

Katapult Releases 2022 Q4 and Year-to-Date Results

Calgary, Alberta--(Newsfile Corp. - May 1, 2023) - Katapult Technology Corp. (TSXV: FUND) ("Katapult" 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- and twelve- month period ended December 31, 2022.

"Katapult made significant progress in the development and maturation of our product and grew our enterprise customer segment revenue by 30% year over year, however 2022 was a challenging year across North American capital markets with a decline in deal flow compared to 2021," says Katapult CEO, Gord Breese. "This reduction in market activity contributed to a slowdown in new business revenue as companies delayed enterprise software projects. As the market recovers, we are optimistic we will experience an uptick in customer growth and continue to play a leadership role in enhancing the efficiency and innovation across the capital markets ecosystem."

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

Q4 and YTD 2022 Summary

Revenue

Revenue consists of subscription revenue which increased by 0.6% to \$470,000 in the fourth quarter of 2022 from \$467,000 recognized in the fourth quarter of 2021. Revenue for the twelve-month period ended December 31, 2022 increased by 8.8% to \$1.9 million from \$1.7 million in the prior year. Notably, the revenue from enterprise customers grew by 30% in 2022 as compared to 2021.

Gross Profit Percentage ⁽¹⁾

Gross Profit Percentage was 79.5% in the fourth quarter of 2022 compared to 78.5% in the prior year quarter of 2021. The Corporation has been able to consistently maintain a gross profit percentage of close to 80%.

Adjusted EBITDA ⁽¹⁾

Adjusted EBITDA losses decreased to (\$299,000) in the three-month period ended December 31, 2022 from (\$435,000) in the three-month period ended December 31, 2021, due to management's focus on prudent expense management and operational efficiency. Adjusted EBITDA was (\$1.4 million) for the twelve-month period ended December 31, 2022 compared to (\$1.6 million) in the prior year period.

Net loss and comprehensive loss

Net income and comprehensive income was \$163,000 in the fourth quarter of 2022 compared to net loss and comprehensive loss of (\$461,000) in the fourth quarter of 2021 due to change in the non-cash fair value of the Corporation's outstanding 2018 Debentures. The net loss and comprehensive loss was (\$1.6 million) and (\$2.3 million) for the twelve-month period ended December 31, 2022 and 2021, respectively.

Financial Position

As at December 31, 2022, the Corporation had a cash and cash equivalents balance of \$1.4 million, working capital of \$0.7 million, and total assets of \$1.7 million, compared to cash and cash equivalents

balance of \$2.5 million, working capital of \$1.8 million, and total assets of \$2.6 million as at December 31, 2021.

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.

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Cautionary Note Regarding Forward-Looking Statements

Certain disclosure in this release, including statements regarding the recovery of capital markets investment activity and expectations regarding an increase in customer growth, 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 products will continue to operate as expected, the industry will continue to see value in the Corporation's products, 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 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 newproduct development, dependence on key personnel, competition, intellectual property risks, economic conditions, including any negative impacts of a slow-down in capital markets activity, 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, delay or failure to realize anticipated benefits of key account installations and such other risks as are noted in the Corporation's MD&A for the period ended September 30, 2022. 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", "Gross Profit

Percentage, "Working Capital", and "Adjusted EBITDA" are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. Management considers these to be important supplemental measures of Katapult'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 at www.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 year ended December 31, (\$ Cdn thousands)	2022	2021	2020
Net loss	(1,608)	(2,270)	(1,877)
Plus:			
Depreciation and amortization	17	30	29
Finance costs	678	544	359
Unrealized (gain) loss on convertible debentures	(123)	21	45
Foreign exchange gain	(35)	(7)	(2)
Share-based payments	38	164	214
Other income	(336)	(37)	(36)
Adjusted EBITDA	(1,369)	(1,555)	(1,268)

"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 statements of financial positions and is calculated as follows:

As at (\$ Cdn thousands)	December 31, 2022	December 31, 2021	Increase (decrease) in working capital
Current assets			
Cash and cash equivalents	1,370	2,503	(1,133)
Accounts receivable	321	33	288
Prepaid expenses	2	13	(11)
Total current assets	1,693	2,549	(856)
Current liabilities			
Accounts payable and accrued liabilities	285	373	(88)
Deferred revenue	621	359	262
Current portion of loan payable	43	-	43

Current portion of lease obligation	-	21	(21)
Total current liabilities	949	753	196
Working capital	744	1,796	(1,052)

To view the source version of this press release, please visit
<https://www.newsfilecorp.com/release/164409>