



ZOOMERMEDIA

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ZOOMERMEDIA LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended November 30, 2021 and 2020

ZOOMERMEDIA LIMITED

Condensed Consolidated Interim Statements of Financial Position (Unaudited)

(expressed in Canadian dollars)	November 30, 2021	August 31, 2021
ASSETS		
Current assets		
Cash	\$ 13,976,797	\$ 16,675,352
Short-term investments (Note 4)	16,854,087	16,646,347
Trade and other receivables	9,886,811	7,875,768
Prepaid expenses	1,139,730	2,626,363
Income tax receivable	677,726	—
	<u>42,535,151</u>	<u>43,823,830</u>
Non-current assets		
Property and equipment (Note 5)	3,653,934	3,663,418
Right-of-use assets (Note 6)	21,183,231	21,473,295
Deferred tax assets	2,703,728	3,318,352
Intangible assets (Note 7)	14,272,494	13,137,870
Goodwill (Note 7)	2,768,738	2,768,738
Other non-current assets	437,348	437,348
	<u>42,919,473</u>	<u>44,769,021</u>
TOTAL ASSETS	<u>\$ 87,554,624</u>	<u>\$ 88,622,851</u>
LIABILITIES		
Current liabilities		
Trade and other payables	\$ 5,652,768	\$ 6,796,623
Current portion of contract liabilities (Note 8)	2,819,121	3,139,383
Income tax payable	—	620,899
Dividend payable (Note 9)	1,983,127	1,652,606
Current portion of lease liabilities (Note 6)	1,023,036	982,380
Program rights liabilities	2,864,375	1,697,094
	<u>14,342,427</u>	<u>14,888,985</u>
Non-current liabilities		
Contract liabilities (Note 8)	551,886	683,153
Deferred tax liabilities	89,040	89,040
Long-term lease liabilities (Note 6)	21,877,554	22,061,391
	<u>22,518,480</u>	<u>23,833,584</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	63,698,813	63,680,453
Contributed surplus	4,180,160	4,053,632
Deficit	(15,214,785)	(14,810,323)
	<u>52,664,188</u>	<u>52,923,762</u>
Non-controlling interest (Note 10)	<u>(1,970,471)</u>	<u>(2,023,480)</u>
Total equity	<u>50,693,717</u>	<u>50,900,282</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 87,554,624</u>	<u>\$ 88,622,851</u>
Commitments and contingent liabilities (Note 16)		

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 months ended November 30, 2021 and 2020 (Unaudited)

	Three months ended	
	November 30, 2021	November 30, 2020
Revenue	\$ 14,076,599	\$ 13,227,295
Operating expenses (Note 11)	10,635,370	9,698,039
Depreciation (Note 5, 6)	612,132	598,556
Amortization of other intangible assets (Note 7)	243,370	263,121
Operating income	2,585,727	2,667,579
Interest income	(26,305)	(18,202)
Interest expense (Note 6)	316,042	327,863
Net interest expense	289,737	309,661
Unrealized (gain) loss on equity instruments (Note 4)	43,926	(255,284)
Gain on sale of equity instruments (Note 4)	(25,397)	—
	18,529	(255,284)
Net income before income taxes	2,277,461	2,613,202
Income tax expense	645,787	696,163
Net income and comprehensive income for the period	\$ 1,631,674	\$ 1,917,039
Net income and comprehensive income attributed to:		
Owners of the parent	\$ 1,578,665	\$ 1,917,039
Non-controlling interest (Note 10)	53,009	—
	\$ 1,631,674	\$ 1,917,039
Net income per share (basic and diluted) (Note 12)	\$ 0.00	\$ 0.00
Weighted average number of shares outstanding	666,483,796	661,037,997

ZOOMERMEDIA LIMITED

Condensed Consolidated Interim Statements of Cash Flows For the three months ended November 30, 2021 and 2020 (Unaudited)

	Three months ended	
	November 30, 2021	November 30, 2020
Operating activities		
Net income for the period	\$ 1,631,674	\$ 1,917,039
Add (deduct) non-cash items:		
Depreciation (Note 5)	217,842	186,971
Depreciation of right-of-use assets (Note 6)	394,290	411,585
Amortization of program rights (Note 7)	1,270,362	1,256,153
Amortization of other intangibles (Note 7)	243,370	263,121
Stock-based compensation	136,554	8,288
Interest accrued on short-term investments	(8,951)	(1,763)
Dividends accrued on short-term investments	(18,669)	—
Deferred income tax (recovery) expense	614,624	(278,160)
Unrealized (gain) loss on equity instruments (Note 4)	43,926	(255,284)
Change in other non-current assets	—	(2,000)
Interest expense on lease liabilities (Note 6)	316,042	327,385
Gain on sale of equity instruments (Note 4)	(25,397)	—
Change in contract liabilities	(576,529)	(832,955)
Net change in non-cash working capital (Note 13)	(2,939,270)	(2,417,455)
	1,299,868	582,925
Purchase of program rights (Note 7)	(2,648,356)	(1,214,210)
Change in liabilities related to program rights	1,167,281	284,404
	(1,481,075)	(929,806)
	(181,207)	(346,881)
Investing activities		
Purchase of short-term investments	(6,824,768)	(9,122,681)
Proceeds from sale of short-term investments	6,723,499	14,657,646
Additions to property and equipment (Note 5)	(208,358)	(232,533)
Purchase of other intangible assets (Note 7)	—	(336,740)
	(309,627)	4,965,692
Financing activities		
Issuance of shares under stock option plan	8,334	—
Repayment of lease liabilities (Note 6)	(563,449)	(534,482)
Payment of dividends	(1,652,606)	—
	(2,207,721)	(534,482)
Change in cash	(2,698,555)	4,084,329
Cash, beginning of period	16,675,352	17,670,346
Cash, end of period	<u>\$ 13,976,797</u>	<u>\$ 21,754,675</u>
Supplementary cash flow information:		
Equity instruments received (Note 4)	\$ 125,000	\$ —
Interest paid	316,042	327,863
Income taxes paid	1,315,220	2,340,217

ZOOMERMEDIA LIMITED

Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended November, 2021 and 2020

(Unaudited)

	Common Shares		Preference Shares		Contributed Surplus	Deficit	Non-controlling Interest	Total Shareholders' Equity
	#	\$	#	\$	\$	\$	\$	\$
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	—	—	—	—	8,288	—	—	8,288
Net income	—	—	—	—	—	1,917,039	—	1,917,039
Balance - November 30, 2020	<u>264,330,297</u>	<u>24,342,107</u>	<u>387,879,129</u>	<u>38,787,913</u>	<u>3,787,143</u>	<u>(14,769,527)</u>	<u>(2,228,220)</u>	<u>49,919,416</u>
Balance - September 1, 2021	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	—	—	—	—	136,554	—	—	136,554
Exercise of stock options	166,667	18,360	—	—	(10,026)	—	—	8,334
Dividends declared	—	—	—	—	—	(1,983,127)	—	(1,983,127)
Net income and comprehensive income	—	—	—	—	—	1,578,665	53,009	1,631,674
Balance - November 30, 2021	<u>273,329,964</u>	<u>24,910,900</u>	<u>387,879,129</u>	<u>38,787,913</u>	<u>4,180,160</u>	<u>(15,214,785)</u>	<u>(1,970,471)</u>	<u>50,693,717</u>

ZOOMERMEDIA LIMITED

Notes to Condensed Consolidated Interim Financial Statements – November 30, 2021 and 2020 (Unaudited)

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 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'.

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 January 25, 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 November 30, 2021, cash of \$576,710 and other current liabilities of \$404,639 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 three months ended November 30, 2021 decreased by \$27,851 resulting from the consolidation of the JTM entities (November 30, 2020 - net income before income taxes decreased by \$15,245).

ZOOMERMEDIA LIMITED

Notes to Condensed Consolidated Interim Financial Statements – November 30, 2021 and 2020

(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. 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 November 30, 2021, the Canopy shares have a fair value of \$221,537 (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 November 30, 2021, these shares have a fair value of \$9,913,310 (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 November 30, 2021, the Heritage shares have a fair value of \$79,125 (August 31, 2021 - \$nil).
- (d) 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 on November 29, 2021. Accordingly, the Company recognized an unrealized gain upon completion of the transaction. As at November 30, 2021, the Givex shares have a fair value of \$162,000 (August 31, 2021 - \$nil).
- (e) Government of Canada treasury bills of \$3,478,115 (August 31, 2021 - \$3,378,333).
- (f) Royal Bank of Canada guaranteed investment certificates of \$3,000,000 (August 31, 2021 - \$3,000,000).

The Company records its investments in Canopy, Heritage, Givex and other Canadian public company shares as financial assets at fair value through profit and loss, and recorded an unrealized loss of \$43,926 during the three months ended November 30, 2021 (November 30, 2020 - unrealized gain of \$255,284). In addition, the Company recorded a realized gain of \$25,397 during the three months ended November 30, 2021 (November 30, 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 one to five months with an interest rate yield between 0.080% and 0.450% (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 – November 30, 2021 and 2020**
(Unaudited)**5. PROPERTY AND EQUIPMENT**

	Land & building	Broadcast equipment	Equipment & vehicles	Computer hardware	Leasehold improvements	Total
At August 31, 2021						
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>
Three months ended November 30, 2021						
Opening net book value	\$ 544,274	\$ 1,718,548	\$ 171,150	\$ 595,508	\$ 633,938	\$ 3,663,418
Additions	—	50,127	9,399	148,832	—	208,358
Depreciation for the period	(3,196)	(94,850)	(12,512)	(83,510)	(23,774)	(217,842)
Closing net book value	<u>\$ 541,078</u>	<u>\$ 1,673,825</u>	<u>\$ 168,037</u>	<u>\$ 660,830</u>	<u>\$ 610,164</u>	<u>\$ 3,653,934</u>
At November 30, 2021						
Cost	\$ 680,727	\$ 9,136,953	\$ 2,330,508	\$ 2,839,678	\$ 1,054,548	\$ 16,042,414
Accumulated depreciation	(139,649)	(7,463,128)	(2,162,471)	(2,178,848)	(444,384)	(12,388,480)
Net book value	<u>\$ 541,078</u>	<u>\$ 1,673,825</u>	<u>\$ 168,037</u>	<u>\$ 660,830</u>	<u>\$ 610,164</u>	<u>\$ 3,653,934</u>

ZOOMERMEDIA LIMITED**Notes to Condensed Consolidated Interim Financial Statements – November 30, 2021 and 2020****(Unaudited)****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 three months ended November 30, 2021:

	Right-of-use: Land & building	Right-of-use: Equipment & vehicles	Total
At August 31, 2021			
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>
Three months ended November 30, 2021			
Opening net book value	\$ 21,341,954	\$ 131,341	\$ 21,473,295
Lease modifications	104,226	—	104,226
Depreciation for the period	(373,882)	(20,408)	(394,290)
Closing net book value	<u>\$ 21,072,298</u>	<u>\$ 110,933</u>	<u>\$ 21,183,231</u>
At November 30, 2021			
Cost	\$ 24,531,148	\$ 286,052	\$ 24,817,200
Accumulated depreciation	(3,458,850)	(175,119)	(3,633,969)
Net book value	<u>\$ 21,072,298</u>	<u>\$ 110,933</u>	<u>\$ 21,183,231</u>

The following table presents the lease liabilities for the three months ended November 30, 2021:

	Right-of-use: Land & building	Right-of-use: Equipment & vehicles	Total
At August 31, 2021			
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>
Three months ended November 30, 2021			
Opening balance	\$ 22,906,097	\$ 137,674	\$ 23,043,771
Interest expense	314,354	1,688	316,042
Lease modifications	104,226	—	104,226
Lease payments	(541,052)	(22,397)	(563,449)
Closing balance	<u>\$ 22,783,625</u>	<u>\$ 116,965</u>	<u>\$ 22,900,590</u>
At November 30, 2021			
Current portion	\$ 937,887	\$ 85,149	\$ 1,023,036
Long-term portion	21,845,738	31,816	21,877,554
	<u>\$ 22,783,625</u>	<u>\$ 116,965</u>	<u>\$ 22,900,590</u>

ZOOMERMEDIA LIMITED**Notes to Condensed Consolidated Interim Financial Statements – November 30, 2021 and 2020**
(Unaudited)**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, 2021								
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>
Three months ended November 30, 2021								
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	—	2,648,356	—	—	—	—	2,648,356	—
Amortization for the period	—	(1,270,362)	(210,834)	(8,419)	(14,294)	(9,823)	(1,513,732)	—
Closing net book value	<u>\$ 6,400,000</u>	<u>\$ 6,333,263</u>	<u>\$ 901,864</u>	<u>\$ 294,647</u>	<u>\$ 116,803</u>	<u>\$ 225,917</u>	<u>\$ 14,272,494</u>	<u>\$ 2,768,738</u>
At November 30, 2021								
Cost	\$ 22,620,517	\$ 13,713,970	\$ 12,650,072	\$ 1,126,740	\$ 1,285,521	\$ 550,000	\$ 51,946,820	\$ 8,731,879
Accumulated amortization	—	(7,380,707)	(11,748,208)	(832,093)	(1,168,718)	(324,083)	(21,453,809)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	<u>\$ 6,400,000</u>	<u>\$ 6,333,263</u>	<u>\$ 901,864</u>	<u>\$ 294,647</u>	<u>\$ 116,803</u>	<u>\$ 225,917</u>	<u>\$ 14,272,494</u>	<u>\$ 2,768,738</u>

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.

ZOOMERMEDIA LIMITED**Notes to Condensed Consolidated Interim Financial Statements – November 30, 2021 and 2020**
(Unaudited)**8. CONTRACT LIABILITIES**

	<u>November 30, 2021</u>	<u>August 31, 2021</u>
Magazine subscriptions revenue	\$ 1,442,988	\$ 1,581,353
Membership revenue	1,131,449	1,198,289
Royalty revenue	279,164	153,327
Canada Periodical Fund	285,515	571,031
Show and conference revenue	44,750	113,250
Advertising revenue	179,141	197,286
Production revenue	8,000	8,000
	<u>\$ 3,371,007</u>	<u>\$ 3,822,536</u>
Less: Current portion	<u>(2,819,121)</u>	<u>(3,139,383)</u>
	<u>\$ 551,886</u>	<u>\$ 683,153</u>

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 November 30, 2021, the Company had 387,879,129 preference shares outstanding (August 31, 2021 – 387,879,129).

Unlimited number of common shares. As at November 30, 2021, the Company had 273,329,964 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 November 30, 2021, the Company had 20,800,333 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:

	Three months ended November 30, 2021		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	(166,667)	0.05	(8,833,000)	0.05
Cancelled	—	—	(1,600,000)	0.05
Expired	—	—	(600,000)	0.05
Balance, end of period	<u>20,800,333</u>	<u>\$ 0.05</u>	<u>20,967,000</u>	<u>\$ 0.05</u>

ZOOMERMEDIA LIMITED**Notes to Condensed Consolidated Interim Financial Statements – November 30, 2021 and 2020****(Unaudited)****(c) Dividends**

Pursuant to a resolution passed at the Board of Directors meeting 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.

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

	November 30, 2021	August 31, 2021
	<u> </u>	<u> </u>
ASSETS		
Current assets		
Cash	\$ 137,543	\$ 75,865
Trade and other receivables	14,143	40,143
Prepaid expenses	<u>39,607</u>	<u>44,890</u>
	191,293	160,898
Non-current assets		
Property and equipment	12,910	13,589
Intangible assets	<u>25,903</u>	<u>27,026</u>
TOTAL ASSETS	<u>\$ 230,106</u>	<u>\$ 201,513</u>
LIABILITIES		
Current liabilities		
Trade and other payables	\$ 209,252	\$ 193,090
Due to controlling entity	859,875	833,614
Contract liabilities	<u>981,085</u>	<u>1,003,844</u>
	2,050,212	2,030,548
Non-current liabilities		
Contract liabilities	<u>150,365</u>	<u>194,445</u>
	<u>2,200,577</u>	<u>2,224,993</u>
EQUITY		
Deficit	<u>(1,970,471)</u>	<u>(2,023,480)</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 230,106</u>	<u>\$ 201,513</u>

ZOOMERMEDIA LIMITED**Notes to Condensed Consolidated Interim Financial Statements – November 30, 2021 and 2020**
(Unaudited)**Summarized Statements of Income and Comprehensive Income**

	Three months ended	
	November 30, 2021	November 30, 2020
REVENUE		
Membership fees	\$ 417,147	\$ 367,919
Subsidy from controlling entity	—	—
Sponsorship and other income	54,250	257,284
	<u>471,397</u>	<u>625,203</u>
OPERATING EXPENSES		
Employee benefits:		
Salaries and wages	86,430	151,902
Other employee costs	11,393	7,551
	<u>97,823</u>	<u>159,453</u>
Distribution and transmission costs	226,036	202,084
Other operating expenses	92,727	261,413
	<u>416,586</u>	<u>622,950</u>
Operating income	54,811	2,253
Depreciation	679	849
Amortization of other intangible assets	1,123	1,404
	<u>1,123</u>	<u>1,404</u>
Net income before income taxes	<u>53,009</u>	<u>—</u>
Income tax expense	—	—
Net income and comprehensive income for the year	<u>\$ 53,009</u>	<u>\$ —</u>

11. OPERATING EXPENSES

Operating expenses of the Company for the three months ended November 30, 2021 and 2020 are as follows:

	Three months ended	
	November 30, 2021	November 30, 2020
Employee benefits:		
Salaries and wages	\$ 3,836,025	\$ 3,851,875
Other employee costs	1,381,383	1,187,648
Stock based compensation	136,554	8,288
	<u>5,353,962</u>	<u>5,047,811</u>
Amortization of program rights	1,270,362	1,256,153
Distribution and transmission costs	2,178,027	1,706,501
Other operating expenses	1,833,019	1,687,574
	<u>\$ 10,635,370</u>	<u>\$ 9,698,039</u>

ZOOMERMEDIA LIMITED**Notes to Condensed Consolidated Interim Financial Statements – November 30, 2021 and 2020**
(Unaudited)**12. BASIC AND DILUTED INCOME PER SHARE**

The following table outlines the calculations of basic and diluted income per share attributed to owners of the parent for the three months ended November 30, 2021 and 2020:

	Three months ended	
	November 30, 2021	November 30, 2020
Numerator for basic and diluted income per share:		
Net income	\$ 1,631,674	\$ 1,917,039
Adjusted numerator for income per share	\$ 1,631,674	\$ 1,917,039
Common shares	273,174,286	264,330,297
Preference shares	387,879,129	387,879,129
Denominator for income per share - weighted average	661,053,415	652,209,426
Effect of potential dilutive securities	5,430,381	8,828,571
Adjusted denominator for diluted income per share	666,483,796	661,037,997
Basic income per share	\$ 0.00	\$ 0.00
Diluted income per share	\$ 0.00	\$ 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. The effect of the potential exercise of stock options have been included in the calculation of diluted earnings per share for the three months ended November 30, 2021 and 2020.

ZOOMERMEDIA LIMITED

Notes to Condensed Consolidated Interim Financial Statements – November 30, 2021 and 2020

(Unaudited)

13. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital balances for the three months ended November 30, 2021 and 2020 consist of the following:

	Three months ended	
	November 30, 2021	November 30, 2020
Trade and other receivables	\$ (1,983,423)	\$ (810,651)
Prepaid expenses	1,486,633	(408,157)
Income tax assets	(677,726)	—
Trade and other payables	(1,143,855)	167,247
Income tax liabilities	(620,899)	(1,365,894)
	<u>\$ (2,939,270)</u>	<u>\$ (2,417,455)</u>

14. RELATED PARTY TRANSACTIONS

The Company is controlled by Olympus Management Limited (“OML”), which owns 65.6% (November 30, 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% (November 30, 2020 - 27.0%) of the Company’s equity through both common shares and preference shares. The remaining 7.4% (November 30, 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 three months ended November 30, 2021, the Company paid management fees of \$345,250 (November 30, 2020 – \$345,250) and fees for ancillary services of \$43,954 (November 30, 2020 – \$42,756) to OML, the majority shareholder of the Company, for the provision of executive management services, home office costs, contractor services and talent fees. At November 30, 2021, included in accounts payable and accrued liabilities is a payable to OML of \$nil (August 31, 2021 - \$48,178). At November 30, 2021, included in the condensed consolidated interim financial statements is a dividend payable to OML of \$767,715 (August 31, 2021 - \$639,763).

(b) Transactions with entities controlled by a principal shareholder

During the three months ended November 30, 2021, the Company received royalty revenues from Northbridge of \$236,653 (November 30, 2020 – \$251,886) and advertising revenues of \$92,102 (November 30, 2020 – \$7,225). Included in accounts receivable at November 30, 2021 is a receivable from Northbridge of \$122,697 (August 31, 2021 – \$121,779). At November 30, 2021, included in the condensed consolidated interim financial statements is a dividend payable to Northbridge of \$395,922 (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 – November 30, 2021 and 2020 (Unaudited)

15. 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 three months ended November 30, 2021.

The Company is not subject to externally imposed capital requirements.

16. COMMITMENTS AND CONTINGENT LIABILITIES

At November 30, 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 \$404,964 (August 31, 2021 - \$2,692,137).

17. 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 Magazine, 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 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 – November 30, 2021 and 2020**
(Unaudited)

	Three months ended November 30, 2021						
	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total
Revenue	\$ 8,616,443	\$ 1,943,080	\$ 1,353,484	\$ 1,073,935	\$ 992,622	\$ 97,035	\$ 14,076,599
Operating expenses	4,194,313	1,993,091	1,300,915	484,165	1,355,952	1,306,934	10,635,370
Depreciation	62,858	55,664	275,281	679	198,268	19,382	612,132
Amortization	7,654	357	12,965	211,957	9,508	929	243,370
	<u>4,264,825</u>	<u>2,049,112</u>	<u>1,589,161</u>	<u>696,801</u>	<u>1,563,728</u>	<u>1,327,245</u>	<u>11,490,872</u>
Interest expense	—	311	—	—	352	315,379	316,042
Interest income	—	—	—	—	(12,775)	(13,530)	(26,305)
Unrealized loss on equity instruments	—	—	—	43,926	—	—	43,926
Gain on sale of equity instruments	—	—	—	—	—	(25,397)	(25,397)
Segmented income (loss)	<u>\$ 4,351,618</u>	<u>\$ (106,343)</u>	<u>\$ (235,677)</u>	<u>\$ 333,208</u>	<u>\$ (558,683)</u>	<u>\$ (1,506,662)</u>	<u>\$ 2,277,461</u>
Segmented assets	\$ 23,093,902	\$ 5,145,540	\$ 32,309,313	\$ 994,427	\$ 23,695,097	\$ 2,316,345	\$ 87,554,624
Additions - property and equipment	14,097	36,030	—	—	21,337	136,894	208,358
Additions - program rights	2,648,356	—	—	—	—	—	2,648,356
Additions - other intangible assets	—	—	—	—	—	—	—
	Three months ended November 30, 2020						
	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total
Revenue	\$ 8,097,095	\$ 1,718,599	\$ 1,342,660	\$ 1,254,128	\$ 806,406	\$ 8,407	\$ 13,227,295
Operating expenses	4,122,539	1,927,280	1,021,474	546,055	1,104,452	976,239	9,698,039
Depreciation	74,483	53,212	294,642	849	173,560	1,810	598,556
Amortization	13,517	—	23,254	212,238	13,967	145	263,121
	<u>4,210,539</u>	<u>1,980,492</u>	<u>1,339,370</u>	<u>759,142</u>	<u>1,291,979</u>	<u>978,194</u>	<u>10,559,716</u>
Interest expense	141	362	—	—	246	327,114	327,863
Interest income	—	—	—	—	—	(18,202)	(18,202)
Unrealized gain on equity instruments	—	—	—	(255,284)	—	—	(255,284)
Segmented income (loss)	<u>\$ 3,886,415</u>	<u>\$ (262,255)</u>	<u>\$ 3,290</u>	<u>\$ 750,270</u>	<u>\$ (485,819)</u>	<u>\$ (1,278,699)</u>	<u>\$ 2,613,202</u>
Segmented assets	\$ 23,125,595	\$ 4,734,597	\$ 34,499,089	\$ 1,839,097	\$ 20,720,266	\$ 216,013	\$ 85,134,657
Additions - property and equipment	9,368	139,290	—	—	30,621	53,254	232,533
Additions - program rights	1,214,210	—	—	—	—	—	1,214,210
Additions - other intangible assets	—	—	336,740	—	—	—	336,740

ZOOMERMEDIA LIMITED

Notes to Condensed Consolidated Interim Financial Statements – November 30, 2021 and 2020 (Unaudited)

18. 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 widespread progress in vaccination statuses and the gradual reopening of the economy have had a positive impact on the Company for the three months ended November 30, 2021. 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 from its pre-pandemic levels. There is still much uncertainty surrounding the variants of concern, and 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 three months ended November 30, 2021, the Company received \$161,165 in Canada Emergency Wage Subsidy ("CEWS") (November 30, 2020 - \$nil) and \$155,998 in Canada Emergency Rent Subsidy ("CERS") (November 30, 2020 - \$nil).

19. SUBSEQUENT EVENTS

Subsequent to the three months ended November 30, 2021, the Company completed a share purchase agreement with Freshdaily Inc. ("**BlogTO**"), an online website publication and Toronto's source for local news, culture, restaurant reviews, event listings and all the best the city has to offer. As part of the agreement that was completed on January 21, 2022, the Company acquired 100% of all issued and outstanding shares in exchange for \$15,000,000 in consideration, which consists of a cash payout in the amount of \$10,000,000, and three-year promissory note valued at \$5,000,000.