

Zoomd Reports Record 2Q2021 Financial Results, Highlighted by 97% YOY Revenue Growth

VANCOUVER, BC, Aug. 24, 2021 /CNW/ — 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 its financial results for the three month ended June 30, 2021. The financial statements and MD&A are available on SEDAR under the Company’s profile.



Key Highlights & Outlook

- Revenues increased 97% YOY, to a quarterly record of \$11.1M, driven primarily by the onboarding of new clients in recent months, growth with legacy clients and expansion into growth geographies such as Latin America and Asia.
- Over the past year, the Company has diversified its customer industries to areas such as fintech, gaming, entertainment, and E-commerce.
- Achieved record positive Adjusted EBITDA of \$1.3M during the quarter, the highest level since becoming a reporting issuer.[1]
- Maintaining 2021 revenue growth guidance 30% to 40%, reflecting the strong post-pandemic market recovery, the on-boarding of new clients, the launch of new product lines, and strategic M&A activity.

Management Commentary

The Company achieved record revenues in 2Q21 as the hard work of diversifying its client base, both in sectors and geographies, is beginning to bear fruit. In addition, we are seeing a surge in budgets from our legacy clients, as the post-pandemic economic recovery continues. Furthermore, we continue to focus on profitable clients and continued growth.

“Our strong revenue performance in the second quarter demonstrates our ability to grow across new sectors and geographies” said Ofer Eitan, Zoomd’s CEO, adding “in 2021 we have been successful in acquiring new customers in growing industries such as fintech and E-commerce. In a relatively short amount of time, many of these clients have increased their user acquisition budgets with us as they have witnessed impressive returns on their investment. In addition, our recent acquisition of Performance Revenues has thus far proven successful, as we are seeing a robust momentum in the MarTech industry as a whole and Zoomd specifically, driven by the post-pandemic recovery and the growth of new and burgeoning industries.”

Self-Serve PRODUCTS update

During Q1 2021, Zoomd announced the official soft launch of its self-serve products including its DSP (Demand Side Platform), Performance model and premium sources (SaaS) product. The SaaS product was launched with dedicated design partners and is our main self-serve product that reflects our forward-looking vision to offer advertisers the only user acquisition software solution they will need. During the 2nd half of 2021, we expect to continue the rollout of these products as planned.

Zoomd’s self-serve products are targeted to provide an advertiser with a platform that uses artificial intelligence (AI), machine learning, prediction and automation technology as the basis for all user acquisition actions the advertiser needs. The Company believes that these products will save its advertising customers money, time and resources in the ad buying and optimization process, by uniting all the user’s advertising campaigns under a single central dashboard, allocate budget and provide data abilities that unit all user acquisition capabilities across various premium digital channels.

Acquisition of Performance Revenues

On February 9, 2021, Zoomd acquired Performance Revenues, a leading international mobile marketing and influencer company, providing a variety of performance-based marketing solutions led by a team of professional marketers. Zoomd has thus far been successful in growing the budgets of the clients acquired through this acquisition, most notable being Sony Entertainment.

SECOND QUARTER 2021 HIGHLIGHTS (ALL FIGURES ARE IN THOUSANDS USD)

- For the three months ended June 30, 2021, revenues were \$11,157, as compared to

\$5,676 for the three months ended June 30, 2020, an increase of approximately 97% year-over-year. The increase in revenues is primarily a result onboarding of new clients in recent months, growing existing accounts and the Company's expansion into growth geographies such as Latin America and Asia. In addition, deployment of new services and features, combined with the integration of our latest acquisition, has generated strong revenue growth during the quarter.

- Gross profit margin was 33% for the three months ended June 30, 2021, versus 31% for the same period last year. The improvement in the gross profit margin was primarily attributable to the Company's decision to disengage from less profitable customers and general client base diversification.
- Research and Development (R&D) expenses for the three months ended June 30, 2021 decreased 37% YOY, primarily reflecting the capitalization of software development costs.
- Selling, General and Administrative (SG&A) expenses for the three months ended June 30, 2021 were \$2.03 million, a 28% increase YOY, primarily reflecting the expenses incurred as a result of the Performance Revenues acquisition, as well as increased marketing expenses in line with Company's growth objectives.
- Adjusted EBITDA for the three months ended June 30, 2021 was \$1.32M as compared with negative Adjusted EBITDA loss of (\$0.76M) for the three months ended June 30, 2020, an increase of \$2.08M. The improvement in the Adjusted EBITDA is primarily attributed to the increase in revenue and the improvement in the gross profit margin.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to Operating Gain (Loss) for the three months ended June 30, 2021 and 2020:

	Three months ended	
	June 30, 2021	June 30, 2020
Operating gain/(loss)	621	(1,440)
Depreciation and amortization	653	613
EBITDA	1,274	(827)
Adjustment:		
Cost of share-based payments	44	67
Adjusted EBITDA	1,318	(760)

- As of June 30, 2021, the Company's cash and cash equivalents amounted to \$2.2 million, and no debt.

2021 Growth Expectations (ALL FIGURES ARE IN USD)

The Company is maintaining its revenue outlook of \$33 million to \$36 million for the year ending December 31, 2021, representing growth of 30% to 40% YOY. This outlook reflects the following assumptions which management believes are reasonable:

- **Organic Growth** - Management estimates that at least \$4 million or approximately 40% of the revenue growth for the year ending December 31, 2021 to be caused

primarily from the existing business model where the key drivers are:

- New customers acquired primarily during the second half of 2020 through to the beginning of the year 2021, which are expected to increase their marketing budgets as they become more familiar with the platform, the services and the results.
- New customers acquired also by the newly launched Self-Served products: Performance, Premium channels, and DSP.
- Post-COVID online advertising demand surge, especially from sectors that were shut down during the height of the pandemic and are beginning to reopen, such as sports.
- Geographical expansion in India, East Europe, the Philippines, and Japan announced earlier this year.
- **Mergers and Acquisitions** - Management estimates that up to \$6 million or 60% of the revenue growth for the year ending December 31, 2021 to be caused primarily as a result of acquisitions of carefully selected target companies that in line with the Company's business, strategy, and vision. The Company's acquisition of "Performance Revenues" that was announced on February 10, 2021 already factors into the above expectation as management believes it will bear a positive impact on its revenue growth in 2021.

The above forward-looking financial information was approved by the Company in connection with the filing of the MD&A for the year ended December 31, 2020.

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" and "forward-looking

financial outlook” (collectively, “**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, its expected revenue growth for 2021, its ability to successfully grow revenue organically and via mergers and acquisitions, the impact and length of time of the COVID-19 pandemic on global advertising budgets and Zoomd’s revenue, its ability to meet its strategic targets on the development roadmap, the overall success of the development roadmap, its ability to realize synergies in connection with the acquisition of Performance Revenues and the overall success of the new SaaS product. 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.

CAUTION REGARDING NON-IFRS FINANCIAL MEASURES

This press release refers to “Adjusted EBITDA” which is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS. The Company’s presentation of this preliminary financial measure may not be comparable to similarly titled measures used by other companies. This preliminary 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, as adjusted for share-based payments, and is a measure of a company’s operating performance. Essentially, it’s a way to evaluate a company’s performance without having to factor in financing decisions, accounting decisions or tax environments.

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

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 IFRS. The references in this press release to Adjusted EBITDA are forward-looking information about prospective financial performance and readers are cautioned that this information may not be appropriate for other purposes.

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[1] “Adjusted EBITDA” is a NON-IFRS financial measure. See “Caution Regarding Non-IFRS Financial Measures”.

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