

Zoomd Reports Q3 2020 Results: Quarterly revenue growth of 12% year-over-year and up 17% quarter-over-quarter while reaching the first development milestone in releasing its self-serve SaaS product

VANCOUVER, British Columbia, Nov. 17, 2020 — **Zoomd Technologies Ltd.** (TSXV: ZOMD) (OTC: ZMDTF) (<https://www.zoomd.com>) and its wholly-owned subsidiary Zoomd Ltd. (collectively, “**Zoomd**” or the “**Company**”), the marketing tech (MarTech) user-acquisition and engagement platform, today reported financial results for the three and nine months ended September 30, 2020. The interim financial statements and interim MD&A are available on SEDAR under the Company’s profile.



“We are excited to return to revenue growth, as some sectors return and increased their marketing budgets” said Ofer Eitan, Zoomd’s CEO, adding “Furthermore, we been successful in attracting new clients in sectors such as E-commerce and FinTech who have benefitted from the COVID-19 pandemic. Based on our most recent results, we believe that the markets are in the midst of a recovery from the disruptions caused by the COVID-19 pandemic. The rebound is scaling with our existing customers is testament to the strong return on investment we provide them.

Mr. Eitan further noted that “We remain on track with regards to the release of our Self-serve SaaS product during Q4 2020, and a full-scale launch expected during 2021. We remain excited about the product given its high margin and scalability potential. In October, we released the first version of our Self-Serve SaaS product and are progressing towards second milestone on the product roadmap, beta release to collect customer feedback, during Q1

2021. As such, during the third quarter we pushed and increased even more our investment in R&D, however we expect R&D expenses to decrease to normalized levels in 2021.”

Mr. Eitan concluded by stating that “We are more excited than ever about Zoomd’s growth prospects going forward. We continue to have high customer retention levels and in recent months, have accelerated new customer growth. We believe that our ability to reach and service customers will expand exponentially as we roll out our Self-Serve SaaS product. From a financial standpoint we remain strong, with no debt and a robust balance sheet.”

THIRD QUARTER 2020 HIGHLIGHTS (ALL FIGURES ARE IN US\$)

- Total revenue for the three months ended September 30, 2020 was \$6.6 million compared to \$5.9 million for the same period in 2019, an increase of 12%. The increase in revenues was primarily attributed to the increase in activity of existing customers and the Company penetrating into verticals that have benefitted from the COVID-19 pandemic, such as E-commerce and FinTech.
As a result of the foregoing, quarter-over-quarter revenue growth was at 17%.
- Cost of sales and services for the three months ended September 30, 2020 was \$4.6 million, representing an increase of approximately 15% compared to the same period in 2019. The increase was primarily attributed to the increase in revenues.
- Gross profit margin (revenue less cost of sales and services) of 31% compared to 32% for the same period in 2019. The decrease in gross margin was primarily attributable to increase in the sale of services that have lower margins relative to the other products and services offered by the Company.
- Net loss for the three months ended September 30, 2020 was \$1.5 million compared to net loss of \$2.7 million for the three months ended September 30, 2019. The decrease in net loss was primarily attributed to the expenses incurred during 2019 related to mark-to-market adjustment of convertible debt securities that took place immediately prior to the closing of the qualifying transaction.
- Adjusted EBITDA of \$(850) thousand for the three months ended September 30, 2020 compared to Adjusted EBITDA of \$(380) thousand for the same period in 2019. The increase in the operating losses for the three months ended September 30, 2020 was primarily attributed to the Company’s growth plan causing an increase in research & development expenses due to the Company’s stages of developing the Company’s new Self-serve SaaS platform.
- As of September 30, 2020, the Company’s cash and cash equivalents amounted to \$3 million compared to \$5.9 million for the same period in 2019.
- As of September 30, 2020, the Company had working capital of \$1.7 million, compared to approximately \$5.8 million as of September 30, 2019.

Non-IFRS Measures

This press release refers to “Adjusted EBITDA” which is a non-GAAP and non-IFRS financial measure that does not have a standardized meaning prescribed by GAAP or IFRS. The Company’s presentation of this financial measure may not be comparable to similarly titled measures used by other companies. This financial measure is intended to provide additional information to investors concerning the Company’s estimated results. Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization and share-based compensation and is a measure of a company’s operating performance. Essentially, it is a way to evaluate a company’s performance without having to factor in financing decisions, accounting decisions or tax environments. The following table (all in \$US thousands) shows the Company’s Non-IFRS measure (Adjusted EBITDA) reconciled to operating profit for the indicated periods:

	<u>Three months ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2020</u>	<u>2019</u>
Operating loss	(1,488)	(1,059)
Adjustments:		
Depreciation and amortization	613	574
Cost of share-based payments	25	105
Total adjustments	638	679
Adjusted EBITDA	(850)	(380)

Management uses this non-IFRS measure as a key metric in the evaluation of the Company’s performance and the consolidated financial results. The Company believes Adjusted EBITDA is useful to investors in their assessment of the operating performance and the valuation of the Company. However, non-IFRS financial measures are not prepared in accordance with GAAP or IFRS, and the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP or IFRS.

About Zoomd:

Zoomd (TSXV: ZOMD, OTC: ZMDTF), founded in 2012 and began trading on the TSX Venture Exchange in September 2019, offers a site search engine to publishers, and a mobile app user-acquisition platform, integrated with a majority of global digital media, to advertisers. The platform unifies more than 600 media sources into one unified dashboard. Offering advertisers, a user acquisition control center for managing all new customer acquisition campaigns using a single platform. By unifying all these media sources onto a single platform, Zoomd saves advertisers significant resources that would otherwise be spent consolidating data sources, thereby maximizing data collection and data insights while minimizing the resources spent on the exercise. Further, Zoomd is a performance-based platform that allows advertisers to advertise to the relevant target audiences using a key performance indicator-algorithm that is focused on achieving the advertisers’ goals and targets.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.

Disclaimer IN REGARD TO Forward-looking statements

This news release includes certain “forward-looking statements” under applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to Zoomd’s future financial situation, the impact and length of time of the COVID-19 pandemic on global advertising budgets and Zoomd’s revenue, the actions or inactions of its current and perspective customers regarding their advertising budgets, its ability to meet its strategic targets on the development roadmap and the overall success of the development roadmap. Forward-looking statements are necessarily based upon several estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties (including the impacts of the COVID-19 pandemic), the extent and duration of which are uncertain at this time on Zoomd’s business and general economic and business conditions and markets. There can be no assurance that any of the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by law.

The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. All forward-looking information contained in this press release is expressly qualified in its entirety by this cautionary statement.

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