

ZOOMD TECHNOLOGIES LTD

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2023**

ZOOMD TECHNOLOGIES LTD

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2023

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ZOOMD TECHNOLOGIES Ltd.
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(USD in thousands)

	March 31,		December
	2023	2022	31,
			2022
Assets			
Current assets			
Cash and cash equivalents	2,674	4,994	3,776
Trade receivables	4,397	7,214	5,818
Other receivables and prepaid expenses	533	569	796
	<u>7,604</u>	<u>12,777</u>	<u>10,390</u>
Non-current assets			
Long-term deposit	213	296	220
Fixed assets, net	307	98	316
Rights to use assets	2,886	587	2,874
Intangible assets	8,388	12,048	11,154
	<u>11,794</u>	<u>13,029</u>	<u>14,564</u>
Total assets	<u>19,398</u>	<u>25,806</u>	<u>24,954</u>
Equity and liabilities			
Current liabilities			
Trade payables	1,355	3,765	3,422
Short-term bank credit	2,000	1,005	2,001
Contingent liabilities	-	250	-
Short-term lease liability	541	-	495
Other payables and accrued expenses	3,293	4,122	3,158
	<u>7,189</u>	<u>9,132</u>	<u>9,076</u>
Non-current liabilities			
Provisions	280	280	280
Lease liability	2,173	-	2,271
Reserve for employee benefits	113	183	240
	<u>2,566</u>	<u>463</u>	<u>2,791</u>
Shareholders' equity			
Share capital and premium	39,499	39,374	39,499
Other reserves	5,736	5,177	5,602
Accumulated deficit	(35,592)	(28,340)	(32,014)
	<u>9,643</u>	<u>16,211</u>	<u>13,087</u>
Total equity and liabilities	<u>19,398</u>	<u>25,806</u>	<u>24,954</u>

“Amit Bohensky”

Amit Bohensky
Chairman of the board

“Ido Almany”

Ido Almany
CEO

“Tsvika Adler”

Tsvika Adler
CFO

The accompanying notes are an integral part of the financial statements.

ZOOMD TECHNOLOGIES LTD.

CONSOLIDATED STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(USD in thousands, except for per share and shares data)

	For the three months ended March 31,		For the Year ended December 31
	2 0 2 3	2 0 2 2	2 0 2 2
Revenue	8,649	16,250	53,023
Cost of sales and services	5,204	11,451	36,415
Gross profit	3,445	4,799	16,608
Operating costs and expenses			
Research and development expenses	988	1,234	6,713
Selling, administrative and general expenses	3,127	2,633	12,009
Other expenses – Impairment (See note 3)	2,839	-	-
	6,954	3,867	18,722
Operating Income (Loss)	(3,509)	932	(2,114)
Finance Income	116	13	108
Finance expense	(185)	(124)	(560)
Finance expense, net	(69)	(111)	(452)
Net Income (Loss) before Income (Loss)	(3,578)	821	(2,566)
Taxes on income	-	-	287
Net income (loss) and comprehensive income (loss)	(3,578)	821	(2,853)
Net Income (loss) per share:			
Basic and diluted	(0.03)	0.01	(0.03)
Shares used in calculation of net income (loss) per share:			
Basic	104,768,595	102,282,836	102,583,043
Diluted	104,768,595	103,154,413	102,583,043

The accompanying notes are an integral part of the financial statements.

ZOOM TECHNOLOGIES Ltd.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(USD in thousands, except of share data)

For the three months ended March 31, 2023 (Unaudited)

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2023	97,250,914	39,499	5,602	(32,014)	13,087
Share-based compensation	-	-	134	-	134
Loss for the period	-	-	-	(3,578)	(3,578)
Balance - March 31, 2023 (Unaudited)	<u>97,250,914</u>	<u>39,499</u>	<u>5,736</u>	<u>(35,592)</u>	<u>9,643</u>

For the three months ended March 31, 2022 (Unaudited)

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2022	95,595,617	39,045	5,107	(29,161)	14,991
Share-based compensation	-	-	70	-	70
Exercise of options	35,075	5	-	-	5
Common stocks to be issued due to business combination	-	324	-	-	324
Loss for the period	-	-	-	821	821
Balance - March 31, 2022 (Unaudited)	<u>95,630,692</u>	<u>39,374</u>	<u>5,177</u>	<u>(28,340)</u>	<u>16,211</u>

(*) Less than 1 thousand dollars.

The accompanying notes are an integral part of the financial statements.

ZOOMD TECHNOLOGIES Ltd.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(USD in thousands, except of share data)

For the year ended December 31, 2022 (Audited)

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2022	95,595,617	39,045	5,107	(29,161)	14,991
Share-based compensation	-	-	495	-	495
Exercise of options	339,715	5	-	-	5
Common stocks issued and to be issued due to business combination	1,315,582	449	-	-	449
Loss for the year	-	-	-	(2,853)	(2,853)
Balance - December 31, 2022	<u>97,250,914</u>	<u>39,499</u>	<u>5,602</u>	<u>(32,014)</u>	<u>13,087</u>

(*) Less than 1 thousand dollars.

The accompanying notes are an integral part of the financial statements.

ZOOMD TECHNOLOGIES Ltd.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (USD in thousands, except of share data)

	For the three months ended March 31,	Year ended December 31,
	<u>2 0 2 3</u>	<u>2 0 2 2</u>
<u>Cash flows - operating activities</u>		
Net Income (Loss) from operations	(3,578)	821
Adjustments to reconcile net gain (loss) to net cash from operating activities (Appendix A)	3,085	853
	<u>(493)</u>	<u>1,674</u>
Interest on lease liabilities	<u>(46)</u>	<u>(11)</u>
Net cash generated from (used in) operating activities	<u>(539)</u>	<u>1,663</u>
<u>Cash flows - investing activities</u>		
Capitalized software development costs	(423)	(721)
Cash used in business combination	-	-
Purchase of property, plant, and equipment	<u>(10)</u>	<u>(296)</u>
Net cash used in investing activities	<u>(433)</u>	<u>(2,663)</u>
<u>Cash flows - financing activities</u>		
Lease liabilities	(130)	(191)
Short-term bank credit	-	(1,000)
Exercise of options	<u>-</u>	<u>5</u>
Net cash used in financing activities	<u>(130)</u>	<u>(1,186)</u>
Decrease in cash and cash equivalents	(1,102)	(244)
Cash and cash equivalents at the beginning of the financial period	3,776	5,238
Cash and cash equivalents of the end of the financial period	<u>2,674</u>	<u>3,776</u>

ZOOMD TECHNOLOGIES Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (USD in thousands, except of share data)

Appendix A - Adjustments to reconcile net gain (loss) to net cash from operating activities

	For the three months ended March 31,		Year ended December 31,
	2 0 2 3	2 0 2 2	2 0 2 2
<u>Cash flows from operating activities</u>			
A. Adjustments to reconcile net profit to net cash from operating activities			
Depreciation and amortization	523	737	3,617
Impairment of Intangible assets (See note 3)	2,838	-	-
Change in employee benefit liabilities, net	(127)	(8)	49
Cost of share-based payment	134	70	495
Finance expenses net	-	110	82
Changes in assets and liabilities:			
(Increase) decrease in trade receivables and other receivables	1,684	1,112	2,531
Decrease (increase) in long-term deposits	-	-	(174)
Increase (decrease) in trade payables	(1,886)	409	220
Increase (decrease) in other current and non-current liabilities	(81)	(1,577)	(2,034)
Total	3,085	853	4,786
B. Significant non-cash investing and financing activities			
(1) Business combination			
Goodwill from business combination	-	575	575
Trade payables	-	(125)	-
Contingent liability from business combination	-	(125)	-
Share capital and premium increase	-	(325)	(325)
Total	-	-	250
(2) Leases			
Right of use assets	165	-	2,961
Lease liabilities	(165)	-	(2,961)
Total	-	-	-
(3) Purchase of property, plant, and equipment, included in accounts payables			
Purchase of property, plant, and equipment,	-	29	-
Total	-	29	-

ZOOMD TECHNOLOGIES Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (USD in thousands, except of share data)

NOTE 1 - DESCRIPTION OF BUSINESS AND GENERAL

Description of Business:

Zoomd Technologies Ltd. (formerly DataMiners Capital Corp.) (the “**Company**”) was incorporated under the *Business Corporations Act* (Alberta) on October 1, 2013 and completed its initial public offering on May 29, 2014. The Company developed a proprietary patented technology and targets the needs of many segments of the digital marketing industry.

It focuses on efficient user acquisition for companies and products aimed at mobile users. The Company leverages onsite search providing increased monetization and engagement for publishers as well as more efficient management of digital advertising budgets for media agencies and advertisers, targeting usually mobile app user acquisition. The Company was designated as a Capital Pool Company as such term is defined by Policy 2.4 of the TSX (“**Policy 2.4**”) Venture Exchange (the “**TSXV**”) with no commercial operations or assets other than cash and its only business being the identification and evaluation of assets or businesses with a view to completing a “Qualifying Transaction” as such term is defined by Policy 2.4.

On May 28, 2019, the Company, Zoomd Ltd. (“**Zoomd**”) and Dotima 2019 Ltd. (“**Subco**”), a wholly-owned Israeli subsidiary of the Company, entered into an agreement and plan of merger (the “**Business Combination Agreement**”) pursuant to which the Company and Zoomd agreed to effect the combination of their respective businesses and assets by way of a “three-cornered amalgamation” which upon completion, would result in a reverse takeover of the Company by the shareholders of Zoomd (the “**Transaction**”). The Transaction, which was completed on August 28, 2019, constituted the Company’s Qualifying Transaction under Policy 2.4. Pursuant to the terms of the Business Combination Agreement, the Company acquired all the issued and outstanding shares of Zoomd by way of an amalgamation between Zoomd and Subco, with the amalgamated entity becoming a direct, wholly-owned subsidiary of the Company.

Concurrently with the Qualifying Transaction, Zoomd raised CAD\$9.3 million (approximately US\$7 million) pursuant to a private placement (the “Concurrent Financing”).

On February 9, 2021 the Company acquired all of Performance Revenues’ Ltd.’s tangible and intangible assets.

On March 27, 2022, the Company acquired all of Albert Technologies’ Ltd and Albert Technologies’ Inc tangible and intangible assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation:

The condensed consolidated interim financial statements of the Company are prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been condensed or omitted. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with Zoomd annual consolidated financial statements for the year ended December 31, 2022 and accompanying notes, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. As explained above, Zoomd is considered the accounting acquirer and this interim report is a direct continuation of the financial statements of Zoomd.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company’s accounting policies.

ZOOMD TECHNOLOGIES Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (USD in thousands, except of share data)

NOTE 3 - EVENTS DURING THE PERIOD

Due to changes in market conditions and shifts in the marketing tech industry, the Company decided to reallocate resources and adjust its investment focus from certain self-serve components to others, within the current solutions (“restructuring”). The restructuring meant allocation of resources to areas of greater and faster growth potential and discontinue investment in other initiatives the Company worked on. The decision affected the recoverability of software development costs invested which were determined to no longer be recoverable. As such, an amount of \$2.8M of software development costs were written off entirely. Market dynamics, including macroeconomic cycles and shifts in technology in the marketing tech space, have influenced the viability and growth prospects of several components within the current solutions, which have led the Company to decide on the restructuring.