

Katipult Reports Record Subscription Revenues in Fourth Quarter 2018 Financial Results

156% increase in Q4 2018 Subscription Revenue compared to Q4 2017 and a 43% Year over Year Increase in Subscription Revenue

VANCOUVER, April 25, 2019 /CNW/ - Katipult Technology Corp. (TSXV:FUND and FRA:K10) ("Katipult" or the "Corporation"), provider of an industry leading and award-winning cloud-based software infrastructure for digitizing and automating private placements, is pleased to announce its fourth quarter (Q4) and its full year 2018 financial results.

Subscription revenue increased 43% in 2018 to \$702 thousand compared to the prior year (2017: \$491 thousand). The Corporation continues to attract interest from potential clients including small and medium sized private equity, private lending and commercial real estate organizations and recently has attracted the interest of larger, more established organizations. In the fourth quarter of 2018 the Corporation recorded subscription revenue of \$251 thousand compared to \$98 thousand in the fourth quarter of 2017. This resulted in Q4 2018 being the Corporation's highest reported subscription revenue in a quarter to date.

"This marks our fourth consecutive quarter of increasing subscription revenues. Over the last year, we have seen a maturing of our product, the development of more robust sales and support processes and our ability to attract the interest of large industry players. We are excited to be entering 2019 with significant recurring revenues in hand and interesting opportunities that help move us up-market." said Brock Murray, CEO of Katipult

Financial Highlights – 2018

- Total revenue for the year ended December 31, 2018 increased by 8% to \$1.225 million, compared to \$1.136 million in 2017. The substantial increase in subscription revenue was partially offset by lower integration revenues as the Corporation is strategically moving up-market by targeting fewer, but larger more established clients.
- Gross profit as a percentage of sales increased from 71.1% in 2017 to 73.7% in 2018.
- Total comprehensive loss for 2018 was \$2.073 million compared to \$1.124 million in 2017. The larger loss is due to higher selling, general and administrative costs and higher research and development costs partially offset by higher revenues and higher gross profit.
- As at December 31, 2018, the Corporation's cash balance was \$2.539 million compared

to \$0.345 million at December 31, 2017.

- Katapult was awarded \$120 thousand from the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) to support the development of an "Investor License" application on a decentralized network. The Investor License is intended to address all mechanisms of investor onboarding and auditability necessary for regulatory compliance.
- In November 2018, the Corporation won an award and secured a cash prize of \$100 thousand SGD (c \$95 thousand) at the 2018 Singapore FinTech Festival, the world's largest platform for the global FinTech community. 40 finalists were shortlisted from more than 280 global submissions, with entries evaluated based on four criteria: impact, practicality, interoperability, and uniqueness and creativity. The winners were selected by a panel of 17 judges who represented a cross-section of international and local experts from the private and public sectors, including representatives of HSBC, Deloitte, DBS Bank, Accenture and Boston Consulting among others. This award was strong validation of Katapult's technology and the market need it addresses.

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Forward-Looking Statement:

Cautionary Note Regarding Forward Looking Statements: Certain disclosure in this release, including, but not limited to, statements regarding the increased or continued industry interest in the Corporation's product, converting existing sales interest and pipeline growth into revenue, expanding the sales force, generating new sales opportunities, effectively and efficiently utilizing resources and available cash, constitute forward-looking statements. In making the forward-looking statements in this release, the Corporation has applied certain factors and assumptions that are based on the Corporation's current beliefs as well as assumptions made by and information currently available to the Corporation, including, but not limited to, the Corporation's anticipated cash needs, that the cash available to the Corporation is as expected, the Corporation's product will continue to operate as expected, the industry will continue to see value in the Corporation's product, the Corporation will be able to recruit talented and experienced sales, support and other individuals required to execute the Corporation's plans. Although the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Such risk factors may include, among others, the risk that cash available to the Corporation is not as expected, the Corporation's pricing and product offering is no longer relevant, the Corporation isn't able to recruit the personnel it requires on terms acceptable to the Corporation, regulatory changes that may require significant rework of the Corporation's product. Readers are cautioned not to place undue reliance on forward-looking statements. The Corporation does

not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

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