

ZOOMD LTD

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2019

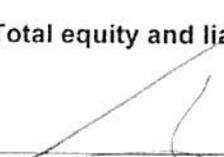
ZOOMD LTD

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2019

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

	June 30, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	2,179	3,604
Trade receivables	3,932	3,354
Other receivables and prepaid expenses	962	592
	7,073	7,550
Non-current assets		
Pledged long term deposit	160	70
Fixed assets, net	88	75
Rights of use assets	1,440	-
Intangible assets	13,446	14,346
	15,134	14,491
Total assets	22,207	22,041
Equity and liabilities		
Current liabilities		
Trade payables	2,728	2,859
Other payables and accrued expenses	2,318	2,156
Warrants	1,428	762
Convertible loans	-	3,221
	6,474	8,998
Non-current liabilities		
OCS liability	499	479
Lease liabilities	1,085	-
Reserve for employee benefits	162	154
	1,746	633
Shareholders' equity		
Share capital	23	21
Share premium	31,549	27,877
Reserve from share-based payment transactions	4,632	4,170
Accumulated deficit	(22,217)	(19,658)
	13,987	12,410
Total equity and liabilities	22,207	22,041
		
Amit Bohensky Chairmen of the board	Ofer Eitan CEO	Tsvika Adler CFO

The financial statements were approved by the board of directors of the company on August 29, 2019.

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

ZOOMD LTD
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(USD in thousands)

	For the six months ended June 30,		For the three months ended June 30,		Year ended December 31
	2019	2018	2019	2018	2018
Revenue	13,604	12,390	6,705	7,104	28,649
Cost of sales and services	9,778	8,579	4,827	4,926	19,125
Gross profit	<u>3,826</u>	<u>3,811</u>	<u>1,878</u>	<u>2,178</u>	<u>9,524</u>
Operating costs and expenses:					
Research and development expenses	2,228	1,583	1,174	785	3,847
Selling, administrative and general expenses	2,816	2,095	1,490	1,109	7,209
	<u>5,044</u>	<u>3,678</u>	<u>2,664</u>	<u>1,895</u>	<u>11,056</u>
Operating profit (Loss)	<u>(1,218)</u>	<u>133</u>	<u>(786)</u>	<u>283</u>	<u>(1,532)</u>
Finance Income	-	-	-	-	157
Finance expense	(1,341)	(405)	(1,336)	(408)	(963)
Finance expense, net	<u>1,341))</u>	<u>(405)</u>	<u>(1,336)</u>	<u>(408)</u>	<u>(806)</u>
Loss before taxes on Income	<u>(2,559)</u>	<u>(272)</u>	<u>(2,122)</u>	<u>(125)</u>	<u>(2,338)</u>
Net and Comprehensive Loss	<u>(2,559)</u>	<u>(272)</u>	<u>(2,122)</u>	<u>(125)</u>	<u>(2,338)</u>
Net loss per share:					
Basic and diluted	<u>0.31</u>	<u>0.03</u>	<u>0.23</u>	<u>0.01</u>	<u>0.29</u>
Shares used in calculation of net loss per share:					
Basic	<u>8,368,561</u>	<u>7,937,517</u>	<u>9,113,257</u>	<u>8,381,736</u>	<u>8,017,017</u>
Diluted	<u>8,368,561</u>	<u>7,937,517</u>	<u>9,113,257</u>	<u>8,381,736</u>	<u>8,017,017</u>

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

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

	Share capital	Share premium	Reserve for share-based payment transactions and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2019	21	27,877	4,170	(19,658)	12,410
Loss for the period	-	-	-	(2,559)	(2,559)
Share-based compensation	-	-	462	-	462
Conversion of convertible loan	2	3,672	-	-	3,674
Balance - June 30, 2019 (Unaudited)	<u>23</u>	<u>31,549</u>	<u>4,632</u>	<u>(22,217)</u>	<u>13,987</u>

	Share capital	Share premium	Reserve for share-based payment transactions and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2018	21	27,877	2,446	(17,320)	13,024
Loss for the period	-	-	-	(272)	(272)
Share-based compensation	-	-	40	-	40
Balance - June 30, 2018 (Unaudited)	<u>21</u>	<u>27,877</u>	<u>2,486</u>	<u>(17,592)</u>	<u>12,792</u>

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

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

	Share capital	Share premium	Reserve for share-based payment transactions and other reserves	Accumulated deficit	Total shareholders' equity
Balance - April 1, 2019	21	27,877	4,456	(20,095)	12,259
Loss for the period	-	-	-	(2,122)	(2,122)
Share-based compensation	-	-	176	-	176
Conversion of convertible loan	2	3,672	-	-	3,674
Balance - June 30, 2019 (Unaudited)	<u>23</u>	<u>31,549</u>	<u>4,632</u>	<u>(22,217)</u>	<u>13,987</u>

	Share capital	Share premium	Reserve for share-based payment transactions and other reserves	Accumulated deficit	Total shareholders' equity
Balance - April 1, 2018	21	27,877	2,470	(17,467)	12,901
Loss for the period	-	-	-	(125)	(125)
Share-based compensation	-	-	16	-	16
Balance - June 30, 2018 (Unaudited)	<u>21</u>	<u>27,877</u>	<u>2,486</u>	<u>(17,592)</u>	<u>12,792</u>

	Share capital	Share premium	Reserve for share-based payment transactions and other reserves	Accumulated deficit	Total shareholders' equity
Balance - January 1, 2018	21	27,877	2,446	(17,320)	13,024
Loss for the year	-	-	-	(2,338)	(2,338)
Share-based compensation	-	-	1,724	-	1,724
Balance - December 31, 2018	<u>21</u>	<u>27,877</u>	<u>4,170</u>	<u>(19,658)</u>	<u>12,410</u>

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

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

	<u>For the six months ended June 30,</u>		<u>For the three months ended June 30,</u>		<u>Year ended December 31</u>
	<u>2 0 1 9</u>	<u>2 0 1 8</u>	<u>2 0 1 9</u>	<u>2 0 1 8</u>	<u>2 0 1 8</u>
<u>Cash flows - operating activities</u>					
Loss from operations	(2,559)	(272)	(2,122)	(125)	(2,338)
Adjustments to reconcile net profit to net cash from operating activities (Appendix A)	1,323	651	2,286	313	5,084
Net cash provided from (used in) operating activities	<u>(1,236)</u>	<u>379</u>	<u>164</u>	<u>188</u>	<u>2,746</u>
<u>Cash flows - investing activities</u>					
Increase in pledged long term deposits	(90)	-	(88)	4	(50)
Purchase of property, plant and equipment	(61)	(11)	(47)	(2)	(21)
Net cash from investing activities	<u>(151)</u>	<u>(11)</u>	<u>(135)</u>	<u>2</u>	<u>(71)</u>
<u>Cash flows - financing activities</u>					
Lease liabilities	(38)	-	(38)	-	-
Cash received from short-term credit from banks	-	(372)	-	(500)	(839)
Receipt of convertible loans	-	1,105	-	955	1,255
Net cash from financing activities	<u>(38)</u>	<u>733</u>	<u>(38)</u>	<u>455</u>	<u>416</u>
Increase (Decrease) in cash and cash equivalents	<u>(1,425)</u>	<u>1,101</u>	<u>(9)</u>	<u>645</u>	<u>3,091</u>
Cash and cash equivalents at the beginning of the financial year	<u>3,604</u>	<u>513</u>	<u>2,188</u>	<u>969</u>	<u>513</u>
Cash and cash equivalents of the end of the financial year	<u>2,179</u>	<u>1,614</u>	<u>2,179</u>	<u>1,614</u>	<u>3,604</u>

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

ZOOMD LTD.

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

	For the six months ended June 30,		For the three months ended June 30,		Year ended December 31
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
Cash flows from operating activities:					
A. Adjustments to reconcile net profit to net cash from operating activities					
Depreciation and amortization	1,014	939	557	444	1,844
Change in employee benefit liabilities, net	8	(13)	3	(10)	(51)
Cost of share-based payment	462	40	176	16	1,724
Convertible loans and warrants revaluation	1,119	392	1160	327	770
Exchange rate differences	(16)	-	(16)	-	-
Changes in assets and liabilities:					
Decrease (increase) in trade receivables and other receivables	(948)	(1,061)	31	(560)	(868)
Increase (decrease) in trade and other payables, and other current and non-current liabilities	(336)	310	358	84	1,568
Changes in OCS liabilities	20	44	17	12	97
	<u>1,323</u>	<u>651</u>	<u>2,286</u>	<u>313</u>	<u>5,084</u>

The accompanying notes are an integral part of the financial statements

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

NOTE 1 - DESCRIPTION OF BUSINESS AND GENERAL

Description of Business:

The interim consolidated financial statements of **ZOOMD Ltd.** (hereinafter-"The Company") and its subsidiaries for the three and three months ended 30 June 2019.

ZOOMD Ltd. (hereinafter-"The Company") was incorporated on November 29, 2012 and began operating on 2013. The Company has developed a proprietary patented technology for leveraging internet onsite search for increased monetization and better management of online advertising focusing on user acquisition. The Company has global operations and provides services to top tier clients.

On September 30, 2017, the Company consummated a merger with Datomo Ltd ("Datomo"). The merger was effected by the Company issuing shares to the former owners of Datomo and in exchange Datomo was merged into the Company with the Company being the surviving entity. The fair value at the share exchange was determined to be a ratio of 2:1, subject to adjustment, for the Company such that post-merger the owners of Datomo hold 1/3 of the shares of the merged Company. The results of operations of Datomo are included in the financial statements of the Company as of October 1, 2017.

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 the Company's annual consolidated financial statements for the year ended December 31, 2018 and accompanying notes, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

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. Impact of the adoption of new IFRS standards:

Impact of the Adoption of IFRS 16: Leases:

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. At the transition date, the company had a leases of car 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 of 34\$ thousands and another car lease agreement for a period of three years with a monthly lease of 1.5\$ in thousands .

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Set forth below are the principal effects on the Company's statement of financial position as of June 30, 2019:

The leased asset	Right of use asset	Lease liability
	USD in thousands	
Leased premises	1,392	1,416
Vehicles	48	42

The discount 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 discount rate stands at 5.5%.

Principal effects on the Company's statement of profit or loss for the period of six and three months ending June 30 2019:

The leased asset	Decrease in lease expenses pursuant to IAS 17	Increase in depreciatio n expenses pursuant to IFRS 16	Total decrease (increase) in income from operating activities	Increase in finance expenses pursuant to IFRS 16	Total decrease (increase) in income for the year
Leased premises	34	61	27	(4)	23
Vehicles	12	5	(7)	1	(6)

Principal effects on the Company's statement of cash flow for the period of six and three months ending June 30 2019:

The leased asset	Increase in operating activities	Increase in investing activities	Increase in financing activities
Leased premises	27	-	(27)
Vehicles	11	-	(11)

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

NOTE 3 - 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.

	For the six months ended		Year ended
	June 30		December 31
	2 0 1 9	2 0 1 8	2 0 1 8
	Level 3		Level 3
Warrants	1,428	448	762
Other financial liabilities - CLA (*)	-	3,007	3,221
	1,428	3,455	3,983

(*) On May 2019, the convertible loans, at fair value of 3,674 in thousands, were fully converted into 617,085 ordinary shares of the Company with a conversion price of \$3.65.

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 RTO ("RTO price"), adjusted to the uncertainties associated with the risk of the RTO 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 RTO and the ability to secure investment in a level that would be sufficient to ensure at least the minimum required for a successful RTO.

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 RTO price with no adjustment, due to the face that at the time of valuation (June 30, 2019) most uncertainties associated with the RTO have been mitigated.

NOTE 4 - SUBSEQUENT EVENTS

The Company initiated a Qualified Transaction ("QT") through the consummation of a reverse acquisition with Canadian publicly traded or Capital Pool Company ("CPC") which will result in the Company becomes listed with Canadian TSX Venture Exchange. Toward achieving that goal the Company signed a Letter of Intent ("LOI") with DataMiners Capital Corp. ("DataMiners") for the puRTOse of consummation the reverse takeover. The Company is considered the accounting acquirer and DataMiners the accounting acquiree, as shareholders of the Company will hold the majority of the holding in the DataMiners post-combination.