WildBrain Ltd.

Unaudited Interim Condensed Consolidated
Financial Statements
December 31, 2020
(expressed in thousands of Canadian dollars)

February 9, 2021

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 the 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) *"Eric Ellenbogen"*
Chief Executive Officer
New York, New York

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

WildBrain Ltd.

Unaudited Interim Condensed Consolidated Balance Sheet

As at December 31, 2020 and June 30, 2020

(expressed in thousands of Canadian dollars)

	December 31, 2020	June 30, 2020
	$	$
Assets		
Current assets		
Cash	73,897	67,889
Restricted cash	6,027	16,637
Amounts receivable (note 5)	200,301	200,217
Prepaid expenses and other	7,969	8,779
Investment in film and television programs (note 6)	141,451	140,548
	429,645	434,070
Long-term amounts receivable (note 5)	43,679	21,035
Acquired and library content (note 7)	108,296	109,076
Property and equipment	51,594	54,245
Intangible assets	446,991	472,531
Goodwill	53,761	55,344
	1,133,966	1,146,301
Liabilities		
Current liabilities		
Bank indebtedness (note 8)	—	10,000
Accounts payable and accrued liabilities	122,796	98,927
Deferred revenue	36,741	48,371
Interim production financing (note 8)	62,437	66,688
Current portion of lease liabilities	10,116	9,274
	232,090	233,260
Long-term debt (note 8)	480,231	502,006
Long-term lease liabilities	37,938	41,552
Derivative liabilities (note 14)	15,227	7,089
Other long-term liabilities	16,745	2,647
Deferred income taxes	15,186	18,261
	797,417	804,815
Shareholders' Equity		
Equity attributable to shareholders of the Company	87,184	81,351
Non-controlling interest	249,365	260,135
	336,549	341,486
	1,133,966	1,146,301

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

WildBrain Ltd.

Unaudited Interim Condensed Consolidated Statement of Income (Loss)

For the three and six-month periods ended December 31, 2020 and 2019

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

	Three months ended		Six months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	$	$	$	$
Revenues (note 18)	142,269	122,134	237,724	234,391
Other income from litigation settlement (note 11)	4,372	—	4,372	—
Expenses (note 13)				
Direct production costs and expense of film and television produced	80,505	67,615	132,709	130,504
Amortization of acquired and library content (note 7)	2,750	2,993	5,460	5,968
Amortization of property and equipment and intangible assets	5,584	5,929	11,189	11,596
Write-down of investment in film and television programs and acquired and library content (notes 6,7)	6,349	6,804	6,349	6,804
Selling, general and administrative	21,046	19,869	39,121	40,874
Share-based compensation (note 10)	975	1,633	3,573	2,618
Finance costs, net (note 12)	9,481	18,192	19,238	29,917
Change in fair value of embedded derivatives	5,629	(3,114)	9,298	(1,914)
Foreign exchange gain	(14,302)	(6,867)	(19,446)	(1,610)
Reorganization, development and other	1,643	5,552	4,331	13,336
	119,660	118,606	211,822	238,093
Income (loss) before income taxes	26,981	3,528	30,274	(3,702)
Provision for (recovery of) income taxes (note 9)				
Current	1,962	558	2,552	583
Deferred	(1,838)	(2,845)	(2,189)	(2,796)
	124	(2,287)	363	(2,213)
Net income (loss) for the period	26,857	5,815	29,911	(1,489)
Net income attributable to non-controlling interests	15,513	8,073	21,874	16,783
Net income (loss) attributable to shareholders of the Company	11,344	(2,258)	8,037	(18,272)
Basic earnings (loss) per common share (note 15)	0.07	(0.02)	0.05	(0.13)
Diluted earnings (loss) per common share (note 15)	0.07	(0.02)	0.05	(0.13)

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

WildBrain Ltd.

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income (Loss)

For the three and six month periods ended December 31, 2020 and 2019

(expressed in thousands of Canadian dollars)

	Three months ended		Six months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	$	$	$	$
Net income (loss) for the period	26,857	5,815	29,911	(1,489)
Other comprehensive (loss) income				
Items that may be subsequently reclassified to the statement of income (loss)				
Foreign currency translation adjustment	(15,412)	(3,065)	(22,468)	105
Comprehensive income (loss) for the period	11,445	2,750	7,443	(1,384)

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

WildBrain Ltd.
Unaudited Interim Condensed Consolidated Statement of Changes in Equity
For the six-month periods ended December 31, 2020 and 2019

(expressed in thousands of Canadian dollars)

	Common shares $	Contributed surplus $	Accumulated other comprehensive income (loss) $	Deficit $	Non-controlling interest $	Total $
Balance- July 1, 2019	307,158	29,238	(19,982)	(73,381)	256,945	499,978
Net (loss) income for the period	—	—	—	(18,272)	16,783	(1,489)
Other comprehensive income (loss) for the period	—	—	2,227	—	(2,122)	105
Comprehensive income (loss) for the period	—	—	2,227	(18,272)	14,661	(1,384)
Common shares issued	58,949	(473)	—	—	—	58,476
Reclassification of deferred share units to equity-settled	—	245	—	—	—	245
Share-based compensation (note 10)	—	2,618	—	—	—	2,618
Distributions to non-controlling interests	—	—	—	—	(13,176)	(13,176)
Balance - December 31, 2019	366,107	31,628	(17,755)	(91,653)	258,430	546,757
Balance - July 1, 2020	366,235	36,543	(12,080)	(309,347)	260,135	341,486
Net income for the period	—	—	—	8,037	21,874	29,911
Other comprehensive loss for the period	—	—	(4,846)	—	(17,622)	(22,468)
Comprehensive (loss) income for the period	—	—	(4,846)	8,037	4,252	7,443
Common shares issued on exercise of equity based incentives (note 10)	1,181	(1,115)	—	—	—	66
Common shares withheld related to net share settlement (note 10)	—	(405)	—	—	—	(405)
Common shares purchased held in trust (note 10)	(532)	(60)	—	—	—	(592)
Share-based compensation (note 10)	—	3,573	—	—	—	3,573
Distributions to non-controlling interests	—	—	—	—	(15,022)	(15,022)
Balance - December 31, 2020	366,884	38,536	(16,926)	(301,310)	249,365	336,549

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

WildBrain Ltd.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six-month periods ended December 31, 2020 and 2019

(expressed in thousands of Canadian dollars)

	December 31, 2020 $	December 31, 2019 $
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	29,911	(1,489)
Charges (credits) not involving cash		
Amortization of property and equipment	5,908	6,526
Amortization of intangible assets	5,281	5,070
Amortization of acquired and library content	5,460	5,968
Accretion expense and amortization of deferred financing fees	5,212	4,395
Unrealized foreign exchange gain	(20,229)	(3,534)
Share-based compensation	3,573	2,618
Write-down of term facility unamortized issue costs	—	8,265
Change in fair value of embedded derivatives	9,298	(1,914)
Interest income	(993)	(1,115)
Interest expense	15,019	18,372
Deferred tax recovery	(2,189)	(2,796)
Write-down of investment in film and television programs	5,970	6,804
Write-down of acquired and library content	379	—
Net investment in film and television programs (note 17)	(4,776)	(6,757)
Net change in non-cash balances related to operations (note 17)	3,116	42,415
Cash provided by operating activities (note 3)	60,940	82,828
Financing activities		
Common shares issued on exercise of equity based incentives	66	59,828
Common shares withheld related to net share settlement	(405)	—
Common shares issuance costs	—	(1,959)
Common shares purchased held in trust	(592)	—
Distributions to non-controlling interests	(15,022)	(13,176)
Repayment of bank indebtedness	(10,000)	—
Repayment of long-term debt	—	(57,819)
Payment of debt issue costs	—	(2,934)
Interest paid	(16,171)	(17,491)
Repayment of obligations under finance leases	(4,613)	(5,459)
Repayment of interim production financing, net (note 17)	(4,251)	(25,770)
Cash used in financing activities (note 3)	(50,988)	(64,780)
Investing activities		
Acquisition of assets (note 4)	(8,918)	—
Acquisition of property and equipment	(1,458)	(2,340)
Acquisition of intangible assets	(1,771)	(388)
Cash used in investing activities	(12,147)	(2,728)
Effect of foreign exchange rate changes on cash	(2,407)	(314)
Net change in cash and restricted cash during the period	(4,602)	15,006
Cash and restricted cash - Beginning of the period	84,526	39,999
Cash and restricted cash - End of the period	79,924	55,005

Supplemental information (note 17)

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., formerly known as DHX Media 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' and were previously traded on the NASDAQ Global Trading Market ("NASDAQ") under the symbol 'DHXM'.

On December 24, 2019, the Company voluntarily delisted its common shares from NASDAQ and ceased trading on the U.S. stock exchange. Following the NASDAQ delisting, the Company filed the forms required to voluntarily deregister its shares in the U.S. and terminate its public reporting obligations with the Securities Exchange Commission.

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 5657 Spring Garden Road, Unit 505, Halifax, Nova Scotia, B3J 3R4.

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 International Accounting Standard ("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 February 9, 2021.

3 Summary of significant accounting policies, judgments and estimation uncertainty

These unaudited interim condensed consolidated financial statements have been prepared using the same policies and methods as the annual consolidated financial statements of the Company for the year ended June 30, 2020, other than the change in accounting policy described below.

Significant accounting 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.

During the third quarter of fiscal 2020, the outbreak of the coronavirus pandemic, identified as "COVID-19" and declared a global pandemic by the World Health Organization on March 11, 2020, resulted in federal and provincial governments enacting emergency measures to combat the spread of the virus. In response, many countries have required entities to limit or suspend business operations and implement travel restrictions and quarantine measures. These measures have disrupted the operating activities of many entities and have led to significant volatility in the global markets. These conditions continued to exist as at December 31, 2020. This

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has resulted in significant economic uncertainty, and the potential impact on the Company's future financial results is difficult to reliably measure. The Company has implemented monitoring procedures to actively manage the developing impacts from COVID-19, including but not limited to, the potential future effects on its assets, cash flow and liquidity, the impacts to the Company's operations and the value of assets and liabilities reported in these unaudited interim condensed consolidated financial statements. Additional information on the Company's credit, liquidity, and currency risks and the management of such risks can be found in note 14.

Standards issued but not yet effective

There are no new standards issued but not yet effective as at December 31, 2020 that have a material impact to the Company's unaudited interim condensed consolidated financial statements.

Change in accounting policy

In the first quarter of fiscal 2021, the Company changed its accounting policy for the presentation of cash interest paid in the unaudited interim condensed consolidated statement of cash flows. Specifically, cash interest paid that was previously included in operating cash flows has been reclassified to financing cash flows, as permitted by IAS 7, *Statement of cash flows*. Cash interest paid relates primarily to interest paid on the Company's long-term debt, bank indebtedness and lease liabilities, which were drawn on in prior periods to fund asset acquisitions including acquired and library content assets and right-of-use assets. Management believes this change will more appropriately reflect the Company's financing activities during the period. The following reconciles each line item in the unaudited interim condensed consolidated statement of cash flows affected by this change in the comparative interim period:

	December 31, 2019
Cash provided by operating activities, as previously reported	65,337
Add back:	
Interest paid	17,491
Cash provided by operating activities	82,828
Cash used in financing activities, as previously reported	(47,289)
Less:	
Interest paid	(17,491)
Cash used in financing activities	(64,780)

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

4 Acquisition of assets

On November 12, 2020, the Company acquired 100% of the outstanding shares of an entity which held the Peanuts representation agreement for the Italian territory for cash consideration of €1,275 ($1,975), of which €500 was payable upon closing, and the remainder payable over a two-year period. The Company elected to perform the optional concentration test, and determined that substantially all of the fair value of assets acquired related to the Peanuts representation agreement. Therefore, the acquisition was determined not to be a business and the purchase price was allocated entirely to the Peanuts representation agreement intangible asset.

On December 4, 2020 and December 31, 2020, the Company purchased the rights, title and interest of certain children's properties for an aggregate purchase price of US$7,000 ($8,918). These assets were classified as acquired and library content in the unaudited interim condensed consolidated balance sheet.

5 Amounts receivable

	December 31, 2020 $	June 30, 2020 $
Trade receivables	140,435	134,266
Less: Loss allowance on trade receivables	(9,609)	(7,720)
Trade receivables, net of loss allowance	130,826	126,546
Sales tax receivable	1,250	433
Federal and provincial film tax credits and other government assistance	68,225	73,238
Short-term amounts receivable	200,301	200,217
Long-term amounts receivable	43,679	21,035
Total amounts receivable	243,980	221,252

The aging of trade receivables is as follows:

	December 31, 2020 $	June 30, 2020 $
Less than 60 days	111,328	103,841
Between 60 and 90 days	5,039	7,594
Over 90 days	24,068	22,831
	140,435	134,266

A continuity of loss allowance on trade receivables as follows:

	December 31, 2020 $	June 30, 2020 $
Opening balance	7,720	9,354
Loss allowance on trade receivables	2,153	3,254
Receivables written off in the period	(383)	(5,067)
Foreign exchange	119	179
Ending balance	9,609	7,720

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

6 Investment in film and television programs

	December 31, 2020 $	June 30, 2020 $
Development costs	3,558	2,761
Productions in progress		
Cost, net of government and third-party assistance	18,292	10,279
Productions completed and released		
Cost, net of government and third-party assistance	640,460	611,815
Accumulated expense	(491,029)	(462,176)
Accumulated write-down of investment in film and television programs	(51,098)	(45,128)
	98,333	104,511
Program and film rights - broadcasting		
Cost	162,988	158,951
Accumulated expense	(135,983)	(130,217)
Accumulated write-down of program and film rights	(5,737)	(5,737)
	21,268	22,997
	141,451	140,548

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

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

	December 31, 2020 $	June 30, 2020 $
Net opening investment in film and television programs	140,548	148,561
Increase in development costs	797	1,202
Cost of productions (completed and released and productions in progress), net of assistance	34,561	44,969
Expense of investment in film and television programs	(28,853)	(44,970)
Write-down of investment in film and television programs	(5,970)	(7,833)
Increase of program and film rights - broadcasting	4,037	10,663
Expense of program and film rights - broadcasting	(5,766)	(13,096)
Write-down of program and film rights - broadcasting	—	(118)
Foreign exchange	2,097	1,170
	141,451	140,548

During the six-month period ended December 31, 2020, interest of $425 (December 31, 2019 - $53) was capitalized to investment in film and television programs.

During the three month period ended December 31, 2020, the Company recorded $5,970 in the write-down of certain investments in film, television programs and broadcasting film rights (December 31, 2019 - $7,951). These write-downs are related to weaker than expected revenue performance and management's outlook for certain titles in the Company's library.

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

7 Acquired and library content

	December 31, 2020 $	June 30, 2020 $
Net opening acquired and library content	109,076	118,247
Additions (note 4)	8,918	—
Write-down of acquired and library content	(379)	(193)
Amortization	(5,460)	(12,082)
Foreign exchange	(3,859)	3,104
	108,296	109,076

8 Credit facilities

	December 31, 2020 $	June 30, 2020 $
Bank indebtedness	—	10,000
Interim production financing	62,437	66,688
Term Facility, net of unamortized issue costs of $3,924 (June 30, 2020 - $4,520)	348,104	372,280
Convertible debentures, net of unamortized issue costs and conversion option of $18,309 (June 30, 2020 - $20,269)	121,691	119,731
Exchangeable debentures, net of unamortized issue costs and conversion option of $5,108 (June 30, 2020 - $6,642)	10,436	9,995
Total	542,668	578,694
Amount due within 12 months	(62,437)	(76,688)
Amount due beyond 12 months	480,231	502,006

a) Bank indebtedness ("Revolving Facility")

The Company's Revolving Facility has a maximum available balance of US$30,000 ($$38,196) and matures on June 30, 2022. The Revolving Facility may be drawn down by way of either $USD base rate, $CAD prime rate, $CAD bankers' acceptance or $USD and £GBP LIBOR advances (the "Drawdown Rate") and bears interest at floating rates ranging from the Drawdown Rate + 2.50% to the Drawdown Rate + 3.75%.

During the six-month period ended December 31, 2020, the Company paid down $10,000 on the revolver. As at December 31, 2020, $nil (June 30, 2020 - $10,000) was drawn on the Revolving Facility.

b) Interim production financing

	December 31, 2020 $	June 30, 2020 $
Interim production credit facilities	62,437	66,688

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

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receivable have been pledged as security. As at December 31, 2020, the Canadian dollar bank prime rate was 2.45% (June 30, 2020 - 2.45%).

c) Term facility

As at December 31, 2020, the Company's Term Facility had a principal balance of US$276,491, or $352,028 (June 30, 2020 - US$276,491, or $376,800), bearing interest at floating rates and will mature on December 29, 2023.

As at December 31, 2020, the Company was in compliance with all its debt covenants with a Total Net Leverage Ratio of 5.78x.

The Term Facility 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, 2018, while the First Lien Net 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 (as defined in the Senior Secured Credit Agreement) is at or below 3.50 times and greater than 3.00 times, with the remaining balance due on December 29, 2023. The Excess Cash Flow Payments calculation is an annual requirement performed at the end of each fiscal year and no payment was required based on the June 30, 2020 calculation.

The LIBOR rate is scheduled to be discontinued at the end of calendar year 2021. The Company is currently in discussions with its creditors to assess the impact of the change. It is expected that the alternative interest rate will be established giving due consideration to the then prevailing market convention for determining interest rates for syndicated loans denominated in US dollars.

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

As at December 31, 2020, the Convertible Debentures had a principal balance of $140,000 (June 30, 2020 - $140,000), bearing interest at an 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 (loss). As at December 31, 2020, the estimated fair value of the embedded derivatives was $3,568 (June 30, 2020 - $1,980).

e) Exchangeable debentures

As at December 31, 2020, the Company's exchangeable debentures had a principal balance of US$12,208, or $15,543 (June 30, 2020 - US$12,208, or $16,637) 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 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. Proceeds from the

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exchangeable debentures are not for working capital but 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.

During the three-month period ended December 31, 2020, the Company purchased the rights, title and interest of certain children's properties for an aggregate purchase price of US$7,000 (note 4) using proceeds from the exchangeable debentures. These assets are held in the newly-formed entity and serve as security against the exchangeable debentures.

During the six-month period ended December 31, 2020, a change in fair value of the embedded derivative of $7,710 was recorded (December 31, 2019 - $nil), and the estimated fair value of the embedded derivative as at December 31, 2020 was $$11,815 (June 30, 2020 - $4,670).

9 Income taxes

For the three and six-month periods ended December 31, 2020, income tax expense was $124 and $363 (December 31, 2019 - recovery of $2,287 and recovery of $2,213). The income tax 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 and the continued derecognition of certain deferred tax assets in Canada.

10 Share capital and contributed surplus

Common shares

The common shares of the Company are inclusive of Common Voting Shares, Variable Voting Shares and Non-Voting Shares. As at December 31, 2020, the Company had 33,515,572 Common Voting Shares and 135,780,930 Variable Voting Shares issued and outstanding (June 30, 2020 - 27,887,163 and 143,044,611, respectively).

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. The Omnibus Plan provides the aggregate maximum number of equity-awards issuable not to exceed 8.5% of the Company's total issued and outstanding Common and Variable Voting Shares. As at December 31, 2020, the total amount reserved for issuance under the Omnibus Plan was 14,604,536 (June 30, 2020 - 14,540,580).

Options

During the three and six-month periods ended December 31, 2020 and 2019, the Company recognized a share-based compensation expense of $26 and $223 for the vesting of options (December 31, 2019 - recovery of $195 and expense of $740, respectively), with a corresponding adjustment to contributed surplus.

During the six-month period ended December 31, 2020, there were no options granted, 112,500 options forfeited and 25,000 options exercised.

Performance share unit plan

During the three and six-month periods ended December 31, 2020 and 2019, the Company recognized share-based compensation expense on the current year awards of $32 and $63 (December 31, 2019 - $35 and recovery of $40) 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")

During the three and six-month periods ended December 31, 2020 and 2019, the Company recognized share-based compensation expense of $804 and $1,918 (December 31, 2019 - $649 and $649, respectively) with a corresponding adjustment to contributed surplus.

During the six-month period ended December 31, 2020, there were 467,870 RSUs granted, 70,230 RSUs forfeited and 967,227 RSUs exercised.

Deferred share unit plan ("DSUs")

During the three and six-month periods ended December 31, 2020 and 2019, the Company recognized share-based compensation expense of $101 and $1,299 (December 31, 2019 - $766 and $766, respectively) with a corresponding adjustment to contributed surplus, and included $130 for services rendered but DSUs not yet granted.

During the six-month period ended December 31, 2020, there were 909,820 DSUs granted and 117,386 DSUs exercised.

Long term incentives plan ("LTIP")

During the three and six-month periods ended December 31, 2020 and 2019, the Company recognized share-based compensation expense of $10 and $65 (December 31, 2019 - $373 and $373, respectively) with a corresponding adjustment to contributed surplus.

Employee stock purchase plan

During the three and six-month periods ended December 31, 2020 and 2019, the Company recognized share-based compensation expense of $2 and $5 (December 31, 2019 - $6 and $14, respectively) with a corresponding adjustment to contributed surplus.

11 Other income from litigation settlement

During the second quarter of fiscal 2021, the Company reached a settlement agreement related to a litigation with former employees of the Company. The settlement agreement included $4,372 in award damages, which has been classified as other income in the unaudited interim condensed consolidated statement of income (loss). The settlement also contemplates the reimbursement of a portion of legal costs incurred in relation to the litigation, which will be recognized when received or realization is virtually certain.

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

12 Finance costs, net

Net finance costs comprised the following:

	Three months ended		Six months ended	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
	$	**$**	**$**	**$**
Finance costs				
Interest income	(648)	(825)	(993)	(1,115)
Interest expense on bank indebtedness	84	24	209	24
Interest on long-term debt	7,204	8,007	14,360	17,033
Interest on completed and released productions	205	676	450	1,315
Amortization of deferred financing fees	636	943	1,233	1,831
Write-down of term facility unamortized issue costs	—	8,065	—	8,265
Accretion on Convertible Debentures, exchangeable debentures, lease liabilities and other	2,000	1,302	3,979	2,564
	9,481	18,192	19,238	29,917

Interest income is comprised 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)

13 Expenses by nature and employee benefit expense

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

	Three months ended		Six months ended	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
	$	**$**	**$**	**$**
Direct production and new media costs	62,747	55,974	98,090	105,371
Expense of film and television programs	15,042	8,508	28,853	18,346
Expense of film and broadcast rights for broadcasting	2,716	3,132	5,766	6,786
Amortization of property and equipment and intangible assets	5,584	5,929	11,189	11,596
Amortization of acquired and library content	2,750	2,993	5,460	5,968
Write-down of investment in film and television programs and acquired and library content	6,349	6,804	6,349	6,804
Office and administrative	3,242	4,827	8,330	9,027
Investor relations and marketing	279	646	841	1,763
Professional and regulatory	2,283	2,278	3,927	4,386
Reorganization, development and other, excluding employee benefits	1,069	2,542	2,674	4,909
Finance costs, net	9,481	18,192	19,238	29,917
Change in fair value of embedded derivatives	5,629	(3,114)	9,298	(1,914)
Foreign exchange gain	(14,302)	(6,867)	(19,446)	(1,610)
	102,869	101,844	180,569	201,349
Employee benefits expense:				
Salaries and employee benefits	15,242	12,119	26,023	25,699
Share-based compensation (note 10)	975	1,633	3,573	2,618
Termination and other benefits	574	3,010	1,657	8,427
	16,791	16,762	31,253	36,744
	119,660	118,606	211,822	238,093

During the three-month period ended December 31, 2020 and 2019, included in reorganization, development and other costs were legal fees associated with a dispute with former employees of $742, systems upgrade and process enhancement initiatives of $3, and other costs of $324 (December 31, 2019 - legal fees associated with a dispute with former employees of $660, systems upgrade and process enhancement initiatives of $1,397, rebranding costs of $809, offset by other recoveries of $324).

During the six-month period ended December 31, 2020 and 2019, included in reorganization, development and other costs were legal fees associated with a dispute with former employees of $1,501, systems upgrade and process enhancement initiatives of $186, and other costs of $987 (December 31, 2019 - legal fees associated with a dispute with former employees of $1,304, systems upgrade and process enhancement initiatives of $1,482, rebranding costs of $1,747, and other fees of $376).

During the three and six-month periods ended December 31, 2020 and 2019, included in salaries and employee benefits expenses were various government wage subsidies of $1,141 and $2,320, respectively (December 31, 2019 - $nil for both periods).

14 Management of financial risks and financial instruments

The financial risks arising from the Company's operations include credit risk, interest rate risk, liquidity risk, currency risk 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 manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

During the three and six-month periods ended December 31, 2020, the outbreak of the COVID-19 pandemic continued to cause significant disruption to businesses globally and market volatility, resulting in an economic slowdown.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counter-party 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 sheet of $264,038 (June 30, 2020 - $239,827). The Company manages credit risk on cash and cash equivalents by ensuring that the counter-parties 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 expected credit losses 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 6.8% 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.

COVID-19 has increased the credit risk in the Company's trade receivables. To manage this risk, the Company has increased its collection efforts with customers, risk-adjusted certain customers when determining a loss allowance, and in some limited cases provided customers with payment plans on past due amounts. Certain customers of the consumer-products segment, in particular Peanuts, are licensees who have been impacted by the closure of retailers during the pandemic and the Company is closely monitoring these receivables. Given that the majority of the Company's customers are large Canadian and international broadcasters, or large international distribution companies, there has not been evidence of significant deterioration in the credit quality of our customers and trade receivables to date.

The Company is unable to predict or anticipate the full extent or duration of impact due to COVID-19 at this time. Based on collections subsequent to the current quarter, and discussions with customers, the Company believes that the loss provision is adequate as at December 31, 2020.

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

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, bankers acceptance rates and other applicable interest rate benchmarks.

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 term 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 $
Accounts payable and accrued liabilities	122,796	122,796	—	—	—
Interim production financing	62,437	62,437	—	—	—
Other long-term liabilities	18,040	—	14,463	3,577	—
Convertible Debentures	170,827	8,225	16,450	146,152	—
Exchangeable debentures	19,522	—	19,522	—	—
Term facility	396,869	14,961	29,881	352,027	—
Finance lease obligations	52,912	12,226	20,050	13,880	6,756
	843,403	220,645	100,366	515,636	6,756

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, linear and digital content distribution, consumer products licensing, consumer products representation and television broadcasting. While the operating results may experience variability from period to period, the operating cash flows are generally predictable based on the Company's production and content pipeline, contract renewals, royalty agreements, associated minimum guarantees and television subscriber fees.

As at December 31, 2020, the Company had cash balances of $73,897 and amounts receivable of $243,980. Based on the Company's cash balances and available credit facilities, expected collection of trade and other receivables and forecasted operating results, management believes it will be able to fulfill its financial obligations as they become due. The extent to which COVID-19 impacts the Company's liquidity and availability of credit will depend on future developments that are highly uncertain, and the Company will continue to monitor this closely.

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 and 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			
	December 31, 2020		June 30, 2020	
	Fair value hierarchy	Fair value(1)	Fair value hierarchy	Fair value(1)
		$		$
Embedded derivatives(2)	Level 2	(15,383)	Level 2	(6,650)
Foreign currency forwards(3)	Level 2	156	Level 2	(439)

(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 debenture, measured using valuation models.

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

As at December 31, 2020, the Company held forward contract options with the following notional value and average contractual exchange rates:

US dollars exchange for GBP	
Less than one year	US $3,982 to $4,943
Weighted average rate	1.3182

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 December 31, 2020 was an asset of $156 (June 30, 2020 - liability of $439), which has been included in derivative liabilities in the unaudited interim condensed consolidated balance sheet.

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

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					
	December 31, 2020			June 30, 2020		
	Fair value hierarchy	Fair value liability	Carrying value	Fair value hierarchy	Fair value liability	Carrying value
		$	$		$	$
Convertible Debentures[1]	Level 1	114,800	121,691	Level 1	98,000	119,731

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

15 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		Six months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	$	$	$	$
Net earnings (loss) attributable to shareholders of the Company	11,344	(2,258)	8,037	(18,272)
Weighted average number of common shares outstanding (in 000's)	171,001	150,242	170,889	142,617
Basic earnings (loss) per common share	0.07	(0.02)	0.05	(0.13)

b) Diluted

Diluted earnings or loss per common share reflect the potential dilutive effect that could occur if additional common shares were assumed to be issued under securities or instruments that may entitle their holders to obtain common shares in the future. Dilution could occur through the exercise of stock options, RSUs and PSUs, or the exercise of the conversion option of the convertible debentures, exchangeable debentures and warrants. The number of additional shares for inclusion in the diluted earnings per share calculation was determined using the treasury stock method.

During the three and six-month periods ended December 31, 2020, the weighted average number of potentially dilutive instruments was 2,917,879 and 2,340,823, respectively.

During the three and six-month periods ended December 31, 2019, the diluted weighted average number of common shares outstanding is the same as the basic weighted average number of common shares outstanding, as the Company had a net loss and the exercise of any potentially dilutive instruments would be anti-dilutive.

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

	Three months ended		Six months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	$	$	$	$
Net earnings (loss) attributable to shareholders of the Company	11,344	(2,258)	8,037	(18,272)
Weighted average number of common shares (in 000's)	171,001	150,242	170,889	142,617
Dilutive effect of share-based compensation and warrants (in 000's)	2,918	—	2,341	—
Weighted average number of diluted shares outstanding (in 000's)	173,919	150,242	173,230	142,617
Diluted earnings (loss) per common share	0.07	(0.02)	0.05	(0.13)

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

16 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 as at December 31, 2020 and June 30, 2020 is summarized in the table below:

	December 31, 2020 $	June 30, 2020 $
Total bank indebtedness and long-term debt, excluding interim production financing	480,231	512,006
Less: Cash and restricted cash	(79,924)	(84,526)
Net debt	400,307	427,480
Total shareholders' equity	336,549	341,486
	736,856	768,966

To facilitate the management of its capital structure, the Company prepares annual expenditure 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.

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

17 Consolidated statement of cash flows - supplementary information

Net change in non-cash balances related to operations

	December 31, 2020 $	December 31, 2019 $
Decrease in amounts receivable	753	36,902
Decrease in prepaid expenses and other	810	70
Increase in long-term amounts receivable	(22,644)	(1,973)
Increase in accounts payable and accrued liabilities	36,627	17,012
Decrease in deferred revenue	(11,630)	(8,528)
Tangible benefit obligation payments	(800)	(1,068)
	3,116	42,415

	December 31, 2020 $	December 31, 2019 $
Taxes paid	(1,379)	—
Taxes refunded	1,981	—
Proceeds from interim production financing	23,380	12,504
Repayment of interim production financing	(27,631)	(38,274)

Net change in film and television programs

	December 31, 2020 $	December 31, 2019 $
Increase in development	(797)	(797)
(Increase) decrease in productions in progress	(8,013)	5,657
Increase in productions completed and released	(26,548)	(30,249)
Expense of film and television programs	28,853	18,346
Increase in program and film rights - broadcasting	(4,037)	(6,500)
Expense of film and broadcast rights - broadcasting	5,766	6,786
	(4,776)	(6,757)

(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, 2020	372,280	119,731	50,826	9,995	552,832
Repayment	—	—	(4,613)	—	(4,613)
Total financing cash flow activities	—	—	(4,613)	—	(4,613)
Amortization of deferred financing costs	643	447	—	143	1,233
Lease liabilities additions	—	—	1,950	—	1,950
Interest paid on lease liabilities	—	—	(1,352)	—	(1,352)
Accretion expense	—	1,513	1,352	1,114	3,979
Foreign exchange	(24,819)	—	(109)	(816)	(25,744)
Total other activities	(24,176)	1,960	1,841	441	(19,934)
Balance - December 31, 2020	348,104	121,691	48,054	10,436	528,285

	Term facility	Senior unsecured convertible debentures	Lease liabilities	Total
	$	$	$	$
Balance - June 30, 2019	407,031	120,850	6,187	534,068
Repayments	(57,819)	—	(5,459)	(63,278)
Total financing cash flow activities	(57,819)	—	(5,459)	(63,278)
Initial recognition of lease liabilities due to adoption of IFRS 16	—	—	34,167	34,167
Amortization of deferred financing costs	1,382	449	—	1,831
Loss on modification of long-term debt and write-down of unamortized issue costs	8,265	—	—	8,265
Lease liabilities additions	—	—	11,442	11,442
Payment of debt amendment fees	(2,934)	—	—	(2,934)
Change in fair value of embedded derivatives	—	(1,914)	—	(1,914)
Interest paid on lease liabilities	—	—	(1,125)	(1,125)
Accretion expense	—	1,324	1,125	2,449
Foreign exchange	(1,986)	—	368	(1,618)
Total other activities	4,727	(141)	45,977	50,563
Balance - December 31, 2019	353,939	120,709	46,705	521,353

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

18 Revenues and segmented information

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

In the first quarter of fiscal 2021, as a result of changes in the current market environment for content and the Company's integrated approach to managing and monetizing its content and intellectual property ("IP"), and certain changes in the Company's organization structure, including the establishment of a Content Investment Group (the "CIG"), the Company reassessed its operating segments and determined it would be appropriate to revise the number of reportable operating segments to two, being 1) Content; and 2) Canadian Television Broadcasting. The Content operating segment includes all operating activities which relate to the monetization of IP including production, distribution and consumer-product royalties and representation. In evaluating performance, the Chief Operating Decision Maker, defined as the Company's CEO, CFO and President, rely on recommendations by the CIG to assess and allocate resources. The change in segment presentation has been applied retrospectively to the comparative period.

During the three and six-month periods ended December 31, 2020 and 2019, revenues from one customer of the Company’s Content segment represent approximately $45,581 and $59,261 of total revenues respectively.

	Three months ended December 31, 2020		
	Content	**Television**	**Consolidated**
	$	**$**	**$**
Revenues	130,484	11,785	142,269
Direct production costs and expense of film and television produced and selling, general and administrative	92,034	5,354	97,388
Segment profit	38,450	6,431	44,881
Other income from litigation settlement			(4,372)
Corporate selling, general and administrative			5,138
Amortization of property and equipment and intangible assets			5,584
Amortization of acquired and library content			2,750
Write-down of investment in film and television programs			6,349
Finance costs, net			9,481
Change in fair value of embedded derivatives			5,629
Foreign exchange gain			(14,302)
Reorganization, development and other			1,643
Income before income taxes			26,981

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

	Three months ended December 31, 2019		
	Content	**Television**	**Consolidated**
	$	**$**	**$**
Revenues	109,776	12,358	122,134
Direct production costs and expense of film and television produced and selling, general and administrative	77,068	6,172	83,240
Segment profit	32,708	6,186	38,894
Corporate selling, general and administrative			5,877
Amortization of property and equipment and intangible assets			5,929
Amortization of acquired and library content			2,993
Write-down of investment in film and television programs			6,804
Finance costs, net			18,192
Change in fair value of embedded derivatives			(3,114)
Foreign exchange gain			(6,867)
Reorganization, development and other			5,552
Income before income taxes			3,528

	Six months ended December 31, 2020		
	Content	**Television**	**Consolidated**
	$	**$**	**$**
Revenues	214,536	23,188	237,724
Direct production costs and expense of film and television produced and selling, general and administrative	154,148	11,270	165,418
Segment profit	60,388	11,918	72,306
Other income from litigation settlement			(4,372)
Corporate selling, general and administrative			9,985
Amortization of property and equipment and intangible assets			11,189
Amortization of acquired and library content			5,460
Write-down of investment in film and television programs			6,349
Finance costs, net			19,238
Change in fair value of embedded derivatives			9,298
Foreign exchange gain			(19,446)
Reorganization, development and other			4,331
Income before income taxes			30,274

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

	Six months ended December 31, 2019		
	Content	**Television**	**Consolidated**
	$	**$**	**$**
Revenues	209,953	24,438	234,391
Direct production costs and expense of film and television produced, and selling, general and administrative	149,183	13,032	162,215
Segment profit	60,770	11,406	72,176
Corporate selling, general and administrative			11,781
Amortization of property and equipment and intangible assets			11,596
Amortization of acquired and library content			5,968
Write-down of investment in film and television programs			6,804
Finance costs, net			29,917
Change in fair value of embedded derivatives			(1,914)
Foreign exchange gain			(1,610)
Reorganization, development and other			13,336
Loss before income taxes			(3,702)

(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		Six months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	$	$	$	$
Content				
Content Production and Distribution	68,528	34,124	104,868	69,180
WildBrain Spark	15,527	24,195	24,409	46,337
Consumer Products	46,429	51,457	85,259	94,436
	130,484	109,776	214,536	209,953
Television				
Canadian Television Broadcasting	11,785	12,358	23,188	24,438
	142,269	122,134	237,724	234,391

19 Subsequent events

Subsequent to quarter-end, the Company signed multi-year, exclusive partnerships with SEGA and Netflix to produce a new animated Netflix Original based on Sonic the Hedgehog. WildBrain and SEGA will jointly participate across production, distribution and licensing revenues generated from the new series.

20 Reclassification of comparatives

In the unaudited interim condensed consolidated statements of income (loss), the Company reclassified certain amounts to conform with the current period presentation. These reclassifications had no effect on the reported results of operations. Specifically, share-based compensation was previously included in selling, general and administrative. In the current period reporting, share-based compensation has been separately presented to provide improved transparency. During the three and six-month periods ended December 31, 2019, $1,633 and $2,618 have been reclassified from selling, general and administrative to share-based compensation.