



**ZOOMERMEDIA**  
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**ZOOMERMEDIA LIMITED**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**For the three and nine months ended May 31, 2023 and 2022**

# ZOOMERMEDIA LIMITED

## Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(expressed in Canadian dollars)	May 31, 2023	August 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,999,424	\$ 11,067,126
Short-term investments (Note 5)	9,832,218	9,789,129
Trade and other receivables	11,548,778	9,024,013
Prepaid expenses	1,510,900	1,332,111
Income tax receivable	18,082	2,035,311
	<u>26,909,402</u>	<u>33,247,690</u>
<b>Non-current assets</b>		
Property and equipment (Note 6)	3,636,057	3,649,469
Right-of-use assets (Note 7)	18,848,119	20,012,861
Deferred tax assets	2,715,572	2,355,384
Intangible assets (Note 8)	23,717,651	19,844,513
Goodwill (Note 8)	22,372,315	12,905,409
Other non-current assets	598,498	437,348
<b>TOTAL ASSETS</b>	<u><u>\$ 98,797,614</u></u>	<u><u>\$ 92,452,674</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	\$ 4,311,146	\$ 4,789,422
Current portion of contract liabilities (Note 9)	2,212,964	3,505,051
Income tax payable	536,921	—
Current portion of lease liabilities (Note 7)	1,034,559	1,026,036
Program rights liabilities	1,416,883	2,149,210
	<u>9,512,473</u>	<u>11,469,719</u>
<b>Non-current liabilities</b>		
Contract liabilities (Note 9)	587,600	342,361
Deferred tax liabilities	1,751,166	1,751,166
Long-term lease liabilities (Note 7)	20,346,264	21,126,464
Loan payable and promissory notes (Notes 4, 10)	12,405,000	5,000,000
	<u>44,602,503</u>	<u>39,689,710</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	66,730,699	63,730,699
Contributed surplus	4,585,322	4,368,075
Deficit	(15,335,415)	(13,548,460)
	<u>55,980,606</u>	<u>54,550,314</u>
<b>Non-controlling interest (Note 12)</b>	<u>(1,785,495)</u>	<u>(1,787,350)</u>
<b>Total equity</b>	<u>54,195,111</u>	<u>52,762,964</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>\$ 98,797,614</u></u>	<u><u>\$ 92,452,674</u></u>
Commitments and contingent liabilities (Note 18)		

### APPROVED ON BEHALF OF THE BOARD:

<i>signed</i>	Director	<i>signed</i>	Director
Moses Znaimer		Peter Palframan	

# ZOOMERMEDIA LIMITED

## Condensed Consolidated Interim Statements of Income and Comprehensive Income For the three and nine months ended May 31, 2023 and 2022 (Unaudited)

	Three months ended		Nine months ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Revenue	\$ 15,605,488	\$ 14,327,111	\$ 48,075,474	\$ 41,091,140
Operating expenses (Note 13)	13,476,911	11,422,011	42,831,136	32,406,709
Depreciation (Notes 6, 7)	596,497	589,167	1,792,606	1,810,770
Amortization of other intangible assets (Note 8)	456,131	735,744	1,518,048	1,394,487
Operating income	1,075,949	1,580,189	1,933,684	5,479,174
Interest income	(41,864)	(37,225)	(120,205)	(92,189)
Interest expense	531,340	373,182	1,610,921	1,028,765
Net interest expense	489,476	335,957	1,490,716	936,576
Unrealized (gain) loss on equity instruments (Note 5)	596,920	107,137	(37,897)	(504,749)
Gain on sale of equity instruments (Note 5)	(77,928)	(126,682)	(136,304)	(923,867)
Loss on sale and write-off of property	1,719	—	1,719	—
	520,711	(19,545)	(172,482)	(1,428,616)
<b>Net income before income taxes</b>	65,762	1,263,777	615,450	5,971,214
Income tax expense	188,447	353,736	355,972	1,473,000
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<u>\$ (122,685)</u>	<u>\$ 910,041</u>	<u>\$ 259,478</u>	<u>\$ 4,498,214</u>
<b>Net income (loss) and comprehensive income (loss) attributed to:</b>				
Owners of the parent	\$ (114,202)	\$ 874,704	\$ 257,623	\$ 4,355,141
Non-controlling interest (Note 12)	(8,483)	35,337	1,855	143,073
	<u>\$ (122,685)</u>	<u>\$ 910,041</u>	<u>\$ 259,478</u>	<u>\$ 4,498,214</u>
<b>Net income (loss) per share (basic and diluted) (Note 14)</b>	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>
<b>Weighted average number of shares outstanding</b>	<u>681,526,093</u>	<u>665,407,345</u>	<u>680,720,232</u>	<u>665,207,421</u>

The notes are an integral part of these interim consolidated financial statements

# ZOOMERMEDIA LIMITED

## Condensed Consolidated Interim Statements of Cash Flows For the three and nine months ended May 31, 2023 and 2022 (Unaudited)

	Three months ended		Nine months ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
<b>Operating activities</b>				
Net income (loss) for the period	\$ (122,685)	\$ 910,041	\$ 259,478	\$ 4,498,214
Add (deduct) non-cash items:				
Depreciation (Note 6)	217,192	193,856	627,864	626,302
Depreciation of right-of-use assets (Note 7)	379,305	395,311	1,164,742	1,184,468
Amortization of program rights (Note 8)	1,388,267	1,458,687	4,245,313	4,036,346
Amortization of other intangibles (Note 8)	456,131	735,744	1,518,048	1,394,487
Stock-based compensation	61,820	66,771	217,247	264,059
Interest accrued on short-term investments	—	12,242	—	—
Dividends accrued on short-term investments	(31,185)	(6,035)	(31,185)	(25,641)
Deferred income tax expense	(126,771)	215,746	(360,188)	1,261,872
Unrealized gain on equity instruments (Note 5)	596,030	107,137	(37,897)	(504,749)
Change in other non-current assets	17,500	—	77,121	—
Interest expense on lease liabilities (Note 7)	296,156	310,140	899,006	939,696
Loss on sale of property (Note 6)	1,719	—	1,719	—
Gain on sale of equity instruments (Note 5)	(77,928)	(126,682)	(136,304)	(923,867)
Change in contract liabilities	(713,413)	(397,020)	(1,252,246)	(1,126,021)
Net change in non-cash working capital (Note 15)	2,897,842	(1,545,529)	33,894	(3,623,518)
	5,239,980	2,330,409	7,226,612	8,001,648
Purchase of program rights (Note 8)	(1,234,163)	(2,086,525)	(3,634,456)	(5,584,141)
Change in liabilities related to program rights	(629,940)	(172,027)	(732,327)	244,100
	(1,864,103)	(2,258,552)	(4,366,783)	(5,340,041)
	3,375,877	71,857	2,859,829	2,661,607
<b>Investing activities</b>				
Purchase of short-term investments	(672,494)	(4,243,223)	(2,150,738)	(12,216,452)
Proceeds from sale of short-term investments	802,558	4,074,255	2,281,850	15,631,510
Proceeds from sale of property, net (Note 6)	600	—	600	—
Additions to property and equipment (Note 6)	(184,235)	(232,744)	(578,538)	(663,303)
Purchase of other intangible assets (Note 8)	(75,358)	(67,200)	(116,612)	(67,200)
Acquisition of Fresh Daily, net of cash acquired (Note 4)	—	—	—	(10,050,492)
Acquisition of Buzz, net of cash acquired (Note 4)	(227,355)	—	(5,653,832)	—
	(356,284)	(468,912)	(6,217,270)	(7,365,937)
<b>Financing activities</b>				
Issuance of shares under stock option plan	—	—	—	24,184
Repayment of lease liabilities (Note 7)	(547,071)	(564,725)	(1,670,683)	(1,692,357)
Draws (repayment) of credit facilities	(100,000)	—	5,000	—
Payment of dividends	—	—	(2,044,578)	(3,635,733)
	(647,071)	(564,725)	(3,710,261)	(5,303,906)
<b>Change in cash</b>	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
<b>Cash, end of period</b>	<u>\$ 3,999,424</u>	<u>\$ 6,667,116</u>	<u>\$ 3,999,424</u>	<u>\$ 6,667,116</u>
<b>Supplementary cash flow information:</b>				
Equity instruments received (Note 5)	\$ —	\$ —	\$ —	\$ 125,000
Interest paid	531,340	373,182	1,610,921	1,028,765
Income taxes paid	52,771	570,304	630,011	2,429,915

The notes are an integral part of these interim consolidated financial statements

# ZOOMERMEDIA LIMITED

## Condensed Consolidated Interim Statements of Changes in Equity For the three and nine months ended May 31, 2023 and 2022 (Unaudited)

	Common Shares		Preference Shares		Contributed Surplus	Deficit	Non-controlling Interest	Total Shareholders' Equity
	#	\$	#	\$	\$	\$	\$	\$
<b>Balance - September 1, 2021</b>	273,163,297	24,892,540	387,879,129	38,787,913	4,053,632	(14,810,323)	(2,023,480)	50,900,282
Stock-based compensation	—	—	—	—	264,059	—	—	264,059
Exercise of stock options	483,667	50,246	—	—	(26,062)	—	—	24,184
Dividend declared	—	—	—	—	—	(1,983,127)	—	(1,983,127)
Net income and comprehensive income	—	—	—	—	—	4,355,141	143,073	4,498,214
<b>Balance - May 31, 2022</b>	<u>273,646,964</u>	<u>24,942,786</u>	<u>387,879,129</u>	<u>38,787,913</u>	<u>4,291,629</u>	<u>(12,438,309)</u>	<u>(1,880,407)</u>	<u>53,703,612</u>
<b>Balance - September 1, 2022</b>	273,646,964	24,942,786	387,879,129	38,787,913	4,368,075	(13,548,460)	(1,787,350)	52,762,964
Stock-based compensation	—	—	—	—	217,247	—	—	217,247
Issuance of preference shares (Note 4)	—	—	20,000,000	3,000,000	—	—	—	3,000,000
Dividend declared	—	—	—	—	—	(2,044,578)	—	(2,044,578)
Net income and comprehensive income	—	—	—	—	—	257,623	1,855	259,478
<b>Balance - May 31, 2023</b>	<u>273,646,964</u>	<u>24,942,786</u>	<u>407,879,129</u>	<u>41,787,913</u>	<u>4,585,322</u>	<u>(15,335,415)</u>	<u>(1,785,495)</u>	<u>54,195,111</u>

The notes are an integral part of these interim consolidated financial statements

**1. NATURE OF OPERATIONS**

ZoomerMedia Limited (the “**Company**” or “**ZoomerMedia**”) is a multimedia company that serves the diversified “Zoomer” demographic through television, radio, magazine, internet, conferences, trade shows and digital platforms for local news and culture. ZoomerMedia’s television properties include; Vision TV, a multi-cultural, multi-faith, family friendly specialty television service; ONE TV, offering fitness, healthy living and entertainment programs; JoyTV in Vancouver, Victoria, Surrey and the Fraser Valley, and FAITH TV in Winnipeg, both devoted to broadcasting Christian and local programming; and TVL Channel 5, a linear television channel guide available to Rogers households in Ontario and New Brunswick. ZoomerMedia’s radio properties include CFMZ-FM Toronto - The New Classical 96.3FM, CFMX-FM Cobourg - The New Classical 103.1FM, CFMO-FM Collingwood - The New Classical 102.9FM, Canada’s only commercial classical music radio stations serving the Greater Toronto Area (GTA), eastern Ontario and Collingwood, CFZM-AM 740 Toronto and CFZM-FM 96.7FM Toronto - Zoomer Radio, Toronto’s “Timeless Hits” station. ZoomerMedia also publishes ZOOMER Magazine, the Company's flagship magazine that caters to the 45 plus market, On The Bay Magazine, a regional lifestyle magazine published quarterly for the 20 towns and villages of Southern Georgian Bay, Ontario, as well as the Tonic Magazine (“**Tonic**”), a regional health and wellness magazine published every two months and distributed across the City of Toronto. ZoomerMedia's online properties include [www.EverythingZoomer.com](http://www.EverythingZoomer.com), Canada’s leading provider of online content targeting the 45 plus age group, and the newly acquired [www.blogto.com](http://www.blogto.com), which caters to the interest of the Greater Toronto Region and [www.dailyhive.com](http://www.dailyhive.com), the leading digital source for local news, culture, and what's happening in Western Canada (see Note 4 for further discussion). ZoomerMedia has trade show and conference divisions that produce the ZoomerShows, annual consumer shows directed to the Zoomer demographic and ideaCity, an annual Canadian conference also known as 'Canada's Premiere Meeting of the Minds'.

Effective September 1, 2021, MZ Media Inc., the legal entity holding all of the Company's radio properties, was amalgamated into ZoomerMedia Limited.

The Company is incorporated and domiciled in Canada and its registered office is located at 70 Jefferson Avenue, Toronto, Ontario, M6K 1Y4. The Company’s shares are publicly traded on the TSX Venture Exchange under the symbol “ZUM”.

These condensed interim consolidated financial statements have been authorized for issue in accordance with a resolution from the Board of Directors on July 26, 2023 .

**2. BASIS OF PREPARATION**

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”).

These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. The disclosures contained in these unaudited condensed consolidated interim financial statements do not contain all requirements of IFRS for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2022.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as described in the audited consolidated financial statements for the year ended August 31, 2022. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated interim financial statements are disclosed in Note 3.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Significant Accounting Judgments and Estimation Uncertainties****Critical accounting judgments and estimates**

The preparation of financial statements under IFRS requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's historical experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ materially from these 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: the determination of Cash Generating Units ("CGUs"); the values associated with indefinite life intangible assets and goodwill; the estimated period of use of program rights; the estimated useful lives of non-financial assets with definite useful lives; valuation of business combinations or acquisitions; tax position and estimation uncertainties caused by COVID-19.

**(b) Interests in Structured Entities and Other**

JTM Amalco Inc. ("**JTM Amalco**"), JTM Hit Parade Inc. ("**JTM Hit Parade**"), JTM Unholy Inc. ("**JTM Unholy**"), JTM Hit Parade 3 Inc. ("**JTM Hit Parade 3**"), JTM Healing Gardens Inc. ("**JTM Healing Gardens**"), 2585882 Ontario Inc. ("**Kettle Bells Series**"), JTM Hit Parade 4 Inc. ("**JTM Hit Parade 4**"), JTM Hit Parade 5 Inc. ("**JTM Hit Parade 5**"), JTM Healing Garden 2 Inc. ("**JTM Healing Garden II**"), and JTM Hit Parade 6 Inc. ("**JTM Hit Parade 6**") are structured entities. Effective May 1, 2021, the Company amalgamated previously stand-alone entities JTM Classical Performance Inc., JTM Holiday Special Inc., JTM Holiday Special II Inc., JTM Classical Performance II Inc., JTM Libby's Story Inc., Gospel Song Productions Inc., and People Who Sing Together 2 Inc. into JTM Amalco to streamline the reporting function of all inactive structured entities.

JTM Amalco was incorporated on May 1, 2021, JTM Hit Parade was incorporated on November 23, 2017, JTM Unholy was incorporated on July 17, 2018, JTM Hit Parade 3 was incorporated on November 28, 2018, JTM Healing Gardens was incorporated on September 17, 2019, Kettle Bells Series was incorporated on July 5, 2017, JTM Hit Parade 4 was incorporated on May 12, 2020, JTM Healing Gardens II was incorporated on November 2, 2021, JTM Hit Parade 5 was incorporated April 29, 2022, and JTM Hit Parade 6 was incorporated on April 5, 2023.

The Company concluded that it controls JTM Amalco, JTM Hit Parade, JTM Unholy, JTM Hit Parade 3, JTM Healing Gardens, Kettle Bells Series, JTM Hit Parade 4, JTM Hit Parade 5, JTM Healing Garden II, and JTM Hit Parade 6 (together "**the JTM entities**") as the main activities of the JTM entities is the creation of television programming content for which the Company will have exclusive Canadian rights. Additionally, the JTM entities are dependent on the Company for financial support, both in the form of program license fee payments as well as through the provision of production services, including equipment and personnel. The JTM entities also expect to receive funding from the Canada Media Fund and through Federal and Provincial tax credits. To the extent such amounts are not received, the JTM entities may not have the ability to pay the Company for the provision of production services.

As at May 31, 2023, cash of \$555,056 and other current liabilities of \$1,179,346 are included in the consolidated interim financial statements resulting from the consolidation of the JTM entities (August 31, 2022, cash of \$412,579 and other current liabilities of \$586,820).

Net income before income taxes for the nine months ended May 31, 2023 increased by \$35,853 resulting from the consolidation of the JTM entities (May 31, 2022 - net income before income taxes increased by \$207,250).

## ZOOMERMEDIA LIMITED

### Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022 (Unaudited)

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Canadian Association of Retired Persons (“CARP”) is a national, non-partisan, not-for-profit membership organization with the mandate of promoting and protecting the interest, rights and quality of life for aging Canadians. Under the guidance of IFRS 10, *Consolidated financial statements*, the Company is deemed to have control of CARP as an investee.

The significant judgments and assumptions made in this determination include ZoomerMedia's exposure and rights to CARP's variable returns and its ability to impact those returns. Although the advocacy activities of CARP remain primarily independent, ZoomerMedia holds agreements that give it the right to make decisions about the provision, selling and promotion of products or services to CARP members. ZoomerMedia is exposed to CARP's variable returns through its payment of various subsidies to CARP and through its affinity royalty revenue arrangements, subscription revenue of ZOOMER magazine and advertising revenue across all forms of its media. Additionally, ZoomerMedia has the ability to make decisions about the relevant activities of CARP, including how CARP builds its membership. Accordingly, CARP has been consolidated as an investee in these condensed consolidated interim financial statements (see Note 11).

#### 4. BUSINESS COMBINATIONS

##### 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 (Note 11)		3,000,000
Promissory note (Note 10)		5,000,000
Working capital adjustment (paid on closing)		586,367
Other considerations*		(802,681)
		<hr/> 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 \$2.4 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, *Business Combination* (“**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:



**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)**

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)
		<u>(1,568,650)</u>
Brand name		3,969,993
Non-compete		610,768
Customer list		1,221,536
Other intangible assets		83,133
		<u>5,885,430</u>
Goodwill		9,466,906
	\$	<u><u>13,783,686</u></u>

As for the fair value of \$1,695,762 of acquired trade and other receivables, the total amount of contracts is \$1,695,762 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 \$133,808 in relation to the acquisition. These amounts have been expensed in the other operating expenses line (Note 13) as incurred, in these interim consolidated financial statements.

Subsequent to the acquisition date, Buzz contributed revenue and net income after tax of \$6,567,755 and \$416,897 respectively, and has been included in the Company's Digital operating segment.

**Acquisition of Freshdaily Inc.**

On January 21, 2022, the Company acquired all of the issued and outstanding shares of Freshdaily Inc. ("**FreshDaily**"), owner and publisher of blogTO, the leading digital source for Greater Toronto Area news, culture, restaurant reviews, event listings, and all the best the GTA has to offer. The acquisition provides ZoomerMedia with a regional audience that is unrivaled in terms of online and social media reach and engagement.

Total consideration given is as follows:

Cash proceeds	\$	10,000,000
Working capital adjustments (paid on closing)		72,442
Promissory note		5,000,000
	\$	<u>15,072,442</u>

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)**

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The promissory note bears an interest rate of 5%, with interest accrued payable monthly, and the principal amount maturing and payable in full three years following the date of 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. The final assessment of the net assets acquired is as follows:

Cash	\$	21,949
Trade and other receivables		801,944
Property and equipment, net		5,455
Trade and other payables		(390,299)
Income tax payable		(111,152)
Deferred tax liabilities (on acquisition)		<u>(1,662,126)</u>
		(1,334,229)
Non-compete clause		636,000
Brand names		4,248,000
Customer List		<u>1,386,000</u>
Acquired intangible assets		6,270,000
Goodwill		<u>10,136,671</u>
	\$	<u><u>15,072,442</u></u>

As for the fair value of \$801,944 of acquired trade and other receivables, the total amount of contracts is \$801,944 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 \$56,660 in relation to the acquisition. These amounts have been expensed in the other operating expenses line of prior year results (Note 13) as incurred, in these condensed consolidated interim financial statements.

Subsequent to the acquisition date for the nine months ended May 31, 2022, FreshDaily contributed revenue and net income after tax of \$1,497,788 and \$384,728 respectively, and has been included in the Company's Digital operating segment. The proforma impact of contributed revenue and net income after tax for the year ended August 31, 2022, had FreshDaily been acquired on September 1st, 2021 are \$4,801,751 and \$1,329,572 respectively.

For the nine months ended May 31, 2023, FreshDaily contributed revenue and net income after tax of \$4,328,139 and \$855,653 respectively, and has been included in the Company's Digital operating segment.

## ZOOMERMEDIA LIMITED

### Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022 (Unaudited)

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#### 5. SHORT-TERM INVESTMENTS

Short-term investments consist of:

- (a) 16,147 common shares of Canopy Growth Corporation ("**Canopy**"), a Canadian publicly traded corporation. The Canopy shares were acquired via private placement as part of consideration given to the Company with respect to an exclusive brand license agreement entered into on October 2018. The fair value at the time of acquisition was \$1,000,000. As at May 31, 2023, the Canopy shares have a fair value of \$18,246 (August 31, 2022 - \$78,474).
- (b) Various common shares of Canadian public companies over which the Company does not have control or significant influence. The portfolio is managed by Sionna Investments utilizing a focused Canadian dividend strategy. The fair value of these securities has been determined by reference to their quoted closing bid price as at each reporting date. At May 31, 2023, these shares have a fair value of \$9,451,820 (August 31, 2022 - \$9,030,098).
- (c) 1,250,000 common shares of Heritage Cannabis Holdings Corporation ("**Heritage**"), a Canadian publicly traded corporation, acquired via private placement as part of consideration given to the Company in exchange for an exclusive brand licensing agreement entered into on September 2021. The fair value at the time of acquisition was \$125,000. As at May 31, 2023, the Heritage shares have a fair value of \$12,500 (August 31, 2022 - \$38,125).
- (d) Government of Canada treasury bills of \$349,651 (August 31, 2022 - \$342,432).
- (e) Royal Bank of Canada guaranteed investment certificates of \$nil (August 31, 2022 - \$300,000).

The Company records its investments in Canopy, Heritage, and other Canadian public company shares as financial assets at fair value through profit and loss, and recorded an unrealized gain of \$37,897 during the nine months ended May 31, 2023 (May 31, 2022 - unrealized gain of \$504,749). The Company recorded a realized gain of \$136,304 during the nine months ended May 31, 2023 (May 31, 2022 - realized gain of \$923,867).

The Company records its Government of Canada treasury bills and guaranteed investment certificates as financial assets at amortized cost. These investments have a maturity date of one month with an interest rate yield of 0.820% (August 31, 2022 - range from 0.824% to 1.440%). The Company uses the effective interest rate method in determining the amortized cost for these instruments.

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)****6. PROPERTY AND EQUIPMENT**

	<b>Land &amp; building</b>	<b>Broadcast equipment</b>	<b>Equipment &amp; vehicles</b>	<b>Computer hardware</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Year ended August 31, 2022</b>						
Opening net book value	\$ 544,274	\$ 1,718,548	\$ 171,150	\$ 595,508	\$ 633,938	\$ 3,663,418
Additions	—	212,201	221,154	323,163	54,049	810,567
Accumulated depreciation	(12,783)	(280,310)	(66,243)	(368,478)	(96,702)	(824,516)
Closing period net book value	<u>\$ 531,491</u>	<u>\$ 1,650,439</u>	<u>\$ 326,061</u>	<u>\$ 550,193</u>	<u>\$ 591,285</u>	<u>\$ 3,649,469</u>
<b>At August 31, 2022</b>						
Cost	\$ 680,727	\$ 9,299,027	\$ 2,542,263	\$ 3,014,009	\$ 1,108,597	\$ 16,644,623
Accumulated depreciation	(149,236)	(7,648,588)	(2,216,202)	(2,463,816)	(517,312)	(12,995,154)
Net book value	<u>\$ 531,491</u>	<u>\$ 1,650,439</u>	<u>\$ 326,061</u>	<u>\$ 550,193</u>	<u>\$ 591,285</u>	<u>\$ 3,649,469</u>
<b>Nine months ended May 31, 2023</b>						
Opening net book value	\$ 531,491	\$ 1,650,439	\$ 326,061	\$ 550,193	\$ 591,285	\$ 3,649,469
Additions	—	49,354	224,672	314,668	28,077	616,771
Disposal	—	—	(2,319)	—	—	(2,319)
Depreciation for the period	(9,587)	(148,794)	(110,816)	(283,216)	(75,451)	(627,864)
Closing period net book value	<u>\$ 521,904</u>	<u>\$ 1,550,999</u>	<u>\$ 437,598</u>	<u>\$ 581,645</u>	<u>\$ 543,911</u>	<u>\$ 3,636,057</u>
<b>At May 31, 2023</b>						
Cost	\$ 680,727	\$ 9,348,381	\$ 2,764,616	\$ 3,328,677	\$ 1,136,674	\$ 17,259,075
Accumulated depreciation	(158,823)	(7,797,382)	(2,327,018)	(2,747,032)	(592,763)	(13,623,018)
Net book value	<u>\$ 521,904</u>	<u>\$ 1,550,999</u>	<u>\$ 437,598</u>	<u>\$ 581,645</u>	<u>\$ 543,911</u>	<u>\$ 3,636,057</u>

Included in additions for the nine months ended May 31, 2023 is the net book value of property and equipment acquired from Buzz in the amount of \$38,233 (see Note 4 for further discussion).

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)****7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Company leases its office buildings located in Toronto, Ontario, Collingwood, Ontario and Surrey, British Columbia, as well as various equipment and vehicles.

The following table presents the right-of-use assets for the nine months ended May 31, 2023:

	<b>Right-of-use: Land &amp; building</b>	<b>Right-of-use: Equipment &amp; vehicles</b>	<b>Total</b>
<b>At August 31, 2022</b>			
Cost	\$ 24,531,148	\$ 302,061	\$ 24,833,209
Accumulated depreciation	(4,582,225)	(238,123)	(4,820,348)
Net book value	<u>\$ 19,948,923</u>	<u>\$ 63,938</u>	<u>\$ 20,012,861</u>
<b>Nine months ended May 31, 2023</b>			
Opening net book value	\$ 19,948,923	\$ 63,938	\$ 20,012,861
Additions	—	—	—
Lease modifications	—	—	—
Depreciation for the period	(1,123,374)	(41,368)	(1,164,742)
Disposal	—	—	—
Closing period net book value	<u>\$ 18,825,549</u>	<u>\$ 22,570</u>	<u>\$ 18,848,119</u>
<b>At May 31, 2023</b>			
Cost	\$ 24,531,148	\$ 302,061	\$ 24,833,209
Accumulated depreciation	(5,705,599)	(279,491)	(5,985,090)
Net book value	<u>\$ 18,825,549</u>	<u>\$ 22,570</u>	<u>\$ 18,848,119</u>

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)**

The following table presents the lease liabilities for the nine months ended May 31, 2023:

	<b>Right-of-use: Land &amp; building</b>	<b>Right-of-use: Equipment &amp; vehicles</b>	<b>Total</b>
<b>At August 31, 2022</b>			
Current portion	\$ 977,163	\$ 48,873	\$ 1,026,036
Long-term portion	21,107,878	18,586	21,126,464
	<u>\$ 22,085,041</u>	<u>\$ 67,459</u>	<u>\$ 22,152,500</u>
<b>Nine months ended May 31, 2023</b>			
Opening balance	\$ 22,085,041	\$ 67,459	\$ 22,152,500
Additions	—	—	—
Interest expense	897,520	1,486	899,006
Lease modifications	—	—	—
Lease payments	(1,625,359)	(45,324)	(1,670,683)
Closing period balance	<u>\$ 21,357,202</u>	<u>\$ 23,621</u>	<u>\$ 21,380,823</u>
<b>At May 31, 2023</b>			
Current portion	\$ 1,018,084	\$ 16,475	\$ 1,034,559
Long-term portion	20,339,118	7,146	20,346,264
	<u>\$ 21,357,202</u>	<u>\$ 23,621</u>	<u>\$ 21,380,823</u>

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)****8. INTANGIBLE ASSETS AND GOODWILL**

Details of intangible assets and goodwill are as follows:

	Broadcast licenses	Program rights	Royalty stream rights	Brand names	Computer software	Customer list & non- competes clause	Total intangible assets	Goodwill
<b>At August 31, 2022</b>								
Cost	\$ 22,620,517	\$ 11,323,888	\$ 12,650,072	\$ 5,430,740	\$ 1,296,721	\$ 2,572,000	\$ 55,893,938	\$ 18,868,550
Accumulated amortization	—	(4,540,030)	(12,380,710)	(1,106,918)	(1,210,115)	(591,135)	(19,828,908)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	<u>\$ 6,400,000</u>	<u>\$ 6,783,858</u>	<u>\$ 269,362</u>	<u>\$ 4,323,822</u>	<u>\$ 86,606</u>	<u>\$ 1,980,865</u>	<u>\$ 19,844,513</u>	<u>\$ 12,905,409</u>
<b>Nine months ended May 31, 2023</b>								
Opening net book value	\$ 6,400,000	\$ 6,783,858	\$ 269,362	\$ 4,323,822	\$ 86,606	\$ 1,980,865	19,844,513	\$ 12,905,409
Additions	—	3,634,456	—	—	116,612	—	3,751,068	—
Additions from business combinations (Note 4)	—	—	—	3,969,993	—	1,915,438	5,885,431	9,466,906
Amortization for the period	—	(4,245,313)	(269,362)	(586,255)	(47,646)	(614,785)	(5,763,361)	—
Impairment for the period	—	—	—	—	—	—	—	—
Closing period net book value	<u>\$ 6,400,000</u>	<u>\$ 6,173,001</u>	<u>\$ —</u>	<u>\$ 7,707,560</u>	<u>\$ 155,572</u>	<u>\$ 3,281,518</u>	<u>\$ 23,717,651</u>	<u>\$ 22,372,315</u>
<b>At May 31, 2023</b>								
Cost	\$ 22,620,517	\$ 14,958,344	\$ 12,650,072	\$ 9,400,733	\$ 1,413,333	\$ 4,487,438	\$ 65,530,437	\$ 28,335,456
Accumulated amortization	—	(8,785,343)	(12,650,072)	(1,693,173)	(1,257,761)	(1,205,920)	(25,592,269)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	<u>\$ 6,400,000</u>	<u>\$ 6,173,001</u>	<u>\$ —</u>	<u>\$ 7,707,560</u>	<u>\$ 155,572</u>	<u>\$ 3,281,518</u>	<u>\$ 23,717,651</u>	<u>\$ 22,372,315</u>

**Acquisition of Buzz Connected Media Inc.**

Included in additions to intangible assets and goodwill for the nine months ended May 31, 2023 is the preliminary valuation assessment of acquired intangible assets from the purchase of Buzz, which consist of its brand name, a non-competes clause, customer list and goodwill (see Note 4 for further discussion).

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)****9. CONTRACT LIABILITIES**

	<b>May 31, 2023</b>	<b>August 31, 2022</b>
Magazine subscriptions revenue	\$ 1,184,997	\$ 1,344,916
Membership revenue	971,857	1,084,581
Royalty revenue	81,110	197,085
Canada Periodical Fund	—	565,891
Shows and conferences revenue	54,000	104,399
Advertising revenue	500,600	542,540
Production revenue	8,000	8,000
	<u>\$ 2,800,564</u>	<u>\$ 3,847,412</u>
Less: Current portion	<u>(2,212,964)</u>	<u>(3,505,051)</u>
	<u><u>\$ 587,600</u></u>	<u><u>\$ 342,361</u></u>

**10. LONG TERM DEBT**

As at May 31, 2023, the following promissory notes and loans payable are outstanding:

- (a) \$2,400,000 loan payable to Business Development Bank of Canada ("**BDC**") assumed by ZoomerMedia as part of the acquisition of Buzz. The loan is secured by a general security agreement and requires the company to meet certain financial covenants. It bears interest at BDC's floating base rate plus 5.95%, which is accrued and payable monthly with the principal amount maturing and payable on April 15, 2027.
- (b) \$5,000,000 promissory note payable to the ex-principals of Buzz. The note bears an interest rate of 6.4%, with interest accrued payable annually and the principal amount maturing and payable on September 9, 2027.
- (c) \$5,000,000 promissory note payable to the ex-principal of FreshDaily. The note bears an interest rate of 5%, with interest accrued payable monthly and the principal amount maturing and payable on January 21, 2025.

**11. SHARE CAPITAL****(a) Authorized**

Unlimited preference shares may be issued in one or more series by the Board of Directors. Preference shares are non-voting, are convertible into common shares at the option of the holder on a one for one basis at any time and have rights to dividends. As at May 31, 2023, the Company had 407,879,129 preference shares valued at \$41,787,913 outstanding (August 31, 2022 – 387,879,129 valued at \$38,787,913).



**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)**

During the first quarter of the current fiscal year, the Company issued 20,000,000 preference shares at the deemed price of \$0.15 per share, or valued at \$3,000,000 as part of the Buzz acquisition (see Note 4 for further discussion).

Unlimited number of common shares. As at May 31, 2023, the Company had 273,646,964 common shares outstanding (August 31, 2022 – 273,646,964).

**(b) Stock Options**

The Company has a stock option plan for the benefit of employees and directors of the Company and certain key service providers to the Company. Under the plan the Company is authorized to issue stock options up to 10% of the shares issued and outstanding at the time of the grant.

The options either vest on issuance or vest one-third upon issuance and one-third in each of the following two years, or one-third in each of the following three years.

As at May 31, 2023, the Company had 25,183,333 stock options outstanding with a weighted exercise price of \$0.05 per share (August 31, 2021 - 25,483,333).

Movements in the number of stock options outstanding and their related weighed average exercises for the nine months ended May 31, 2023 and year ended August 31, 2022 are as follows:

	<b>Nine months ended May 31, 2023</b>		<b>Year ended August 31, 2022</b>	
	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance, beginning of period	25,483,333	\$ 0.05	20,967,000	\$ 0.05
Issued	—	—	5,000,000	0.05
Exercised	—	—	(483,667)	0.05
Expired	(300,000)	0.05	—	—
Balance, end of period	25,183,333	\$ 0.05	25,483,333	\$ 0.05

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)****12. INVESTEE WITH NON-CONTROLLING INTEREST**

CARP is recorded as an investee of the Company in these consolidated interim financial statements, although the Company has no equity interest in CARP (see Note 3 (b)). The non-controlling interest of CARP comprises its membership base, which holds the deficit. The following financial information of CARP as an investee is presented below. This information is based on amounts before elimination of balances and transactions between ZoomerMedia and its subsidiaries as the investor and CARP as the investee.

**Summarized Statement of Financial Position**

	<b>May 31 2023</b>	<b>August 31, 2022</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 18,634	\$ 69,842
Trade and other receivables	—	—
Prepaid expenses	60,024	48,312
	<u>78,658</u>	<u>118,154</u>
<b>Non-current assets</b>		
Property, equipment and intangible assets	29,078	33,404
<b>TOTAL ASSETS</b>	<u><u>\$ 107,736</u></u>	<u><u>\$ 151,558</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	\$ 88,631	\$ 73,010
Due to controlling entity	832,742	781,317
Contract liabilities	839,609	977,880
	<u>1,760,982</u>	<u>1,832,207</u>
<b>Non-current liabilities</b>		
Contract liabilities	132,249	106,701
	<u>1,893,231</u>	<u>1,938,908</u>
<b>EQUITY</b>		
Deficit	<u>(1,785,495)</u>	<u>(1,787,350)</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>\$ 107,736</u></u>	<u><u>\$ 151,558</u></u>

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)****Summarized Statements of Income and Comprehensive Income**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>May 31 2023</b>	<b>May 31 2022</b>	<b>May 31 2023</b>	<b>May 31 2022</b>
<b>REVENUE</b>				
Membership fees	\$ 378,935	\$ 411,876	\$ 1,147,032	\$ 1,243,830
Sponsorship and other income	36,330	61,013	161,677	181,226
	<u>415,265</u>	<u>472,889</u>	<u>1,308,709</u>	<u>1,425,056</u>
<b>OPERATING EXPENSES</b>				
Employee benefits:				
Salaries and wages	131,553	124,825	390,809	333,689
Other employee costs	3,908	6,945	25,950	23,402
	<u>135,461</u>	<u>131,770</u>	<u>416,759</u>	<u>357,091</u>
Distribution and transmission costs	220,814	210,820	677,062	641,921
Other operating expenses	66,030	93,159	208,706	277,563
	<u>422,305</u>	<u>435,749</u>	<u>1,302,527</u>	<u>1,276,575</u>
Operating income (loss)	(7,040)	37,140	6,182	148,481
Depreciation	544	679	1,631	2,038
Amortization of other intangible assets	899	1,124	2,696	3,370
	<u></u>	<u></u>	<u></u>	<u></u>
<b>Net income (loss) before income taxes</b>	<u>(8,483)</u>	<u>35,337</u>	<u>1,855</u>	<u>143,073</u>
Income tax expense	—	—	—	—
	<u></u>	<u></u>	<u></u>	<u></u>
<b>Net income and comprehensive income for the year</b>	<u><u>\$ (8,483)</u></u>	<u><u>\$ 35,337</u></u>	<u><u>\$ 1,855</u></u>	<u><u>\$ 143,073</u></u>

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)****13. OPERATING EXPENSES**

Operating expenses of the Company for the three and nine months ended May 31, 2023 and 2022 are as follows:

	Three months ended		Nine months ended	
	May 31	May 31	May 31	May 31
	2023	2022	2023	2022
Employee benefits:				
Salaries and wages	\$ 5,845,940	\$ 4,362,517	\$ 18,463,727	\$ 12,299,722
Other employee costs	1,509,371	1,421,927	4,725,958	4,188,331
Stock based compensation	61,820	66,771	217,247	264,059
	<u>\$ 7,417,131</u>	<u>\$ 5,851,215</u>	<u>23,406,932</u>	<u>16,752,112</u>
Amortization of program rights	1,388,267	1,458,687	4,245,313	4,036,346
Distribution and transmission costs	2,269,209	2,139,748	7,175,728	6,118,516
Other operating expenses	2,402,304	1,972,361	8,003,163	5,499,735
	<u>\$ 13,476,911</u>	<u>\$ 11,422,011</u>	<u>\$ 42,831,136</u>	<u>\$ 32,406,709</u>

Transactions costs of \$133,808 related to Buzz acquisition are included in other operating expenses for the nine months ended May 31, 2023 (May 31, 2022 - \$56,660 transaction costs related to FreshDaily acquisition) (see Note 4 for further discussion).

**14. BASIC AND DILUTED INCOME PER SHARE**

The following table outlines the calculations of basic and diluted income per share attributed to owners of the parent for the three and nine months ended May 31, 2023 and 2022:

	Three months ended		Nine months ended	
	May 31	May 31	May 31	May 31
	2023	2022	2023	2022
Numerator for basic and diluted income per share:				
Net income (loss)	\$ (122,685)	\$ 910,041	\$ 259,478	\$ 4,498,214
Adjusted numerator for income (loss) per share	\$ (122,685)	\$ 910,041	\$ 259,478	\$ 4,498,214
Common shares	273,646,964	273,646,964	273,646,964	273,447,040
Preference shares	407,879,129	387,879,129	407,073,268	387,879,129
Denominator for income (loss) per share - weighted average	681,526,093	661,526,093	680,720,232	661,326,169
Net impact of potential dilutive securities	—	3,881,252	—	3,881,252
Adjusted denominator for diluted income (loss) per share	681,526,093	665,407,345	680,720,232	665,207,421
<b>Basic income (loss) per share</b>	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>
<b>Diluted income (loss) per share</b>	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>

The dilutive effect of outstanding stock options on income per share is based on the application of the treasury stock method. Under this method, the proceeds for the exercise of such securities are assumed to be used to purchase common shares of the Company. The effect of the potential exercise of stock options have been included in the calculation of diluted earnings per share for the nine months ended May 31, 2023 and 2022.

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)****15. NET CHANGE IN NON-CASH WORKING CAPITAL**

The net change in non-cash working capital balances for the nine months ended May 31, 2023 and 2022 consist of the following:

	Three months ended		Nine months ended	
	May 31 2023	May 31 2022	May 31 2023	May 31 2022
Trade and other receivables	\$ 103,981	\$ (1,042,540)	\$ (797,818)	\$ (1,156,892)
Prepaid expenses	552,931	59,635	192,515	1,492,767
Income tax assets	2,579,117	(414,947)	2,017,229	(1,706,743)
Trade and other payables	(401,436)	(147,677)	(1,826,867)	(1,631,751)
Income tax liabilities	63,249	—	448,835	(620,899)
Other liabilities	—	—	—	—
	<u>\$ 2,897,842</u>	<u>\$ (1,545,529)</u>	<u>\$ 33,894</u>	<u>\$ (3,623,518)</u>

**16. 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 - 26.6%) 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 shares 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 \$1,108,252 (May 31, 2022 – \$1,035,750) and fees for ancillary services of \$179,864 (May 31, 2022 – \$131,862) 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 and accounts receivable is a payable to OML \$7,047 (August 31, 2022 - \$nil) and a receivable from OML of \$6,495 (August 31, 2022 - \$3,607). At May 31, 2023, there is no outstanding dividend payable owing to OML (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 \$267,598 (May 31, 2022 – \$522,485) and advertising revenues of \$237,244 (May 31, 2022 – \$149,261). Included in accounts receivable at May 31, 2023 is a receivable from Northbridge of \$nil (August 31, 2022 – \$282,785). 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.

**17. CAPITAL MANAGEMENT**

The Company considers its capital structure as the aggregate of shareholders' equity. The Company manages its capital structure and makes adjustments to it in order to have funds available to support the business activities which the Board of Directors intends to pursue in addition to maximizing the return to shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry out current operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes to the Company's approach to capital management during the nine months ended May 31, 2023.

The Company is not subject to externally imposed capital requirements.

**18. COMMITMENTS AND CONTINGENT LIABILITIES**

At May 31, 2023, the Company has entered into various agreements for the right to broadcast certain television programs in the future. The acquisition of these broadcast rights is contingent on the actual delivery of the productions. Management estimates that these arrangements will result in future program expenditures of approximately \$1,354,805 (August 31, 2022 - \$2,692,137).

**19. SEGMENTED INFORMATION**

Management has determined that during the year, the Company operated within the following reportable business segments: Television, Radio, Print, Royalty, Digital, Other and Corporate operations. These business segments reflect the management structure of the Company and the way in which management reviews business performance. The Company evaluates the performance of its operating segments primarily based on segment income (loss), as presented below.

The Television segment consists of the Company's specialty and conventional television stations (Vision TV, ONE TV, Joy TV in Vancouver, FAITH TV in Winnipeg, and TVL Channel 5) and generates revenues from subscriber fees, the sale of broadcast time and advertising. The Radio segment consists of the Company's four radio stations and generates revenues primarily from the sale of advertising. The Print segment publishes ZOOMER magazine, On The Bay magazine and Tonic, and generates revenue from advertising, and subscriptions. The Membership & Royalty segment includes the operating activities of CARP as well as membership and marketing services to CARP, earning revenue from membership fees and royalties. The Digital segment consists of the operation of the two acquired digital companies, blogTO and Daily Hive, as well as the operation of EverythingZoomer.com and other digital platforms, and primarily generates revenue from the sale of advertising.

Other activities include the production of ZoomerShows, and other trade and consumer shows directed to the 45plus age group. Also included are a television production and distribution company and the JTM entities (see Note 3(b)). Other activities generate revenue from advertising, production and distribution services, sponsorship, booth rentals and ticket sales.

Corporate results primarily represent the incremental cost of corporate overhead in excess of the amount allocated to the segments, and also includes expenses relating to the operation of the Company's commercial property located in Toronto.

**ZOOMERMEDIA LIMITED**
**Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022**  
**(Unaudited)**

Nine months ended May 31, 2023								
	<u>Television</u>	<u>Radio</u>	<u>Print</u>	<u>Membership &amp; Royalty</u>	<u>Digital</u>	<u>Other</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$ 22,618,779	\$ 5,227,355	\$ 3,294,631	\$ 2,939,685	\$ 12,838,026	\$ 836,042	\$ 320,956	48,075,474
Operating expenses	12,192,676	6,422,233	3,911,903	1,621,641	10,229,005	2,598,674	5,855,004	42,831,136
Depreciation	74,509	156,415	739,524	1,631	537,982	196,919	85,626	1,792,606
Amortization	13,070	1,071	59,571	272,058	1,163,668	5,048	3,562	1,518,048
	12,280,255	6,579,719	4,710,998	1,895,330	11,930,655	2,800,641	5,944,192	46,141,790
Interest expense	—	1,707	—	—	289,917	529	1,318,768	1,610,921
Interest income	—	—	—	—	—	(37,025)	(83,180)	(120,205)
Unrealized (gain) loss on equity instruments	—	—	—	—	612	—	(38,509)	(37,897)
(Gain) loss on sale of property	(600)	—	—	—	2,319	—	—	1,719
Gain on sale of equity instruments	—	—	—	—	—	—	(136,304)	(136,304)
Segmented income (loss)	\$ 10,339,124	\$ (1,354,071)	\$ (1,416,367)	\$ 1,044,355	\$ 614,523	\$ (1,928,103)	\$ (6,684,011)	\$ 615,450
Segmented assets	\$ 22,344,966	\$ 3,926,910	\$ 17,517,233	\$ 89,102	\$ 47,436,753	\$ 5,309,882	\$ 2,172,768	98,797,614
Additions - property and equipment	94,665	7,385	2,174	—	58,152	142,515	311,880	616,771
Additions - program rights	3,634,456	—	—	—	—	—	—	3,634,456
Additions - other intangible assets	30,417	—	—	—	5,885,430	—	86,196	6,002,043
Nine months ended May 31, 2022 (restated)								
	<u>Television</u>	<u>Radio</u>	<u>Print</u>	<u>Membership &amp; Royalty</u>	<u>Digital</u>	<u>Other</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$ 24,326,574	\$ 5,514,884	\$ 3,487,960	\$ 3,125,041	\$ 3,632,825	\$ 670,418	\$ 333,438	41,091,140
Operating expenses	12,393,070	5,814,850	3,570,635	1,544,990	3,232,297	1,579,953	4,270,914	32,406,709
Depreciation	132,158	167,749	780,415	2,038	549,042	94,195	85,173	1,810,770
Amortization	22,962	1,071	51,578	635,872	679,266	1,278	2,460	1,394,487
	12,548,190	5,983,670	4,402,628	2,182,900	4,460,605	1,675,426	4,358,547	35,611,966
Non-cash interest expense	—	—	—	—	—	—	—	—
Interest expense	—	1,664	—	—	29	952	1,026,120	1,028,765
Interest income	—	—	—	—	(21)	(53,230)	(38,938)	(92,189)
Unrealized gain on equity instruments	—	—	—	—	—	—	(504,749)	(504,749)
Gain on sale of equity instruments	—	—	—	—	—	—	(923,867)	(923,867)
Segmented income (loss)	\$ 11,778,384	\$ (470,450)	\$ (914,668)	\$ 942,141	\$ (827,788)	\$ (952,730)	\$ (3,583,675)	\$ 5,971,214
Segmented assets	\$ 27,185,574	\$ 4,902,761	\$ 22,425,466	\$ 589,468	\$ 30,778,095	\$ 2,342,434	\$ 3,298,079	91,521,877
Additions - property and equipment	39,529	156,938	—	—	40,240	143,550	288,501	668,758
Additions - program rights	5,584,141	—	—	—	—	—	—	5,584,141
Additions - other intangible assets	—	—	56,000	—	14,744,545	—	11,200	14,811,745

**ZOOMERMEDIA LIMITED**
**Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022  
(Unaudited)**

Three months ended May 31, 2023								
	<u>Television</u>	<u>Radio</u>	<u>Print</u>	<u>Membership &amp; Royalty</u>	<u>Digital</u>	<u>Other</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$ 7,388,094	\$ 1,736,269	\$ 994,520	\$ 868,394	\$ 4,126,373	\$ 375,000	\$ 116,838	15,605,488
Operating expenses	3,834,194	2,089,778	1,315,022	532,984	3,245,847	587,599	1,871,487	13,476,911
Depreciation	25,622	49,508	249,024	544	177,713	59,660	34,426	596,497
Amortization	1,306	357	19,901	899	430,909	1,334	1,425	456,131
	3,861,122	2,139,643	1,583,947	534,427	3,854,469	648,593	1,907,338	14,529,539
Non-cash interest expense	—	—	—	—	—	—	—	—
Interest expense	—	498	—	—	87,952	140	442,750	531,340
Interest income	—	—	—	—	—	(8,735)	(33,129)	(41,864)
Unrealized loss on equity instruments	—	—	—	—	1,502	—	595,418	596,920
(Gain) loss on sale of property	(600)	—	—	—	2,319	—	—	1,719
Gain on sale of equity instruments	—	—	—	—	—	—	(77,928)	(77,928)
Segmented income (loss)	\$ 3,527,572	\$ (403,872)	\$ (589,427)	\$ 333,967	\$ 180,131	\$ (264,998)	\$ (2,717,611)	\$ 65,762
Segmented assets	\$ 22,344,966	\$ 3,926,910	\$ 17,517,233	\$ 89,102	\$ 47,436,753	\$ 5,309,882	\$ 2,172,768	98,797,614
Additions - property and equipment	7,253	2,293	—	—	6,861	41,883	125,945	184,235
Additions - program rights	1,234,163	—	—	—	—	—	—	1,234,163
Additions - other intangible assets	21,632	—	—	—	86,395	—	53,727	161,754
Three months ended May 31, 2022 (restated)								
	<u>Television</u>	<u>Radio</u>	<u>Print</u>	<u>Membership &amp; Royalty</u>	<u>Digital</u>	<u>Other</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$ 7,845,454	\$ 1,692,056	\$ 1,354,278	\$ 1,064,439	\$ 1,862,223	\$ 382,471	\$ 126,190	14,327,111
Operating expenses	4,212,354	2,019,548	1,251,761	526,992	1,476,469	457,652	1,477,235	11,422,011
Depreciation	21,160	55,706	288,342	679	164,437	28,021	30,822	589,167
Amortization	7,654	357	18,267	211,958	496,338	251	919	735,744
	4,241,168	2,075,611	1,558,370	739,629	2,137,244	485,924	1,508,976	12,746,922
Non-cash interest expense	—	—	—	—	—	—	—	—
Interest expense	—	675	—	—	29	283	372,195	373,182
Interest income	—	—	—	—	(18)	(23,679)	(13,528)	(37,225)
Unrealized loss on equity instruments	—	—	—	—	—	—	107,137	107,137
Gain on sale of equity instruments	—	—	—	—	—	—	(126,682)	(126,682)
Segmented income (loss)	\$ 3,604,286	\$ (384,230)	\$ (204,092)	\$ 324,810	\$ (275,032)	\$ (80,057)	\$ (1,721,908)	\$ 1,263,777
Segmented assets	\$ 27,185,574	\$ 4,902,761	\$ 22,425,466	\$ 589,468	\$ 30,778,095	\$ 2,342,434	\$ 3,298,079	91,521,877
Additions - property and equipment	25,432	49,038	—	—	34,785	65,694	57,795	232,744
Additions - program rights	2,086,525	—	—	—	—	—	—	2,086,525
Additions - other intangible assets	—	—	56,000	—	—	—	11,200	67,200



## ZOOMERMEDIA LIMITED

### Notes to Condensed Consolidated Interim Financial Statements – May 31, 2023 and 2022 (Unaudited)

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#### 20. COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as ("COVID-19"), has caused significant disruptions to governments, businesses, economies and financial markets around the world since its emergence in March 2020. Subsequently, the widespread progress in vaccination and reopening of the economy exerted a positive impact on the Company through the first quarter of fiscal 2023. Management continues to monitor and manage the lingering supply chain shortages and inflationary pressure attributed to the aftermath of the pandemic.

For the nine months ended May 31, 2023, the Company received \$nil in Canada Emergency Wage Subsidy ("CEWS") (May 31, 2022 - \$161,165) and \$nil in Canada Emergency Rent Subsidy ("CERS") (May 31, 2022 - \$163,260).

#### 21. SUBSEQUENT EVENTS

Subsequent to the quarter ended May 31, 2023, the Company acquired The Peak Media Collective Inc. ("The Peak") on June 8, 2023, and Museland Media Inc. ("Museland") on June 12, 2023.

The aggregate purchase price for The Peak is \$5,000,000, comprising of \$3,500,000 cash and \$1,500,000 promissory note repayable in 42 months, bearing interest at 5%. The Peak serves busy Canadian professionals and business leaders with the top global business, finance, and tech stories through its website ReadthePeak.com, newsletters, podcasts and social media platforms.

The aggregate purchase price for Museland is \$1,100,000, comprising of \$700,000 in cash and a \$400,000 promissory note repayable in 36 months, bearing interest at 5%. Museland is the owner and publisher of Ludwig-Van.com, Canada's leading and fastest growing digital voice for the latest classical, opera, chamber and choral music headlines.

The Company is currently in the process of finalizing the purchase price accounting for these two transactions.