Zoomd Technologies Reports Second Quarter 2023 Financial Results and Management Update

Conference call will be held on August 29, 2023, at 11AM ET

VANCOUVER, BC, Aug. 29, 2023 /CNW/ — Zoomd Technologies Ltd. (TSXV: ZOMD) (OTC: ZMDTF) and its wholly owned subsidiary Zoomd Ltd. (collectively, "**Zoomd**" or the "**Company**"), the marketing technology (MarTech) user-acquisition and engagement platform, today reported its financial results for the three months ended June 30, 2023. The Company's financial statements and management discussion and analysis ("**MD&A**") are available on SEDAR under the Company's profile. All currency references in this press release are in USD.



Financial Highlights

- Revenues in 2Q23 were $8.8M, and gross profit margin was 36%.
- The revenue reflects a decline of 46% relative to 2Q22 and an increase of roughly 700 bps in gross profit margin. The driving factors behind these changes are primarily the decline in the crypto sector, which carried high revenue volume with lower than average gross profit.
- Revenues increased 2% relative to 1Q23, and management believes that revenues have begun to reach stabilization.
- Adjusted EBITDA[1] was $0.4M in 2Q23.
- Ended 2Q23 with a cash balance of $2M and no long-term debt.

Management Commentary

Ido Almany, Chief Executive Officer of Zoomd Technologies, stated: “We are pleased to announce the Q2 results for Zoomd, showcasing our commitment to adaptability and resilience amidst a dynamic business landscape. In this quarter, we have taken strategic actions to optimize our operations, foster efficiency, and concentrate on our core business, setting the stage for sustained growth in the coming quarters.

Management is diligently implementing the corporate restructuring plan that was announced in early June. As previously reported, the cost reductions, which extend beyond headcount adjustments, are projected to result in annual savings of approximately $4 million. In addition to these cost savings, we have announced the discontinuation of several non-profitable and low-potential business lines. This strategic decision allows us to reallocate efforts and resources towards Zoomd’s core business. Notably, these initiatives have already begun yielding promising outcomes, as evidenced by stabilizing revenue trends. Q2 revenues and Adjusted EBITDA demonstrated an increase over Q1, underscoring the effectiveness of our strategic measures.

While these measures are already showing positive signs, it’s important to acknowledge that the full spectrum of their impact is yet to be realized. Our dedication to long-term success remains steadfast, and we are confident that as these efforts continue to unfold, we will be well-equipped to steer the company through the prevailing macroeconomic challenges and the rapid technological transformations that define our industry.”

Amit Bohensky, Chairman of Zoomd Technologies, stated, “Navigating the complexities of today’s business environment demands not only vision but also adaptability and foresight. As we persist in aligning our strategies with evolving market dynamics, we assure our stakeholders that we have strong hands at the helm. Our leadership team is unwavering in its commitment to harness the potential of our strategic measures and leverage our collective expertise to guide Zoomd into a future defined by innovation and sustainable growth.”

Second Quarter 2023 Highlights

- Revenues for the three months ended June 30, 2023, were $8.8 million, a 46% decline relative to 2Q22. The decrease in revenues is primarily a result of global macroeconomic conditions that impact client advertising budgets in general and specifically in areas of Fintech and in particular Cryptocurrency. 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 E-commerce, iGaming, and CPG companies. Revenues in 2Q23 increased by 2% relative to 1Q23.
- Gross profit margin was 36% for the three months ended June 30, 2023, versus 29% for the same period last year, reflecting lower revenues from the cryptocurrency segment which carries lower margins.

- Research and Development expenses for the three months ended June 30, 2023, were $1M, a 38% decrease relative to 2Q22, reflecting lower deprecation and other R&D expenses.
- Selling, General, and Administrative expenses for the three months ended June 30, 2023, were $2.8M, a 10% decrease YOY, reflecting the decrease in revenues.
- Adjusted EBITDA for the three months ended June 30, 2023, was $0.4M as compared with Adjusted EBITDA of $1.6M for the three months ended June 30, 2022, reflecting the decrease in revenues. Adjusted EBITDA increased relative to the three months ended March 31 by $0.2M.
- Operating loss was $0.6M for 2Q23, compared to an operating profit of $0.1M in 2Q22, and was primarily attributed to the decrease in revenues.
- As of June 30, 2023, the Company's cash and cash equivalents amounted to $2 million, and no long-term debt.

Conference Call

Amit Bohensky, Founder and Chairman, will hold a conference call to discuss the quarter's financial results at 11AM ET on August 29, 2023.

Interested parties can listen via a live webcast, from the link available in the Investors section of Zoomd's website at https://zoomd.com/investors/ or https://app.webinar.net/rAzyarJa4Gb

A replay will be available after the call, in the Investors section of the Company's website at https://zoomd.com/investors/ or via https://app.webinar.net/rAzyarJa4Gb.

About Zoomd:

Zoomd (TSXV: ZOMD, OTC: ZMDTF), founded in 2012 and began trading on the TSX Venture Exchange in September 2019, offers a mobile app user-acquisition platform, integrated with many global digital media outlets, 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 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.

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 one-time non-operating expenses, 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. A reconciliation of Adjusted EBITDA and operating profit is available in Zoomd’s MD&A located on the Company’s profile at www.sedar.com which is incorporated by reference into this press 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 Zoomd’s future outlook, its future ability to successfully continue its growth, its ability to improve profitability as a result of the corporate restructuring plan, as well as its ability to continue expanding into new geographies and industries. Forward-looking statements are based on our current assumptions, estimates, expectations and projections that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors that 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, technological, legal, privacy matters, political and social uncertainties (including the impacts of the COVID-19 pandemic and the current war in Ukraine), 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. 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

Company Media Contacts:
Amit Bohensky
Chairman
Zoomd
ir@zoomd.com
www.zoomd.com

Investor relations:
Lytham Partners, LLC
Ben Shamsian
New York | Phoenix
ZOMD@lythampartners.com

[1] Adjusted EBITDA is a Non-GAAP performance measure. Refer to “CAUTION REGARDING NON-IFRS FINANCIAL MEASURES” for further details.

Logo: https://mma.prnewswire.com/media/1039696/Zoomd_Logo.jpg

View original content:https://www.prnewswire.com/news-releases/zoomd-technologies-reports-second-quarter-2023-financial-results-and-management-update-301912151.html

SOURCE Zoomd Technologies Ltd.