Katipult Technology Corp.
(formerly Deha Capital Corp.)
Consolidated Financial Statements
For the years ended December 31, 2017 and 2016

Independent Auditors' Report

To the Shareholders of Katipult Technology Corp.

We have audited the accompanying consolidated financial statements of Katipult Technology Corp., which comprise the consolidated statement of financial position as at December 31, 2017 and December 31, 2016, the consolidated statements of comprehensive income (loss) and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Katipult Technology Corp. as at December 31, 2017, December 31, 2016 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which describes matters
and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Katipult Technology Corp.'s ability to continue as a going concern.

MNP LLP

Calgary, Alberta
April 27, 2018

Chartered Professional Accountants

MNP LLP

Katipult Technology Corp.
(formerly Deha Capital Corp.)
Consolidated Statements of Financial Position

As at

(Expressed in Canadian Dollars)

	December 31 2017	December 31 2016
ASSETS	**$**	$
Current Assets		
Cash	**345,099**	188,360
Trade and other receivables	**76,029**	61,868
Taxes receivable	**5,533**	48,714
Marketable security	**-**	120,000
Total Current Assets	**426,661**	418,942
Non-current Assets		
Property and equipment	**3,580**	3,580
Total assets	**430,241**	422,522
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 6)	**234,478**	57,196
Due to shareholders (note 6)	**-**	27,741
Total Current Liabilities	**234,478**	84,937
Non-current Liabilities		
Deferred tax liability (note 9)	**-**	7,552
Total liabilities	**234,478**	92,489
Share capital (notes 5 & 7)	**948,842**	2
Contributed surplus (note 7)	**41,251**	-
Retained (deficit) earnings	**(794,330)**	330,031
Total shareholders' equity	**195,763**	330,033
Total liabilities and shareholders' equity	**430,241**	422,522

Subsequent events (note 12)

Signed on behalf of the Board of Directors

"signed" Marcus Shapiro	"signed" Jeff Dawson
Director	Director

The accompanying notes are an integral part of these consolidated financial statements.

Katipult Technology Corp.
(formerly Deha Capital Corp.)
Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31,
(Expressed in Canadian Dollars)

	2017	2016
REVENUE		
Setup fees	**$ 645,153**	$ 425,361
Subscription fees	**491,314**	317,905
Other services	**-**	54,196
Gross revenue	**1,136,467**	797,462
Cost of sales	**(327,603)**	(169,464)
Gross Margin	**808,864**	627,998
EXPENSES		
Advertising	**46,596**	14,662
Bank charges and interest	**22,979**	14,413
Other operating expenses	**44,279**	34,845
Professional fees	**213,343**	2,548
Bad debt expense	**168,819**	-
Government grant	**6,706**	(64,143)
Share-based compensation (note 7)	**41,251**	-
Travel	**54,105**	30,741
Transfer agent and filing fees	**36,852**	-
Wages and benefits (note 6)	**858,487**	434,265
Total expenses	**1,493,417**	467,331
(Loss) income from operations	**(684,553)**	160,667
Foreign exchange gain (loss)	**403**	(1,894)
Listing expense (Note 5)	**(449,260)**	-
Interest and other income	**1,497**	3,050
Net (loss) income before income taxes	**(1,131,913)**	161,823
Income tax recovery (expense) (note 9)	**7,552**	(21,370)
Total comprehensive (loss) income	**(1,124,361)**	140,453
(Loss) earnings per share – basic and diluted	**$ (0.03)**	$ 21.07
Weighted average number of shares outstanding – basic (note 11)	**32,188,000**	6,666
Weighted average number of shares outstanding – diluted (note 11)	**32,188,000**	6,666

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings (deficit)	Total
Balance, December 31, 2015	6,666	$ 2	$ -	$ 189,578	$ 189,580
Total comprehensive income	-	-	-	140,453	140,453
Balance, December 31, 2016	6,666	$ 2	$ -	$ 330,031	$ 330,033
Cancellation of JOI's shares (Note 5)	(6,666)	-	-	-	-
Issuance of the Company's shares to JOI shareholders pursuant to the share exchange agreement (Note 7)	42,400,000	-	-	-	-
Common shares of the Company issued and outstanding prior to RTO (Note 7)	19,200,000	-	-	-	-
Finder's fee (Note 7)	200,000	-	-	-	-
Share issue costs (Note 7)	-	(24,300)	-	-	(24,300)
Fair value of shares deemed issued to acquire the Company (Note 5)	-	925,440	-	-	925,440
Conversion of special warrants	477,000	47,700	-	-	47,700
Share-based compensation	-	-	$ 41,251	-	41,251
Total comprehensive loss	-	-	-	(1,124,361)	(1,124,361)
Balance, December 31, 2017	62,277,000	$ 948,842	$ 41,251	$ (794,330)	$ 195,763

Consolidated Statements of Cash Flows

For the year ended December 31,
(Expressed in Canadian Dollars)

	2017	2016
CASH PROVIDED BY (USED IN)	**$**	$
Operating Activities		
Total comprehensive (loss) income	**(1,124,361)**	140,453
SR&ED refunds	-	(64,143)
Foreign exchange (gain) loss	**-**	(1,893)
Tax expense (recovery)	**-**	21,370
Items not affecting cash:		
Allowance for doubtful accounts	**168,819**	-
Listing expense (Note 5)	**449,260**	-
Share-based compensation	**41,251**	-
Deferred tax liability	**(7,552)**	
Change in non-cash working capital:		
Trade and other receivables	**(139,799)**	(27,912)
Taxes receivable	**-**	56,918
Accounts payable and accrued liabilities	**133,982**	9,901
Due to shareholders	**(27,741)**	(40,527)
Cash (used in) provided by operating activities	**(506,141)**	94,167
Investing Activities		
Proceeds on acquisition of subsidiary (Note 5)	**519,480**	-
Sale (Purchase) of marketable security	**120,000**	(120,000)
Additions to of property and equipment	**-**	(3,580)
Cash provided by (used in) investing activities	**639,480**	(123,580)
Financing Activities		
Share issuance costs	**(24,300)**	-
Shares issued from conversion of special warrants (Note 7)	**47,700**	-
Cash provided by financing activities	**23,400**	-
CHANGE IN CASH	**156,739**	(29,413)
CASH, BEGINNING OF YEAR	**188,360**	217,773
CASH, END OF YEAR	**345,099**	188,360

1. GENERAL INFORMATION

Katipult Technology Corp. (formerly Deha Capital Corp.) (the “Company” or “Katipult”) is a technology company that is a pursuing to be a global leader in enterprise software and software related services. The Company is incorporated under the British Columbia Business Corporations Act and has its registered office address at Suite 600 – 777 Hornby Street, Vancouver, BC V6Z 1S4.

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

Pursuant to the terms of the Agreement, and subject to completion of certain conditions precedent, including receipt of all necessary director, shareholder, regulatory and TSX Venture Exchange (“TSXV”) approvals, the Company listed on the TSXV on November 15, 2017.

Further details of this transaction are described in note 5.

2. BASIS OF PRESENTATION

The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements were authorized for issuance by the Board of Directors of the Company (the “Board”) on April 27, 2018.

The Company adopted no new IFRS and interpretations during 2017.

Going Concern

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to raise the necessary capital on terms acceptable to the Company 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 Company’s ability to continue as a going concern. As at December 31, 2017, the Company has cash and cash equivalents of $345,099 (2016 - $308,360) and has a positive net working capital position of $192,183 (2016 - $334,005). However, the Company has an accumulated deficit of $794,330 (2016 - $330,031) as at December 31, 2017 and incurred a total comprehensive loss during the year ended December 31, 2017 of $1,124,361 (2016 – income of $140,453). The Company has not yet been able to generate the transaction volumes required to create positive cash flows from operations. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to December 31, 2017 is uncertain.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, JOI. All inter-company transactions and balances have been eliminated upon consolidation. Subsidiaries are those entities that the Company controls by having the power to govern the financial and operating policies of the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.

Functional and presentation currency

These consolidated financial statements are prepared in Canadian dollars, which is the functional currency of the Company and its subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company are set out below. These policies have been consistently applied to each of the periods presented in these consolidated financial statements.

Revenue recognition

The Company derives revenue from subscription, setup and other service fees. Revenue is recognized when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales or income taxes or duty. Revenue from subscription fees is recognized over the period to which the subscription relates. If it is not considered probable that the revenue is collectible, then it is only recognized when the fee is collected. Revenue from other services is recognized when the services are provided. Revenue from setup fees is recognized over the period to which the setup installation takes place.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency of the Company at exchange rates prevailing at the transaction dates. Monetary assets and liabilities are retranslated at the exchange rates at the reporting date. Non-monetary items that are measured at historical cost are translated using the exchange rates at the date of the transaction and non-monetary items that are measured at fair value are translated using the exchange rates at the date when the items' fair value was. Exchange gains and losses on translation or settlement are recognized in the consolidated statement of comprehensive income (loss).

Share-based compensation

The Company grants equity settled share-based payments comprised of stock options to certain employees, contractors and directors of the Company. Each tranche of stock options is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. This number of options expected to vest is reviewed at least annually, with any change in estimate recognized immediately in the consolidated statement of comprehensive income (loss) with a corresponding adjustment to contributed surplus.

Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income (loss) (loss) except to the extent it relates to items recognized in other comprehensive income or directly in equity

Current tax

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate based on amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and there corresponding tax bases based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable income nor the accounting income.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the Company’s obligations are discharged, cancelled or expire. Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. The Company has classified cash and trade and other receivables as loans and receivables.

Held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest rate, less impairment. The Company has classified its marketable security as held-to-maturity.

Other financial liabilities

Other financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. The Company has classified accounts payable and accrued liabilities and due to shareholders as other financial liabilities.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment, if applicable. Cost is determined as the expenditure directly attributable to the asset at acquisition, only when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. All repairs and maintenance costs are charged to the consolidated statement of comprehensive income (loss) during the financial period in which they are incurred. Depreciation over the estimated useful life of assets is provided on the following bases and annual rates:

Computer hardware: five years straight-line

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant components and depreciates separately each such component, where applicable. The estimated useful lives of property and equipment are reviewed at the end of each reporting period and adjusted if required.

Gains or losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated statement of comprehensive income (loss). Impairment of financial assets.

Financial assets

Financial assets carried at amortized cost are assessed for impairment at each reporting date. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset.

For financial assets measured at amortized cost, the impairment loss is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. If impairment has occurred, the carrying amount of the asset is reduced, with the amount of the loss recognized in the consolidated statement of comprehensive income (loss). Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Non-financial assets

The carrying amounts of the Company's property and equipment are assessed for impairment indicators on at least an annual basis to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's or group of assets estimated fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable independent cash inflows (a cash generating unit or "CGU"). Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of comprehensive income (loss). The Company has one CGU and has determined that no indicators of impairment exist at December 31, 2016 or 2017.

Earnings (loss) per share

The amount of basic earnings (loss) per share is calculated by dividing the total comprehensive income (loss) attributable to equity holders by the weighted average number of shares outstanding during the period. The diluted earnings (loss) per share amounts are determined by adjusting the total comprehensive income (loss) attributable to equity holders and the weighted average number of shares outstanding, for the effects of all potentially dilutive shares.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

SR&ED tax credits

The determination of the amount of the Alberta SR&ED tax credit receivable requires management to make calculations based on its interpretation of eligible expenditures in accordance with the terms of the programs. The reimbursement claims submitted by the Company are subject to review by the relevant government agencies. Although the Company has used its best judgment and understanding of the related program agreements in determining the receivable amount, it is possible that the amounts could increase or decrease by a material amount in the near-term dependent on the review and audit by the government agency.

Allowance for uncollectible trade and other receivables

The Company makes use of estimates when making allowances for uncollectible trade and other receivables. The Company evaluates each receivable at year end using factors such as age of receivable, payment history, and credit risk to estimate when determining if an allowance is required, and the amount of the allowance.

Deferred taxes

The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or nonoccurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

Future accounting policy changes:

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date.

1. IFRS 9, Financial Instruments
In July 2014, the IASB completed the final elements of IFRS 9. The standard supersedes earlier version of IFRS 9 and completes the IASB's project to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, as single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The standard will come into effect for annual periods beginning on or after January 1, 2018, with the required retrospective application and earlier adoption permitted. The Company has completed an initial assessment and does not expect the standard to have a material impact on the consolidated financial statements.

2. IFRS 15, Revenue from Contract with Customers
The IASB issued the standard to replace IAS 18 which establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for the annual periods beginning on or after January 1, 2018, with the required retrospective application and earlier adoption permitted. The Company has completed an initial assessment and does not expect the standard to have a material impact on the consolidated financial statements.

3. IFRS 16, Leases
IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are 'capitalized' by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligation to make future lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of the standard on its financial statements.

5. REVERSE TAKEOVER ("RTO")

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

The Company did not meet the definition of a business at the time of the RTO, therefore the transaction is outside of the scope of IFRS 3 Business Combinations. Instead, 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 Company, with the net identifiable assets of the Company (accounting acquiree) deemed to have been acquired by JOI (accounting acquirer). The purchase consideration below was estimated based on the fair value of the Company's common shares that JOI would have had paid to the Company pursuant to the reverse acquisition. Upon completion of the proposed transaction, the fair value of all identifiable assets and liabilities acquired was determined. The carrying value of JOI's and the Company's assets and liabilities at Closing are 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.

(Expressed in Canadian Dollars)

As JOI was deemed to be the accounting acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The Company`s results of operations have been included from the date of the RTO. The legal capital of the entity continues to be that of the Company, the legal parent.

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

6. RELATED PARTY TRANSACTIONS

All the Company's related party transactions are in the normal course of business and are initially measured at fair value. The following is a summary of the Company's related party balances or transactions:

Related party balances

Amounts due to shareholders of $ nil (December 31, 2016 - $27,741) are due on demand, bear no interest and have no fixed repayment terms.

As at December 31, 2017, $8,694 (December 31, 2016 - $3,000) included in accounts payable and accrued liabilities was payable to an officer and a company controlled by an officer of the Company. The amounts payable are for salaries and wages earned at the end of December 2017. Amounts payable to related parties are due on demand, bear no interest and have no fixed repayment terms.

Key management compensation

Key management includes the Company's directors and members of the executive management team. Compensation awarded to key management for the year ended December 31, 2017 and 2016 included:

	2017	2016
Salaries and short-term employee benefits	**$ 338,849**	$ 92,849
Share – based compensation	**36,889**	-
Total	**$ 375,738**	$ 92,849

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

The authorized share capital of the Company consists of unlimited common shares.

Common shares issued:

	Number	Amount $
Balance, December 31, 2015 and December 31, 2016	6,666	2
Cancellation of JOI's shares (Note 5)	(6,666)	-
Common shares of the Company issued and outstanding prior to RTO (Note 5)	19,200,000	925,440
Issuance of the Company's shares to JOI shareholders at Exchange Ratio Note (5)	42,400,000	-
Finder's fee shares (i)	200,000	-
Conversion of Special Warrants to common shares	477,000	47,700
Share issue costs (i)	-	(24,300)
Balance, December 31, 2017	**62,277,000**	**948,842**

(i) Compensation was paid in cash and in shares to third parties for introducing and securing new investors to Katipult Technology.

Warrants

The Company completed a special warrant financing by issuing 477,000 special warrants (the "Special Warrants**"**) for gross proceeds of $47,700. The special warrants were deemed exercised on November 1, 2017 and converted into 477,000 common shares of the Company.

Prior to completion of the RTO (see note 5) the Company had 5,200,000 warrants outstanding. Each warrant requires the holder thereof to purchase one additional common share at a price of $0.10 on or before the date that is six months following the listing date of November 15, 2017. The warrants expire on May 15, 2018. At December 31, 2017, 5,200,000 warrants were outstanding and exercisable.

Options

The Company 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.

On August 25, November 6 and November 15, 2017, the Company issued 2,935,000, 30,000 and 150,000 options respectively to executive officers, directors, consultants and employees. The options issued on August 25 and November 6 are exercisable to purchase one common share of the Company at a price of $0.10 per share until dates ranging from August 25, 2017 to November 6, 2022. The 150,000 options that were issued on November 15, 2017 are exercisable to purchase one common share at a price of $0.20 per share until November 15, 2022. As of December 31, 2017, 307,500 options were exercisable. No options have been exercised to date. The following is a summary of the activity:

(Expressed in Canadian Dollars)

	Share options	Weighted average Exercise price	Expiry date
	#	$	
August 25, 2017	2,935,000	0.10	August 25, 2022
November 6, 2017	30,000	0.10	November 6, 2022
November 15, 2017	150,000	0.20	November 15, 2022
Outstanding at December 31, 2017	3,115,000	0.10	
Exercisable at December 31, 2017	307,500		

The Company determined the full fair value of share-based compensation to be $91,182 using the Black-Scholes option pricing model and the following assumptions: share price of $0.05, expected share price volatility ranging from 85.02% to 87.21%, expected life of five years and risk-free interest rate ranging from 1.54% to 1.63%. The Company has recorded a share-based compensation expense of $41,251 for the year ended December 31, 2017 in relation to these options, using graded vesting.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The carrying value of cash, trade and other receivables, marketable security, accounts payable and accrued liabilities and due to shareholders approximates their fair values due to the immediate or short-term maturity of these financial instruments.

Credit risk

The Company has the following exposure to credit risk and is set out as follows:

	December 31, 2017	December 31, 2016
	$	$
Cash	**345,099**	188,360
Trade and other receivables	**76,029**	61,868
Marketable security	**-**	120,000
	421,128	370,228

Credit risk associated with cash and the marketable security is managed by ensuring assets are placed with major financial institutions with strong investment grade ratings.

Credit risk on trade and other receivables reflects the risk that the Company may be unable to recover them. The Company manages its credit risk by closely monitoring the granting of credit. Trade and other receivables that are greater than 30 days are considered past due. Based on the status of trade and other receivables, an allowance for doubtful accounts of $168,819 has been recorded as at December 31, 2017 (December 31, 2016 - $nil). The allowance for doubtful accounts that are over 90 days that are attributable to this allowance is $157,597, with the remaining $11,222 being less than 90 days outstanding.

The aging of trade and other receivables as at December 31, 2017 and 2016 is as follows:

	December 31, 2017 **$**	December 31, 2016 $
Current	**8,881**	24,742
1 – 30 days	**37,276**	33,453
31 – 60 days	**16,447**	725
61 – 90 days	**15,890**	1,912
91 and over	**166,354**	1,036
Total	**244,848**	61,868
Allowance for doubtful accounts	**(168,819)**	-
Total trade receivables	**76,029**	61,860

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due.

The Company is subject to liquidity risk on its accounts payable and accrued liabilities, and loan payable as it may encounter difficulty discharging its obligations. The Company attempts to mitigate this risk by managing its working capital.

All the Company's financial liabilities are due within one year at December 31, 2017.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to minimal interest rate risk on its cash balances as they carry a floating rate of interest.

Foreign currency risk

The Company does engage in significant transactions and activities in currencies other than its functional currency. Depending on the timing of the transactions and the applicable currency exchange rates such conversions may positively or negatively impact the Company. Foreign currency balances, subject to exchange rate fluctuations, were as follows (amounts shown in Canadian dollar equivalent):

	December 31 **2017** **$**	December 31 2016 $
Cash	**243,979**	143,913
Trade and other receivables	**213,160**	24,910
Accounts payable and accrued liabilities	**(65,292)**	-
Total	**391,847**	168,823

The following table demonstrates the sensitivity of the Company's total comprehensive income (loss) to a 10% increase or decrease in the Canadian dollar against the foreign exchange rates (amounts shown in Canadian dollar equivalent).

	December 2017 $	December 31 2016 $
10% strengthening in the Canadian dollar	**(39,185)**	(16,882)
10% weakening in the Canadian dollar	**39,185**	16,882

9. TAXES

Income tax was recognized in the consolidated statement of comprehensive income (loss) as follows:

	December 31 2017 $	December 31 2016 $
Current income tax	**-**	15,429
Deferred tax (recovery) expense	**(7,552)**	5,941
Total	**(7,552)**	21,370

The following table reconciles the expected tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statement of comprehensive income (loss):

	December 31 2017 $	December 31 2016 $
Net (loss) income before tax	**(1,123,031)**	161,823
Statutory tax rate	**26.0%**	13.5%
Expected tax (recovery) expense	**(291,988)**	21,846
Non-deductible items	**133,005**	-
Non-taxable items	**-**	(74)
Change in rates and other items	**(5,852)**	(402)
Change in deferred tax assets not recognized	**157,283**	-
	(7,552)	21,370

(Expressed in Canadian Dollars)

Components of the deferred tax asset (liability) were as follows:

	December 31 2017 $	December 31 2016 $
SR&ED tax credits	**-**	(7,456)
Other	**-**	(96)
	-	(7,552)

10. CAPITAL MANAGEMENT

Capital disclosures provide information about (i) the Company's objectives, policies, and processes for managing capital, (ii) quantitative data about what the Company regards as capital, (iii) whether the Company has complied with any capital requirements, and (iv) if it has not complied, the consequences of such non-compliance.

The Company's objectives for managing capital are:

i. To safeguard the Company's ability to continue as a going concern, so that it can provide adequate returns for shareholders and benefits for other stakeholders.
ii. To ensure sufficient liquidity to enable the internal financing of capital thereby facilitating its ability to continue operations and eventually achieve profitable operations.
iii. To maintain a strong capital base so as to maintain investor, creditor and market confidence.

The Company considers the items included in capital to include shareholders' equity. The Company 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 Company may issue new shares, new debt, or scale back the size and nature of its operations. The Company is not subject to externally imposed capital requirements. As at December 31, 2017, shareholders' equity was $195,763 (December 31, 2016 - $330,033).

11. EARNINGS PER SHARE

Basic Loss per Common Share
The calculation of basic earnings per common share for the year ending December 31, 2017 was based on total comprehensive loss of $1,124,361 (2016 – income of $140,453) and a weighted average number of shares outstanding of 32,188,000 (2016 – 6,666).

Diluted Loss per Common Share
The calculation of diluted net earnings per common share for the year ending December 31, 2017 was based on total comprehensive loss of $1,124,361 (2016 – income of $140,453) and a weighted average number of shares outstanding after adjustment for the effects of all dilutive potential shares of 32,188,000 (2016 – 6,666). The potential shares issuable in exchange for warrants and options (see note 7) (2016 – nil) have been excluded due to their anti-dilutive effect for the year ended December 31, 2017.

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2017 the Company has received proceeds of $310,000 from warrant holders (see note 7) who exercised their warrants and have acquired 3,100,000 common shares of the Company.