Katipult Releases 2022 Q1 Results

CALGARY, AB, May 30, 2022 /CNW/ - Katipult Technology Corp. (TSXV: FUND) ("Katipult" or the "Corporation"), provider of an industry leading and award-winning cloud-based software infrastructure for powering the exchange of capital in equity and debt markets, is pleased to announce its financial results for the three -month period ended March 31, 2022.

"Katipult remains steadfast in modernizing private capital markets," said Gord Breese, Katipult CEO. "Our recent Katipult DealFlow announcement showcases how we deliver massive improvements in deal origination and private security trading for investors, broker dealers, and issuers."

The following provides a summary of the results for the first quarter of 2022. The full results and related management discussion and analysis are available on the Corporation's SEDAR profile (www.sedar.com).

Q1 2022 Summary
Revenue

Subscription revenue increased 15.3% from $378K booked in first quarter of 2021 to $436 in first quarter of 2022.

Gross Profit

Gross profit percentage was 77.8% in the first quarter of 2022. The Corporation has been able to consistently maintain a gross profit percentage of over 70%.

Adjusted EBITDA [(1)]

Adjusted EBITDA losses increased to $471 in three-month ended March 31, 2022, due mostly to the increased salaries, subcontractors, and benefits expenditures - as the Corporation invests in key employees - partially offset by an increase in subscription revenue.

Net loss and comprehensive loss

Net loss and comprehensive loss increased to $710 in the first quarter of 2022. The increased loss is due to the above noted higher expenditures in addition to a change in the non-cash fair value the Corporation's outstanding 2018 Debentures, and higher finance costs from the accretion of the 2021 Debenture.

Cash and cash equivalents

Cash and cash equivalents and marketable securities balance as at March 31, 2022 was $2.1 million.

About Katipult
Katipult (www.katipult.com) is a provider of industry leading and award-winning software infrastructure for powering the exchange of capital in equity and debt markets. Our cloud-based platform and solutions digitize investment workflow by eliminating transaction redundancy, strengthening compliance, delighting investors, and accelerating deal flow. Katipult provides unparalleled adaptability for regulatory compliance, asset structure, business model, and localization

requirements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statement

Cautionary Note Regarding Forward Looking Statements: Certain disclosure in this release, including statements regarding the increased or continued industry interest in the Corporation's product, converting existing sales interest and installations into revenue, generating new sales opportunities, building an ecosystem that will be acceptable, effectively and efficiently utilizing the Corporation's resource and the ability to deal with business disruptions or opportunities as a result of the Covid-19 pandemic 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, and that the Corporation's employees, consultants, customers, suppliers and other stakeholders will be able to manage successfully throughout the Covid- 19 pandemic. 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, failure to manage growth successfully, lengthier than anticipated sales and implementation cycle, cyber risks, risks related to cloud based solutions, failure to continue to adapt to technological change and new product development, dependence on key personnel, competition, intellectual property risks, economic conditions, the financial and economic fallout due to the Covid-19 pandemic, privacy concerns and legislation, regulatory environment, risk associated with a change in the Corporation's pricing model, risk of defects in the Corporation's solution, dependence on market growth, operational service risk, dependence on partners and delay or failure to realize anticipated benefits of key account installations. Readers are cautioned, especially in these uncertain times, not to place undue reliance on forward-looking statements. The Corporation does not intend to, 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.

1 *Non-GAAP Financial Measures*

This news release refers to certain Non-GAAP financial measures that are not determined in accordance with International Financial Reporting Standards ("IFRS"). "Gross profit", "adjusted EBITDA" and "churn" are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. Management considers these to be important supplemental measures of Katipult's performance and believes these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in its industry. See "Non-GAAP Measures and Additional GAAP Measures" in the Corporation's December 31, 2021 MD&A available on the Corporation's SEDAR profile atwww.sedar.com for a discussion of non-GAAP measures and their reconciliations.

*"**Gross profit**" is used by management to analyze overall and segmented operating performance. Gross profit is not intended to represent an alternative to net earnings or other measures of*

financial performance calculated in accordance with IFRS. Gross profit is calculated from the statements of operations and comprehensive income (loss) and from the segmented information contained in the notes to the financial statements. Gross profit is defined as revenue less cost of revenue.

*"**Gross profit percentage**" is used by management to analyze overall and segmented operating performance. Gross profit percentage is calculated from the statements of operations and comprehensive income (loss) and from the segmented information in the notes to the financial statements. Gross profit percentage is defined as gross profit divided by revenue.*

*"**Adjusted EBITDA**" is a measure of the Corporation's operating profitability. Adjusted EBITDA provides an indication of the results generated by the Corporation's principal business activities prior to how these activities are financed (including mark-to-market movements of the convertible debenture value), assets are depreciated and amortized or how the results are taxed in various jurisdictions, 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 is calculated as follows:

For the three months ended March 31,		
($ thousands)	**2022**	2021
Net loss	**(710)**	(838)
Plus:		
Depreciation and amortization	**7**	8
Finance costs	**159**	118
Unrealized loss on convertible debentures	**149**	428
Foreign exchange (gain) loss	**8**	22
Share-based payments	**20**	(44)
Other income	**(104)**	(23)
Adjusted EBITDA	**(471)**	(329)

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