gains and losses are the result of foreign currency fluctuations during the period and the timing of when items are settled. Foreign exchange gains and losses fluctuate quarterly in relation to changes in the US/Canadian and Euro/Canadian exchange rates.

FINANCE COSTS

For the three months ended March 31, ($ thousands)	2018	2017
Bank related charges	**5**	4
Interest	**3**	1
Finance costs	**8**	5

Finance costs have increased marginally in 2018 compared to prior year. The increase was mainly from increased transactions in the quarter.

OTHER INCOME AND EXPENSES

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

Other expenses contain expenses and recoveries that are infrequent and unusual in nature occurring outside of the normal operating activities of the Corporation and are unlikely to recur in the foreseeable future.

Other income and expense in the first quarter of 2017 relate to [the repayment of] government grants [accrued in the quarter. No such income or expenses were incurred in first quarter of 2018.

NET EARNINGS, TOTAL COMPREHENSIVE INCOME (LOSS), AND CASH FLOWS

For the three months ended March 31, ($ thousands)	2018	2017
Adjusted EBITDA [(1)]	**(217)**	(27)
EBITDA [(1)]	**(242)**	(24)
Net loss	**(250)**	(29)
Total comprehensive income (loss)	**(250)**	(29)
Funds provided (used in) by continuing operations [(1)]	**(220)**	(24)
Cash flow provided (used in) by continuing operations	**(248)**	5

[(1)] See Non-GAAP measures and additional GAAP measures

The Corporation's net loss was $250 thousand in the first quarter of 2018 and $29 thousand in the first quarter of 2017.

Adjusted EBITDA was ($217) thousand in the first quarter of 2018 compared to ($27) thousand in the same period last year. The higher loss is the result of increased selling, general and administrative costs related to being a publicly listed company and increased efforts to support additional sales inquiries and new installations. In addition, the Corporation incurred higher research and development costs to improve the stability, scalability and develop additional functions and features. These additional expenses were partially offset by higher revenues and higher margins.

The Corporation's funds provided by operations decreased in in the first quarter of 2018 compared to first quarter of 2017, mostly the result of the higher expenses previously discussed. The difference between the funds provided and cash flow provided by continuing operations is the result of changes in non-cash working capital. The Corporation used $28 thousand of non-cash working capital mostly due to higher accounts receivables, partially offset by higher payables.

FINANCIAL AND OPERATING HIGHLIGHTS - QUARTERLY ANALYSIS

	2018	2017				2016		
($ thousands)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Subscription fees [1]	**126**	98	142	156	96	88	66	75
Set-up fees [1]	**186**	261	83	185	116	141	124	136
Total revenue	**312**	359	225	341	212	229	190	211
Gross margin [1]	**230**	270	140	263	137	173	144	170
Gross margin - percentage [1]	**73.7%**	75.2%	62.2%	77.1%	64.6%	75.5%	75.8%	80.6%
Adjusted EBITDA [1]	**(215)**	(315)	(214)	(56)	(27)	25	12	50
EBITDA [1]	**(240)**	(244)	(787)	(52)	(24)	89	15	48
Net loss	**(248)**	(243)	(793)	(57)	(29)	91	6	45
Total comprehensive income (loss)	**(248)**	(243)	(793)	(57)	(29)	91	6	45

LIQUIDITY AND CAPITAL RESOURCES

Working capital

As at **($ thousands) - unaudited**	**March 31, 2018**	December 31, 2017	Increase (decrease) in working capital
Assets			
Current assets			
Cash and cash equivalents	**404**	345	59
Accounts receivable	**145**	76	69
Tax credit recoverable	**-**	6	(6)
Prepaid expenses	**7**	-	7
	556	427	129
Current liabilities			
Accounts payable and accrued liabilities	**283**	**235**	48
	283	**235**	48
Working capital [1]	**273**	**192**	81

[1] See Non-GAAP measures and additional GAAP measures

The improved working capital is the result of the Corporation holding more cash and higher payables balances partially offset by the Corporation having higher receivables because of more sales.

Liquidity

At March 31, 2018, the Corporation had $404 thousand (December 31, 2017: $345 thousand) cash on hand. The Corporation does not have long-term debt and therefore its liquidity risk is on its accounts payable and accrued liabilities, as it may encounter difficulty discharging its obligations.

Given the cash needs of the Corporation and currently available liquid resources, as at March 31, 2018 the continued operations of the Corporation required the Corporation to raise additional capital in the near term and/or to adjust operating expenses. 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 the Subsequent events section of this document and in Note 9 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018.

The Corporation considers the items included in capital to include shareholders' equity. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic and business conditions, financing environment and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Corporation may issue new shares, new debt, or scale back the size and nature of its operations. The Corporation is not subject to externally imposed capital requirements.

Management anticipates that its current level of cash flow from operations is not sufficient to meet its existing operational obligations, and therefore intends to regularly review its level of capital resources and actively manage its affairs. This review will consider factors such as the current economic environment, ability to raise additional capital on acceptable terms, changes in demand for the Corporation's services, capital spending requirements, foreign exchange rates, working capital needs, and future profitability of the Corporation's operations, any of which could materially affect the Corporation's ability to meet its obligations.

Additional financing may be necessary in a variety of circumstances, including the requirement of working capital to ramp up operations required by growth, the occurrence of adverse circumstances, fluctuations in foreign currency rates, or the decision to expand geographically into new markets or by acquisition. It is anticipated that the financing may be raised by bank debt, other forms of debt, or the issue of equity. It is possible that such financing will not be available, or if available, will not be available on favorable terms.

SHAREHOLDERS’ EQUITY

Issued and Outstanding

Number of common shares	Issued
Balance, December 31, 2015 and December 31, 2016	6,666
Cancellation of JOI’s shares	(6,666)
Common shares issued and outstanding prior to RTO	19,200,000
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
Balance, December 31, 2017	62,277,000
Conversion of warrants to common shares	**3,100,000**
Balance, March 31, 2018	**65,377,000**
Conversion of warrants to common shares	**2,100,000**
Balance, May 30, 2018	**67,477,000**

Common shares

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.

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 six months following the listing date of November 15, 2017 (ie the expiry of the warrants was 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 Company; and (ii) employees, officers, directors, and consultants of an affiliate of the Company.

As of March 31, 2018, 1,010,000 options were exercisable (December 31, 2017: 307,500). Subsequent to March 31, 2018, 60,000 options were exercised for gross proceeds of $12,000. Further details on the stock options are disclosed in Note 4 to the December 31, 2017 consolidated financial statements.

COMMITMENTS AND CONTINGENCIES

As of March 31, 2018, and as of the date of this MD&A, and in the normal course of business, other than in relation to the convertible debenture financing, the Corporation has no material obligations to make future payments, representing contracts and other commitments that are known and committed. Subsequent to March 31, 2018, the Corporation closed a convertible debenture financing for gross proceeds of $3.05 million. The convertible debenture has certain terms and conditions that create additional commitments and obligations on the Corporation. These terms are summarized in the Subsequent events section of this document and in Note 9 of the condensed consolidated interim financial statements for the three months ended March 31, 2018.

NON-GAAP MEASURES DEFINITIONS

This MD&A contains references to certain financial measures and associated per share data that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. These financial measures are computed on a consistent basis for each reporting period and include EBITDA, Adjusted EBITDA, and working capital.

These non-GAAP measures are identified and defined as follows:

"**EBITDA**" is a measure of the Corporation's operating profitability. EBITDA provides an indication of the results generated by the Corporation's principal business activities prior to how these activities are financed, assets are depreciated and amortized or how the results are taxed in various jurisdictions.

EBITDA is derived from the consolidated statements of operations and comprehensive income (loss) and is calculated as follows:

For the three months ended March 31,		
($ thousands)	**2018**	2017
Net loss	**(250)**	(29)
Plus:		
Finance costs	**8**	5
EBITDA	**(242)**	(24)

"**Adjusted EBITDA**" is used by management and investors to analyze EBITDA (as defined above) prior to the effect of foreign exchange, other income and expenses, and non-cash share-based payment expense. Adjusted EBITDA is not intended to represent net earnings as calculated in accordance with IFRS. Adjusted EBITDA provides an indication of the results generated by the Corporation's principal business activities prior to how these activities are financed, assets are depreciated, amortized and impaired, the impact of foreign exchange, how the results are taxed in various jurisdictions, effects of share-based payment expenses, and normalized other expenses not recurring in nature.

Adjusted EBITDA is calculated as follows:

For the three months ended March 31,		
($ thousands)	**2018**	2017
EBITDA	**(242)**	(24)
Plus:		
Foreign exchange	**1**	1
Share-based payment	**24**	-
Other income and expenses	**-**	(4)
Adjusted EBITDA	**(217)**	(27)

"**Working capital**" is used by management and the investment community to analyze the operating liquidity available to the Corporation. Working capital is calculated based on current assets less current liabilities.

Working capital is derived from the consolidated statements of financial positions and is calculated as follows:

As at **($ thousands) - unaudited**	**March 31, 2018**	December 31, 2017	Increase (decrease) in working capital
Assets			
Current assets			
Cash and cash equivalents	**404**	345	59
Accounts receivable	**145**	76	69
Tax credit recoverable	**-**	6	(6)
Prepaid expenses	**7**	-	7
	556	427	129
Current liabilities			
Accounts payable and accrued liabilities	**283**	**235**	48
	283	**235**	48
Working capital [(1)]	**273**	**192**	81

ADDITIONAL GAAP MEASURES DEFINITIONS

"**Funds provided by operations**" is used by management and investors to analyze the funds generated by the Corporation's principal business activities prior to consideration of working capital, which is primarily made up of highly liquid balances. This balance is reported in the Consolidated Statements of Cash Flows included in the cash provided by operating activities section.

"**Gross margin**" is used by management and investors to analyze overall and segmented operating performance. Gross margin is not intended to represent an alternative to net earnings or other measures of financial performance calculated in accordance with IFRS. Operating income is calculated from the consolidated statements of operations and comprehensive income (loss) and from the segmented information contained in the notes to the consolidated financial statements. Gross margin is defined as revenue less cost of revenue.

"**Gross margin percentage**" is used by management and investors to analyze overall and segmented operating performance. Gross margin percentage is calculated from the consolidated statements of operations and comprehensive income (loss) and

[(1)] See Non-GAAP measures and additional GAAP measures from the segmented information in the notes to the consolidated financial statements. Gross margin percentage is defined as gross margin divided by revenue.

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

“Setup fees” are charges that are viewed by the Corporation to be one-time in nature to new clients for implementation and on-boarding of the clients onto the Platform. The amount charged varies based on the clients’ needs and complexity.

BUSINESS RISKS

The business of Katipult Technology Corp. is subject to risk and uncertainties. Prior to making any investment decisions regarding Katipult, investors should carefully consider, among other things, the risk described (including risk and uncertainties listed in the Forward-Looking Statements section in this MD&A) and risk factors set forth in the most recent long form prospectus of the Corporation and the 2017 Management Discussion and Analysis. The long form prospectus of the Corporation and the 2017 Management Discussion and Analysis have been filed with SEDAR and can be accessed at www.sedar.com.

CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the condensed consolidated interim financial statements requires management to make judgements and estimates that affect the reported amounts of assets, liabilities, income, and expenses. Judgements and estimates are continually evaluated and are based on historical experience and expectations of future events. While judgements and estimates used by Katipult are believed to be reasonable under current circumstances, actual results could differ. The Corporation has applied significant judgements on a basis consistent with the prior year, except for depreciation and amortization.

New Standards and Interpretations Adopted

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. These new standards and amendments have been adopted and their impact on Katipult’s consolidated financial statements 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. 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 this standard. Management determined the impact of this adoption as being not material.

New Standards and Interpretations Not Yet Adopted

IFRS 16 – Leases: IFRS 16 replaces the previous guidance on lease recognition and establishes principles for recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The new standard brings most leases onto the statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, will remain largely unchanged.

IFRS 16 will be effective for annual periods beginning on or after January 1, 2019, with early application permitted if IFRS 15 – Revenue from Contracts with Customers, has also been applied. The Corporation does not anticipate a material impact on its consolidated financial statements as a result of the adoption of this standard.

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 Company. 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 Corporation 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 Corporation 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.

OUTLOOK

This Outlook contains forward-looking statements that the Corporation does not intend, and does not assume any obligation, to update, except as required by law. The forward-looking information and statements include:

- The current economic climate and its effect on the Corporation's client base business;
- The Corporation's ability to successfully acquire new customers;
- The Corporation's ability to successfully implement its technology;
- The Corporation's ability to raise further capital on terms acceptable to the Corporation; and
- Management's assumptions regarding the sustainability of recurring revenue streams and the Corporation's expected profitability

The Corporation continues to grow its revenue stream, expand its market reach, explore new opportunities and attract positive recognition and exposure. While the Corporation intends to continue investing in research and development initiatives that improve the product's functions, features and end user experience, the focus going forward will be on increasing the sales efforts through both direct and indirect channels, building brand recognition, continuing to improve the onboarding and customization activities and explore ways to speed up the sale-cycle. The Corporation also intends to expend resources on building a more robust technical support and back-office infrastructure that can scale and support growth.

CORPORATE INFORMATION

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Chief Executive Officer & Co-Founder

Paul Sun
Director

Pheak Meas
Chief Product Officer & Co-Founder

Officers

Brock Murray
Chief Executive Officer & Co-Founder

Karim Teja, CPA, CGA
Chief Financial Officer, Corporate Secretary

Ben Cadieux
Chief Information Officer

Pheak Meas
Chief Product Officer & Co-Founder

Doug McLean, M.Sc.
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Additional information relating to the Corporation is available on SEDAR at www.sedar.com