

ZOOMD TECHNOLOGIES LTD

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2024**

ZOOMD TECHNOLOGIES LTD

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2024

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

	March 31,		December
	2024	2023	31,
			2023
Assets			
Current assets			
Cash and cash equivalents	2,255	2,674	2,602
Trade receivables	5,995	4,397	4,663
Other receivables and prepaid expenses	545	533	605
	8,795	7,604	7,870
Non-current assets			
Long-term deposit	177	213	179
Fixed assets, net	234	307	251
Rights to use assets	2,322	2,886	2,488
Intangible assets	7,585	8,388	7,856
	10,318	11,794	10,774
Total assets	19,113	19,398	18,644
Equity and liabilities			
Current liabilities			
Trade payables	2,933	1,355	2,978
Short-term bank credit	1,907	2,000	2,007
Short-term lease liability	600	541	598
Other payables and accrued expenses	2,431	3,293	2,206
	7,871	7,189	7,789
Non-current liabilities			
Provisions	280	280	280
Lease liability	1,597	2,173	1,777
Reserve for employee benefits	104	113	112
	1,981	2,566	2,169
Shareholders' equity			
Share capital and premium	39,499	39,499	39,499
Other reserves	5,891	5,736	5,855
Accumulated deficit	(36,129)	(35,592)	(36,668)
	9,261	9,643	8,686
Total equity and liabilities	19,113	19,398	18,644

Amit Bohensky
Chairman of the board

Ido Almany
CEO

Tsvika Adler
CFO

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

ZOOMD TECHNOLOGIES LTD.
CONSOLIDATED STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(USD in thousands, except for per share and shares data)

	For the three months ended March 31,		For the Year ended December 31
	2024	2023	2023
Revenue	8,745	8,649	32,113
Cost of sales and services	5,315	5,204	20,089
Gross profit	<u>3,430</u>	<u>3,445</u>	<u>12,024</u>
Operating costs and expenses			
Research and development expenses	733	988	3,295
Selling, administrative and general expenses	2,108	3,127	9,983
Other expenses – Impairment	-	2,839	2,839
	<u>2,841</u>	<u>6,954</u>	<u>16,117</u>
Operating Income (Loss)	<u>589</u>	<u>(3,509)</u>	<u>(4,093)</u>
Finance Income	52	116	169
Finance expense	(94)	(185)	(718)
Finance expense, net	<u>(42)</u>	<u>(69)</u>	<u>(549)</u>
Net Income (Loss) before income taxes	<u>547</u>	<u>(3,578)</u>	<u>(4,642)</u>
Taxes on income	8	-	12
Net income (loss) and comprehensive income (loss)	<u>539</u>	<u>(3,578)</u>	<u>(4,654)</u>
Net Income (loss) per share:			
Basic and diluted	<u>0.01</u>	<u>(0.03)</u>	<u>(0.04)</u>
Shares used in calculation of net income (loss) per share:			
Basic	<u>98,329,339</u>	<u>104,768,595</u>	<u>105,525,163</u>
Diluted	<u>103,152,462</u>	<u>104,768,595</u>	<u>105,525,163</u>

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

ZOOMD TECHNOLOGI4ES Ltd.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(USD in thousands, except of share data)

For the three months ended March 31, 2024 (Unaudited)

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2024	98,329,339	39,499	5,855	(36,668)	8,686
Share-based compensation	-	-	36	-	36
Income for the period	-	-	-	539	539
Balance - March 31, 2024 (Unaudited)	<u>98,329,339</u>	<u>39,499</u>	<u>5,891</u>	<u>(36,129)</u>	<u>9,261</u>

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

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

(*) Less than 1 thousand dollars.

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

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

For the year ended December 31, 2023 (Audited)

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 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 and to be issued due to business combination	804,923	-	-	-	-
Loss for the year	-	-	-	(4,654)	(4,654)
Balance - December 31, 2023	<u>98,329,339</u>	<u>39,499</u>	<u>5,855</u>	<u>(36,668)</u>	<u>8,686</u>

(*) Less than 1 thousand dollars.

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

ZOOMD TECHNOLOGIES Ltd.

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

	For the three months ended March 31,		Year ended December 31,
	2024	2023	2023
<u>Cash flows - operating activities</u>			
Net Income (Loss) from operations	539	(3,578)	(4,654)
Adjustments to reconcile net gain (loss) to net cash from operating activities (Appendix A)	(462)	3,085	5,250
	77	(493)	596
Interest on lease liabilities	(38)	(46)	(168)
Net cash generated from (used in) operating activities	39	(539)	428
<u>Cash flows - investing activities</u>			
Capitalized software development costs	(140)	(423)	(1,063)
Purchase of property, plant, and equipment	-	(10)	(15)
Net cash used in investing activities	(140)	(433)	(1,078)
<u>Cash flows - financing activities</u>			
Lease liabilities	(146)	(130)	(524)
Short-term bank credit	(100)	-	-
Exercise of options	-	-	*
Net cash used in financing activities	(246)	(130)	(524)
Decrease in cash and cash equivalents	(347)	(1,102)	(1,174)
Cash and cash equivalents at the beginning of the financial period	2,602	3,776	3,776
Cash and cash equivalents of the end of the financial period	2,255	2,674	2,602

(*) Less than 1 thousand dollars.

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

ZOOMD TECHNOLOGIES Ltd.

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

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

	For the three months ended March 31,		Year ended December 31,
	2024	2023	2023
<u>Cash flows from operating activities</u>			
Adjustments to reconcile net profit to net cash from operating activities			
Depreciation and amortization	594	523	2,247
Impairment of intangible assets	-	2,838	2,839
Change in employee benefit liabilities, net	(8)	(127)	(128)
Cost of share-based payment	36	134	253
Finance expenses net	-	-	543
Changes in assets and liabilities:			
Decrease (increase) in trade receivables and other receivables	(1,272)	1,684	1,346
Decrease in long-term deposits	-	-	41
Decrease in trade payables	(45)	(1,886)	(444)
Increase (decrease) in other current and non-current liabilities	233	(81)	(1,447)
Total	<u>(462)</u>	<u>3,085</u>	<u>5,250</u>
Leases			
Right of use assets	-	165	258
Lease liabilities	-	(165)	(258)
Total	<u>-</u>	<u>-</u>	<u>-</u>

ZOOMD TECHNOLOGIES Ltd.

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

NOTE 1 - DESCRIPTION OF BUSINESS AND GENERAL

Description of Business:

Zoomd Technologies Ltd. (formerly DataMiners Capital Corp.) (the “**Company**”) was incorporated under the *Business Corporations Act* (Alberta) on October 1, 2013 and completed its initial public offering on May 29, 2014. The Company developed a proprietary patented technology and targets the needs of many segments of the digital marketing industry. It focuses on efficient user acquisition for companies and products aimed at mobile users. The Company was designated as a Capital Pool Company as such term is defined by Policy 2.4 of the TSX (“**Policy 2.4**”) Venture Exchange (the “**TSXV**”) with no commercial operations or assets other than cash and its only business being the identification and evaluation of assets or businesses with a view to completing a “Qualifying Transaction” as such term is defined by Policy 2.4.

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2023 and accompanying notes, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. As explained above, Zoomd is considered the accounting acquirer and this interim report is a direct continuation of the financial statements of Zoomd.

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

ZOOMD TECHNOLOGIES Ltd.

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

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

B. Adoption of new Standards:

New IFRS 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 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 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 - EVENTS DURING THE PERIOD

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.

The Company is currently assessing whether there are any material adverse effects on its anticipated milestones and results of operations in the First quarter of 2024 and perhaps beyond due to the military operation and related matters, the extent of which cannot be estimated at this stage. As of the date of the report this matter has no material effect on the consolidated financial statements.