

## MANAGEMENT’S DISCUSSION AND ANALYSIS OF ZOOMD TECHNOLOGIES LTD.

### Basis of Presentation

The following management’s discussion and analysis (“**MD&A**”) relates to the operating results, financial position, cash flows, and outlook guidance of Zoomd Technologies Ltd. (the “**Company**”), its wholly-owned subsidiary Zoomd Ltd. (“**Zoomd**”) and Zoomd’s wholly owned subsidiary Moblin Asia Pte. Ltd. (“**Moblin**”) prepared for the nine months ended September 30, 2022 and should be read in conjunction with the Company’s consolidated financial statements for the nine months period ended September 30, 2022 and related notes attached thereto (the “**Financial Statements**”). For the avoidance of doubt, any reference to the Company in this MD&A fully incorporates and includes Zoomd and Moblin.

The Financial Statements consolidate the accounts of the Company and its subsidiaries. All inter-company balances and transactions have been eliminated on consolidation.

The 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, 2022.

**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.**

### FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based on current expectations, which involve risks and uncertainties associated with the business and the environment in which the Company 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 several 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:

1. the performance of the Company’s business and operations;
2. the intention to grow the business and operations of the Company;
3. the ability of the Company to implement and execute its product development roadmap;
4. the ability of the Company to grow through mergers and acquisitions;
5. future liquidity, financial capacity and availability of future financing;
6. the war between Russia and Ukraine, including its macroeconomic effects on our business, operations, and financial results;

7. general economic conditions, including but not limited to weakening the world global economic activity and recession, risks associated with foreign currency fluctuations, and inflation;
8. demand for the Company's products;
9. introduction of competing products;
10. the Company's ability to respond to rapid technological changes with new products and services;
11. the return on investment from research & development investments made by the Company;
12. the Company's ability to protect and enforce its intellectual property, and risks of potential claims of intellectual property infringement by third parties;
13. failure to manage the Company's product and service lifecycles;
14. failure to manage open-source software adoption and compliance risks;
15. the Company's concentrated customer base, as eight of the Company's customers comprise 77% of its revenues for the nine months period ended September 30, 2022;
16. the success of the Company's launched products;
17. the ability of the Company's products to operate effectively within the systems of the Company's customers;
18. general industry and regulation trends which may change from time to time and could adversely impact the Company's business, including Apple's announcements about the implementation of an "opt-in" regime starting with iOS 14 launched in 2020 and continuing to deepen in all iOS versions since. Google has its own plans for blocking third party cookie tracking in its Chrome browser, but this is delayed for now to mid-2023 with no exact official implementation date published; and
19. the ability of the Company to achieve its revenue outlook for fiscal 2022.

This MD&A contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about the Company's revenue outlook for the year ended December 31, 2022. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. Zoomd's actual results, performance, or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits the Company will derive therefrom. The Company has included the FOFI in order to provide readers with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes.

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. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

### **Non-IFRS Financial Measures**

This MD&A makes reference to certain non-IFRS measures. These measures are not recognised measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. The Company's definitions of non-IFRS measures used in this MD&A may not be the same as the definitions for such measures used by other companies in their reporting. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS financial measures to provide investors with supplemental measures of its operating performance and to eliminate items that have less bearing on operating performance or operating conditions and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. Specifically, the Company believes that Adjusted EBITDA, when viewed with the Company's results under IFRS and the accompanying reconciliations, provides useful information about the Company's business without regard to potential distortions. By eliminating potential differences in results of operations between periods caused by factors such as depreciation and amortization methods and share-based compensation, the Company believes that Adjusted EBITDA can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. The Company believes that securities analysts, investors, and other interested parties frequently use non-IFRS financial measures in the evaluation of issuers. The Company's management also uses non-IFRS financial measures in order to facilitate operating performance comparisons from period to period.

“**EBITDA**” represents the Company's operating profit before interest, taxes, depreciation, and amortization.

“**Adjusted EBITDA**” represents the EBITDA adjusted for the exclusion of share-based compensation and one-time non-operating expenses.

See “Reconciliation of Non-IFRS Measures” for a reconciliation of each non-IFRS measure to its most directly comparable IFRS measure.

## ***COMPANY OVERVIEW***

Zoomd, the Company's wholly-owned operating subsidiary located in Israel, was incorporated on November 29, 2012 and began operating in 2013 in the area of search and analytics. In 2017, Zoomd acquired the mobile marketing company "Moblin". In September 2019, through a qualifying transaction (the "**Qualifying Transaction**") undertaken pursuant to the rules of the TSX Venture Exchange ("**TSXV**"), Zoomd became a wholly-owned subsidiary of the Company, a reporting issuer in Alberta and British Columbia, whose common shares are traded on the TSXV. The Company has developed proprietary patented technology and targets the needs of many segments of the digital marketing industry. It is focused on efficient mobile user acquisition for companies and advertisers. The Company leverages unique tools for publishers, based on onsite search providing increased monetization and engagement for publishers, as well as a mobile user acquisition platform and managed services to advertisers. The Company offers its services globally through its subsidiary in Singapore and its agents and other business partners all over the globe. As such, the Company operates in collaboration with hundreds of publishers and global advertisers and has experienced significant adoption rates by major companies worldwide.

The Company endeavors to permanently generate clear added value to its customers. The Company's current and future product development roadmap includes self-serve products integrated to various digital media sources, thereby enabling its customers to reach the best "value for money" ad targeting and user acquisition focused needs, for each media source in any screen, or platform integrated to Zoomd. The Company continuously monitors new distribution media channels to add additional options to its customers.

The Company is focusing its efforts, which are based on long-term trends within the online advertising industry, in line with its basic strategy of:

- Providing customers, a robust digital marketing platform, focusing on user acquisition first.
- Contributing effectively, and in a measurable manner, to improve its customer's user acquisition campaign results and ongoing ROI.
- Enabling customers to manage their user acquisition campaign budgets on all digital channels, screens and platforms including social networks, ad networks, exchanges, content discovery platforms, influencers, connected TV(CTV), audio networks, and AR/VR marketplaces, all using data driven KPI-based technology.
- Managing all campaign related key information under a single system including the cost of media, cost of acquisition, Lifetime Value (LTV), ROAS (Return On Ad Spend) and other key metrics, while working towards integrating full automation, AI and ML-based prediction algorithms into the platform.
- Offering extra tools and features as part of its product offering in an attempt to simplify campaign management tasks. Such extra tools and features include creative studio editing capabilities for quick ad adjustments, extra layers of user data from app stores and unique optimization abilities for saving time and resources on campaign management tasks.

### ***Overview of the industry and the Company's Competitive Advantage***

The digital advertising landscape in which the company operates in is crowded. Mobile advertising alone is predicted to generate \$400 billion USD ad spend in 2024 (Statista - <https://www.statista.com/statistics/303817/mobile-internet-advertising-revenue-worldwide/>). Mobile is expected to continue growth at an accelerated rate and be subject to intense competition and innovation. The Company offers tools for improving the efficiency of digital advertising budgets focused on mobile user acquisition at this stage.

Two main products and services are offered by the Company, with different target audiences:

- For advertisers: a complete unified mobile user acquisition platform for managing all their user acquisition activity, under one control center.
- For publishers: an internal site search engine, supplying the publisher with the ability to implement search and monetisation tools for their site.

The Company competes both with companies that provide internal site search solutions, and companies that provide mobile and general digital media buying services and solutions, focused on mobile apps and user acquisition. Management is not aware of any other company that offers an internal site search solution while also providing mobile and general digital media buying solutions.

Management believes that the Company's platform already has competitive advantages over similar products and services offered by competitors. The Company's belief is based on the following:

- For advertisers: the Company is focused on mobile user acquisition, integrating a wide range of media sources on its platform. This saves campaign managers time and permits advertisers to scale their campaigns by adding new media sources, without having to handle new dashboards or platforms to manage such media sources. Management believes that the Company's advantage over its competitors in this segment stems from the disruptive approach which uses the integration of planned traffic sources, an AI-based automated user acquisition approach, and the combination of audience-specific data insights that are unique to the Company's platform.
- For publishers: the Company offers a fully customised search tool for free, using a revenue-share model with the publisher (as a partner). Most of the Company's competitors in this segment typically offer a software-based license for a fee. The free solutions that are offered by other companies are not customisable or self-controlled, and management believes these free solutions offered by other companies provide less analytical data that is insightful to publishers, when compared to the Company's product. Targeting publishers' inventory and providing monetisation tools within the ecosystem is one of the Company's strategic goals.

The Company's competitive advantage can be summarized as follows:

- The Company's advertising solution is built as a software layer on the ecosystem. It is integrated into hundreds of media channels, consolidating all data and streaming it into a centralized platform, giving the advertiser the ability to view, analyse and optimise their campaign on hundreds of channels in a single view, thereby saving the advertiser resources and maximising their advertising budget. There is no dependency on any specific supplier or traffic channel.

- The platform does not require an SDK (Software Development Kit) to be implemented.
- It is the view of management that, as a layer on the ecosystem, the Company is well positioned within the industry. While the Company's platform has a very low to no impact with respect of privacy, tracking and measurement changes, the industry is going through various privacy-centered initiatives, including iOS 14, forward identifier blocking and Google's third party cookie tracking restrictions that are expected to be implemented in the middle of 2023, with no formal date publicly announced. The Company's platform is integrated into various media sources, including any privacy changes implemented by the media sources, but is not dependent on any one media source. The privacy changes are already affecting advertisers' budget allocations, hurting mainly the social media channels. Advertisers' acquisition costs in these channels rose rapidly and advertisers are finding it harder to succeed and scale as in the past. Zoomd's platform offers advertisers a wide range and various types of media channels, from social to programmatic, OEM's, SDK networks and more. Their KPI's are achieved in all channels together, or as a mix. With low dependency on one or two media channels, Zoomd has been growing in its share of the advertiser's budget as advertisers are seeking for more media channels, which they have never tried before. With Zoomd, advertisers can try a lot more channels under one place without engaging and managing campaigns separately in each media channel.
- The Company's platform is integrated into each media source and measurement solution based on the relevant type of integration the source offers. As media sources and measurement companies build their solutions to adapt to the ongoing changes, the Company's platform API is adjustable and integrates with each offered API. As such, the platform will work with all offered integration-based solutions and also S2S.
- The Company is not reliant on the Google/Facebook "duopoly". It is definitely a part of the offering, but if not performing well, it will not be allocated a portion of the media budgets. The Company's platform offers numerous acquisition channels including social, global publishers, SDK ad networks, DSP's, mobile operators, device manufactures and more. KPIs can be achieved, in scale, with less dependency on the "duopoly".
- In Q1 2022, the Company acquired Albert Technologies Ltd. ("**Albert**"), a U.S.-based artificial intelligence SaaS marketing platform for advertisers which primarily uses the Google and Facebook platforms. Albert integrates to the advertisers existing ad accounts and the AI engines manages all campaign related tasks automatically, with no manual intervention required. With the acquisition of Albert, the Company can now offer its existing and new customers a SaaS-based solution for managing full funnel marketing campaigns.
- Following the acquisition of Performance Revenues in the beginning of 2021, the Company has structured a dedicated department focused on influencer and creators marketing. Aimed to utilize and supply the demand for the growing channel of influencer marketing, Zoomd is offering its clients more ways to generate new users. More channels to run their user acquisition campaigns and distribute their digital assets.
- As the industry is rapidly changing, the Company invests resources on market analysis, customer management and research and development to maintain its competitive advantage and refine its product to further differentiate itself from the competitors in order to build a healthy base for future growth.

- Self-serve products – the Company’s strategy includes the expansion of self-managed products offered to advertisers and publishers, all based on the Company’s main platform. The self-managed products are and will be offered to all types of customers and will expand the company’s total addressable market (TAM). The self serve products are offered in two main business models, depending on the product:
  - SaaS – generating ARR and long time relationships.
  - Media usage - based on managed media budgets.

### Updated Fiscal 2022 Revenue Outlook

- The Company now expects revenue growth for the fiscal year 2022 to be roughly 5% versus the fiscal year 2021 (\$55M-\$56M in 2022, relative to \$53 million in 2021). The Company previously provided its revenue outlook growth for the year ending December 31, 2022 to be in the range of 25% - 35% (\$66 - \$72 million in 2022, relative to \$53 million in 2021). The macroeconomic environment has changed since we made our guidance. We are updating our outlook for the year ended December 31, 2022. The updated outlook reflects the following assumptions:
  - **Organic Growth** – Management estimates the revenue growth for the year ending December 31, 2022 will be caused primarily from the existing business model where the key drivers are:
    - New customers acquired which are expected to increase their advertising spend as they become more familiar with the platform, the services, and the results.
    - New customers that management expects to acquire, as a result the self-serve products, as well as from the Albert portfolio.
  - **Self-serve products** – Management estimates that up to \$3 million of the revenue growth for the year ending December 31, 2022 will stem primarily from self-serve SaaS and media fees for using the platforms. The acquisition of Albert on March 27, 2022, is in line with the Company’s business, strategy, and vision for self-serve, SaaS-based products. The Company’s acquisition is expected to factor into the expectation of more than \$3M ARR (annual recurring revenue) by the end of 2022, and management believes it will have a positive impact on revenue growth during the year end and 2023.

### Financial Operations Overview

*Financial Period ended September 30, 2022.*

#### **Revenue**

The Company generates revenue primarily from two different models:

- (a) Revenue from advertisers that is derived from the Company-installed search engine on a 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 the number of views / impressions and shares the revenues with the publishers. The

portion of the revenue collected using this model, which is passed through to the publisher, is typically 60% to 70%. Revenues are recognised on a gross basis, and the amount paid to publishers is shown as cost of sales.

- (b) Revenues from advertisers are derived from actual key performance indicators (KPIs) achieved. The KPIs used most frequently are cost per install (CPI), cost per event (CPE), cost per click (CPC) or cost per mille (CPM). Alternatively, the Company may use an agreement whereby the revenue is based on a fixed percentage, by using traffic sources as publishers, ad networks and demand side platforms (DSPs). At the end of each month, the revenues from these advertisers are calculated and recognised, taking into consideration any contractual cap with such advertisers.

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

Cost of sales is comprised primarily from costs paid to the publisher or traffic source, for delivering the acquired results (KPI's, CPI, CPE, CPC, CPM) 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 all others (e.g., selling, general and administrative expenses). For each category, the largest component is typically 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 recognised as incurred. Operating costs also include amortization of intangible assets acquired in the business combination that have affected the operating margins.

### ***Research and Development Expenses***

Research and development activities are central to the Company's business. The Company expects to continue its research and development investments in order to reach its planned milestones of the development product roadmap for 2022. The Company's research and development expenses consist primarily of personnel costs, payment to subcontractors, cloud infrastructure, depreciation and amortization expenses and share-based compensation. The Company capitalizes certain internal and external software development costs, consisting primarily of direct labor associated with creating the internally developed software.

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

The Company's selling, general and administrative expenses consist primarily of personnel expenses for the Company's sales, marketing, executive, finance, legal, human resources and administrative personnel. It also includes professional service fees and other general corporate expenses, such as communication, depreciation and amortization, public relations, travel expenses and other 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 establishing local operations in specific regions. It also anticipates additional general and administrative costs associated with being a public company. These public company-related expense increases are anticipated to include the costs of additional subsidiaries in various countries, legal fees, accounting and audit fees, directors' and officers' liability insurance premiums and costs related to investor relations.

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

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 recognised in the Consolidated Statement of Net Income (Loss) to “**finance expenses**” and “**finance income**”.

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

#### ***Nine and three months ended September 30, 2022 compared to nine and three months ended September 30, 2021***

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

For the nine months ended September 30, 2022, revenues amounted to \$42,257, as compared to \$33,894 for the nine months ended September 30, 2021, an increase of approximately 25% year over year. The increase in revenues is primarily due to increases in gross spend by existing customers as well as expanded distribution with new customers, and the deployment and expansion of new services and features and through acquisition, particularly in the first two quarters of 2022.

For the three months ended September 30, 2022, revenues amounted to \$9,790, as compared to \$15,961 for the three months ended September 30, 2021, a decrease of approximately 39% year over year. The decrease in revenues is primarily the result of global macroeconomic conditions that impact client advertising budgets in general and especially in areas of E-commerce, Fintech and Cryptocurrency. The global situation has caused advertising budgets to be sliced. Based on the report issued by “*SMI Core*” September 2022 it was the 4<sup>th</sup> consecutive month in which ad budgets have been declining (Standard Media index - <https://www.standardmediaindex.com/insights/u-s-smi-core-release-note-september-2022/>).

In the Crypto sector the Company works with global leaders that have cut budgets drastically as a result of the Crypto market crash that has been happening in the last months. Due to the fluctuating budgets of the Fintech and Cryptocurrency sectors, we continue to diversify our business by increasing our exposure to sectors such as education, E-commerce and iGaming.

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

For the nine months ended September 30, 2022, cost of sales amounted to \$29,699, or 70% of revenues, as compared to \$23,245, or 69% of revenues for the nine months ended September 30, 2021. Gross profit was 30% for the nine months ended September 30, 2022, compared to 31% for the same period in 2021. The decrease in the gross profit margin was immaterial.

For the three months ended September 30, 2022, cost of sales amounted to \$6,731, as compared to \$11,347 for the three months ended September 30, 2021, a decrease of \$4,616 or 41% year over year. The decrease is primarily attributed to the decrease in revenues.

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

The following table summarizes operating expenses for the nine and three months ended September 30, 2022 and 2021:

	Nine months ended September 30,		Three months ended September 30,	
	2022	2021	2022	2021
R&D Salaries and Related Expenses <sup>(1)</sup>	927	737	403	338
R&D Subcontractors and services <sup>(1)</sup>	1,671	1,156	441	397
Depreciation, Amortization	1,578	1,330	590	459
Other R&D expenses	45	28	12	-
<b>Total R&amp;D expenses</b>	<b>4,221</b>	<b>3,251</b>	<b>1,446</b>	<b>1,194</b>
S&M Salaries and Related Expenses <sup>(2)</sup>	4,927	2,860	1,716	1,215
G&A Salaries and Related Expenses <sup>(3)</sup>	1,167	1,282	338	497
S&M Advertising expenses	550	460	185	138
G&A Professional fees <sup>(4)</sup>	551	657	169	173
Share-Based Payments	210	95	61	21
Depreciation and Amortization	734	632	241	207
Other G&A and S&M Expenses <sup>(5)</sup>	644	468	361	208
<b>Total SG&amp;A expenses</b>	<b>8,783</b>	<b>6,454</b>	<b>3,071</b>	<b>2,459</b>
<b>Total operating expenses</b>	<b>13,004</b>	<b>9,705</b>	<b>4,517</b>	<b>3,653</b>

**Notes:**

1. The increase in the R&D salaries and related expenses and subcontractors and services expenses is attributed primarily to the salary payments to the new employees who joined the Company and salaries and retention payments to new employees who were previously employed by Albert and Albert's shareholders.
2. The S&M salaries and related expenses mainly increased due to salaries and retention payments to 5 new S&M employees who joined the Company after the acquisition of Albert and 15 new employees joining the Company as a direct result of the Company's growth at the beginning of the year. Also, the increase is due to bonuses increasing as part of the significant growth in revenues particularly in the first two quarters.
3. The decrease in G&A salaries and related expenses is attributed primarily to exchange rate differences. The salaries and related expenses are paid in NIS and the financial statements are presented in USD. Due to the higher USD exchange rate, especially in the third quarter of the fiscal year, the expenses differ in USD despite the difference in NIS being immaterial.
4. The G&A professional fees mainly decreased due to less investor relations and shareholder communication services as some of these services were provided inhouse.
5. The increase in other G&A and S&M expenses in mainly due to additional expenses associated with the moving of the Company to its new offices and an annual Company event to the employees as previous year due to coronavirus the event was canceled.

**Operating Income/ Loss**

Operating loss for the nine months ended September 30, 2022 was \$446 as compared to operating income of \$944 for the nine months ended September 30, 2021, a decrease of \$,1390. The decrease in operating income is primarily attributable to the decrease in revenues and gross profit.

Operating loss for the three months ended September 30, 2022 was \$1,458 as compared to operating income of \$961 for the three months ended September 30, 2021, a decrease of \$2,419. The decrease in operating income is primarily attributable to the decrease in revenues, salaries and retention payments made to Albert's former employees which have joined Zoomd, as well as payments made in connection with the acquisition of Albert.

Adjusted EBITDA for the nine months ended September 30, 2022 was \$3,527 as compared with Adjusted EBITDA of \$3,029 for the nine months ended September 30, 2021, an increase of \$498. The increase in Adjusted EBITDA is primarily attributable to the increase in revenues on a YOY basis, while controlling the corresponding increase in related costs.

Adjusted EBITDA for the three months ended September 30, 2022 was \$15 as compared with Adjusted EBITDA of \$1,647 for the three months ended September 30, 2021 a decrease of \$1,632. The decrease in Adjusted EBITDA is primarily attributable to the decrease in revenues.

### Reconciliation of Non-IFRS Measures

The following table presents a reconciliation of Adjusted EBITDA to Operating gain/loss for the nine and three months ended September 30, 2022 and 2021:

	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Operating income/(loss) .....	(446)	944	(1,458)	961
Adjustments:				
Depreciation and amortization .....	2,312	1,962	831	665
Cost of share-based payments .....	255	123	73	21
Non-recurring compensation payments in connection with business combination <sup>1</sup> .....	1,406	-	569	-
Total adjustments .....	3,973	2,085	1,473	686
<b>Adjusted EBITDA .....</b>	<b>3,527</b>	<b>3,029</b>	<b>15</b>	<b>1,647</b>

### Finance Expenses, Net

For the nine months ended September 30, 2022, finance expenses decreased by \$228 compared to the nine months ended September 30, 2021. The change is primarily attributed to the adjustment of the contingent earnout liability recognized in 2021 in connection with the Performance Revenues Ltd Acquisition.

For the three months ended September 30, 2022, finance expenses decreased by \$302 compared to the three months ended September 30, 2021. The change is primarily attributed to the adjustment in fair value of the contingent earnout liability recognized in 2021 in connection with the Performance Revenues Ltd Acquisition.

### Net Income/ Loss

Net loss for the nine months ended September 30, 2022 was \$902 as compared with a net income of \$470 for the nine months ended September 30, 2021, a decrease in net income of \$1,372. The transition from net income to net loss is primarily attributable to the decrease in revenues.

<sup>1</sup>Retention costs during the first 12 months following Albert's acquisition. Albert's employees who have joined Zoomld and Albert's shareholders are entitled to retention payments upon the achievement of certain performance metrics.

Net loss for the three months ended September 30, 2022 was \$1,730 as compared with net income of \$597 for the three months ended September 30, 2021, a decrease of \$2,327. The change is primarily attributable to the decrease in revenues, salaries and retention payments to Albert's former employees who have joined Zoomd, as well as payments made in connection with the acquisition of Albert.

### Summary of Quarterly Results

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

	<u>Q3</u> <u>2022</u>	<u>Q2</u> <u>2022</u>	<u>Q1</u> <u>2022</u>	<u>Q4</u> <u>2021</u>	<u>Q3</u> <u>2021</u>	<u>Q2</u> <u>2021</u>	<u>Q1</u> <u>2021</u>	<u>Q4</u> <u>2020</u>
Revenue	9,790	16,217	16,250	18,691	15,961	11,157	6,776	6,609
Operating Gain/ (Loss)	(1,458)	80	932	2,060	961	621	(638)	(806)
<i>Adjustments:</i>								
<i>Depreciation and amortization</i>	831	744	737	682	665	653	643	627
<i>Cost of share-based payments</i>	73	112	70	(3)	21	44	58	35
<i>Non-recurring compensation payments in connection with business combination</i>	569	644	193	-	-	-	-	-
Adjusted EBITDA	15	1,580	1,932	2,739	1,647	1,318	63	(144)
Basic Income (loss) per share	(0.01)	0.00	0.01	0.02	0.01	0.01	(0.01)	(0.01)
Diluted Income (loss) per share	(0.01)	0.00	0.01	0.02	0.01	0.01	(0.01)	(0.01)

### Liquidity & Capital Resources

As of September 30, 2022, the Company held cash in the amount of \$3,417, trade receivables in the amount of \$5,879, other current assets in the amount of \$650, trades payables in the amount of \$2,995, current liabilities in the amount of \$4,002 and a short term bank loan of \$1,000.

To date, the Company's primary sources of liquidity are cash from operations and debt. A Credit Line Agreement with a lender allows the Company to withdraw, at its own discretion up to \$2,000, which amount is classified as short-term debt on the Financial Statements. Management believes that Zoomd's recurring revenues, in addition to its existing cash and cash equivalents and cash flow from operations will be sufficient to meet the Company's working capital requirements and future growth plans.

On February 9, 2021 the Company acquired all of Performance Revenues Ltd.'s tangible and intangible assets, in consideration for \$350 in cash and an earn-out that is based on the annual results of Performance Revenues Ltd. for 2021, capped at maximum of \$1,023, payable in Zoomd shares, using a price per share that is the higher of (i) the fair market value on the day of payment and (ii) \$0.75 per share. In June 2022, the Company issued 231,719 shares to Optimistico Ltd. (formerly Performance Revenues Ltd) in full satisfaction of the earn-out.

On March 27, 2022, the Company acquired all the tangible and intangible assets of Albert Technologies Ltd. and Albert Technologies Inc. in consideration of up to \$1 million, comprising of, (i) at closing, a one-time payment of \$125 in cash and \$375 in shares (using a price per share of \$1); and (ii) a second payment

of up to \$125 in cash and \$375 in shares (using a price per share that is the higher of (A) the fair market value on the day of payment and (B) \$1 per share, which payment shall be made based on certain performance metrics. In June 2022, the Company issued 375,000 shares to Albert Technologies Ltd. as part of the first payment.

Further, see “Liquidity and fair value risk” below for additional information on the general liquidity risks facing the Company.

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

The following summarizes the Company’s statement of cash flow for the nine and three months ended September 30, 2022 and 2021.

#### ***Operating Activities***

Net cash generated in operating activities for the nine months period ended September 30, 2022 was \$1,927 as compared to net cash generated in operating activities of \$1,070 for the nine months period ended September 30, 2021, a positive change of \$857. The increase of 80% is primarily attributable to the increase in revenues.

Net cash used in operating activities for the three months period ended September 30, 2022 was \$802 as compared to net cash generated from operating activities of \$1,653 for the three months period ended September 30, 2021, a decrease of net cash generated from operating activities of \$2,455. The decrease in cash generated from operating activities is primarily attributable to the decrease in revenues.

#### ***Investing Activities***

Net cash used in investing activities for the nine months period ended September 30, 2022 was \$2,247 as compared to net cash used in investing activities of \$1,922 for the nine months period ended September 30, 2021. The change in net cash used in investing activities was primarily due to increase in capitalization of software development costs during the period and increase of purchase of property, plant and equipment which were offset by the decrease in deposits.

Net cash used in investing activities for the three months period ended September 30, 2022 was \$819 as compared to net cash used from investing activities of \$441 for the three months period ended September 30, 2021. The change in net cash used in investing activities was primarily due to the increase of capitalized software development costs and increase in purchase of property, plant and equipment.

#### ***Financing Activities***

Net cash used in financing activities for nine months period ended September 30, 2022 was \$1,501 as compared to net cash generated of \$1,498 for the nine months period ended September 30, 2021. The change in cash used in financing activities is primarily due to the decrease in the amount the company withdrew from its credit line .

Net cash used in financing activities for three months period ended September 30, 2022 was \$84 as compared to net cash used in financing activities of \$188 for the three months period ended September 30, 2021. The change in cash used in financing activities is primarily due to the decrease in the lease liabilities.

## 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>September 30, 2022</b>
Common shares	96,875,914
Options	8,218,114

As of the date of the MD&A, 97,250,914 common shares were issued and outstanding. In addition, as of the date of the MD&A, 8,218,114 stock options were outstanding with exercise prices ranging from CA\$0 to CA\$1 per share.

On December 30, 2021, the Company granted 1,385,000 stock options to certain officers and employees of the Company pursuant to the Company's incentive stock option plan. The options granted will vest over 36 months. Each option granted has an exercise price of \$0.388 per share and an expiry date of December 30, 2026.

On February 9, 2021, the Company acquired all of Performance Revenues Ltd.'s tangible and intangible assets, in consideration for US\$350 in cash and an earn-out that is based on the annual results of Performance Revenues for 2021, worth a maximum of US\$1,023, 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) \$0.75 per share. In June 2022, the Company issued 231,719 shares to Optimistico Ltd. (formerly Performance Revenues Ltd.) in full satisfaction of its earn-out obligations.

On March 27, 2022, the Company acquired all of Albert Technologies' Ltd and Albert Technologies' Inc tangible and intangible assets, in consideration of up to \$1 million, comprising of, (i) at closing, a one-time payment of \$125 in cash and \$375 in shares (using a price per share of \$1); and (ii) a second payment of up to \$125 in cash and \$375 in shares (using a price per share that is the higher of (A) the fair market value on the day of payment and (B) \$1 per share, which payment shall be made based on certain performance metrics. In June 2022, the Company issued 375,000 shares to Albert Technologies Ltd as part of the first payment.

Additionally, Albert's employees and independent contractors which have joined Zoomd will be entitled to retention bonus payments of up to \$2,000, \$1,800 in cash and \$200 in shares, using a price per share that is the fair market value on the day of issuance. The retention payments are only payable if the employees remain employed, and the independent contractors continue to provide services to Zoomd during a specified period while reaching certain performance metrics. In September 2022, the Company issued 333,863 shares to Albert's former employees as part of the retention payment.

## Off-Balance Sheet Arrangements

The Company has not had any off-balance sheet arrangements for the periods ended September 30, 2022 and 2021.

## 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, the Company’s Chairman. Such services are provided personally by Amit Bohensky. The Company may terminate the consulting agreement between the parties upon written notice of not less than 90 days. Since the fourth quarter of 2019, the Company also receives director services from Amit Bohensky. For the period ended September 30, 2022, the Company paid Bohensky Consulting and Investments Ltd. a total amount of \$189.

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 written notice of not less than 60 days. For the period ended September 30, 2022, Develop Soft provided the software development services through its employees, who are assigned to the Company’s research and development team. For the period ended September 30, 2022, the Company paid Develop Soft a total amount of \$295.

Outstanding balances with related parties as of September 30, 2022, (including amounts payable to such parties) consists of \$51.

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

The Company operates in a competitive industry and its results of operations, business prospects and financial condition are subject to a number of risks and uncertainties and are affected by a number of factors outside the control of the 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, Canadian dollar and the NIS result primarily from salaries and related expenses that are stated in NIS. 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.

To date, the Company is using options to hedge its foreign currency exposure with respect to the NIS appreciating relative to the US\$.

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

Before receiving a new customer, the Company conducts research on the financial strength of the customer and requests that the customer provides credit references from other suppliers with whom the customer maintains business relations. In addition, the Company purchased a credit insurance policy for some 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 ongoing 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 that the Company is exposed to.

### **Critical Accounting Estimates**

As of the date of the MD&A, Significant Accounting Judgements and Key Sources of Estimation are summarized in note 3 to the Company's annual audited financial statements for the period ended December 31, 2021, and have not changed during the following interim period.

### **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").

### **ADDITIONAL INFORMATION**

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