

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF ZOOMD LTD.

### Basis of Presentation

The following management's discussion and analysis ("MD&A") relates to the operating results and financial position and cash flows of Zoomd Technologies Ltd. (the "**Company**") and its wholly-owned subsidiary Zoomd Ltd. ("**Zoomd**") and Zoomd's wholly owned subsidiary Moblin Asia Pte. Ltd. ("**Moblin**") prepared as at and for the three and nine months ended September 30, 2019 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 and 2018 (the "**Condensed Interim Consolidated Financial Statements**"). For the avoidance of doubt, any reference to the Company in this MD&A fully incorporates and includes Zoomd and Moblin.

The Condensed Interim Consolidated Financial Statements include the accounts of the Company, Zoomd and Moblin. All inter-company balances and transactions have been eliminated on consolidation.

The Condensed Interim Consolidated Financial Statements, and extracts of those financial statements included in this MD&A are presented in accordance with International Financial Reporting Standards ("**IFRS**").

The effective date of this MD&A is November 29, 2019.

**Unless otherwise stated herein, all amounts expressed in this MD&A are presented in thousands of United States dollars, denominated by "\$" or "USD" or "US\$", the functional currency of the Company.**

### Non-IFRS Financial Measures

This MD&A includes certain measures which are not defined terms in accordance with IFRS such as "EBITDA" and "Adjusted EBITDA".

"EBITDA" represents the Company's operating profit before, depreciation and amortization.

"Adjusted EBITDA" represents the EBITDA adjusted for the exclusion of share based compensation.

**"EBITDA" and "Adjusted EBITDA" are not measures of performance under IFRS and should not be considered in isolation or as a substitute for net and comprehensive income or loss prepared in accordance with IFRS or as a measure of operating performance or profitability. These terms do not have a standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies.**

## FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based on current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not facts but reflect management’s current expectations regarding future results or events. In developing the forward-looking statements in this MD&A, the Company has applied several material assumptions, including the availability of financing on reasonable terms, the Company’s ability and general business and economic conditions. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including, but not limited to, risks and uncertainties related to:

- The performance of the Company’s business and operations;
- The intention to grow the business and operations of the Company;
- Future liquidity, financial capacity and availability of future financing opportunities;
- Risks associated with economic conditions, including risks associated with foreign currency fluctuations;
- Rapid technological changes;
- Demand for our products;
- Introduction of competing products;
- Our ability to respond to rapid technological changes with new products and services;
- The return on investment from research & development investments;
- Our ability to protect and enforce our intellectual property, and risks of potential claims of intellectual property infringement by third parties;
- Failure to manage our product and service lifecycles;
- Failure to manage open-source software adoption and compliance risks;
- We derive revenues from certain customers. Five of our customers comprise 63% of our revenues for the period from January 1, 2019 to September 30, 2019;
- The ability of our products to operate effectively with those of our customers; and
- General industry and regulation trends which may change from time to time and could adversely impact our business;

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. There can be no assurance that the anticipated results or developments will actually be realized, and actual results can be expected to vary from the results projected and such variances may be material and adverse. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.

## COMPANY OVERVIEW

Zoomd, the Company’s wholly-owned operating subsidiary, was incorporated on November 29, 2012 and began operating in 2013. The Company has developed a proprietary patented technology for leveraging internet onsite search for increased monetization and engagement for publishers, and better management of digital advertising focusing on mobile app user acquisition for media agencies and advertisers. The Company has global operations and provides services to top tier brands such as Poker Stars, Shein, 90Min, Alibaba and Bwin.

On May 28, 2019, Zoomd, Dataminers Capital Corp. (“**Dataminers**”) and Dotima 2019 Ltd. (“**Subco**”), a wholly-owned Israeli subsidiary of Dataminers, entered into an agreement and plan of merger (the “**Business Combination Agreement**”) pursuant to which Dataminers 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 Dataminers by the shareholders of Zoomd (the “**Transaction**”). The Transaction, which was completed on August 28, 2019, constituted Dataminers’ “Qualifying Transaction” under Policy 2.4 of the TSX Venture Exchange (the “**TSXV**”). Pursuant to the terms of the Business Combination Agreement, Dataminers acquired all of 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 Dataminers.

Concurrently with the Qualifying Transaction, Zoomd raised approximately CDN\$9.3 million (approximately US\$7 million) pursuant to a private placement (the “**Concurrent Financing**”) by issuing 8,385,990 subscription receipts and 880,000 common shares of Zoomd FinanceCo Ltd. each of which, upon completion of the Qualifying Transaction, was exchanged for one common share of Dataminers.

Upon the completion of the Qualifying Transaction, Dataminers 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 of the issued and outstanding shares of Zoomd.

On September 3, 2019, the common shares of Dataminers began trading on TSXV under the new name “**Zoomd Technologies Ltd.**” with the ticker symbol ZOMD after having raised CDN\$9,265,990. The Company intends to use the funds to accelerate growth by further investing in our product offering, sales and marketing and acquisitions.

Prior to the consummation of the Transaction Zoomd was required to make a share split on a 1:9.674629454 adjustment basis 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 8.674629454 ordinary shares (rounded to the nearest whole number) (keeping the ratio of 1:9.674629454); 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 an additional amount of 8.674629454 ordinary shares (rounded to the nearest whole number).

In connection with the Qualifying Transaction, the agents of the brokered portion of the Concurrent Financing 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.

## Results of Operations

### Selected Financial Information for the three and nine months ended September 30, 2019 and 2018

The following financial information has been derived from the Company's interim financial statements for the three and nine months ended September 30, 2019.

	Nine month period from January 1, 2019 to September 30, 2019 (USD in thousands of dollars)	Nine month period from January 1, 2018 to September 30, 2018 (USD in thousands of dollars)
Revenues.....	19,508	21,107
Cost of Sales and Services.....	13,780	14,214
Research and Development, Net.....	3,510	2,544
Selling, General and Administrative Expenses.....	4,495	3,820
Finance Income.....	-----	(161)
Finance expenses.....	1,462	579
Listing Expenses	1,519	-----
Net profit (Loss).....	(5,258)	111
Total Assets.....	26,470	22,929
Convertible loans and warrants.....	-----	3,221
Total Non-Current Liabilities.....	2,110	647

	Three month period from July 1, 2019 to September 30, 2019 (USD in thousands of dollars)	Three month period from July 1, 2018 to September 30, 2018 (USD in thousands of dollars)
Revenues....	5,904	8,717
Cost of Sales and Services.....	4,002	5,635
Research and Development, Net.....	1,282	961
Selling, General and Administrative Expenses.....	1,679	1,725
Finance Income.....	-----	(127)
Finance expenses.....	121	140
Listing Expenses	1,519	-----
Net profit (Loss).....	(2,699)	383

For the nine months period ended September 30, 2019, the Company reported no discontinued operations, no change in accounting principles and did not declare any cash dividends.

## **Financial Operations Overview**

*Financial Period ended September 30, 2019*

### ***Revenue***

The Company generates revenues mostly from two different models:

- (i) Advertisers that are based on the Company-installed search engine at the Publisher's site. When an end-customer is using the Company's engine, the Company generates revenue from the Advertisers, with whom it has a contracted budget that is based on appearances, and split the revenues with the Publishers, and 60% - 70% of the revenues collected are passed through to the Publisher. Revenues are recognized gross with amounts paid to the Publishers presented in cost of sales, and
- (ii) Advertisers are based on actual key performance indicators (KPI's) achieved, mostly cost per impression (CPI) or cost per engagement (CPE) or a fixed percent by using traffic sources as the Publishers, ad networks and demand side platforms (DSPs). At the end of each month, the Advertiser's revenues are calculated and recognized, taking into consideration the contractual cap with such Advertisers.

### ***Cost of Sales***

Cost of sales are comprised mainly from costs paid to the Publisher or traffic source, for delivering the acquired results given by the Advertisers, or with whom the Company shares the revenues it collects from the Advertisers.

### ***Operating Cost and Expenses***

The Company's operating costs and expenses are classified into two categories: research and development expenses and selling, general and administrative expenses. For each category, the largest component is personnel costs, which consists of salaries, employee benefits and share-based compensation. Operating costs and expenses also include allocated overhead costs for depreciation of equipment. Operating costs and expenses are generally recognized as incurred. Operating costs also include amortization of intangible assets acquired in the business combination which have a more than insignificant effect on the operating margins.

The Company expects personnel costs to continue to increase as we hire new employees to continue to grow our business.

### ***Research and Development Expenses, Net***

Research and development activities are central to the Company's business. The Company expects to continue its research and development operations in order to complete the development roadmap. The Company's research and development expenses consist primarily of salaries and other related costs, including share-based compensation expenses, payment to subcontractors and cloud infrastructure.

### ***Selling, General and Administrative Expenses***

The Company's selling, general and administrative expenses consist primarily of salaries and other related costs, including share-based compensation expenses, for persons serving as our executive, finance, legal, human resources and administrative personnel, professional service fees and other general corporate expenses, such as communication and office expenses. The Company expects that its selling, general and administrative expenses will increase in the future. The Company targets global expansion with partners and setting up local operations in specific regions. It incurs additional general and administrative costs associated with being a public company. These public company-related expense increases will likely include costs of additional subsidiaries on the globe, legal fees, accounting and audit fees, directors' and officers' liability insurance premiums and costs related to investor relations.

### ***Finance Income and Finance Expenses***

The Company's finance income and finance expenses consist primarily of the change in fair value of our convertible loans that are carried at fair value and serves as the main source of liquidity of the Company and changes in provision for royalties to the IIA – Israel Innovation Authority. The Company expects that finance

expenses associated with its convertible loan to decrease significantly as the loans are expected to be converted with the consummation of the transaction.

Foreign currency transactions are translated into United States dollars using the exchange rates prevailing as at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss to “finance expenses” and “finance income”.

### ***Overview of Operating Results***

#### ***Three and nine months ended September 30, 2019 compared to three and nine months ended September 30, 2018***

##### ***Revenues***

For the nine months ended September 30, 2019, revenues amounted to \$19,508 as compared to \$21,107 for the nine months ended September 30, 2018 a decrease of \$1,599. The decrease in revenues for the nine months ended September 30, 2019 as compared to the nine months ended September 30, 2018 is mainly attributed to a decrease in revenues from one of our top 10 customers. This customer remains one of our top 10 customers by revenues during the first nine months of 2019.

For the three months ended September 30, 2019, revenues amounted to \$5,904 as compared to \$8,717 for the three months ended September 30, 2018, a decrease of \$2,813. The decrease in revenues for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018 is mainly attributed to a decrease in revenues from one of our top 10 customers. This customer remains one of our top 10 customers by revenues during the three months ended September 30, 2019.

##### ***Cost of Sales***

For the nine months ended September 30, 2019, cost of revenues amounted to \$13,780 as compared to \$14,214 for the nine months ended September 30, 2018, a decrease of \$434. The decrease in cost of sales for the nine months ended September 30, 2019 is attributed, mainly to the decrease in revenues, with part attributable to costs that are more fixed in nature that cannot be saved immediately in response to the decrease in revenues.

For the three months ended September 30, 2019, cost of revenues amounted to \$4,002 as compared to \$5,635 for the three months ended September 30, 2018, a decrease of \$1,633. The decrease in cost of sales for the three months ended September 30, 2019 is mainly attributed to the decrease in revenues.

##### ***Operating Costs and Expenses***

##### **Operating costs and expenses:**

For the nine months ended September 30,		For the three months ended September 30,	
2 0 1 9	2 0 1 8	2 0 1 9	2 0 1 8
8,005	6,364	2,961	2,686

For the nine months ended September 30, 2019, operating expenses have increased by \$1,641 compared to the nine months ended September 30, 2018. The increase is mainly attributed to:

Increase in salaries and costs paid to subcontractors - \$717;  
 Hosting and IT services – \$297;  
 Rental – \$271; and  
 Professional fees – \$138.

The increase in our operating expenses is part of our expansion planning. Starting from early 2019, in anticipation of our TSXV public offering and in an order to lay the foundation for future growth, the Company hired 24 new employees in research and development and in sales and marketing, increased its investments in hosting services and expanded to larger offices.

For the three months ended September 30, 2019, operating expenses have increased by \$275 compared to the three months ended September 30, 2018. The increase is mainly attributed to:

Increase in Hosting and IT services \$126; and  
Rental fees– \$127.

### ***Operating Profit***

The following table presents a reconciliation of Adjusted EBITDA to Operating Profit (Loss) for the Three and nine months ended September 30, 2019 and 2018:

	Nine months ended		Three months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Operating profit (loss)	(2,277)	529	(1,059)	396
Adjustments:				
Depreciation and amortization	1,588	1,374	574	435
Cost of share-based payments	567	535	105	495
Total adjustments	2,155	1,909	679	930
<b>Adjusted EBITDA</b>	<b>(122)</b>	<b>2,438</b>	<b>(380)</b>	<b>1,326</b>

Operating loss for the nine months ended September 30, 2019 was \$(2,277) as compared with \$529 operating profit for the nine months ended September 30, 2018 a decrease of \$2,806. The decrease in the operating profit is mostly attributed to the decrease in revenues and gross profit and the increase in operating expenses as discussed above.

Operating loss for the three months ended September 30, 2019 was negative \$(1,059) as compared with \$396 operating profit for the three months ended September 30, 2018 a decrease of \$1,455. The decrease in the operating profit is mostly attributed to the decrease in revenues and gross profit.

Adjusted EBITDA - for the nine months ended September 30, 2019 was negative \$(122) as compared with \$2,438 EBITDA for the nine months ended September 30, 2018. Adjusted EBITDA for the three months ended September 30, 2019 was negative \$(380) as compared with \$1,326 adjusted EBITDA for the three months ended September 30, 2018.

The Company uses Adjusted EBITDA as a primary performance measure. The reconciling items of EBITDA to operating profit is mainly the amortization of intangible assets recorded as part of the merger with Datomo and Sphereup and share based payments for the adjusted EBITDA.

### ***Finance Expenses, Net***

Finance expenses, net was \$1,462 for the nine months ended September 30, 2019 as compared with \$418 for the nine months ended September 30, 2018, an increase of \$1,044. The increase in finance expenses, net is attributable to the change in value of convertible loans adjusted to a fair value just prior to conversion in the amount of \$699 and by an increase in foreign currency expenses and others of \$345.

Finance expenses, net was \$121 for the three months ended September 30, 2019 as compared with \$13 for the three months ended September 30, 2018, an increase of \$108. The increase in finance expenses, net is mainly attributable to an increase in foreign currency expenses of \$226, offset by the change in value of convertible loans adjusted to a fair value of \$118.

### ***Net loss***

Net loss for the nine months ended September 30, 2019 was \$(5,258) as compared with a net profit of \$111 for the nine months ended September 30, 2018, a decrease in profit of \$5,369. The decrease in profit is mainly attributed to the decrease in gross profit of \$1,165, an increase in operating expenses of \$1,641, an increase in finance expenses of \$1,044 and one-time listing expenses of \$1,519.

Net loss for the three months ended September 30, 2019 was \$(2,699) as compared with \$383 for the three months ended September 30, 2018, a decrease in profit of \$3,082. The decrease in profit is attributed mainly to the decrease in gross profit of \$1,180, an increase in operating expenses of 275, an increase in finance expenses of \$108 and one-time listing expenses of \$1,519.

**Additional information relating the fiscal year 2018 and 2017 is posted on SEDAR at [www.sedar.com](http://www.sedar.com) under management discussion and analysis review.**

### **Summary of Quarterly Results**

The following table below sets out certain financial data for the Company:

	<b><i>Sep 30, 2019</i></b>	<b><i>June 30, 2019</i></b>	<b><i>March 31, 2019</i></b>	<b><i>Dec 31, 2018</i></b>	<b><i>Sep 30, 2018</i></b>	<b><i>June 30, 2018</i></b>	<b><i>March 31, 2018</i></b>	<b><i>Dec 31, 2017</i></b>
Revenues	5,904	6,705	6,899	7,542	8,717	7,104	5,286	4,512
Net Profit (loss)	(2,699)	(2,122)	(437)	(2,449)	383	(125)	(147)	(376)
Net loss per share	0.03	0.02	-	0.03	-	-	-	-
Shares used in calculation of net loss per share	97,497,199	88,167,116	79,081,351	78,689,160	82,121,758	81,089,943	76,557,528	75,526,837

### ***Liquidity & Capital Resources***

As of September 30, 2019, the Company had cash of \$5,918, other current assets of \$5,386, and other current liabilities of \$5,495.

As of September 30, 2018, the Company had cash of \$2,885, other current assets of \$5,142, and convertible loans and warrants of \$3,632 and other current liabilities of \$4,980.

To date, the Company has funded its operations primarily by way of equity and convertible loans from the Company shareholders in an amount of \$11,867 raised through equity financings and convertible loans which were converted upon the recent listing on the TSXV.

In May 2019, the convertible loans, at the fair value of 3,674 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). As of September 30, 2019, no convertible loans remain outstanding



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).

Concurrently with the Qualifying Transaction, Zoomd raised CDN\$9,265,990 pursuant to the Concurrent Financing by issuing 8,385,990 subscription receipts and 880,000 common shares of Zoomd Finance Co Ltd. each of which, upon completion of the Qualifying Transaction, was exchanged for one common share of the Company.

### ***Consolidated Cash Flow Activity***

The following summarizes our statement of cash flow for the periods ended September 30, 2019 and 2018.

#### ***Net Cash Generated in Operating Activities***

Net cash generated from operating activities for the period ended September 30, 2019 was \$(2,203) as compared to net cash used of \$1,955 for the period ended September 30, 2018. The change in net cash generated in operating activities in September 30, 2019 as compared with September 30, 2018 was primarily due to the operating loss incurred during the first nine months of 2019 and the public company listing expenses.

#### ***Net Cash Used in Investing Activities***

Net cash used in investing activities for the period ended September 30, 2019 was \$180, as compared to \$13 for the period ended September 30, 2018. The change in net cash used in investing activities in September 30, 2019 as compared with September 30, 2018 was primarily due to the total cash used for the placing a security deposit with the banks and purchase of PP&E.

#### ***Net Cash Generated in Financing Activities***

Net cash generated from financing activities for the period ended September 30, 2019 was \$4,697, as compared to \$430 for the period ended September 30, 2018. The change in net cash generated in financing activities in 2019 as compared with 2018 was primarily due the receipt of funds related to our recent public filing on the TSXV.

### **Outstanding Share Data**

The Company has authorized share capital of an unlimited number of common voting shares. The Company's outstanding securities are comprised of:

	<b>June-30, 2019</b>	<b>Sep-30, 2019</b>
Common shares, issued and outstanding	79,728,166	93,230,209
Stock options outstanding	8,447,087	8,712,087
Warrants, outstanding	2,824,749	458,080

*(prior to the consummation of the Transaction, Zoomd was required to make a share split on a 1:9.674629454 adjustment basis to its share capital. The numbers for June 30, 2019 were adjustment for that basis)*

As of November 29, 2019, 93,230,209 Common Shares were issued and outstanding. In addition, as of November 29, 2019, there 8,447,087 stock options outstanding with exercise prices ranging from 0 to CAD\$1 per share.

As of November 29, 2019, in connection with the Qualifying Transaction, the agents of the brokered portion of the Concurrent Financing received 458,080 Broker Warrants. 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.

### **Off-Balance Sheet Arrangements**

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

### **Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial and operational decisions, or if both parties are controlled by the same third party. The Company engaged in the following related party transactions with Amit Bohensky, the Chairman of the Company, or companies controlled by him.

As of 2013, the Company received business management and development services from Amit Bohensky Consulting and Investments Ltd., ("Bohensky Consulting") an Israeli company controlled by Amit Bohensky. Such services are provided personally by Amit Bohensky. The Company may terminate the consulting agreement between the parties upon a written notice of not less than 90 days. For the nine months ended September 30, 2019, the Company paid Bohensky Consulting and Investments Ltd a total amount of \$249.

As of 2014, the Company received software development services from Develop Soft Ltd., ("Develop Soft") a Bulgarian software company controlled by Amit Bohensky. The Company may terminate the service agreement between the parties upon a written notice of not less than 60 days. For the nine months ended September 30, 2019, Develop Soft provided the software development services through nine of its employees, who are assigned to the Company's research and development team. For the nine months ended September 30, 2019, the Company paid Develop Soft a total amount of \$309.

Balances with related parties as at September 30, 2019, includes amount payable to related parties consists of \$68.

### **Financial Instruments and Risk Factors**

**The Company operates in a highly competitive industry and its results of operations, business prospectus and financial condition are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of management of the Company. The risks and uncertainties include those disclosed in the Company's filing statement dated June 30, 2019 and filed on SEDAR as well as the following risks and uncertainties.**

#### **Foreign currency risk:**

The Company's functional currency is the United States dollar. The Company's exposure to the fluctuations occurring in the rates of exchange between the United States dollar and the New Israeli Shekel ("NIS") 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 period, no change took place in the exposure to currency risk or in the manner in which the Company manages and measures the risk.

#### **Management of credit risk:**

Before receiving a new customer and during the period, 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 purchased a credit insurance policy for most of its customers. Moreover, the Company holds cash and cash equivalents in various financial institutions. Pursuant to the Company's policies, evaluations of the relative financial stability of the different financial institutions are performed on an on-going basis.

### **Liquidity and fair value risk:**

Careful management of liquidity risk requires a sufficient cash balance to support operating activities. Management constantly analyzes cash balances, which are 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 the 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.

### **Critical Accounting Estimates**

Significant Accounting Judgements and Key Sources of Estimation are summarized in Note 3 to the Company annual audited financial statements for the year ended December 31, 2018 and have not changed during the following interim period, except for the adoption of IFRS 9 and IFRS 15 that were adopted as of January 1, 2018. The adoption of these standards had no material effect on the results of operations of the Company.

### **Statement of Compliance with IFRS**

The Company's financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

### **Recently adopted accounting pronouncements**

IFRS 16, Leases ("IFRS 16") was issued by the IASB in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. An entity applies IFRS 16 for annual periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15, Revenue from Contracts with Customers has also been applied. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. At the transition date, the company had a lease of vehicles with a monthly lease 1\$ as well as office rent that was ended on March 2019. At the transition of the standard, there was 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 payments of 34\$. The agreement was expanded in the third quarter by an additional monthly lease payment of \$13 that will end on the same period. During the nine months ended September 30, 2019, the Company entered into a new vehicles lease agreement for a period of three years each, with a total monthly lease payment of 3.5\$.

### **APPROVAL**

The Directors of Zoomd have approved the disclosures contained in this MD&A.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is posted on SEDAR at [www.sedar.com](http://www.sedar.com)