Zoomd Technologies Reports Third Quarter 2023 Financial Results, Driven by Strong Adjusted EBITDA Growth

Conference call will be held on November 30, 2023, at 11AM ET.

VANCOUVER, British Columbia, Nov. 30, 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 and nine month periods ended September 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.

Third Quarter Financial Highlights

- Revenues were $7.1M, a 27% decline versus 3Q22, primarily due to lower revenues from the cryptocurrency sector and Zoomd's decision to discontinue unprofitable activities.
- Gross Margins increased roughly 900 basis points to 40%, versus 3Q22, reflecting lower revenues from the cryptocurrency sector, and discontinuation of unprofitable activities which carries lower margins.
- Total operating expenses decreased 36% versus 3Q22 as the Company implements its cost saving initiatives and costs saving measures.
- Adjusted EBITDA[(1)] increased to $575,000 or 8% of sales, versus $15,000 in 3Q22.

- Positive cash flow generated from operating activities for the first time in 5 consecutive quarters.

(1) **Adjusted EBITDA is a Non-GAAP performance measure. Refer to "CAUTION REGARDING NON-IFRS FINANCIAL MEASURES" for further details.**

Management Commentary

Amit Bohensky, Chairman of Zoomd Technologies, stated, "During the third quarter we made tremendous strides in improving our margins and bottom line, growing our Adjusted EBITDA to $575,000 versus $15,000 in last year's period and achieved positive cash flow from operating activities for the first time in 5 consecutive quarters. The acceleration in probability is the direct result of the implementation of our restructuring initiatives and cost saving measures, which we initially disclosed in June. These initiatives were designed to optimize our operations and financial performance. As part of this process, we discontinued various unprofitable areas of our business, resulting in operating expenses decreasing by 36% in the third quarter. We will channel our resources towards activities and solutions that have demonstrated profitability, enabling us to better position ourselves competitively in the current market.

We expanded our gross margins by approximately 900 basis points during the third quarter, largely as the result of our business transitioning away from cryptocurrency customers which carried lower margins. In addition, we discontinued some non-profitable areas of our business. While these items contributed to our revenue decline of 27% in the quarter, gross profit dollars only declined by 8%.

We remain cautious yet optimistic regarding the advertising technology space. Historically, companies tend to cut their advertising budgets during periods of economic uncertainty as a cost-saving measure. However, when the business environment becomes more stable and secure, companies often increase their advertising investment to regain market share."

Third Quarter 2023 Highlights

- Revenues for the three months ended September 30, 2023, were $7.1 million, a 27% decline relative to 3Q22. Revenues continued to be negatively affected by the global slowdown, in particular the areas of cryptocurrencies. We continue to diversify our business by increasing our exposure to sectors such as E-commerce, iGaming, transportation, and consumer product goods as well as offering a wider range of performance based products and services. Furthermore, our decision to discontinue unprofitable areas, including our publishers' monetization business, led to a decline in revenue. Excluding both Cryptocurrency clients and non profitable operations clients that have been discontinued revenue in 3Q23 have risen in comparison to the corresponding period last year.

- Gross profit margin was 40% for the three months ended September 30, 2023, versus 31% for the same period last year. The 900 basis point increase was due to lower revenues from the cryptocurrency customers, which carry lower margins. In addition, the company exited certain non profitable areas of its business.
- Research and Development expenses for the three months ended September 30, 2023, were $0.7M, a 49% decrease relative to Q3 2022. Selling, General and Administrative expenses for the three months ended September 30, 2023, were $2.2M, a 30% decrease relative to Q3 2022. This decline in expenses was mainly the result of our cost savings restructuring initiatives, mainly reflect the impact of 40% reduction in headcount.
- Adjusted EBITDA for the three months ended September 30, 2023, was $575,000 as compared with Adjusted EBITDA of $15,000 for the three months ended September 30, 2022, reflecting cost savings initiatives.
- Operating loss was $0.08M for Q3 2023, compared to an operating loss of $1.5M in Q3 2022, reflecting the cost savings initiatives.
- Net cash of $0.2M was generated from operating activities in 3Q23, reflecting positive cash generation from operating activities for the first time in 5 consecutive quarters. As of September 30, 2023, the Company's cash and cash equivalents amounted to $1.5 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 November 30, 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 at https://app.webinar.net/xyJNoQ9o8l7

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/xyJNoQ9o8l7.

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, including as a result of the impact of general economic trends, its future ability to successfully continue its growth, its ability to improve profitability, 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, 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

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

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

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

View original content:https://www.prnewswire.com/news-releases/zoomd-technologies-reports-third-quarter-2023-financial-results-driven-by-strong-adjusted-ebitda-growth-302001923.html

SOURCE Zoomd Technologies Ltd.