

ZOOMD TECHNOLOGIES LTD

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2020

ZOOMD TECHNOLOGIES LTD

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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ZOOMD TECHNOLOGIES Ltd.

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (USD in thousands)

	March 31,	December 31,
	2020	2019
Assets		
Current assets		
Cash and cash equivalents	4,319	5,890
Trade receivables	4,614	4,628
Other receivables and prepaid expenses	563	961
	9,496	11,479
Non-current assets		
Pledged long term deposit	147	159
Fixed assets, net	94	99
Rights to use assets	1,792	1,739
Intangible assets	12,097	12,547
	14,130	14,544
Total assets	23,626	26,023
Equity and liabilities		
Current liabilities		
Trade payables	2,227	3,186
Other payables and accrued expenses	3,622	3,260
	5,849	6,446
Non-current liabilities		
IIA liability	433	433
Lease liability	1,022	1,105
Reserve for employee benefits	163	168
	1,618	1,706
Shareholders' equity		
Share capital and premium	39,035	39,035
Reserve from share-based payment transactions and other reserves	4,838	4,790
Accumulated deficit	(27,714)	(25,954)
	16,159	17,871
Total equity and liabilities	23,626	26,023

The financial statements were approved by the board of directors of the company on May 26, 2020.

<p>“Amit Bohensky”</p> <hr style="border: 0.5px solid black;"/> <p>Amit Bohensky Chairmen of the board</p>	<p>“Ofar Eitan”</p> <hr style="border: 0.5px solid black;"/> <p>Ofar Eitan CEO</p>	<p>“Tsvika Adler”</p> <hr style="border: 0.5px solid black;"/> <p>Tsvika Adler CFO</p>
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The accompanying notes are an integral part of the financial statements.

ZOOMD TECHNOLOGIES Ltd.

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (USD in thousands)

	For the three months ended March 31,		Year ended December 31,
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Revenue	6,513	6,899	27,052
Cost of sales and services	4,545	4,951	19,105
Gross profit	1,968	1,948	7,947
Operating costs and expenses			
Research and development expenses	1,520	1,054	4,916
Selling, administrative and general expenses	1,962	1,326	6,439
	3,482	2,380	11,355
Operating Loss	(1,514)	(432)	(3,408)
Listing expenses	-	-	(1,519)
Finance Income	8	118	6
Finance expense	(254)	(123)	(1,375)
Finance income (expense), net	(246)	(5)	(2,888)
Net and comprehensive Loss	(1,760)	(437)	(6,296)
Net loss per share:			
Basic and diluted	0.02	0.05	0.07
Shares used in calculation of net loss per share:			
Basic	100,103,261	79,081,592	87,524,94
Diluted	100,103,261	79,081,592	87,524,94

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

ZOOMD TECHNOLOGIES Ltd.

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (USD in thousands)

	<u>Share capital</u>	<u>Share capital and premium</u>	<u>Reserve for share-based payment transactions and other reserves</u>	<u>Accumulated deficit</u>	<u>Total shareholders' equity</u>
Balance - January 1, 2020	93,265,918	37,515	6,310	(25,954)	17,871
Share-based compensation	-	-	48	-	48
Exercise of options	23,804	(*) -	-	-	-
Loss for the period	-	-	-	(1,760)	(1,760)
Balance - March 31, 2020 (Unaudited)	<u>93,289,722</u>	<u>37,515</u>	<u>6,358</u>	<u>(27,714)</u>	<u>16,159</u>

	<u>Share capital</u>	<u>Share capital and premium</u>	<u>Reserve for share-based payment transactions and other reserves</u>	<u>Accumulated deficit</u>	<u>Total shareholders' equity</u>
Balance - January 1, 2019	73,758,097	27,898	4,170	(19,658)	12,410
Profit for the period	-	-	-	(437)	(437)
Share-based compensation	-	-	286	-	286
Balance - March 31, 2019 (Unaudited)	<u>73,758,097</u>	<u>27,898</u>	<u>4,456</u>	<u>(20,095)</u>	<u>12,259</u>

	<u>Share capital</u>	<u>Share capital and premium</u>	<u>Reserve for share-based payment transactions and other reserves</u>	<u>Accumulated deficit</u>	<u>Total shareholders' equity</u>
Balance - January 1, 2019	73,758,097	27,898	4,170	(19,658)	12,410
Conversion of convertible loan	5,970,069	3,672	-	-	3,672
Exercise of warrants	1,927,053	1,485	-	-	1,485
Share-based compensation	-	-	621	-	621
Exercise of options	35,709	(*) -	-	-	-
Issuance of shares (net of issuance expenses)	11,574,990	4,460	1,519	-	5,979
Loss for the year	-	-	-	(6,296)	(6,296)
Balance - December 31, 2019	<u>93,265,918</u>	<u>37,515</u>	<u>6,310</u>	<u>(25,954)</u>	<u>17,871</u>

(*) Less than 1 thousand dollars.

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

ZOOMD TECHNOLOGIES Ltd.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (USD in thousands)

	For the three months ended March 31,		Year ended December 31,
	2020	2019 Unaudited	2019
<u>Cash flows - operating activities</u>			
Loss from operations	(1,760)	(437)	(6,296)
Adjustments to reconcile net loss to net cash from operating activities (Appendix A)	<u>700</u>	<u>(963)</u>	<u>4,075</u>
Net cash used in operating activities	<u><u>(1,060)</u></u>	<u><u>(1,400)</u></u>	<u><u>(2,221)</u></u>
<u>Cash flows - investing activities</u>			
Investment in bank deposits	12	(2)	(89)
Purchase of property, plant, and equipment	<u>(4)</u>	<u>(14)</u>	<u>(96)</u>
Net cash generated from (used in) investing activities	<u><u>8</u></u>	<u><u>(16)</u></u>	<u><u>(185)</u></u>
<u>Cash flows - financing activities</u>			
Lease liabilities	(176)	-	(147)
Exercise of options	(*) -	-	(*) -
Issuance of shares	-	-	4,782
Exercise of warrants	<u>-</u>	<u>-</u>	<u>57</u>
Net cash generated from (used in) financing activities	<u><u>(176)</u></u>	<u><u>-</u></u>	<u><u>4,692</u></u>
Increase (Decrease) in cash and cash equivalents	(1,228)	(1,416)	2,286
Cash and cash equivalents at the beginning of the financial year	<u>5,890</u>	<u>3,604</u>	<u>3,604</u>
Erosion of cash and cash equivalents	(343)	-	-
Cash and cash equivalents of the end of the financial year	<u><u>4,319</u></u>	<u><u>2,188</u></u>	<u><u>5,890</u></u>

(*) Less than 1 thousand dollars.

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

ZOOMD TECHNOLOGIES Ltd.

UNAUDITED APPENDICES TO CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (USD in thousands)

	For the three months ended March 31,		Year ended December 31,
	2020	2019	2019
	Unaudited		
<u>Cash flows from operating activities</u>			
A. Adjustments to reconcile net profit to net cash from operating activities			
Depreciation and amortization	619	457	2,162
Change in employee benefit liabilities, net	(5)	5	14
Cost of share-based payment	48	286	621
Listing expenses	-	-	1,519
Convertible loans and warrants revaluation	-	(41)	1,118
Finance expenses net	201	-	(129)
Changes in assets and liabilities:			
Decrease (increase) in trade receivables and other receivables	412	(979)	(1,965)
Increase (decrease) in trade and other payables, and other current and non-current liabilities	(605)	(694)	751
Changes in IIA liabilities	-	3	(46)
	670	(963)	4,045
Interest Payments	30	-	30
Total	700	(963)	4,075
B. Significant non-cash transactions:			
Conversion of Convertible loans	-	-	3,672

The accompanying notes are an integral part of the financial statements

ZOOMD TECHNOLOGIES Ltd.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (USD in thousands)

NOTE 1 - DESCRIPTION OF BUSINESS AND GENERAL

A. Description of Business:

Zoomd Technologies Ltd. (formerly DataMiners Capital Corp.) (the "**Company**") was incorporated under the *Business Corporations Act* (Alberta) on October 1, 2013 and completed its initial public offering on May 29, 2014. The Company was designated as a Capital Pool Company as such term is defined by Policy 2.4 ("**Policy 2.4**") of the TSX Venture Exchange (the "**TSXV**") with no commercial operations or assets other than cash and its only business being the identification and evaluation of assets or businesses with a view to completing a "Qualifying Transaction" as such term is defined by Policy 2.4.

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

Concurrently with the Qualifying Transaction, Zoomd raised CAD\$9,265,990 million (approximately US\$7 million) pursuant to a private placement (the "**Concurrent Financing**") by issuing 8,385,990 subscription receipts and 880,000 common shares of Zoomd FinanceCo Ltd. each of which, upon completion of the Qualifying Transaction, was exchanged for one common share of the Company.

Upon the completion of the Qualifying Transaction the Company issued an aggregate amount of 90,921,209 common shares to the shareholders of Zoomd (including those holding common shares of Zoomd FinanceCo Ltd. as a result of the Concurrent Financing) in exchange for all the issued and outstanding shares of Zoomd.

Prior to the consummation of the Transaction Zoomd was required to make a share split (the "**Share Split**") 1:9.674629454 adjustment to its share capital (the "**Ratio**"), so that immediately prior to the closing of the Transaction (i) Zoomd issued to each of its shareholders, with respect to each ordinary share of Zoomd held, an additional of 8.674629454 ordinary shares (rounded to the nearest whole number) (keeping the ratio of 1:9.674629454) (the "**Bonus Shares**"); and (ii) the number of ordinary shares or rights convertible into, exercisable or exchangeable into, or entitling the holder thereof to receive directly or indirectly, additional ordinary shares of Zoomd under any option or warrant to purchase ordinary shares currently outstanding or otherwise granted by Zoomd (the "**Outstanding Options**") was adjusted as per the Ratio so that each one ordinary share issuable under such Outstanding Option shall be increased by and additional amount of 8.674629454 ordinary shares (rounded to the nearest whole number).

From accounting perspectives, since the Company's operations did not constitute a business, the acquisition is not within the scope of IFRS 3 but, nevertheless, resulted in consolidated financial statements that are similar to those produced under reverse acquisition accounting, except that no goodwill arises, with the difference between the fair value of the shares issued by the accounting acquirer and the fair value of the accounting acquiree's identifiable net assets represents a service of listing for its shares under IFRS 2 Share-based Payments and recognized as an expense in the statement of income and comprehensive income.

As the acquirer for accounting purposes, Zoomd's net assets are included in the consolidated statements of financial position at their carrying amounts.

ZOOMD TECHNOLOGIES Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (USD in thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation:

The condensed consolidated interim financial statements of the Company are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with Zoomd annual consolidated financial statements for the year ended December 31, 2019 and accompanying notes, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. As explained above, Zoomd is considered the accounting acquirer and this interim report is a direct continuation of the financial statements of Zoomd.

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

B. Risks and uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic, which continues to spread around the world. COVID-19 and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates.

The severity of the impact of the COVID-19 pandemic on the Company's business will depend on a number of factors, including but not limited to the duration and severity of the pandemic and the extent and severity of the impact on the Company's customers, all of which are uncertain and cannot be predicted. The management of the Company is closely evaluating the impact of COVID-19 on the Company's business. The Company took a number of steps to mitigate the impact of the pandemic on its operations for 2020, including decreasing all employees' salaries by 25% for April and May 2020 and reducing some of its service providers' expenses. Further steps will be taken according to the Company's financial situation.

NOTE 3 - SHARE CAPITAL AND OTHER EQUITY:

A. 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 and the exercise price per share. Options under the Plan expire ten years after the grant date and vest either immediately or over periods up to three years and are equity-settled.

ZOOMD TECHNOLOGIES Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (USD in thousands)

NOTE 3 - SHARE CAPITAL AND OTHER EQUITY (Cont.):

A. Share based payment (Cont.):

The following table provides the activity of stock option grants for the periods ended March 31, 2020, and December 31, 2019 and January 1, 2019 and for options outstanding, and exercisable as of March 31, 2020, 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, 2019	8,447,087	-	8.21
Expired	-	-	
Cancelled	50,105	-	
Exercised	35,709	-	
Granted	-	-	
Outstanding December 31, 2019	<u>8,361,270</u>	<u>-</u>	7.21
Expired	-	-	
Cancelled	62,010	-	
Exercised	23,804	-	
Granted	-	-	
Outstanding March 31, 2020	<u>8,275,456</u>	<u>-</u>	6.96
Options exercisable	<u>6,811,731</u>		

The fair value at the date of grant of the options granted during the periods ended March 31, 2020, and December 31, 2019 and January 1, 2019 equal the share price of \$0.41 as the exercise price was set to nil, hence no other parameter affected the grant date fair value.

The Company recognized total expense of \$48 and \$621 related to above equity settled share-based payment transactions for the period ended March 31, 2020 and December 31, 2019, respectively.