



# **ZOOMERMEDIA**

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## **ZOOMERMEDIA LIMITED**

### **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**For the three and nine months ended May 31, 2022 and 2021**

# ZOOMERMEDIA LIMITED

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

(expressed in Canadian dollars)	May 31, 2022	August 31, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 6,667,116	\$ 16,675,352
Short-term investments (Note 5)	14,784,905	16,646,347
Trade and other receivables	9,860,244	7,875,768
Prepaid expenses	1,133,596	2,626,363
Income tax receivable	1,595,591	—
	<u>34,041,452</u>	<u>43,823,830</u>
<b>Non-current assets</b>		
Property and equipment (Note 6)	3,705,874	3,663,418
Right-of-use assets (Note 7)	20,409,062	21,473,295
Deferred tax assets	2,056,480	3,318,352
Intangible assets (Note 8)	28,102,923	13,137,870
Goodwill (Note 8)	2,768,738	2,768,738
Other non-current assets	437,348	437,348
	<u>34,418,325</u>	<u>45,709,021</u>
<b>TOTAL ASSETS</b>	<u>\$ 91,521,877</u>	<u>\$ 88,622,851</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	\$ 5,555,171	\$ 6,796,623
Current portion of contract liabilities (Note 9)	2,431,940	3,139,383
Income tax payable	—	620,899
Dividend payable	—	1,652,606
Current portion of lease liabilities (Note 7)	1,030,522	982,380
Program rights liabilities	1,941,194	1,697,094
	<u>10,958,827</u>	<u>14,888,985</u>
<b>Non-current liabilities</b>		
Contract liabilities (Note 9)	389,575	683,153
Deferred tax liabilities	89,040	89,040
Long-term lease liabilities (Note 7)	21,380,823	22,061,391
Promissory note (Note 4)	5,000,000	—
	<u>27,859,438</u>	<u>23,833,584</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	63,730,699	63,680,453
Contributed surplus	4,291,629	4,053,632
Deficit	(12,438,309)	(14,810,323)
	<u>55,584,019</u>	<u>52,923,762</u>
<b>Non-controlling interest (Note 11)</b>	<u>(1,880,407)</u>	<u>(2,023,480)</u>
<b>Total equity</b>	<u>53,703,612</u>	<u>50,900,282</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 91,521,877</u>	<u>\$ 88,622,851</u>
Commitments and contingent liabilities (Note 17)		

### APPROVED ON BEHALF OF THE BOARD:

signed Director  
Moses Znaimer

signed Director  
Peter Palframan

# ZOOMERMEDIA LIMITED

## Condensed Consolidated Interim Statements of Income and Comprehensive Income

For the three and nine months ended May 31, 2022 and 2021

(Unaudited)

	Three months ended		Nine months ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Revenue	\$ 14,327,111	\$ 11,425,474	\$ 41,091,140	\$ 36,782,642
Operating expenses (Note 12)	11,422,011	9,864,463	32,406,709	28,435,415
Depreciation (Note 6, 7)	589,167	592,228	1,810,770	1,765,284
Amortization of other intangible assets (Note 8)	735,744	252,895	1,394,487	775,110
Operating income	1,580,189	715,888	5,479,174	5,806,833
Interest income	(37,225)	(25,544)	(92,189)	(59,147)
Interest expense	373,182	322,658	1,028,765	975,188
Net interest expense	335,957	297,114	936,576	916,041
Unrealized (gain) loss on equity instruments	107,137	23,914	(504,749)	(305,323)
(Gain) loss on sale of equity instruments	(126,682)	13,341	(923,867)	13,341
	(19,545)	37,255	(1,428,616)	(291,982)
<b>Net income before income taxes</b>	<b>1,263,777</b>	<b>381,519</b>	<b>5,971,214</b>	<b>5,182,774</b>
Income tax expense	353,736	135,519	1,473,000	1,545,679
<b>Net income and comprehensive income for the period</b>	<b>\$ 910,041</b>	<b>\$ 246,000</b>	<b>\$ 4,498,214</b>	<b>\$ 3,637,095</b>
<b>Net income (loss) and comprehensive income (loss) attributed to:</b>				
Owners of the parent	\$ 874,704	\$ 262,500	\$ 4,355,141	\$ 3,555,658
Non-controlling interest (Note 11)	35,337	(16,500)	143,073	81,437
	<b>\$ 910,041</b>	<b>\$ 246,000</b>	<b>\$ 4,498,214</b>	<b>\$ 3,637,095</b>
<b>Net income per share (basic and diluted) (Note 13)</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Weighted average number of shares outstanding</b>	<b>665,407,345</b>	<b>656,019,671</b>	<b>665,207,421</b>	<b>656,019,671</b>

# ZOOMERMEDIA LIMITED

## Condensed Consolidated Interim Statements of Cash Flows For the three and nine months ended May 31, 2022 and 2021 (Unaudited)

	Three months ended		Nine months ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
<b>Operating activities</b>				
Net income for the period	\$ 910,041	\$ 246,000	\$ 4,498,214	\$ 3,637,095
Add (deduct) non-cash items:				
Depreciation (Note 6)	193,856	194,904	626,302	564,034
Depreciation of right-of-use assets (Note 7)	395,311	397,324	1,184,468	1,201,250
Amortization of program rights (Note 8)	1,458,687	1,447,861	4,036,346	3,926,902
Amortization of other intangibles (Note 8)	735,744	252,895	1,394,487	775,110
Stock-based compensation	66,771	125,620	264,059	248,561
Interest accrued on short-term investments	12,242	(615)	—	(2,312)
Dividends accrued on short-term investments	(6,035)	(16,472)	(25,641)	(16,472)
Deferred income tax (recovery) expense	215,746	(165,596)	1,261,872	(464,568)
Unrealized (gain) loss on equity instruments (Note 5)	107,137	23,914	(504,749)	(305,323)
Change in other non-current assets	—	—	—	(2,000)
Interest expense on lease liabilities (Note 7)	310,140	322,657	939,696	974,708
(Gain) loss on sale of equity instruments (Note 5)	(126,682)	13,341	(923,867)	13,341
Change in contract liabilities	(397,020)	(262,422)	(1,126,021)	(1,487,096)
Net change in non-cash working capital (Note 14)	(1,545,529)	1,261,576	(3,623,518)	(678,019)
	2,330,409	3,840,987	8,001,648	8,385,211
Purchase of program rights (Note 8)	(2,086,525)	(1,275,511)	(5,584,141)	(3,169,598)
Change in liabilities related to program rights	(172,027)	(323,341)	244,100	(219,970)
	(2,258,552)	(1,598,852)	(5,340,041)	(3,389,568)
	71,857	2,242,135	2,661,607	4,995,643
<b>Investing activities</b>				
Purchase of short-term investments	(4,243,223)	(22,821,349)	(12,216,452)	(38,097,629)
Proceeds from sale of short-term investments	4,074,255	12,897,059	15,631,510	32,154,382
Additions to property and equipment (Note 6)	(232,744)	(378,969)	(663,303)	(734,736)
Purchase of other intangible assets (Note 8)	(67,200)	—	(67,200)	(341,023)
Acquisition of Freshdaily, net of cash acquired (Note 4)	—	—	(10,050,492)	—
	(468,912)	(10,303,259)	(7,365,937)	(7,019,006)
<b>Financing activities</b>				
Issuance of shares under stock option plan	—	391,650	24,184	391,650
Repayment of lease liabilities (Note 7)	(564,725)	(551,120)	(1,692,357)	(1,600,284)
Payment of dividends	—	—	(3,635,733)	—
	(564,725)	(159,470)	(5,303,906)	(1,208,634)
<b>Change in cash</b>	(961,780)	(8,220,594)	(10,008,236)	(3,231,997)
Cash, beginning of period	7,628,896	22,658,943	16,675,352	17,670,346
<b>Cash, end of period</b>	<u>\$ 6,667,116</u>	<u>\$ 14,438,349</u>	<u>\$ 6,667,116</u>	<u>\$ 14,438,349</u>
<b>Supplementary cash flow information:</b>				
Equity instruments received (Note 5)	\$ —	\$ —	\$ 125,000	\$ —
Interest paid	373,182	322,658	1,028,765	975,188
Income taxes paid	570,304	620,662	2,429,915	3,248,074

# ZOOMERMEDIA LIMITED

## Condensed Consolidated Interim Statements of Changes in Equity For the three and nine months ended May 31, 2022 and 2021 (Unaudited)

	Common Shares		Preference Shares		Contributed Surplus	Deficit	Non-controlling Interest	Total Shareholders' Equity
	#	\$	#	\$	\$	\$	\$	\$
<b>Balance - September 1, 2020</b>	264,330,297	24,342,107	387,879,129	38,787,913	3,778,855	(16,686,566)	(2,228,220)	47,994,089
Stock-based compensation	—	—	—	—	248,561	—	—	248,561
Exercise of stock options	7,833,000	486,058	—	—	(94,408)	—	—	391,650
Net income	—	—	—	—	—	3,555,658	81,437	3,637,095
<b>Balance - May 31, 2021</b>	<u>272,163,297</u>	<u>24,828,165</u>	<u>387,879,129</u>	<u>38,787,913</u>	<u>3,933,008</u>	<u>(13,130,908)</u>	<u>(2,146,783)</u>	<u>52,271,395</u>
<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
Dividends 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>

## ZOOMERMEDIA LIMITED

### Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021

(Unaudited)

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#### 1. NATURE OF OPERATIONS

ZoomerMedia Limited (the “**Company**” or “**ZoomerMedia**”) is a multimedia company that serves the 45plus “Zoomer” demographic through television, radio, magazine, internet, conferences and trade shows. 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 (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 consolidated interim financial statements have been authorized for issue in accordance with a resolution from the Board of Directors on July 27, 2022.

#### 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 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, 2021.

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, 2021. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated 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 valuation of business combinations or acquisitions; the estimated period of use of program rights, the estimated useful lives of non-financial assets with definite useful lives; 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**"), and JTM Hit Parade 4 Inc. ("**JTM Hit Parade 4**") 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, and JTM Hit Parade 4 was incorporated on May 12, 2020.

The Company concluded that it controls JTM Amalco, JTM Hit Parade, JTM Unholy, JTM Hit Parade 3, JTM Healing Gardens, Kettle Bells Series, and JTM Hit Parade 4 (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, 2022, cash of \$816,832 and other current liabilities of \$464,536 are included in the condensed consolidated interim financial statements resulting from the consolidation of the JTM entities (August 31, 2021, cash of \$683,999 and other current liabilities of \$538,951).

Net income before income taxes for the nine months ended May 31, 2022 increased by \$207,250 resulting from the consolidation of the JTM entities (May 31, 2021 - net income before income taxes increased by \$105,352).

## ZOOMERMEDIA LIMITED

### Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021

(Unaudited)

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 10).

#### 4. ACQUISITION OF FRESHDAILY INC.

On January 21, 2022, the Company acquired all of the issued and outstanding shares of Freshdaily Inc. (“Fresh”), 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)		72,441
Promissory note		5,000,000
	\$	<u>15,072,441</u>

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, *Business Combinations* (“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, and will be subsequently recorded at amortized cost as appropriate. Given the timing of the acquisition, the preliminary assessment of the net assets acquired is as follows:

Cash	\$	21,949
Trade and other receivables		801,943
Property and equipment, net		5,455
Trade and other payables		(390,299)
Income tax payable		(111,152)
		<u>327,896</u>
Acquired intangible assets <sup>(i)</sup>		14,744,545
	\$	<u><u>15,072,441</u></u>

(i) See note 8 for a breakdown of the acquired intangible assets

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 as incurred in these condensed consolidated interim financial statements.

Subsequent to the acquisition date, Fresh contributed revenue and net income of \$1,497,788 and \$384,728 respectively, and has been included in the Company's Other operating segment.



## ZOOMERMEDIA LIMITED

### Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021

(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, 2022, the Canopy shares have a fair value of \$102,211 (August 31, 2021 - \$350,551).
- (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, 2022, these shares have a fair value of \$11,257,062 (August 31, 2021 - \$9,917,463).
- (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, 2022, the Heritage shares have a fair value of \$64,375 (August 31, 2021 - \$nil).
- (d) Government of Canada treasury bills of \$347,141 (August 31, 2021 - \$3,378,333).
- (e) Royal Bank of Canada guaranteed investment certificates of \$3,014,116 (August 31, 2021 - \$3,000,000).

On November 29, 2021, the Company received 900,000 common shares of Givex Information Technology Group Limited ("**Givex**"), a Canadian publicly traded corporation. The Company previously held 50,000 common shares of Guilliam Holdings Incorporated ("**Guilliam**"), a Canadian private corporation, which were written off in prior years. As part of a larger go public transaction, each Guilliam common share was converted into 18 common shares of Givex. In the second quarter of fiscal 2022, the Company disposed of all of its shares in Givex, and recorded a realized gain of \$685,560 for the nine months ended May 31, 2022.

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 \$504,749 during the nine months ended May 31, 2022 (May 31, 2021 - \$305,323). Including the Givex shares sold, the Company recorded a realized gain of \$923,867 during the nine months ended May 31, 2022 (May 31, 2021 - realized loss of \$13,341).

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 ranging from two to five months with an interest rate yield between 0.824% and 1.440% (August 31, 2021 - 0.113% and 0.450%). 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, 2022 and 2021**

(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>At August 31, 2021</b>						
Cost	\$ 680,727	\$ 9,086,826	\$ 2,321,109	\$ 2,690,846	\$ 1,054,548	\$ 15,834,056
Accumulated depreciation	(136,453)	(7,368,278)	(2,149,959)	(2,095,338)	(420,610)	(12,170,638)
Net book value	<u>\$ 544,274</u>	<u>\$ 1,718,548</u>	<u>\$ 171,150</u>	<u>\$ 595,508</u>	<u>\$ 633,938</u>	<u>\$ 3,663,418</u>
<b>Nine months ended May 31, 2022</b>						
Opening net book value	\$ 544,274	\$ 1,718,548	\$ 171,150	\$ 595,508	\$ 633,938	\$ 3,663,418
Additions	—	194,238	172,114	254,522	47,884	668,758
Depreciation for the period	(9,587)	(228,881)	(46,197)	(270,249)	(71,388)	(626,302)
Closing net book value	<u>\$ 534,687</u>	<u>\$ 1,683,905</u>	<u>\$ 297,067</u>	<u>\$ 579,781</u>	<u>\$ 610,434</u>	<u>\$ 3,705,874</u>
<b>At May 31, 2022</b>						
Cost	\$ 680,727	\$ 9,281,064	\$ 2,493,223	\$ 2,945,368	\$ 1,102,432	\$ 16,502,814
Accumulated depreciation	(146,040)	(7,597,159)	(2,196,156)	(2,365,587)	(491,998)	(12,796,940)
Net book value	<u>\$ 534,687</u>	<u>\$ 1,683,905</u>	<u>\$ 297,067</u>	<u>\$ 579,781</u>	<u>\$ 610,434</u>	<u>\$ 3,705,874</u>

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021**

(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, 2022:

	<b>Right-of-use: Land &amp; building</b>	<b>Right-of-use: Equipment &amp; vehicles</b>	<b>Total</b>
<b>At August 31, 2021</b>			
Cost	\$ 24,426,922	\$ 286,052	\$ 24,712,974
Accumulated depreciation	(3,084,968)	(154,711)	(3,239,679)
Net book value	<u>\$ 21,341,954</u>	<u>\$ 131,341</u>	<u>\$ 21,473,295</u>
<b>Nine months ended May 31, 2022</b>			
Opening net book value	\$ 21,341,954	\$ 131,341	\$ 21,473,295
Additions	—	16,009	16,009
Lease modifications	104,226	—	104,226
Depreciation for the period	(1,122,798)	(61,670)	(1,184,468)
Closing net book value	<u>\$ 20,323,382</u>	<u>\$ 85,680</u>	<u>\$ 20,409,062</u>
<b>At May 31, 2022</b>			
Cost	\$ 24,531,148	\$ 302,061	\$ 24,833,209
Accumulated depreciation	(4,207,766)	(216,381)	(4,424,147)
Net book value	<u>\$ 20,323,382</u>	<u>\$ 85,680</u>	<u>\$ 20,409,062</u>

The following table presents the lease liabilities for the nine months ended May 31, 2022:

	<b>Right-of-use: Land &amp; building</b>	<b>Right-of-use: Equipment &amp; vehicles</b>	<b>Total</b>
<b>At August 31, 2021</b>			
Current portion	\$ 897,877	\$ 84,503	\$ 982,380
Long-term portion	22,008,220	53,171	22,061,391
	<u>\$ 22,906,097</u>	<u>\$ 137,674</u>	<u>\$ 23,043,771</u>
<b>Nine months ended May 31, 2022</b>			
Opening balance	\$ 22,906,097	\$ 137,674	\$ 23,043,771
Additions	—	16,009	16,009
Interest expense	935,396	4,300	939,696
Lease modifications	104,226	—	104,226
Lease payments	(1,624,625)	(67,732)	(1,692,357)
Closing balance	<u>\$ 22,321,094</u>	<u>\$ 90,251</u>	<u>\$ 22,411,345</u>
<b>At May 31, 2022</b>			
Current portion	\$ 963,892	\$ 66,630	\$ 1,030,522
Long-term portion	21,357,202	23,621	21,380,823
	<u>\$ 22,321,094</u>	<u>\$ 90,251</u>	<u>\$ 22,411,345</u>

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021**

(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-compete clause	Total intangible assets	Goodwill
<b>At August 31, 2021</b>								
Cost	\$ 22,620,517	\$ 13,639,874	\$ 12,650,072	\$ 1,126,740	\$ 1,285,521	\$ 550,000	\$ 51,872,724	\$ 8,731,879
Accumulated amortization	—	(8,684,605)	(11,537,374)	(823,674)	(1,154,424)	(314,260)	(22,514,337)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	<u>\$ 6,400,000</u>	<u>\$ 4,955,269</u>	<u>\$ 1,112,698</u>	<u>\$ 303,066</u>	<u>\$ 131,097</u>	<u>\$ 235,740</u>	<u>\$ 13,137,870</u>	<u>\$ 2,768,738</u>
<b>Nine months ended May 31, 2022</b>								
Opening net book value	\$ 6,400,000	\$ 4,955,269	\$ 1,112,698	\$ 303,066	\$ 131,097	\$ 235,740	\$ 13,137,870	\$ 2,768,738
Additions	—	5,584,141	—	9,885,697	11,200	4,914,848	20,395,886	—
Amortization for the period	—	(4,036,346)	(632,502)	(357,008)	(43,757)	(361,220)	(5,430,833)	—
Closing net book value	<u>\$ 6,400,000</u>	<u>\$ 6,503,064</u>	<u>\$ 480,196</u>	<u>\$ 9,831,755</u>	<u>\$ 98,540</u>	<u>\$ 4,789,368</u>	<u>\$ 28,102,923</u>	<u>\$ 2,768,738</u>
<b>At May 31, 2022</b>								
Cost	\$ 22,620,517	\$ 12,897,152	\$ 12,650,072	\$ 11,012,437	\$ 1,296,721	\$ 5,464,848	\$ 65,941,747	\$ 8,731,879
Accumulated amortization	—	(6,394,088)	(12,169,876)	(1,180,682)	(1,198,181)	(675,480)	(21,618,307)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	<u>\$ 6,400,000</u>	<u>\$ 6,503,064</u>	<u>\$ 480,196</u>	<u>\$ 9,831,755</u>	<u>\$ 98,540</u>	<u>\$ 4,789,368</u>	<u>\$ 28,102,923</u>	<u>\$ 2,768,738</u>

On September 1, 2020, the Company acquired the intellectual property of Tonic in exchange for \$336,740 in consideration, which consisted of a cash payout in the amount of \$203,575, a one-year promissory note valued at \$30,840, and contingent consideration in the amount of \$102,325. The contingent consideration relates to future earnings performance, and is payable over two years.

In accordance with the IFRS 3 amendments set forth by the IASB effective for annual reporting periods beginning on or after January 1, 2020, the acquisition of Tonic has been accounted for as an asset acquisition, as all of the acquired assets, which include all trademarks, rights, titles, interest, domain names, websites, copyright materials, archived materials and customer lists, are concentrated in a single identifiable asset.

Accordingly, the fair value of the total acquisition consideration has been attributed wholly to the intangible assets acquired, cumulatively regarded as the Tonic brand, and will be subsequently recorded at amortized cost as appropriate.

Included in additions to intangible assets and goodwill for the nine months ended May 31, 2022 is the preliminary valuation assessment of acquired intangible assets from the purchase of Fresh, which consisted of brand names and a non-compete clause in the amounts of \$9,829,697 and \$4,914,848 respectively (see Note 4 for further discussion).

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021**

(Unaudited)

**9. CONTRACT LIABILITIES**

	<u>May 31,</u> <u>2022</u>	<u>August 31,</u> <u>2021</u>
Magazine subscriptions revenue	\$ 1,265,423	\$ 1,581,353
Membership revenue	995,503	1,198,289
Royalty revenue	194,998	153,327
Canada Periodical Fund	—	571,031
Shows and conferences revenue	49,413	113,250
Advertising revenue	308,178	197,286
Production revenue	8,000	8,000
	<u>\$ 2,821,515</u>	<u>\$ 3,822,536</u>
Less: Current portion	<u>(2,431,940)</u>	<u>(3,139,383)</u>
	<u>\$ 389,575</u>	<u>\$ 683,153</u>

**10. 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, 2022, the Company had 387,879,129 preference shares outstanding (August 31, 2021 – 387,879,129).

Unlimited number of common shares. As at May 31, 2022, the Company had 273,646,964 common shares outstanding (August 31, 2021 – 273,163,297).

**(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 vest one-third upon issuance and one-third in each of the following two years.

As at May 31, 2022, the Company had 20,483,333 stock options outstanding with a weighted exercise price of \$0.05 per share (August 31, 2021 - 20,967,000).

Movements in the number of stock options outstanding and their related weighted average exercise price are as follows:

	Nine months ended May 31, 2022		Year ended August 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	20,967,000	\$ 0.05	16,800,000	\$ 0.05
Issued	—	—	15,200,000	0.05
Exercised	(483,667)	0.05	(8,833,000)	0.05
Cancelled	—	—	(1,600,000)	0.05
Expired	—	—	(600,000)	0.05
Balance, end of period	<u>20,483,333</u>	<u>\$ 0.05</u>	<u>20,967,000</u>	<u>\$ 0.05</u>

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021**

(Unaudited)

**(c) Dividends**

On November 24, 2021, the Company declared a dividend of \$0.003 per share on each outstanding common and preference share, amounting to a total of \$1,983,127. The dividend was paid on December 30, 2021 to shareholders on record as at December 15, 2021.

**11. INVESTEE WITH NON-CONTROLLING INTEREST**

CARP is recorded as an investee of the Company in these condensed 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</b>	<b>August 31,</b>
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 54,257	\$ 75,865
Trade and other receivables	—	40,143
Prepaid expenses	74,065	44,890
	<u>128,322</u>	<u>160,898</u>
<b>Non-current assets</b>		
Property and equipment	11,551	13,589
Intangible assets	23,656	27,026
<b>TOTAL ASSETS</b>	<u>\$ 163,529</u>	<u>\$ 201,513</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	\$ 188,476	\$ 193,090
Due to controlling entity	859,957	833,614
Contract liabilities	888,519	1,003,844
	<u>1,936,952</u>	<u>2,030,548</u>
<b>Non-current liabilities</b>		
Contract liabilities	106,984	194,445
	<u>2,043,936</u>	<u>2,224,993</u>
<b>EQUITY</b>		
Deficit	<u>(1,880,407)</u>	<u>(2,023,480)</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 163,529</u>	<u>\$ 201,513</u>

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021**

(Unaudited)

**Summarized Statements of Income and Comprehensive Income**

	Three months ended		Nine months ended	
	May 31 2022	May 31 2021	May 31 2022	May 31 2021
<b>REVENUE</b>				
Membership fees	\$ 411,876	\$ 395,607	\$ 1,243,830	\$ 1,137,505
Subsidy from controlling entity	—	—	—	—
Sponsorship and other income	61,013	(22,633)	181,226	334,923
	<u>472,889</u>	<u>372,974</u>	<u>1,425,056</u>	<u>1,472,428</u>
<b>OPERATING EXPENSES</b>				
Employee benefits:				
Salaries and wages	124,825	107,620	333,689	374,355
Other employee costs	6,945	8,427	23,402	20,894
	<u>131,770</u>	<u>116,047</u>	<u>357,091</u>	<u>395,249</u>
Distribution and transmission costs	210,820	215,685	641,921	629,970
Other operating expenses	93,159	55,489	277,563	359,012
	<u>435,749</u>	<u>387,221</u>	<u>1,276,575</u>	<u>1,384,231</u>
Operating income	37,140	(14,247)	148,481	88,197
Depreciation	679	849	2,038	2,548
Amortization of other intangible assets	1,124	1,404	3,370	4,212
	<u>35,337</u>	<u>(16,500)</u>	<u>143,073</u>	<u>81,437</u>
<b>Net income before income taxes</b>	<u>35,337</u>	<u>(16,500)</u>	<u>143,073</u>	<u>81,437</u>
Income tax expense	—	—	—	—
<b>Net income and comprehensive income for the year</b>	<u>\$ 35,337</u>	<u>\$ (16,500)</u>	<u>\$ 143,073</u>	<u>\$ 81,437</u>

**12. OPERATING EXPENSES**

Operating expenses of the Company for the nine months ended May 31, 2022 and 2021 are as follows:

	Three months ended		Nine months ended	
	May 31 2022	May 31 2021	May 31 2022	May 31 2021
Employee benefits:				
Salaries and wages	\$ 4,362,517	\$ 4,048,564	\$ 12,299,722	\$ 11,060,165
Other employee costs	1,421,927	1,303,873	4,188,331	3,772,145
Stock based compensation	66,771	125,620	264,059	248,561
	<u>\$ 5,851,215</u>	<u>\$ 5,478,057</u>	<u>16,752,112</u>	<u>15,080,871</u>
Amortization of program rights	1,458,687	1,447,861	4,036,346	3,926,902
Distribution and transmission costs	2,139,748	2,065,143	6,118,516	5,174,165
Other operating expenses	1,972,361	873,402	5,499,735	4,253,477
	<u>\$ 11,422,011</u>	<u>\$ 9,864,463</u>	<u>\$ 32,406,709</u>	<u>\$ 28,435,415</u>

**ZOOMERMEDIA LIMITED****Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021**

(Unaudited)

**13. 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 nine months ended May 31, 2022 and 2021:

	Three months ended		Nine months ended	
	May 31 2022	May 31 2021	May 31 2022	May 31 2021
Numerator for basic and diluted income per share:				
Net income	\$ 910,041	\$ 246,000	\$ 4,498,214	\$ 3,637,095
Adjusted numerator for income per share	\$ 910,041	\$ 246,000	\$ 4,498,214	\$ 3,637,095
Common shares	273,646,964	265,467,634	273,447,040	265,467,634
Preference shares	387,879,129	387,879,129	387,879,129	387,879,129
Denominator for income per share - weighted average	661,526,093	653,346,763	661,326,169	653,346,763
Net impact of potential dilutive securities	3,881,252	2,672,908	3,881,252	2,672,908
Adjusted denominator for diluted income per share	665,407,345	656,019,671	665,207,421	656,019,671
<b>Basic income per share</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Diluted income per share</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>

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, 2022 and 2021.



## ZOOMERMEDIA LIMITED

### Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021

(Unaudited)

#### 14. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital balances for the nine months ended May 31, 2022 and 2021 consist of the following:

	Three months ended		Nine months ended	
	May 31 2022	May 31 2021	May 31 2022	May 31 2021
Trade and other receivables	\$ (1,042,540)	\$ 766,301	\$ (1,156,892)	\$ 489,414
Prepaid expenses	59,635	231,407	1,492,767	(258,457)
Income tax assets	(414,947)	—	(1,706,743)	—
Trade and other payables	(147,677)	342,366	(1,631,751)	73,452
Provisions	—	(8,570)	—	(8,570)
Income tax liabilities	—	(69,928)	(620,899)	(988,208)
Other liabilities	—	—	—	14,350
	<u>\$ (1,545,529)</u>	<u>\$ 1,261,576</u>	<u>\$ (3,623,518)</u>	<u>\$ (678,019)</u>

#### 15. RELATED PARTY TRANSACTIONS

The Company is controlled by Olympus Management Limited (“OML”), which owns 64.7% (August 31, 2021 - 64.9%) 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 26.6% (August 31, 2021 - 27.0%) of the Company’s equity through both common shares and preference shares. The remaining 8.7% (August 31, 2021 - 8.1%) of the Company's equity is made up of common 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, 2022, the Company paid management fees of \$1,035,750 (May 31, 2021 – \$1,035,750) and fees for ancillary services of \$131,862 (May 31, 2021 – \$125,664) 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, 2022, included in accounts payable and accrued liabilities is a payable to OML of \$nil (August 31, 2021 - \$48,178). At May 31, 2022, included in the condensed consolidated interim financial statements is a dividend payable to OML of \$nil (August 31, 2021 - \$639,763).

##### (b) Transactions with entities controlled by a principal shareholder

During the nine months ended May 31, 2022, the Company received royalty revenues from Northbridge of \$522,485 (May 31, 2021 – \$539,771) and advertising revenues of \$149,261 (May 31, 2021 – \$104,975). Included in accounts receivable at May 31, 2022 is a receivable from Northbridge of \$79,051 (August 31, 2021 – \$121,779). At May 31, 2022, included in the condensed consolidated interim financial statements is a dividend payable to Northbridge of \$nil (August 31, 2021 - \$329,935).

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

## ZOOMERMEDIA LIMITED

### Notes to Condensed Consolidated Interim Financial Statements – May 31, 2022 and 2021

(Unaudited)

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#### 16. 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, 2022.

The Company is not subject to externally imposed capital requirements.

#### 17. COMMITMENTS AND CONTINGENT LIABILITIES

At May 31, 2022, 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 \$791,545 (August 31, 2021 - \$2,692,137).

#### 18. SEGMENTED INFORMATION

Management has determined that during the year, the Company operated within five reportable business segments: Television, Radio, Print, Royalty and Other 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.

Other activities include the operation of a number of Canadian websites (EverythingZoomer.com, blogTO.com and others), and 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, 2022 and 2021

(Unaudited)

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#### 19. 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. As at the date of these financial statements, the medium and long-term impact of COVID-19 are still uncertain, including its duration, the emergence of variants, the long-term effectiveness of vaccines, the adverse impact to global supply chains, and further measures that could be implemented by governments and central banks.

The widespread progress in vaccination statuses and the gradual reopening of the economy have had a positive impact on the Company for the nine months ended May 31, 2022. Commercial advertising revenue from local clients in the live events, hospitality and tourism sectors have shown signs of recovery, although revenues have yet to recover to their pre-pandemic levels. There is still much uncertainty surrounding the variants and its impact to public health guidelines, as evident by the most recent lockdown in January related to the spread of the Omicron variant, which led to cancellations and deferral of advertising spend from local clients, impacting the results in the second quarter of fiscal 2022. The Company has continued to enact a number of measures to respond to the impact of COVID-19 on business operations, including exploring new revenue streams, and a continued focus on reducing non-critical expenses. For the nine months ended May 31, 2022, the Company received \$161,165 in Canada Emergency Wage Subsidy ("CEWS") (May 31, 2021 - \$981,920) and \$163,260 in Canada Emergency Rent Subsidy ("CERS") (May 31, 2021 - \$123,377).