# ADCORE INC.

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
## AS OF JUNE 30, 2021

**UNAUDITED**

**ADCORE INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021**

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## ADCORE INC.

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Note | June 30, 2021 | December 31, 2020 |
|---|---|---|---|
| | | US $ in thousands | |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | | 11,121 | 8,763 |
| Trade accounts receivable, net | | 2,153 | 1,775 |
| Other accounts receivable | | 201 | 66 |
| **Total current assets** | | 13,475 | 10,604 |
| **NON-CURRENT ASSETS:** | | | |
| Long term deposit | | 28 | 72 |
| Property, plant and equipment, net | | 240 | 392 |
| Intangible assets, net | | 1,827 | 1,668 |
| **Total non-current assets** | | 2,095 | 2,132 |
| **TOTAL ASSETS** | | 15,570 | 12,736 |
| **CURRENT LIABILITIES** : | | | |
| Trade accounts payable | | 2,248 | 2,881 |
| Other accounts payable | | 637 | 808 |
| Deferred Revenues | | - | 997 |
| Lease liability | | 95 | 105 |
| **Total current liabilities** | | 2,980 | 4,791 |
| **NON-CURRENT LIABILITIES**: | | | |
| Accrued severance pay, net | | 50 | 50 |
| Deferred tax liability, net | | 214 | 75 |
| Derivative liability - warrants | | 1,074 | 647 |
| Lease liability | | - | 101 |
| Long term loan | 6 | - | 187 |
| **Total non-current liabilities** | | 1,338 | 1,060 |
| **SHAREHOLDERS' EQUITY:** | 3 | | |
| Share capital | | * | * |
| Additional paid in capital | | 9,749 | 4,771 |
| Actuarial reserve | | (83) | (83) |
| Retained earnings | | 1,586 | 2,197 |
| **Total Equity** | | 11,252 | 6,885 |
| **TOTAL LIABILITIES AND EQUITY** | | 15,570 | 12,736 |

* Represents an amount lower than $ 1 thousand.

| *"Omri Brill"* | *"Roy Nevo"* | August 10, 2021 |
|---|---|---|
| Omri Brill<br>Director | Roy Nevo<br>Director | Date of approval of the financial statements |



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

ADCORE INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS

OF COMPREHENSIVE INCOME

| | Note | Three months ended June 30, 2021 | Six months ended June 30, 2021 | Three months ended June 30, 2020 | Six months ended June 30, 2020 |
|---|---|---|---|---|---|
| | | Unaudited $ in thousands | | | |
| Revenues | 4 | 5,694 | 12,501 | 1,455 | 3,770 |
| Cost of revenues | | 3,074 | 8,305 | 247 | 988 |
| **Gross profit** | | **2,620** | **4,196** | **1,208** | **2,782** |
| Research and development expenses | | 278 | 633 | 198 | 337 |
| Selling, general and administrative expenses | | 2,139 | 3,332 | 817 | 1,848 |
| **Operating profit** | | **203** | **231** | **193** | **597** |
| Finance expenses | | 467 | 669 | 68 | 106 |
| Finance income | | - | (243) | (66) | (5) |
| **Profit (Loss) before taxes on income** | | **(264)** | **(195)** | **191** | **496** |
| Tax expenses | | 294 | 416 | 51 | 125 |
| **Total comprehensive Profit (Loss) for the period** | | **(558)** | **(611)** | **140** | **371** |
| **Basic Profit (Loss) per share attributable to shareholders** | | (0.009) | (0.010) | 0.003 | 0.007 |
| **Diluted Profit (Loss) per share attributable to shareholders** | | (0.009) | (0.010) | 0.002 | 0.006 |
| Weighted average number of ordinary shares | | 58,907,725 | 58,907,725 | 55,597,782 | 55,597,782 |
| Weighted average number of dilutive ordinary shares | | 58,907,725 | 58,907,725 | 59,369,004 | 59,369,004 |



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

ADCORE INC.

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months period ended June 30, 2021:

| | Number of Shares | Share capital | Additional paid in capital | Actuarial reserve | Retained earnings | Total Shareholders' equity |
|---|---|---|---|---|---|---|
| | Unaudited $ In thousands | | | | | |
| **Balance at April 1, 2021** | 59,308,397 | * | 6,542 | (83) | 2,144 | 8,603 |
| Changes during the period: | | | | | | |
| Share-based compensation | - | - | 217 | - | - | 217 |
| Exercise of options | 167,500 | - | 55 | - | - | 55 |
| Exercise of warrants | 598,298 | - | 361 | - | - | 361 |
| Exercise of RSUs | 19,375 | - | - | - | - | - |
| Issuance of shares, net | 3,100,000 | - | 2,574 | - | - | 2,574 |
| Total comprehensive income for the period | - | - | - | - | (558) | (558) |
| **Balance at June 30, 2021** | 63,193,570 | * | 9,749 | (83) | 1,586 | 11,252 |

For the three months period ended June 30, 2020:

| | Number of Shares | Share capital | Additional paid in capital | Actuarial reserve | Retained earnings | Total Shareholders' equity |
|---|---|---|---|---|---|---|
| | Unaudited $ In thousands | | | | | |
| **Balance at April 1, 2020** | 55,605,748 | * | 4,277 | (95) | 1,780 | 5,962 |
| Changes during the period: | | | | | | |
| Share-based compensation | - | - | 95 | - | - | 95 |
| Exercise of options | 157,500 | - | 52 | - | - | 52 |
| Exercise of warrants | 49,679 | - | 20 | - | - | 20 |
| Total comprehensive income for the period | - | - | - | - | 140 | 140 |
| **Balance at June 30, 2020** | 55,812,927 | * | 4,444 | (95) | 1,920 | 6,269 |

* Represents an amount lower than $ 1 thousand.



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

ADCORE INC.

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months period ended June 30, 2021:

| | Number of Shares | Share capital | Additional paid in capital | Actuarial reserve | Retained earnings | Total Shareholders' equity |
|---|---|---|---|---|---|---|
| | | | $ In thousands | | | |
| **Balance at January 1, 2021 (Audited)** | 56,329,336 | * | 4,771 | (83) | 2,197 | 6,885 |
| Changes during the period: | | | | | | |
| Share-based compensation | - | - | 435 | - | - | 435 |
| Exercise of options | 677,500 | - | 262 | - | - | 262 |
| Exercise of warrants | 2,957,609 | - | 1,707 | - | - | 1,707 |
| Exercise of RSUs | 129,125 | - | - | - | - | - |
| Issuance of shares, net | 3,100,000 | - | 2,574 | - | - | 2,574 |
| Comprehensive income for the period | - | - | - | - | (611) | (611) |
| **Balance at June 30, 2021 (Unaudited)** | 63,193,570 | * | 9,749 | (83) | 1,586 | 11,252 |

For the six months period ended June 30, 2020:

| | Number of Shares | Share capital | Additional paid in capital | Actuarial reserve | Retained earnings | Total Shareholders' equity |
|---|---|---|---|---|---|---|
| | | | $ In thousands | | | |
| **Balance at January 1, 2020 (Audited)** | 55,356,253 | * | 4,128 | (95) | 1,549 | 5,582 |
| Changes during the period: | | | | | | |
| Share-based compensation | - | - | 142 | - | - | 142 |
| Exercise of options | 285,000 | - | 96 | - | - | 96 |
| Exercise of warrants | 171,674 | - | 78 | - | - | 78 |
| Comprehensive income for the period | - | - | - | - | 371 | 371 |
| **Balance at June 30, 2020 (Unaudited)** | 55,812,927 | * | 4,444 | (95) | 1,920 | 6,269 |

* Represents an amount lower than $ 1 thousand.



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

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

| | Six months ended June 30, 2021 Unaudited | Six months ended June 30, 2020 Unaudited |
|---|---|---|
| | US $ In thousands | |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net profit (loss) for the period | (611) | 371 |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 316 | 198 |
| Share based compensation | 435 | 142 |
| Decrease (increase) in trade accounts receivable | (378) | 610 |
| Increase (decrease) in other accounts receivable | (58) | 140 |
| Increase in deferred tax liability, net | 139 | 11 |
| Decrease in trade accounts payable | (633) | (413) |
| Decrease in other accounts payable | (171) | (434) |
| Increase in long term deposit | - | (9) |
| Revaluation of derivative-warrants | (31) | 29 |
| Decrease in accrued severance pay, net | - | (2) |
| Decrease in deferred revenues | (997) | - |
| **Net cash provided by (used in) operating activities** | (1,989) | 643 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchase of property, plant and equipment | (50) | (11) |
| Decrease in long term deposit | 44 | - |
| Capitalized development cost | (387) | (268) |
| **Net cash used in investing activities** | (393) | (279) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Exercise of warrants, net | 1,707 | - |
| Exercise of options, net | 262 | - |
| Issuance of shares and warrants, net | 3,032 | - |
| Payments and interest of lease liabilities | (74) | (99) |
| Increase (Decrease) in long term loan | (187) | 168 |
| **Net cash provided financing activities** | 4,740 | 69 |
| **Increase in cash and cash equivalents** | 2,358 | 433 |
| **Cash and cash equivalents at beginning of the period** | 8,763 | 3,710 |
| **Cash and cash equivalents at the end of the period** | 11,121 | 4,143 |



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

## APPENDIX A - AMOUNT PAID DURING THE PERIOD FOR:

| | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|---|---|---|
| | Unaudited | |
| | US $ In thousands | |
| Tax | 483 | 88 |
| Interest on lease liabilities | 1 | - |



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

## NOTE 1 - GENERAL:

**A.** Adcore Inc. (the “Company” or “Adcore”), a reporting issuer listed on the TSX trading under the symbol ADCO.TO, is the sole shareholder of Podium Advertising Technologies Ltd. (“Podium”), Adcore Australia Pty (“Adcore AU”) and Adcore East Limited (“Adcore East”), which holds Adcore China (“Adcore CH”). Podium was established and commenced its operations in July 2006, and is a leading provider of machine-learning powered advertising technologies used by digital advertisers to enhance and maximize their Search Engine Marketing (“SEM”). On March 4, 2021, Adcore Inc. announced that the Company has received final approval to list its common shares of the Company on the TSX. Adcore’s common shares commenced trading on the TSX on the March 4, 2021 market open under the current trading symbol of “ADCO.TO”.

**B.** On June 17, 2021, the Company issued 3,100,000 Units at $1.33 per Unit (approx. USD $1.08) (the “Offering Price”) for gross proceeds of $3,340,896 (approx. USD 2,713,969).
Each Unit consists of one common share of the Company (a “Common Share”) and one-half of one common share purchase warrant (each whole purchase warrant, a “Warrant”). Each Warrant is exercisable into one Common Share for a period of 24 months from the closing of the Offering at an exercise price of $1.80.

**C.** On June 28, 2021 the Company announced that its common shares are now qualified for trading under the ticker symbol ADCOF on the OTCQX® Best Market (the “OTCQX”), a United States trading platform operated by the OTC Markets Group Inc. in New York.

**D.** On July 21, 2021, Adcore Inc. announced the official launch of Amphy, an online marketplace for live video classes. Amphy aims to capitalize on the rise in online learning, particularly ‘live’ learning, which has been accelerating as consumers increasingly sought socially distant educational experiences during the COVID-19 pandemic. Amphy connects local teachers to a global audience, previously out of reach, while also allowing them flexibility to set their own pricing and schedules. The Company will support the expansion of Amphy through capital investment, technical backing and marketing expertise to ensure its successful launch and ongoing development.

**NOTE 1 – GENERAL (CONT.):**

**E. <u>COVID -19</u>**

The 2019 Novel Coronavirus infection ('coronavirus') or 'COVID-19' pandemic poses a major public health threat. It has hindered the movement of people and goods worldwide, and many governments are instituting restrictions on both individuals and businesses. The resulting impact on financial reporting will be significant. Significant development and spread of the coronavirus did not take place until January 2020, with the World Health Organization (WHO) announcing the coronavirus as a global health emergency on January 30, 2020, which prompted national governments around the world to begin putting actions in place to slow the spread of COVID-19. Furthermore, significant measures taken by the Chinese government and by private sector organizations did not take place until early 2020. On March 11, 2020, the WHO declared COVID-19 a global pandemic and suggested worldwide containment and mitigation measures. In response to the pandemic, the Company has adjusted its business practices with a focus on the health and well-being of our employees and their families, customers, partners, service providers, and communities. Certain of the Company's offices have been subject to government-mandated lockdowns for some periods of time. However, the Company's teams have been able to perform their functions remotely without meaningful reductions in the Company's ability to service its customers. The Company experienced significant increases in its existing clients' online spending (same store growth) and in its acquisition of new direct clients across all regions.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:**

The significant accounting policies followed in the preparation of the condensed interim financial statements, on a consistent basis, are:

**Basis of preparation**

These unaudited interim condensed consolidated financial statements of the Company are for the six months ended June 30, 2021 and presented in US dollar, which is the presentation and functional currency of the Company. These unaudited interim condensed consolidated financial statements have been prepared in accordance with the requirements of International Accounting Standard IAS 34 "Interim Financial Reporting". They do not include all the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2020.

These unaudited interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the last annual financial statements of the Company for the year ended December 31, 2020.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

**Basis of consolidation**

The Financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions and any unrealized income and expenses arising from such transactions are eliminated upon consolidation.

**Estimates and assumptions**

The preparation of the condensed interim financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the condensed interim financial statements concerning uncertainties at the end of the reporting period and the critical estimates used by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities are discussed below.

## NOTE 3 - SHAREHOLDERS' EQUITY:

**A.** The common shares in the Company confer upon their holders the right to receive notice, to participate and vote in general meetings of the Company and the right to receive dividends, if and when declared.

**B.** On June 17, 2021, the Company announced the closing of a marketed offering (the “Offering”) of units (the “Units”). The Company issued 3,100,000 Units at CAD $1.33 (approx. USD $1.08) per Unit (the “Offering Price”) for gross proceeds of CAD $4,123,000 (approx. USD $3,349,310). Each Unit consists of one common share of the Company (a “Common Share”) and one-half of one common share purchase warrant (each whole purchase warrant, a “Warrant”). Each Warrant is exercisable into one Common Share for a period of 24 months from the closing of the Offering at an exercise price of CAD $1.80 (approx. USD $1.46).

The Offering was completed through a syndicate of underwriters led by Canaccord Genuity Corp. as sole bookrunner, and including Echelon Wealth Partners Inc., Roth Canada, ULC and Haywood Securities Inc. (collectively, the “Underwriters”). The Offering was made by way of a prospectus supplement dated June 11, 2021 to the Company’s existing short form base shelf prospectus dated May 10, 2021 (collectively, the “Prospectus”). The Prospectus was filed with the securities commissions in each of the provinces and territories of Canada.

According to IFRS 9 and IAS 32, the allocation is based on the following hierarchy:

1. Derivative and other financial instruments measured at fair value through their contractual life.
2. Financial liabilities and other complex instruments which are not recognized at fair value.
3. Equity instruments.

**NOTE 3 - SHAREHOLDERS' EQUITY (CONT.):**

**B.** As the exercise price of the Warrants was denominated in a currency (CAD) other than the functional currency (USD), the Company does not comply with the terms of FIX TO FIX in accordance with IAS 32 conditions. Therefore, the Warrants were designated to be measured at fair value through profit or loss.
The Warrants were categorized as level 3. As of June 30, 2021, the warrant's fair value measurement was USD 1,074 thousand. The Warrants were valued based on the Black Scholes model when adjusted for dilution. The main parameters used in the process are the expected volatility of 90%, the risk-free rate between 0.31% and 1.7% and the expected term range between 0 to 2 years.

**C. Share based compensation:**

Options

1. On June 2, 2020, the Company granted 780,000 options with a CAD$0.65 exercise price per share to its directors, officers, employees and consultants, the options will vest between 12 and 36 months and will expire within 4 years from the issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 0.72%, expected volatility: 66%, expected term: 4 years, expected dividend yield: 0%, p.a.
2. On August 18, 2020, the Company granted 100,000 options with a CAD$0.64 exercise price per share to its employees the options will vest between 12 and 36 months and will expire on August 15, 2024. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 1.7%, expected volatility: 66%, expected term: 4 years, expected dividend yield: 0%, p.a.
3. On January 3, 2021, the Company granted 440,000 options with a CAD$0.98 exercise price per share to its directors, officers, employees and consultants, the options will vest between 3 and 12 months and will expire within 4 years from the issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 0.72%, expected volatility: 66%, expected term: 4 years, expected dividend yield: 0%, p.a.
4. On January 15, 2021, the Company granted 110,000 options with a CAD$0.99 exercise price per share to its directors, officers, employees and consultants, the options will vest between 12 and 24 months and will expire within 4 years from the issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 0.72%, expected volatility: 66%, expected term: 4 years, expected dividend yield: 0%, p.a.
5. On February 3, 2021, the Company granted 150,000 options with a CAD$1.15 exercise price per share to one of its consultants, the options will vest in 12 months and will expire within 4 years from the issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 0.72%, expected volatility: 66%, expected term: 4 years, expected dividend yield: 0%, p.a.

(US $ in thousands)

**NOTE 3 - SHAREHOLDERS' EQUITY (CONT.):**

**C. Share based compensation (Cont.):**

Options (Cont.)

6. On March 2, 2021, the Company granted 32,000 options with a CAD$2.75 exercise price per share to its employees, the options will vest in 12 months and will expire within 4 years from the issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 0.72%, expected volatility: 66%, expected term: 4 years, expected dividend yield: 0%, p.a.
7. On April 25, 2021, the Company granted 40,000 options with a CAD$1.64 exercise price per share to its employees, the options will vest between 12 and 24 months and will expire within 4 years from the issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 0.72%, expected volatility: 66%, expected term: 4 years, expected dividend yield: 0%, p.a.
8. On June 14, 2021, the Company granted 210,000 options with a CAD$1.33 exercise price per share to its employees, the options will vest between 12 to 36 months and will expire within 4 years from the issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 0.72%, expected volatility: 66%, expected term: 4 years, expected dividend yield: 0%, p.a.

The following table reflects the activity with respect to options of the Company for the six months ended June 30, 2021 compared to the six months ended June 30, 2020:

| | Six months ended June 30, 2021 | | Six months ended June 30, 2020 | |
|---|---|---|---|---|
| | Number of options | Weighted average Exercise price | Number of options | Weighted average Exercise price |
| Outstanding at beginning of year | 7,744,081 | CAD 0.28 | 7,569,081 | CAD 0.26 |
| Granted | 982,000 | CAD 1.17 | 780,000 | CAD 0.65 |
| Exercised | (677,500) | CAD 0.50 | (285,000) | CAD 0.46 |
| Forfeited and cancelled | (45,000) | CAD 0.63 | (20,000) | CAD 0.50 |
| Outstanding at end of period | 8,003,581 | CAD 0.37 | 8,044,081 | CAD 0.29 |
| Exercisable options | 6,769,458 | CAD 0.25 | 6,475,748 | CAD 0.22 |

During the six months ended June 30, 2021 and 2020, the Company recorded expenses in the amount of $435 and $142, respectively.

**(US $ in thousands)**

**NOTE 3 – SHAREHOLDERS' EQUITY (CONT.):**

**C. Share based compensation (cont.):**

Restricted Share Units

Following the Company's shareholder's approval of the Restricted Share Unit Plan (the "RSU Plan") on June 29, 2020:

1. On July 9, 2020, the Company approved an aggregate grant of 641,666 Restricted Share Units ("RSUs") to directors and senior officers of the Company pursuant to the RSU Plan. The RSU will vest between 0 and 12 months. Each vested RSU entitles the holder to receive one common share of the Company for a period of 4 years.
2. On August 18, 2020 the Company approved an aggregate grant of 52,500 RSUs to employees and senior officers of the Company pursuant to the RSU Plan. The RSU will vest between 3 and 12 months. Each vested RSU entitles the holder to receive one common share of the Company for periods ranging between 3 and 4 years.
3. On January 3, 2021 the Company approved an aggregate grant of 296,500 RSUs to directors, employees and senior officers of the Company pursuant to the RSU Plan. The RSU will vest between 0 and 24 months. Each vested RSU entitles the holder to receive one common share of the Company for a period of 4 years.
4. On January 15, 2021 the Company approved an aggregate grant of 15,000 RSUs to employees and senior officers of the Company pursuant to the RSU Plan. The RSU will vest in 18 months. Each vested RSU entitles the holder to receive one common share of the Company for a period of 4 years.
5. On March 2, 2021 the Company approved an aggregate grant of 30,000 RSUs to employees of the Company pursuant to the RSU Plan. The RSU will vest between 0 and 10 months. Each vested RSU entitles the holder to receive one common share of the Company for a period of 4 years. The Company valuates RSU based on the fair market value of its share price on the grant date.

The following table reflects the activity with respect to RSUs of the Company for the six months ended June 30, 2021 compared to the six months ended June 30, 2020:

| | Six months ended June 30, 2021 | Six months ended June 30, 2020 |
|---|---|---|
| | Number of RSUs | Number of RSUs |
| Outstanding at beginning of year | 302,500 | - |
| Granted | 341,500 | - |
| Exercised | (129,125) | - |
| Forfeited and cancelled | - | - |
| Outstanding at end of period | 514,875 | - |
| Exercisable RSUs | 51,667 | - |

(US $ in thousands)

## NOTE 3 – SHAREHOLDERS' EQUITY (CONT.):

### C. Share based compensation (cont.):

Warrants

The following table reflects the activity with respect to warrants of the Company for the six months ended June 30, 2021 compared to the six months ended June 30, 2020:

| | Six months ended June 30, 2021 | | Six months ended June 30, 2020 | |
|---|---|---|---|---|
| | Number of Warrants | Weighted average Exercise price | Number of Warrants | Weighted average Exercise price |
| Outstanding at beginning of year | 2,949,310 | CAD 0.72 | 3,026,008 | CAD 0.71 |
| Issued | 1,777,099 | CAD 1.74 | - | - |
| Exercised | (2,957,609) | CAD 0.72 | (171,674) | CAD 0.61 |
| Forfeited and cancelled | (1,800) | CAD 0.50 | - | - |
| Outstanding at end of period | 1,767,700 | CAD 1.74 | 2,854,334 | CAD 0.72 |
| Exercisable Warrants | 1,767,700 | CAD 1.74 | 2,854,334 | CAD 0.72 |

During the three and six months ended June 30, 2021, 598,298 and 2,957,609 warrants were exercised, respectively, with an exercise price between CAD 0.5 to CAD 0.75.

During the three and six months ended June 30, 2020, 49,679 and 171,674 warrants were exercised, respectively, with an exercise price between CAD 0.4574 to CAD 0.75.

## NOTE 4 - REVENUES:

### A. Geographic Areas Information:

The following present the total revenues for the three and six months ended June 30, 2021 and 2020:

| | For the three months period ended June 30, 2021 | For the six months period ended June 30, 2021 | For the three months period ended June 30, 2020 | For the six months period ended June 30, 2020 |
|---|---|---|---|---|
| **Direct** | | | | |
| APAC | 3,025 | 8,642 | 217 | 989 |
| EMEA | 1,057 | 1,921 | 111 | 412 |
| North America | 1,389 | 1,445 | 57 | 109 |
| **Indirect** | | | | |
| APAC | 104 | 242 | 7 | 16 |
| EMEA | 6 | 20 | 20 | 95 |
| North America | 113 | 231 | 1,043 | 2,149 |
| Total | 5,694 | 12,501 | 1,455 | 3,770 |

(US $ in thousands)

## NOTE 4 - REVENUES (CONT.):

**B. Major customers (as percentage of total revenues):**

| | For the three months period ended June 30, 2021 | For the six months period ended June 30, 2021 | For the three months period ended June 30, 2020 | For the six months period ended June 30, 2020 |
|---|---|---|---|---|
| Customer A | 37% | 46% | 67% | 53% |
| Customer B | 12% | 10% | 0% | 13% |
| | 49% | 56% | 67% | 66% |

## NOTE 5 - OPERATING SEGMENTS:

**A. General**

The Company and its subsidiaries are engaged in the following segments:

- AdTech- e-commerce advertising management and automation platform.
- EdTech- marketplace for live classes, connecting and enriching humanity through knowledge.

**B. Segment information**

| | For the three months ended June 30, 2021 | | | For the six months ended June 30, 2021 | | |
|---|---|---|---|---|---|---|
| | AdTech | EdTech | Total | AdTech | EdTech | Total |
| *Revenues* | | | | | | |
| External | 5,690 | 4 | 5,694 | 12,497 | 4 | 12,501 |
| Inter-segment | - | - | - | - | - | - |
| *Total* | 5,690 | 4 | 5,694 | 12,497 | 4 | 12,501 |
| *Segment Profit (Loss)* | 567 | (364) | 203 | 595 | (364) | 231 |
| Unallocated expenses: | | | | | | |
| Finance expense | | | 467 | | | 426 |
| Tax expenses | | | 294 | | | 416 |
| Loss | | | (558) | | | (611) |

| | For the three months ended June 30, 2020 | | | For the six months ended June 30, 2020 | | |
|---|---|---|---|---|---|---|
| | AdTech | EdTech | Total | AdTech | EdTech | Total |
| *Revenues* | | | | | | |
| External | 1,455 | - | 1,455 | 3,770 | - | 3,770 |
| Inter-segment | - | - | - | - | - | - |
| *Total* | 1,455 | - | 1,455 | 3,770 | - | 3,770 |
| *Segment Profit* | 193 | - | 193 | 597 | - | 597 |
| Unallocated expenses: | | | | | | |
| Finance expense | | | 2 | | | 101 |
| Tax expenses | | | 51 | | | 125 |
| Profit | | | 140 | | | 371 |

(US $ in thousands)

**NOTE 5 - OPERATING SEGMENTS (CONT.):**

**B. Segment information (cont.)**

| | As of June 30, 2021 | | | As of December 31, 2020 | | |
|---|---|---|---|---|---|---|
| | AdTech | EdTech | Total | AdTech | EdTech | Total |
| *Segment assets* | 15,561 | 9 | 15,570 | 12,736 | - | 12,736 |
| *Segment liabilities* | 4,275 | 43 | 4,318 | 5,851 | - | 5,851 |

**NOTE 6 - LONG TERM LOAN:**

**Government grant**

Following the Israeli government's decision to establish a dedicated loan fund to help deal with the impact of the COVID-19 pandemic on small and medium-sized businesses in Israel, in May 2020 the Company signed an agreement to receive a long-term loan for the amount of $187 from Bank Hapoalim (the "Loan").

According to the terms of the Loan: (i) principal payments will be deferred for twelve months from the funding date, and the Company will start paying the principal payments from the second year of the Loan; (ii) interest payments will be paid by the government for the first twelve months from the funding date, and the Company will start paying the interest payments from the second year of the Loan; (iii) other than a 5% deposit, no collateral or personal guarantees are required; (iv) the Loan is guaranteed by the Israeli government; and (v) the Loan has a maturity of five years and an interest rate of Prime +1.5%.

On June 6, 2021, the Company made full repayment of the loan. As of June 30, 2021, the Company doesn't have any loans from financial institutions.

**NOTE 7 - RELATED PARTIES AND SHAREHOLDERS:**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has transactions with key management personal.

**The following transactions arose with related parties:**

| | For the Six months period ended June 30, | |
|---|---|---|
| Transaction | 2021 | 2020 |
| Management fee to CEO and controlling shareholder | 234 | 123 |
| Share based compensation to the CEO and controlling shareholder | 15 | 6 |