

ZOOMD TECHNOLOGIES LTD

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2021**

ZOOMD TECHNOLOGIES LTD

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF MARCH 31, 2021

TABLE OF CONTENTS

	<u>Page</u>
Financial Statements:	
Statements of financial position	2
Statements of Income	3
Statements of Changes in Equity	4
Statements of Cash Flows	5-6
Notes to the Financial Statements	7-9

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

	<u>March 31,</u> <u>2 0 2 1</u>	<u>March 31,</u> <u>2 0 2 0</u>	<u>December 31,</u> <u>2 0 2 0</u>
Assets			
Current assets			
Cash and cash equivalents	1,399	4,319	2,571
Trade receivables	4,641	4,614	3,713
Other receivables and prepaid expenses	692	563	567
	<u>6,732</u>	<u>9,496</u>	<u>6,851</u>
Non-current assets			
Pledged long term deposit	48	147	47
Fixed assets, net	78	94	83
Rights to use assets	1,178	1,792	1,331
Intangible assets	11,460	12,097	11,126
	<u>12,764</u>	<u>14,130</u>	<u>12,587</u>
Total assets	<u>19,496</u>	<u>23,626</u>	<u>19,438</u>
Equity and liabilities			
Current liabilities			
Trade payables	3,468	2,227	2,034
Other payables and accrued expenses	3,278	3,622	3,895
	<u>6,746</u>	<u>5,849</u>	<u>5,929</u>
Non-current liabilities			
IIA liability	294	433	294
Lease liability	552	1,022	697
Reserve for employee benefits	171	163	177
	<u>1,017</u>	<u>1,618</u>	<u>1,168</u>
Shareholders' equity			
Share capital and premium	39,035	39,035	39,035
Reserve from share-based payment transactions and other reserves	5,023	4,838	4,965
Accumulated deficit	(32,325)	(27,714)	(31,659)
	<u>11,733</u>	<u>16,159</u>	<u>12,341</u>
Total equity and liabilities	<u>19,496</u>	<u>23,626</u>	<u>19,438</u>

The financial statements were approved by the board of directors of the company.

<u>“Amit Bohansky”</u> Amit Bohensky Chairmen of the board	<u>“Ofer Eitan”</u> Ofer Eitan CEO	<u>“Tsvika Adler”</u> Tsvika Adler CFO
---	---	---

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

ZOOMD TECHNOLOGIES Ltd.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(USD in thousands)

	For the three months ended March 31,		Year ended December 31,
	2 0 2 1	2 0 2 0	2 0 2 0
Revenue	6,776	6,513	25,423
Cost of sales and services	4,398	4,545	17,503
Gross profit	<u>2,378</u>	<u>1,968</u>	<u>7,920</u>
Operating costs and expenses			
Research and development expenses	1,051	1,520	5,916
Selling, administrative and general expenses	1,965	1,962	7,252
	<u>3,016</u>	<u>3,482</u>	<u>13,168</u>
Operating Loss	<u>(638)</u>	<u>(1,514)</u>	<u>(5,248)</u>
Finance Income		8	8
Finance expense	(28)	(254)	(465)
Finance expense, net	<u>(28)</u>	<u>(246)</u>	<u>(457)</u>
Net and comprehensive Loss	<u>(666)</u>	<u>(1,760)</u>	<u>(5,705)</u>
Net loss per share:			
Basic and diluted	<u>0.01</u>	<u>0.02</u>	<u>0.06</u>
Shares used in calculation of net loss per share:			
Basic	<u>100,963,876</u>	<u>100,103,261</u>	<u>100,515,741</u>
Diluted	<u>100,963,876</u>	<u>100,103,261</u>	<u>100,515,741</u>

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

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

For the three months ended March 31, 2021 (Unaudited)

	Share capital	Share capital and premium	Reserve for share-based payment transactions and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2021	94,811,681	39,035	4,965	(31,659)	12,341
Share-based compensation	-	-	58		58
Exercise of options	105,491	(*)	-		
Loss for the period	-	-		(666)	(666)
Balance - March 31, 2021 (Unaudited)	<u>94,917,172</u>	<u>39,035</u>	<u>5,023</u>	<u>(32,325)</u>	<u>11,733</u>

For the three months ended March 31, 2020 (Unaudited)

	Share capital	Share capital and premium	Reserve for share-based payment transactions and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2020	93,265,918	39,035	4,790	(25,954)	17,871
Share-based compensation	-	-	48	-	48
Exercise of options	23,804	(*)	-	-	-
Loss for the period	-	-	-	(1,760)	(1,760)
Balance - March 31, 2020 (Unaudited)	<u>93,289,722</u>	<u>39,035</u>	<u>4,838</u>	<u>(27,714)</u>	<u>16,159</u>

For the year ended December 31, 2020 (Audited)

	Share capital	Share capital and premium	Reserve for share-based payment transactions and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2020	93,265,918	39,035	4,790	(25,954)	17,871
Share-based compensation	-	-	175	-	175
Exercise of options	1,545,763	(*)	-	-	-
Loss for the year	-	-	-	(5,705)	(5,705)
Balance - December 31, 2020	<u>94,811,681</u>	<u>39,035</u>	<u>4,965</u>	<u>(31,659)</u>	<u>12,341</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 three months ended March 31,		Year ended December 31,
	2021	2020	2020
<u>Cash flows - operating activities</u>			
Loss from operations	(666)	(1,760)	(5,705)
Adjustments to reconcile net loss to net cash from operating activities (Appendix A)	509	670	3,511
	(157)	(1,090)	(2,194)
Interest Payments	(22)	30	(109)
Net cash used in operating activities	(179)	(1,060)	(2,303)
<u>Cash flows - investing activities</u>			
Capitalized software development costs	(464)	-	(392)
Cash used in business combination (See note 1B)	(350)	-	-
Investment in bank deposits	-	12	-
Purchase of property, plant, and equipment	(5)	(4)	(23)
Net cash generated from (used in) investing activities	(819)	8	(415)
<u>Cash flows - financing activities</u>			
Lease liabilities	(174)	(176)	(588)
Exercise of options	-	-	(13)
Net cash used in financing activities	(174)	(176)	(601)
Decrease in cash and cash equivalents	(1,172)	(1,228)	(3,319)
Cash and cash equivalents at the beginning of the financial period	2,571	5,890	5,890
Erosion of cash and cash equivalents	-	(343)	-
Cash and cash equivalents of the end of the financial period	1,399	4,319	2,571

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

ZOOMD TECHNOLOGIES Ltd.

UNAUDITED APPENDICES TO CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (USD in thousands)

	For the three months ended March 31,		Year ended December 31,
	2 0 2 1	2 0 2 0	2 0 2 0
<u>Cash flows from operating activities</u>			
A. Adjustments to reconcile net profit to net cash from operating activities			
Depreciation and amortization	643	619	2,472
Change in employee benefit liabilities, net	(6)	(5)	9
Cost of share-based payment	58	48	175
Finance expenses net	27	201	254
Changes in assets and liabilities:			
Decrease (increase) in trade receivables and other receivables	(1,053)	412	1,309
Increase (decrease) in trade and other payables, and other current and non-current liabilities	840	(605)	(569)
Changes in IIA liabilities		-	(139)
Total	<u>509</u>	<u>670</u>	<u>3,511</u>

The accompanying notes are an integral part of the financial statements

ZOOMD TECHNOLOGIES Ltd.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS **(USD in thousands)**

NOTE 1 - DESCRIPTION OF BUSINESS AND GENERAL

Description of Business:

- A. 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 develop a proprietary technology and targets the needs of many segments of the digital marketing industry, it focused on efficient user acquisition for companies and products aimed at mobile users. The Company leverages onsite search providing increased monetization and engagement for publishers as well as more efficient management of digital advertising budgets for media agencies and advertisers, targeting usually mobile app user acquisition. 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 Agreement**”) pursuant to which the Company and Zoomd agreed to effect the combination of their respective businesses and assets by way of a “three-cornered amalgamation” which upon completion, would result in a reverse takeover of the Company by the shareholders of Zoomd (the “**Transaction**”). The Transaction, which was completed on August 28, 2019, constituted the Company’s Qualifying Transaction under Policy 2.4. Pursuant to the terms of the Business Combination Agreement, the Company acquired all the issued and outstanding shares of Zoomd by way of an amalgamation between Zoomd and Subco, with the amalgamated entity becoming a direct, wholly-owned subsidiary of the Company.

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

- B. On February 9, 2021 the Company acquired all of Performance Revenues' Ltd tangible and intangible assets, in consideration for USD\$350 in cash and an earn-out that is based on the annual results of Performance Revenues for 2021, capped at maximum of USD1,023, payable in Zoomd's shares, using a price per share that is the higher of (i) the fair market value on the day of payment and (ii) CAD\$0.96 (\$0.75 USD based on CAD:USD rate) per share. When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. In the Company's management view the fair value of the earnout is expected to be immaterial based on current results and forecasts. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The acquisition qualifies as a business combination and was accounted for using the acquisition method in accordance with IFRS 3 *Business Combinations*.

Since the initial accounting for this business combination is incomplete by the end of the current reporting period, the Company reported provisional amounts for the items for which the accounting is incomplete. Those provisional amounts might be adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect

ZOOMD TECHNOLOGIES Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (USD in thousands)

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

Description of Business (Cont):

new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

As of the reporting date, the entire consideration has been allocated to goodwill, on a provisional basis based on management's estimates. The Company is in the process of making a final determination of adjustments to the consideration and its allocation for changes and other consequential movements in the fair value of assets and liabilities. Finalization of the purchase allocation may result in certain adjustments to the above allocation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation:

The condensed consolidated interim financial statements of the Company are prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with Zoomd annual consolidated financial statements for the year ended December 31, 2020 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.

B. Risks and uncertainties:

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic. Since then, several measures have been implemented worldwide in response to the increased impact from COVID-19. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused disruption to certain business sectors globally, resulting in economic and other difficulties in many regions worldwide.

The Company took several steps to mitigate the impact of the pandemic on its operations for 2020, including decreasing all employees' salaries by 25% for April and May 2020 and reducing some of its service providers' expenses. From July 2020, the Company decreased most of its employees' salaries and some of its service providers costs by 10%. As of May 2021, all salary reductions are terminated for all employees and service providers. Further steps may be taken based on the Company's financial situation and after considering the Company's revenue growth.

The COVID-19 pandemic did not have a material effect on the Company's working capital, debt covenants, planned growth or funding of future development activities and capital expenditures.

ZOOMD TECHNOLOGIES Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (USD in thousands)

NOTE 3 - SHARE CAPITAL AND OTHER EQUITY:

A. 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 for the period ended March 31, 2021, and December 31, 2020 for options outstanding, and exercisable. 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, 2020	8,361,270	-	7.21
Expired	-	-	-
Forfeitures	88,854	-	-
Exercised	1,545,763	-	-
Granted	3,596,295	0.31	2.06
Outstanding December 31, 2020	<u>10,322,951</u>	<u>0.11</u>	4.76
Expired	-	-	-
Forfeitures	4,773	-	-
Exercised	106,491	-	-
Granted	-	-	-
Outstanding March 31, 2021	<u>10,211,687</u>	<u>0.11</u>	4.51
Options exercisable	<u>7,881,155</u>		

The fair value at the date of grant of the options granted during the years ended December 31, 2018, equal the share price of \$0.41 as the exercise price was the par value, there is no effect on the grant date fair value.

The following table summarizes information about the assumptions for measuring the fair value of the options granted under the Black-Scholes option pricing model for the year ended December 31, 2020, is as follows:

	2020
Dividend yield (%)	0%
Expected volatility of the share prices (%)	100%
Risk-free interest rate (%)	0.2%
Expected life of share options (years)	2.06

The Company recognized total expense of \$58 and \$175 related to above equity settled share-based payment transactions for the period ended March 31, 2021 and December 31, 2020, respectively.