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# Q1 2024

## Condensed Interim Financial Statements

Katapult Technology Corp.

For The Three Months Ended  
March 31, 2024

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements.

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**STATEMENTS OF FINANCIAL POSITION**

<b>As at</b>		<b>March 31,</b>	<b>December 31,</b>
<b>(\$ Cdn thousands) - unaudited</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents		<b>387</b>	602
Accounts receivable		<b>31</b>	181
Unbilled revenue		<b>278</b>	106
Prepaid expenses		<b>7</b>	2
Total current assets		<b>703</b>	891
Total assets		<b>703</b>	891
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>343</b>	295
Deferred revenue		<b>300</b>	393
Loan payable - current portion	3	<b>7</b>	60
Convertible debentures - current portion	4	<b>4,085</b>	3,964
Total current liabilities		<b>4,735</b>	4,712
Loan payable	3	<b>32</b>	-
Convertible debentures	4	<b>1,459</b>	1,329
Total liabilities		<b>6,226</b>	6,041
<b>Shareholders' Deficiency</b>			
Share capital	5	<b>2,532</b>	2,532
Contributed surplus		<b>1,726</b>	1,720
Convertible debentures - equity portion	4	<b>1,292</b>	1,292
Deficit		<b>(11,073)</b>	(10,694)
Total shareholders' deficiency		<b>(5,523)</b>	(5,150)
Total liabilities and shareholders' deficiency		<b>703</b>	891

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Going concern	2 (d)
Subsequent events	10

(See Notes to the Condensed Interim Financial Statements)

Approved on behalf of the Board:

**"signed" George Reznik**  
Director

**"signed" Gord Breese**  
Director

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**STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS****For the three months ended March 31,**

(\$ Cdn thousands, except per share amounts) - unaudited

	Note	2024	2023
<b>Revenue</b>	7	<b>506</b>	485
<b>Cost of revenue</b>	8	<b>103</b>	101
<b>Gross profit</b>		<b>403</b>	384
<b>Expenses</b>			
Selling, general, and administrative	8	<b>472</b>	427
Research and development	8	<b>206</b>	237
Foreign exchange gain		<b>(4)</b>	(21)
Other income	9	<b>(146)</b>	(138)
Loss before finance costs, unrealized (gain) loss on convertible debentures		<b>(125)</b>	(121)
Finance costs	8	<b>280</b>	188
Unrealized (gain) loss on convertible debentures	4	<b>(26)</b>	490
Net loss and comprehensive loss		<b>(379)</b>	(799)
<b>Loss per share</b>			
Basic / Diluted	6	<b>(0.01)</b>	(0.01)

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(See Notes to the Condensed Interim Financial Statements)

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**STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY****For the three months ended March 31, 2024 and 2023**

(\$ Cdn thousands, except share amounts)

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					Convertible debenture - equity portion	Deficit	Total shareholders' deficiency
	Note	Common Shares	Share Capital	Contributed surplus			
Balance at December 31, 2023		<b>71,523,066</b>	<b>2,532</b>	<b>1,720</b>	<b>1,292</b>	<b>(10,694)</b>	<b>(5,150)</b>
Net loss and comprehensive loss		-	-	-	-	(379)	(379)
Share-based payments	5	-	-	6	-	-	6
Balance at March 31, 2024		<b>71,523,066</b>	<b>2,532</b>	<b>1,726</b>	<b>1,292</b>	<b>(11,073)</b>	<b>(5,523)</b>
Balance at December 31, 2022		71,523,066	2,532	1,662	1,292	(8,928)	(3,442)
Net loss and comprehensive loss		-	-	-	-	(799)	(799)
Share-based payments	5	-	-	18	-	-	18
Balance at March 31, 2023		71,523,066	2,532	1,680	1,292	(9,727)	(4,223)

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(See Notes to the Condensed Interim Financial Statements)

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**STATEMENTS OF CASH FLOWS****For the three months ended March 31,**

(\$ Cdn thousands) - unaudited

Note

**2024**

2023

**Cash flows provided by (used in)****Operating activities**

Net loss and comprehensive loss		<b>(379)</b>	(799)
Adjustments for:			
Foreign exchange gain		<b>(4)</b>	(21)
Finance costs	8	<b>280</b>	188
Unrealized (gain) loss on convertible debentures	4	<b>(26)</b>	490
Share-based payments	5	<b>6</b>	18
Other		<b>(1)</b>	(2)
Interest - paid		<b>(2)</b>	(4)
Interest - received		<b>1</b>	2
Funds used in operations before change in non-cash working capital		<b>(125)</b>	(128)
Change in non-cash working capital		<b>(64)</b>	222
Total funds provide by (used in) operating activities		<b>(189)</b>	94

**Financing activities**

Proceeds from loan payable		<b>40</b>	-
Repayment of loan payable		<b>(61)</b>	-
Total funds used in financing activities		<b>(21)</b>	-
Effect of translation of foreign currency cash		<b>(5)</b>	(4)
Net (decrease) increase in cash and cash equivalents		<b>(215)</b>	90
Cash and cash equivalents, beginning of period		<b>602</b>	1,370
Cash and cash equivalents, end of period		<b>387</b>	1,460

(See Notes to the Condensed Interim Financial Statements)

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(\$ Cdn thousands, except as noted) - unaudited

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### 1. STRUCTURE OF CORPORATION

#### Organization

Katapult Technology Corp. (the “Corporation” or “Katapult”) is a provider of a cloud-based software for powering the exchange of capital in equity and debt markets. The Corporation was originally incorporated under the *Business Corporations Act* (British Columbia). On October 2, 2019, the Corporation filed articles of continuance under the *Business Corporations Act* (Alberta). The registered address of the Corporation is 340, 318 11 Ave SE, Calgary, AB, T2G 0Y2. Katapult is a publicly traded company listed on the TSX Venture Exchange (“TSXV”) under the symbol “FUND”.

#### Operations

The main business of the Corporation is to operate as a financial technology provider offering cloud-based software 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 debt and real-estate financing, as well as 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.

The Platform includes modules for various user types, including but not limited to investors, issuers, administrators, and auditors. 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. In exchange for a monthly subscription, customers benefit from software updates, new features and technical support. The Corporation also earns integration revenue and investment services revenue. Integration revenue is generated through activities including the provision of regulatory consulting, marketing, and the customization services of the Platform, for which one-time charges are made and vary depending on the work involved. Investment services revenue is derived through fees charged to clients on qualifying services and/or transactions processed through Katapult’s Platform.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance:

These condensed interim financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements. These condensed interim financial statements were prepared using International Accounting Standard (“IAS”) 34 - Interim Financial Reporting as at and for the three-month period ended March 31, 2024. These condensed interim financial statements were authorized for issuance by the Board of Directors on May 28, 2024.

These condensed interim financial statements were prepared by management and follow the same accounting policies and methods as the audited financial statements as at and for the year ended December 31, 2023. These condensed interim financial statements do not contain all the disclosures contained in the annual financial

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(\$ Cdn thousands, except as noted) - unaudited

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statements. As a result, these condensed interim financial statements should be read in conjunction with the Corporation's annual financial statements for the year-ended December 31, 2023, prepared in accordance with IFRS as issued by the IASB.

**(b) Basis of measurement:**

The financial statements have been prepared on the historical cost basis, other than the 2018 Convertible Debentures, which are measured at fair value (see note 4).

**(c) Functional and presentation currency:**

The financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in dollars has been rounded to the nearest thousand except for share and per share amounts.

**(d) Going concern:**

These financial statements have been prepared on the basis that the Corporation will continue as a going concern, which assumes that the Corporation will be able to realize its assets and satisfy its liabilities in the normal course of business.

The Corporation had a negative net working capital position of \$4,032 as at March 31, 2024. It had a net loss for the three-month period ended March 31, 2024 of \$379, used cash in operating activities of \$210 for the three-month period ended March 31, 2024, and had a deficit of \$11,073 as at March 31, 2024.

In addition, the Corporation's 2018 Debentures matured on May 30, 2023 and therefore both the principal and accrued interest (\$5,045) can be required to be repaid within six months upon receipt of notification from the holders. There is uncertainty as it relates to whether these will be called in 2024, and if that does happen, the Corporation would require external financing.

The Corporation's ability to continue as a going concern is therefore dependent upon its ability to renegotiate the 2018 Debentures repayment terms in the event of receipt of notification of required repayment from the holders. The Corporation's 2024 cash flow forecast assumes that it will meet the contractual criteria to invoice for milestone payments under an existing software implementation contract with a major customer, that the Corporation is able to collect receivables from its existing customers on a timely basis, and that additional short-term financing will be made available via a bridge loan from one of the Corporation's directors.

The Corporation has not yet been able to generate the sales volumes required to create positive cash flows from operating activities. The Corporation has incurred operating losses since inception and has historically relied on equity and debt financings to fund its operating losses. While the Corporation has previously been successful in raising external capital to fund its operations, there is no guarantee it will be successful in its efforts to raise additional financing; or if financing is available, that it will be on terms that are acceptable to the Corporation.

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(\$ Cdn thousands, except as noted) - unaudited

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### 3. LOAN PAYABLE

#### Canadian Emergency Business Account (“CEBA”) Loan

During the year ended December 31, 2020, the Corporation was approved for repayable financing of a \$40 operating line of credit under the government of Canada’s CEBA loan program (“CEBA Loan 1”), bearing interest at 0%.

During the year ended December 31, 2021, the Corporation was approved for repayable financing of an additional \$20 operating line of credit under the second phase of the CEBA loan program (“CEBA Loan 2”), also bearing interest at 0%.

The terms of the CEBA Loan 1 and CEBA Loan 2 are as follows:

- In January 2022, both lines of credit automatically converted to two-year term loans bearing interest at 0%, to be repaid on December 31, 2023. There is the option for the Corporation to extend the loans by two additional years on December 31, 2023, and if this extension is exercised, the term loans will mature on December 31, 2025, at which time the balance must be repaid in full.
- Both loans are interest-free until January 1, 2024. If the loans are extended, commencing January 1, 2024, interest will accrue on the outstanding balance at a rate of 5% per annum, payable monthly on the last day of each month.
- If the balance of the loans is repaid in full on or before January 18, 2024, \$10 of each of the term loans will be forgiven (for a total of \$20).

CEBA Loan 1 of \$40 was initially recorded at the fair value of \$15. The initial discount of \$25 on recognition of the loan at fair value was recorded as deferred revenue and recognized as other income over the three-year term of the loan.

CEBA Loan 2 of \$20 was initially recorded at the fair value of \$7. The initial discount of \$13 on recognition of the loan at fair value was recorded as deferred revenue and recognized as other income over the two-year term of the loan.

During the three-month period ended March 31, 2024, the Corporation was approved for repayable financing of a \$40 business loan from a credit facility, bearing variable interest at prime rate plus 1.59% per annum. The loan is repayable over 60 consecutive monthly installments of \$1 starting from February 19, 2024 until December 22, 2028.

During the three-month period ended March 31, 2024, the Corporation repaid \$2 of the loan and recognized \$1 interest. (2023: \$nil)



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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

 (\$ Cdn thousands, except as noted) - unaudited
 

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**4. CONVERTIBLE DEBENTURES**
**(a) 2018 Convertible debentures**

<b>As at</b>	<b>March 31,</b>	December 31,
(\$ Cdn thousands)	<b>2024</b>	2023
Balance at the beginning of period	<b>3,964</b>	3,273
Interest accrued during the period	<b>147</b>	435
Unrealized (gain) loss on convertible debentures	<b>(26)</b>	256
Balance at the end of the year	<b>4,085</b>	3,964
Face value of the convertible debentures at end of the period	<b>3,000</b>	3,000

On May 30, 2018, the Corporation issued convertible debentures ("2018 Debentures") with a principal balance of \$3,000 maturing on May 30, 2023. On or after the maturity date, the holders may deliver a notice, at which point the principal and all accrued unpaid interest become due and payable six months after receiving such notice. The 2018 Debentures have therefore been presented as current on the Statement of Financial Position as at March 31, 2024.

The 2018 Debentures are hybrid contracts with multiple embedded derivatives. The Corporation has measured the entire hybrid contract at fair value with adjustments recorded to finance costs in the statements of operations and comprehensive loss.

The face value of the 2018 Debentures reconciles to the carrying amount as at March 31, 2024 and December 31, 2023 as follows:

<b>As at</b>	<b>March 31,</b>	December 31,
(\$ Cdn thousands)	<b>2024</b>	2023
Face value	<b>3,000</b>	3,000
Interest accrued	<b>2,045</b>	1,898
Face value plus accrued interest	<b>5,045</b>	4,898
Fair value adjustment	<b>(960)</b>	(934)
Balance at the end of the period	<b>4,085</b>	3,964

The 2018 Debentures have a variable interest charge based on the Corporation's cash burn rate.

The interest rate is the lesser of:

- a. 8.50% plus (0.50% x number of Shortfall Months) compounded quarterly; or
- b. 12.00% per annum compounded quarterly

where Shortfall Months is equal to (twelve-(ending cash balance/three month average cash burn)).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(\$ Cdn thousands, except as noted) - unaudited

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During the three-month period ended March 31, 2024, the Corporation's monthly cash burn rate was such that the accrued annual rate of interest payable was 12% (compounded quarterly). The \$3,000 outstanding in 2018 Debentures can be converted into common shares at the election of debenture holders at any time at a conversion price of \$0.51 per share.

As at March 31, 2024, the unpaid accrued interest payable was \$2,045 (December 31, 2023: \$1,898). The unpaid accrued interest payable can be converted to shares, at the election of the debenture holders, at any time, at the volume-weighted average trading price per share for common shares over ten consecutive trading days ending on the trading day before the conversion date.

The fair value of the 2018 Debentures is determined using a probability-weighted multi-scenario model based on the host liability and embedded derivatives of the instrument. The most significant factors in the computation of the fair value of this financial instrument as at March 31, 2024 are the fair values of the host liability and the conversion feature. The fair value of the host liability is determined using a discount rate of 39.4% (2023: 39.4%), interest payments of 12.0% (2023: 8.5% to 12.0%), and a remaining expected term of 1 year (2023: 1 year). The fair value of the conversion feature is determined using a Black-Scholes model with a volatility of 90% (2023: 90%), a risk-free rate of interest of 4.96% (2023: 4.96%), a stock price of \$0.09 (2023: \$0.09) per share, and a remaining expected life of 1 year (2023: 1 year), as at March 31, 2024.

Sensitivity analysis:

A \$0.01 increase in the share price within the Black-Scholes model would result in an increase in the fair value of the outstanding principal of the 2018 Debentures of \$5. A 1% increase in the discount rate would result in a decrease in the fair value of the outstanding principal 2018 Debentures of \$29. Comparable decreases in each of the share price and discount rate would result in a comparable opposite change in the fair value of the outstanding principal of the 2018 Debentures.

**(b) 2021 Convertible debenture**

<b>As at</b>	<b>March 31,</b>	December 31,
(\$ Cdn thousands)	<b>2024</b>	2023
Face value	<b>3,000</b>	3,000
Financing costs	<b>62</b>	62
Proceeds from convertible debenture, net of financing costs	<b>2,938</b>	2,938
Allocation - convertible debenture - equity portion	<b>(1,292)</b>	(1,292)
Allocation - convertible debenture - warrant portion	<b>(1,188)</b>	(1,188)
Accretion on convertible debenture	<b>1,001</b>	871
Debenture liability balance at the end of the period	<b>1,459</b>	1,329

On March 5, 2021, the Corporation issued a convertible debenture ("2021 Debenture") for \$3,000. The 2021 Debenture is non-interest bearing, with a maturity date of March 5, 2026. The 2021 Debenture is convertible to common shares at a conversion price of \$0.23 per share. In addition, the purchaser received 12,000,000 warrants that can each be converted to one common share of the Corporation at a purchase price of \$0.25 per share. The

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(\$ Cdn thousands, except as noted) - unaudited

warrants expire March 5, 2026. The Corporation incurred \$62 in financing costs related to legal and transaction processing charges.

The initial amount recognized for the detachable warrants and the 2021 Debenture was determined by applying the relative fair value approach. The fair value of the detachable warrants was estimated using the Black-Scholes option pricing model. The fair value of the 2021 Debenture was determined by estimating the fair values of both the debt component and conversion feature; the debt component by discounting the expected future cash flows at a market rate of interest of 45.0% for a comparable debt instrument without a conversion feature and the conversion feature using the Black-Scholes option pricing model. This resulted in \$1,188 being assigned to the detachable warrants and \$1,750 being assigned to the 2021 Debenture (net of transaction costs). The subsequent bifurcation of the 2021 Debenture into its liability and equity components was determined following the residual approach for the equity component; this resulted in an initial liability of \$468 and the remaining \$1,292 being allocated to the equity conversion feature (net of transaction costs).

The fair value of the detachable warrants and conversion feature was determined using a Black-Scholes model with a volatility of 90%, a risk-free rate of interest of 0.90%, a stock price of \$0.30 per share, and a remaining expected life of 5.0 years, as at March 5, 2021.

### 5. SHARE CAPITAL

#### Common shares

(\$ Cdn thousands)	Number	\$
Balance as at December 31, 2022, December 31, 2023, and March 31, 2024	<b>71,523,066</b>	<b>2,532</b>

As at March 31, 2024 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.

#### Warrants

As part of the 2021 Debenture financing, the Corporation issued to the holder warrants to acquire 12,000,000 common shares, exercisable at any time on or prior to March 5, 2026. Each warrant is exercisable into one common share at an exercise price of \$0.25 per common share. The value ascribed to these warrants was \$1,188 (see note 4).

#### Options

The Corporation has adopted a stock option plan whereby a maximum of 10% of the issued and outstanding common 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 Corporation; and (ii) employees, officers, directors, and consultants of an affiliate of the Corporation.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(\$ Cdn thousands, except as noted) - unaudited

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The following summarizes the changes in outstanding options:

	2024		2023	
	Number	Weighted average exercise price (CND\$)	Number	Weighted average exercise price (CND\$)
Outstanding - beginning of period	2,820,000	0.14	2,720,000	0.14
Granted	-	-	100,000	0.23
Forfeited	(100,000)	0.23	-	-
Outstanding - end of the period	2,720,000	0.14	2,820,000	0.14
Exercisable - end of the period	707,500	0.24	707,500	0.24

**Restricted Share Unit Plan**

The Corporation has a Restricted Share Unit plan ("RSU Plan"), under which it can grant restricted share units ("RSUs") to directors and management. RSUs represent the right to receive one common share of the Corporation upon vesting and are therefore considered equity-settled instruments.

The following summarizes the changes in outstanding RSUs, all of which were exercisable as of March 31, 2024 with no expiry date:

As at (Number of restricted share units)	March 31, 2024	December 31, 2023
Balance at the beginning of period	370,000	370,000
Granted	-	-
Vested and converted into shares	-	-
Balance at the end of period	370,000	370,000

During the three-month period ended March 31, 2024, no RSUs were granted and the Corporation recognized \$nil expense in share-based compensation related to the RSUs (2023: \$nil).

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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(\$ Cdn thousands, except as noted) - unaudited

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### 6. EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share for the three- month period ended March 31, 2024 and 2023 are based on the net earnings attributable to shareholders as reported in the statements of operations and basic and diluted weighted average number of common shares outstanding in the relevant year:

For the three months ended March 31, (\$ Cdn thousands, except per share amounts)	2024	2023
<b>Weighted average number of common shares</b>		
Basic	<b>71,523,066</b>	71,523,066
Diluted	<b>71,523,066</b>	71,523,066

Potential common shares arising from the securities listed below were excluded from the weighted average number of diluted common shares outstanding for 2024 because they were anti-dilutive:

- 2,720,000 stock options;
- 2018 Debentures with a principal amount of \$3,000 which can be converted into common shares at \$0.51 at the election of the debenture holders for a total of 5,882,353 shares and as at March 31, 2024, the unpaid accrued interest payable of \$2,045 which can be converted to shares at the election of the debenture holders at any time at the volume-weighted average trading price per shares for common shares over the ten consecutive trading days ending on the trading day before the conversion date;
- 2021 Debenture with a principal amount of \$3,000 which can be converted into common shares at \$0.23 at the election of the debenture holders for a total of 13,043,478 shares;
- 12,000,000 warrants exercisable at \$0.25; and
- 370,000 restricted share units.

### 7. REVENUE

The Corporation presents revenue in three major categories:

- (a) Subscription revenue consists of monthly recurring Software as a Service (SaaS) fees charged to clients for access to operate the Platform, software updates, new features and technical support.
- (b) Investment services revenue consists of fees charged to clients on qualifying services and/or transactions processed through Katapult's Platform. While this revenue is expected to be recurring in nature, it will vary in size and timing as it is based on the volume and characteristics of the transactions processed.
- (c) Integration revenue consists of charges to clients for services that are viewed by the Corporation to be one-time in nature and to new clients for the provision of regulatory consulting services, and marketing and customization services. The charges vary depending on the amount and complexity of the work involved and the nature of the client's needs.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

 (\$ Cdn thousands, except as noted) - unaudited
 

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**For the three months ended March 31,**

(\$ Cdn thousands)	2024	2023
Subscription revenue	506	472
Investment services revenue	-	13
<b>Total revenue</b>	<b>506</b>	<b>485</b>

**8. EXPENSE BY NATURE**

The Corporation presents certain expenses in the statements of operations and comprehensive loss by function. The following table presents those expenses by nature:

**For the three months ended March 31,**

(\$ Cdn thousands)	2024	2023
<b>Expenses</b>		
Salaries, subcontractors, and benefits	567	581
Marketing and sales costs	12	7
External services and facilities	184	170
Bad debt expense (recovery)	12	(11)
Share-based payments	6	18
	<b>781</b>	<b>765</b>
<b>Allocated to:</b>		
Cost of revenue	103	101
Selling, general, and administrative	472	427
Research and development	206	237
	<b>781</b>	<b>765</b>
<b>Finance costs</b>		
Bank related charges	2	4
Interest on convertible debentures	147	93
Accretion on convertible debenture	130	91
Other interest and charges	1	-
<b>Total finance costs</b>	<b>280</b>	<b>188</b>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

 (\$ Cdn thousands, except as noted) - unaudited
 

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**9. OTHER INCOME**
**For the three months ended March 31,**

(\$ Cdn thousands)	2024	2023
Other and interest income	(1)	(2)
Government grants	(145)	(136)
Total other income	<u>(146)</u>	<u>(138)</u>

**10. SUBSEQUENT EVENTS**

Subsequent to quarter end, the Corporation has entered into a secured promissory note (the "Promissory Note") to borrow \$250 (the "Loan") from one of the directors of the Corporation (the "Lender"). The principal amount of the Loan under the Promissory Note shall bear interest at a rate of 15% per annum and the Loan shall mature on the earlier of 60 days from the date of the Promissory Note and the receipt of certain accounts receivable (the "Accounts Receivable") by the Corporation, following which, the interest rate will increase to 25% per annum. In connection with the Loan, the Corporation has granted the Lender security in the Accounts Receivable. In the event that the Loan is not repaid by August 31, 2024, the Promissory Note and all related security will be terminated, and the outstanding principal and interest of the Loan will be rolled over into a convertible debenture held by the Lender, subject to prior TSX Venture Exchange review and approval.