ZOOMERMEDIA
READ • WATCH • LISTEN • LOG ON

ZOOMERMEDIA LIMITED

Management's Discussion and Analysis
For the three and nine months ended May 31, 2023 and 2022

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") provides a review of the financial condition and operating performance of ZoomerMedia Limited for the nine months ended May 31, 2023.

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This document contains forward-looking statements, which are qualified with reference to, and should be read in conjunction with the Cautionary Statement on Forward-Looking Statements section of this MD&A.

Unless the context otherwise requires, all references to "ZoomerMedia", "Company", "our", "us", and "we" refers to ZoomerMedia Limited and its subsidiaries. Additional information regarding the Company is available on SEDAR at www.sedar.com. This MD&A is dated July 27, 2023. All amounts herein are presented in Canadian dollars, unless otherwise stated.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements made in this report are 'forward-looking statements' which may include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words 'believe', 'anticipate', 'expect', 'estimate', 'project', 'will be', 'will continue', 'will likely result' or similar words or phrases. Forward-looking statements involve risks and uncertainties, which may cause actual results to differ materially from the forward-looking statements. The risks and uncertainties are detailed from time to time in filings by us with provincial securities commissions. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Such risks, uncertainties and other factors include, but are not limited to, the following:

- the risks inherent in magazine publishing generally;
- the risks inherent in the operation of Internet media properties generally;
- the risks inherent in the operation of television broadcast properties generally;
- the risks inherent in the operation of radio broadcast properties generally;
- the risks inherent in the operations of affinity partners with respect to royalty revenue;
- the risks inherent in the operation of consumer shows generally;
- the competition within the media industry for the baby boomer generation's business;
- the risks associated with governmental regulation of the publishing, internet, radio and television broadcasting businesses;
- the results of legal claims made by or against the Company;
- the dependence of the business on the continuing operation of its computer systems;
- the dependence of the business on key personnel;
- the impact of climate change; and
- the emergence of public health crisis and emergencies, such as COVID-19.

Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. We do not intend and do not assume any obligation to update these forward-looking statements.

OVERVIEW OF THE BUSINESS

Founded by television and media icon Moses Znaimer in 2008, ZoomerMedia Limited is a multimedia company devoted to creating content, services and experiences for Canada's most powerful audiences: the 17.2 million people aged 45-plus aka "Zoomers", and the 13.7 million Millennials and Gen Zs, coincidentally also called "Zoomers", who follow in their footsteps.

ZoomerMedia operates 5 TV, 2 Radio, 3 Print, 3 Live Event, and 15 Digital properties including the newly acquired youth-friendly local news and lifestyle digital publications blogTO and DailyHive. ZoomerMedia produces original TV, Radio, and Podcast programming, offers clients creative audio and video production services, and bespoke events on site at its 2.6 acre complex in Toronto's Liberty Village.

For specific ZoomerMedia property names and focus, please see below.

ZoomerMedia's **Television** properties include: VisionTV, available in 7.5 million households is Canada's home for British comedy and drama series, plus uplifting movies, music, news, and multicultural and multilingual faith programming; ONETV: The Exercise & Entertainment Channel, combines original yoga, pilates, tai chi, and cardio fitness series with British serial soaps, dramas and American movies; JoyTV in Vancouver, Victoria, Surrey and the Fraser Valley, and FAITH TV in Winnipeg are devoted to broadcasting Christian, multi-faith, and local content.

ZoomerMedia's **Digital** properties include: blogto.com, Canada's unrivalled local publisher across digital and social media platforms, bringing in 8 million monthly active users, and over 360 million page views annually; dailyhive.com, the dominant platform in Western Canada and one of the country's most followed news brands with over 9 million monthly active users, nearly 300 million annual page views, and 3.1 million followers across Instagram, TikTok, Facebook, Twitter, and Linkedin; and EverythingZoomer.com, Canada's leading provider of online content targeting the 45-plus.

ZoomerMedia's **Radio** properties include: The New Classical FM, Canada's only commercial all classical music radio station broadcasting over three frequencies in a unique regional Ontario network: 96.3FM CFMZ-FM Toronto (GTA), 103.1FM CFMX-FM Cobourg (Eastern Ontario), and 102.9FM CFMO-FM Collingwood (Southern Georgian Bay); and Zoomer Radio, The Original Greatest Hits, the biggest broadcast footprint in Canada also reaching 28 American States, and broadcasting simultaneously both in AM and FM in Toronto (740AM CFZM-AM and 96.7FM CFZM-FM).

ZoomerMedia's **Print** properties include: ZOOMER Magazine, the Company's flagship magazine and Canada's largest paid circulation magazine for the 45-plus market; On The Bay Magazine, a dominant regional lifestyle magazine published quarterly for the 20 towns and villages of Ontario's Southern Georgian Bay; and Tonic Magazine, a regional health and wellness magazine published bi-monthly and distributed across the City of Toronto.

ZoomerMedia's **Tradeshow and Conferences** include: The ZoomerShow, annual lifestyle expos in Toronto and Vancouver, and Moses Znaimer's ideaCity conference which presents the "Smartest People with The Biggest Ideas".

In the first quarter of fiscal 2023, ZoomerMedia closed an agreement to acquire all of the issued and outstanding shares of Buzz Connected Media Inc. ("**Buzz**"), owner and publisher of dailyhive.com, the leading digital source for local news, culture and what's happening in Western Canada. The operating results of Buzz subsequent to the date of acquisition have been included in our Digital operating segment. Please refer to the section "ACQUISITION OF DAILY HIVE " for further discussion.

OVERVIEW OF CONSOLIDATED RESULTS

	Three months ended			Nine months ended		
	May 31 2023	**May 31 2022**	**% Change**	**May 31 2023**	**May 31 2022**	**% Change**
Revenue	$ 15,605,488	$ 14,327,111	8.9%	$ 48,075,474	$ 41,091,140	17.0%
Operating expenses	13,476,911	11,422,011	(18.0)%	42,831,136	32,406,709	(32.2)%
Adjusted EBITDA[1]	**2,128,577**	**2,905,100**	**(26.7)%**	**5,244,338**	**8,684,431**	**(39.6)%**
Adjusted EBITDA %	*13.6%*	*20.3%*	*(6.7)%*	*10.9%*	*21.1%*	*(10.2)%*
Depreciation & Amortization	1,052,628	1,324,911	20.6%	3,310,654	3,205,257	(3.3)%
Operating income	**1,075,949**	**1,580,189**	**(31.9)%**	**1,933,684**	**5,479,174**	**(64.7)%**
Interest income	(41,864)	(37,225)		(120,205)	(92,189)	
Interest expense	531,340	373,182		1,610,921	1,028,765	
Unrealized (gain) loss on equity instruments	596,920	107,137		(37,897)	(504,749)	
Gain on sale of equity instruments	(77,928)	(126,682)		(136,304)	(923,867)	
Net income before income taxes	**65,762**	**1,263,777**	**(94.8)%**	**615,450**	**5,971,214**	**(89.7)%**
Income tax expense	188,447	353,736	46.7%	355,972	1,473,000	75.8%
Net income (loss) and comprehensive income (loss) for the period	**(122,685)**	**910,041**	**(113.5)%**	**259,478**	**4,498,214**	**(94.2)%**

[1] Adjusted EBITDA is a Non-GAAP measure. Please refer to the section entitled "RECONCILIATION AND DEFINITION OF NON-IFRS MEASURES" of this MD&A

REVENUES

Consolidated revenues for the three and nine months ended May 31, 2023 were $15.61 million and $48.08 million respectively, an increase of 8.9% and 17.0% compared to the same periods in the prior year. This was primarily driven by addition of the newly acquired FreshDaily (acquired in the second quarter of last fiscal) and Buzz (acquired in the first quarter of current fiscal), partially offset by softness in Television, Print and Radio advertising sales during the second quarter, as well as lower Television subscriber revenue due to cord cutting.

Management continues to monitor and manage the lingering supply chain shortage and inflationary pressure which has hampered post Covid economic recovery.

Further analysis of performance by segment is provided in the discussion of segmented results.

OPERATING EXPENSES

Consolidated operating expenses for the three and nine months ended May 31, 2023 were $13.48 million and $42.83 million respectively, an increase of 18.0% and 32.2% compared to the same periods in the prior year. This was mostly attributed to the inclusion of FreshDaily and Buzz expenses in the current fiscal year. Included in operating expenses are the acquisition costs in the amount of $0.13 million in relation to Buzz acquisition. Return of the Toronto ZoomerShow, post pandemic investment to drive long-term growth such as increased spend in content creation, marketing and business development, and the discontinuation of government COVID-19 support funding accounted for the remainder of the increase.

Further analysis of expenses is provided in the discussion of segmented results.

DEPRECIATION AND AMORTIZATION

For the three months ended May 31, 2023, depreciation and amortization expense were $1.05 million, a decrease of 20.6% compared to the same period in the prior year. This was the result of the finalization of FreshDaily purchase price allocation and valuation of intangible assets on August 31, 2022, which reduced the valuation of acquired intangible assets compared to the preliminary assessment as reported on May 31, 2022.

For the nine months ended May 31, 2023, depreciation and amortization expense were $3.31 million, an increase of 3.3% compared to the same period in the prior year. This was the result of higher amortization expense related to the acquired intangible assets from FreshDaily and Buzz.

INTEREST INCOME AND INTEREST EXPENSE

For the the three and nine months ended May 31, 2023, interest income earned on short-term investments and deposits were $0.04 million and $0.12 million respectively.

For the three and nine months ended May 31, 2023, imputed interest expense due to the accretion of lease liabilities under IFRS 16 and promissory notes issued for the the new acquisitions were $0.53 million and $1.61 million respectively.

INCOME TAXES

For the three and nine months ended May 31, 2023, income tax expense were $0.19 million and $0.36 million respectively, a decrease of 46.7% and 75.8% compared to the same periods in the prior year. This was attributable to lower operating income as well as the utilization of net capital losses.

NET INCOME AND COMPREHENSIVE INCOME

For the three months ended May 31, 2023, net loss was $0.12 million, compared to net income of $0.91 million in the prior year.

For the nine months ended May 31, 2023, net income was $0.26 million, compared to $4.50 million in the prior year.

TELEVISION

The television division operates Vision TV, ONE TV, TVL Channel 5, JoyTV in Vancouver and FAITH TV in Winnipeg.

	Three months ended			Nine months ended		
	May 31 2023	May 31 2022	% Change	May 31 2023	May 31 2022	% Change
Revenue	**$ 7,388,094**	**$ 7,845,454**	**(5.8)%**	**$ 22,618,779**	**$ 24,326,574**	**(7.0)%**
Subscriber fees	2,230,982	2,623,561	(15.0)%	6,946,482	7,494,537	(7.3)%
Mosaic air time sales	2,599,617	2,613,798	(0.5)%	7,786,765	7,787,582	—%
Commercial advertising	2,532,598	2,615,121	(3.2)%	7,339,157	8,336,716	(12.0)%
Distribution, retransmission & other	24,897	(7,026)	(454.4)%	546,375	707,739	(22.8)%
Operating expenses	**3,834,194**	**4,212,354**	**9.0%**	**12,192,676**	**12,393,070**	**1.6%**
Segment Adjusted EBITDA	**3,553,900**	**3,633,100**	**(2.2)%**	**10,426,103**	**11,933,504**	**(12.6)%**
Adjusted EBITDA Margin	***48.1%***	*46.3%*		***46.1%***	*49.1%*	

For the three and nine months ended May 31, 2023, total revenues from the Television division decreased by 5.8% and 7.0% respectively, compared to the same periods in the prior year. This was due to a combination of lower Vision and ONE advertising revenue attributed to shifting viewer patterns post Covid, acceleration of subscriber base/revenue erosion from cord shaving, as well as lower retransmission royalties.

For the three and nine months ended May 31, 2023, operating expenses decreased by 9.0% and 1.6% respectively, compared to the same periods in the prior year. This was attributable to lower sales costs correlated to the decrease in advertising revenue, lower Canadian content spending, as well as reduced administrative expenses implemented to mitigate softness in revenue.

RADIO

The radio division operates CFMZ-FM Toronto - The New Classical 96.3FM, CFMX-FM Cobourg - The New Classical 103.1FM, CFMO-FM Collingwood - The New Classical 102.9FM and CFZM-AM 740 Toronto and CFZM-FM 96.7FM Toronto - ZoomerRadio.

	Three months ended			Nine months ended		
	May 31 2023	May 31 2022	% Change	May 31 2023	May 31 2022	% Change
Revenue	$ 1,736,269	$ 1,692,056	2.6%	$ 5,227,355	$ 5,514,884	(5.2)%
Operating expenses	2,089,778	2,019,548	(3.5)%	6,422,233	5,814,850	(10.4)%
Segment Adjusted EBITDA	(353,509)	(327,492)		(1,194,878)	(299,966)	
Adjusted EBITDA Margin	*(20.4)%*	*(19.4)%*		*(22.9)%*	*(5.4)%*	

For the three months ended May 31, 2023, total revenues from the Radio division increased by 2.6%, compared to the same period in the prior year, driven by higher AM 740 local advertising revenue resulting from programming changes and reorganization of local sales department implemented in the current fiscal.

For the nine months ended May 31, 2023, total revenues from the Radio division decreased by 5.2%, compared to the same period in the prior year. Lower audience ratings have impacted National advertising revenues for both Classical FM and AM 740, partially offset by higher local advertising revenues. Included in prior year revenue is a one-time recovery of previously unrecognized rental income in the amount of $0.20 million resulting from a shared transmission tower agreement in Cobourg.

Operating expenses for the three and nine months ended May 31, 2023 increased by 3.5% and 10.4% respectively, compared to same periods in the prior year. This was attributed to higher programming and administrative expenses, as well as the discontinuation of government COVID-19 support funding this year. Included in prior year operating expenses, in addition to the Canadian Emergency Wage Subsidies, $0.15 million in federal relief support was received in the first quarter of fiscal 2022.

PRINT

The Print operations consist of ZOOMER magazine and On The Bay magazine. In addition, the Company introduced Tonic magazine in September 2020 after acquiring its trademarks and all other intellectual property from an arms-length party.

	Three months ended			Nine months ended		
	May 31 2023	May 31 2022	% Change	May 31 2023	May 31 2022	% Change
Revenue	**$ 994,520**	**$ 1,354,278**	**(26.6)%**	**$ 3,294,631**	**$ 3,487,960**	**(5.5)%**
ZOOMER magazine - Subscriber fees	498,187	542,461	(8.2)%	1,274,781	1,394,799	(8.6)%
ZOOMER magazine - Commercial advertising	289,533	576,905	(49.8)%	1,370,743	1,516,773	(9.6)%
Tonic magazine	11,618	38,048	(69.5)%	67,299	83,462	(19.4)%
On The Bay magazine	195,182	196,864	(0.9)%	581,808	492,926	18.0%
Operating expenses	**1,315,022**	**1,251,761**	**(5.1)%**	**3,911,903**	**3,570,635**	**(9.6)%**
ZOOMER magazine	1,082,187	1,065,705	(1.5)%	3,141,904	2,932,733	(7.1)%
Tonic magazine	36,187	53,507	32.4%	137,595	146,506	6.1%
On The Bay magazine	196,648	132,549	(48.4)%	632,404	491,396	(28.7)%
Segment Adjusted EBITDA	**(320,502)**	**102,517**	**(412.6)%**	**(617,272)**	**(82,675)**	**(646.6)%**
Adjusted EBITDA Margin	***(32.2)%***	*7.6%*		***(18.7)%***	*(2.4)%*	

For the three and nine months ended May 31, 2023, total revenues from Print operations decreased by 26.6% and 5.5% respectively, compared to the same periods in the prior year. This was mainly attributable to lower advertising revenues in ZOOMER, as well as the decline in magazine subscriber fees. The refresh of On the Bay magazine is showing positive returns, partially offsetting softness in revenue for the Print division.

For the three and nine months ended May 31, 2023, operating expenses increased by 5.1% and 9.6% respectively, compared to the same periods in the prior year. This was driven by production costs related to the Queen Elizabeth tribute special newsstand issue, higher production expenses driven by inflationary pressures, and lower Aid to Publisher grant received for the magazine in the current fiscal year.

MEMBERSHIP & ROYALTY

ZoomerMedia owns the marketing rights to the Canadian Association for Retired Persons (CARP) and has access to their members. CARP is Canada's largest advocacy association for Canadians 45 plus. In addition, ZoomerMedia consolidates the operating results of CARP, which includes membership and educational revenue as well as the operating expenses of the not-for-profit operation. ZoomerMedia also incurs expenses in efforts to support the affinity partner relationships. In return, the Company earns royalty revenues from Affinity Partners for use of the CARP name. Please refer to the section "MATERIAL CONTRACTS" for further discussion of our relationship to CARP.

	Three months ended			Nine months ended		
	May 31 2023	May 31 2022	% Change	May 31 2023	May 31 2022	% Change
Revenue	**$ 868,394**	**$ 1,064,439**	**(18.4)%**	**$ 2,939,685**	**$ 3,125,041**	**(5.9)%**
Membership and Other	415,265	472,889	(12.2)%	1,308,709	1,425,057	(8.2)%
Royalty	453,129	591,550	(23.4)%	1,630,976	1,699,984	(4.1)%
Operating expenses	**532,984**	**526,992**	**(1.1)%**	**1,621,641**	**1,544,990**	**(5.0)%**
Segment Adjusted EBITDA	**335,410**	**537,447**	**(37.6)%**	**1,318,044**	**1,580,051**	**(16.6)%**
Adjusted EBITDA Margin	***38.6%***	*50.5%*		***44.8%***	*50.6%*	

For the three and nine months ended May 31, 2023, total revenues for the Membership & Royalty division decreased by 18.4% and 5.9% respectively, compared to the same periods in the prior year. This was driven by the expiration of Northbridge Financial royalty agreement in the second quarter of the current fiscal year, partially offset by the addition of major royalty partners including Revera, Home Equity, Purpose Investments, Heritage Cannabis and Canadian Automotive Association. We continue to seek additional partners by offering integrated opportunities across ZoomerMedia's platforms, and increase value added support services.

For the three and nine months ended May 31, 2023, operating expenses increased by 1.1% and 5.0% respectively, compared to the same periods in the prior year. This was primarily due to higher CARP membership services and chapter funding, partially offset by lower marketing spend.

DIGITAL

The Digital division of the Company includes the recently acquired digital operations of a FreshDaily (blogTO) and Buzz (Daily Hive), as well as EverythingZoomer.com and other digital properties, which were previously reported as part of the Other operating segment.

	Three months ended			Nine months ended		
	May 31 2023	**May 31 2022**	**% Change**	**May 31 2023**	**May 31 2022**	**% Change**
Revenue	**$ 4,126,373**	**$ 1,862,223**	**121.6%**	**$ 12,838,026**	**$ 3,632,825**	**253.4%**
blogTO.com	1,663,286	1,193,743	39.3%	4,328,139	1,497,788	189.0%
Daily Hive	1,901,229	—	100.0%	6,567,755	—	100.0%
EverythingZoomer.com and Other	561,858	668,480	(15.9)%	1,942,132	2,135,037	(9.0)%
Operating expenses	**3,245,847**	**1,476,469**	**(119.8)%**	**10,229,005**	**3,232,297**	**(216.5)%**
Segment Adjusted EBITDA	**880,526**	**385,754**	**(128.3)%**	**2,609,021**	**400,528**	**100.0%**
Adjusted EBITDA Margin	***21.3%***	*20.7%*		***20.3%***	*—%*	

The newly acquired digital properties has delivered strong performance in the current fiscal year. With FreshDaily being acquired on January 21, 2022 and Buzz on September 12, 2022, prior year comparative year information for the nine months ended May 31, 2023 cannot be referenced at this time. For the nine months ended May 31, 2023, FreshDaily contributed $1.46 million to segment EBITDA, while DailyHive contributed $1.13 million.

For the three months ended May 31, 2023, total revenues from blogTO.com increased by 39.3% compared to the same period in the prior year, highlighting improvements in monetization strategy and growth resulting from shared resource capabilities.

For the three and nine months ended May 31, 2023, revenues from EverythingZoomer.com decreased by 15.9% and 9.0% respectively, as compared to the same periods in the prior year, driven by lower advertising revenues as a result of the wind down of Rogers Wireless partnership, a major royalty and media partner. This was partially offset by lower production expenses resulting from a one-time reorganization of development staff with the establishment of shared digital support services department, included in the Corporate segment.

OTHER

The Other division of the Company consist of the production of various trade shows and live events, a television production and distribution company, and JTM Amalco Inc., JTM Hit Parade Inc., JTM Unholy Inc., JTM Hit Parade 3 Inc., JTM Healing Gardens Inc., 2585882 Ontario Inc., and JTM Hit Parade 4, Inc., JTM Hit Parade 5 Inc., JTM Healing Gardens 2 Inc., structured entities that create television programming content exclusively for Vision TV and ONE TV. Previous period comparative results have been restated to exclude the impact of EverythingZoomer.com and other digital properties, which are now presented as part of the Digital segment.

	Three months ended			Nine months ended		
	May 31 2023	May 31 2022 (as restated)	% Change	May 31 2023	May 31 2022 (as restated)	% Change
Revenue	**$ 375,000**	**$ 382,471**	**(2.0)%**	**$ 836,042**	**$ 670,418**	**24.7%**
ZoomerShows	100,000	35,000	185.7%	454,874	173,160	162.7%
Production, Distribution and Other	275,000	347,471	(20.9)%	381,168	497,258	(23.3)%
Operating expenses	**587,599**	**457,652**	**(28.4)%**	**2,598,674**	**1,579,953**	**(64.5)%**
Segment Adjusted EBITDA	**(212,599)**	**(75,181)**	**(182.8)%**	**(1,762,632)**	**(909,535)**	**(93.8)%**
Adjusted EBITDA Margin	***(56.7)%***	*(19.7)%*		***(210.8)%***	*(135.7)%*	

For the three months ended May 31, 2023, Other revenues decreased by 2.0%, compared to the same period in the prior year. This was the result in differences in timing of production deliveries year over year, with revenue being recognized as each production is delivered. This was partially offset by timing of revenues from virtual summits.

For the nine months ended May 31, 2023, Other revenues increased by 24.7%, compared to the same period in the prior year. This is mainly due to return of the Toronto ZoomerShow in October 2022, post pandemic lockdown, partially offset by timing of production deliveries and other production media funding and tax credits received in the prior year.

For the three and nine months ended May 31, 2023, operating expenses increased by 28.4% and 64.5% respectively, compared to the same periods in the prior year. This was the result of the production cost of the Toronto ZoomerShow and original television programming content.

CORPORATE

Corporate revenues represent dividend income and other sundry amounts received. Corporate expenses represent the incremental cost of corporate overhead in excess of the amount allocated to the other operating divisions. Corporate overhead comprises administration and support functions including marketing and audience development, finance, digital services and information technology costs that are not directly attributable to the other segments of ZoomerMedia, as well as the facilities cost for the company head office at 30, 64 and 70 Jefferson Avenue, Toronto.

	Three months ended			Nine months ended		
	May 31 2023	May 31 2022	% Change	May 31 2023	May 31 2022	% Change
Revenue	$ 116,838	$ 126,190	(7.4)%	$ 320,956	$ 333,438	(3.7)%
Operating expenses	1,871,487	1,477,235	(26.7)%	5,855,004	4,270,914	(37.1)%
Segment Adjusted EBITDA	(1,754,649)	(1,351,045)	(29.9)%	(5,534,048)	(3,937,476)	(40.5)%

For the three and nine months ended May 31, 2023, Corporate revenues decreased by 7.4% and 3.7% respectively, compared to the same periods in the prior year. Corporate revenues consist of dividend income received from the short-term investment portfolio held by the Company.

For the three and nine months ended May 31, 2023, operating expenses related to corporate overhead increased by 26.7% and 37.1% respectively, compared to the same periods in the prior year. This was mainly attributable to the creation of a new digital support services department, higher acquisition related administrative expenses related to legal, accounting and IT support, as well as the discontinuation of COVID-19 subsidies. Included in prior year operating expenses is the receipt of $0.18 million in government wage and rent subsidies, which were recorded as a reduction to operating expenses.

ACQUISITION OF BUZZ CONNECTED MEDIA INC

On September 12, 2022, the Company acquired all of the issued and outstanding shares of Buzz Connected Media Inc. ("**Buzz**"), owner and publisher of DailyHive, the dominant publisher across digital and social media platforms in Western Canada and one of the country's most followed news brands. The acquisition establishes ZoomerMedia as a national digital publisher that is unrivaled in terms of online reach and engagement.

Total consideration given is as follows:

Cash proceeds	$	6,000,000
ZoomerMedia preference shares		3,000,000
Promissory note		5,000,000
Working capital adjustment (paid on closing)		586,367
Other considerations*		(802,681)
		13,783,686

*Other considerations include bank indebtedness, corporate credit cards and other transactions fees to be paid by seller

The promissory note bears an interest rate of 6.4%, with interest accrued payable annually, and the principal amount maturing and payable in full on September 9, 2027.

ZoomerMedia also assumed the $2.40 million loan payable to the Business Development Bank of Canada from Buzz as part of the acquisition.

The transaction has been accounted for as a business combination in accordance with IFRS 3. Accordingly, the fair value of the assets acquired and liabilities assumed have been recorded at their fair values as at the date of acquisition. Given the timing of the acquisition, ZoomerMedia is in the process of finalizing the purchase price acquisition analysis, a preliminary assessment of which, is as follows:

Cash	$	129,855
Trade and other receivables		1,695,762
Prepaid		371,304
Property and equipment, net		38,233
Non-current assets		238,271
Bank indebtedness		(575,000)
Trade and other payables		(861,677)
Loan payable		(2,400,000)
Deferred revenue		(121,810)
Other liabilities		(83,588)
		(1,568,650)
Brand name		3,969,993
Non-compete		610,768
Customer list		1,221,536
Other intangible assets		83,133
		5,885,430
Goodwill		9,466,906
	$	13,783,686

As for the fair value of $1.70 million of acquired trade and other receivables, the total amount of contracts is $1.70 million and the estimate of the contractual cash flow not expected to be collected at the acquisition date is $nil.

Goodwill reflects excess earning power expected from the collective human resources related to the future business development and its synergy with the existing businesses. There is no item deductible from the taxable income related to the recognized goodwill.

The Company incurred transaction costs for due diligence, legal and other professional fees in the amount of $0.13 million in relation to the acquisition. These amounts have been expensed in the other operating expenses line as incurred, in the Company's consolidated interim financial statements.

Subsequent to the acquisition date, Buzz contributed revenue and net income after tax of $6.57 million and $0.42 million respectively, and has been included in the Company's digital operating segment.

QUARTERLY RESULTS OF OPERATIONS

The following table sets out certain unaudited quarterly results for the previous eight quarters. The information contained herein is drawn from the condensed consolidated interim financial statements for each of the aforementioned periods.

	(000's of dollars – except per share amounts)							
	2023 May 31	**2023 Feb 28**	**2022 Nov 30**	**2022 Aug 31**	**2022 May 31**	**2022 Feb 28**	**2021 Nov 30**	**2021 Aug 31**
Revenue	$15,605	$14,897	$17,573	$13,152	$14,327	$12,687	$14,077	$12,078
Net income (loss)	$(123)	$(613)	$995	$(1,017)	$910	$1,956	$1,632	$96
Net income (loss) per share	$(0.00)	$(0.00)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.01

Quarterly results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. As a result, one quarter's operating results are not necessarily indicative of what a subsequent quarter's operating results will be. In particular, as one of our major sources of revenue is advertising, operating results are dependent on general advertising and retail cycles associated with consumer spend activity.

LIQUIDITY, SOLVENCY AND CASH FLOW

At May 31, 2023, we had cash of $4.00 million and short-term investments of $9.83 million.

The following table summarizes the cash inflows (outflows) for the three and nine months ended May 31, 2023 and 2022.

	Three months ended		**Nine months ended**	
	May 31 2023	**May 31 2022**	**May 31 2023**	**May 31 2022**
Cash from operating activities	$ 3,375,877	$ 71,857	$ 2,859,829	$ 2,661,607
Cash from investing activities	(356,284)	(468,912)	(6,217,270)	(7,365,937)
Cash from financing activities	(647,071)	(564,725)	(3,710,261)	(5,303,906)
Change in cash	2,372,522	(961,780)	(7,067,702)	(10,008,236)
Cash, beginning of period	1,626,902	7,628,896	11,067,126	16,675,352
Cash, end of period	$ 3,999,424	$ 6,667,116	$ 3,999,424	$ 6,667,116

RELATED PARTY TRANSACTIONS

The Company is controlled by Olympus Management Limited (**“OML**”), which owns 62.8% (August 31, 2022 - 64.7%) of the Company’s equity through both common shares and preference shares. The President and Chief Executive Officer of the Company controls OML and is the ultimate controlling party of the Company. Fairfax Financial Holdings Limited (“**Fairfax**”), through its wholly owned subsidiary Northbridge Financial Corporation ("**Northbridge**"), holds 25.8% (August 31, 2022 6%) of the Company’s equity through both common shares and preference shares. The remaining 11.4% (August 31, 2022 - 8.7%) of the Company's equity is made up of common and preference shares widely held.

The Company’s related party transactions are summarized below. These transactions are in the normal course of operations.

a. Transactions with the principal shareholder

During the nine months ended May 31, 2023, the Company paid management fees of $1.11 million (2022 – $1.04 million) and fees for ancillary services of $0.18 million (2022 – $0.13 million) to OML, the majority shareholder of the Company, for the provision of executive management services, home office costs, contractor services and talent fees. At May 31, 2023, included in accounts payable and accrued liabilities is a payable to OML of $0.01 million (August 31, 2022 - $nil). At May 31, 2023, there is no outstanding dividend payable owing to OML of $nil (August 31, 2022 - $nil).

b. Transactions with entities controlled by a principal shareholder

During the nine months ended May 31, 2023, the Company received royalty revenues from Northbridge of $0.27 million (2022 – $0.52 million) and advertising revenues of $0.24 million (2022 – $0.15 million). Included in accounts receivable at May 31, 2023 is a receivable from Northbridge of $0.00 million (August 31, 2022 – $0.28 million). At May 31, 2023, there is no outstanding dividend payable owing to Northbridge (August 31, 2022 - $nil).

A director of the Company is employed by a subsidiary of Fairfax.

CONTINGENT OFF-BALANCE SHEET ARRANGEMENTS

We do not have off-balance sheet financial commitments and do not anticipate entering into any contracts of such nature, other than the addition of such operating leases for equipment as may be required in the normal course of business.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Our significant accounting policies are described in Note 3 to the consolidated financial statements. The preparation of financial statements in conformity with International Financial Reporting Standards (“IFRS”) requires us to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Items requiring significant estimates and subject to measurement uncertainty include provision for expected credit losses, the carrying values of intangible assets, useful lives and valuation of program rights, carrying value of goodwill, long-term debt, deferred income taxes and the valuation of stock options. Actual results could differ from those estimates.

The key judgments, estimates and assumptions made in applying accounting policies which have the most significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Cash Generating Units (CGUs)

The determination of the CGUs involves significant judgment. We have identified several non-goodwill CGUs which include Vision TV, ONE TV, JoyTV, FAITH TV, Channel 5 (TVL), Zoomer Magazine, On The Bay Magazine, Tonic Magazine, AM Radio, FM Radio, CARP, Royalty, Website, Shows and Conferences, Television Production and Distribution and FreshDaily. Goodwill recorded in the consolidated financial statements relates to the Television group CGU and FreshDaily CGU.

Impairment of goodwill and indefinite life intangible assets

The values associated with indefinite life intangible assets and goodwill involve significant estimates and assumptions made by us with respect to future cash flows, growth rates and discount rates. These significant estimates and judgments could affect future results if the current estimates of future performance and fair values change.

We review goodwill and indefinite life intangible assets at least annually for impairment. The impairment test is carried out by allocating these assets to the relevant CGUs and comparing the aggregate recoverable amount of the assets included in the CGUs to their respective carrying amounts. The recoverable amount is determined based on the value in use of the CGUs using discounted cash flows models that require assumptions about future cash flows, margins and discount rates.

Estimated period of use of program rights

We amortize program rights over the estimated period of use. The amount of amortization recognized for any period is affected by our estimated period of use. These significant estimates are reviewed at least annually and are updated if expectations change as a result of changes in the broadcast schedules of our television stations. It is possible that changes in the broadcast schedules of the television stations may cause significant changes in the estimated period of use of the program rights. When there is a change in the intended use of the program rights the useful life will be revised and an additional amortization will be recorded.

Estimated useful lives

We estimate the useful lives of non-financial assets with definite useful lives, such as property and equipment and intangible assets with definite useful lives, based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for the depreciation and amortization on these assets are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence or other limits of use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of these assets in the future.

Valuation of business combinations or acquisitions

The values associated with assets acquired through business combinations or similar acquisitions involve significant estimates and assumptions with respect to future cash flows, growth rates, and discount rates. For each acquired set of activities or assets acquired, we are required to make an assessment of the various inputs, processes and outputs which require significant judgments. These significant estimates and judgments could affect the reported amounts and disclosure of assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period.

Income taxes

Income tax liabilities must be estimated by us, including an assessment of temporary differences. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the financial statements. Significant judgment is required regarding our future profitability to be able to realize deferred tax assets. Changes in market conditions, changes in tax legislation and other factors could adversely affect the ongoing value of deferred taxes.

Additionally, we participate in transactions for which the ultimate tax treatment is uncertain. We may record a provision from time to time in respect of uncertain tax positions that we believe appropriately reflects the Company's risk. Such provisions are made using the best estimate of the amount expected to be incurred based on an assessment of all relevant factors.

MATERIAL CONTRACTS

We have rights to license the use of the CARP logo, and to control the use of the CARP name and other intellectual property in certain media as follows:

a) Agency Agreement

An assignment of the agency agreement dated May 1, 2001, pursuant to which we have the right to act as the exclusive representative and agent with regard to contracts, dealings and endeavours of any type by virtue of which CARP could receive certain remuneration. The agreement has terms which continue until December 31, 2099 subject to cancellation by us on three years' notice. Our rights under this agreement include the following rights:

(i) to publish articles, newsletters, tabloids, newspapers, magazines and other periodicals in any form of media featuring, using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(ii) to publish books featuring, using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(iii) to produce and distribute radio programs, television programs, and programs in any other media using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(iv) to produce and distribute motion pictures in film, video and any other media using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(v) to affix any one or more of CARP's tradenames, trademarks or other like intellectual property to products, packaging, sales or promotional materials, except those soliciting membership in CARP;

(vi) to mark products and/or their packaging as having been approved by CARP, or as having been manufactured under license from CARP, or as having been produced for members of CARP;

(vii) to hold out products or services as having been approved by CARP or as having been designed or formulated for members of CARP, including without limitation offering products or services at prices which purportedly for members of CARP afford a discount from the regular prices thereof;

(viii) to promote and market goods and services to the members of CARP, including, but without limiting the generality of the foregoing, newspapers; publications other than newspapers; residences; nursing care facilities; medical facilities; communication equipment and services; appliances; vehicles (rental, lease and sale); transportation facilities and services; vacations; travel accommodation and services; financial services; insurance services, policies and programs; education services; and entertainment;

(ix) to establish and maintain any one or more remotely accessible information or communication sites (including but without limitation any one or more sites on the worldwide web) which are targeted to members of CARP, under any contractual format or regime which is contemplated to generate revenues; and

(x) to use CARP's membership list subject to and in compliance with applicable legislation.

We are entitled to utilize such rights at our own discretion and to remunerate CARP as we may determine at our own discretion. Subject to certain terms and conditions including the obligation to ensure that no published material is obscene, lewd or lascivious, or promotes or could incite hatred or intolerance of, or discrimination against, any persons because of their race, colour, religion or national origin, sex, sexual orientation, handicap or family status.

b) Publishing Contract

An assignment of a publishing contract dated May 1, 2001, pursuant to which we have been given the sole and exclusive right, license and authority to publish magazines, newspapers, newsletters, tabloids and other periodicals, as well as books, pamphlets, catalogues and other publications, intended principally for members of CARP, in any form of media now known or which hereafter comes into existence (including without limitation, in print form or in any electronic form, which expression includes the worldwide web) under, featuring, using or exploiting any one or more of CARP's tradenames, trademarks and other intellectual property.

c) Northbridge Financial Corporation Royalty Agreement

An assignment of a royalty agreement dated August 1, 2007 pursuant to which Northbridge agreed to pay the Company a royalty calculated on the amount of direct premiums for insurance coverage payable until August 1, 2022 under policies of insurance insuring any member of CARP and issued or placed by Northbridge or its affiliates. The royalty payment agreement permits an annual offset of $0.72 million which totals $10.8 million over the term of the agreement. Pursuant to this agreement, Northbridge is required to spend a minimum of $0.25 million in advertising with ZOOMER magazine, increased annually by the Consumer Price Index for a period of 15 years, except that for every 10% reduction in the subscription levels for ZOOMER magazine during a contract year from a threshold level of 90% of the paid subscribers as at August 1, 2007 (approximately 190,000 paid subscribers), such minimum advertising commitment may be reduced by 10%. Northbridge may elect to cease making advertising expenditures where the ZOOMER magazine subscription level falls to less than 60% of such threshold and there is a failure to raise the ZOOMER magazine subscription level to greater than 60% of such threshold upon 60 days' notice.

The Northbridge agreement expired on February 27, 2023..

d) Canadian Automobile Association (CAA) Club Group of Companies Royalty Agreement

Effective January 1, 2023, the Company entered into a royalty agreement with the CAA Club Group of Companies ("CAA") pursuant to which CAA agreed to pay the Company a royalty calculated on gross premiums written for insurance policies sold to CARP members. The program was launched on April 1, 2023 with a term of 5 years until March 31, 2028, at which time both parties may agree to extend for a further 5 years. Until the agreement, CAA is required to pay the Company a minimum amount annually, consisting of a combination of royalties paid on insurance policies sold to CARP members, and advertising spending with various ZoomerMedia platforms

RECONCILIATION AND DEFINITION OF NON-IFRS MEASURES

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") is a non-GAAP measure used by management to provide additional insight into our performance and financial condition. Adjusted EBITDA excludes the gain on sale of property and the unrealized gain or loss on equity instruments. We believe that these non-GAAP measure are an important part of the financial reporting process and are useful in communicating information that complements and supplements the consolidated financial statements. Accordingly, we are presenting EBITDA and Adjusted EBITDA in this MD&A to enhance the usefulness of our MD&A. We have provided a reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable IFRS number, disclosure of the purpose of the non-GAAP measure, and how the non-IFRS measure is used in managing the business.

We report EBITDA because it is a key measure used by management to evaluate performance of our business segments and the Company. EBITDA is a measure commonly reported and widely used by investors as an indicator of a company's operating performance and ability to service debt, and as a valuation metric. We report Adjusted EBITDA to evaluate performance primarily because of the significant effect certain unusual or non-recurring amounts have on EBITDA from period to period. The Company believes EBITDA and Adjusted EBITDA assist investors in comparing a company's performance on a consistent basis without regard to depreciation and amortization, which are non-cash in nature and can vary significantly dependent on accounting methods or non-operating factors such as historical cost.

EBITDA and Adjusted EBITDA are not calculations based on IFRS and should not be considered an alternative to net income or loss in measuring the Company's performance, nor should they be used as an exclusive measure of cash flow, because they do not consider the impact of movements in working capital (including liabilities relating to program rights), capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the consolidated statements of cash flows. Investors should carefully consider the specific items included in our computation of EBITDA and Adjusted EBITDA.

The following is a reconciliation of EBITDA and Adjusted EBITDA with net income for the three and nine months ended May 31, 2023 and 2022:

	Three months ended		Nine months ended	
	May 31 2023	**May 31 2022**	**May 31 2023**	**May 31 2022**
Net income (loss) and comprehensive income (loss)	$ (122,685)	$ 910,041	$ 259,478	$ 4,498,214
Depreciation	596,497	589,167	1,792,606	1,810,770
Amortization of other intangible assets	456,131	735,744	1,518,048	1,394,487
Interest expense	531,340	373,182	1,610,921	1,028,765
Interest income	(41,864)	(37,225)	(120,205)	(92,189)
Income tax expense	188,447	353,736	355,972	1,473,000
EBITDA	1,607,866	2,924,645	5,416,820	10,113,047
Unrealized (gain) loss on equity instruments	596,920	107,137	(37,897)	(504,749)
Gain on sale of equity instruments	(77,928)	(126,682)	(136,304)	(923,867)
Adjusted EBITDA	$ 2,128,577	$ 2,905,100	$ 5,244,338	$ 8,684,431

LEGAL PROCEEDINGS

In the normal course of business, we become involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending as at May 31, 2023 cannot be predicted with certainty, these matters are not expected to have a material adverse effect on our financial position.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at May 31, 2023, the CEO and CFO have evaluated the effectiveness of our disclosure controls and procedures as defined in Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings) of the Canadian Securities Administrators and have concluded that such controls and procedures are effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING and DISCLOSURE CONTROLS AND PROCEDURES

In accordance with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") file Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a "Note to Reader" stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

As part of our corporate governance practices, internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") have been designed. There has been no formal evaluation of the operation of these controls. We have designed our ICFR to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with Canadian GAAP. Management works to mitigate the risk of a material misstatement in financial reporting; however a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Our DC&P has been designed to ensure that the information required to be disclosed by ZoomerMedia is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. It should be noted that while the Company's CEO and CFO believe that our DC&P provide reasonable assurance that they are effective, they do not expect that the DC&P and ICFR will prevent all errors or fraud. There has been no material change in the internal controls of the Company in the nine months ended May 31, 2023.

DISCLOSURE OF OUTSTANDING SHARE DATA

ZoomerMedia Limited common shares trade on the TSX Venture Exchange under the symbol "ZUM". The Company is authorized to issue an unlimited number of preference shares in one or more series and an unlimited number of common shares without par value. On July 26, 2023, there were 273,646,964 common shares issued and outstanding, 407,879,129 preference shares issued and outstanding and 25,183,333 stock options outstanding with a weighted average exercise price of $0.05.