

**ZOOMD TECHNOLOGIES LTD**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2023**

# **ZOOMD TECHNOLOGIES LTD**

## **UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2023**

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

	<u>June 30,</u>		<u>December</u>
	<u>2023</u>	<u>2022</u>	<u>31,</u>
			<u>2022</u>
<b><u>Assets</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	2,038	5,122	3,776
Trade receivables	5,957	8,457	5,818
Other receivables and prepaid expenses	417	725	796
	<u>8,412</u>	<u>14,304</u>	<u>10,390</u>
<b>Non-current assets</b>			
Long-term deposit	204	40	220
Fixed assets, net	287	179	316
Rights to use assets	2,790	114	2,874
Intangible assets	8,389	12,253	11,154
	<u>11,670</u>	<u>12,586</u>	<u>14,564</u>
<b>Total assets</b>	<u>20,082</u>	<u>26,890</u>	<u>24,954</u>
<b><u>Equity and liabilities</u></b>			
<b>Current liabilities</b>			
Short term bank credit	2,001	1,001	2,001
Trade payables	2,875	4,849	3,422
Contingent liabilities	-	125	-
Short term lease liability	555	-	495
Other payables and accrued expenses	3,257	3,948	3,158
	<u>8,688</u>	<u>9,923</u>	<u>9,076</u>
<b>Non-current liabilities</b>			
Provisions	280	280	280
Lease liability	2,021	-	2,271
Reserve for employee benefits	111	166	240
	<u>2,412</u>	<u>446</u>	<u>2,791</u>
<b>Shareholders' equity</b>			
Share capital and premium	39,499	39,499	39,499
Other reserves	5,860	5,355	5,602
Accumulated deficit	(36,377)	(28,333)	(32,014)
	<u>8,982</u>	<u>16,521</u>	<u>13,087</u>
<b>Total equity and liabilities</b>	<u>20,082</u>	<u>26,890</u>	<u>24,954</u>

"Amit Bohensky"  


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**Amit Bohensky**  
Chairman of the board

"Ido Almany"  


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**Ido Almany**  
CEO

"Tsvika Adler"  


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**Tsvika Adler**  
CFO

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

## ZOOMD TECHNOLOGIES LTD.

### CONSOLIDATED STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) (USD in thousands, expect for per share and shares data)

	For the six months ended June 30,		For the three months ended June 30,		Year ended December 31,
	2023	2022	2023	2022	2022
Revenue	17,469	32,467	8,820	16,217	53,023
Cost of sales and services	10,847	22,968	5,643	11,517	36,415
<b>Gross profit</b>	<u>6,622</u>	<u>9,499</u>	<u>3,177</u>	<u>4,700</u>	<u>16,608</u>
<b>Operating costs and expenses</b>					
Research and development expenses	1,951	2,775	963	1,541	6,713
Selling, administrative and general expenses	5,903	5,712	2,776	3,079	12,009
Other expenses – Impairment (See note 3)	2,839	-	-	-	-
	<u>10,693</u>	<u>8,487</u>	<u>3,739</u>	<u>4,620</u>	<u>18,722</u>
<b>Operating Income (Loss)</b>	<u>(4,071)</u>	<u>1,012</u>	<u>(562)</u>	<u>80</u>	<u>(2,114)</u>
Finance Income	171	1	55	-	108
Finance expense	(451)	(185)	(266)	(73)	(560)
<b>Finance expense, net</b>	<u>(280)</u>	<u>(184)</u>	<u>(211)</u>	<u>(73)</u>	<u>(452)</u>
<b>Net Income (Loss) and before income taxes</b>	<u>(4,351)</u>	<u>828</u>	<u>(773)</u>	<u>7</u>	<u>(2,566)</u>
<b>Taxes on income</b>	12	-	12	-	287
<b>Net Income (Loss) and Comprehensive Income (Loss)</b>	<u>(4,363)</u>	<u>828</u>	<u>(785)</u>	<u>7</u>	<u>(2,853)</u>
<b>Net Income (loss) per share:</b>					
Basic and diluted	<u>(0.04)</u>	<u>0.01</u>	<u>(0.01)</u>	<u>0.00</u>	<u>(0.03)</u>
<b>Shares used in calculation of net income (loss) per share:</b>					
Basic	<u>104,398,851</u>	<u>101,793,457</u>	<u>104,503,815</u>	<u>101,772,751</u>	<u>102,583,043</u>
Diluted	<u>105,026,808</u>	<u>102,645,861</u>	<u>105,131,808</u>	<u>106,697,438</u>	<u>102,583,043</u>

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

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
<b>Balance - January 1, 2023</b>	97,250,914	39,499	5,602	(32,014)	13,087
Share-based compensation	-	-	258	-	258
Common stocks issued and to be issued due to business combination	804,923	-	-	-	-
Loss for the period	-	-	-	(4,363)	(4,363)
<b>Balance - June 30, 2023 (Unaudited)</b>	<u>98,055,837</u>	<u>39,499</u>	<u>5,860</u>	<u>(36,377)</u>	<u>8,982</u>

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
<b>Balance - January 1, 2022</b>	95,595,617	39,045	5,107	(29,161)	14,991
Share-based compensation	-	-	248	-	248
Exercise of options	223,865	5	-	-	5
Common stocks issued and to be issued due to business combination	606,719	449	-	-	449
Income for the period	-	-	-	828	828
<b>Balance - June 30, 2022 (Unaudited)</b>	<u>96,426,201</u>	<u>39,499</u>	<u>5,355</u>	<u>(28,333)</u>	<u>16,521</u>

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

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

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
<b>Balance - April 1, 2023</b>	97,250,914	39,499	5,736	(35,592)	9,643
Share-based compensation	-	-	124	-	124
Common stocks issued and to be issued due to business combination	804,923	-	-	-	-
Loss for the period	-	-	-	(785)	(785)
<b>Balance - June 30, 2023 (Unaudited)</b>	<u>98,055,837</u>	<u>39,499</u>	<u>5,860</u>	<u>(36,377)</u>	<u>8,982</u>

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
<b>Balance - April 1, 2022</b>	95,630,692	39,374	5,177	(28,340)	16,211
Share-based compensation	-	-	178	-	178
Exercise of options	188,790	(*)	-	-	(*)
Common stocks issued and to be issued due to business combination	606,719	125	-	-	125
Income for the period	-	-	-	7	7
<b>Balance - June 30, 2022 (Unaudited)</b>	<u>96,426,201</u>	<u>39,499</u>	<u>5,355</u>	<u>(28,393)</u>	<u>16,521</u>

(\*) Less than 1 thousand dollars.

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

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 six months ended June 30,		For the three months ended June 30,		Year ended December 31,
	2023	2022	2023	2022	2022
	Unaudited				
<b>Cash flows - operating activities</b>					
Net Income /(Loss) from operations	(4,363)	828	(785)	7	(2,853)
Adjustments to reconcile net income (loss) to net cash from operating activities (Appendix A)	3,785	1,914	700	1,061	4,786
	(578)	2,742	(85)	1,068	1,933
Interest Payments	(89)	(13)	(43)	(2)	(90)
<b>Net cash generated from (used in) operating activities</b>	(667)	2,729	(128)	1,066	1,843
<b>Cash flows - investing activities</b>					
Release from (Investment in) bank deposits	-	256	-	256	-
Capitalized software development costs	(800)	(1,439)	(376)	(718)	(2,117)
Cash used in business combination	-	(125)	-	(125)	(250)
Purchase of property, plant, and equipment	(11)	(120)	(1)	(120)	(296)
<b>Net cash used in investing activities</b>	(811)	(1,428)	(377)	(707)	(2,663)
<b>Cash flows - financing activities</b>					
Lease liabilities	(261)	(422)	(131)	(231)	(647)
Short-term bank credit	-	(1,000)	-	-	-
Exercise of options	1	5	-	(*)	5
<b>Net cash used in financing activities</b>	(260)	(1,417)	(131)	(231)	(642)
<b>Increase (Decrease) in cash and cash equivalents</b>	(1,738)	(116)	(636)	128	(1,462)
<b>Cash and cash equivalents at the beginning of the period</b>	3,776	5,238	2,674	4,994	5,238
<b>Cash and cash equivalents at the end of the period</b>	2,038	5,122	2,038	5,122	3,776

(\*) 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)

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

	For the six months ended June 30,		For the three months ended June 30,		Year ended December 31,
	2023	2022	2023	2022	2022
	Unaudited				
<b><u>Cash flows from operating activities</u></b>					
<b>A. Adjustments to reconcile net profit to net cash from operating activities</b>					
Depreciation and amortization	1,078	1,481	555	744	3,617
Impairment of Intangible assets (See note 3)	2,838	-	-	-	-
Change in employee benefit liabilities, net	(129)	(25)	(2)	(17)	49
Cost of share-based payment	258	248	124	178	495
Finance expenses, net	-	335	-	225	82
<b>Changes in assets and liabilities:</b>					
Decrease (increase) in trade receivables and other receivables	240	(287)	(1,444)	(1,399)	2,531
Decrease (increase) in long-term deposits	-	-	-	-	(174)
Increase (decrease) in trade payables	(943)	1,647	943	1,238	220
Increase (decrease) in other current and non-current liabilities	443	(1,485)	524	92	(2,034)
<b>Total</b>	3,785	1,914	700	1,061	4,786



## ZOOMD TECHNOLOGIES Ltd.

### UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (USD in thousands)

#### Appendix A - Adjustments to reconcile net income (loss) to net cash from operating activities (Cont.)

	For the six months ended June 30,		For the three months ended June 30,		Year ended December 31,
	2023	2022	2023	2022	2022
	Unaudited				
<b>B. Non-cash investing and financing activities</b>					
<b>(1) Business combination</b>					
Goodwill and Technology from business combination	-	575	-	-	575
Trade payables	-	-	-	(125)	-
Contingent liability from business combination	-	(125)	-	-	-
Share capital and premium balance and equity classified contingent consideration	-	(325)	-	-	(325)
Total	-	125	-	(125)	250
<b>(2) Leases</b>					
Right of use assets	228	-	63	-	2,961
Lease liabilities	(228)	-	(63)	-	(2,961)
Total	-	-	-	-	-
<b>(3) Purchase of property, plant, and equipment, included in accounts payables</b>					
Purchase of property, plant, and equipment,	-	2	-	2	-
Total	-	2	-	2	-

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

## ZOOMD TECHNOLOGIES Ltd.

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

#### NOTE 1 - DESCRIPTION OF BUSINESS AND GENERAL

##### Description of Business:

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

It focuses on efficient user acquisition for companies and products aimed at mobile users. The Company was designated as a Capital Pool Company as such term is defined by Policy 2.4 of the TSX (“**Policy 2.4**”) Venture Exchange with no commercial operations or assets other than cash and its only business being the identification and evaluation of assets or businesses with a view to completing a “Qualifying Transaction” as such term is defined by Policy 2.4.

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

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

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

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

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of preparation:

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

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

## **ZOOMD TECHNOLOGIES Ltd.**

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

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

##### **Covenants:**

During the period, the Company signed a new appendix to the Credit Line agreement, which was signed with the bank in 2021. According to the appendix, the Company is required to maintain a positive quarterly EBITDA. If the Company doesn't succeed in fulfil this covenant for 2 consecutive quarters, it must ensure a deposit of at least \$1M.

#### **NOTE 3 - EVENTS DURING THE PERIOD**

1. Due to changes in market conditions and shifts in the marketing tech industry, the Company decided to reallocate resources and adjust its investment focus from certain self-serve components to others, within the current solutions ("restructuring"). The restructuring meant allocation of resources to areas of greater and faster growth potential and discontinue investment in other initiatives the Company worked on. The decision affected the recoverability of software development costs invested which were determined to no longer be recoverable. As such, an amount of \$2.8M of software development costs were written off entirely. Market dynamics, including macroeconomic cycles and shifts in technology in the marketing tech space, have influenced the viability and growth prospects of several components within the current solutions, which have led the Company to decide on the restructuring.
2. In light of the prevailing global macroeconomic conditions that are impacting our business, operations, and financial results, coupled with recent changes in the competitive landscape, it is imperative that we strategically align our focus. As a result, we took immediate actions to attempt to improve financial performance and cash flow throughout our operations. The Company has announced its plans to implement 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. In the short term this plan caused significant one-time expenses. In the long term, Management estimates that the annualized net cost savings of the measures will be approximately US\$4 million in annual terms.