ZOOMERMEDIA LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three and nine months ended May 31, 2021 and May 31, 2020

(The financial information contained herein have not been reviewed nor audited by an independent audit firm)

ZOOMERMEDIA LIMITED

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

(expressed in Canadian dollars)		May 31, 2021		August 31, 2020
ASSETS				
Current assets				
Cash	$	14,438,349	$	17,670,346
Short-term investments (Note 4)		16,640,440		10,405,211
Trade and other receivables		9,556,968		10,027,598
Prepaid expenses		872,054		613,597
		41,507,811		38,716,752
Non-current assets				
Property and equipment (Note 5)		3,497,134		3,326,432
Right-of-use assets (Note 6)		21,867,297		23,041,972
Deferred tax assets		3,078,129		2,613,561
Intangible assets (Note 7)		13,098,049		14,289,440
Goodwill (Note 7)		2,768,738		2,768,738
Other non-current assets		408,730		406,730
TOTAL ASSETS	$	86,225,888	$	85,163,625
LIABILITIES				
Current liabilities				
Trade and other payables	$	4,989,972	$	4,916,520
Current portion of contract liabilities (Note 8)		2,548,023		3,736,641
Income tax liabilities		1,076,334		2,064,542
Current portion of lease liabilities (Note 6)		977,244		863,414
Current portion of program right liabilities		1,235,745		1,455,715
Current portion of provisions		—		8,570
		10,827,318		13,045,402
Non-current liabilities				
Contract liabilities (Note 8)		713,137		1,011,615
Deferred tax liabilities		89,040		89,040
Long-term lease liabilities (Note 6)		22,310,648		23,023,479
Other liabilities		14,350		—
		33,954,493		37,169,536
EQUITY				
Equity attributable to owners of the parent				
Share capital		63,616,078		63,130,020
Contributed surplus		3,933,008		3,778,855
Deficit		(13,130,908)		(16,686,566)
		54,418,178		50,222,309
Non-controlling interest (Note 10)		(2,146,783)		(2,228,220)
Total equity		52,271,395		47,994,089
TOTAL LIABILITIES AND EQUITY	$	86,225,888	$	85,163,625

Commitments and contingent liabilities (Note 17)

APPROVED ON BEHALF OF THE BOARD:

signed	Director	*signed*	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, 2021 and 2020
(Unaudited)

	Three months ended		Nine months ended	
	May 31, 2021	**May 31, 2020** (as restated Note 19)	**May 31, 2021**	**May 31, 2020** (as restated Note 19)
Revenue	$ 11,425,474	$ 12,436,587	$ 36,782,642	$ 40,136,696
Operating expenses (Note 11)	9,864,463	9,846,468	28,435,415	32,338,576
Depreciation (Note 5, 6)	592,228	596,783	1,765,284	1,809,233
Amortization of other intangible assets (Note 7)	252,895	282,836	775,110	857,349
Operating income	715,888	1,710,500	5,806,833	5,131,538
Interest income	(25,544)	(84,379)	(59,147)	(168,039)
Interest expense (Note 6)	322,658	333,344	975,188	1,007,224
Net interest expense	297,114	248,965	916,041	839,185
Unrealized (gain) loss on equity instruments (Note 4)	23,914	15,501	(305,323)	117,066
Loss on sale of equity instruments (Note 4)	13,341	—	13,341	—
Gain on sale of property (Note 5)	—	—	—	(137,229)
	37,255	15,501	(291,982)	(20,163)
Net income before income taxes	381,519	1,446,034	5,182,774	4,312,516
Income tax expense	135,519	358,509	1,545,679	1,264,879
Net income (loss) from continuing operations	246,000	1,087,525	3,637,095	3,047,637
Net loss from discontinued operations (Note 12)	—	(253,303)	—	(878,750)
Net income (loss) and comprehensive income (loss) for the period	$ 246,000	$ 834,222	$ 3,637,095	$ 2,168,887
Net income (loss) and comprehensive income (loss) attributed to:				
Owners of the parent	$ 262,500	$ 834,222	$ 3,555,658	$ 2,168,887
Non-controlling interest (Note 10)	(16,500)	—	81,437	—
	$ 246,000	$ 834,222	$ 3,637,095	$ 2,168,887
Basic and diluted income (loss) per share (Note 13)				
Continuing operations	$ 0.00	$ 0.00	$ 0.01	$ 0.00
Discontinued operations	—	(0.00)	—	(0.00)
Net income per share (basic and diluted)	$ 0.00	$ 0.00	$ 0.01	$ 0.00

ZOOMERMEDIA LIMITED

Condensed Consolidated Interim Statements of Cash Flows
For the three and nine months ended May 31, 2021 and 2020
(Unaudited)

	Three months ended		Nine months ended	
	May 31, 2021	**May 31, 2020** (as restated Note 19)	**May 31, 2021**	**May 31, 2020** (as restated Note 19)
Operating activities				
Net income (loss) for the period	$ 246,000	$ 1,087,525	$ 3,637,095	$ 3,047,637
Add (deduct) non-cash items:				
Depreciation (Note 5)	194,904	185,198	564,034	576,390
Depreciation of right-of-use assets (Note 6)	397,324	411,586	1,201,250	1,232,843
Amortization of program rights (Note 7)	1,447,861	1,491,876	3,926,902	4,302,848
Amortization of other intangibles (Note 7)	252,895	282,835	775,110	857,349
Stock-based compensation	125,620	7,410	248,561	20,031
Interest accrued on short-term investments	(615)	11,686	(2,312)	(32,583)
Dividends accrued on short-term investments	(16,472)	—	(16,472)	—
Deferred income tax recovery	(165,596)	(157,888)	(464,568)	(345,845)
Unrealized (gain) loss on equity instruments (Note 4)	23,914	15,501	(305,323)	117,066
Change in other non-current assets	—	202,137	(2,000)	202,137
Interest expense on lease liabilities (Note 6)	322,657	332,850	974,708	1,006,194
Gain on sale of property (Note 5)	—	—	—	(137,229)
Loss on sale of equity instruments (Note 4)	13,341	—	13,341	—
Change in contract liabilities	(262,422)	(179,756)	(1,487,096)	(584,908)
Net change in non-cash working capital (Note 14)	1,261,576	925,664	(678,019)	1,669,053
Operating activities from discontinued operations	—	293,327	—	(268,801)
	3,840,987	4,909,951	8,385,211	11,662,181
Purchase of program rights (Note 7)	(1,275,511)	(359,607)	(3,169,598)	(3,866,225)
Change in liabilities related to program rights	(323,341)	(199,392)	(219,970)	(772,076)
	(1,598,852)	(558,999)	(3,389,568)	(4,638,301)
	2,242,135	4,350,952	4,995,643	7,023,880
Investing activities				
Purchase of short-term investments	(22,821,349)	(9,556,250)	(38,097,629)	(12,597,326)
Proceeds from sale of short-term investments	12,897,059	6,023,781	32,154,382	9,039,647
Proceeds from sale of property, net (Note 5)	—	—	—	240,541
Additions to property and equipment (Note 5)	(378,969)	(34,584)	(734,736)	(297,658)
Purchase of other intangible assets (Note 7)	—	—	(341,023)	(85,556)
Investing activities from discontinued operations	—	(266,771)	—	(817,760)
	(10,303,259)	(3,833,824)	(7,019,006)	(4,518,112)
Financing activities				
Issuance of shares under stock option plan (Note 9)	391,650	—	391,650	—
Repayment of lease liabilities (Note 6)	(551,120)	(534,481)	(1,600,284)	(1,601,353)
	(159,470)	(534,481)	(1,208,634)	(1,601,353)
Change in cash	(8,220,594)	(17,353)	(3,231,997)	904,415
Cash, beginning of period	22,658,943	8,491,799	17,670,346	7,570,031
Cash, end of period	$ 14,438,349	$ 8,474,446	$ 14,438,349	$ 8,474,446
Supplementary cash flow information:				
Interest paid	322,658	333,344	$ 975,188	$ 1,007,224
Income taxes paid	620,662	—	3,248,074	—

ZOOMERMEDIA LIMITED

Condensed Consolidated Interim Statements of Changes in Equity
For the three and nine months ended May 31, 2021 and 2020
(Unaudited)

	Common Shares		Preference Shares		Contributed Surplus	Deficit (restated Note 19)	Non-controlling Interest	Total Shareholders' Equity (restated Note 19)
	#	$	#	$	$	$	$	$
Balance - September 1, 2019	264,330,297	24,342,107	387,879,129	38,787,913	3,753,484	(23,887,605)	(2,228,220)	40,767,679
Stock-based compensation	—	—	—	—	20,031	—	—	20,031
Net income from continuing operations	—	—	—	—	—	3,047,637	—	3,047,637
Net loss from discontinued operations	—	—	—	—	—	(878,750)	—	(878,750)
Balance - May 31, 2020	264,330,297	24,342,107	387,879,129	38,787,913	3,773,515	(21,718,718)	(2,228,220)	42,956,597
Balance - September 1, 2020	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 and comprehensive income from continuing operations	—	—	—	—	—	3,555,658	81,437	3,637,095
Balance - May 31, 2021	272,163,297	24,828,165	387,879,129	38,787,913	3,933,008	(13,130,908)	(2,146,783)	52,271,395

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: Get Fit, offering 24 hours of fitness and healthy living 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 Tonic Magazine (**"Tonic"**), a regional health and wellness magazine published every two months and distributed across the City of Toronto. ZoomerMedia is Canada's leading provider of online content targeting the 45 plus age group through many properties, the key one being www.EverythingZoomer.com. 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'. ZoomerMedia also had a Software-as-a-Service (**"SaaS"**) platform called Darwin CX that manages customer experience orchestration for external clients that was launched in September 2018, and sold in August 2020 (see Note 12).

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 28, 2021.

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 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, 2020.

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, 2020. Areas involving higher degree of judgment or complexity, or areas where assumptions are significant to the condensed 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 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.

As required by IFRS 3, *Business Combinations* (**"IFRS 3"**), the Company is required to determine whether the acquisition of Tonic should be accounted for as a business combination or as an asset acquisition. Under IFRS 3, the components of a business must include inputs and processes applied to those inputs that have the ability to create outputs. In October 2018, the IASB amended IFRS 3 to clarify the definition of a business. As part of the amendment, the IASB narrowed the definition of a business and the definition of outputs, and included an optional concentration test that allows for a simplified assessment of whether an acquired set of activities or assets is a business. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. In consideration of the above, management has determined that the acquisition of Tonic does not meet the definition of a business by virtue of the optional concentration test, whereby all or substantially all of the fair value of the acquired assets are concentrated in a single identifiable asset or a group of similar identifiable assets. Accordingly, the acquisition of Tonic has been recorded as an asset acquisition consisting wholly of Tonic's identifiable intangible assets. See Note 7 for further discussion.

(b) Interests in Structured Entities and Other

JTM Classical Performance Inc. (**"JTM Classical"**), JTM Holiday II Inc. (**"JTM Holiday"**), JTM Classical Performance II Inc. (**"JTM Classical II"**), JTM Libby's Story Inc. (**"JTM Libby"**), Gospel Song Productions Inc. (**"GSPI"**), People Who Sing Together 2 Inc. (**"PWST2"**), 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")**, and 2585882 Ontario Inc. (**"Kettle Bells Series")** are structured entities. JTM Classical was incorporated on November 6, 2012, JTM Holiday was incorporated on October 31, 2013, JTM Classical II was incorporated on October 8, 2014, JTM Libby was incorporated on May 5, 2014, GSPI was incorporated on September 30, 2015, PWST2 was incorporated on October 4, 2016, 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, and Kettle Bells Series was incorporated on July 5, 2017. The Company concluded that it controls JTM Classical, JTM Holiday , JTM Classical II, JTM Libby, GSPI, PWST2, JTM Hit Parade, JTM Unholy, JTM Hit Parade 3, JTM Healing Gardens, and Kettle Bells Series (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, 2021, cash of $818,076 and other current liabilities of $317,786 are included in the condensed consolidated interim financial statements resulting from the consolidation of the JTM entities (August 31, 2020, cash of $858,255 and other current liabilities of $241,345).

Net income before income taxes for the nine months ended May 31, 2021 increased by $105,352 resulting from the consolidation of the JTM entities (May 31, 2020 - net income before income taxes increased by $9,973).

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. SHORT-TERM INVESTMENTS

Short-term investments consist of:

(a) 16,147 common shares of Canopy Growth Corporation, a Canadian publicly traded corporation (the "Canopy shares"). 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 in October 2018. At the time of acquisition, these equity instruments had a fair value of $1,000,000. This consideration was initially recorded as a contract liability and was subsequently recognized as royalty revenue over the term of the agreement. As at May 31, 2021, the Canopy shares have a fair value of $488,447 (August 31, 2020 - $347,322).

(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, 2021, these shares have a fair value of 9,849,436 (August 31, 2020 - $nil).

(c) Government of Canada treasury bills of $3,302,557 (August 31, 2020 - $3,057,889).

(d) Royal Bank of Canada guaranteed investment certificates of $3,000,000 (August 31, 2020 - $7,000,000).

The Company records the Canopy and other Canadian public company shares as financial assets at fair value through profit and loss and recorded an unrealized gain of $305,323 during the nine months ended May 31, 2021 (2020 - unrealized loss of $117,066). In addition, the Company recorded a realized loss of $13,341 during the nine months ended May 31, 2021 (2020 - $nil).

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 three months with an interest rate yield between 0.045% and 0.062% (August 31, 2020 - 0.470% and 1.643%). The Company uses the effective interest rate method in determining the amortized cost for these instruments.

5. PROPERTY AND EQUIPMENT

	Land & building	Broadcast equipment	Equipment & vehicles	Computer hardware	Leasehold improvements	Total
At August 31, 2020						
Cost	$ 680,727	$ 8,678,927	$ 2,236,172	$ 2,113,808	$ 1,011,214	$ 14,720,848
Accumulated depreciation	(123,154)	(6,997,512)	(2,098,454)	(1,854,543)	(320,753)	(11,394,416)
Net book value	$ 557,573	$ 1,681,415	$ 137,718	$ 259,265	$ 690,461	$ 3,326,432
Nine months ended May 31, 2021						
Opening net book value	$ 557,573	$ 1,681,415	$ 137,718	$ 259,265	$ 690,461	$ 3,326,432
Additions	—	292,087	44,867	389,431	8,351	734,736
Depreciation for the period	(10,104)	(277,776)	(35,829)	(164,964)	(75,361)	(564,034)
Closing net book value	$ 547,469	$ 1,695,726	$ 146,756	$ 483,732	$ 623,451	$ 3,497,134
At May 31, 2021						
Cost	$ 680,727	$ 8,971,014	$ 2,281,039	$ 2,503,239	$ 1,019,565	$ 15,455,584
Accumulated depreciation	(133,258)	(7,275,288)	(2,134,283)	(2,019,507)	(396,114)	(11,958,450)
Net book value	$ 547,469	$ 1,695,726	$ 146,756	$ 483,732	$ 623,451	$ 3,497,134

On October 30, 2019, the Company closed an agreement to sell its office property located at 1 Queen Street, Cobourg, Ontario for gross proceeds of $255,000. The Company incurred $14,459 in selling costs for this transaction. The net book value of the building at the time of disposal was $103,312 and a gain of $137,229 was recorded in the condensed consolidated interim financial statements for the nine months ended May 31, 2020.

6. 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, 2021:

	Right-of-use: Land & building	Right-of-use: Equipment & vehicles	Total
At August 31, 2020			
Cost	$ 24,426,922	$ 259,477	$ 24,686,399
Accumulated depreciation	(1,571,349)	(73,078)	(1,644,427)
Net book value	$ 22,855,573	$ 186,399	$ 23,041,972
Nine months ended May 31, 2021			
Opening net book value	$ 22,855,573	$ 186,399	$ 23,041,972
Additions	—	26,575	26,575
Depreciation for the period	(1,140,025)	(61,225)	(1,201,250)
Closing net book value	$ 21,715,548	$ 151,749	$ 21,867,297

The following table presents the lease liabilities for the nine months ended May 31, 2021:

	Right-of-use: Land & building	Right-of-use: Equipment & vehicles	Total
At August 31, 2020			
Current portion	$ 789,547	$ 73,867	$ 863,414
Long-term portion	22,906,097	117,382	23,023,479
	$ 23,695,644	$ 191,249	$ 23,886,893
Nine months ended May 31, 2021			
Opening balance	$ 23,695,644	$ 191,249	$ 23,886,893
Additions	—	26,575	26,575
Interest expense	967,232	7,476	974,708
Lease payments	(1,533,094)	(67,190)	(1,600,284)
Closing balance	$ 23,129,782	$ 158,110	$ 23,287,892
At May 31, 2021			
Current portion	$ 893,851	$ 83,393	$ 977,244
Long-term portion	22,235,931	74,717	22,310,648
	$ 23,129,782	$ 158,110	$ 23,287,892

7. 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
At August 31, 2020								
Cost	$ 22,620,517	$ 21,567,798	$ 12,650,072	$ 790,000	$ 1,274,350	$ 550,000	$ 59,452,737	$ 8,731,879
Accumulated amortization	—	(16,141,243)	(10,694,038)	(790,000)	(1,081,804)	(235,695)	(28,942,780)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	$ 6,400,000	$ 5,426,555	$ 1,956,034	$ —	$ 192,546	$ 314,305	$ 14,289,440	$ 2,768,738
Nine months ended May 31, 2021								
Opening net book value	$ 6,400,000	$ 5,426,555	$ 1,956,034	$ —	$ 192,546	$ 314,305	$ 14,289,440	$ 2,768,738
Additions	—	3,169,598	—	336,740	4,283	—	3,510,621	—
Amortization for the period	—	(3,926,902)	(632,502)	(25,256)	(58,428)	(58,924)	(4,702,012)	—
Closing net book value	$ 6,400,000	$ 4,669,251	$ 1,323,532	$ 311,484	$ 138,401	$ 255,381	$ 13,098,049	$ 2,768,738
At May 31, 2021								
Cost	$ 22,620,517	$ 18,469,236	$ 12,650,072	$ 1,126,740	$ 1,278,633	$ 550,000	$ 56,695,198	$ 8,731,879
Accumulated amortization	—	(13,799,985)	(11,326,540)	(815,256)	(1,140,232)	(294,619)	(27,376,632)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	$ 6,400,000	$ 4,669,251	$ 1,323,532	$ 311,484	$ 138,401	$ 255,381	$ 13,098,049	$ 2,768,738

On September 1, 2020, the Company acquired the intellectual property of Tonic Magazine 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. No impairment loss was recognized in the condensed consolidated interim financial statements as management determined that the recoverable amount for the Tonic brand exceeds its carrying value as at May 31, 2021.

8. CONTRACT LIABILITIES

	May 31, 2021	August 31, 2020
Magazine subscriptions revenue	$ 1,515,733	$ 1,700,465
Membership revenue	1,335,050	1,482,492
Royalty revenue	37,497	394,472
Canada Periodical Fund	—	823,309
Show and conference revenue	60,900	62,400
Advertising revenue	303,980	277,118
Production revenue	8,000	8,000
	$ 3,261,160	$ 4,748,256
Less: Current portion	(2,548,023)	(3,736,641)
	$ 713,137	$ 1,011,615

9. 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, 2021, the Company had 387,879,129 preference shares outstanding (August 31, 2020 – 387,879,129).

Unlimited number of common shares. As at May 31, 2021, the Company had 272,163,297 common shares outstanding (August 31, 2020 – 264,330,297).

(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, 2021, the Company had 22,067,000 stock options outstanding with a weighted exercise price of $0.05 per share (August 31, 2020 - 16,800,000).

Movements in the number of stock options outstanding and their related weighted average exercise price for the nine months ended May 31, 2021 and 2020 are as follows:

	2021		2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	16,800,000	$ 0.05	19,000,000	$ 0.05
Issued	15,200,000	0.05	—	—
Exercised	(7,833,000)	—	—	—
Cancelled	(1,600,000)	0.05	(400,000)	0.05
Expired	(500,000)	0.05	(1,800,000)	0.10
Balance, end of period	22,067,000	$ 0.05	16,800,000	$ 0.05

10. 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

	May 31 2021	August 31, 2020
ASSETS		
Current assets		
Cash	$ 29,070	$ 104,719
Trade and other receivables	53,436	62,643
Prepaid expenses	63,738	23,897
	146,244	191,259
Non-current assets		
Property and equipment	14,438	16,987
Intangible assets	28,430	32,642
TOTAL ASSETS	$ 189,112	$ 240,888
LIABILITIES		
Current liabilities		
Trade and other payables	$ 248,500	$ 222,599
Due to controlling entity	752,345	764,017
Contract liabilities	1,086,918	1,130,608
	2,087,763	2,117,224
Non-current liabilities		
Contract liabilities	248,132	351,884
	2,335,895	2,469,108
EQUITY		
Deficit	(2,146,783)	(2,228,220)
TOTAL LIABILITIES AND EQUITY	$ 189,112	$ 240,888

Summarized Statements of Income and Comprehensive Income

	Three months ended		Nine months ended	
	May 31 2021	**May 31 2020**	**May 31 2021**	**May 31 2020**
REVENUE				
Membership fees	$ 395,607	$ 367,069	$ 1,137,505	$ 1,123,827
Subsidy from controlling entity	—	—		131,482
Sponsorship and other income	—	82,459	334,923	417,136
	395,607	449,528	1,472,428	1,672,445
OPERATING EXPENSES				
Employee benefits:				
Salaries and wages	107,620	151,959	374,355	500,109
Other employee costs	8,427	14,781	20,894	61,151
	116,047	166,740	395,249	561,260
Distribution and transmission costs	215,685	46,228	629,970	476,345
Other operating expenses	78,122	233,572	359,012	626,390
	409,854	446,540	1,384,231	1,663,995
Operating income (loss)	(14,247)	2,988	88,197	8,450
Depreciation	849	1,233	2,548	3,185
Amortization of other intangible assets	1,404	1,755	4,212	5,265
Net income (loss) before income taxes	(16,500)	—	81,437	—
Income tax expense	—	—	—	—
Net income (loss) and comprehensive income (loss) for the year	$ (16,500)	$ —	$ 81,437	$ —

11. OPERATING EXPENSES

Operating expenses of the Company for the years ended May 31, 2021 and May 31, 2020 are as follows:

	Three months ended		Nine months ended	
	May 31 2021	**May 31 2020 (as restated Note 19)**	**May 31 2021**	**May 31 2020 (as restated Note 19)**
Employee benefits:				
Salaries and wages	$ 4,048,564	$ 3,813,668	$ 11,060,165	$ 11,866,434
Other employee costs	1,303,873	1,169,770	3,772,145	3,833,969
Stock based compensation	125,620	7,410	248,561	20,031
	$ 5,478,057	$ 4,990,848	15,080,871	15,720,434
Amortization of program rights	1,447,861	1,491,876	3,926,902	4,302,848
Distribution and transmission costs	2,065,143	1,897,167	5,174,165	6,338,805
Other operating expenses	873,402	1,466,577	4,253,477	5,976,489
	$ 9,864,463	$ 9,846,468	$ 28,435,415	$ 32,338,576

12. DIVESTITURE AND DISCONTINUED OPERATIONS

On May 18, 2020 the Company announced that it had entered into an agreement with Irish Studios LLC (**"Irish Studios"**), for the sale of substantially all of the net assets comprising the operations of Darwin CX, the Company's SaaS operations reported under the Company's Other operating segment, for gross proceeds of $7,465,126. The transaction was completed on August 18, 2020.

The details of the impact of the transaction with Irish Studios are as follows:

Gross proceeds	$ 7,465,126
Purchase price adjustments	(757,887)
Transaction costs	(107,493)
Net proceeds	6,599,746
Less: Net book value of net assets disposed	
Trade and other receivables	(264,431)
Prepaid expenses	(15,432)
Intangible assets	(2,659,125)
Trade and other payables	877,988
Contract liabilities	24,667
Pre-tax gain on sale of Darwin disposal group	4,563,413
Income tax expense	(692,244)
After-tax gain on sale of Darwin disposal group	$ 3,871,169

Included in the purchase price adjustments is a payout to key employees in the amount of $678,976. As a result of the transaction, the Company has presented the results of Darwin CX as discontinued operations. Accordingly, the post-tax profit and loss of discontinued operations and the cash flow impact of discontinued operations have been presented separately from the results of the Company's continuing operations in the consolidated statement of income and comprehensive income and the consolidated statement of cash flows, and the financial results for the prior year have been restated.

Reconciliation of net loss from discontinued operations

	Three months ended		Nine months ended	
	May 31 2021	May 31 2020	May 31 2021	May 31 2020
Revenue	$ —	$ 133,203	$ —	$ 304,146
Operating expenses				
Salaries and wages	—	152,901	—	463,326
Other employee costs	—	68,600	—	202,981
Distribution and transmission costs	—	72,653	—	325,775
Other operating expenses	—	64,526	—	215,245
	—	358,680	—	1,207,327
Amortization of other intangible assets	—	76,468	—	267,751
Operating loss	—	(301,945)	—	(1,170,932)
Interest income	—	—	—	(246)
Interest expense	—	—	—	862
Net interest expense	—	—	—	616
Net loss before income taxes	—	(301,945)	—	(1,171,548)
Income tax recovery	—	(48,642)	—	(292,798)
Net loss from discontinued operations	$ —	$ (253,303)	$ —	$ (878,750)

13. BASIC AND DILUTED INCOME (LOSS) PER SHARE

The following table outlines the calculations of basic and diluted income (loss) per share attributed to owners of the parent for the three and nine months ended May 31, 2021 and May 31, 2020:

	Three months ended		Nine months ended	
	May 31 2021	**May 31 2020**	**May 31 2021**	**May 31 2020**
Numerator for basic and diluted income (loss) per share:				
Net income from continuing operations	$ 246,000	$ 1,087,525	$ 3,637,095	$ 3,047,637
Net loss from discontinued operations	—	(253,303)	—	(878,750)
Adjusted numerator for income per share	$ 246,000	$ 834,222	$ 3,637,095	$ 2,168,887
Common shares	267,705,221	264,330,297	265,467,634	264,330,297
Preference shares	387,879,129	387,879,129	387,879,129	387,879,129
Denominator for income per share - weighted average	655,584,350	652,209,426	653,346,763	652,209,426
Effect of potential dilutive securities	2,672,908	4,800,000	2,672,908	4,800,000
Adjusted denominator for diluted income (loss) per share	658,257,258	657,009,426	656,019,671	657,009,426
Basic income (loss) per share				
Continuing operations	$ 0.00	$ 0.00	$ 0.01	$ 0.00
Discontinued operations	—	(0.00)	—	(0.00)
	$ 0.00	**$ 0.00**	**$ 0.01**	**$ 0.00**
Diluted income (loss) per share				
Continuing operations	$ 0.00	$ 0.00	$ 0.01	$ 0.00
Discontinued operations	—	(0.00)	—	(0.00)
	$ 0.00	**$ 0.00**	**$ 0.01**	**$ 0.00**

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.

For the nine months ended May 31, 2021, 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, 2021 and 2020.

14. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital balances for the three and nine months ended May 31, 2021 and May 31, 2020 consists of the following:

	Three months ended		Nine months ended	
	May 31 2021	May 31 2020 (as restated Note 19)	May 31 2021	May 31 2020 (as restated Note 19)
Trade and other receivables	$ 766,301	$ (177,442)	$ 489,414	$ 431,227
Prepaid expenses	231,407	362,554	(258,457)	122,382
Trade and other payables	342,366	740,553	73,452	1,115,444
Income tax liabilities	(69,928)	—	(988,208)	—
	$ 1,261,576	$ 925,665	$ (678,019)	$ 1,669,053

15. RELATED PARTY TRANSACTIONS

The Company is controlled by Olympus Management Limited (**"OML"**), which owns 64.9% (2020 - 64.9%) of the Company's equity through both common shares and preference shares. The President and Chief Executive Officer of the Company control 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 27.0% (2020 - 27.0%) of the Company's equity through both common shares and preference shares. The remaining 8.1% (2020 - 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, 2021, the Company paid management fees of $1,035,750 (2020 – $1,035,750) and fees for ancillary services of $125,664 (2020 – $127,174) 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, 2021, included in accounts payable and accrued liabilities is a payable to OML of $nil (August 31, 2020 - $294). At May 31, 2021, included in trade and other receivables is a receivable balance of $250,000 from the owner of OML, the Company's principal shareholder, related to the exercise of stock options (August 31, 2020 - $nil).

(b) Transactions with entities controlled by a principal shareholder

During the nine months ended May 31, 2021, the Company received royalty revenues from Northbridge of $539,771 (2020 – $667,369) and advertising revenues of $104,975 (2020 – $75,234). Included in accounts receivable at May 31, 2021 is a receivable from Northbridge of $113,818 (August 31, 2020 – $78,717).

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

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, 2021.

The Company is not subject to externally imposed capital requirements.

17. COMMITMENTS AND CONTINGENT LIABILITIES

(a) At May 31, 2021, 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 $1,199,679 (August 31, 2020 - $893,389).

(b) In May 2012, the Company assigned its interests under a property lease to a third party. In the event that the third party does not fulfill its obligations, the Company will be liable for the remaining payments due under the lease. The Company's continuing obligation under the lease is secured by a general security agreement covering the assets of the Company excluding the assets of the Radio business segment. The lease expired on April 2021, and at May 31, 2021, there are no remaining future minimum payments due under the lease (August 31, 2020 - $267,960).

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: Get Fit, JoyTV 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 Magazine, and generates revenue from advertising, subscriptions and sundry sources. 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 Canadian websites 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 JTM Classical Performance Inc. ("JTM Classical"), JTM Holiday II Inc. ("JTM Holiday"), JTM Classical Performance II Inc. ("JTM Classical II"), JTM Libby's Story Inc. ("JTM Libby"), Gospel Song Productions Inc. ("GSPI"), People Who Sing Together 2 Inc. ("PWST2"), 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") and 2585882 Ontario Inc. ("Kettle Bells Series"), structured entities that create television programming content.

Other activities generate revenue from advertising, production and distribution services, sponsorship, booth rentals and ticket sales.

During the year ended August 31, 2020, the Company completed an agreement to sell substantially all of the net assets of Darwin CX, a SaaS platform that manages customer experience orchestration for external clients (see Note 12 for further discussion). The Company had determined that the assets and liabilities of the disposal group meets the IFRS criteria for the presentation and disclosure of discontinued operations. Accordingly, the financial results related to the disposal group has been presented separately from the results of the company's continuing operations for the nine months ended May 31, 2021 and 2020. For the purposes of segmented reporting, the results of the Darwin disposal group has been excluded from the Company's Other operating segment.

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.

Nine months ended May 31, 2021

	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total Continuing Operations
Revenue	$ 24,014,954	$ 4,563,415	$ 3,214,225	$ 2,951,953	$ 1,995,106	$ 42,989	$ 36,782,642
Operating expenses	11,531,654	4,882,419	3,210,836	1,690,027	3,512,640	3,607,839	28,435,415
Depreciation	184,995	153,177	877,752	2,548	535,278	11,534	1,765,284
Amortization	34,113	476	63,526	636,714	39,431	850	775,110
	11,750,762	5,036,072	4,152,114	2,329,289	4,087,349	3,620,223	30,975,809
Interest expense	141	888	—	—	1,357	972,802	975,188
Interest income	—	—	—	—	—	(59,147)	(59,147)
Unrealized gain on equity instruments	—	—	—	(305,323)	—	—	(305,323)
Loss on sale of equity instruments	—	—	—	—	—	13,341	13,341
Gain on sale of property	—	—	—	—	—	—	—
Segmented income (loss)	$ 12,264,051	$ (473,545)	$ (937,889)	$ 927,987	$ (2,093,600)	$ (4,504,230)	$ 5,182,774
Segmented assets	$ 21,025,237	$ 4,428,242	$ 36,282,568	$ 1,483,574	$ 22,521,002	$ 485,265	$ 86,225,888
Additions - property and equipment	25,261	280,023	—	—	78,692	350,760	734,736
Additions - program rights	3,151,298	—	—	—	18,300	—	3,169,598
Additions - other intangible assets	—	4,283	336,740	—	—	—	341,023

Nine months ended May 31, 2020
(as restated - Note 19)

	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total Continuing Operations
Revenue	$ 24,117,413	$ 5,879,643	$ 3,400,660	$ 3,668,072	$ 3,060,623	$ 10,285	$ 40,136,696
Operating expenses	12,411,030	6,150,562	3,302,336	2,060,050	4,185,056	4,229,542	32,338,576
Depreciation	217,149	167,435	755,511	3,185	663,722	2,231	1,809,233
Amortization	135,344	303	44,106	637,767	39,695	134	857,349
	12,763,523	6,318,300	4,101,953	2,701,002	4,888,473	4,231,907	35,005,158
Interest expense	2,289	1,521	—	—	688	1,002,726	1,007,224
Interest income	—	(32,084)	—	—	—	(135,955)	(168,039)
Unrealized loss on equity instruments	—	—	—	117,066	—	—	117,066
Gain on sale of property	—	(137,229)	—	—	—	—	(137,229)
Segmented income (loss)	$ 11,351,601	$ (270,865)	$ (701,293)	$ 850,004	$ (1,828,538)	$ (5,088,393)	$ 4,312,516
Segmented assets	$ 23,567,982	$ 4,276,066	$ 25,305,596	$ 2,554,939	$ 22,775,252	$ 76,534	$ 78,556,369
Additions - property and equipment	121,425	34,790	1,500	1,710	11,078	127,155	297,658
Additions - program rights	3,866,225	—	—	—	—	—	3,866,225
Additions - other intangible assets	68,972	—	—	—	—	16,584	85,556

	Three months ended May 31, 2021						
	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total Continuing Operations
Revenue	$ 7,627,737	$ 1,431,572	$ 1,208,100	$ 836,142	$ 297,773	$ 24,150	$ 11,425,474
Operating expenses	3,913,896	1,539,383	1,263,878	649,394	1,107,598	1,390,314	9,864,463
Depreciation	55,440	50,379	366,824	849	111,901	6,835	592,228
Amortization	7,080	357	25,483	212,238	7,244	493	252,895
	3,976,416	1,590,119	1,656,185	862,481	1,226,743	1,397,642	10,709,586
Interest expense	—	230	—	—	883	321,545	322,658
Interest income	—	—	—	—	—	(25,544)	(25,544)
Unrealized gain on equity instruments	—	—	—	23,914	—	—	23,914
Loss on sale of equity instruments	—	—	—	—	—	13,341	13,341
Segmented income (loss)	$ 3,651,321	$ (158,777)	$ (448,085)	$ (50,253)	$ (929,853)	$ (1,682,834)	$ 381,519
Segmented assets	$ 21,025,237	$ 4,428,242	$ 36,282,568	$ 1,483,574	$ 22,521,002	$ 485,265	$ 86,225,888
Additions - property and equipment	14,207	54,375	—	—	48,071	262,316	378,969
Additions - program rights	1,275,511	—	—	—	—	—	1,275,511
Additions - other intangible assets	—	—	—	—	—	—	—

	Three months ended May 31, 2020 (as restated - Note 19)						
	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total Continuing Operations
Revenue	$ 8,260,768	$ 1,285,071	$ 1,177,420	$ 1,034,886	$ 678,442	$ —	$ 12,436,587
Operating expenses	3,781,545	1,753,220	942,501	497,422	1,601,812	1,269,968	9,846,468
Depreciation	68,741	54,884	291,792	1,233	179,991	142	596,783
Amortization	40,786	101	17,819	212,589	11,529	12	282,836
	3,891,072	1,808,205	1,252,112	711,244	1,793,332	1,270,122	10,726,087
Interest expense	558	491	—	—	283	332,012	333,344
Interest income	—	—	—	—	—	(84,379)	(84,379)
Unrealized gain on equity instruments	—	—	—	15,501	—	—	15,501
Segmented income (loss)	$ 4,369,138	$ (523,625)	$ (74,692)	$ 308,141	$ (1,115,173)	$ (1,517,755)	$ 1,446,034
Segmented assets	$ 23,567,982	$ 4,276,066	$ 25,305,596	$ 2,554,939	$ 22,775,252	$ 76,534	$ 78,556,369
Additions - property and equipment	—	4,118	—	1,710	—	28,756	34,584
Additions - program rights	359,607	—	—	—	—	—	359,607
Additions - other intangible assets	—	—	—	—	—	—	—

19. RESTATEMENT OF PRIOR PERIOD INFORMATION

IFRS 16, *Leases* ("IFRS 16")

In the first three quarters of fiscal 2020, it had been disclosed that the Company recognized $24.84 million in right-of-use assets and lease liabilities as a result of the adoption of IFRS 16, effective September 1, 2019. The opening balances were discounted using a weighted average rate of 5.95%

In further review of the IFRS criteria for identifying lease and non-lease components, management determined that the Company had excluded $3.61 million in additional lease components related to its building lease. Furthermore, it had included $4.48 million in broadcasting equipment leases that have been deemed outside the scope of IFRS 16 by virtue of the capacity portion of the identified assets as the assets are not physically distinct and do not represent substantially all of the assets' capacity.

In addition, management revised the weighted average incremental borrowing rate to 5.49%, which is better reflective of the market rates the Company would have received had it been required to raise financing for the identified assets on the date of adoption.

Accordingly, the opening balances have been restated, and the resulting impact for the nine months ended May 31, 2020 is as follows:

- An increase to right-of-use assets, net of accumulated depreciation of $0.06 million
- A reduction to current portion of lease liabilities of $1.04 million
- An increase to long-term lease liabilities of $1.57 million
- An increase to operating expenses of $0.81 million,
- A reduction to depreciation expense of $0.76 million, and
- A reduction to interest expense of $0.08 million.

The impact of the above restatements on the comparative period financial statements are as follows (all amounts expressed in Canadian dollars):

Consolidated Statement of Income and Comprehensive Income

	Nine months ended May 31, 2020 (as previously reported)	Impact of IFRS 16 adjustment	Nine months ended May 31, 2020 (as restated)
Revenue	$ 40,136,696	$ —	$ 40,136,696
Operating expenses	31,527,592	810,984	32,338,576
Depreciation	2,570,792	(761,559)	1,809,233
Amortization of other intangible assets	857,349	—	857,349
Operating income (loss)	5,180,963	(49,425)	5,131,538
Interest income	(168,039)	—	(168,039)
Interest expense	1,084,357	(77,133)	1,007,224
Net interest expense	916,318	(77,133)	839,185
Unrealized loss on equity instruments	117,066	—	117,066
Gain on sale of assets	(137,229)	—	(137,229)
Net income before income taxes	4,284,808	27,708	4,312,516
Income tax expense	1,264,879	—	1,264,879
Net income from continuing operations	3,019,929	27,708	3,047,637
Net loss from discontinued operations	(878,750)	—	(878,750)
Net income and comprehensive income for the period	$ 2,141,179	$ 27,708	$ 2,168,887
Net income and comprehensive income attributed to:			
Owners of the parent	$ 2,141,179	$ 27,708	$ 2,168,887
Non-controlling interest	—	—	—
	$ 2,141,179	$ 27,708	$ 2,168,887

Other Operating Expenses

	Nine months ended May 31, 2020 (as previously reported)	Impact of IFRS 16 adjustment	Nine months ended May 31, 2020 (as restated)
Employee benefits:			
Salaries and wages	$ 11,866,434	$ —	$ 11,866,434
Other employee costs	3,833,969	—	3,833,969
Stock based compensation	20,031	—	20,031
	$ 15,720,434	$ —	$ 15,720,434
Amortization of program rights	4,302,848	—	4,302,848
Distribution and transmission costs	5,311,821	1,026,984	6,338,805
Other operating expenses	6,192,489	(216,000)	5,976,489
	$ 31,527,592	$ 810,984	$ 32,338,576

In addition to the above:

- On the consolidated statement of cash flows for the nine months ended May 31, 2020, cash from operating activities decreased by $810,985 and cash from financing activities increased by $810,985 due to the IFRS 16 adjustment. Cash from investing activities was not impacted.

20. COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as ("**COVID-19**"), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and border lock-downs, have caused significant disruption to businesses, economies and financial markets around the world, resulting in an economic slowdown. The medium and long-term impact of COVID-19 are unknown at this time, including its duration, severity and further measures that could be implemented by governments and central banks.

The impact of COVID-19 on the Company for the nine months ended May 31, 2021 includes a decline in commercial advertising revenues and the cancellation of the Toronto ZoomerShow in October 2020, as well as the cancellation of the Vancouver ZoomerShow in April 2021. 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. The Company has also applied for the Canada Emergency Wage Subsidy ("**CEWS**") and for the Canada Emergency Rent Subsidy ("**CERS**"). For the nine months ended May 31, 2021, the Company has received $981,920 in CEWS and $123,377 in CERS.

21. SUBSEQUENT EVENTS

At the Board of Directors meeting on July 28, 2021, the Company declared a dividend of $0.0025 per share on each outstanding common and preference share, amounting to a total of $1,652,606. Such dividend will be paid on September 2, 2021 to shareholders on record as at August 18, 2021. These condensed consolidated interim financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the subsequent quarter.