

ZOOMD TECHNOLOGIES LTD

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2024

ZOOMD TECHNOLOGIES LTD

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **AS OF SEPTEMBER 30, 2024**

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

	<u>September 30,</u> <u>2024</u>	<u>2023</u>	<u>December</u> <u>31,</u> <u>2023</u>
<u>Assets</u>			
Current assets			
Cash and cash equivalents	6,836	1,462	2,602
Trade receivables	8,543	4,302	4,663
Other receivables and prepaid expenses	219	844	605
	<u>15,598</u>	<u>6,608</u>	<u>7,870</u>
Non-current assets			
Long-term deposit	130	170	179
Fixed assets, net	268	269	251
Rights to use assets	1,430	2,632	2,488
Intangible assets	6,987	8,126	7,856
	<u>8,815</u>	<u>11,197</u>	<u>10,774</u>
Total assets	<u>24,413</u>	<u>17,805</u>	<u>18,644</u>
<u>Equity and liabilities</u>			
Current liabilities			
Short term bank credit	2,004	1,503	2,007
Trade payables	3,980	1,961	2,978
Short term lease liability	347	549	598
Other payables and accrued expenses	1,925	2,671	2,206
	<u>8,256</u>	<u>6,684</u>	<u>7,789</u>
Non-current liabilities			
Provisions	280	280	280
Lease liability	1,150	1,919	1,777
Reserve for employee benefits	103	107	112
	<u>1,533</u>	<u>2,306</u>	<u>2,169</u>
Shareholders' equity			
Share capital and premium	39,499	39,499	39,499
Other reserves	5,939	5,953	5,855
Accumulated deficit	(30,814)	(36,637)	(36,668)
	<u>14,624</u>	<u>8,815</u>	<u>8,686</u>
Total equity and liabilities	<u>24,413</u>	<u>17,805</u>	<u>18,644</u>

"Amit Bohensky"
Amit Bohensky
Chairman of the board

"Ido Almany"
Ido Almany
CEO

"Tsvika Adler"
Tsvika Adler
CFO

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

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

	For the nine months ended September 30,		For the three months ended September 30,		Year ended December 31,
	2024	2023	2024	2023	2023
Revenue	39,430	24,589	16,708	7,120	32,113
Cost of sales and services	24,099	15,153	10,139	4,306	20,089
Gross profit	15,331	9,436	6,569	2,814	12,024
Operating costs and expenses					
Research and development expenses	2,260	2,687	757	736	3,295
Selling, administrative and general expenses	6,844	8,059	2,563	2,156	9,983
Other expenses – Impairment	-	2,839	-	-	2,839
	9,104	13,585	3,320	2,892	16,117
Operating Income (Loss)	6,227	(4,149)	3,249	(78)	(4,093)
Finance income	72	104	12	(67)	169
Finance expense	(423)	(566)	(92)	(115)	(718)
Finance expense, net	(351)	(462)	(80)	(182)	(549)
Net Income (Loss) before income taxes	5,876	(4,611)	3,169	(260)	(4,642)
Taxes on income	22	12	6	-	12
Net Income (Loss)	5,854	(4,623)	3,163	(260)	(4,654)
Net Income (loss) per share:					
Basic and diluted	0.06	(0.04)	0.03	(0.00)	(0.04)
Shares used in calculation of net income (loss) per share:					
Basic	103,152,463	102,878,960	103,152,463	102,878,960	102,532,397
Diluted	103,729,670	102,878,960	105,406,460	102,878,960	102,532,397

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

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

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2024	98,329,339	39,499	5,855	(36,668)	8,686
Share-based compensation	-	-	84	-	84
Exercise of options	303,948	*	-	-	*
Income for the period	-	-	-	5,854	5,854
Balance - September 30, 2024	<u>98,633,287</u>	<u>39,499</u>	<u>5,939</u>	<u>(30,814)</u>	<u>14,624</u>

	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	-	-	351	-	351
Common stocks issued and to be issued due to business combination	804,923	-	-	-	-
Loss for the period	-	-	-	(4,623)	(4,623)
Balance - September 30, 2023	<u>98,055,837</u>	<u>39,499</u>	<u>5,953</u>	<u>(36,637)</u>	<u>8,815</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)

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
Balance - July 1, 2024	98,329,339	39,499	5,929	(33,977)	11,451
Share-based compensation	-	-	10	-	10
Exercise of options	303,948	*	-	-	*
Income for the period	-	-	-	3,163	3,163
Balance - September 30, 2024	<u>98,633,287</u>	<u>39,499</u>	<u>5,939</u>	<u>(30,814)</u>	<u>14,624</u>

	Number of Share capital	Share capital and premium	Reserve for share-based compensation and other reserves	Accumulated deficit	Total shareholders' equity
Balance - July 1, 2023	98,055,837	39,499	5,860	(36,377)	8,982
Share-based compensation	-	-	93	-	93
Loss for the period	-	-	-	(260)	(260)
Balance - September 30, 2023	<u>98,055,837</u>	<u>39,499</u>	<u>5,953</u>	<u>(36,637)</u>	<u>8,815</u>

	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	-	-	253	-	253
Exercise of options	273,502	*	-	-	*
Common stocks issued and to be issued due to business combination	804,983	-	-	-	-
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.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(USD in thousands)

	For the nine months ended September 30,		For the three months ended September 30,		Year ended December 31,
	2024	2023	2024	2023	2023
	Unaudited				
<u>Cash flows - operating activities</u>					
Net Income (Loss) from operations	5,854	(4,623)	3,163	(260)	(4,654)
Adjustments to reconcile net loss to net cash from operating activities (Appendix A)	(674)	4,269	(407)	484	5,250
	<u>5,180</u>	<u>(354)</u>	<u>2,756</u>	<u>224</u>	<u>596</u>
Interest Payments	<u>(102)</u>	<u>(129)</u>	<u>(30)</u>	<u>(40)</u>	<u>(168)</u>
Net cash generated from (used in) operating activities	<u>5,078</u>	<u>(483)</u>	<u>2,726</u>	<u>184</u>	<u>428</u>
<u>Cash flows - investing activities</u>					
Capitalized software development costs	(374)	(931)	(109)		(1,063)
Purchase of property, plant, and equipment	<u>(76)</u>	<u>(11)</u>	<u>(69)</u>	<u>-</u>	<u>(15)</u>
Net cash used in investing activities	<u>(450)</u>	<u>(942)</u>	<u>(178)</u>	<u>(131)</u>	<u>(1,078)</u>
<u>Cash flows - financing activities</u>					
Lease liabilities	(440)	(389)	(150)	(129)	(524)
Short-term bank credit	-	(500)	-	(500)	-
Decrease in deposits	46	-	46	-	-
Exercise of options	<u>*</u>	<u>-</u>	<u>*</u>	<u>-</u>	<u>*</u>
Net cash used in financing activities	<u>(394)</u>	<u>(889)</u>	<u>(104)</u>	<u>(629)</u>	<u>(524)</u>
Increase (decrease) in cash and cash equivalents	<u>4,234</u>	<u>(2,314)</u>	<u>2,444</u>	<u>(576)</u>	<u>(1,174)</u>
Cash and cash equivalents at the beginning of the period	<u>2,602</u>	<u>3,776</u>	<u>4,392</u>	<u>2,038</u>	<u>3,776</u>
Cash and cash equivalents at the end of the period	<u>6,836</u>	<u>1,462</u>	<u>6,836</u>	<u>1,462</u>	<u>2,602</u>

(*) Less than 1 thousand dollars.

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

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

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

	For the nine months ended September 30,		For the three months ended September 30,		Year ended December 31,
	2024	2023	2024	2023	2023
	Unaudited				
Cash flows from operating activities					
Adjustments to reconcile net profit to net cash from operating activities					
Depreciation and amortization	1,804	1,648	604	570	2,247
Impairment of Intangible assets	-	2,839	-	-	2,839
Change in employee benefit liabilities, net	(9)	(133)	2	(4)	(128)
Cost of share-based payment	84	351	10	93	253
Finance expenses, net	220	539	49	97	543
Changes in assets and liabilities:					
Decrease (Increase) in trade receivables and other receivables	(3,494)	1,468	(438)	1,228	1,346
Increase in long-term deposits	-	-	-	-	41
Decrease in trade payables	(1,306)	(1,461)	(1,147)	(922)	(444)
Increase (decrease) in other current and non-current liabilities	2,027	(982)	513	(578)	(1,447)
Total	(674)	4,269	(407)	484	5,250

Leases

Right of use assets	(556)	228	-	-	258
Lease liabilities	556	(228)	-	-	(258)
Total	-	-	-	-	-

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

ZOOMD TECHNOLOGIES LTD.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(USD)

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\$9,270 thousand (approximately US\$6,960 thousand) 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 unaudited 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 unaudited 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 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(USD)

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.

ZOOMD TECHNOLOGIES LTD.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(USD)

NOTE 3 - EVENTS DURING THE PERIOD

1. 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 unaudited consolidated financial statements.

As of the date of authorization of these financial statements the Company has determined that there has not been any material effect on its business or operations, but it continues to monitor the situation.

2. On June 27, 2024, the Company entered into a lease agreement to lease 851 square meters of new office facility in Herzliya. The new lease has an initial term of 36 months with commencement on July 25, 2024.

The monthly rent under the new agreement is NIS89 thousand (approximately \$24 thousands) linked to the May 2024 consumer price index. The Company has an option to extend the term of the lease for additional two-years period with an increase of 5% in the monthly lease payments. As of the commencement day of the lease, the Company is expecting to exercise the extension period.

The lease is subject to monthly property management charges of NIS14.5 thousand (approximately \$4 thousands).

The Company recorded a right-of-use asset and corresponding lease liability with respect to this lease arrangement for an approximate amount of USD\$1,332 thousand and in parallel decreased its right of use and corresponding lease liability by an approximate amount of USD\$1,888 thousand due to an amendment signed on the same date to the term of its current lease agreement.