

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**") prepared for the three months and year ended December 31, 2023 and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2023 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.

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 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The effective date of this MD&A is April 24, 2024.

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 technology 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. global macroeconomic effects on the Company's business, operations, and financial results, including but not limited to the macroeconomic effects of the war between Russia and Ukraine, and the Israeli-Palestinian conflict in the Middle East;

7. general economic conditions, including but not limited to risks associated with the weakening of global economic activity and recession, foreign currency fluctuations, increased interest rates, and inflation;
8. demand for the Company's offerings;
9. introduction of competing offerings;
10. the Company's ability to respond to rapid technological changes with new products and services;
11. the return on investment from research and 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 ten of the Company's customers comprise 78% of its revenues for the twelve month period ended December 31, 2023;
16. the success of the Company's implementation of cost savings measures, consisting primarily of the discontinuance of non-profitable operations;
17. the ability of the Company's products to operate effectively within the systems of the Company's customers; and
18. general industry and privacy regulation trends which may change from time to time and could adversely impact the Company's business, including privacy changes made in the past by Apple and Google as well as future privacy changes.

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 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, unless it required by law. 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 refers 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 web search and user behavior-based analytics. In September 2019, through a 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 and acquired proprietary patented technology and targets the needs of various segments of the digital marketing industry. The Company offers its services globally. As such, the Company operates in collaboration with hundreds of publishers and global advertisers.

The Company aims to consistently provide clear added value to its customers. The Company's services and technology stack development roadmap focuses on creating technology solutions which seamlessly integrate with a range of digital media sources. Through this integration, the Company aims to consolidate these sources, allowing its customers to achieve optimal value. The primary focus of this effort is directed towards enhancing user acquisition and retention strategies, tailoring them to the unique requirements of each media source in any screen or platform. Furthermore, the Company is committed to staying attuned to the market dynamics and the changing demands of its customers.

The Company actively evaluates the inclusion of novel distribution media channels into its platform. This adaptive approach ensures that the Company remains responsive to the evolving needs of its customers, contributing to its reputation as a forward-thinking and customer-centric company.

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

- Providing customers with digital, mobile focused advertising technologies, products and services for improving their media buying effectiveness, cost and measurement, and maximising their user acquisition and retention costs.

- Enabling customers to manage their user acquisition campaign budgets on multiple digital channels, screens and platforms including social networks, ad networks, exchanges, content discovery platforms, influencers, connected TV(CTV), all using data driven KPI-based technology.
- Offering extra tools and features as part of its 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.

The Company offered solutions to two different target audiences:

- For advertisers: KPI based advertising and media buying based on the Company's technology, primarily in mobile user acquisition, but not limited to.
- For publishers: an internal site search engine, supplying the publisher with the ability to implement search and monetization tools for their site.

In June 2023, the Company decided to discontinue the specific solution for publishers, as changes in the market deemed the offering less competitive and it was no longer generating profit.

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

- The Company's advertising solution is built as a layer on the ecosystem. It is integrated into numerous media channels, consolidating data and streaming it into a centralized platform, giving the Company the ability to analyse and optimise campaigns for its customers on said channels. This diverse offering allows the Company to choose the best channel for a specific target, maximising the advertiser's advertising budget. There is no dependency on any specific supplier or traffic channel.
- The Company's platform and its products do not require an SDK (Software Development Kit) to be implemented.
- Outside of the walled gardens (Google, Meta, etc.) the marketing landscape is very fragmented. Zoomd enables advertisers to leverage 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, or as a mix.
- The Company is not reliant on the Google/Meta "duopoly". They are a part of the Company's offering, but if not performing well, 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 2022, the Company acquired all of Albert Technologies Ltd. and Albert Technologies Inc.'s tangible and intangible assets ("**Albert**"). Albert is a marketing platform for advertisers which primarily uses the Google and Facebook.
- Following the acquisition of all Performance Revenues Ltd's ("**Performance Revenues**") tangible and intangible assets in 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 and 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.

Mid-Year Improvements to Address Market Trends

Over the course of the last fiscal year, the Company encountered a challenging economic environment, primarily driven by significant macroeconomic changes. These changes had a profound impact on the global business landscape, particularly within the advertising sector, which is the Company's primary domain of operation. Notably, the Company experienced a reduction in advertising budgets from several of its clients, with a marked decline in revenues from the cryptocurrency segment — a key area of growth for the Company in 2021 and 2022.

In response to these challenges, the Company's management team undertook a series of strategic actions aimed at mitigating the impact on the Company's financial health and positioning the Company for sustainable growth, including the following actions:

- The strategic decision to cease operations in certain business lines and refocus Company's efforts and own technology on core user acquisition activities. This decision was informed by the maturation and underperformance of several of Company's product development efforts, as well as shifts in niche markets where Company's search engine solution for publishers operated.
- Implementation of substantial cost-reduction measures across various areas of the Company, aiming to streamline operations and improve efficiency.
- Initiatives to diversify the Company's customer portfolio, both in terms of operational segments and geographic reach, to build a more resilient and robust business model.

The financial results of these strategic decisions are multifaceted. The refocusing of our business, combined with the broader macroeconomic contraction, led to a decrease in revenue of approximately 16%, from \$17.5 million in the first half of the 2023 fiscal year to \$14.6 million in the second half. However, when excluding revenues from cryptocurrency clients and operations deemed non-profitable, the Company saw an approximate 3% increase in revenues compared to 2022. Moreover, these strategic decisions enabled the Company to reduce operating costs by 32% (excluding the Impairment costs), from \$7.9 million in the first half of the 2023 fiscal year to \$5.4 million in the second half, despite incurring costs related to workforce reductions in Q3 of 2023.

Financially, these measures contributed to 110% growth in terms of Adjusted EBITDA, from \$0.5 million in the first half of the 2023 fiscal year to \$1.1 million in the second half. Additionally, the Company achieved a crucial financial milestone by transitioning from cash-burning from operational activities of (\$0.7M) in the first half of the 2023 fiscal year to cash generating from operational activities of \$0.4M in the second half, reflecting an improvement of \$1.1M from the first to the second half of the year.

The strategic refocusing and Restructuring (as defined herein) have not only improved the Company's financial standing but also facilitated better internal alignment of teams and goals. Management is encouraged by early signs of improvement in the sales funnel for the Company's offerings.

In conclusion, despite the headwinds faced in the past year, the decisive actions taken by management have laid a solid foundation for Zoomd's future growth and stability. The Company remains committed to adapting its strategies in response to evolving market conditions and opportunities, with a steadfast focus on delivering value to the Company's stakeholders.

Selected Financial Information for the three months ended December 31, 2023 and 2022 and year ended December 31, 2023, 2022 and 2021:

The following financial information has been derived from the Company's Financial Statements. For further information see "Overview of Operating Results" below.

	Twelve months ended December 31,			Three months ended December 31,	
	2023	2022	2021	2023	2022
Revenues	32,113	53,023	52,585	7,524	10,766
Cost of Sales and Services	20,089	36,415	36,294	4,936	6,716
Research and Development, Net	3,295	6,713	4,221	608	2,492
Selling, General and Administrative Expenses	9,983	12,009	9,066	1,924	3,226
Other Expenses – Impairment ⁽¹⁾	2,839	-	-	-	-
Operating Income (Loss)	(4,093)	(2,114)	3,004	56	(1,668)
Finance Income	(169)	(108)	(6)	(57)	(109)
Finance expenses	718	560	512	144	314
Taxes on income	12	287	-	-	76
Net Income (Loss)	(4,654)	(2,853)	2,498	(31)	(1,949)
Income (Loss) Per Share	(0.04)	(0.03)	0.02	0.00	(0.02)
Income (Loss) Per Share (diluted)	(0.04)	(0.03)	0.02	0.00	(0.02)
Adjusted EBITDA*	1,672	3,690	5,767	557	163
Distributions or cash dividends Per Share	-	-	-	-	-
Total Assets	18,653	24,954	26,575	18,653	24,954
Total Non-Current Liabilities	2,169	2,791	567	2,169	2,791

* Non-IFRS measure

For the years ended December 31, 2021, 2022 and 2023 the Company did not declare any cash dividends.

Note:

1. Software development costs write-off.

Financial Operations Overview

Financial Period Ended December 31, 2023.

Revenue

The Company generates revenue primarily from two different models:

- (a) 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.
- (b) 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. In June 2023, the Company decided to discontinue this specific solution, as changes in the market deemed the offering less competitive and it was no longer generating profit.

Cost of Sales

Cost of sales is comprised primarily from costs paid to the publisher or traffic source, for delivering the acquired results (KPIs, 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). Operating costs also include amortization of intangible assets acquired in the business combination with Albert and Performance Revenues, and amortization of capitalized software development costs. Both have affected the operating margins. For each category, the largest component is typically personnel costs, which consists of salaries, employee benefits, retention costs for Albert employees who joined the Company after the acquisition (these costs were fully paid during the reported period), and share-based compensation. Operating costs and expenses are generally recognised as incurred.

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 roadmap. The Company's research and development expenses consist primarily of personnel costs, payments to subcontractors, cloud infrastructure, retention payments (these costs were fully paid during the reported period), 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 (including retention payments, which costs were fully paid during the reported period) 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.

Other Expenses – Impairment

Due to changes in market conditions and shifts in the marketing tech industry, the Company decided to reallocate resources and adjust its investment focus away from certain self-serve components to others within the current solutions (“**Restructuring**”). The Restructuring involved allocation of resources to areas of greater and faster growth potential and discontinuation of investment in other initiatives the Company worked on. The Restructuring impacted the recoverability of software development costs invested, which were determined to no longer be recoverable. As such, \$2.8M of software development costs were written off entirely. Market dynamics, including macroeconomic cycles and shifts in technology in the marketing tech space, have influenced the viability and growth prospects of several components within the current solutions, which led the Company to implement the Restructuring.

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) under “**finance expenses**” and “**finance income**”.

Overview of Operating Results

Twelve and three months ended December 31, 2023, compared to twelve and three months ended December 31, 2022

Revenues

For the year ended December 31, 2023, revenues amounted to \$32,113, as compared to \$53,023 for the year ended December 31, 2022, a decrease of approximately 39% year over year.

For the three months ended December 31, 2023, revenues amounted to \$7,524, as compared to \$10,766 for the three months ended December 31, 2022, a decrease of approximately 30% year over year.

The decrease in revenues is primarily a result of global macroeconomic conditions that impact client advertising budgets in general and especially cryptocurrency. In addition, the Company's decision to discontinue unprofitable operations in the second quarter of the 2023 fiscal year also contributed to the decrease in revenues.

Cost of Sales

For the year ended December 31, 2023, cost of sales amounted to \$20,089, as compared to \$36,415, as compared to the year ended December 31, 2022, a decrease of \$16,326 or 45% year over year. The decrease is primarily attributed to the decrease in revenues.

For the three months ended December 31, 2023, cost of sales amounted to \$4,934, as compared to \$6,716 for the three months ended December 31, 2022, a decrease of \$1,782 or 27% year over year. The decrease is primarily attributed to the decrease in revenues.

The decrease in Costs of Sales in annual terms was higher than the reduction in Revenues. This is attributed to the Restructuring and the Company's successful enhancement of gross profit margins, which increased by 6% for the year ended December 31, 2023.

Operating Costs and Expenses

The following table summarizes operating expenses for the three and twelve months ended December 31, 2023 and 2022:

	Twelve months ended December 31,		Three months ended December 31,	
	2023	2022	2023	2022
R&D Salaries and Related Expenses	729	1,550	175	623
R&D Subcontractors and services	1,089	2,396	81	725
Depreciation, Amortization and Share-Based Payments	1,477	2,767	352	1,144
Total R&D expenses	3,295	6,713	608	2,492
S&M ⁽³⁾ Salaries and Related Expenses	5,429	6,618	961	1,691
G&A Salaries and Related Expenses	1,533	1,763	393	597
S&M ⁽³⁾ Advertising expenses	760	806	229	256
G&A Professional fees	455	765	78	214
Depreciation, Amortization and Share-Based Payments	1,011	1,128	149	239
Other G&A and S&M ⁽³⁾ Expenses	795	875	17	229
Total SG&A expenses	9,983	12,009	1,924	3,226
Total R&D and SG&A Expenses ⁽¹⁾	13,278	18,722	2,532	5,718
Other Expenses- Impairment ⁽²⁾	2,839	-	-	-
Total Operating Expenses	16,117	18,722	2,532	5,718

Notes:

1. The Restructuring is beginning to show results, as Total Operational Expenses Before Other Expenses decreased for the year and three months ended December 31, 2023, despite the costs of discontinuance of non-profitable operations, these expenses were decreased by 29% and 56% respectively, compared to the year and three months ended December 31, 2022.
2. The Restructuring, discussed above, affected the recoverability of software development costs invested which were determined to no longer be recoverable. As such, \$2.8M of software development costs were written off entirely.
3. Selling and marketing expenses.

Operating Income

Operating loss for the twelve months ended December 31, 2023 was \$4,093 as compared to operating loss of \$2,114 for the twelve months ended December 31, 2022, an increase of \$1,979. The increase in operating loss is primarily attributable to the impairment of intangible assets.

Operating income for the three months ended December 31, 2023 was \$56 as compared to operating loss of \$1,668 for the three months ended December 31, 2022, an increase of \$1,724. The increase in operating income is primarily attributable to the implementation of cost savings measures.

After five consecutive quarters with an operating loss, we returned to generate an operating income.

Adjusted EBITDA

Adjusted EBITDA for the twelve months ended December 31, 2023 was \$1,672 as compared with Adjusted EBITDA of \$3,690 for the twelve months ended December 31, 2022, a decrease of \$2,018. The decrease in Adjusted EBITDA is primarily attributable to the decrease in revenues.

Adjusted EBITDA for the three months ended December 31, 2023 was \$557 as compared with Adjusted EBITDA of \$163 for the three months ended December 31, 2022 an increase of \$494. The increase in Adjusted EBITDA is primarily attributable to the Company's strategic decision to align its focus and resources towards profitable activities and solutions which fits the recent market dynamics (the "Restructuring").

On the one hand, the revenues decreased, but on the other hand, the profitability increased significantly from the first half to the second half of the 2023 fiscal year, resulting in 110% growth in Adjusted EBITDA, from \$0.5 million in the first half of the year to \$1.1 million in the second half.

Reconciliation of Non-IFRS Measures

The following table presents a reconciliation of Adjusted EBITDA to Operating income /loss for the twelve and three months ended December 31, 2023 and 2022:

	Twelve months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Operating income/(loss)	(4,093)	(2,114)	56	(1,668)
Adjustments:				
Depreciation and amortization	2,247	3,617	599	1,306
Impairment of intangible assets ⁽¹⁾	2,839	-	-	-
Cost of share-based payments	223	332	(98)	77
Non-recurring compensation payments in connection with business combination ⁽²⁾	216	1,855	-	449
Costs of discontinuance of non- profitable operations ⁽³⁾	240	-	-	-
Total adjustments	5,765	5,804	501	1,831
Adjusted EBITDA	1,672	3,690	557	163

Notes:

1. The Restructuring, discussed above, affected the recoverability of software development costs invested which were determined to no longer be recoverable. As such, \$2.8M of software development costs were written off entirely.
2. Retention costs during the first 12 months following Albert's acquisition. Albert's employees who joined Zoomd and Albert's shareholders were entitled to retention payments upon the achievement of certain performance metrics. These payments ended in the second quarter of 2023. The Company has no more obligations regarding this issue.
3. The Company's decision to discontinue non-profitable operations and implement a near-term termination of approximately 40% of its workforce caused these significant one-time costs.

Finance Expenses, Net, Taxes and Net Income/ Loss

The change in financial expenses for the twelve and three months ended December 31, 2023 as compared with the twelve and three months ended December 31, 2022, is immaterial.

For the twelve months ended December 31, 2023 the Company recognized taxes on income for the amounts of \$12. This is due to the Company's writing off its downpayments for taxes of surplus expenses as a result of uncertainty of taxable income in the foreseeable future.

Net loss for the twelve months ended December 31, 2023 was \$4,654 as compared with a net loss of \$2,853 for the twelve months ended December 31, 2022, a decrease in net income of \$1,801. The change is primarily attributable to the impairment of intangible assets.

Net loss for the three months ended December 31, 2023 was \$31 as compared with net loss of \$1,949 for the three months ended December 31, 2022, an increase of \$1,918. The change is primarily attributable to the Company's strategic decision to align its focus and resources towards profitable activities and solutions which fits the recent market dynamics.

On the one hand, the revenues decreased, but on the other hand, the profitability increased significantly from the first to the second half of the 2023 fiscal year, resulting \$4.1M decrease in Net loss, from \$4.4 million in the first half of the year to \$0.3 million in the second half.

Summary of Quarterly Results

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

	<u>Q4 2023</u>	<u>Q3 2023</u>	<u>Q2 2023</u>	<u>Q1 2023</u>	<u>Q4 2022</u>	<u>Q3 2022</u>	<u>Q2 2022</u>	<u>Q1 2022</u>
Revenue	7,524	7,120	8,820	8,649	10,766	9,790	16,217	16,250
Operating Income/ (Loss)	56	(78)	(562)	(3,509)	(1,668)	(1,458)	80	932
<i>Adjustments:</i>								
<i>Depreciation and amortization</i>	599	570	555	523	1,305	831	744	737
<i>Cost of share-based payments</i>	(98)	63	124	134	77	73	112	70
<i>Non-recurring compensation payments in connection with business combination</i>	-	-	44	172	449	569	644	193
<i>Impairment of intangible assets</i>	-	-	-	2,839	-	-	-	-
<i>Costs of discontinuance of non-profitable operations</i>	-	20	220	-	-	-	-	-
Adjusted EBITDA	557	575	381	159	163	15	1,580	1,932
Basic Income (loss) per share	0.00	0.00	(0.01)	(0.03)	(0.02)	(0.01)	0.00	0.01
Diluted Income (loss) per share	0.00	0.00	(0.01)	(0.03)	(0.02)	(0.01)	0.00	0.01

Liquidity & Capital Resources

As of December 31, 2023, the Company held cash in the amount of \$2,602, trade receivables in the amount of \$4,663, other current assets in the amount of \$605, trades payables in the amount of \$2,978, current liabilities in the amount of \$2,804 and a short term bank loan of \$2,007.

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 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 with the implementation of cost savings measures, will be sufficient to meet the Company's working capital requirements and future growth plans.

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 twelve and three months ended December 31, 2023 and 2022.

Operating Activities

Net cash generated from operating activities for the twelve month period ended December 31, 2023 was \$427 as compared to net cash generated from operating activities of \$1,843 for the twelve months period ended December 31, 2022, a decrease of \$1,416. The decrease in cash generated from operating activities is primarily attributable to the decrease in revenues.

Net cash generated from operating activities for the three month period ended December 31, 2023 was \$869 as compared to net cash generated from operating activities of \$83 for the three months period ended December 31, 2022, an increase of net cash generated from operating activities of \$786. The increase in cash generated from operating activities is primarily attributable to the Restructuring.

Investing Activities

Net cash used in investing activities for the twelve months period ended December 31, 2023 was \$1,079 as compared to net cash used in investing activities of \$2,663 for the twelve months period ended December 31, 2022. The decrease in net cash used in investing activities is primarily attributable to the Company’s decision to the Restructuring.

Net cash used in investing activities for the three months period ended December 31, 2023 was \$137 as compared to net cash used from investing activities of \$417 for the three months period ended December 31, 2022. The decrease in net cash used in investing activities is related to the Restructuring.

Financing Activities

Net cash used in financing activities for the twelve month period ended December 31, 2023 was \$523 as compared to net cash generated of \$642 for the twelve month period ended December 31, 2022. The change in net cash used in financing activities is immaterial.

Net cash generated from financing activities for three months period ended December 31, 2023 was \$366 as compared to net cash used in financing activities of \$858 for the three months period ended December 31, 2022. The change in cash used in financing activities is primarily due to the amount the Company withdrew from its credit line.

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:

	December 31, 2023
Common shares	98,329,339
Options	10,747,182

As of the date of the MD&A, 98,329,339 common shares were issued and outstanding. In addition, as of the date of the MD&A, 10,747,182 stock options were outstanding with exercise prices ranging from CA\$0 to CA\$0.43 per share.

Albert's employees and independent contractors who joined Zoomd following the acquisition were entitled to retention bonus payments of up to \$2,000 (comprised of \$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 were 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 and May 2023, the Company issued 333,863 and 804,923 shares, respectively, to Albert's former employees and independent contractors as part of the retention payment.

Off-Balance Sheet Arrangements

The Company has not had any off-balance sheet arrangements for the twelve month periods ended December 31, 2023 and 2022.

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 twelve month period ended December 31, 2023, the Company paid Bohensky Consulting and Investments Ltd. a total amount of \$267.

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 twelve month period ended December 31, 2023, Develop Soft provided the software development services through its employees, who are assigned to the Company's research and development team. For the twelve month period ended December 31, 2023, the Company paid Develop Soft a total amount of \$226.

Outstanding balances with related parties as of December 31, 2023 was \$12.

As of the date of the report, Develop Soft is no longer a related party, since the company was sold by Amit Bohensky to a third party during the second quarter of 2023.

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 from the Company's use of financial and other instruments.

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.

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. 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 Financial Statements.

ADDITIONAL INFORMATION

Additional information relating to the Company is posted on SEDAR+ at www.sedarplus.com.