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ZOOMERMEDIA LIMITED

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three and nine months ended May 31, 2020 and May 31, 2019

(These financial statements 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, 2020	August 31, 2019 (as restated - Note 4)
ASSETS		
Current assets		
Cash	$ 8,474,446	$ 7,570,031
Short-term investments (Note 5)	9,988,245	6,547,632
Trade and other receivables	9,618,386	10,070,230
Prepaid expenses	642,168	733,904
Assets held-for-sale (Note 4)	1,975,820	1,414,533
	30,699,065	26,336,330
Non-current assets		
Property and equipment (Note 6)	3,413,950	3,795,994
Right-of-use assets (Note 7)	22,887,204	—
Deferred tax assets	3,008,365	2,955,318
Intangible assets (Note 8)	14,676,306	15,884,722
Goodwill (Note 8)	2,768,738	2,768,738
Other non-current assets	536,389	738,526
TOTAL ASSETS	$ 77,990,017	$ 52,479,628
LIABILITIES		
Current liabilities		
Trade and other payables	$ 4,825,725	$ 3,710,281
Contract liabilities (Note 9)	4,031,817	4,226,247
Current portion of lease liabilities (Note 7)	1,861,546	—
Current portion of program right liabilities	1,178,939	1,951,015
Current portion of provisions	8,570	8,570
Liabilities associated with held-for-sale (Note 4)	210,694	172,571
	12,117,291	10,068,684
Non-current liabilities		
Contract liabilities (Note 9)	1,076,747	1,467,225
Deferred tax liabilities	89,040	89,040
Deferred lease liabilities (Note 7)	21,691,050	—
Other liabilities	87,000	87,000
	35,061,128	11,711,949
EQUITY		
Equity attributable to owners of the parent		
Share capital (Note 11)	63,130,020	63,130,020
Contributed surplus	3,773,515	3,753,484
Deficit	(21,746,426)	(23,887,605)
	45,157,109	42,995,899
Non-controlling interest (Note 10)	(2,228,220)	(2,228,220)
Total equity	42,928,889	40,767,679
TOTAL LIABILITIES AND EQUITY	$ 77,990,017	$ 52,479,628

Commitments and contingent liabilities (Note 17)

APPROVED ON BEHALF OF THE BOARD:

signed Director — Moses Znaimer

signed Director — Peter Palframan

ZOOMERMEDIA LIMITED

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
For the three and nine months ended May 31, 2020 and May 31, 2019
(Unaudited)

	Three months ended		Nine months ended	
	May 31, 2020	**May 31, 2019** (as restated Note 19)	**May 31, 2020**	**May 31, 2019** (as restated Note 19)
Revenue	$ 12,436,587	$ 12,490,614	$ 40,136,696	$ 39,063,974
Operating expenses (Note 12)	9,571,144	11,984,548	31,527,592	35,640,297
Depreciation (Note 6, 7)	850,636	199,237	2,570,792	605,810
Amortization of other intangible assets (Note 8)	282,836	290,821	857,349	909,390
Operating income	1,731,971	16,008	5,180,963	1,908,477
Interest income	(84,379)	(11,791)	(168,039)	(36,695)
Interest expense	354,836	34	1,084,357	394
Net interest expense (income)	270,457	(11,757)	916,318	(36,301)
Unrealized loss on equity instruments (Note 5)	15,501	127,561	117,066	120,311
Gain on sale of property (Note 6)	—	—	(137,229)	—
Net income (loss) before income taxes	1,446,013	(99,796)	4,284,808	1,824,467
Income tax expense (recovery)	358,509	(423,845)	1,264,879	393,696
Net income from continuing operations	1,087,504	324,049	3,019,929	1,430,771
Net loss from discontinued operations (Note 4)	(253,303)	(399,958)	(878,750)	(1,013,328)
Net income (loss) and comprehensive income (loss) for the period	$ 834,201	$ (75,909)	$ 2,141,179	$ 417,443
Net income (loss) and comprehensive income (loss) attributed to:				
Owners of the parent	$ 834,201	$ (75,909)	$ 2,141,179	$ 417,443
Non-controlling interest (Note 10)	—	—	—	—
	$ 834,201	$ (75,909)	$ 2,141,179	$ 417,443
Basic and diluted earnings per share (Note 14)				
Continuing operations	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)
Net income (loss) per share (basic and diluted)	$ 0.00	$ (0.00)	$ 0.00	$ 0.00
Weighted average number of shares outstanding	652,209,426	651,295,861	652,209,426	651,296,898

ZOOMERMEDIA LIMITED

Condensed Consolidated Interim Statements of Cash Flows
For the three and nine months ended May 31, 2020 and May 31, 2019
(Unaudited)

	Three months ended		Nine months ended	
	May 31, 2020	**May 31, 2019** (as restated Note 19)	**May 31, 2020**	**May 31, 2019** (as restated Note 19)
Operating activities				
Net income for the period	$ 1,087,504	$ 324,049	$ 3,019,929	$ 1,430,771
Add (deduct) non-cash items:				
Depreciation (Note 6)	185,198	199,237	576,390	605,810
Depreciation of right-of-use assets (Note 7)	665,438	—	1,994,402	—
Amortization of program rights (Note 8)	1,491,876	2,015,807	4,302,848	5,040,321
Amortization of other intangibles (Note 8)	282,835	290,821	857,349	909,390
Stock-based compensation	7,410	31,586	20,031	122,765
Interest accrued on short-term investments	11,686	(1,504)	(32,583)	(16,763)
Deferred income tax expense	(157,888)	(589,824)	(345,845)	(376,267)
Unrealized loss on equity instruments (Note 5)	15,501	127,561	117,066	120,311
Change in other non-current assets	202,137	2,239	202,137	2,239
Interest expense on lease liabilities (Note 7)	354,343	—	1,083,328	—
Gain on sale of property (Note 6)	—	—	(137,229)	—
Change in contract liabilities	(167,246)	(55,148)	(584,908)	(138,280)
Net change in non-cash working capital (Note 13)	1,196,179	(138,319)	1,669,053	220,629
Operating activities from discontinued operations (Note 4)	10,302	(234,710)	(268,802)	(134,723)
	5,185,275	1,971,795	12,473,166	7,786,203
Purchase of program rights (Note 8)	(359,607)	(1,167,940)	(3,866,225)	(4,313,248)
Change in liabilities related to program rights	(199,392)	(826,748)	(772,076)	(1,194,875)
	(558,999)	(1,994,688)	(4,638,301)	(5,508,123)
	4,626,276	(22,893)	7,834,865	2,278,080
Investing activities				
Purchase of short-term investments	(9,556,250)	(3,027,460)	(12,597,326)	(3,027,460)
Proceeds from sale of short-term investments	6,023,781	3,008,249	9,039,647	3,008,249
Proceeds from sale of property, net (Note 6)	—	—	240,541	—
Additions to property and equipment (Note 6)	(34,584)	(99,341)	(297,658)	(483,552)
Purchase of other intangible assets (Note 8)	—	(27,091)	(85,556)	(75,704)
Investing activities from discontinued operations (Note 4)	(266,771)	(218,216)	(817,760)	(520,844)
	(3,833,824)	(363,859)	(4,518,112)	(1,099,311)
Financing activities				
Issuance of shares under stock option plan (Note 11)	—	15,000	—	15,000
Repurchase of common shares (Note 11)	—	—	—	(2,645)
Repayment of lease liabilities (Note 7)	(809,806)	—	(2,412,338)	—
	(809,806)	15,000	(2,412,338)	12,355
Change in cash	(17,354)	(371,752)	904,415	1,191,124
Cash, beginning of period	8,491,800	8,461,574	7,570,031	6,898,698
Cash, end of period	$ 8,474,446	$ 8,089,822	$ 8,474,446	$ 8,089,822
Supplementary cash flow information:				
Equity instruments received (Note 5)	$ —	$ —	$ —	$ 1,000,000
Interest paid	354,836	34	1,084,357	394

ZOOMERMEDIA LIMITED

Condensed Consolidated Interim Statements of Changes in Equity
For the three and nine months ended May 31, 2020 and May 31, 2019
(Unaudited)

	Common Shares		Preference Shares		Contributed Surplus	Deficit (as restated Note 19)	Non-controlling Interest (as restated Note 19)	Total Shareholders' Equity (as restated Note 19)
	#	$	#	$	$	$	$	$
Balance - September 1, 2018	263,418,297	24,287,847	387,879,129	38,787,913	3,609,574	(25,446,744)	(2,228,220)	39,010,370
Cancellation of shares repurchased	(88,000)	(8,114)	—	—	5,469	—	—	(2,645)
Stock-based compensation	—	—	—	—	122,765	—	—	122,765
Exercise of stock options	300,000	18,562	—	—	(3,562)	—	—	15,000
Net income from continuing operations	—	—	—	—	—	1,430,771	—	1,430,771
Net loss from discontinued operations	—	—	—	—	—	(1,013,328)	—	(1,013,328)
Balance - May 31, 2019	263,630,297	24,298,295	387,879,129	38,787,913	3,734,246	(25,029,301)	(2,228,220)	39,562,933
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 and comprehensive income	—	—	—	—	—	3,019,929	—	3,019,929
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	(21,746,426)	(2,228,220)	42,928,889

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, Canada's only multi-faith specialty television service; ONE: Get Fit, offering programs on exercise, meditation, yoga, natural health and living a planet-friendly lifestyle; JoyTV in Vancouver, Victoria, Surrey and the Fraser Valley, FAITH TV, a lifestyle television service out of Winnipeg devoted to broadcasting Christian 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, as well as On The Bay Magazine, a regional lifestyle magazine published quarterly for the 20 towns and villages of Southern Georgian Bay, Ontario. ZoomerMedia is Canada's leading provider of online content targeting the 45plus 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 has a Software-as-a-Service (**"SaaS"**) platform called Darwin CX that manages customer experience orchestration for external clients and launched in September 2018.

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 22, 2020.

2. BASIS OF PREPARATION

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles **("GAAP")**, defined as International Financial Reporting Standards (**"IFRS"**) as set out in Part 1 of the CPA Canada Handbook (**"CPA Handbook"**).

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard (**"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, 2019.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended August 31, 2019 except as described in Note 3 for standards adopted in the current fiscal year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Standards Adopted In The Current Year

The Company has adopted the following new and revised standards, along with any consequential amendments, effective September 1, 2019. These changes were made in accordance with the applicable transitional provisions.

IFRS 16, *Leases*

Effective September 1, 2019, the Company adopted IFRS 16, *Leases* (**"IFRS 16"**), which replaces IAS 17, *Leases (***"IAS 17"***)* and its related interpretations. IFRS 16 introduces a single accounting model requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset is of low value. A lessee is required to recognize a right-of-use asset, which represents its right to use that underlying asset and a lease liability, which represents the obligation to make a lease payment.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of September 1, 2019. Under this method, comparative information from the prior year will not be restated. Additional disclosure includes a reconciliation between operating lease commitments at August 31, 2019 under IAS 17 and the opening lease liabilities at September 1, 2019 under IFRS 16. For leases classified as operating leases under IAS 17, lease liabilities have been measured at the present value of remaining lease payments, discounted using the Company's incremental borrowing rate as at September 1, 2019. Right-of-use assets have been measured at an amount equal to the lease liability, adjusted for any prepaid amounts or accrued payments.

At transition, the Company has elected to apply the practical expedient that allows the application of IFRS 16 definition to contracts entered into or modified on or after September 1, 2019 that were previously identified as leases under IAS 17 and IFRIC 4. The Company has also elected to apply the following practical expedients to leases previously classified as operating leases under IAS 17:

- Application of a single discount rate to a portfolio of leases with similar characteristics;
- Exclusion of initial direct costs from measuring the right-of-use asset as at September 1, 2019;
- Use of hindsight in determining the lease term where the contract contains purchase, extension, or termination options;
- Exclusion of leases for which the lease term ends within twelve months of the date of the initial application; and
- Exclusion of leases for which the underlying asset is of low value.

At inception, the Company assesses whether a contract is or contains a lease based on whether the contract conveys the right to control the use of an asset for a period of time in exchange for consideration. The Company allocates the total consideration to each lease and non-lease component on the basis of their relative stand-alone prices.

The right-of-use asset and a lease liability are recognized at the lease commencement date. The right-of-use asset is initially measured at the present value of lease payments, adjusted for initial direct costs and incentives received. The right-of-use asset is depreciated over the lesser of the useful life of the asset or the lease term, and is assessed for impairment on an annual basis. The lease term includes the renewal option if it is reasonably certain to be exercised.

The lease liability is initially measured at the present value of lease payments to be made over the lease term, which include fixed payments and variable payments that depend on an index. The cost of an option that is reasonably certain to be exercised by the Company is included in the lease payments. In calculating the present value of lease payments, the Company uses the incremental borrowing rate as at commencement of the lease if the implicit rate is not readily available. The lease liability is increased to reflect the accretion of interest and reduced to reflect the lease payments made, and the carrying amount of the lease liability is remeasured for any lease modifications.

As at September 1, 2019, the Company recognized $24,841,068 of right-of-use assets and lease liabilities, with no impact to retained earnings. The weighted average discount rate applied on initial adoption is 5.95%.

The following table reconciles the Company's operating lease obligations at August 31, 2019, as previously disclosed in the annual consolidated financial statements, to the lease liabilities recognized on initial application of IFRS 16 at September 1, 2019:

		September 1, 2019
Operating lease commitments at August 31, 2019	$	15,107,345
Impact of reasonably certain renewal and termination options		21,780,517
Other		953,118
Recognition exemptions:		
Short-term leases		(8,888)
Low value leases		(3,660)
Undiscounted operating lease obligations		37,828,432
Discounting effect		(12,987,364)
Lease liabilities due to initial application of IFRS 16		24,841,068
Lease liabilities from finance leases prior to IFRS 16 application		—
Total lease liabilities at September 1, 2019	$	24,841,068

IFRIC Interpretation 23, *Uncertainty over income tax treatments*

In June 2017, the IASB issued IFRIC Interpretation 23, *Uncertainty over income tax treatments* (**"IFRIC 23"**) which clarifies how to apply the recognition and measurement requirements in IAS 12, *Income Taxes* when there is uncertainty over income tax treatments. IFRIC 23 requires:

- An entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- An entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The interpretation requires retrospective application, with some practical expedients available on adoption. IFRIC 23 did not have any impact on the Company's condensed consolidated interim financial statements.

(b) Significant Accounting Judgments and Estimation Uncertainties

Critical accounting judgments and estimates

The preparation of financial statements under IFRS requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's historical experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ materially from these estimates.

The key judgments, estimates and assumptions made in applying accounting policies which have the most significant risk of causing a material adjustment to the carrying amount of assets and liabilities are: the determination of Cash Generating Units (**"CGUs"**); the values associated with indefinite life intangible assets and goodwill; the estimated period of use of program rights; the estimated useful lives of non-financial assets with definite useful lives; and income tax liabilities including the assessment of temporary differences and uncertain tax positions.

(c) 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"),** and JTM Healing Gardens Inc. **("JTM Healing Gardens")** 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, and JTM Healing Gardens was incorporated on September 17, 2019. 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, and JTM Healing Gardens (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, 2020, cash of $396,581 and other current liabilities of $56,881 are included in the condensed consolidated interim financial statements resulting from the consolidation of the JTM entities. As at August 31, 2019, cash of $804,068 and other current liabilities of $60,716 are included in the annual consolidated financial statements resulting from the consolidation of the JTM entities.

Net income before income taxes for the nine months ended May 31, 2020 increased by $9,973 resulting from the consolidation of the JTM entities (May 31, 2019 - net income before income taxes decreased by $259,583).

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. Refer to Note 19 (b).

4. 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 is expected to close in approximately 90 days, on or around August 17, 2020. Upon execution of the agreement, the Company received a deposit of $718,975 from Irish Studios.

The company determined that the assets and liabilities of Darwin CX met the criteria to be classified as a disposal group held-for-sale for the period ended May 31, 2020. Accordingly, the assets and liabilities of Darwin CX were reclassified on the consolidated statement of financial position as at May 31, 2020 to current assets held for sale or current liabilities held for sale, as the sale is expected to be completed within one year. No impairment charge has been recorded in the condensed consolidated interim financial statements for the three and nine months ended May 31, 2020 as the Company determined that the fair value less cost to sell of the disposal group exceeds its carrying value at the time of classification and at May 31, 2020.

In addition, 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 quarter have been restated.

Major Asset Classes of Disposal Group

	May 31 2020	August 31 2020
Assets		
Trade and other receivables	$ 201,693	$ 175,092
Prepaid expenses	9,133	24,456
Intangible assets	1,764,994	1,214,985
Total assets of disposal group classified as held-for-sale	$ 1,975,820	$ 1,414,533
Liabilities		
Trade and other payables	$ 208,851	$ 172,571
Contract liabilities	1,843	—
Total liabilities of disposal group classified as held-for-sale	$ 210,694	$ 172,571

Reconciliation of Income from Discontinued Operations

	Three months ended		Nine months ended	
	May 31 2020	May 31 2019	May 31 2020	May 31 2019
Revenue	$ 133,203	$ 41,407	$ 304,146	$ 111,645
Operating expenses				
Salaries and wages	152,901	173,831	463,326	484,365
Other employee costs	68,600	32,686	202,981	74,944
Distribution and transmission costs	72,653	163,186	325,775	510,272
Other operating expenses	64,527	71,618	215,245	203,873
	358,681	441,321	1,207,327	1,273,454
Amortization of other intangible assets	76,467	79,284	267,751	232,751
Operating loss	(301,945)	(479,198)	(1,170,932)	(1,394,560)
Interest income	—	—	(246)	—
Interest expense	—	—	862	—
Net interest expense	—	—	616	—
Net loss before income taxes	(301,945)	(479,198)	(1,171,548)	(1,394,560)
Income tax recovery	(48,642)	(79,240)	(292,798)	(381,232)
Net loss from discontinued operations	$ (253,303)	$ (399,958)	$ (878,750)	$ (1,013,328)

Reconciliation of Cash Flow Impact

	Three months ended		Nine months ended	
	May 31 2020	**May 31 2019**	**May 31 2020**	**May 31 2019**
Operating activities from discontinued operations				
Net loss for the period	$ (253,303)	$ (399,958)	$ (878,750)	$ (1,013,328)
Add (deduct) non-cash items:				
Amortization of other intangibles	76,467	79,284	267,751	232,751
Deferred income tax recovery	48,642	79,240	292,798	381,232
Change in contract liabilities	(10,666)	(6,468)	1,843	6,467
Net change in non-cash working capital balances:				
Trade and other receivables	115,947	9,857	26,600	114,150
Prepaid expenses	(2,922)	(15,536)	(15,323)	26,724
Trade and other payables	36,137	18,871	36,279	117,281
	10,302	(234,710)	(268,802)	(134,723)
Investing activities from discontinued operations				
Purchase of other intangible assets	(266,771)	(218,216)	(817,760)	(520,844)
Cash flow impact of discontinued operations	$ (256,469)	$ (452,926)	$ (1,086,562)	$ (655,567)

5. 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 recorded as a contract liability and is being recognized as royalty revenue over the term of the agreement. As at May 31, 2020, the Canopy shares have a fair value of $390,919 (August 31, 2019 - $507,985).

(b) Government of Canada treasury bills of $3,041,076 (August 31, 2019 - $6,039,647).

(c) Guaranteed investment certificates of $6,556,250 (August 31, 2019 - $nil).

The Company records the Canopy shares as financial assets at fair value through profit and loss and recorded an unrealized loss of $117,066 during the nine months ended May 31, 2020 (2019 - unrealized loss of $120,311).

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 six months with an interest rate yield between 0.900% and 1.643% (2019 - 1.590% and 1.691%). The Company uses the effective interest rate method in determining amortized cost for these instruments.

6. PROPERTY AND EQUIPMENT

	Land & building	Broadcast equipment	Equipment & vehicles	Computer hardware	Leasehold improvements	Total
At August 31, 2019						
Cost	$ 858,226	$ 8,479,419	$ 2,208,300	$ 2,019,010	$ 943,692	$ 14,508,647
Accumulated depreciation	(169,001)	(6,629,315)	(2,041,744)	(1,657,393)	(215,200)	(10,712,653)
Net book value	$ 689,225	$ 1,850,104	$ 166,556	$ 361,617	$ 728,492	$ 3,795,994
Nine months ended May 31, 2020						
Opening net book value	$ 689,225	$ 1,850,104	$ 166,556	$ 361,617	$ 728,492	$ 3,795,994
Additions	—	149,134	2,362	83,090	63,072	297,658
Depreciation for the period	(23,403)	(267,008)	(38,778)	(167,377)	(79,824)	(576,390)
Disposal	(103,312)	—	—	—	—	(103,312)
Closing net book value	$ 562,510	$ 1,732,230	$ 130,140	$ 277,330	$ 711,740	$ 3,413,950
At May 31, 2020						
Cost	$ 680,727	$ 8,628,553	$ 2,210,662	$ 2,102,100	$ 1,006,764	$ 14,628,806
Accumulated depreciation	(118,217)	(6,896,323)	(2,080,522)	(1,824,770)	(295,024)	(11,214,856)
Net book value	$ 562,510	$ 1,732,230	$ 130,140	$ 277,330	$ 711,740	$ 3,413,950

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.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The following table presents the right-of-use assets for the nine months ended May 31, 2020 :

	Right-of-use: Land & building	Right-of-use: Broadcast equipment	Right-of-use: Equipment & vehicles	Total
Nine months ended May 31, 2020				
Opening net book value upon adoption of IFRS 16	$ 20,145,596	$ 4,478,206	$ 217,266	$ 24,841,068
Additions	—	—	40,538	40,538
Depreciation for the period	(984,097)	(956,337)	(53,968)	(1,994,402)
Closing net book value	$ 19,161,499	$ 3,521,869	$ 203,836	$ 22,887,204

The following table presents the lease liabilities for the nine months ended May 31, 2020:

	Right-of-use: Land & building	Right-of-use: Broadcast equipment	Right-of-use: Equipment & vehicles	Total
Nine months ended May 31, 2020				
Opening balance upon adoption of IFRS 16	$ 20,145,596	$ 4,478,206	$ 217,266	$ 24,841,068
Additions	—	—	40,538	40,538
Interest expense	890,438	183,387	9,503	1,083,328
Lease payments	(1,325,622)	(1,026,984)	(59,732)	(2,412,338)
	19,710,412	3,634,609	207,575	23,552,596
Less: Current portion	(597,461)	(1,192,288)	(71,797)	(1,861,546)
Closing balance	$ 19,112,951	$ 2,442,321	$ 135,778	$ 21,691,050

The following table presents the maturity analysis of contractual undiscounted cash flows related to the lease liabilities of the Company as at May 31, 2020:

	May 31, 2020
Less than one year	$ 3,212,416
2-3 years	4,513,621
4-5 years	4,269,554
Thereafter	23,464,961
	$ 35,460,552

8. INTANGIBLE ASSETS AND GOODWILL

Details of intangible assets and goodwill are as follows:

	Broadcast licenses	Program rights	Royalty stream rights	Brand names	Computer software (as restated Note 4)	Customer list & non-compete clause	Total intangible assets	Goodwill
At August 31, 2019								
Cost	$ 22,620,517	$ 19,289,079	$ 12,650,072	$ 790,000	$ 1,188,795	$ 550,000	$ 57,088,463	$ 8,731,879
Accumulated amortization	—	(13,304,672)	(9,850,702)	(731,667)	(939,053)	(157,130)	(24,983,224)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	$ 6,400,000	$ 5,984,407	$ 2,799,370	$ 58,333	$ 249,742	$ 392,870	$ 15,884,722	$ 2,768,738
Nine months ended May 31, 2020								
Opening net book value	$ 6,400,000	$ 5,984,407	$ 2,799,370	$ 58,333	$ 249,742	$ 392,870	$ 15,884,722	$ 2,768,738
Additions	—	3,866,225	—	—	85,556	—	3,951,781	—
Amortization for the period	—	(4,302,848)	(632,502)	(52,500)	(113,423)	(58,924)	(5,160,197)	—
Closing net book value	$ 6,400,000	$ 5,547,784	$ 2,166,868	$ 5,833	$ 221,875	$ 333,946	$ 14,676,306	$ 2,768,738
At May 31, 2020								
Cost	$ 22,620,517	$ 21,848,860	$ 12,650,072	$ 790,000	$ 1,274,351	$ 550,000	$ 59,733,800	$ 8,731,879
Accumulated amortization	—	(16,301,076)	(10,483,204)	(784,167)	(1,052,476)	(216,054)	(28,836,977)	—
Accumulated impairment	(16,220,517)	—	—	—	—	—	(16,220,517)	(5,963,141)
Net book value	$ 6,400,000	$ 5,547,784	$ 2,166,868	$ 5,833	$ 221,875	$ 333,946	$ 14,676,306	$ 2,768,738

During the nine months ended May 31, 2020, fully amortized program rights with cost amounts totaling $1,306,444 were written off (2019 - $2,796,583). These fully amortized amounts were derecognized due to either the contract term expiring in the year or all contractual runs being used.

9. CONTRACT LIABILITIES

	May 31, 2020	August 31, 2019
Magazine subscriptions revenue	$ 1,659,101	$ 1,950,883
Membership revenue	1,640,268	1,538,325
Royalty revenue	634,319	907,808
Canada Periodical Fund	823,309	493,985
Show and conference revenue	64,400	312,528
Advertising revenue	279,167	481,943
Production revenue	8,000	8,000
	$ 5,108,564	$ 5,693,472
Less: Current portion	(4,031,817)	(4,226,247)
	$ 1,076,747	$ 1,467,225

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 (refer to Note 3 (c)). 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 2020	August 31, 2019
ASSETS		
Current assets		
Cash	$ 22,759	$ 82,655
Trade and other receivables	297,900	—
Prepaid expenses	37,726	11,820
	358,385	94,475
Non-current assets		
Property and equipment	18,048	19,523
Intangible assets	34,397	39,662
TOTAL ASSETS	$ 410,830	$ 153,660
LIABILITIES		
Current liabilities		
Trade and other payables	$ 448,653	$ 185,440
Due to controlling entity	550,129	658,114
Contract liabilities	1,254,516	1,069,469
	2,253,298	1,913,023
Non-current liabilities		
Contract liabilities	385,752	468,857
	2,639,050	2,381,880
EQUITY		
Deficit	(2,228,220)	(2,228,220)
TOTAL LIABILITIES AND EQUITY	$ 410,830	$ 153,660

Summarized Statements of Income and Comprehensive Income

	Three months ended		Nine months ended	
	May 31 2020	**May 31 2019**	**May 31 2020**	**May 31 2019**
REVENUE				
Membership fees	$ 367,069	$ 352,404	$ 1,123,827	$ 1,208,354
Subsidy from controlling entity	(63,216)	185,038	131,482	639,174
Sponsorship and other income	82,459	62,581	417,136	192,416
	386,312	600,023	1,672,445	2,039,944
OPERATING EXPENSES				
Employee benefits:				
Salaries and wages	151,959	162,669	500,109	538,051
Other employee costs	14,781	26,833	61,151	60,447
	166,740	189,502	561,260	598,498
Distribution and transmission costs	46,228	118,315	476,345	487,591
Other operating expenses	170,356	287,406	626,390	937,022
	383,324	595,223	1,663,995	2,023,111
Operating income	2,988	4,800	8,450	16,833
Depreciation	1,233	1,664	3,185	4,990
Amortization of other intangible assets	1,755	3,136	5,265	11,843
Net income before income taxes	—	—	—	—
Income tax expense	—	—	—	—
Net income and comprehensive income for the year	$ —	$ —	$ —	$ —

11. SHARE CAPITAL

(a) Authorized

Unlimited preference shares may be issued in one or more series by the Board of Directors. Preference shares are non-voting, are convertible into common shares at the option of the holder on a one for one basis at any time and have rights to dividends. As at May 31, 2020, the Company had 387,879,129 preference shares outstanding (August 31, 2019 – 387,879,129).

Unlimited number of common shares. As at May 31, 2020, the Company had 264,330,297 common shares outstanding (August 31, 2019 – 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 either vest on issuance or vest one-third upon issuance and one-third in each of the following two years, or one-third in each of the following three years.

As at May 31, 2020, the Company had 16,800,000 stock options outstanding with a weighted exercise price of $0.05 per share.

During the nine months ended May 31, 2020, 1,800,000 stock options expired (2019 - nil) and 400,000 stock options were cancelled (2019 - 300,000).

No stock options were exercised during the nine months ended May 31, 2020 (2019 - 1,000,000).

No stock options were issued during the nine months ended May 31, 2020 and May 31, 2019.

(c) Normal Course Issuer Bid

On September 14, 2018, the Company announced its intent to commence a Normal Course Issuer Bid (**"NCIB"**) to purchase up to 4,000,000 of its common shares, representing approximately 1.5% of the total number of issued and outstanding common shares on that date. As with the previous NCIB, purchases will be made for cancellation through the facilities of the TSX Venture Exchange at the prevailing market price of the common shares. Share purchases were be conducted by RBC Capital Markets on behalf of the Company. In total, 88,000 shares were repurchased under this NCIB and cancelled on March 29, 2019. The NCIB ended on September 16, 2019.

12. OPERATING EXPENSES

Operating expenses of the Company for the three and nine months ended May 31, 2020 and May 31, 2019 are as follows:

	Three months ended		Nine months ended	
	May 31 2020	**May 31 2019 (as restated Note 19)**	**May 31 2020**	**May 31 2019 (as restated Note 19)**
Employee benefits:				
Salaries and wages	$ 3,813,668	$ 4,343,440	$ 11,866,434	$ 12,764,639
Other employee costs	1,169,770	1,162,359	3,833,969	3,526,368
Stock based compensation	7,410	31,586	20,031	122,765
	$ 4,990,848	$ 5,537,385	15,720,434	16,413,772
Amortization of program rights	1,491,876	2,015,807	4,302,848	5,040,321
Distribution and transmission costs	1,549,843	2,002,827	5,311,821	6,379,170
Other operating expenses	1,538,577	2,428,529	6,192,489	7,807,034
	$ 9,571,144	$ 11,984,548	$ 31,527,592	$ 35,640,297

13. 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, 2020 and May 31, 2019 consists of the following:

	Three months ended		Nine months ended	
	May 31 2020	May 31 2019 (as restated Note 19)	May 31 2020	May 31 2019 (as restated Note 19)
Trade and other receivables	$ (91,696)	$ 394,540	$ 431,227	$ (3,749)
Prepaid expenses	374,609	(184,361)	122,382	(386,863)
Trade and other payables	913,266	(348,498)	1,115,444	611,241
	$ 1,196,179	$ (138,319)	$ 1,669,053	$ 220,629

14. 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, 2020 and May 31, 2019:

	Three months ended		Nine months ended	
	May 31 2020	May 31 2019	May 31 2020	May 31 2019
Numerator for basic and diluted income (loss) per share:				
Net income from continuing operations	$ 1,087,504	$ 324,049	$ 3,019,929	$ 1,430,771
Net loss from discontinued operations	(253,303)	(399,958)	(878,750)	(1,013,328)
Adjusted numerator for income (loss) per share	$ 834,201	$ (75,909)	$ 2,141,179	$ 417,443
Common shares	264,330,297	263,416,732	264,330,297	263,417,769
Preference shares	387,879,129	387,879,129	387,879,129	387,879,129
Denominator for income (loss) per share - weighted average	652,209,426	651,295,861	652,209,426	651,296,898
Effect of potential dilutive securities	4,800,000	—	4,800,000	—
Adjusted denominator for diluted income (loss) per share	657,009,426	651,295,861	657,009,426	651,296,898
Basic income (loss) per share				
Continuing operations	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)
	$ 0.00	**$ (0.00)**	**$ 0.00**	**$ 0.00**
Diluted income (loss) per share				
Continuing operations	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)
	$ 0.00	**$ (0.00)**	**$ 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.

For the nine months ended May 31, 2020, the effect of the potential exercise of stock options has been included in the calculation of diluted earnings per share. For the nine months ended May 31, 2019, no effect has been given to the potential exercise of stock options in the calculation of diluted earnings per share as the effect would have no impact.

15. RELATED PARTY TRANSACTIONS

The Company is controlled by Olympus Management Limited (**"OML**"), which owns 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% of the Company's equity through both common shares and preference shares. The remaining 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 parent company

During the nine months ended May 31, 2020, the Company paid management fees of $1,035,750 (2019 – $1,035,750[(i)]) and fees for ancillary services of $127,174 (2019 – $124,017[(i)]) 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, 2020, included in accounts payable and accrued liabilities is a payable to OML of $nil (August 31, 2019 - $4,271).

(b) Transactions with entities controlled by a principal shareholder

During the nine months ended May 31, 2020, the Company received royalty revenues from Northbridge of $667,369 (2019 – $610,869) and advertising revenues of $75,234 (2019 – $70,394). Included in accounts receivable at May 31, 2020 is a receivable from Northbridge of $67,936 (August 31, 2019 – $99,775).

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, 2020.

The Company is not subject to externally imposed capital requirements.

[(i)] Restated for consolidation impact of CARP. See note 19(b) for further discussion.

17. COMMITMENTS AND CONTINGENT LIABILITIES

(a) At May 31, 2020, 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 $1,357,525.

(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. At May 31, 2020, the remaining future minimum payments due under the lease are $368,445. The lease expires in April 2021.

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 and FAITH TV in Winnipeg) and generates revenues from subscriber fees, the sale of broadcast time and advertising. The Radio segment consists of the Company's five radio stations and generates revenues primarily from the sale of advertising. The Print segment publishes ZOOMER magazine and On The Bay 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.

During the third quarter of fiscal 2020, the Company entered into 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 4 for further discussion). The Company has 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 purposes of segmented reporting, the results of the Darwin disposal group has been excluded from the Company's Other operating segment.

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), and JTM Healing Gardens Inc. ("JTM Healing Gardens"), structured entities that create television programming content.

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.

	Three months ended May 31, 2020						
	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	3,548,440	1,639,002	942,501	497,422	1,601,812	1,341,967	9,571,144
Depreciation	287,108	155,048	252,121	1,233	155,003	123	850,636
Amortization	40,786	101	17,819	212,589	11,529	12	282,836
	3,876,334	1,794,151	1,212,441	711,244	1,768,344	1,342,102	10,704,616
Interest expense	27,700	30,397	—	—	—	296,739	354,836
Interest income	—	—	—	—	—	(84,379)	(84,379)
Unrealized loss on equity instruments	—	—	—	15,501	—	—	15,501
Segmented income (loss)	$ 4,356,734	$ (539,477)	$ (35,021)	$ 308,141	$ (1,089,902)	$ (1,554,462)	$ 1,446,013
Segmented assets	$ 23,567,982	$ 6,179,379	$ 24,007,843	$ 2,554,939	$ 19,631,444	$ 72,610	$ 76,014,197
Additions - property and equipment	—	4,118	—	1,710	—	28,756	34,584
Additions - program rights	359,607	—	—	—	—	—	359,607
Additions - other intangible assets	—	—	—	—	—	—	—

	Nine months ended May 31, 2020						
	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	11,719,672	5,814,937	3,302,336	2,060,050	4,185,056	4,445,541	31,527,592
Depreciation	872,251	467,926	653,488	3,185	572,019	1,923	2,570,792
Amortization	135,344	303	44,106	637,767	39,695	134	857,349
	12,727,267	6,283,166	3,999,930	2,701,002	4,796,770	4,447,598	34,955,733
Interest expense	92,867	95,199	—	—	405	895,886	1,084,357
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)	$ 11,297,279	$ (329,409)	$ (599,270)	$ 850,004	$ (1,736,552)	$ (5,197,244)	$ 4,284,808
Segmented assets	$ 23,567,982	$ 6,179,379	$ 24,007,843	$ 2,554,939	$ 19,631,444	$ 72,610	$ 76,014,197
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, 2019
(as restated - Note 19)

	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total Continuing Operations
Revenue	$ 7,486,203	$ 2,228,097	$ 1,009,432	$ 1,061,605	$ 705,275	$ 2	$ 12,490,614
Operating expenses	4,378,143	2,096,079	1,153,557	590,022	1,661,034	2,105,713	11,984,548
Depreciation	59,264	52,954	52,066	1,664	34,930	(1,641)	199,237
Amortization	53,138	101	13,969	213,971	9,636	6	290,821
	4,490,545	2,149,134	1,219,592	805,657	1,705,600	2,104,078	12,474,606
Interest expense	—	—	—	—	—	34	34
Interest income	—	—	—	—	—	(11,791)	(11,791)
Unrealized loss on equity instruments	—	—	—	127,561	—	—	127,561
Segmented income (loss)	$ 2,995,658	$ 78,963	$ (210,160)	$ 128,387	$ (1,000,325)	$ (2,092,319)	$ (99,796)
Segmented assets	$ 23,537,883	$ 4,464,425	$ 11,638,318	$ 3,010,204	$ 6,411,572	$ 29,477	$ 49,091,879
Additions - property and equipment	21,499	—	199	—	7,841	69,802	99,341
Additions - program rights	1,167,940	—	—	—	—	—	1,167,940
Additions - other intangible assets	—	—	—	—	—	27,091	27,091

Nine months ended May 31, 2019
(as restated - Note 19)

	Television	Radio	Print	Membership & Royalty	Other	Corporate	Total Continuing Operations
Revenue	$ 23,308,922	$ 6,733,115	$ 3,532,600	$ 3,160,869	$ 2,319,521	$ 8,947	$ 39,063,974
Operating expenses	12,761,730	6,461,293	3,722,693	2,020,595	4,441,435	6,232,551	35,640,297
Depreciation	195,094	147,058	160,791	4,992	102,471	(4,596)	605,810
Amortization	195,719	408	41,539	644,345	27,275	104	909,390
	13,152,543	6,608,759	3,925,023	2,669,932	4,571,181	6,228,059	37,155,497
Interest expense	—	—	—	—	—	394	394
Interest income	—	—	—	—	—	(36,695)	(36,695)
Unrealized loss on equity instruments	—	—	—	120,311	—	—	120,311
Segmented income (loss)	$ 10,156,379	$ 124,356	$ (392,423)	$ 370,626	$ (2,251,660)	$ (6,182,811)	$ 1,824,467
Segmented assets	$ 23,537,883	$ 4,464,425	$ 11,638,318	$ 3,010,204	$ 6,411,572	$ 29,477	$ 49,091,879
Additions - property and equipment	22,066	140,744	199	—	36,027	284,516	483,552
Additions - program rights	4,313,248	—	—	—	—	—	4,313,248
Additions - other intangible assets	7,975	—	—	9,122	—	58,607	75,704

19. RESTATEMENT OF PRIOR PERIOD INFORMATION

(a) Recognition of royalty revenue from affinity partnership and exclusive brand licensing agreements with Canopy Growth Corporation

In October 2018, the Company signed two separate agreements with Canopy Growth Corporation (**"Canopy"**).

The affinity partnership agreement allows Canopy the exclusive right to use the "CARP Recommended" and "Zoomer Recommended" seals for Canopy's medical and recreational brands, respectively. This agreement is for a two-year term commencing October 17, 2018, with a one-year renewal option. As part of this agreement, Canopy has committed to an annual minimum spend of $300,000 with ZoomerMedia through its various media properties and television production facilities.

The exclusive brand licensing agreement allows Canopy and ZoomerMedia to work together to develop Zoomer and CARP branded cannabis products to be ready for retail sale by April 2020 at the latest. As each product is developed, a separate royalty arrangement will be agreed upon by ZoomerMedia and Canopy. This exclusive brand licensing agreement also has a two-year term commencing October 17, 2018 with a one-year renewal option. As part of this agreement, ZoomerMedia received 16,147 common shares of Canopy.

Other than amounts for media delivered, the Company had initially recognized $350,000 as royalty revenue from the first agreement in the first quarter of fiscal 2019, and the $1,000,000 fair value consideration for the 16,147 common shares of Canopy in the second quarter of fiscal 2019. Further review by management of the accounting for revenue recognition under IFRS 15, *Revenue from Contracts with Customers* indicated that these revenue amounts should have been deferred as contract liabilities and recognized over the term of the agreements as such amounts were attributed to brand licensing. Accordingly, the revenue balances have been restated, resulting in a reduction in Royalty revenue in the amount of $851,964 for the nine months ended May 31, 2019 from the amount previously reported.

(b) Consolidation of CARP

In prior reporting periods, it had been disclosed that CARP, a not-for-profit membership organization, was a related party. Accordingly, transactions between the Company and CARP were disclosed as such.

In considering the IFRS criteria for one entity controlling another, ZoomerMedia, although not a shareholder in CARP, is determined to have control of CARP as an investee (refer to Note 3 (c) for a discussion of the significant judgments and assumptions made in this determination).

In further review of the considerations, it was determined to be appropriate to consolidate CARP beginning in the fiscal year ended August 31, 2019. Accordingly, the comparative financial information for the prior year quarters has been restated.

(c) Discontinued Operations

During the third quarter of fiscal 2020, the Company entered into an agreement to sell substantially all of the net assets of Darwin CX (see note 4 for further discussion). The Company has 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, and the prior year comparative period has been restated.

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, 2019 (as previously reported)	(a) Impact of Canopy contracts	(b) Impact of consolidation of CARP	(c) Impact of Discontinued Operations	Nine months ended May 31, 2019 (as restated)
Revenue	$ 39,464,679	$ (851,964)	$ 562,904	$ (111,645)	$ 39,063,974
Operating expenses	36,367,681	—	546,070	(1,273,454)	35,640,297
Depreciation	600,818	—	4,992	—	605,810
Amortization of other intangible assets	1,130,299	—	11,842	(232,751)	909,390
Operating income (loss)	1,365,881	(851,964)	—	1,394,560	1,908,477
Interest income	(36,695)	—	—	—	(36,695)
Interest expense	394	—	—	—	394
Net interest income	(36,301)	—	—	—	(36,301)
Unrealized loss on equity instruments	120,311	—	—	—	120,311
Net income (loss) before income taxes	1,281,871	(851,964)	—	1,394,560	1,824,467
Income tax expense (recovery)	238,234	(225,770)	—	381,232	393,696
Net income (loss) from continuing operations	1,043,637	(626,194)	—	1,013,328	1,430,771
Net loss from discontinued operations	—	—	—	(1,013,328)	(1,013,328)
Net income (loss) and comprehensive income (loss) for the period	$ 1,043,637	$ (626,194)	$ —	$ —	$ 417,443
Net income and comprehensive income attributed to:					
Owners of the parent	$ 1,043,637	$ (626,194)	$ —	$ —	$ 417,443
Non-controlling interest	—	—	—	—	—
	$ 1,043,637	$ (626,194)	$ —	$ —	$ 417,443

Other Operating Expenses

	Nine months ended May 31, 2019 (as previously reported)	(a) Impact of Canopy contracts	(b) Impact of consolidation of CARP	(c) Impact of Discontinued Operations	Nine months ended May 31, 2019 (as restated)
Employee benefits:					
Salaries and wages	$ 12,710,953	$ —	$ 538,051	$ (484,365)	$ 12,764,639
Other employee costs	3,540,865	—	60,447	(74,944)	3,526,368
Stock based compensation	122,765	—	—	—	122,765
	$ 16,374,583	—	$ 598,498	$ (559,309)	$ 16,413,772
Amortization of program rights	5,040,321	—	—	—	5,040,321
Distribution and transmission costs	6,408,601	—	480,841	(510,272)	6,379,170
Other operating expenses	8,544,176	—	(533,269)	(203,873)	7,807,034
	$ 36,367,681	$ —	$ 546,070	$ (1,273,454)	$ 35,640,297

Changes in Other Non-Cash Working Capital

	Nine months ended May 31, 2019 (as previously reported)	(a) Impact of Canopy contracts	(b) Impact of consolidation of CARP	(c) Impact of Discontinued Operations	Nine months ended May 31, 2019 (as restated)
Trade and other receivables	$ 540,144	$ —	$ (429,743)	$ (114,150)	$ (3,749)
Prepaid expenses	(339,632)	—	(20,507)	(26,724)	(386,863)
Trade and other payables	697,785	—	30,738	(117,282)	611,241
	$ 898,297	$ —	$ (419,512)	$ (258,156)	$ 220,629

In addition to the above:

- All related party disclosures relating to CARP have been removed from these condensed consolidated interim financial statements.
- For the purposes of segmented reporting, the results of CARP have been included in the Membership & Royalty operating segment (previously named Royalty operating segment). In addition, the results of the Darwin disposal group has been excluded from the Other operating segment. Certain segment asset allocations were recalculated as a result of the consolidation of CARP and discontinued operations.
- On the consolidated statement of cash flows for the nine months ended May 31, 2019, cash from operating activities decreased by $218,216 and cash used in investing activities decreased by $9,123 due to the consolidation of CARP. Cash from financing activities was not impacted.
- The restatement of Canopy contracts did not have any impact on the consolidated statement of cash flows for the nine months ended May 31, 2019.
- The impact of discontinued operations on the consolidated statement of cash flows for the nine months ended May 31, 2019 is discussed in note 4.

20. COVID-19

During the quarter ended May 31, 2020, 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 duration and impact of COVID-19 is unknown at this time, including measures implemented by governments and central banks.

The impact of COVID-19 on the Company to date include a decline in commercial advertising and postponement of ideaCity conference to 2021. The Company has also received the Canada Emergency Wage Subsidy ("CEWS") for CARP and MZ Media Inc. Amounts recognized in these condensed consolidated interim financial statements are $46,285 and $149,687 respectively for the applicable periods. The subsidies received were recorded as an offset to salaries and wages under operating expenses.

21. SUBSEQUENT EVENTS

Subsequent to the period ended May 31, 2020, the Company applied for CEWS for MZ Media Inc. as it continues to qualify for the subsidy for the claim period from May 10, 2020 to June 6, 2020. The amount of $148,425 was received on July 8, 2020.