ZOOMD TECHNOLOGIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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Deloitte.

Independent Auditor's Report
To the Shareholders and the Board of Directors of
ZOOMD TECHNOLOGIES LTD.

Opinion
We have audited the consolidated financial statements of ZOOMD TECHNOLOGIES LTD. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB")..

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial consolidated Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter
A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Capitalization of internally developed software— Refer to Note 2I and Note 8 to the consolidated financial statements

Key Audit Matter Description

As more fully described in Note 2I and Note 8 to the consolidated financial statements, the Company capitalizes certain internal-use software development costs incurred during development stage activities, if direct and incremental, until the software is substantially complete and ready for its intended use. The Company capitalizes certain costs related to internal-use software upgrades and enhancements when it is probable the expenditures will result in significant additional functionality. For the year 2024, the Company had capitalized internal-use software development costs of $470 thousand, and the closing balance of internally-developed software costs was $1.06 million as at December 31, 2024.

Auditing the Company's capitalization of software development costs is complex. Management applies judgment in determining which software projects and enhancements, and activities within those projects, qualify for capitalization, as only those costs incurred in certain stages of software development or implementation can be capitalized in accordance with the applicable accounting standards. Therefore, this has been identified as a key audit matter in the current year.

How the Key Audit Matter Was Addressed in the Audit

For payroll costs that were capitalized for the year ended December 31, 2024, our audit procedures included the following:

- We obtained an understanding of management's process for determining capitalizable software costs and the nature of such capitalized costs; such costs are employees and subcontractors costs directly related to eligible projects.
- Evaluated costs incurred to assess whether software development costs were properly capitalized based upon the nature and stage of the work performed and whether the requisite capitalization criteria were met.
- Tested the completeness and accuracy of reports used in management's calculations of capitalized software development costs, including testing mathematical accuracy.
- We tested management's method of allocating payroll costs between internally-developed software and costs to be expensed.
- For a sample of employees within the allocation, we performed procedures to agree total payroll costs for the selected employee to the year-to-date payroll cost per the pay register, over which we have performed procedures for the total payroll expenses;
- Performed corroborative interviews with Company personnel involved in website and software development regarding the nature, functionality and extent of costs incurred.

Other Information
Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Aviad Gur-El.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, Israel
March 26, 2025

ZOOMD TECHNOLOGIES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(United States Dollars (USD) in thousands)

	Note	As of December 31, 2024	2023
Assets			
Current assets			
Cash and cash equivalents		9,235	2,602
Trade receivables	4	10,406	4,663
Other receivables and prepaid expenses	5	174	605
		19,815	7,870
Non-current assets			
Long term deposits		133	179
Fixed assets, net	6	261	251
Right of use assets	7	1,483	2,488
Intangible assets, net	8	6,962	7,856
		8,839	10,774
Total assets		28,654	18,644
Liabilities and Equity			
Current liabilities			
Trade payables		5,063	2,978
Short term bank credit	9	2,002	2,007
Short term lease liability		180	598
Other payables and accrued expenses	10	2,232	2,206
		9,477	7,789
Non-current liabilities			
Provisions	14	-	280
Lease liabilities	18.F	1,377	1,777
Reserve for employee benefits	11.B	99	112
		1,476	2,169
Shareholders' equity	12		
Share capital and premium		39,499	39,499
Other reserves		5,962	5,855
Accumulated deficit		(27,760)	(36,668)
		17,701	8,686
Total Liabilities and Equity		28,654	18,644

The consolidated financial statements were approved by the board of directors of the company.

"Amit Bohensky"	"Ido Almany"	"Tsvika Adler"
Amit Bohensky	**Ido Almany**	**Tsvika Adler**
Chairman of the board	**CEO**	**CFO**

The accompanying notes are an integral part of the consolidated 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)

	Note	Year ended December 31, 2024	Year ended December 31, 2023
Revenue		54,496	32,113
Cost of revenue		32,994	20,089
Gross profit		21,502	12,024
Operating expenses:			
Research and development expenses	15	2,747	3,295
Selling, administrative and general expenses	16	9,520	9,983
Other expenses (income)	14,1c	(280)	2,839
Total operating expenses		11,987	16,117
Operating Income (Loss)		9,515	(4,093)
Finance income	17a	81	169
Finance expense	17b	(666)	(718)
Finance expense, net		(585)	(549)
Net Income (Loss) before income taxes		8,930	(4,642)
Income tax		22	12
Net Income (Loss) and Comprehensive Income (Loss)		8,908	(4,654)
Net Income (Loss) per share:			
Basic		0.09	(0.04)
Diluted		0.08	(0.04)
Shares used in calculation of net Income (Loss) per share:			
Basic		102,240,972	105,525,163
Diluted		106,206,200	105,525,163

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

ZOOMD TECHNOLOGIES LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Number of Share capital	Share capital and premium	Reserve for share-based payment 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 payment	-	-	253	-	253
Exercise of options	273,502	*	-	-	*
Common stocks issued due to business combination	804,923	-	-	-	-
Comprehensive loss for the year	-	-	-	(4,654)	(4,654)
Balance - December 31, 2023	98,329,339	39,499	5,855	(36,668)	8,686
Share-based payment	-	-	107	-	107
Exercise of options	420,375	*	-	-	*
Comprehensive income for the year	-	-	-	8,908	8,908
Balance - December 31, 2024	98,749,714	39,499	5,962	(27,760)	17,701

(*) Less than $1

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

ZOOMD TECHNOLOGIES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(USD in thousands)

	Year ended December 31,	
	2024	**2023**
Cash flows - operating activities		
Net Income (Loss) from operations	8,908	(4,654)
Adjustments to reconcile net income (loss) to net cash from operating activities (Appendix A)	(1,093)	5,250
	7,815	596
Interest Payments	(131)	(168)
Net cash generated from operating activities	7,684	428
Cash flows - investing activities		
Capitalized software development costs	(470)	(1,063)
Purchase of property, plant and equipment	(90)	(15)
Net cash used in investing activities	(560)	(1,078)
Cash flows - financing activities		
Lease payments	(537)	(524)
Decrease in deposits	46	-
Exercise of options	*	*
Net cash used in financing activities	(491)	(524)
Increase (Decrease) in cash and cash equivalents	6,633	(1,174)
Cash and cash equivalents at the beginning of the financial year	2,602	3,776
Cash and cash equivalents at the end of the financial year	9,235	2,602

(*) Less than $1

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

ZOOMD TECHNOLOGIES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(USD in thousands)

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

		Year ended December 31,	
		2024	2023
A.	**Adjustments to reconcile net loss to net cash from operating activities**:		
	Depreciation and amortization	2,000	2,247
	Impairment of intangible assets	-	2,839
	Change in employee benefit liabilities, net	(13)	(128)
	Cost of share-based payment	107	253
	Finance expenses, net	294	543
	Changes in assets and liabilities:		
	Decrease (increase) in trade receivables and other receivables	(5,312)	1,346
	Decrease in long term deposits	-	41
	Increase (decrease) in trade payables	2,085	(444)
	Decrease in other current and non-current liabilities	(254)	(1,447)
		(1,093)	5,250

		Year ended December 31,	
		2024	2023
B.	**Non-cash investing and financing activities**		
	Leases (See note 7)		
	Right of use assets	(449)	258
	Lease liabilities	449	(258)
	Total	-	-

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

NOTE 1 - DESCRIPTION OF BUSINESS AND GENERAL

Description of Business:

A. 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 proprietary patented technology and targets the needs of various segments of the digital marketing industry. It focuses on efficient user acquisition for companies and products aimed at mobile users. 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.

In 2019, concurrently with the Qualifying Transaction, Zoomd raised CAD$9.3 million (approximately US$7 million) pursuant to a private placement (the "Concurrent Financing).

B. 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.

C. During 2023 and in light of the prevailing global macroeconomic conditions that impacted the business, operations, and financial results, coupled with recent changes in the competitive landscape, the Company decided to reallocate resources and adjust its investment focus on areas of greater and faster growth potential and discontinue investment in other initiatives the Company worked on ("Restructuring"). As a result, the Company has decided on the implementation of cost savings measures, consisting primarily of the discontinuance of non-profitable operations, the near-term termination of approximately 40% of its workforce and certain other reductions in ongoing expenses. As part of these cost saving activities, the Company recorded, during 2023, an impairment of $2.8M representing capitalized software development costs which were determined to no longer be recoverable.

D. On October 7, 2023, the State of Israel, where the Company's operations are primarily based, suffered a surprise attack by hostile forces from Gaza, which led to the declaration by Israel of the "Iron Swords" military operation. This military operation and related activities are on-going as of the issuance date of these consolidated financial statements. As of the date of authorization of these financial statements the Company has determined that there has not been any material effect on its business or operations, but it continues to monitor the situation.

NOTE 2 - MATERIAL ACCOUNTING POLICIES

A. Declaration regarding the application of the IFRS Accounting Standards®

Statement of compliance:

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and their interpretations, which were issued by the International Accounting Standards Board ("IASB").

The significant accounting policies specified hereunder were applied consistently in relation to all reporting periods presented in these consolidated financial statements, apart from changes in accounting policies that derived from applying the standards, amendments to standards and interpretations that became effective on the date of the financial statements.

B. Basis of preparation:

The consolidated financial statements were prepared on the historical cost basis, except for: Reserve for employee benefits as described in Note 11 and Commitments and contingent liabilities as described in Note 14.

C. Basis of consolidation:

The consolidated financial statements incorporate the consolidated financial statements of the Company and the entity controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the consolidated financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaryy acquired or disposed of during the year are included in the consolidated statements of net income (loss) from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring their accounting policies to align with those used by the Company.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

D. Foreign currencies:

(1) Translation of foreign currency transactions:

In preparing the consolidated financial statements, transactions in currencies other than the Company's functional currency (USD) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(2) Recognition of exchange differences:

Exchange differences are recognized in profit or loss in the period in which they arise.

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'US$', which is the company's functional and reporting currency.

E. Cash and cash equivalents:

Cash and cash equivalents include demand deposits and term deposits in banks that are not restricted as to usage, with an original period to maturity of not more than three months.

Deposits that have restrictions governing their use are classified as pledged deposits.
Deposits are classified as current or non-current, based on the remaining maturity as of the financial statements date.

F. Goodwill:

Goodwill arising on an acquisition represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is allocated to the cash-generating units expected to benefit from the synergies of the combination for the purpose of impairment testing. Goodwill is tested, at the cash-generating unit (or group of cash generating units) level, for impairment annually or if events or changes in

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

F. Goodwill: (Cont.)

circumstances indicate that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses. Impairment loss on goodwill is not reversed.

The Company is composed of one operating segment, goodwill is tested at the company's level, which represents the lowest level within the company at which goodwill is monitored for internal management purposes in accordance with IAS 36. The impairment test is performed by comparing the carrying amount (which mainly comprises acquired intangible assets, goodwill and capitalized development costs) and the recoverable amount of the cash generating unit ("CGU"). The recoverable amount of the CGU is the higher of its fair value less costs of disposal and its value in use.

G. Intangible Assets:

Intangible assets are nonmonetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights). Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost and amortized on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, at the following rates.

	%
Customer relationships	10-20
Brand	20
Technology	25

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

- **Derecognition of intangible assets:**

  An intangible asset is derecognized on disposal, or when no future economic benefit is expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

H. Impairment of tangible and intangible assets other than goodwill:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication of such exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

H. Impairment of tangible and intangible assets other than goodwill: (Cont.)

Recoverable amount is the higher of fair value less costs of disposal and value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

I. Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.
The Company complies with all the conditions for capitalization according to IAS 38.
Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. (See Note 8).

J. Fixed Assets, Net:

Property and equipment are measured at cost, net of accumulated depreciation and net of accumulated impairment. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets at the following rates:

	%
Computer and Software	33
Furniture and Equipment	7-15
Leasehold improvements	20

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

K. Financial assets:

(1) General:

Financial assets are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument, using settlement date accounting.

Financial assets were classified in the categories detailed below based on the Company's business model for managing the financial assets and based on the contractual cash flow characteristics of the financial asset:

- Financial assets at fair value through profit or loss' (FVTPL); and
- Debt instruments at amortized cost.

(2) Financial assets at FVTPL:

All financial assets, whether designated or required to be measured at fair value through profit and loss, are initially measured at fair value and any changes in fair value subsequent to initial recognition are recognized in profit or loss. Transaction costs directly attributable to those assets are recognized in profit or loss as incurred. The Company does not currently have any financial assets carried at fair value.

(3) Debt instruments at amortized cost:

Debt instruments held according to a business model whose objective is achieved by collecting the contractual cash flows and whose contractual terms give rise to cash flows that are solely payments of principal and interest, were initially measured at fair value plus directly attributable transaction costs, except for receivables that were initially measured at their transaction price. Subsequent to initial recognition, these assets are measured at amortized cost.

When, and only when, the Company changes its business model for managing financial assets it shall reclassify assets between categories.

L. Revenue recognition:

Revenue is recognized in the consolidated statements of net income (loss) and Comprehensive income (loss) to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if relevant, can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable.

The Company provides clients with KPI based advertising and media buying based on the Company's technology, primarily in mobile user acquisition.
The KPIs used most frequently are cost per install (CPI), cost per event (CPE), cost per click (CPC) or cost per mille (CPM).

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

L. Revenue recognition: (Cont.)

Alternatively, the Company may use an agreement whereby the revenue is based on a fixed percentage, by using traffic sources as publishers, ad networks and demand side platforms (DSPs). At the end of each month, the revenues from these advertisers are calculated and recognized, taking into consideration any contractual cap with such advertisers.

M. Business Combinations:

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, liabilities incurred to the former owners of the acquiree and equity interests issued, in exchange for control of the acquire. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If after reassessment, the net acquisition date amounts of the identifiable assets acquired and liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

N. Leases:

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For short term leases and leases of low value assets, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

N. Leases: (Cont.)

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

The non- current lease liability is presented as a separate line in the consolidated statement of financial position. Current lease liability is presented under other payables and accrued expenses.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

O. Net income (Loss) per share:

Basic income (loss) per share is computed with regard to loss attributable to the Company's ordinary shareholders and is calculated for income (loss) from continuing operations attributable to the ordinary shareholders of the reported entity, should such be presented. Basic income (loss) per share is to be computed by dividing loss attributed to owners of the Company (numerator), by the weighted average of the outstanding ordinary shares (denominator) during the period. In the computation of diluted loss per share, the Company adjusted its loss attributable to its ordinary shareholders by multiplying their diluted income (loss) per share and the weighted average of the outstanding shares for the effects of all the dilutive potential ordinary shares of the Company.

P. Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, the carrying amount is the present value of those anticipated cash flows.

When some or all of the economic benefits to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

Q. Share-based payments:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black Scholes Merton model.

When the equity instruments granted do not vest until such employees and service providers complete a defined period of service, comply with the conditions for exercise or defined market conditions are present, the Company recognizes the share-based payment arrangements in the consolidated financial statements over the vesting period against an increase in shareholders' equity.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest.

At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss over the remaining vesting period, with a corresponding adjustment to the reserve for share-based transactions.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted on the date the entity obtains the goods or the counterparty renders the service.

R. Tax on income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

(1) Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of income (loss), because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(2) Deferred tax:

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

S. Government grants:

Government grants are recognized when there is reasonable assurance that the grants will be received, and the Company will comply with the attached conditions.

Government grants received from the Israeli Innovation Agency ("IIA"), formerly the Office of Chief Scientist ("OCS"), are recognized upon receipt as a liability if future economic benefits are expected from the research project that will result in royalty-bearing revenues.

A liability for the loan is first measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the grant received and the fair value of the liability is accounted for as a government grant and recognized as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Royalty payments are treated as a reduction (partial or full settlement) of the liability. If no economic benefits are expected from the research activity, the grant receipts are recognized as a reduction of the related research and development expenses. In that event, the royalty obligation is treated as a contingent liability in accordance with IAS 37.

T. Employee benefits:

According to Israeli law the Company is generally required to pay severance compensation to an employee at the time of dismissal, death or retirement (including employees who leave the place of employment under other specified circumstances). The calculation of the obligation related to the termination of the employee-employer relationship is based on the employee's salary and the years of service.
Commencing January 2013, the Company has defined contribution plans, in accordance with Section 14 of the Israeli Severance Pay Law, according to which the Company makes monthly payments to insurance policies for its employees. Upon termination of employment, employees will be entitled to receive only the amounts accrued in the insurance policies with respect to severance pay. Deposits to a defined contribution plan for severance pay or for pensions are recognized as an expense at the time of the deposit to the plan concurrent with obtaining the labor services from the employee, and no additional provision in the consolidated financial statements is required.

Short term employee benefits:

Short term employee benefits are benefits which it is anticipated will be utilized or which are to be paid during a period that does not exceed 12 months from the end of the period in which the service that creates entitlement to the benefit was provided.

Short term company benefits include the company's liability for short term absences, payment of grants, bonuses and compensation. These benefits are recorded to the consolidated statements of net income (loss) and comprehensive income (loss) when incurred. The difference between the amount of the short-term benefits to which the employee is entitled and the amount paid is therefore recognized as an asset or liability.

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

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

U. Fair Value Measurement:

The Company uses a three-level hierarchy when measuring fair value. The following is a description of the three hierarchy levels:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
Level 2 Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
Level 3 Unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest input that is significant to the fair value measurement in its entirety. The Company recognizes the transfers between the levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

V. Exchange Rates and Linkage Basis:

(1) Balances in foreign currency or linked thereto are included in the consolidated financial statements based on the representative exchange rates, as published by the Bank of Israel, that were prevailing at the balance sheet date.

(2) Following are the changes in the representative exchange rate of the NIS and Euro vis-a-vis the USD:

	Representative exchange rate of the USD	
	in Euro	**in NIS**
As at:		
December 31, 2024	0.96	3.647
December 31, 2023	0.90	3.627
Rates of change for the Year ended:	**%**	**%**
December 31, 2024	6.7	0.6
December 31, 2023	6.9	(3.3)

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

W. Adoption of new and revised Standards:

New and amended IFRS Accounting Standards that are effective for the current year

Impact of the initial application of other new and amended IFRS Accounting Standards that are effective for the current year.

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendment to IAS 1
The Company has adopted amendments to IAS 1 for the first time in the current year.
The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
This amendment has no material impact on the Company's financial statements.

New IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new IFRS Accounting Standard that has been issued but is not yet effective:

- **IFRS 18 - Presentation and Disclosure in Financial Statements**

  IFRS 18 aims to improve how information is communicated in financial statements to give investors a more comparable basis to analyze companies' performance.
  The standard introduces three sets of new requirements:
  1. New categories and subtotals in the consolidated statements of income.
  2. Disclosure regarding management-defined performance measures.
  3. Guidance related to the aggregation and disaggregation of certain information.

  The consolidated statements of income will be split into three newly defined categories (operating, investing, and financing) and will include two newly defined subtotals (operating profit and profit before financing and income taxes).

  Management-defined performance measures are subtotals of income and expense used in public communication outside the financial statements and communicate management's view of certain aspects of a company's performance. Such measures are required to be described in a clear and understandable manner in a single note explaining how the measure is calculated, why it is useful, providing a reconciliation to the most directly comparable subtotal noted above, the income tax and non-controlling interest.
  The Company is currently assessing the impact of the standard's implementation.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (Cont.)

W. Adoption of new and revised Standards: (Cont.)

New IFRS Accounting Standards in issue but not yet effective (Cont.)

At the date of authorization of these financial statements, the Company has not applied the following new IFRS Accounting Standard that has been issued but is not yet effective: (cont.)

- **IFRS 18 - Presentation and Disclosure in Financial Statements (Cont.)**

  effect on each item and how the income tax effect was determined. Lastly, companies must disaggregate items if such information is material and avoid using the label “other” in financial statements. Certain additional details for depreciation and amortization, impairment and other expense classifications may be required.
  IFRS 18 is effective for fiscal periods commencing on or after January 1, 2027. Earlier adoption is permitted. The standard is expected to impact the Company’s presentation of items within the consolidated financial statements and its notes disclosures once implemented, though the standard is not expected to change how the Company recognizes or measures items in its consolidated financial statements.

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION

A. General:

In the application of the Company's accounting policies, which are described in Note 2 above, the Company’s management is required, in certain cases, to make significant accounting judgments regarding estimates and assumptions that impact the reported amounts of assets, liabilities and contingent liabilities as at the date of the consolidated financial statements, as well as the reported amounts of revenue, expenses, gains and losses during the reporting period. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results could differ from these estimates.

Management reviews the estimates and underlying assumptions on an ongoing basis. Changes in accounting estimates are only recognized in the period in which the estimate is changed if the change affects only that period or in the period of change and future periods if the change affects both current and future periods.

The assumptions used in the Company estimates are based on contractual commitments where sensitivity is insignificant. In addition, in the process of applying the Company's accounting policies, management makes various judgments, apart from those involving estimations, that can significantly affect the amounts recognized in the consolidated financial statements.

Other estimates or assumptions used in our allowances are based on the Company's historical experience. Any sensitivity analysis of the effect of changes in critical estimates and assumptions would show negligible effect on the Company's financial position or results of operations.

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION (Cont.)

B. Significant judgments in applying accounting policies:

The following are the significant judgments that the management has made in the process of applying the entity's accounting policies, apart from those involving estimation, and that have the most significant effect on the amounts recognized in the consolidated financial statements.

(1) Share based payments:

The Company accounts for its share-based compensation to employees in accordance with the provisions of IFRS 2 "Share-based Payment," which requires measuring the cost of share-based compensation based on the fair value of the award on the grant date (See note 2T).

The Company selected the Black-Scholes Merton option pricing model as the most appropriate method for computing the fair value of its share-based awards, using the standard parameters established in that model including estimates relating to the fair value of its ordinary shares, volatility, estimated life of the instruments, risk-free interest rates and dividends yield as described below.

(2) Option Valuations:

The determination of the grant date fair value of options using an option pricing model is affected by estimates and assumptions with respect to a number of complex and subjective variables. These variables include the expected volatility of the Company's share price over the expected term of the options, share option exercise and cancellation behaviors, risk-free interest rates and expected dividends, which are estimated as follows:

Fair Value of the Ordinary Shares - Since the Company's shares were not publicly traded until August 28, 2019 (the date the Company completed the Qualified Transaction), the Company estimated the fair value of its ordinary shares, as discussed below in "Valuation of the Company's ordinary shares". From August 28, 2019 the Company's shares are publicly traded.

Volatility - The expected share price volatility was based on the historical equity volatility of the ordinary shares of comparable companies that are publicly traded.

Expected Term - The expected term of options granted represents the estimated period of time that options granted are expected to be outstanding. Since adequate historical experience is not available to provide a reasonable estimate, the expected term is determined based on the midpoint between the available exercise dates (the end of the vesting periods) and the last available exercise date (the contracted expiration date).

Risk-Free Rate - The risk-free interest rate is based on the yield from U.S. Treasury zero-coupon bonds with a term equivalent to the expected term of the options.

Expected Dividend Yield - The Company has never declared or paid any cash dividends and does not presently plan to pay cash dividends in the foreseeable future. Consequently, the Company used an expected dividend yield of zero.

If any of the estimates and assumptions used in the Black-Scholes Merton model change significantly, the Company's share-based payment for future awards may differ materially from those projected and recorded previously.

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

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION (Cont.)

B. Significant judgments in applying accounting policies: (Cont.)

(3) Impairment of non-current assets:

The Company has made significant investments in intangible assets and goodwill. Pursuant to IAS 36, goodwill must be tested for impairment annually or more often if indicators of impairment exist. Other assets are tested for impairment when circumstances indicate that there may be a potential impairment.

Estimating recoverable amounts of assets and Cash Generating Units ("CGU") must, in part, be based on management's evaluations, including the determination of the appropriate CGUs, the discount rate, estimates of future performance, the future market conditions and the long-term growth rate into perpetuity (terminal value) or the fair value less costs to the sell the CGU. Changing the assumptions selected by management, in particular, the discount rate and growth rate assumptions used to estimate the recoverable amounts of assets, could significantly impact the Company's impairment evaluation and hence results. The Company operates in one segment. Recoverable amounts are based on fair value of the whole company based on recent transaction and other indication of fair value of the Company's share.

NOTE 4 - TRADE RECEIVABLES

A. Composition:

	As of December 31,	
	2024	**2023**
Trade receivable	10,687	4,933
Allowance for doubtful debts	(281)	(270)
	10,406	4,663

B. Management of the credit risk by the Company:

Before receiving a new customer and during the year, the Company conducts research on the financial strength of the customer. In addition, the Company purchases a credit insurance policy for most of its customers.

From the total trade receivable balance as of December 31, 2024, a sum of $8,510 represents debt owed by the Company's major customers, which ten of them comprise approximately 91% of its revenues for the twelve month period ended December 31, 2024.

The average credit period on sales of services for 2024 is 50 days.

C. Changes in the allowance for doubtful debts:

	As of December 31,	
	2024	**2023**
Balance at beginning of the year	270	205
Changes in allowance for expected credit loss	11	65
Balance at the end of the year	281	270

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

NOTE 5 - OTHER RECEIVABLES AND PREPAID EXPENSES

Composition:

	As of December 31, 2024	As of December 31, 2023
Deposits	45	315
Prepaid expenses	88	194
Government entities	41	84
Other	-	12
	174	605

NOTE 6 - FIXED ASSETS, NET

Composition:

	Furniture and equipment	Leasehold improvements	Computers and software	Total
Cost				
At January 1, 2023	118	185	248	551
Additions	4	2	9	15
At 31 December, 2023	122	187	257	566
Additions	6	68	16	90
At 31 December, 2024	128	255	273	656

	Furniture and equipment	Leasehold improvements	Computers and software	Total
Accumulated depreciation				
At January 1, 2023	(9)	(42)	(184)	(235)
Depreciation expenses	(10)	(37)	(33)	(80)
At 31 December, 2023	(19)	(79)	(217)	(315)
Depreciation expenses	(10)	(40)	(30)	(80)
At 31 December, 2024	(29)	(119)	(247)	(395)

Net book value	
At December 31, 2024	261
At December 31, 2023	251

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

NOTE 7 - RIGHT OF USE ASSETS

Composition:

	Lease premises	Vehicles	Total
Cost			
At January 1, 2023	4,591	478	5,069
Additions	-	258	258
At December 31, 2023	4,591	736	5,327
Additions	1,439	-	1,439
Deductions	(2,961)	-	(2,961)
At December 31, 2024	3,069	736	3,805

	Lease premises	Vehicles	Total
Accumulated depreciation			
At January 1, 2023	(1,835)	(360)	(2,195)
Depreciation expenses	(538)	(106)	(644)
At December 31, 2023	(2,373)	(466)	(2,839)
Depreciation expenses	(430)	(126)	(556)
Deductions	1,073	-	1,073
At December 31, 2024	(1,730)	(592)	(2,322)

Net book value	
At December 31, 2024	1,483
At December 31, 2023	2,488

	Year ended 2024	Year ended 2023
Amount recognized in profit and loss:		
Depreciation expense of the right of use assets	556	644
Interest expense on lease liabilities	131	168
	687	812

On June 27, 2024, the Company entered into a lease agreement to lease 851 square meters of new office facility in Herzliya. The new lease has an initial term of 36 months with commencement on July 25, 2024.
The monthly rent under the new agreement is NIS89 thousand (approximately $24) linked to the May 2024 consumer price index. The Company has an option to extend the term of the lease for additional two-years period with an increase of 5% in the monthly lease payments. As of the commencement day of the lease, the Company is reasonably certain to exercise the extension period.
The lease is subject to monthly property management charges of NIS20 thousand (approximately $5).
The Company recorded a right-of-use asset and corresponding lease liability with respect to this lease arrangement for an approximate amount of USD$1,439 and in parallel decreased its right of use and corresponding lease liability by an approximate amount of USD$1,888 due to an amendment signed on the same date to the term of its current lease agreement.

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

NOTE 8 - INTANGIBLE ASSETS, NET

Composition:

	Goodwill	Customer relationships	Brand	Capitalized software development costs	Technology	Total
Cost						
At January 1, 2023	5,745	323	734	4,377	11,603	22,782
Additions	-	-	-	1,063	-	1,063
At 31 December, 2023	5,745	323	734	5,440	11,603	23,845
Additions	-	-	-	470	-	470
At 31 December, 2024	5,745	323	734	5,910	11,603	24,315

	Goodwill	Customer relationships	Brand	Capitalized software development costs	Technology	Total
Amortization and impairment						
At January 1, 2023	-	(311)	(734)	(1,538)	(9,045)	(11,628)
Depreciation expenses	-	(1)	-	(157)	(1,364)	(1,522)
Deductions (See note 1C)	-	-	-	(2,839)	-	(2,839)
At 31 December, 2023	-	(312)	(734)	(4,534)	(10,409)	(15,989)
Depreciation expenses	-	(1)	-	(315)	(1,048)	(1,364)
At 31 December, 2024	-	(313)	(734)	(4,849)	(11,457)	(17,353)

Net book value	
At December 31, 2024	6,962
At December 31, 2023	7,856

During the year ended December 31, 2024, the Company capitalized $ 47**0** (2023 - $ 1,063) of development costs relating to revenue generating technology.

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

NOTE 8 - INTANGIBLE ASSETS, NET (Cont.)

The Company operates as a single CGU and therefore all goodwill and intangible assets have been tested at the Company level. The Company performed its annual impairment test as of December 31, 2024 by comparing the carrying value of the CGU to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal.
As the Company's share price increased from CAD $0.07 as of December 31, 2023, to CAD $0.83 as of December 31, 2024, it was determined that no impairment charge is required to the value of the intangible asset as of December 31, 2024.

NOTE 9 - SHORT TERM BANK CREDIT

On March 24, 2021, the Company signed a Credit Line agreement with one of its banks. The credit line agreement allows the Company to withdraw, up to USD 2,000, subject to the terms and conditions stipulated in the agreement. Amounts withdrew under the credit line bears interest of one month's SOFR + 4.75% per annum. The Credit is secured by a floating charge over the Company's assets. In March 2024, the Company signed an extension to the agreement bearing the same terms and conditions.

Covenants:
According to the extension, in the event that the Company has negative EBITDA for two consecutive quarters, it will need to maintain a balance of at least USD 2,000 in its bank account of which USD 1,000 will be held as a restricted deposit. If these conditions are not met, the Company will be required to immediately payback the line of credit.
As of the date of the consolidated financial statements the Company is compliance with the covenant.

NOTE 10 - OTHER PAYABLES AND ACCRUED LIABILITIES

Composition:

	As of December 31,	
	2024	**2023**
Salaries and other employee related liabilities	1,566	815
Accrued expenses	666	1,340
Deferred revenues	-	51
	2,232	2,206

NOTE 11 - RESERVE FOR EMPLOYEE BENEFITS

A. Composition:

	As at December 31,	
	2024	**2023**
Short-term employee benefits:		
Benefits for vacation pay	344	318
Liability for salary, bonuses and wages	1,222	497
	1,566	815

NOTE 11 - RESERVE FOR EMPLOYEE BENEFITS (Cont.)

B. Post-employment Benefits:

The Company's employees are signed on Section 14. A few of the employees signed on section 14 only after the merger. It was agreed with them to fix the amount of the Company's liability to them for the time from the inception of their employment until they sign Section 14 in case they leave the company, such that no uncertainty exists about the amounts to be paid.

The Company's payments for severance pay, in accordance with Section 14 of the Israeli Severance Pay Law for the years ended December 31, 2024 and 2023 was $323 and $425 respectively.

NOTE 12 - SHAREHOLDERS' EQUITY

A. Shares issued and outstanding:

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As of December 31, 2024 and 2023 the Company has 98,749,714 and 98,329,339 common shares issued and outstanding respectively.

B. Transactions:

i. During 2023, some of the Company’s employees and consultants exercised their options into 273,502 ordinary shares of the Company with a weighted averaged conversion price of $ 0.001 per share.

ii. During 2024, some of the Company’s employees and consultants exercised their options into 420,375 ordinary shares of the Company with a weighted averaged conversion price of $ 0.001 per share.

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

NOTE 12 - SHAREHOLDERS' EQUITY (Cont.)

C. Share based payment:

The Company established a stock option plan (the "**Plan**") for its key employees, officers and directors, and certain consultants. The Plan is administered by the Board of Directors of the Company. The Board may from time to time grant options to purchase ordinary shares of the Company according to the terms as set in the Company's option plan. Options under the Plan expire five to ten years after the grant date and vest either immediately or over periods up to three years and are equity-settled.

The following table provides the activity of stock option for the years ended December 31, 2024, and December 31, 2023, for options outstanding, and exercisable, the weighted average exercise price, and the weighted average remaining contractual life.

	Options outstanding		
	Number	**Weighted average exercise price**	**Weighted average remaining contractual life (in years)**
Outstanding January 1, 2023	11,363,018	0.1	3.59
Expired	442,334	-	
Exercised	273,502	-	
Granted	100,000	0.08	3.3
Outstanding December 31, 2023	10,747,182	0.1	3.6
Expired	993,574	-	
Exercised	420,375	-	
Outstanding December 31, 2024	9,333,233	0.07	2.78
Options exercisable as of December 31, 2024	8,505,788		

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

NOTE 12 - SHAREHOLDERS' EQUITY (Cont.)

C. Share based payment (Cont.):

The following table summarizes information about the assumptions for measuring the fair value of the options granted under the Black-Scholes option pricing model for the year ended December 31, 2024, is as follows:

	2024	2023
Dividend yield (%)	0%	0%
Expected volatility of the share prices (%)	100%	100%
Risk-free interest rate (%)	1.1%	1.1%
Expected life of share options (years)	2.78	3.4

The Company recognized total expenses of $107 and $253 related to above equity settled share-based payment transactions for the years ended December 31, 2024 and December 31, 2023 respectively.

NOTE 13- INCOME TAXES

A. The corporate tax rate in Israel is 23%.

B. Losses and deductions for tax purposes carried forward amount to approximately $16 thousand as of December 31, 2024. Due to the cumulative losses since inception and the fact that the year ended December 31, 2024 is the first year which demonstrated turnaround to profitability and out of prudence, the Company has concluded not to record deferred tax assets for these carry forward losses and deductions.
As of December 31, 2024, the Company has written off its downpayments for taxes of surplus expenses (“Odfot”) in the amount of $22.

C. The Company did not record current taxes for the year ended December 31, 2024, since it had no taxable income.

Deferred tax

	December 31,	
	2024	2023
Deferred tax Assets	313	547
Deferred tax liabilities	332	547

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

NOTE 14 - COMMITMENTS AND CONTINGENT LIABILITIES

Provisions:

The Company had a liability to pay royalties to the Israeli government as a result of grants received from the IIA. The liability is calculated based on future sales generated by products which were developed using the IIA grants. As of December 31, 2024, the Company received an approval from the IIA confirming that the Company has no obligation to repay these funds.

The movement in the provision is as follows:

	December 31,	
	2024	2023
Balance at the beginning of the year:	280	280
Changes during the year:		
Amounts charged to net income or loss and other comprehensive income	(280)	-
Balance at year end	-	280

NOTE 15 - RESEARCH AND DEVELOPMENT EXPENSES

Composition:

	Year ended December 31,	
	2024	2023
Salaries and related expenses	835	729
Depreciation and amortization	1,363	1,521
Services	411	863
Other expenses	138	182
	2,747	3,295

NOTE 16 - SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

Composition:

	Year ended December 31,	
	2024	2023
Salaries and related expenses	6,856	6,962
Depreciation and amortization	650	745
Professional fees	757	455
Share based payment	114	266
Other expenses	1,143	1,555
	9,520	9,983

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

NOTE 17 - FINANCE INCOME AND EXPENSES

A. Financing income:

	Year ended December 31, 2024	Year ended December 31, 2023
Interest from deposits	13	19
Foreign exchange differences and other financing income	68	150
	81	169

B. Financing expenses:

	Year ended December 31, 2024	Year ended December 31, 2023
Foreign exchange differences	58	49
Interest on loan, fees, and other financing expenses	608	669
	666	718

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

NOTE 18 - FINANCIAL INSTRUMENTS

A. Financial instruments fair value:

The carrying amount of the Company's financial instruments equals or approximates their fair value.

B. Financial instruments carried at amortized costs:

	As of December 31	
	2024	**2023**
Financial assets:		
Current assets:		
Cash and cash equivalents	9,235	2,602
Trade receivables	10,406	4,663
Deposits	45	315
	19,686	7,580
Non-current assets:		
Long term Deposits	133	179
Total assets:	19,819	7,759
Financial liabilities:		
Current liabilities:		
Trade accounts payable	5,063	2,978
Short term bank credit	2,002	2,007
Short term lease liability	180	598
Other payables and accrued expenses	2,232	2,206
	9,477	7,789
Non-current assets:		
Liabilities	-	280
Lease liabilities	1,377	1,777
	1,377	2,057
Total liabilities:	10,854	9,846

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

NOTE 18 - FINANCIAL INSTRUMENTS (Cont.)

C. Purposes of financial risk management:

The Company's finance department renders services for business operations, permits access to local and international financial markets, supervises and administers the financial risks related with the activities of the Company by means of internal reports which analyze the extent of exposure to risks according to their level and intensity. These risks include market risks (including foreign currency risk) and liquidity risk.

D. Market risk:

Foreign currency risk:

The Company's functional currency is the U.S. dollar. The Company's exposures to the fluctuations occurring in the rates of exchange between the U.S. dollar and the New Israeli Shekel result mainly from salaries and related expenses that are incurred in NIS.

The Company acts to reduce the currency risk by means of holding its liquid resources in short-term deposits (NIS and USD).

The book values of the financial assets and liabilities of the Company denominated in foreign currency are as follows:

	Liabilities		Assets	
	December 31,		December 31,	
	2024	2023	2024	2023
NIS	2,050	1,070	563	634
Euro	26	13	858	937
CAD	2	8	1	1

Sensitivity analysis of foreign currency:

As stated above, the Company is exposed mainly to the NIS currency since salaries and related expenses are stated in NIS.

The following table itemizes the sensitivity to an increase or a decrease of 10% in the relevant exchange rate. 10% is the rate of sensitivity representing the assessments of management with respect to the reasonable possible change in exchange rates. The sensitivity analysis includes current balances of monetary items denominated in foreign currency and confirms their translation at the end of the period to a change of 10% in foreign currency rates.

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

NOTE 18 - FINANCIAL INSTRUMENTS (Cont.)

D. Market risk (Cont.)

	December 31, 2024	December 31, 2023
Pre-tax effect of increase of 10% in the $ currency vis-à-vis the NIS:		
Effect on profit or loss and other comprehensive income for the year	1,034	1,018
Effect on equity	1,034	1,018
Pre-tax effect of decrease of 10% in the $ currency vis-à-vis the NIS:		
Effect on profit or loss and other comprehensive income for the year	(1,034)	(1,018)
Effect on equity	(1,034)	(1,018)

E. Management of credit risk:

Before receiving a new customer and during the year, the company conducts research on the financial strength of the customer. In addition, the Company is purchasing a credit insurance policy for most of its customers.

Moreover, the Company holds cash and cash equivalents in various financial institutions. These financial institutions located in Israel and the United States. Pursuant to the Company's policies, evaluations of the relative financial stability of the different financial institutions are performed on an on-going basis.

The account receivable balances include overdue accounts which are exceeding payment terms. Management believes that the provision for expected credit loss is adequate.

F. Liquidity risk:

Careful management of liquidity risk requires a sufficient cash balance to support operating activities. Management constantly analyzes cash balances which comprise of cash and cash equivalents. This analysis is based on forecasted cash flows, in accordance with policies and restrictions set by the Company.

The Company keeps a sufficient level of cash and cash equivalents, by considering the cash required for its operating activities, in order to reduce the liquidity risk which, the Company is exposed to.

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

NOTE 18 - FINANCIAL INSTRUMENTS (Cont.)

F. Liquidity risk (Cont.):

Below is an analysis of contractual maturities of financial liabilities, including estimated interest payments and the effect of discounting, as at December 31, 2024 and 2023:

	Carrying Amount	Contractual Cash flow	1 year	2-5 years	Over 5 years
December 31, 2024					
Non-derivative financial liabilities:					
Accounts payable	5,064	5,064	5,064	-	-
Other payables and accrued expenses	2,232	2,232	2,232	-	-
Lease liabilities	1,483	1,755	781	974	-
	8,779	9,051	8,077	974	-

	Carrying Amount	Contractual Cash flow	1 year	2-5 years	Over 5 years
December 31, 2023					
Non-derivative financial liabilities:					
Accounts payable	2,978	2,978	2,978	-	-
Other payables and accrued expenses	2,206	2,206	2,206	-	-
Lease liabilities	2,375	2,865	1,529	1,336	-
IIA liability	280	710	10	10	690
	7,839	8,759	6,723	1,346	690

NOTE 19 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES

A. Compensation to key management personnel and interested parties:

	Year ended December 31, 2024	Year ended December 31, 2023
Salary and related expenses to key management personnel	3,228	2,713*
Number of personnel to which benefit applies	9	15*
Share based payment to interested parties and key management personnel	129	295
Number of personnel to which Share based benefit applies	9	10

* Including employees who resigned as part of the restructuring (as defined in note 1C).

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

NOTE 19 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES (Cont.)

B. Transactions with interested and related parties:

	Year ended December 31,	
	2024	**2023**
Subcontractors	-	226
Consultation providers	391	271

NOTE 20 - MAJOR CUSTOMERS

The following is an analysis of the Company's customers who represent more than 10% of the total revenue:

	Year ended December 31,	
	2024	**2023**
Customer A	21,948	11,872
Customer B	12,370	3,266