ZOOMD TECHNOLOGIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

ZOOMD TECHNOLOGIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

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Deloitte.

Independent Auditor's Report to the Shareholders of ZOOMD Ltd.

Opinion

We have audited the consolidated financial statements of ZOOMD LTD. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of net loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory 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, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 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 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.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis Our opinion on the 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 financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal controls 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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.

The engagement partner on the audit resulting in this independent auditor's report is Shay Rami Chalaf

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

Tel Aviv, Israel
April 22, 2020

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ZOOMD TECHNOLOGIES LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(USD in thousands)

	Note	As at December 31, 2019	As at December 31, 2018
Assets			
Current assets			
Cash and cash equivalents		5,890	3,604
Trade receivables	4	4,628	3,354
Other receivables and prepaid expenses	5	961	592
		11,479	7,550
Non-current assets			
Long term deposits		159	70
Fixed assets, net	7	99	75
Rights to use assets	6	1,739	-
Intangible assets, net	8	12,547	14,346
		14,544	14,491
Total assets		26,023	22,041
Liabilities and Equity			
Current liabilities			
Trade payables		3,186	2,859
Other payables and accrued expenses	9	3,260	2,156
Warrants		-	762
Convertible loans	10	-	3,221
		6,446	8,998
Non-current liabilities			
IIA liability	14	433	479
Lease liabilities	6	1,105	-
Reserve for employee benefits	11.B	168	154
		1,706	633
Shareholders' equity	12,10		
Share capital and premium		39,035	27,898
Reserve for share-based payment transactions and other reserves		4,790	4,170
Accumulated deficit		(25,954)	(19,658)
		17,871	12,410
Total Liabilities and Equity		26,023	22,041

The financial statements were approved by the board of directors of the company on April 22, 2020.

“Amit Bohansky”	“Ofer Eitan”	“Tsvika Adler”
Amit Bohensky - Chairmen of the board	**Ofer Eitan - CEO**	**Tsvika Adler - CFO**

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

ZOOMD TECHNOLOGIES LTD.

CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

(USD in thousands)

	Note	Year ended December 31, 2019	Year ended December 31, 2018
Revenue		27,052	28,649
Cost of sales and services		19,105	19,125
Gross profit		7,947	9,524
Operating costs and expenses:			
Research and development expenses	15	4,916	3,847
Selling, administrative and general expenses	16	6,439	7,209
		11,355	11,056
Operating Loss		(3,408)	(1,532)
Listing expenses		(1,519)	-
Finance Income	17a	6	157
Finance expense	17b	(1,375)	(963)
Finance expense, net		(2,888)	(806)
Net and Comprehensive Loss		(6,296)	(2,338)
Net loss per share:			
Basic and diluted		0.07	0.03
Shares used in calculation of net loss per share:			
Basic		87,524,94	77,561,669
Diluted		87,524,94	77,561,669

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

ZOOMD TECHNOLOGIES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(USD in thousands)

	Share capital	Share capital and premium	Reserve for share-based payment transactions and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2018	73,304,037	27,898	2,446	(17,320)	13,024
Exercise of options	454,060	(*)	-	-	-
Share-based compensation	-	-	1,724	-	1,724
Loss for the year	-	-	-	(2,338)	(2,338)
Balance - December 31, 2018	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	93,265,918	37,515	6,310	(25,954)	17,781

(*) Less than 1 thousand dollars.

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

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

	Year ended December 31,	
	2019	**2018**
Cash flows - operating activities		
Net loss	(6,296)	(2,338)
Adjustments to reconcile net loss to net cash from operating activities (Appendix A)	4,075	5,084
Net cash provided by (used in) operating activities	(2,221)	2,746
Cash flows - investing activities		
Investment in deposits	(89)	(50)
Purchase of property, plant and equipment	(96)	(21)
Net cash used in from investing activities	(185)	(71)
Cash flows - financing activities		
Repayment of short-term credit from banks, net	-	(839)
Lease liabilities	(147)	-
Issuance of shares	4,782	-
Exercise of warrants	57	-
Receipt of convertible loans	-	1,255
Net cash provided from financing activities	4,692	416
Increase in cash and cash equivalents	2,286	3,091
Cash and cash equivalents at the beginning of the financial year	3,604	513
Cash and cash equivalents of the end of the financial year	5,890	3,604

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

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

Cash flows from operating activities:

		Year ended December 31,	
		2019	2018
A.	**Adjustments to reconcile net loss to net cash from operating activities**:		
	Depreciation and amortization	2,162	1,844
	Change in employee benefit liabilities, net	14	(51)
	Cost of share-based payment	621	1,724
	Listing expenses	1,519	-
	Convertible loans and warrants revaluation	1,118	770
	Finance expenses net	(129)	-
	Changes in assets and liabilities:		
	Increase in trade receivables and other receivables	(1,965)	(868)
	Increase in trade and other payables, and other current and non-current liabilities	751	1,568
	Changes in IIA liabilities	(46)	97
		4,045	5,084
	Interest Payments	30	-
	Total	4,075	5,084
B.	**Significant non-cash transactions:**		
	Conversion of Convertible loans	3,672	-

The accompanying notes are an integral part of the financial statements

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 Agrement**") 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 of 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 and the successor entity of Zoomd FinanceCo Ltd. became a wholly-ownd subsidiary 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.

NOTE 1 - DESCRIPTION OF BUSINESS AND GENERAL (Cont.)

B. Reverse asset acquisition

These consolidated financial statements include the completion of the reverse acquisition transaction. Zoomd, the continuing entity for accounting purposes, is considered to have acquired the assets and liabilities of the Company in a capital transaction on August 28, 2019. The comparative figures that are presented in the consolidated financial statements are those of Zoomd with the exception that the presentation of share capital has been adjusted retroactively to that of the Company, the legal acquirer. The consolidated statement of loss and comprehensive loss includes the full results of Zoomd. As the acquirer for accounting purposes, Zoomd's net assets are included in the consolidated statements of financial position at their carrying amounts.

The consideration effectively transferred for the acquisition of Zoomd Technologies Ltd (formerly known as DataMiners Capital Corp) is as follows (amounts are USD in thousands):

Category	Amount
Fair value of 524,000 post-consolidated DataMiners Capital Corp shares(*)	396
Fair value of 1,475,000 post-consolidated DataMiners Capital Corp finder's fee shares	1,113
Total Value to DataMiners Capital Corp Shareholders	**1,509**
Less: cash	(6)
Add: accounts payable	16
Net assets (liabilities) acquired	**10**
Listing expenses	**1,519**

(*) Fair value was determined as the per share price in the fund raising completed concurrently of CDN$1 (US$0.75)

C. Definitions:

The Company - ZOOMD TECHNOLOGIES LTD.

Subsidiaries - Companies that are controlled by the Company (as defined in IAS 27) and whose accounts are consolidated with those of the Company.

Related Parties - As defined in IAS 24.

NIS - New Israeli Shekel.

US Dollars or USD- The U.S. dollar.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Applying international accounting standards (IFRS):

Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The significant accounting policies detailed in the continuation were applied on a consistent basis for all reporting periods presented in the financial statements, except for changes in accounting policies that were due to the application of standards, amendments to standards and interpretations that took effect on the date of the financial statements, and the application of standards, amendments to standards and interpretations that are not in effect and were adopted in early adoption by the Company, as detailed below.

B. Format for presentation of Statement of Financial Position:

The Company presents assets and liabilities in the Statement of Financial Position divided into current and non-current items.

C. Format for analysis recognized in Income Statement:

(1) Format for analysis of expenses recognized in Income statement:

The Company's expenses in the Income statement are presented based on the nature of the activity of the expenses in the entity.

(2) The Company's operating cycle is 12 months.

D. Basis of preparation:

The financial statements were prepared on the basis of the historical cost, except for: liabilities measured at fair value; Property, plant and equipment and intangibles assets are presented at the lower of the cost less accumulated amortizations and the recoverable amount; Liabilities to employees as described in Note 11.

E. Foreign currencies:

(1) Translation of foreign currency transactions:

In preparing the financial statements, transactions in currencies other than the entity'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.

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

E. Foreign currencies: (Cont.)

(2) Recognition of exchange differences:

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

Items included in the financial statements of each of the group'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 the company's reporting currency.

F. 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 are restricted as to usage are classified as pledged deposits.

Deposits with an original period to maturity exceeding three months, which as of the statement of financial position do not exceed one year, are classified as short-term investments.

G. Basis of consolidation:

General:

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

The results of subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

All intra-group transactions, balances, Income and expenses are eliminated in full on consolidation.

H. Goodwill:

Goodwill arising on the 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 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 Group is composed of one operating segment, goodwill is tested at the Group level, which represents the lowest level within the Group at which goodwill is monitored for internal

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

H. Goodwill: (Cont.)

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.

I. 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 systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case it is not permitted) at the following rates.

	%
Customer relationships	20
Brand	20
Technology	14.3

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.

(1) 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.

(2) Impairment of tangible and intangible assets other than goodwill:

At the end of each reporting period, the group 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 group 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.

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.

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

I. Intangible Assets (Cont.):

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

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.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss to be recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

J. Fixed Assets, Net:

Property and equipment are stated at cost, net of accumulated depreciation and net of 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 are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the remaining term of the lease (including the period of renewal options that the Company is reasonably certain to exercise).

K. Financial assets:

(1) General:

IFRS 9 – “Financial Instrument” is applicable to reporting periods starting on January 1, 2018.

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.

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

K. Financial assets:

(1) General: (Cont.)

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 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.

(4) Impairment of financial assets:

The Company recognized impairment loss allowance for expected credit losses in respect of contracts with customers. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights of possible outcomes.

The impairment loss allowance reduces the carrying amount of the asset.

The Company measures the expected credit losses such that they reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and reasonable and supportable information which is reasonably available at the reporting date without undue cost or effort including information about past events, current conditions and forecasts of future economic conditions. The Company updates the provision for impairment at the end of each reporting period and changes in the recognition are recognized in profit or loss as impairment gain or loss.

The Company measures credit losses at the amount of the lifetime expected credit losses of the instrument in respect of receivables. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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

K. Financial assets: (Cont.)

(4) Impairment of financial assets: (Cont.)

The Company measured expected credit losses at the amount of the lifetime expected credit losses of the instrument in respect of receivables, assets arising from contracts with customers and lease receivables on a collective basis. The Company aggregates receivables and assets in respect of contracts with customers according to shared credit risk characteristics.

The Company derecognizes all or a portion of the gross carrying amount of a financial asset when it no longer reasonably expects to recover the asset.

At the end of every reporting period, the Company assesses whether the credit risk of a financial asset has significantly increased since the date of initial recognition by comparing the risk of a default event as of reporting date to the risk of a default event as of the date of initial recognition. The Company considers a default event to have taken place when it is expected that the debtor will not pay the full amount of the debt to the Company or when contractual payments are more than 90 days overdue.

In order to make such an assessment the Company takes into account supportable information (quantitative and qualitative), which is reasonably available, that may be obtained without undue cost or effort, including past experience and forward-looking information. Among other things, the Company takes into account the following information:

- Internal and external credit ratings;

- Significant changes in external market indicators of credit risk in respect of a particular financial instrument;

- Existing or forecast adverse changes in business, financial or economic conditions or in the regulatory, economic or technological environment that are expected to cause a significant change in a borrower’s ability to meet its debt obligations, such as an actual or expected increase in interest rates or an actual or expected significant increase in unemployment rates.

- Existing or forecast significant change in the borrower’s operating results;

- Significant increase of the credit risks of other financial instruments of the same borrower.

Furthermore, the Company assumes that the credit risk of a financial instrument has not increased significantly since the date of initial recognition if the Company determined at the end of the reporting period that the financial instrument has low credit risk, i.e., the financial instrument has a low default risk, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and if adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the borrower’s ability to pay those obligations.

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

L. Financial liabilities and equity instruments issued by the Group:

Classification as debt or equity:

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or at amortized cost. The Group's financial assets and liabilities are classified as loans and receivables and measured at amortized cost. The Group holds no financial assets or issued financial liability carried at FVTPL nor issued a convertible liability as of December 31, 2019.

M. Revenue recognition:

The standard determines a five-step model for the application of the standard. In accordance with the model, revenues from contracts with customers are recognized in the statement of comprehensive income when control over the goods or services is transferred to the customer. Revenue is measured and recognized at the fair value of the consideration receivable according to the terms of the contract, net of amounts collected in favor of third parties (such as taxes). Revenue is recognized in the consolidated statements of profit or loss to the extent that it is probable that the economic benefits will flow to the Group 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 generates revenues from two different models:

- Revenues from Advertisers are based on actual KPI's achieved, at the end of each month capped by the contracted budgeted amounts.

- Revenues from Advertisers are based on the Company's installed search engine at Publisher's site. When an end-customer is using the Company's engine, the Company generates revenue from the Advertisers, with whom it has contracted budget that is based on appearances, and split the revenues with the Publishers, such 60% of the revenues collected are passed through to the Publisher.

Revenues from Advertisers are presented on a gross basis as the group acts as a principal and is exposed to the risks associated with the transaction.

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

N. 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.

O. Leases:

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group 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 these leases, the Group 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 Group 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;

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

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.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

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

O. Leases: (Cont.)

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group did not make any such adjustments during the periods presented

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The Group 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.

P. Loss per share:

Basic loss per share is computed with regard to loss attributable to the Company's ordinary shareholders and is calculated for loss from continuing operations attributable to the ordinary shareholders of the reported entity, should such be presented. Basic loses 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 loss per share and the weighted average of the outstanding shares for the effects of all the dilutive potential ordinary shares of the Company.

Q. 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, its 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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

R. 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 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, measured at the date the entity obtains the goods or the counterparty renders the service.

S. Taxation:

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 loss and comprehensive 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to Income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

T. 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 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.

At each reporting date, the Company evaluates whether there is reasonable assurance that the liability recognized, in whole or in part, will not be repaid (since the Company will not be required to pay royalties) based on the best estimate of future revenues and using the original effective interest method, and if so, the appropriate amount of the liability is derecognized against a corresponding reduction in research and development expenses.

U. 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.

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 financial statements is required. For employees and officer with which section 14 was signed during their employment with the Company, the Company fixed the amount of prior years obligation such that no uncertainty exists about the amounts to be paid.

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 statement of operations when created. 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)

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

U. Employee benefits: (Cont.)

Paid vacation days:

In accordance with the Yearly Vacation Law-1951, Company employees are entitled to a number of paid vacation days for each year of employment. In accordance with the law and its appendix, and as determined in the agreement between the Company and the employees, the number of vacation days per year to which each employee is entitled is based on the seniority of the employee.

The employee may use vacation days based on his needs and with the Company's consent, and to accrue the remainder of unused vacation days. The vacation days utilized first are those credited for the current year and subsequently from any balance transferred from the prior year (on a “LIFO” basis). An employee who ceased working before utilizing the balance of vacation days accrued is entitled to payment for the balance of unutilized vacation days.

V. 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.

W. Exchange Rates and Linkage Basis:

(1) Balances in foreign currency or linked thereto are included in the 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 US dollars and Euro vis-a-vis the NIS:

	Representative exchange rate of the Euro	Representative exchange rate of the dollar
	(NIS per €1)	(NIS per $1)
As of:		
December 31, 2019	3.87	3.45
December 31, 2018	4.29	3.75
Increase (decrease) during the Year ended:	%	%
December 31, 2019	(9.7)	(8)
December 31, 2018	3.4	8.1

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

X. Impact of the adoption of new IFRS standards:

Impact of the Adoption of IFRS 16: Leases:

The new standard, which came into effect on January 1 2019 (hereafter – "First Time Application Date"), revokes IAS 17 "Leases" and its interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases with regard to both parties to the transaction, i.e., the customer ("Lessee") and the supplier ("Lessor").

The new standard cancels the former distinction relating to a Lessee, between finance leases and operating leases and determines a uniform accounting model with regards to all types of leases. In accordance with the new model, for any leased asset, the Lessee is required to recognize, on the one hand, an asset for the right of use and on the other hand, a financial liability for the lease fees' present value. The provisions relating to the recognition of an asset and liability, as aforesaid, shall not apply to assets which are leased for a term of up to 12 months, and with regards to leases of low value assets (such as personal computers).

At the transition date, the company had a leases of vehicles with monthly lease 1$ thousands as well as office rent that was end on March 2019, as such at the transition of the standard there were no significant effect on the company's position and results of operations.

During the second quarter of 2019, the company entered into a new rent agreement for a period of four years with a monthly lease payment of $34 thousands. The agreement was expanded in the third quarter by an additional monthly lease payment of $13 in thousands that will end on the same period. During 2019, the Company entered into a new vehicle lease agreements for a period of three years each, with an average monthly lease payment of 5$ in thousands.

Set forth below are the principal effects on the Company's statement of financial position as of December 31, 2019:

The leased asset	Right of use asset	Lease liability
	USD in thousands	
Leased premises	1,546	1,588
Vehicles	193	197

The interest rates used in the aforementioned calculations are based on the lessee's incremental borrowing rate which varies according to the lease's amount and average duration and the nature of the leased assets. The interest rates stand at the range between 6.6%-10.2%.

(USD in thousands)

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

W. Impact of the adoption of new IFRS standards: (Cont.)

Impact of the Adoption of IFRS 16: Leases: (Cont.)

Principal effects on the Company's statement of profit or loss for year end December 31, 2019:

The leased asset	Decrease in lease expenses pursuant to IAS 17	Increase in depreciation expenses pursuant to IFRS 16	Total decrease in income from operating activities	Increase in finance expenses pursuant to IFRS 16	Total decrease in income for the period
Leased premises	302	246	(67)	124	57
Vehicles	57	45	(12)	23	11

Principal effects on the Company's statement of cash flow for the year end December 31, 2019:

The leased asset	Increase in operating activities	Increase in investing activities	Decrease in financing activities
Leased premises	109	-	(109)
Vehicles	20	-	(20)

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 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 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 major assumptions 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 financial statements.

Other estimates\assumptions used in our allowances are based on the Company's rich 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 and that have the most significant effect on the amounts recognized in financial statements.

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. The cost is recognized as compensation expense over the requisite service period which is usually the vesting period, based upon the grant date fair value of the equity or liability instruments issued. The Company recognizes the compensation expenses over the vesting period using the accelerated method pursuant to which each vesting tranche is treated as a separate amortization period from the grant date to the vesting date, and classifies these amounts in the financial statements based on the department to which the related employee reports.

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.

(1) 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 have 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 compensation for future awards may differ materially from those projected and recorded previously.

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

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

(2) Valuation of the Company's ordinary shares:

Due to the absence of an active market for the Company's ordinary shares until August 28, 2019, the fair value of its ordinary shares for purposes of determining the exercise price for award grants was determined by the Company's management, with the assistance of a third party valuation expert, and approved by the Company's board of directors.

Government Grants - The Company received research and development funding from the State of Israel through the IIA in the form of grants which the Company is required to return with interest under certain conditions. Pursuant to regulations under the Encouragement of Industrial Research and Development Law 5744- 1984 (the "Research Law"), royalties on the Company's revenues will be payable to the Israeli government, at the rate of 3% (or at an increased rate under certain circumstances), up to an aggregate of 100% (which may be increased under certain circumstances) of the dollar-linked value of the total grants received in respect of the approved plans, plus interest at the rate of 12-month London Interbank Offered Rate, or LIBOR. Such grants qualify as "forgivable loans" in accordance with IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance", since they are repayable only if the Company generates revenues related to the underlying project.

In accordance with IAS 20, the grant is accounted for as a liability unless it is more likely than not that the Company will meet the terms of forgiveness of the loan, in which case the forgivable loan is accounted for as a government grant and recognized as a reduction of the research and development expenses. The Company considers it more likely than not that the project underlying its IIA grants will reach the revenue generating stage and therefore, it records a liability in respect of the IIA grants. (See Note 2.T)

In calculating the present value of future payments to the IIA, the Company used a discount rate of 25% which is commensurate with early stages companies.

Due to the fact that the Company is still generating insignificant amount of revenues from the technology that is subject to these royalties, the sales forecast is highly subjective and may vary significantly in the future. As more information is gathered to assist the Company’s management in making forecasts, the liability would be updated. Any updates in the expected cash outflows and the liability will be recorded to profit and loss each period.

Impairment of non-current assets - The Group has made significant investments in intangible assets, 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 Group'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’ share.

(USD in thousands)

NOTE 4 - TRADE RECEIVABLES

A. Composition:

	As at December 31	
	2019	2018
Trade receivable	4,768	3,479
Provision for doubtful debts	(139)	(125)
	4,628	3,354

B. Management of the credit risk by the Group:

Before receiving a new customer and during the year, the company conducts research on the financial strength of the customer, and also requests the customer to provide credit references from other suppliers with whom the customer maintains business relations. In addition, the Company is purchasing a credit insurance policy for all its customers.

From total trade receivable balance as of December 31, 2019, the sum of $ 1,886 Thousands is with respect to debt owed by significant customers. The Group does not have additional customers whose purchase from the Company exceeds 10% of the Revenues for the year ended December 31, 2019.

The average credit period on sales of services for 2019 is 62 days.

C. Changes in the allowance for doubtful debts:

	As at December 31	
	2019	2018
Balance at beginning of the year	125	91
Changes in allowance doubtful debts	14	34
Balance at the end of the year	139	125

NOTE 5 - OTHER RECEIVABLES AND PREPAID EXPENSES

Composition:

	As at December 31,	
	2019	2018
Deposits	29	45
Prepaid expenses	363	429
Government entities	539	114
Other	30	4
	961	592

(USD in thousands)

NOTE 6 - RIGHT OF USE ASSETS

COMPOSITION:

	As at December 31,			
	2019			2018
	Cost	Accumulated depreciation	Net book value	Net book value
Lease premises	1,792	(246)	1,546	-
Vehicles	238	(45)	193	-
	2,030	(291)	1,739	-

	Year ended 2019
Amount recognized in profit and loss:	
Depreciation expense in right of use assets	291
Interest expense on lease liabilities	31
	322

NOTE 7 - FIXED ASSETS, NET

Composition:

	As at December 31,			
	2019			2018
	Cost	Accumulated depreciation	Net book value	Net book value
Furniture and equipment	23	(7)	16	36
Leasehold improvements	34	(5)	29	8
Computers and software	146	(92)	54	31
	203	(104)	99	75

NOTE 8 - INTANGIBLE ASSETS, NET

Composition:

	As at December 31,					
	2019			2018		
	Cost	Accumulated amortization	Net book value	cost	Accumulated amortization	Net book value
Goodwill	5,305	-	5,305	5,305	-	5,305
Customer relationships	309	(139)	170	309	(77)	232
Brand	734	(331)	403	734	(184)	550
Technology	11,132	(4,463)	6,669	11,132	(2,873)	8,259
	17,480	(4,933)	12,547	17,480	(3,134)	14,346

(USD in thousands)

NOTE 9 - OTHER PAYABLES AND ACCRUED EXPENSES

Composition:

	As at December 31,	
	2019	**2018**
Salaries and other employee related liabilities	929	1,054
Expenses payable	1,650	1,102
Other payables	681	-
	3,260	2,156

NOTE 10 - CONVERTIBLE LOANS

In 2015, convertible loans were received in the sum of $2,613 thousands. According to agreement terms, the convertible loans matured on June 30, 2017. However, the Company is authorized to extend the loan term by another 12 months, subject to a notice to that end to the lenders. In addition, on the Company request and the consent of a majority of 50% and more of the lenders whose loan is yet to be converted as at that date, the loan term can be extended by additional 12 months.

The convertible loans received in 2015 were converted into 1,021,441 shares of NIS 0.01 par value each. The fair values of the loans prior to conversion were $4,119. The conversion increased the share capital by the same amount. Changes in fair values of $1,506 attributed to the 2015 loans were recorded in 2016. During 2017, the loans were converted to shares and reclassified to equity.

In January 2017 a new convertible loan agreement was signed upon which the Company can withdraw up to $2.5 million. The Company withdrew $2,288 thousands. According to the agreement the convertible loans matures on June 30, 2018. In addition, the lenders received 25% warrant coverage with conversion terms similar to the terms of conversion on the convertible loans.

As with the 2015 convertible loans, these loans were designated as at fair value through profit and loss (FVTPL). The convertible loans were converted into 894,258 shares of NIS 0.01 par value each. The fair values of the loans prior to conversion were $3,606. The conversion increased the share capital by the same amount. Changes in fair values of $1,378 attributed to the loans were recorded in 2017. The warrants were considered derivative over own equity carried at FVTPL rather than eligible for equity classification. The fair value of the warrants prior the conversion was $1,428.(See also Note 12.B)

In September 2017 another convertible loan agreement was signed upon which the Company can withdraw up to $3 million. As of December 31, 2018, the Company withdrew $2,255 thousands. The loans were designated as at fair value through profit and loss (FVTPL). The fair value of the loans as of December 31, 2018 was $3,221 representing the fair value of the shares to which it is convertible. In May 2019, the convertible loans, were converted into ordinary shares of the Company on a conversion price of $0.38 (following the share split).

The convertible loans agreements described above, included an conversion to equity component that should be recorded as a liability based on the criteria established in IAS 32 *Financial Instruments: Presentation.* The Company elected to designate the entire convertible loans as at fair value through profit and loss (FVTPL). Changes in the fair value of the loans were recorded in finance expenses. Upon completion of the Qualified Transaction, the entire balance of convertible loans were converted to equity.

(USD in thousands)

NOTE 11 - RESERVE FOR EMPLOYEE BENEFITS

A. Composition:

	As at December 31,	
	2019	2018
	in USD thousands	
Short-term employee benefits:		
Benefits for vacation pay	427	299
Liability for salary, bonuses and wages	502	755
	929	1,054

B. Post-employment 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 financial statements is required.

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 on a fixed amount for the time until they sign section 14 in case they leave the company.

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, 2019, has 93,265,918 common shares issued and outstanding and as of December 31, 2018, the Company had 73,758,097 (after giving effect to the share split discussed above) common shares issued and outstanding.

A reconciliation of shares outstanding as of December 31, 2019 is as follows:

	Number of common shares
Balance - January 1, 2019	73,758,097
Conversion of convertible loans (i)	5,970,069
Exercise of options	35,709
Exercise of warrants (ii)	1,927,053
Total shares of Zoomd(*)	81,690,928

(*) after giving effect to the shareholder equity recapitalization

NOTE 12 - SHARE CAPITAL AND OTHER EQUITY (Cont.)

A. Shares issued and outstanding: (Cont.)

Shares issued in the qualifying transaction and fund raising:

	Number of common shares
DataMiners Shares issued and outstanding	524,000
Shares issued to the holders of Subscription Receipts (iii)	9,265,990
Resulting Issuer Shares issued as a finder's fee (iv)	1,475,000
Resulting Issuer Shares issued for a consultant (v)	310,000
Total issuance of shares according to the qualifying transaction:	**11,574,990**
Balance - December 31, 2019	**93,265,918**

B. Transactions:

i. In May 2019, the convertible loans, at the fair value of 3,672 in thousands, were fully converted into 5,970,069 ordinary shares of the Company. (See also Note 10).

ii. During August 2019, the warrants were exercised into 1,927,053 ordinary shares of the Company with a conversion price of $ 0.26 (following the shares split). (See also Note 10).

iii. Concurrently with the Qualifying Transaction, Zoomd raised CAD$9,265,990 (USD$7 million) pursuant to the Concurrent Financing.

iv. Represents a finder's fee payable to an arm's length third party in connection with the completion of the Transaction.

v. Represents a share based fee for services rendered in connection with the completion of the Transaction.

C. All 81,690,928 common shares issued to the former shareholders of Zoomd Ltd. as part of the reverse takeover with Dataminers Capital Corp. completed on August 28, 2019 are subject to a one year contractual lock-up beginning on August 28, 2019, being the date the Qualifying Transaction was completed.

All the 81,690,928 issued shares to the former shareholders of Zoomd are being held by Altshuler Shaham Trusts Ltd., a designated trustee (the "Trustee") as required under the tax pre-ruling granted (the "Tax Ruling") by the Israeli Tax Authorities (the "ITA") to Zoomd and its shareholders. The purpose of this trust arrangement is to comply with the terms of the Tax Ruling which enables each shareholder to postpone the tax event as a result of the exchange of shares upon the completion of the Transaction to a later date, and therefore the shares are held in trust with the Trustee in order to ensure the future tax payments to the ITA. The voting rights of the shares held in trust will remain in the control of the shareholders, and the Trustee will disseminate the information from the Company to such shareholders.

(USD in thousands)

NOTE 12 - SHARE CAPITAL AND OTHER EQUITY (Cont.):

C. (Cont.)

In addition, in connection with the completion of the Qualifying Transaction, a total of 33,207,850 common shares (31,547,458 common shares remain subject to escrow as of December 31, 2019) and 3,731,000 stock options (3,544,450 stock options remain subject to escrow as of December 31, 2019) held by Principals of Zoomd Technologies Ltd. (as such term is defined by the Policies of the TSX Venture Exchange) were escrowed pursuant to a TSX Venture Exchange Tier 2 surplus escrow agreement and 84,000 common shares are subject to the capital pool company (CPC) escrow agreement. An additional 9,162,009 common shares (8,245,809 common shares remain subject to escrow as of December 31, 2019) and 4,534,310 stock options (4,081,041 stock options remain subject to escrow as of December 31, 2019) were escrowed pursuant to a TSX Venture Exchange Tier 2 value escrow agreement in connection with the seed share resale restriction rules of the TSX Venture Exchange.

D. 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.

The following table provides the activity of stock option grants for the years ended December 31, 2019, and December 31, 2018 for options outstanding, and exercisable as of December 31, 2019, 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, 2018	1,499,761	-	6.39
Expired	-	-	
Cancelled	216,912	-	
Exercisable	454,059	-	
Granted	7,618,297	-	
Outstanding December 31, 2018	8,447,087	-	8.21
Expired	-	-	
Cancelled	50,105	-	
Exercisable	35,709	-	
Granted	-	-	
Outstanding December 31, 2019	8,361,270	-	7.21
Options exercisable	6,606,909		

The fair value at the date of grant of the options granted during the years ended December 31, 2019, and December 31, 2018 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 $621 and $1,724 related to above equity settled share-based payment transactions for the years ended December 31, 2019 and December 31, 2018 respectively.

(USD in thousands)

NOTE 12 - SHARE CAPITAL AND OTHER EQUITY (Cont.):

E. Warrants:

In connection with the Qualifying Transaction, the agents received 458,080 broker warrants (each, a "**Broker Warrant**"). Each Broker Warrant is exercisable to acquire one common share of the Company at CDN$1.00 per share until August 20, 2021. In addition, certain finders received 265,000 finders' options on identical terms as the Broker Warrants.

NOTE 13 - INCOME TAXES

A. In December 2016, the Economic Efficiency Law (Legislative Amendments for Implementing the Economic Policy for the 2018 and 2019 Budget Year), 2016 was published, introducing a reduction in corporate tax rate as from January 1, 2018 to a rate of 24% (instead of 25%) and from January 1, 2019 to a rate of 23%.

B. Losses and deductions for tax purposes carried forward amount to approximately $10 million as of December 31, 2019. Due to the lack of history of taxable income and uncertainty of taxable income in the foreseeable future, no deferred taxes were recorded for these carry forward losses and deductions.

C. The Company did not record current taxes for the years ended December 31, 2019 and 2018 since it had no taxable income.

NOTE 14 - COMMITMENTS AND CONTINGENT LIABILITIES

Royalties to the IIA:

The Company has 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, 2019, it is probable that the Company will be required to pay the above mentioned royalties, and accordingly, the Company recorded, as of December 31, 2019, a provision in a total amount of $ 433 thousand. According to the terms of the grants, the IIA is entitled to royalties equal to 3% (or at an increased rate under certain circumstances) of the sales of the product funded, up to the full principal amount (which may be increased under certain circumstances) of the U.S. dollar-linked value of the grants, plus interest at the rate of 12-month LIBOR.

As of December 31, 2019, the Company had received IIA grant in the aggregate amount of $ 715 thousand.

The movement in the provision is as follows:

	December 31,	
	2019	2018
	in USD thousands	
Balance at the beginning of the year:	479	382
Changes during the year:		
Amounts charged to the statement of profit and loss and other comprehensive loss	(46)	97
Balance at year end	433	479

(USD in thousands)

NOTE 15 - RESEARCH AND DEVELOPMENT EXPENSES

Composition:

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries and related expenses	1,636	1,463
Depreciation and amortization	1,591	1,631
Other expenses	1,689	753
	4,916	3,847

NOTE 16 - SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

Composition:

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries and related expenses	3,926	4,126
Professional fees	442	116
Share based payment	511	1,494
Other expenses	1,560	1,473
	6,439	7,209

NOTE 17 - FINANCE INCOME AND EXPENSES

A. Financing income:

	Year ended December 31, 2019	Year ended December 31, 2018
Bank fees	6	-
Foreign currency differences	-	157
	6	157

B. Financing expenses:

	Year ended December 31, 2019	Year ended December 31, 2018
Foreign currency differences	177	-
Bank fees and other financing expenses	80	194
Convertible loans and warrants	1,118	769
	1,375	963

(USD in thousands)

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:

	Year ended December 31	
	2019	**2018**
	In USD thousands	
Financial assets:		
Cash and cash equivalents	5,890	3,604
Deposits	29	45
Trade receivables	4,628	3,354
Prepaid expenses	363	429
Other current assets	569	118
	11,479	7,550
Financial liabilities:		
Current liabilities:		
Trade accounts payable	3,186	2,859
Other payables and accrued expenses	3,260	2,156
	6,446	5,015

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 stated in NIS.

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

During the year ended December 31, 2019, no change took place in the exposure to currency risk or in the manner in which the Company manages and measures the risk.

(USD in thousands)

NOTE 18 - FINANCIAL INSTRUMENTS (Cont.)

D. Market risk: (Cont.)

Foreign currency risk: (Cont.)

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,	
	2019	2018	2019	2018
	in USD thousands		in USD thousands	
NIS	1,749	1,068	1,247	927
Euro	47	39	780	786
CAD	-	-	4,091	-

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 conforms their translation at the end of the period to a change of 10% in foreign currency rates.

	Effect of NIS currency	
	December 31,	
	2019	2018
	in USD thousands	
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	584	601
Effect on equity	584	601
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	(584)	(601)
Effect on equity	(584)	(601)

NOTE 18 - FINANCIAL INSTRUMENTS (Cont.)

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, and also requests the customer to provide credit references from other suppliers with whom the customer maintains business relations. 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 are 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.

F. Liquidity risk:

Careful management of liquidity risk requires a sufficient cash balance to support operating activities. Management constantly analyzes cash balances which comprised of cash and cash equivalents and assets at fair value through profit and loss. 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 taking into account the cash required for its operating activities, in order to reduce the liquidity risk which, the Company is exposed to.

Below is an analysis of contractual maturities of financial liabilities, including estimated interest payments, as of December 31, 2019 and 2018:

	Carrying Amount	Contractual Cash flow	1-2 years	2-5 years	Over 5 years
	U.S dollars in thousands				
December 31, 2019					
Non-derivative financial liabilities:					
Lease liabilities	1,785	1,931	680	1,105	-
IIA liability	433	710	182	69	182
	2,218	2,641	862	1,174	182

	Carrying Amount	Contractual Cash flow	1-2 years	2-5 years
	U.S dollars in thousands			
December 31, 2018				
Non-derivative financial liabilities:				
IIA liability	479	710	239	240

NOTE 19 - FAIR VALUE

Fair value hierarchy:

The table below presents an analysis of the financial instruments measured at fair value, using a valuation method:

The different levels were defined as follows:

(1) Level 1: Quoted prices (unadjusted) in an active market for identical instruments.

(2) Level 2: Data observed directly or indirectly that are not included in Level 1 above.

(3) Level 3: Data not based on observable market data.

	Year ended December 31	
	2019	2018
	Level 3	
Warrants (**)	-	762
Other financial liabilities - CLA (*)	-	3,221
	-	3,983

(*) On May 2019, the convertible loans, at fair value of 3,672 in thousands, were fully converted into 5,970,069 ordinary shares of the Company with a conversion price of $0.38 (following the share split).

(**) During the third quarter, the warrants were exercised into 1,927,053 ordinary shares of the Company with a conversion price of $ 0.26 (following the shares split)

The fair value of the CLA included in the level 3 categories above has been determined in accordance with generally accepted pricing models as of the final date of conversion in May 22, 2019. The most significant input is the fair value of the shares to which the CLA was convertible. The fair value of the shares was determined based on the financing round that takes place concurrent with the Qualifying Transaction ("Qualifying Transaction price"), adjusted to the uncertainties associated with the risk of the Qualifying Transaction being unsuccessful as well as lack of marketability discount considered as of the date of the conversion. The adjustments were affected by the time remaining to complete the Qualifying Transaction and the ability to secure investment in a level that would be sufficient to ensure at least the minimum required for a successful Qualifying Transaction.

The fair value of the warrants liability included in the level 3 categories above, has been determined in accordance with generally accepted pricing models based on a Black Scholes Merton formula, with the most significant inputs being share price, exercise price (2.56$), volatility (47.27%-77.58%), risk free rate (1.2%-2.5%) and contractual term. The fair value of the shares was determined based on the Qualifying Transaction price.

(USD in thousands)

NOTE 20 - TRANSACTIONS WITH INTERESTED PARTIES AND RELATED PARTIES

A. Compensation to key management personnel and interested parties:

	Year ended December 31,	
	2019	2018
	in USD thousands	
Salary and related expenses to key management personnel	1,938	2,868
Number of personnel to which benefit applies	8	9
Share based payment to interested parties and key management personnel	-	904
Number of personnel to which benefit applies	-	9

B. Transactions with interested and related parties:

	Year ended December 31,	
	2019	2018
	in USD thousands	
Subcontractors	465	256
Consultation	370	458

NOTE 21 - MAJOR CUSTOMERS

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

	Year ended December 31,	
	2019	2018
	in USD thousands	
Customer A	6,448	10,207
Customer B	4,967	6,627
Customer C	3,385	3,514

NOTE 22- SUBSEQUENT EVENT

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. The expected impacts on global commerce are expected to be far reaching. This will impact demand for the Company’s products and services in the near term. It may also impact expected credit losses on the Company’s receivables. The duration and impact of the COVID-19 outbreak are unknown at this time and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its subsidiaries in the future periods. As of now, Postponed or canceled sports events causing our related clients to reduce their budget, we are expecting that once sports events are back it would have a substantial effect on the company’s revenue, profits of financial position.
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 our targets for 2020, such as decreasing all salaries by 25% for April and May 2020 and reducing its service providers expenses. Further steps will be taken according to the Company’s financial situation.