ZOOMERMEDIA LIMITED

Management's Discussion and Analysis
For the three and nine months ended May 31, 2020 and May 31, 2019

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") provides a review of the financial condition and operating performance of ZoomerMedia Limited for the three and nine months ended May 31, 2020.

We prepare our consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in Part 1 of the Handbook of the CPA Canada Handbook ("CPA Handbook").

This document contains forward-looking statements, which are qualified with reference to, and should be read in conjunction with the Cautionary Statement on Forward-Looking Statements section of this MD&A.

Unless the context otherwise requires, all references to "ZoomerMedia", "Company", "our", "us", and "we" refers to ZoomerMedia Limited and its subsidiaries. Additional information regarding the Company is available on SEDAR at www.sedar.com. This MD&A is dated July 22, 2020. All amounts herein are presented in Canadian dollars, unless otherwise stated.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements made in this report are 'forward-looking statements' which may include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words 'believe', 'anticipate', 'expect', 'estimate', 'project', 'will be', 'will continue', 'will likely result' or similar words or phrases. Forward-looking statements involve risks and uncertainties, which may cause actual results to differ materially from the forward-looking statements. The risks and uncertainties are detailed from time to time in filings by us with provincial securities commissions. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Such risks, uncertainties and other factors include, but are not limited to, the following:

- the risks inherent in magazine publishing generally;
- the risks inherent in the operation of Internet media properties generally;
- the risks inherent in the operation of television broadcast properties generally;
- the risks inherent in the operation of radio broadcast properties generally;
- the risks inherent in the operations of affinity partners with respect to royalty revenue;
- the risks inherent in the operation of consumer shows generally;
- the competition within the media industry for the baby boomer generation's business;
- the risks associated with governmental regulation of the publishing, internet, radio and television broadcasting businesses;
- the results of legal claims made by or against the Company;
- the dependence of the business on the continuing operation of its computer systems; and
- the dependence of the business on key personnel.

Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. We do not intend and do not assume any obligation to update these forward-looking statements.

OVERVIEW OF THE BUSINESS

ZoomerMedia Limited is a multimedia company that serves the 45plus "Zoomer" demographic through television, radio, magazine, internet, conferences and trade shows. Our 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. We also publish ZOOMER Magazine, the largest paid circulation magazine in Canada for the mature market, as well as On The Bay Magazine, a regional lifestyle magazine published quarterly for the 20 towns and villages of Southern Georgian Bay, Ontario. We are Canada's leading provider of online content targeting the 45plus age group through many properties, the key one being www.EverythingZoomer.com. We have 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'.

During the third quarter of fiscal 2020, ZoomerMedia entered into an agreement with an arms-length party for the sale of substantially all of the net assets of Darwin CX, a Software-as-a-Service ("SaaS") platform that manages customer experience orchestration for circulation and membership based clientele launched in September 2018. The sale is expected to close in the fourth quarter of fiscal 2020. We determined that the assets and liabilities of Darwin CX disposal group met the criteria to be classified as a disposal group held-for-sale for the period ended May 31, 2020. Accordingly, the operating results and cash flows for the Darwin CX disposal group are presented as discontinued operations. Please refer to the section "DISCONTINUED OPERATIONS" below for further discussion.

Please note that this MD&A reflects ZoomerMedia's results of continuing operations unless otherwise stated.

OVERVIEW OF CONSOLIDATED RESULTS

	Three months ended			Nine months ended		
	May 31 2020	**May 31 2019 (as restated)**	**% Change**	**May 31 2020**	**May 31 2019 (as restated)**	**% Change**
Revenue	$12,436,587	$12,490,614	(0.4) %	$40,136,696	$39,063,974	2.7 %
Operating expenses	9,571,144	11,984,548	20.1 %	31,527,592	35,640,297	11.5 %
Adjusted EBITDA[1]	**2,865,443**	**506,066**	**466.2 %**	**8,609,104**	**3,423,677**	**151.5 %**
Adjusted EBITDA %	*23.0 %*	*4.1 %*	*18.9 %*	*21.4 %*	*8.8 %*	*12.6 %*
Depreciation & Amortization	1,133,472	490,058	(131.3) %	3,428,141	1,515,200	(126.3) %
Operating income	**1,731,971**	**16,008**	**10,719.4 %**	**5,180,963**	**1,908,477**	**171.5 %**
Interest income	(84,379)	(11,791)		(168,039)	(36,695)	
Interest expense	354,836	34		1,084,357	394	
Unrealized (gain) loss on equity instruments	15,501	127,561		117,066	120,311	
Gain on sale of property	—	—		(137,229)	—	
Net income (loss) before income taxes	**1,446,013**	**(99,796)**	**1,549.0 %**	**4,284,808**	**1,824,467**	**134.9 %**
Income tax expense (recovery)	358,509	(423,845)	(184.6) %	1,264,879	393,696	(221.3) %
Net income and comprehensive income for the period	**1,087,504**	**324,049**	**235.6 %**	**3,019,929**	**1,430,771**	**111.1 %**

[1] Adjusted EBITDA is a Non-GAAP measure. Please refer to the section entitled "RECONCILIATION AND DEFINITION OF NON-IFRS MEASURES" of this MD&A

REVENUES

Consolidated revenues for the three months ended May 31, 2020 decreased by 0.4% from the prior year. This was driven by the COVID-19 impact to commercial advertising across most of the operating segments, partially offset by an increase in subscriber and other revenue.

For the nine months ended May 31, 2020, consolidated revenues increased by 2.7% from the prior year. This was primarily driven by growth in advertising revenues, as well Membership & Royalty revenues achieved in the first half of the fiscal year, pre-COVID.

Further analysis of performance by segment is provided in the discussion of segmented results.

OPERATING EXPENSES

Consolidated operating expenses for the three and nine months ended May 31, 2020 were $9.57 million and $31.53 million respectively, a decrease of 20.1% and 11.5% from the prior year. The decrease was a result of IFRS 16, *Leases* ("IFRS 16") adjustment, which led to a reclassification of $0.81 million and $2.41 million leasing expense to depreciation and interest expense for the three and nine months ended May 31, 2020. Furthermore, cost containment initiatives implemented since the onset of COVID, lower programming spending and labour cost reduction from the receipt of Canada Emergency Wage Subsidies ("CEWS") contributed to the decrease in operating expenses.

Further analysis of expenses is provided in the discussion of segmented results.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three and nine months ended May 31, 2020 were $1.13 million and $3.43 million respectively, an increase of 131.3% and 126.3% from the prior year. The increase was driven by the adoption of IFRS 16, which resulted in a depreciation expense on right-of-use assets in the amount of $1.99 million.

INTEREST INCOME AND INTEREST EXPENSE

For the three and nine months ended May 31, 2020, interest income were $0.08 million and $0.17 million respectively, attributable to interest earned on short-term investments and deposits.

Interest expense for the three and nine months ended May 31, 2020 were $0.35 million and $1.08 million respectively, due mainly to the implementation of IFRS 16, which resulted in the accretion of interest on the lease liabilities recorded on adoption of the standard.

NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the three months ended May 31, 2020, net income was $1.09 million, up from $0.32 million net income in the prior year.

For the nine months ended May 31, 2020, net income was $3.02 million , up from $1.43 million in the prior year.

TELEVISION

The television division operates Vision TV, ONE: Get Fit, TVL Channel 5, JoyTV in Vancouver and FAITH TV in Winnipeg.

	Three months ended			Nine months ended		
	May 31 2020	May 31 2019	% Change	May 31 2020	May 31 2019	% Change
Revenue	**$ 8,260,768**	**$ 7,486,203**	**10.3 %**	**$ 24,117,413**	**$ 23,308,922**	**3.5 %**
Subscriber fees	3,126,770	3,112,482	0.5 %	9,281,870	9,586,822	(3.2) %
Mosaic air time sales	2,719,077	2,639,297	3.0 %	7,816,466	7,956,950	(1.8) %
Commercial advertising	1,907,586	1,677,480	13.7 %	6,051,392	4,986,822	21.3 %
Distribution, retransmission & other	507,335	56,944	790.9 %	967,685	778,328	24.3 %
Operating expenses	**3,548,440**	**4,378,143**	**19.0 %**	**11,719,672**	**12,761,730**	**8.2 %**
Segment Adjusted EBITDA	**4,712,328**	**3,108,060**	**51.6 %**	**12,397,741**	**10,547,192**	**17.5 %**
Adjusted EBITDA Margin	***57.0 %***	*41.5 %*		***51.4 %***	*45.2 %*	

For the three and nine months ended May 31, 2020, total revenues from the Television division increased by 10.3% and 3.5% respectively, compared to the same periods in the prior year. Increased demand, a change in advertising inventory mix and the addition of Channel 5 (TVL) have contributed to the growth in commercial advertising sales. For the nine months ended May 31, 2020, those increases in revenues were partially offset by a decline in mosaic air time sales, as well as an erosion in Vision and ONE: Get Fit subscriber base.

Operating expenses for the three and nine months ended May 31, 2020 decreased by 19.0% and 8.2% respectively, compared to the prior year. This was mainly driven by lower third-party programming spend and technical operations costs, partially offset by higher marketing and sales and the inclusion of TVL related expenses.

RADIO

The radio division operates CFMZ-FM Toronto - The New Classical 96.3FM, CFMX-FM Cobourg - The New Classical 103.1FM, CFMO-FM Collingwood - The New Classical 102.9FM and CFZM-AM 740 Toronto and CFZM-FM 96.7FM Toronto - ZoomerRadio.

	Three months ended			Nine months ended		
	May 31 2020	May 31 2019	% Change	May 31 2020	May 31 2019	% Change
Revenue	**$ 1,285,071**	$ 2,228,097	(42.3) %	**$ 5,879,643**	$ 6,733,115	(12.7) %
Operating expenses	**1,639,002**	2,096,079	21.8 %	**5,814,937**	6,461,293	10.0 %
Segment Adjusted EBITDA	**(353,931)**	**132,018**	**368.1 %**	**64,706**	**271,822**	**(76.2)%**
Adjusted EBITDA Margin	***(27.5)%***	*5.9 %*		***1.1 %***	*4.0 %*	

For the three and nine months ended May 31, 2020, total revenues from the Radio division decreased by 42.3% and 12.7% respectively, compared to the same periods in the prior year. This was primarily driven by a substantial reduction in commercial advertising, particularly in the live events and hospitality sectors, as a result of COVID-19 lockdown.

Operating expenses for the three and nine months ended May 31, 2020 decreased by 21.8% and 10.0% respectively, compared to the same periods in the prior year. This was primarily due to reduced distribution and transmission expenses from IFRS 16 reclassification of lease payments, lower sales costs due to the decrease in commercial advertising revenue, as well as lower administrative expenses as a result of cost containment initiatives. In addition, during the third quarter of fiscal 2020, the radio division recorded a receivable of $0.15 million related to CEWS that was received subsequent to the period. The wage subsidy was recorded as a reduction of operating expenses for the quarter.

PRINT

The Print operations consists of ZOOMER magazine and On The Bay magazine.

	Three months ended			Nine months ended		
	May 31 2020	May 31 2019	% Change	May 31 2020	May 31 2019	% Change
Revenue	**$ 1,177,420**	**$ 1,009,432**	**16.6 %**	**$ 3,400,660**	**$ 3,532,600**	**(3.7)%**
ZOOMER magazine - Subscriber fees	504,853	349,665	44.4 %	1,264,374	1,249,827	1.2 %
ZOOMER magazine - Commercial advertising	508,027	487,778	4.2 %	1,654,012	1,815,660	(8.9) %
On The Bay magazine	164,540	171,989	(4.3) %	482,274	467,113	3.2 %
Operating expenses	**942,501**	**1,153,557**	**18.3 %**	**3,302,336**	**3,722,693**	**11.3 %**
ZOOMER magazine	856,660	978,714	12.5 %	2,879,740	3,222,630	10.6 %
On The Bay magazine	85,841	174,843	50.9 %	422,596	500,063	15.5 %
Segment Adjusted EBITDA	**234,919**	**(144,125)**	**263.0 %**	**98,324**	**(190,093)**	**(151.7)%**
Adjusted EBITDA Margin	***20.0 %***	*(14.3)%*		***2.9 %***	*(5.4)%*	

For the three and nine months ended May 31, 2020, total revenues from Print operations increased by 16.6% and decreased by 3.7% respectively, compared to the same periods in the prior year. The decrease for the nine months ended May 31, 2020 was primarily due to a reduction in the number of ZOOMER magazine issues delivered in the current year. At the beginning of fiscal 2020, the frequency of ZOOMER magazine was reduced from 9 issues to 6 issues per year. On a per issue basis, commercial advertising and subscriber revenues increased by 34.7% and 41.6% respectively, compared to the prior year, which supports the increase in ZOOMER magazine revenues for the three months ended May 31, 2020 as 2 issues were delivered in the third quarter of both periods.

Operating expenses for the three and nine months ended May 31, 2020 decreased by 18.3% and 11.3% respectively, compared to the prior year, due to lower sales and editorial expenses as a result of the frequency reduction of ZOOMER magazine and a continued focus on cost containment.

MEMBERSHIP & ROYALTY

ZoomerMedia owns the marketing rights to the Canadian Association for Retired Persons (CARP) and has access to their members. CARP is Canada's largest advocacy association for older Canadians. In addition, ZoomerMedia consolidates the operating results of CARP, which includes membership and educational revenue as well as the operating expenses of the not-for-profit operation. ZoomerMedia also incurs expenses in efforts to support the affinity partner relationships. In return, the Company earns royalty revenues from Affinity Partners for use of the CARP name. Please refer to the section "MATERIAL CONTRACTS" below for further discussion of our relationship to CARP.

	Three months ended			Nine months ended		
	May 31 2020	May 31 2019 (as restated)	% Change	May 31 2020	May 31 2019 (as restated)	% Change
Revenue	**$ 1,034,886**	$ 1,061,605	(2.5)%	**$ 3,668,072**	**$ 3,160,869**	**16.0 %**
Membership and Other	449,526	414,985	8.3 %	1,540,962	1,400,770	10.0 %
Royalty	585,360	646,620	(9.5)%	2,127,110	1,760,099	20.9 %
Operating expenses	**497,422**	590,022	**15.7 %**	**2,060,050**	**2,020,595**	**(2.0)%**
Segment Adjusted EBITDA	**537,464**	471,583	**14.0 %**	**1,608,022**	**1,140,274**	**41.0 %**
Adjusted EBITDA Margin	***51.9 %***	*44.4 %*		***43.8 %***	***36.1 %***	

For the three and nine months ended May 31, 2020, total revenues for the Membership & Royalty division decreased by 2.5% and increased by 16.0% respectively, compared to the same periods in the prior year. The decrease in revenue for the three months ended May 31, 2020 was attributed to the decline in revenues from royalty producing arrangements. The increase in Royalty revenues for the nine months ended May 31, 2020 was due primarily to amounts recognized in the current year for the affinity partnership and exclusive brand licensing agreements with Canopy Growth Corporation. In addition, sponsorship revenue related to a new loyalty & card program agreement with Brim Financial Inc. ("Brim") was recognized in the current period. Further increase in Membership and Other revenues was driven by additional educational program initiatives undertaken in the current year.

Operating expenses for the three and nine months ended May 31, 2020 decreased by 15.7% and increased by 2.0% respectively, compared to the same periods in the prior year. The decrease for the three months ended May 31, 2020 was driven by lower CARP circulation expenses as well as labour cost savings attributed to qualifying and receiving CEWS. The increase in operating expenses for the nine months ended May 31, 2020 was attributed to the new Brim initiative as well as additional expenses related to the administration of additional educational program initiatives.

OTHER

The Other division of the Company comprises 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 Holiday II Inc., JTM Classical Performance II Inc. , JTM Libby's Story Inc., Gospel Song Productions Inc., People Who Sing Together 2 Inc., JTM Hit Parade Inc., JTM Unholy Inc., JTM Hit Parade 3 Inc., and JTM Healing Gardens Inc., structured entities that create television programming content.

The operating results of Darwin CX Inc., an entity that owns a cloud-based customer experience orchestration platform called Darwin CX, has been classified to discontinued operations and excluded in the Other division for the purposes of segmented reporting for the three and nine months ended May 31, 2020 and May 31, 2019. Please refer to the section "DISCONTINUED OPERATIONS" for further discussion.

	Three months ended			**Nine months ended**		
	May 31 2020	**May 31 2019 (as restated)**	**% Change**	**May 31 2020**	**May 31 2019 (as restated)**	**% Change**
Revenue	**$678,442**	$705,275	(3.8)%	**$3,060,623**	**$2,319,521**	**32.0%**
Operating expenses	1,601,812	1,661,034	3.6%	4,185,056	4,441,435	5.8%
Segment Adjusted EBITDA	**(923,370)**	**(955,759)**	**3.4%**	**(1,124,433)**	**(2,121,914)**	**47.0%**
Adjusted EBITDA Margin	***(136.1)%***	*(135.5)%*		***(36.7)%***	*(91.5)%*	

For the three and nine months ended May 31, 2020, Other revenues decreased 3.8% and increased by 32.0% respectively, compared to the same periods in the period year. The decrease for the three months ended May 31, 2020 was driven by the COVID-19 impact to online advertising sales, which decreased 9.7% compared to the same period in the prior year. The increase for the nine months ended May 31, 2020 was attributable to timing of productions and deliverables, as well as year-over-year growth in online advertising sales.

Other operating expenses for the three and nine months ended May 31, 2020 decreased by 3.6% and 5.8% respectively, compared to the same periods in the prior year. The decrease in operating expenses was driven by lower technical operations and production spending, the receipt of $0.26 million in Canadian Film or Video Production Tax Credits applied against production expenses, and various cost effective initiatives implemented.

CORPORATE

Corporate revenues represent sundry amounts received. Corporate expenses represent the incremental cost of corporate overhead in excess of the amount allocated to the other operating divisions. Corporate overhead comprises corporate management functions including marketing and audience development, finance and information technology costs that are not directly attributable to the other segments of ZoomerMedia, as well as the costs of maintaining the facilities at 30, 64 and 70 Jefferson Avenue, Toronto.

	Three months ended			Nine months ended		
	May 31 2020	**May 31 2019 (as restated)**	**% Change**	**May 31 2020**	**May 31 2019 (as restated)**	**% Change**
Revenue	**$ —**	$ 2	(100.0)%	**$ 10,285**	**$ 8,947**	15.0 %
Operating expenses	**1,341,967**	2,105,713	36.3 %	**4,445,541**	**6,232,551**	28.7 %
Segment Adjusted EBITDA	**(1,341,967)**	(2,105,711)	36.3 %	**(4,435,256)**	**(6,223,604)**	28.7 %

For the three and nine months ended May 31, 2020, operating expenses related to corporate overhead decreased by 36.3% and 28.7% respectively, compared to the same periods in the prior year. This was primarily attributable to the implementation of IFRS 16, resulting in a reduction to operating expenses of $0.43 million and $1.29 million in the three and nine months ended May 31, 2020 respectively. Furthermore, marketing and communication expenses were lower as a result of cost containment initiatives implemented since March 2020.

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 that was previously reported under the Company's Other operating segment, for gross proceeds of $7.46 million. 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 $0.72 million 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 financial statements for the three and nine months ended May 31, 2020 as the Company determined that the fair value 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 quarters have been restated.

The following summarizes the Company's income from discontinued operations for the 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**
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)

The following summarizes the cash flow impact of the Company's discontinued operations for the 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**
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)

QUARTERLY RESULTS OF OPERATIONS

The following table sets out certain unaudited quarterly results for the previous eight quarters. The information contained herein is drawn from the condensed consolidated interim financial statements for each of the aforementioned periods. All quarters the three months ended May 31, 2020 have been restated for the following:

(a) Recognition of royalty revenue from affinity partnership and exclusive brand licensing agreements with Canopy signed October 2019

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 $0.30 million 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 $0.35 million as royalty revenue from the first agreement in the first quarter of fiscal 2019, and the $1.00 million 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 $0.85 million 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.

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

(c) Discontinued Operations

During the third quarter of fiscal 2020, ZoomerMedia entered into an agreement to sell substantially all of the net assets of Darwin CX ("disposal group") to an arms-length party. Management 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 periods have been restated. Please refer to the section "DISCONTINUED OPERATIONS" above for further discussion.

	(000's of dollars – except per share amounts)							
	2020 May 31	**2020 Feb 29**	**2019 Nov 30**	**2019 Aug 31**	**2019 May 31**	**2019 Feb 28**	**2018 Nov 30**	**2018 Aug 31**
Revenue as previously disclosed	$12,437	$13,092	$14,779	$13,516	$12,209	$13,341	$13,914	$12,740
Impact of (a)	—	—	—	—	194	(806)	(239)	—
Impact of (b)	—	—	—	—	129	179	254	864
Impact of (c)	—	(112)	(59)	(71)	(41)	(49)	(21)	—
Revenue as restated	$12,437	$12,980	$14,720	$13,445	$12,491	$12,665	$13,908	$13,604
Net income (loss) as previously disclosed	$834	$(304)	$1,611	$608	$(576)	$1,252	$368	$101
Impact of (a)	—	—	—	—	500	(679)	(447)	—
Impact of (b)	—	—	—	—	—	—	—	52
Impact of (c)	—	278	347	363	400	256	358	—
Net income (loss) as restated	$834	$(26)	$1,958	$971	$324	$829	$279	$153
Net income (loss) per share	$0.00	$(0.00)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Quarterly results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. As a result, one quarter's operating results are not necessarily indicative of what a subsequent quarter's operating results will be. In particular, as one of our major sources of revenue is advertising, operating results are dependent on general advertising and retail cycles associated with consumer spend activity.

LIQUIDITY, SOLVENCY AND CASH FLOW

At May 31, 2020, we had cash of $8.47 million and short-term investments of $9.99 million. During the nine months ended May 31, 2020, we had a cash inflow of $8.10 million from operating activities as compared to an inflow of $2.41 million for the nine months ended May 31, 2019. Cash used for investing activities was $3.70 million for the nine months ended May 31, 2020 as compared to $0.58 million during the nine months ended May 31, 2019. During the nine months ended May 31, 2020, cash outflow from financing activities was $2.41 million as compared to an inflow of $0.01 million during the nine months ended May 31, 2019.

CONTRACTUAL OBLIGATIONS

In May 2012, we assigned our interests under a property lease to a third party. In the event that the third party does not fulfill its obligations, we will be liable for the remaining payments due under the lease. Our continuing obligation under the lease is secured by a general security agreement covering our assets excluding the assets of the Radio business segment. At May 31, 2020, the remaining future minimum payments due under the lease is $0.37 million. The lease expires in April 2021.

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 controls OML and is the ultimate controlling party of the Company. Fairfax Financial Holdings Limited ("**Fairfax**"), through its wholly owned subsidiary Northbridge Financial Corporation ("**Northbridge**"), holds 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 $1.04 million (2019 – $1.04 million[i]) and fees for ancillary services of $0.13 million (2019 – $0.12 million[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, no amounts were payable to or receivable from OML (August 31, 2019 - $nil). Amounts payable, if any, are unsecured, non-interest bearing, with no fixed terms of repayment.

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 $0.67 million (2019 – $0.61 million) and advertising revenues of $0.08 million (2019 – $0.07 million). Included in accounts receivable at May 31, 2020 is a receivable from Northbridge of $0.07 million (August 31, 2019 – $0.10 million).

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

CONTINGENT OFF-BALANCE SHEET ARRANGEMENTS

We do not have off-balance sheet financial commitments and do not anticipate entering into any contracts of such nature, other than the addition of such operating leases for equipment as may be required in the normal course of business.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Our significant accounting policies are described in Note 3 to the condensed consolidated interim financial statements. The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires us to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Items requiring significant estimates and subject to measurement uncertainty include provision for allowance for doubtful accounts receivable, the carrying values of intangible assets, useful lives and valuation of program rights, carrying value of goodwill, long-term debt, deferred income taxes and the valuation of stock options. Actual results could differ from those 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 as follows:

Cash Generating Units (CGUs)

The determination of the CGUs involves significant judgment. We have identified several non-goodwill CGUs which include Vision TV, ONE, JoyTV, FAITH TV, Zoomer Magazine, On The Bay Magazine, AM Radio, FM Radio, CARP, Royalty, Website and Shows and Conferences. Goodwill recorded in the condensed consolidated interim financial statements relates to the Television group CGU.

[i] Restated for consolidation impact of CARP. See "QUARTERLY RESULTS OF OPERATIONS" for further discussion..

Impairment of goodwill and indefinite life intangible assets

The values associated with indefinite life intangible assets and goodwill involve significant estimates and assumptions made by us with respect to future cash flows, growth rates and discount rates. These significant estimates and judgments could affect future results if the current estimates of future performance and fair values change.

We review goodwill and indefinite life intangible assets at least annually for impairment. The impairment test is carried out by allocating these assets to the relevant CGUs and comparing the aggregate recoverable amount of the assets included in the CGUs to their respective carrying amounts. The recoverable amount is determined based on the fair value less cost of disposal of the CGUs using discounted cash flows models that require assumptions about future cash flows, margins and discount rates.

Estimated period of use of program rights

We amortize program rights over the estimated period of use. The amount of amortization recognized for any period is affected by our estimated period of use. These significant estimates are reviewed at least annually and are updated if expectations change as a result of changes in the broadcast schedules of our television stations. It is possible that changes in the broadcast schedules of the television stations may cause significant changes in the estimated period of use of the program rights. When there is a change in the intended use of the program rights the useful life will be revised and an additional amortization will be recorded.

Estimated useful lives

We estimate the useful lives of non-financial assets with definite useful lives, such as property and equipment and intangible assets with definite useful lives, based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for the depreciation and amortization on these assets are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence or other limits of use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of these assets in the future.

Income taxes

Income tax liabilities must be estimated by us, including an assessment of temporary differences. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the financial statements. Significant judgment is required regarding our future profitability to be able to realize deferred tax assets. Changes in market conditions, changes in tax legislation and other factors could adversely affect the ongoing value of deferred taxes.

Additionally, we participate in transactions for which the ultimate tax treatment is uncertain. We may record a provision from time to time in respect of uncertain tax positions that we believe appropriately reflects the Company's risk. Such provisions are made using the best estimate of the amount expected to be incurred based on an assessment of all relevant factors.

MATERIAL CONTRACTS

We have rights to license the use of the CARP logo, and to control the use of the CARP name and other intellectual property in certain media as follows:

a) <u>Agency Agreement</u>

An assignment of the agency agreement dated May 1, 2001, pursuant to which we have the right to act as the exclusive representative and agent with regard to contracts, dealings and endeavours of any type by virtue of which CARP could receive certain remuneration. The agreement has terms which continue until December 31, 2099 subject to cancellation by us on three years' notice. Our rights under this agreement include the following rights:

(i) to publish articles, newsletters, tabloids, newspapers, magazines and other periodicals in any form of media featuring, using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(ii) to publish books featuring, using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(iii) to produce and distribute radio programs, television programs, and programs in any other media using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(iv) to produce and distribute motion pictures in film, video and any other media using or exploiting CARP's name and/or any one or more of CARP's tradenames, trademarks or other like intellectual property;

(v) to affix any one or more of CARP's tradenames, trademarks or other like intellectual property to products, packaging, sales or promotional materials, except those soliciting membership in CARP;

(vi) to mark products and/or their packaging as having been approved by CARP, or as having been manufactured under license from CARP, or as having been produced for members of CARP;

(vii) to hold out products or services as having been approved by CARP or as having been designed or formulated for members of CARP, including without limitation offering products or services at prices which purportedly for members of CARP afford a discount from the regular prices thereof;

(viii) to promote and market goods and services to the members of CARP, including, but without limiting the generality of the foregoing, newspapers; publications other than newspapers; residences; nursing care facilities; medical facilities; communication equipment and services; appliances; vehicles (rental, lease and sale); transportation facilities and services; vacations; travel accommodation and services; financial services; insurance services, policies and programs; educations services; and entertainment;

(ix) to establish and maintain any one or more remotely accessible information or communication sites (including but without limitation any one or more sites on the worldwide web) which are targeted to members of CARP, under any contractual format or regime which is contemplated to generate revenues; and

(x) to use CARP's membership list subject to and in compliance with applicable legislation.

We are entitled to utilize such rights at our own discretion and to remunerate CARP as we may determine at our own discretion. Subject to certain terms and conditions including the obligation to ensure that no published material is obscene, lewd or lascivious, or promotes or could incite hatred or intolerance of, or discrimination against, any persons because of their race, colour, religion or national origin, sex, sexual orientation, handicap or family status.

b) Publishing Contract

An assignment of a publishing contract dated May 1, 2001, pursuant to which we have been given the sole and exclusive right, license and authority to publish magazines, newspapers, newsletters, tabloids and other periodicals, as well as books, pamphlets, catalogues and other publications, intended principally for members of CARP, in any form of media now known or which hereafter comes into existence (including without limitation, in print form or in any electronic form, which expression includes the worldwide web) under, featuring, using or exploiting any one or more of CARP's tradenames, trademarks and other intellectual property.

c) Northbridge Financial Corporation Royalty Agreement

An assignment of a royalty agreement dated August 1, 2007 pursuant to which Northbridge agreed to pay the Company a royalty calculated on the amount of direct premiums for insurance coverage payable until August 1, 2022 under policies of insurance insuring any member of CARP and issued or placed by Northbridge or its affiliates. The royalty payment agreement permits an annual offset of $0.72 million which totals $10.8 million over the term of the agreement. Pursuant to this agreement, Northbridge is required to spend a minimum of $0.25 million in advertising with ZOOMER magazine, increased annually by the Consumer Price Index for a period of 15 years, except that for every 10% reduction in the subscription levels for ZOOMER magazine during a contract year from a threshold level of 90% of the paid subscribers as at August 1, 2007 (approximately 190,000 paid subscribers), such minimum advertising commitment may be reduced by 10%. Northbridge may elect to cease making advertising expenditures where the ZOOMER magazine subscription level falls to less than 60% of such threshold and there is a failure to raise the ZOOMER magazine subscription level to greater than 60% of such threshold upon 60 days' notice.

RECONCILIATION AND DEFINITION OF NON-IFRS MEASURES

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") is a non-GAAP measure used by management to provide additional insight into our performance and financial condition. Adjusted EBITDA excludes the gain on sale of property and the unrealized gain or loss on equity instruments. We believe that these non-GAAP measure are an important part of the financial reporting process and are useful in communicating information that complements and supplements the condensed consolidated interim financial statements. Accordingly, we are presenting EBITDA and Adjusted EBITDA in this MD&A to enhance the usefulness of our MD&A. We have provided a reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable IFRS number, disclosure of the purpose of the non-GAAP measure, and how the non-IFRS measure is used in managing the business.

We report EBITDA because it is a key measure used by management to evaluate performance of our business segments and the Company. EBITDA is a measure commonly reported and widely used by investors as an indicator of a company's operating performance and ability to service debt, and as a valuation metric. We report Adjusted EBITDA to evaluate performance primarily because of the significant effect certain unusual or non-recurring amounts have on EBITDA from period to period. The Company believes EBITDA and Adjusted EBITDA assist investors in comparing a company's performance on a consistent basis without regard to depreciation and amortization, which are non-cash in nature and can vary significantly dependent on accounting methods or non-operating factors such as historical cost.

EBITDA and Adjusted EBITDA are not calculations based on IFRS and should not be considered an alternative to net income or loss in measuring the Company's performance, nor should they be used as an exclusive measure of cash flow, because they do not consider the impact of movements in working capital (including liabilities relating to program rights), capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the consolidated statements of cash flows. Investors should carefully consider the specific items included in our computation of EBITDA and Adjusted EBITDA.

The following is a reconciliation of EBITDA and Adjusted EBITDA with net income (loss) for the three and nine months ended May 31, 2020 and 2019:

	Three months ended		Nine months ended	
	May 31 2020	May 31 2019 (as restated)	May 31 2020	May 31 2019 (as restated)
Net income and comprehensive income	$ 1,087,504	$ 324,049	$ 3,019,929	$ 1,430,771
Depreciation	850,636	199,237	2,570,792	605,810
Amortization of other intangible assets	282,836	290,821	857,349	909,390
Interest expense	354,836	34	1,084,357	394
Interest income	(84,379)	(11,791)	(168,039)	(36,695)
Income tax expense (recovery)	358,509	(423,845)	1,264,879	393,696
EBITDA	2,849,942	378,505	8,629,267	3,303,366
Unrealized loss on equity instruments	15,501	127,561	117,066	120,311
Gain on sale of property	—	—	(137,229)	—
Adjusted EBITDA	$ 2,865,443	$ 506,066	$ 8,609,104	$ 3,423,677

LEGAL PROCEEDINGS

In the normal course of business, we become involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending as at May 31, 2020 cannot be predicted with certainty, these matters are not expected to have a material adverse effect on our financial position.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at May 31, 2020, the CEO and CFO have evaluated the effectiveness of our disclosure controls and procedures as defined in Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings) of the Canadian Securities Administrators and have concluded that such controls and procedures are effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING and DISCLOSURE CONTROLS AND PROCEDURES

In accordance with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") file Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a "Note to Reader" stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

As part of our corporate governance practices, internal controls over financial reporting ("ICFR") and disclosure controls and procedures ("DC&P") have been designed. There has been no formal evaluation of the operation of these controls. We have designed our ICFR to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with Canadian GAAP. Management works to mitigate the risk of a material misstatement in financial reporting; however a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Our DC&P has been designed to ensure that the information required to be disclosed by ZoomerMedia is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. It should be noted that while the Company's CEO and CFO believe that our DC&P provide reasonable assurance that they are effective, they do not expect that the DC&P and ICFR will prevent all errors or fraud. There has been no material change in the internal controls of the Company in the nine months ended May 31, 2020.

DISCLOSURE OF OUTSTANDING SHARE DATA

ZoomerMedia Limited common shares trade on the TSX Venture Exchange under the symbol "ZUM". The Company is authorized to issue an unlimited number of preference shares in one or more series and an unlimited number of common shares without par value. On July 22, 2020, there were 264,330,297 common shares issued and outstanding, 387,879,129 preference shares issued and outstanding and 16,800,000 stock options outstanding with a weighted average exercise price of $0.05, all expiring in 2021.