WildBrain Ltd.

Unaudited Interim Condensed Consolidated Financial Statements

March 31, 2023

(expressed in thousands of Canadian dollars)

May 9, 2023

Management's Responsibility for Financial Reporting

The accompanying unaudited interim condensed consolidated financial statements of WildBrain Ltd. (the "Company") are the responsibility of management and have been approved by the Board of Directors (the "Board"). The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the unaudited interim condensed consolidated financial statements. The Board carries out this responsibility through its Audit Committee. The Audit Committee reviews the Company's unaudited interim condensed consolidated financial statements and recommends their approval by the Board.

The Audit Committee is appointed by the Board and all of its members are independent directors. It meets with Company's management and reviews internal control and financial reporting matters to ensure that management is properly discharging its responsibilities before submitting the unaudited interim condensed consolidated financial statements to the Board for approval.

The unaudited interim condensed consolidated financial statements have been prepared by management in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board. When alternative methods of accounting exist, management has chosen those it deems most appropriate in the circumstances. The unaudited interim condensed consolidated financial statements include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the unaudited interim condensed consolidated financial statements, management must make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

(signed) *"Josh Scherba"*
President and Chief Executive Officer
Toronto, Ontario

(signed) *"Aaron Ames"*
Chief Financial Officer
Toronto, Ontario

WildBrain Ltd.

Unaudited Interim Condensed Consolidated Balance Sheets

As at March 31, 2023 and June 30, 2022

(expressed in thousands of Canadian dollars)

	March 31, 2023	June 30, 2022
	$	$
Assets		
Current assets		
Cash	**69,865**	59,899
Restricted cash	**5,656**	8,835
Amounts receivable (note 5)	**284,711**	249,660
Prepaid expenses and other	**8,972**	8,583
Investment in film and television programs (note 6)	**169,986**	163,563
	539,190	490,540
Long-term amounts receivable (note 5)	**67,947**	84,790
Acquired and library content (note 7)	**90,613**	92,732
Property and equipment	**36,846**	39,287
Derivative assets (note 8)	**9,867**	8,845
Intangible assets	**457,638**	448,947
Goodwill	**55,176**	54,033
Deferred income taxes	**13,044**	—
	1,270,321	1,219,174
Liabilities		
Current liabilities		
Bank indebtedness (note 10)	**14,443**	9,087
Accounts payable, accrued and derivative liabilities (note 9)	**185,882**	180,956
Deferred revenue	**51,347**	58,116
Interim production financing (note 10)	**81,890**	84,235
Current portion of lease liabilities	**10,615**	10,183
Current portion of long-term debt (note 10)	**32,326**	26,335
	376,503	368,912
Long-term debt (note 10)	**497,596**	477,804
Long-term lease liabilities	**23,507**	26,056
Derivative liabilities (note 16)	**1,731**	2,360
Other long-term liabilities	**16,425**	20,878
Deferred income taxes	**—**	7,761
	915,762	903,771
Shareholders' Equity		
Equity attributable to shareholders of the Company	**96,965**	79,428
Non-controlling interest	**257,594**	235,975
	354,559	315,403
	1,270,321	1,219,174

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

WildBrain Ltd.

Unaudited Interim Condensed Consolidated Statements of Income

For the three and nine month periods ended March 31, 2023 and 2022

(expressed in thousands of Canadian dollars, except for amounts per share)

	Three months ended		Nine months ended	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
	$	**$**	**$**	**$**
Revenues (note 20)	**140,864**	129,458	**407,996**	395,218
Expenses (note 15)				
Direct production costs and expense of film and television produced	**73,388**	65,776	**223,971**	216,356
Amortization of acquired and library content (note 7)	**2,495**	2,562	**7,254**	7,677
Amortization of property and equipment and intangible assets	**5,994**	5,848	**18,302**	18,744
Reversal of right-of-use asset impairment	**—**	—	**—**	(719)
Write-down of investment in film and television programs, and acquired and library content (notes 6 and 7)	**6,032**	—	**6,032**	—
Selling, general and administrative	**28,149**	27,768	**80,415**	76,411
Share-based compensation (note 12)	**1,255**	1,725	**6,955**	5,891
Finance costs, net (note 14)	**15,202**	2,489	**36,827**	22,584
Change in fair value of embedded derivatives	**(15,651)**	(2,300)	**(3,933)**	6,535
Foreign exchange loss (gain)	**7,234**	(6,237)	**10,896**	5,373
Reorganization, development and other expense (note 15)	**2,471**	1,428	**6,761**	2,319
	126,569	99,059	**393,480**	361,171
Income before taxes	**14,295**	30,399	**14,516**	34,047
(Recovery of) provision for income taxes (note 13)				
Current	**3,277**	(193)	**7,720**	84
Deferred	**(10,579)**	147	**(15,426)**	2,930
	(7,302)	(46)	**(7,706)**	3,014
Net income for the period	**21,597**	30,445	**22,222**	31,033
Net income attributable to non-controlling interests	**2,223**	9,150	**23,372**	26,533
Net income (loss) attributable to shareholders of the Company	**19,374**	21,295	**(1,150)**	4,500
Basic earnings (loss) per common share (note 17)	**0.11**	0.12	**(0.01)**	0.03
Diluted earnings (loss) per common share (note 17)	**0.05**	0.11	**(0.01)**	0.03

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

WildBrain Ltd.

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income

For the three and nine month periods ended March 31, 2023 and 2022

(expressed in thousands of Canadian dollars)

	Three months ended		Nine months ended	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
	$	**$**	**$**	**$**
Net income for the period	**21,597**	30,445	**22,222**	31,033
Other comprehensive income (loss)				
Items that may be subsequently reclassified to the consolidated statements of income				
Foreign currency translation adjustment	**1,718**	(11,193)	**24,188**	(4,207)
Comprehensive income for the period	**23,315**	19,252	**46,410**	26,826

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

(expressed in thousands of Canadian dollars)

	Common shares	Contributed surplus	Accumulated other comprehensive loss	Deficit	Non-controlling interest	Total
	$	$	$	$	$	$
Balance - July 1, 2021	367,359	39,044	(21,391)	(316,424)	234,325	302,913
Net income for the period	—	—	—	4,500	26,533	31,033
Other comprehensive (loss) income for the period	—	—	(6,099)	—	1,892	(4,207)
Comprehensive (loss) income for the period	—	—	(6,099)	4,500	28,425	26,826
Common shares issued, net of issuance costs and deferred taxes	1,216	(2,323)	—	—	—	(1,107)
Share-based compensation	—	5,890	—	—	—	5,890
Distributions to non-controlling interests	—	—	—	—	(29,160)	(29,160)
Balance - March 31, 2022	368,575	42,611	(27,490)	(311,924)	233,590	305,362
Balance - July 1, 2022	**368,734**	**43,978**	**(22,500)**	**(310,784)**	**235,975**	**315,403**
Net (loss) income for the period	**—**	**—**	**—**	**(1,150)**	**23,372**	**22,222**
Other comprehensive income for the period	**—**	**—**	**12,017**	**—**	**12,171**	**24,188**
Comprehensive income (loss) for the period	**—**	**—**	**12,017**	**(1,150)**	**35,543**	**46,410**
Common shares issued, net of issuance costs and deferred taxes	**3,141**	**(3,427)**	**—**	**—**	**—**	**(286)**
Share-based compensation	**—**	**6,955**	**—**	**—**	**—**	**6,955**
Distributions to non-controlling interests	**—**	**—**	**—**	**—**	**(13,923)**	**(13,923)**
Balance - March 31, 2023	**371,875**	**47,506**	**(10,483)**	**(311,934)**	**257,595**	**354,559**

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

WildBrain Ltd.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the nine month periods ended March 31, 2023 and 2022

(expressed in thousands of Canadian dollars)

	March 31, 2023	March 31, 2022
Cash provided by (used in)	**$**	**$**
Operating activities		
Net income for the period	**22,222**	31,033
Charges (credits) not involving cash		
Amortization of property and equipment	**8,549**	10,739
Amortization of intangible assets	**9,753**	8,005
Amortization of acquired and library content	**7,254**	7,677
Accretion expense and amortization of deferred financing fees	**11,274**	9,479
Unrealized foreign exchange loss	**15,045**	53
Share-based compensation	**6,955**	5,890
Change in fair value of embedded derivatives	**(3,933)**	6,535
Change in fair value of interest rate swap and forward contract	**(1,109)**	(7,729)
Interest income	**(1,849)**	(1,090)
Interest expense	**28,511**	21,924
Deferred tax (recovery) expense	**(15,426)**	2,930
Write-down of investment in film and television programs	**5,700**	—
Write-down of acquired and library content	**332**	—
Reversal of right-of-use asset impairment (note 15)	**—**	(719)
Net investment in film and television programs (note 19)	**(6,194)**	(5,717)
Net change in non-cash balances related to operations (note 19)	**(23,326)**	(49,440)
Cash provided by operating activities	**63,758**	39,570
Financing activities		
Common shares issued, net of issuance costs	**(286)**	(1,107)
Distributions to non-controlling interests	**(13,923)**	(29,160)
Proceeds from bank indebtedness	**5,356**	4,499
Repayment of long-term debt	**(2,906)**	(2,701)
Payment of debt issue costs	**(500)**	—
Interest paid on long-term debt and lease liabilities	**(27,002)**	(20,381)
Realized foreign exchange on long term debt repayment	**4**	(114)
Repayment of obligations under finance leases	**(7,566)**	(7,326)
(Repayment of) proceeds from interim production financing, net (note 19)	**(2,345)**	4,748
Cash used in financing activities	**(49,168)**	(51,542)
Investing activities		
Acquisition of acquired and library content (note 4)	**(1,841)**	—
Acquisition of property and equipment	**(659)**	(2,683)
Acquisition of intangible assets	**(5,313)**	(5,706)
Cash used in investing activities	**(7,813)**	(8,389)
Effect of foreign exchange rate changes on cash	**10**	123
Net change in cash and restricted cash during the period	**6,787**	(20,238)
Cash and restricted cash - Beginning of the period	**68,734**	92,057
Cash and restricted cash - End of the period	**75,521**	71,819

Supplemental information (note 19)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

1 Nature of business

WildBrain Ltd. (the "Company" or "WildBrain"), was incorporated on February 12, 2004 under the laws of the Province of Nova Scotia, Canada, and continued on April 25, 2006 under the Canada Business Corporation Act. The Company is a public company whose common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol 'WILD'.

The Company develops, produces and distributes films and television programs for domestic and international markets; licenses its brands in the domestic and international markets; broadcasts films and television programs in the domestic market; sells advertising on various ad-supported video-on-demand platforms; and manages copyrights, licensing and brands for third parties. The address of the Company's head office is 25 York Street, Unit 1201, Toronto, Ontario, M5J 2V5.

2 Basis of preparation

These unaudited interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of the International Accounting Standards ("IAS") 34, Interim Financial Reporting, and follow the same accounting policies as those used in the Company's most recent audited annual consolidated financial statements. These unaudited interim condensed consolidated financial statements do not include all the disclosures included in the Company's audited annual consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements.

These unaudited interim condensed consolidated financial statements have been authorized for issuance by the Board of Directors on May 9, 2023.

3 Summary of significant accounting policies, judgments and estimation uncertainty

The preparation of unaudited interim condensed consolidated financial statements under IFRS requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable. Actual results may differ materially from these estimates.

4 Acquisitions

a) Acquisition of business

On March 28, 2023, the Company signed an agreement to acquire House of Cool, a pre-production company. Under the agreement, the Company will acquire full ownership of House of Cool. Closing consideration for the acquisition will consist of $15,500 with $10,250 through the issuance of 4,479,406 WildBrain Ltd. shares (the "Share Consideration") and $5,250 in cash (less any debt existing on closing and subject to customary working capital adjustments and hold backs). Additionally, there is an earn-out of up to $6,000 based on collection of tax credits earned through closing. The transaction is expected to close in the fourth quarter of fiscal 2023, subject to certain conditions.

b) Acquisition of assets

In March 2022, the Company acquired certain brand representation rights with respect to the Peanuts property in various Asia Pacific territories beginning July 2022. The total purchase price was $10,703 of which $3,552 was paid on March 31, 2022, and equal installments of $507 were paid monthly from April 2022 through to December 2022. The remaining $2,588 was in the quarter ended March 31, 2023, on achieving certain financial

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

performance conditions. The transaction is considered an asset acquisition and the entire purchase price has been allocated to intangible assets - brand representation rights.

In September 2022, the Company acquired the rights, title and interest of a children's entertainment property for an aggregate price of $1,841. These assets were classified as acquired and library content in the unaudited interim condensed consolidated balance sheets.

5 Amounts receivable

	March 31, 2023 $	June 30, 2022 $
Trade receivables	**222,976**	182,476
Less: ECL allowance on trade receivables	**(9,031)**	(10,435)
Trade receivables, net of loss allowance	**213,945**	172,041
Sales tax receivable	**3,093**	1,199
Federal and provincial film tax credits and other government assistance	**67,673**	76,420
Short-term amounts receivable	**284,711**	249,660
Long-term amounts receivable	**67,947**	84,790
Total amounts receivable	**352,658**	334,450

The aging of trade receivables is as follows:

	March 31, 2023 $	June 30, 2022 $
Less than 60 days	**177,259**	146,690
Between 60 and 90 days	**12,149**	4,470
Over 90 days	**33,568**	31,316
	222,976	182,476

A continuity of ECL allowance on trade receivables as follows:

	March 31, 2023 $	June 30, 2022 $
Opening balance	**10,435**	8,236
Loss allowance on trade receivables	**867**	3,790
Write-offs during the year	**(2,250)**	(1,224)
Recoveries of receivables previously provided for	**(451)**	(117)
Foreign exchange	**430**	(250)
Ending balance	**9,031**	10,435

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

6 Investment in film and television programs

	March 31, 2023 $	June 30, 2022 $
Development costs	**5,718**	4,872
Productions in progress		
Cost, net of government and third party assistance	**42,966**	44,506
Productions completed and released		
Cost, net of government and third party assistance	**808,693**	715,608
Accumulated expense	**(647,093)**	(568,020)
Accumulated write-down of investment in film and television programs	**(59,489)**	(53,789)
	102,111	93,799
Program and film rights - broadcasting(1)		
Cost	**180,940**	175,551
Accumulated expense	**(156,012)**	(149,428)
Accumulated write-down of program and film rights	**(5,737)**	(5,737)
	19,191	20,386
	169,986	163,563

(1) All program and film rights - broadcasting relate to WildBrain Television.

The continuity of investment in film and television programs is as follows:

	March 31, 2023 $	June 30, 2022 $
Net opening investment in film and television programs	**163,563**	147,783
Increase in development costs	**846**	203
Cost of productions (completed and released and productions in progress), net of assistance	**85,616**	71,115
Expense of investment in film and television programs	**(79,073)**	(50,457)
Write-down of investment in film and television programs	**(5,700)**	(1,208)
Increase of program and film rights - broadcasting	**5,389**	12,166
Expense of program and film rights - broadcasting	**(6,584)**	(8,830)
Foreign exchange	**5,929**	(7,209)
	169,986	163,563

During the three and nine-month period ended March 31, 2023, interest of $209 and $2,079 respectively (March 31, 2022 - $246 and $817, respectively) was capitalized to investment in film and television programs.

During the three and nine-month period ended March 31, 2023, the Company recorded $5,700 write-down of investments in film and television programs (June 30, 2022 - $1,208).

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

7 Acquired and library content

	March 31, 2023 $	June 30, 2022 $
Net opening acquired and library content	**92,732**	100,653
Additions (note 4)	**1,841**	1,000
Write-down of acquired and library content	**(332)**	—
Amortization	**(7,254)**	(10,241)
Foreign exchange	**3,626**	1,320
Net closing acquired and library content	**90,613**	92,732

8 Derivative Assets

	March 31, 2023 $	June 30, 2022 $
Foreign currency forwards	**627**	—
Interest rate swap(1)	**9,240**	8,845
	9,867	8,845

(1) During the fourth quarter of fiscal 2021, the Company entered into a 3-year term interest rate swap maturing on June 28, 2024, which secures US$165,000 of Term Facility from an interest rate of SOFR plus 4.25% to a fixed interest rate of 5.24% (note 16(b)).

9 Accounts payable, accrued and derivative liabilities

The following table presents the Company's accounts payable, accrued and derivative liabilities:

	March 31, 2023 $	June 30, 2022 $
Accounts payable and accrued liabilities	**169,245**	161,849
Derivative liabilities (note 16)	**16,637**	19,107
	185,882	180,956

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

10 Credit facilities

	March 31, 2023	June 30, 2022
	$	$
Bank indebtedness	**14,443**	9,087
Interim production financing	**81,890**	84,235
Term Facility, net of unamortized issue costs of $8,280 (June 30, 2022 - $9,260)	**369,726**	353,387
Exchangeable debenture, net of unamortized issue costs and conversion option of $3,437 (June 30, 2022 - $1,173)	**28,469**	22,662
Convertible Debentures, net of unamortized issue costs and conversion option of $8,273 (June 30, 2022 - $11,911)	**131,727**	128,090
Total	**626,255**	597,461
Amount due within 12 months	**(128,659)**	(119,657)
Amount due beyond 12 months	**497,596**	477,804

a) LIBOR transitioned to secured overnight financing rate ("SOFR")

LIBOR was discontinued at the end of calendar year 2021. As part of the refinancing of the Term facility and Bank Indebtedness ("Revolving Facility") in March 2021, alternative replacement rates for LIBOR were included in the agreement based on the secured overnight financing rate ("SOFR"), which is a benchmark interest rate for dollar denominated loans. On October 21, 2022, the Company amended its credit agreement (the "Credit Agreement") to increase its Revolving Facility from US$30,000 to US$40,000, with an interest rate of SOFR plus 4%, based on the applicable form of borrowing. The new SOFR benchmark rate replaces the discontinued LIBOR rate for the Revolving Facility.

The Company's interim production credit facilities with various financial institutions and other entities, bearing interest based on LIBOR will be replaced with SOFR.

b) Bank indebtedness

On March 26, 2021, the Company entered into a five-year, US$30,000 Revolving Facility with an interest rate of prime. The Revolving Facility does not carry a financial maintenance covenant, except when amounts are drawn and outstanding. The new Revolving Facility matures on the earlier of March 26, 2026 or three months prior to the maturity of the Company's convertible debentures dated September 30, 2024, except where converted. On October 21, 2022, the Company amended its credit agreement to increase its Revolving Facility from US$30,000 to US$40,000, with an interest rate of SOFR plus 4%, based on the applicable form of borrowing. As at March 31, 2023, $14,443 (March 31, 2022 - $9,087) was drawn on the Revolving Facility.

Under the Revolving Facility, when amounts are drawn and outstanding at the end of any fiscal quarter, the Company is required to comply with a leverage covenant of 6.75x, declining to 6.25x for the quarter ending September 30, 2023 and thereafter. As at March 31, 2023, the Company's Total Net Leverage Ratio was 4.59x.

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

c) Interim production financing

	March 31, 2023	June 30, 2022
	$	$
Interim production credit facilities	**81,890**	84,235

The Company has interim production credit facilities with various financial institutions and other entities, bearing interest at bank prime plus 0.5% - 1.0%, LIBOR plus 2.50% or base rate of 5.75% plus 0.5%. Assignment and direction of specific production financing, licensing contracts receivable and film tax credits receivable have been pledged as security. As at March 31, 2023, the Canadian dollar bank prime rate was 6.45% (June 30, 2022 - 3.70%).

d) Term facility

On March 26, 2021, the Company completed the refinancing of its term facility with a seven-year US$285,000 senior secured term loan facility (the "Term Loan") maturing March 26, 2028. The term facility has no financial maintenance covenant and bears interest at a rate of SOFR plus 4.25%. Commencing on the fiscal quarter ending June 30, 2021, the Term Loan requires quarterly repayment equal to 0.25% of the initial principal amount. As at March 31, 2023, the Company's Term Loan had a principal balance of US$279,300, or $377,964 (March 31, 2022 - US$283,575 or $361,303).

During the fourth quarter of fiscal 2021, the Company entered into an interest rate swap agreement to secure US$165,000 of total term facility from an interest rate of LIBOR plus 4.25% to a fixed interest rate of 5.24% (note 16(b)). The Company amended the benchmark rate from LIBOR to SOFR during the first quarter of fiscal 2023. Changes in the estimated fair value of the interest rate swap are recorded through the Company's unaudited interim condensed consolidated statement of income. During the nine-month period ended March 31, 2023, the change in the estimated fair value of the interest rate swap resulted in a gain of $395 (March 31, 2022 – gain of $6,955).

The Term Loan also requires repayments equal to 50% of excess cash flow (the "Excess Cash Flow Payments") (as defined in the Senior Secured Credit Agreement), commencing for the fiscal year-ended June 30, 2022, while the first lien net leverage ratio ("First Lien Leverage Ratio"), as defined in the Senior Secured Credit Agreement, is greater than 3.50 times, reducing to 25% of Excess Cash Flow while First Lien Net Leverage Ratio is at or below 3.50 times and greater than 3.00 times, with the remaining balance due on March 26, 2028. No payments were required under the Excess Cash Flow Payments calculation for the year ended June 30, 2022.

e) Senior unsecured convertible debentures ("Convertible Debentures")

As at March 31, 2023, the Convertible Debentures had a principal balance of $140,000 (June 30, 2022 - $140,000), bearing interest at a fixed annual rate of 5.875% and paid semi-annually on March 31 and September 30 of each year. The Convertible Debentures are convertible into Common Voting Shares or Variable Voting Shares of the Company at a price of $7.729 per share, subject to certain customary adjustments. The Convertible Debentures mature on September 30, 2024.

The Convertible Debentures have a cash conversion option whereby the Company can elect to make a cash payment in lieu of issuing Common Voting Shares or Variable Voting Shares upon exercise of the conversion option feature by the holder of the Convertible Debentures. As a result, the Convertible Debentures were deemed to have no equity component at initial recognition and the estimated fair value of the embedded derivatives is recorded as a financial liability and included with the debt component on the Company's unaudited interim condensed consolidated balance sheet. Changes in the estimated fair value of the embedded derivatives are recorded through the Company's unaudited interim condensed consolidated statement of income.

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

During the three and nine-month period ended March 31, 2023, the Company recorded a gain of $2,803 and $541, respectively, as a change in fair value of the embedded derivative (March 31, 2022 - a gain of $1,353 and $1,013, respectively), and the estimated fair value of the embedded derivative as at March 31, 2023 was $1,731 (March 31, 2022 - $2,272).

f) Exchangeable debentures

As at March 31, 2023, the Company's Exchangeable Debentures had a principal balance of US$18,497 or $25,032 (June 30, 2022 - US$18,497 or $23,835) bearing interest at an annual rate of 7.5% payable at maturity and are exchangeable for Variable Voting Shares of the Company at a conversion price of US$1.072855 per share. The Exchangeable Debentures mature on June 24, 2023 and are non-recourse to the Company.

The Exchangeable Debentures were issued to certain funds managed by Fine Capital Partners, L.P., a related party of the Company. The Exchangeable Debentures were issued by a newly-formed single purpose subsidiary of the Company, which is excluded from the security granted to the lenders under the Company's Senior Secured Credit Agreement. As a result, it is also excluded from the calculation of the net leverage ratio covenant, where applicable. Proceeds from the Exchangeable Debentures are earmarked for investments in growth initiatives to drive the Company's content and brand strategy, and therefore have been classified as restricted cash in the unaudited interim condensed consolidated balance sheet.

On March 4, 2021, the Company issued the remaining US$6,289, or $7,795 on the Exchangeable Debenture. The conversion option represents an embedded derivative with a fixed USD conversion price for Variable Voting Shares of the Company, which are denominated in Canadian dollars. As a result, both the first and second tranche of the Exchangeable Debentures were deemed to have no equity component at initial recognition and the estimated fair value of the embedded derivatives was recorded as a derivative liability.

During the three and nine-month period ended March 31, 2023, the Company recorded a gain of $12,848 and $3,392, respectively, as a change in fair value of the embedded derivative (March 31, 2022 - an expense of $947 and $7,548, respectively), and the estimated fair value of the embedded derivative as at March 31, 2023 was $16,637 (March 31, 2022 - $19,107).

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

11 Share capital

	March 31, 2023		June 30, 2022	
	Number	Amount	Number	Amount
	#	$	#	$
Preferred variable voting shares				
Opening balance	**500,000,000**	**—**	500,000,000	—
Ending balance	**500,000,000**	**—**	500,000,000	—
Common shares				
Opening balance	**173,108,668**	**368,734**	171,855,961	367,359
Shares sold held in trust, net	**—**	**—**	138,190	142
Options exercised	**171,600**	**426**	325,000	498
Employee share purchase plan	**18,542**	**45**	36,087	108
RSU settled	**2,671,048**	**2,670**	753,430	627
Ending balance	**175,969,858**	**371,875**	173,108,668	368,734

Preferred Variable Voting Shares ("PVVS")

500,000,000	("PVVS"), redeemable at the option of the Company at any time at a millionth of a cent per share, no entitlement to dividends, voting
Unlimited	Common Voting Shares without nominal or par value
Unlimited	Variable Voting Shares without nominal or par value
Unlimited	Non-Voting Shares without nominal or par value

The votes attached to the PVVS as a class are automatically adjusted so that they, together with the votes attached to the common shares that are owned by Canadians, equal 55% of the votes attached to all shares in the capital of the Company. The votes attached to the PVVS as a class are, in aggregate, not less than 1% of the votes attached to all shares in the capital of the Company. The PVVS are not listed on any stock exchange.

Common shares

The common shares of the Company are inclusive of Common Voting Shares, Variable Voting Shares and Non-Voting Shares. As at March 31, 2023, the Company had 25,987,421 Common Voting Shares and 149,982,437 Variable Voting Shares issued and outstanding (June 30, 2022 - 31,668,243 and 141,440,425, respectively).

Share trust

The Company established an employee share trust to purchase and hold common shares of the Company to satisfy certain employee and director share-based compensation awards, including restricted share units and deferred share units.

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

12 Share-based compensation

Omnibus equity incentive plan ("Omnibus Plan")

On December 17, 2019, the shareholders of the Company approved the adoption of the Omnibus Plan, a single umbrella plan that provides flexibility to the Company to grant equity-based incentive awards in the form of stock options, restricted share units and performance share units. On December 16, 2021, the shareholders of the Company approved an amended and restated Omnibus Plan which includes deferred share units as an additional form of equity-based incentive awards issuable under the Omnibus Plan and increases the maximum number of equity-awards issuable under the Omnibus Plan from 8.5% of the Company's total issued and outstanding Common and Variable Voting Shares to 10%. As at March 31, 2023, the total amount available for issuance under the Omnibus Plan subject to the 10% maximum was 17,326,513 (March 31, 2022 - at 10% - 17,351,608).

Options

As at March 31, 2023 and 2022, the Company had the following stock options outstanding:

	Number of options	Weighted average exercise price per stock option
	#	$
Outstanding at June 30, 2021	4,993,800	3.86
Forfeited	(100,000)	1.91
Expired	(260,000)	5.92
Exercised	(262,500)	1.51
Outstanding at March 31, 2022	4,371,300	3.93
Exercisable at March 31, 2022	3,711,425	4.33
Outstanding at June 30, 2022	**4,308,800**	**3.96**
Forfeited	**(25,000)**	**2.26**
Expired	**(594,400)**	**7.27**
Exercised	**(171,600)**	**1.94**
Outstanding at March 31, 2023	**3,517,800**	**3.52**
Exercisable at March 31, 2023	**3,517,800**	**3.52**

During the three and nine-month period ended March 31, 2023, the Company recognized share-based compensation income of $23 and expense of $20, respectively, for the vesting of options, net of forfeitures (March 31, 2022 - expense of $28 and $50, respectively), with a corresponding adjustment to contributed surplus.

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

The range of exercise prices for options outstanding at March 31, 2023 and 2022, is presented below.

Range of exercise prices	Number outstanding at March 31, 2023 #	Weighted average remaining contractual life years	Weighted average exercise price $	Number outstanding at March 31, 2022 #	Weighted average exercise price $
\$1.50 - \$3.49	**2,041,000**	**2.56**	**1.60**	2,377,000	1.65
\$3.50 - \$5.49	**100,000**	**1.50**	**5.47**	100,000	5.47
\$5.50 - \$7.49	**1,376,800**	**0.93**	**6.21**	1,501,800	6.27
\$7.50 - \$9.49	**—**	**—**	**—**	392,500	8.38
Total	**3,517,800**	**1.89**	**3.52**	4,371,300	3.93

Performance share unit plan ("PSUs")

The following table illustrates the movements in the number of PSUs during the period.

	Nine months ended	
	March 31, 2023 PSU #	March 31, 2022 PSU #
Outstanding, beginning of period	**2,737,467**	2,775,000
Granted	**1,815,500**	—
Forfeited	**—**	(50,000)
Outstanding, end of period	**4,552,967**	2,725,000

During the three and nine-month period ended March 31, 2023, the Company recognized share-based compensation expense of \$336 and \$619, respectively (March 31, 2022 - expense of \$31 and \$101, respectively) with a corresponding adjustment to contributed surplus.

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

Restricted share unit plan ("RSUs")

The RSUs are a long-term employee retention program issued to certain eligible employees as part of the Omnibus Plan, which are settled through treasury and generally cliff-vest in 3 years.

The following table illustrates the movements in the number of RSUs during the period.

	Nine months ended	
	March 31, 2023	**March 31, 2022**
	RSU	**RSU**
	#	**#**
Outstanding, beginning of period	**4,691,764**	3,311,548
Granted	**3,426,096**	2,555,114
Forfeited	**(61,650)**	(149,997)
Exercised	**(3,127,793)**	(820,876)
Outstanding, end of period	**4,928,417**	4,895,789

During the three and nine-month period ended March 31, 2023, the Company recognized share-based compensation expense of $920 and $5,070, respectively (March 31, 2022 - expense of $1,505 and $4,153, respectively) with a corresponding adjustment to contributed surplus.

Deferred share unit plan ("DSUs")

DSUs are an incentive program for Board members of the Company, where Board members may elect to receive director fees in the form of cash or DSUs. The DSUs are settled in shares purchased in the open market and cannot be issued from treasury. The DSUs vest immediately upon grant, but they cannot be exercised until the Board member departs the Company.

The following table illustrates the movements in the number of DSUs during the period.

	Nine months ended	
	March 31, 2023	**March 31, 2022**
	DSU	**DSU**
	#	**#**
Outstanding, beginning of period	**2,582,342**	2,111,008
Granted	**603,109**	429,629
Outstanding, end of period	**3,185,451**	2,540,637

During the three and nine-month period ended March 31, 2023, the Company recognized share-based compensation expense of $69 and $1,280, respectively (March 31, 2022 - expense of $151 and $1,373, respectively) with a corresponding adjustment to contributed surplus, and included $130 for services rendered but DSUs not yet granted.

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

Long-term incentives plan ("LTIP")

The LTIP is a long-term employee retention program whereby common shares of the Company are issued to certain eligible employees. These common shares are purchased in the open market and cannot be issued from treasury. During the three and nine-month period ended March 31, 2023, the Company recognized share-based compensation income of $47 and $41, respectively (March 31, 2022 - expense of $6 and $75, respectively) with a corresponding adjustment to contributed surplus.

Employee stock purchase plan

During the three and nine-month period ended March 31, 2023, the Company recognized share-based compensation expense of $nil and $7, respectively (March 31, 2022 - expense of $4 and $12, respectively) with a corresponding adjustment to contributed surplus. During the second quarter of fiscal 2023, the Company cancelled the Employee stock purchase plan and no further contributions and purchases occurred after December 31, 2022.

13 Income taxes

For the three and nine-month period ended March 31, 2023, the Company recorded income tax recovery of $7,302 and $7,706, respectively (March 31, 2022 - recovery of $46 and $3,014, respectively). The income tax (recovery) expense in each period reflects the mix of taxing jurisdictions in which pre-tax income and losses were recognized. The income attributable to non-controlling interests is taxed outside the Company. Further items impacting the effective tax rate include the different statutory tax rates in the taxing jurisdictions, non-deductible items, the utilization of certain unrecognized tax losses and the continued nonrecognition of certain deferred tax assets in Canada.

14 Finance costs, net

Net finance costs comprise the following:

	Three months ended		Nine months ended	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
	$	**$**	**$**	**$**
Finance costs				
Change in fair value of interest rate swap and forward contract	**2,013**	(6,954)	**(1,109)**	(6,954)
Interest income	**(620)**	(708)	**(1,849)**	(1,865)
Interest expense on bank indebtedness	**221**	178	**1,543**	323
Interest on long-term debt	**9,236**	6,582	**25,389**	20,897
Interest on completed and released productions	**332**	220	**1,579**	704
Amortization of deferred financing fees	**937**	669	**2,374**	2,008
Accretion on convertible debentures, exchangeable debentures, lease liabilities and other	**3,083**	2,502	**8,900**	7,471
	15,202	2,489	**36,827**	22,584

Interest income consists of accretion on long-term amounts receivable and cash interest earned on bank deposits and tax credit receivables.

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

15 Expenses by nature and employee benefit expense

The following sets out the expenses by nature and employee benefits expense:

	Three months ended		Nine months ended	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
	$	**$**	**$**	**$**
Direct production and new media costs	**40,344**	54,459	**138,314**	173,677
Expense of film and television programs	**30,889**	9,902	**79,073**	36,043
Expense of film and broadcast rights for broadcasting	**2,154**	1,415	**6,584**	6,636
Amortization of property and equipment and intangible assets	**5,994**	5,848	**18,302**	18,744
Amortization of acquired and library content	**2,495**	2,562	**7,254**	7,677
Reversal of right-of-use asset impairment	**—**	—	**—**	(719)
Write-down of investment in film and television programs, and acquired and library content (notes 6 and 7)	**6,032**	—	**6,032**	—
Office and administrative	**5,795**	4,033	**16,141**	14,643
Investor relations and marketing	**526**	1,592	**2,585**	3,205
Professional and regulatory	**2,159**	2,560	**8,029**	7,441
Reorganization, development and other expenses (income), excluding employee benefits	**1,741**	750	**4,246**	(367)
Finance costs, net	**15,202**	2,489	**36,827**	22,584
Change in fair value of embedded derivatives	**(15,651)**	(2,300)	**(3,933)**	6,535
Foreign exchange loss (gain)	**7,234**	(6,237)	**10,896**	5,373
	104,914	77,073	**330,350**	301,472
Employee benefits expense:				
Salaries and employee benefits	**19,669**	19,584	**53,659**	51,122
Share-based compensation (note 12)	**1,255**	1,725	**6,955**	5,891
Termination and other benefits	**730**	678	**2,515**	2,686
	21,654	21,987	**63,129**	59,699
	126,568	99,060	**393,479**	361,171

During the three-month period ended March 31, 2023 and 2022, included in reorganization, development and other expenses (income) are other costs of $2,471 ($458 development write-off, $140 system implementation costs, and $946 other, relocation costs of $197 excluding termination and other benefits of $730) (March 31, 2022 - $956 (net of $1,000 from the gain on sale of certain marketable securities), $53 in legal fees, and relocation costs of $285).

During the nine-month period ended March 31, 2023 and 2022, included in reorganization, development and other expenses (income) are other costs of $6,761 ($1,381 development write-off, $798 system implementation costs, $204 Asia-Pacific ("APAC") start up costs, and other $1,175, relocation costs of $688 excluding termination and other benefits of $2,515) (March 31, 2022 - included in reorganization, development and other expenses (income) are recovery of $4,040 in legal fees related to the litigation settlement with former employees

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

(among others), other costs of $1,703 (net of $1,000 from the gain on sale of certain marketable securities), and relocation costs of $1,220 (including net lease termination costs of $599 and $335 of moving costs).

During the three and nine-month periods ended March 31, 2023, there was a write-down of $5,700 for investment in film and television programs and $332 for acquired and library content (March 31, 2022 - $nil for both investment in film and television programs, and acquired and library content).

16 Management of financial risks and financial instruments

The financial risks arising from the Company's operations include credit, interest rate, liquidity, currency and market risk. These risks arise from the normal course of operations. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial asset or liability fails to meet its contractual obligations, and arises primarily from the Company's cash (including restricted cash) and credit exposure to customers through its outstanding trade receivables.

The maximum exposure to credit risk for cash (including restricted cash) and trade receivables (excluding government and film tax credit receivables) approximates the amounts recorded on the unaudited interim condensed consolidated balance sheets of $366,444 (June 30, 2022 - $336,000). The Company manages credit risk on cash and cash equivalents by ensuring that the counterparties are banks, governments and government agencies with high credit ratings.

The balance of trade amounts receivable is mainly with Canadian broadcasters and large international distribution companies. Management manages credit risk by performing a credit assessment on new customers and regularly reviewing aged accounts receivable. To determine the loss allowance for trade receivables, management assessed the lifetime estimated credit loss of customers by categorizing these customers into different risk profile groups and applying provision percentages based on historical loss rates and management's experience and judgment. The loss allowance for trade receivables represents approximately 4.1% of current trade receivables, which management believes is adequate. Further, long-term receivable arrangements are only granted to large international linear and digital broadcasting companies with good payment history.

b) Interest rate risk

The Company's interest rate risk primarily relates to its interim production financing, Revolving Facility, Term Facility, and cash which are subject to interest rate benchmarks that fluctuate such as prime rate, LIBOR rate, SOFR rate, bankers' acceptance rates and other applicable interest rate benchmarks.

During the fourth quarter of fiscal 2021, the Company entered into a 3-year term interest rate swap maturing on June 28, 2024, which secures US$165,000 of Term Facility from an interest rate of LIBOR plus 4.25% to a fixed interest rate of 5.24%. Management will continue to monitor the interest rate risk closely and take appropriate measures as necessary.

An increase of 100 basis points in interest rates during the year ended March 31, 2023 would have decreased pre-tax net income by $6,170 (March 31, 2022 - $5,585).

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining sufficient unused capacity within its Revolving Facility, regularly preparing cash flow forecasts, continuously monitoring actual and projected cash flows, and matching the maturity profile of financial assets and liabilities.

The following table summarizes the Company's financial liabilities and their contractual maturities:

	Total $	Less than 1 year $	1 to 3 years $	3 to 5 years $	After 5 years $
Bank indebtedness	14,443	14,443	—	—	—
Accounts payable and accrued liabilities	169,245	169,245	—	—	—
Interim production financing	81,890	81,890	—	—	—
Other long-term liabilities	17,411	—	17,411	—	—
Senior unsecured convertible Debentures	152,349	8,225	144,124	—	—
Exchangeable debentures	25,469	25,469	—	—	—
Term facility	456,722	19,876	39,259	397,587	—
Finance lease obligations	31,819	11,153	15,598	3,438	1,630
	949,348	330,301	216,392	401,025	1,630

Contractual payments in the table above include fixed rate interest payments but exclude variable rate interest payments and are not discounted.

The Company operates a diverse range of business lines, including production studio services, content distribution, consumer products licensing, and representation and television broadcasting. While the operating results may vary from period to period, operating cash flows are generally predictable based on the Company's production and content pipeline, contract renewals, royalty agreements, minimum guarantees and television subscriber fees.

As at March 31, 2023, the Company had an unrestricted cash balance of $69,865 and current amounts receivable of $284,711. Based on the Company's cash balances and available credit facilities, expected collection of trade and other receivables and forecast operating results, management believes it will be able to fulfill its financial obligations as they become due.

d) Currency risk

The Company has global operations which require holding cash and working capital balances, generating revenue and incurring costs in foreign currencies. These activities result in exposure to fluctuations in foreign currency exchange rates. The Company periodically enters into foreign exchange forward contracts to manage its foreign exchange risk across its portfolio of currencies, which are primarily denominated in Canadian dollars, US dollars ("US$") and British Pound Sterling ("GBP").

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

Fair value of financial instruments

Financial instruments recorded at fair value on the unaudited interim condensed consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1	Valuation based on quoted prices observed in active markets for identical assets and liabilities.
Level 2	Valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest of the hierarchy for which a significant input has been considered in measuring fair value.

Fair value estimates are made at a specific point in time based on relevant market information. These are estimates and involve uncertainties, and matters of significant judgment and cannot be determined with precision. Changes in assumptions and estimates could significantly affect fair values.

Financial assets and (liabilities) measured at fair value

	As at			
	March 31, 2023		June 30, 2022	
	Fair value hierarchy	Fair value[1]	Fair value hierarchy	Fair value[1]
		$		$
Embedded derivatives[2]	**Level 2**	**(18,368)**	Level 2	(21,379)
Foreign currency forwards[3]	**Level 2**	**627**	Level 2	(87)
Interest rate swap[4]	**Level 2**	**9,240**	Level 2	8,845

(1) Derivative financial instruments are initially measured at fair value on the trade date. Subsequent valuations are based on observable inputs to the valuation model.

(2) Includes embedded derivatives for Convertible Debentures and exchangeable debentures, measured using valuation models.

(3) The fair value of foreign currency contracts is determined using prevailing exchange rates.

(4) Includes a 3-year term interest rate swap agreement, maturing on June 28, 2024, entered to secure US$165,000 of total Term Facility at an interest rate of 5.24%. The fair value is determined using the prevailing interest rates.

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

As at March 31, 2023, the Company held forward contract options with the following notional value and average contractual exchange rates:

US$ exchange for GBP	
Less than one year	**US$1,000 to US$1,487**
Weighted average rate	**1.2395**
US$ exchange for Canadian dollars	
Less than one year	**US$9,755 to US$14,632**
Weighted average rate	**1.3541**
Chinese Yuan ("RMB") exchange for Canadian dollars	
Less than one year	**$1,077 to $1,120**
Weighted average rate	**5.2000**
Japanese Yen ("Yen") exchange for US$	
Less than one year	**US$2,448 to US$2,605**
Weighted average rate	**133.5000**

The Company does not apply hedge accounting and the forward contract options are measured at fair value at each reporting date. The estimated fair value as at March 31, 2023, was an asset of $627 (June 30, 2022 - liability of $87), which has been included in derivative liabilities in the unaudited interim condensed consolidated balance sheet.

Financial assets and liabilities not measured at fair value

The carrying amount of all financial instruments presented in the unaudited interim condensed consolidated financial statements approximate their fair values, except for the Convertible Debentures as follows:

	As at					
	March 31, 2023			June 30, 2022		
	Fair value hierarchy	Fair value liability	Carrying value	Fair value hierarchy	Fair value liability	Carrying value
		$	$		$	$
Convertible Debentures[1]	**Level 1**	**136,500**	**131,727**	Level 1	135,800	128,090

[1] The fair value of the Convertible Debentures is based on market quotes as these are actively traded on the open exchange.

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

17 Earnings or loss per common share

a) Basic

Basic earnings or loss per common share is calculated by dividing the net income (loss) attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period.

	Three months ended		Nine months ended	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
	$	**$**	**$**	**$**
Net income (loss) attributable to shareholders of the Company	**19,374**	21,295	**(1,150)**	4,500
Weighted average number of common shares outstanding (in 000's)	**177,692**	172,936	**176,292**	172,473
Basic earnings (loss) per common share	**0.11**	0.12	**(0.01)**	0.03

b) Diluted

During the three and nine-month periods ended March 31, 2023, the weighted average number of potentially dilutive instruments was 2,902,974 and nil, respectively (March 31, 2022 - the weighted average number of potentially dilutive instruments was 6,982,516 and 7,428,404, respectively).

	Three months ended		Nine months ended	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
	$	**$**	**$**	**$**
Net income (loss) attributable to shareholders of the Company	**19,374**	21,295	**(1,150)**	4,500
Dilutive effect of convertible debentures	**363**	—	**—**	—
Dilutive effect of exchangeable debentures	**(8,274)**	(94)	**—**	—
Adjusted net earnings (loss) attributable to shareholders of the Company	**11,463**	21,201	**(1,150)**	4,500
Weighted average number of common shares (in 000's)	**177,692**	172,936	**176,292**	172,473
Dilutive effect of share-based compensation and warrants (in 000's)	**2,903**	6,983	**—**	7,428
Dilutive effect of convertible debentures (in 000's)	**18,114**	—	**—**	—
Dilutive effect of exchangeable debentures (in 000's)	**17,241**	17,241	**—**	—
Weighted average number of diluted shares outstanding (in 000's)	**215,950**	197,160	**176,292**	179,901
Diluted earnings (loss) per common share	**0.05**	0.11	**(0.01)**	0.03

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

18 Capital disclosures

The Company's objectives when managing capital are to provide an adequate return to shareholders, safeguard its assets, maintain a competitive cost structure and continue as a going concern in order to pursue the development, production, distribution and licensing of its film and television properties and broadcast operations. The balance of the Company's cash is being used to maximize ongoing development and reduce leverage.

The Company's capital structure is summarized in the table below:

	March 31, 2023 $	June 30, 2022 $
Total bank indebtedness and long-term debt, excluding interim production financing	**544,365**	513,226
Less: Cash and restricted cash	**(75,521)**	(68,734)
Net debt	**468,844**	444,492
Total shareholders' equity	**354,559**	315,403
	823,403	759,895

To facilitate the management of its capital structure, the Company prepares annual operating budgets that are updated as necessary depending on various factors including industry conditions and operating cash flows. These budgets are regularly reviewed by the Board of Directors.

19 Unaudited Interim Condensed Consolidated statement of cash flows - supplementary information

Net change in non-cash balances related to operations

	March 31, 2023 $	March 31, 2022 $
Amounts receivable	**(34,312)**	(43,283)
Prepaid expenses and other	**(389)**	(493)
Long-term amounts receivable	**16,843**	(30,726)
Accounts payable and accrued liabilities	**1,301**	12,618
Deferred revenue	**(6,769)**	12,444
	(23,326)	(49,440)

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

Net change in film and television programs

	March 31, 2023 $	March 31, 2022 $
Development	**(846)**	(2,029)
Productions in progress	**1,540**	5,047
Productions completed and released	**(87,156)**	(42,354)
Film and television programs	**79,073**	36,043
Program and film rights - broadcasting	**(5,389)**	(9,059)
Film and broadcast rights - broadcasting	**6,584**	6,636
	(6,194)	(5,716)

Net change in interim production financing

	March 31, 2023 $	March 31, 2022 $
Proceeds from interim production financing	**60,414**	57,537
Repayment of interim production financing	**(62,759)**	(52,789)
	(2,345)	4,748

Supplemental cash flow information

	March 31, 2023 $	March 31, 2022 $
Taxes paid	**(3,409)**	(1,395)
Taxes refunded	**2,932**	112
	(477)	(1,283)

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

Reconciliation between the opening and closing balances on the unaudited interim condensed consolidated balance sheet arising from financing activities:

	Term facility	Senior unsecured convertible debentures	Lease liabilities	Exchangeable debentures	Total
	$	$	$	$	$
Balance - June 30, 2021	341,477	123,753	43,835	17,164	526,229
Repayments	(2,701)	—	(7,326)	—	(10,027)
Total financing cash flow activities	(2,701)	—	(7,326)	—	(10,027)
Amortization of deferred financing costs	1,166	667	—	175	2,008
Lease liabilities disposal/additions (net)	—	—	1,046	—	1,046
Interest portion paid on lease liabilities	—	—	(1,646)	—	(1,646)
Accretion expense	17	2,517	1,646	3,308	7,488
Foreign exchange	2,898	—	(283)	109	2,724
Total other activities	4,081	3,184	763	3,592	11,620
Balance - March 31, 2022	342,857	126,937	37,272	20,756	527,822

	Term facility	Senior unsecured convertible debentures	Lease liabilities	Exchangeable debentures	Total
	$	$	$	$	$
Balance - June 30, 2022	**353,387**	**128,089**	**36,239**	**22,662**	**540,377**
Repayments	**(2,906)**	**—**	**(7,565)**	**—**	**(10,471)**
Payment of debt issue costs	**(500)**	**—**	**—**	**—**	**(500)**
Total financing cash flow activities	**(3,406)**	**—**	**(7,565)**	**—**	**(10,971)**
Amortization of deferred financing costs	**1,518**	**667**	**—**	**189**	**2,374**
Lease liabilities additions	**—**	**—**	**4,909**	**—**	**4,909**
Interest paid on lease liabilities	**—**	**—**	**(1,497)**	**—**	**(1,497)**
Accretion expense	**1**	**2,971**	**1,497**	**4,432**	**8,901**
Foreign exchange	**18,226**	**—**	**539**	**1,186**	**19,951**
Total other activities	**19,745**	**3,638**	**5,448**	**5,807**	**34,638**
Balance - March 31, 2023	**369,726**	**131,727**	**34,122**	**28,469**	**564,044**

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

20 Revenues and segmented information

The Company operates production entities and offices throughout Canada, the United States and Europe.

	Three months ended March 31, 2022		
	Content	**Television**	**Consolidated**
	$	$	$
Revenues	118,963	10,495	129,458
Direct production costs and expense of film and television produced, share based compensation and selling, general and administrative	79,088	5,571	84,659
Segment profit	39,875	4,924	44,799
Corporate selling, general and administrative			10,610
Amortization of property and equipment and intangible assets			5,848
Amortization of acquired and library content			2,562
Finance costs, net			2,489
Change in fair value of embedded derivatives			(2,300)
Foreign exchange gain			(6,237)
Reorganization, development and other expenses			1,428
Income before income taxes			30,399

	Three months ended March 31, 2023		
	Content	**Television**	**Consolidated**
	$	$	$
Revenues	**131,460**	**9,404**	**140,864**
Direct production costs and expense of film and television produced, share based compensation and selling, general and administrative	**88,819**	**5,333**	**94,152**
Segment profit	**42,641**	**4,071**	**46,712**
Corporate selling, general and administrative			**8,640**
Amortization of property and equipment and intangible assets			**5,994**
Amortization of acquired and library content			**2,495**
Write-down of investment in film and television programs, and acquired and library content			**6,032**
Finance costs, net			**15,202**
Change in fair value of embedded derivatives			**(15,651)**
Foreign exchange loss			**7,234**
Reorganization, development and other expenses			**2,471**
Income before income taxes			**14,295**

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

	Nine months ended March 31, 2022		
	Content	**Television**	**Consolidated**
	$	**$**	**$**
Revenues	362,122	33,096	395,218
Direct production costs and expense of film and television produced, share based compensation and selling, general and administrative	259,511	15,746	275,257
Segment profit	102,611	17,350	119,961
Corporate selling, general and administrative			23,401
Amortization of property and equipment and intangible assets			18,744
Amortization of acquired and library content			7,677
Reversal of right-of-use asset impairment			(719)
Finance costs, net			22,584
Change in fair value of embedded derivatives			6,535
Foreign exchange loss			5,373
Reorganization, development and other expenses			2,319
Income before income taxes			34,047

	Nine months ended March 31, 2023		
	Content	**Television**	**Consolidated**
	$	**$**	**$**
Revenues	**377,416**	**30,580**	**407,996**
Direct production costs and expense of film and television produced, share based compensation and selling, general and administrative	**271,717**	**15,936**	**287,653**
Segment profit	**105,699**	**14,644**	**120,343**
Corporate selling, general and administrative			**23,688**
Amortization of property and equipment and intangible assets			**18,302**
Amortization of acquired and library content			**7,254**
Write-down of investment in film and television programs, and acquired and library content			**6,032**
Finance costs, net			**36,827**
Change in fair value of embedded derivatives			**(3,933)**
Foreign exchange loss			**10,896**
Reorganization, development and other expenses			**6,761**
Income before income taxes			**14,516**

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

The following table presents the Company's disaggregated revenues recognized from contracts with customers:

	Three months ended		Nine months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	$	$	$	$
Content				
Content production and distribution	**71,495**	57,439	**180,306**	156,261
WildBrain Spark	**9,085**	10,665	**36,748**	44,073
Consumer Products	**50,880**	50,859	**160,362**	161,788
	131,460	118,963	**377,416**	362,122
Television				
Canadian Television Broadcasting	**9,404**	10,495	**30,580**	33,096
	140,864	129,458	**407,996**	395,218

21 Commitments and contingencies

As at March 31, 2023, the Company entered into various contracts to buy broadcast rights with future commitments totaling $672.

The Company is, from time-to-time, involved in various claims, legal proceedings and complaints arising in the normal course of business and as such, provisions have been recorded where appropriate. Management does not believe that the final determination of these claims will have a material adverse effect on the financial position or results of operations of the Company.