WildBrain Ltd.

Unaudited Interim Condensed Consolidated
Financial Statements
December 31, 2019
(expressed in thousands of Canadian dollars)

February 13, 2020

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, 2019 and June 30, 2019

(expressed in thousands of Canadian dollars)

	December 31, 2019	June 30, 2019
	$	$
Assets		
Current assets		
Cash	55,005	39,999
Amounts receivable (note 4)	228,808	265,710
Prepaid expenses and other	7,112	7,182
Investment in film and television programs (note 5)	151,436	148,561
	442,361	461,452
Long-term amounts receivable (note 4)	18,437	14,318
Acquired and library content (note 6)	112,312	118,247
Property and equipment (note 3)	53,573	19,352
Intangible assets	459,268	465,832
Goodwill	240,273	239,754
	1,326,224	1,318,955
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	116,856	103,487
Deferred revenue	55,771	64,299
Interim production financing (note 7)	66,678	92,448
Current portion of lease liabilities (note 3)	8,934	3,115
Current portion of long-term debt (note 7)	—	7,892
	248,239	271,241
Long-term debt (note 7)	474,648	519,989
Long-term lease liabilities (note 3)	37,771	3,072
Other long-term liabilities	6,119	8,269
Deferred income taxes (note 8)	12,690	16,406
	779,467	818,977
Shareholders' Equity		
Equity attributable to shareholders of the Company	288,327	243,033
Non-controlling interest	258,430	256,945
	546,757	499,978
	1,326,224	1,318,955

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, 2019 and 2018

(expressed in thousands of Canadian dollars)

	Common shares $	Contributed surplus $	Accumulated other comprehensive income (loss) $	Retained earnings (deficit) $	Non-controlling interest $	Total $
Balance - June 30, 2018	305,167	29,060	(14,618)	(4,531)	85,714	400,792
Adoption of IFRS 9	—	—	—	(1,049)	—	(1,049)
Adoption of IFRS 15	—	—	481	(5,823)	—	(5,342)
Balance - July 1, 2018	305,167	29,060	(14,137)	(11,403)	85,714	394,401
Net (loss) income for the period	—	—	—	(20,294)	11,853	(8,441)
Other comprehensive loss	—	—	17,962	—	—	17,962
Comprehensive income (loss)	—	—	17,962	(20,294)	11,853	9,521
Common shares issued	1,858	(1,130)	—	—	—	728
Share-based compensation	—	55	—	—	—	55
Disposal of interest in subsidiary, net of transaction costs and taxes	—	—	—	34,096	174,596	208,692
Distributions to non-controlling interests	—	—	—	—	(7,925)	(7,925)
Balance - December 31, 2018	307,025	27,985	3,825	2,399	264,238	605,472
Balance - June 30, 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)	—	—	2,227	—	(2,122)	105
Comprehensive income (loss)	—	—	2,227	(18,272)	14,661	(1,384)
Common shares issued, net of issuance costs and deferred taxes	58,949	(473)	—	—	—	58,476
Reclassification of deferred share units to equity-settled (note 9)	—	245	—	—	—	245
Share-based compensation (note 9)	—	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

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, 2019 and 2018

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

	Three months ended		Six months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
			$	$
Revenues (note 17)	122,134	117,016	234,391	221,054
Expenses (note 11)				
Direct production costs and expense of film and television produced	67,615	68,201	130,504	129,485
Amortization of acquired and library content (note 6)	2,993	3,580	5,968	7,154
Amortization of property and equipment and intangible assets	5,929	6,114	11,596	11,499
Reorganization, development and other	5,552	832	13,336	2,720
Write-down of investment in film and television programs and acquired and library content	6,804	1,955	6,804	1,955
Selling, general and administrative	21,502	19,284	43,492	38,471
Finance costs, net (note 10)	18,192	10,993	29,917	30,266
Change in fair value of embedded derivative	(3,114)	2,900	(1,914)	(1,900)
Foreign exchange (gain) loss	(6,867)	15,510	(1,610)	13,076
	118,606	129,369	238,093	232,726
Income (loss) before income taxes	3,528	(12,353)	(3,702)	(11,672)
Provision for (recovery of) income taxes				
Current income taxes (note 8)	558	4,817	583	5,087
Deferred income taxes (note 8)	(2,845)	(5,392)	(2,796)	(8,318)
	(2,287)	(575)	(2,213)	(3,231)
Net income (loss)	5,815	(11,778)	(1,489)	(8,441)
Net income attributable to non-controlling interests	8,073	6,166	16,783	11,853
Net loss attributable to shareholders of the Company	(2,258)	(17,944)	(18,272)	(20,294)
Basic loss per common share (note 13)	(0.02)	(0.13)	(0.13)	(0.15)
Diluted loss per common share (note 13)	(0.02)	(0.13)	(0.13)	(0.15)

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

WildBrain Ltd.

Unaudited Interim Consolidated Statement of Comprehensive Income (Loss)

For the three and six month periods ended December 31, 2019 and 2018

(expressed in thousands of Canadian dollars)

	Three months ended		Six months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
			$	$
Net income (loss)	5,815	(11,778)	(1,489)	(8,441)
Other comprehensive income (loss)				
Items that may be subsequently reclassified to the statement of income (loss)				
Foreign currency translation adjustment	(3,065)	28,585	105	17,962
Comprehensive income (loss)	2,750	16,807	(1,384)	9,521

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

WildBrain Ltd.

Unaudited Interim Consolidated Statement of Cash Flows

For the six month periods ended December 31, 2019 and 2018

(expressed in thousands of Canadian dollars)

	December 31, 2019	December 31, 2018
Cash provided by (used in)	**$**	**$**
Operating activities		
Net loss for the period	(1,489)	(8,441)
Charges (credits) not involving cash		
Amortization of property and equipment	6,526	4,019
Amortization of intangible assets	5,070	7,480
Amortization of acquired and library content (note 6)	5,968	7,154
Amortization of deferred financing fees (note 10)	1,831	1,792
Unrealized foreign exchange (gain) loss	(3,534)	14,142
Share-based compensation (note 9)	2,618	55
Loss on modification of long-term debt and write-down of unamortized issue costs (note 7,10)	8,265	7,320
Accretion expense (note 10)	2,564	1,729
Change in fair value of embedded derivative	(1,914)	(1,900)
Interest income	(1,115)	(1,223)
Interest expense	18,372	20,648
Deferred tax recovery	(2,796)	(8,318)
Write-down of acquired and library content	—	373
Write-down of investment in film and television programs	6,804	1,582
Gain on sale of assets	—	(1,415)
Interest received	298	113
Interest paid on long-term debt	(16,664)	(19,574)
Interest paid on lease liabilities	(1,125)	(240)
Net investment in film and television programs (note 16)	(6,757)	(4,751)
Net change in non-cash balances related to operations (note 16)	42,415	(18,985)
Cash provided by operating activities	65,337	1,560
Financing activities		
Common shares issued, net of withholding taxes	59,828	728
Common shares issuance costs	(1,959)	—
Distributions to non-controlling interests	(13,176)	(7,925)
Repayment of bank indebtedness	—	(16,350)
Repayment of long-term debt	(57,819)	(212,437)
Payment of debt amendment costs	(2,934)	—
Repayment of obligations under finance leases	(5,459)	(2,912)
Proceeds from interim production financing	12,504	26,468
Repayment of interim production financing	(38,274)	(9,764)
Proceeds on sale of interest in a subsidiary, net of cash fees paid	—	223,054
Cash (used in) provided by financing activities	(47,289)	862
Investing activities		
Proceeds on sale of assets, net of transaction costs	—	405
Acquisition of property and equipment	(2,340)	(319)
Acquisition of intangible assets	(388)	(4,155)
Cash used in investing activities	(2,728)	(4,069)
Effect of foreign exchange rate changes on cash	(314)	634
Net change in cash during the period	15,006	(1,013)
Cash - Beginning of the period	39,999	46,550
Cash - End of the period	55,005	45,537

Supplemental information (note 16)

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"), 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 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 that 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 the domestic and international markets; licenses its brands in the domestic and international markets; broadcasts films and television programs in the domestic market; 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 ("IASB"), 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, except for the new accounting policies adopted and described in note 3. 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 12, 2020.

3 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, 2019, except for the new and amended accounting standards adopted and described below.

New and amended standards adopted

i) IFRS 16, Leases ("IFRS 16")

Effective July 1, 2019, the Company adopted IFRS 16, *Leases* ("IFRS 16"), which introduced a single accounting model and eliminated the existing distinction between operating and finance leases for lessees. The standard required a lessee to recognize right-of-use assets and lease liabilities on the statement of financial position for all leases, with limited exceptions. The Company adopted IFRS 16 using the modified retrospective method, which resulted in no restatement to prior reporting periods presented and no adjustment to opening retained earnings as at July 1, 2019. Existing finance leases under the previous standard continued to be classified as finance leases under IFRS 16.

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

The Company elected to apply the following practical expedients on adoption:

- Consider contracts determined to be leases under IAS 17, *Leases ("IAS 17")* as leases under IFRS 16;
- Measure all right-of-use assets and lease liabilities, regardless of commencement date, using discount rates as of July 1, 2019;
- Retain prior assessment of onerous lease contracts under IAS 37, provision, contingent liabilities and contingent assets, rather than re-performing an impairment review;
- Exclude initial direct costs from the measurement of the right-of-use asset on the date of initial application;
- Continue to treat certain leases with a remaining term of 12 months or less from July 1, 2019, and low-value leases using the previous method of accounting under IAS 17, i.e. expense when incurred; and
- Elect, by class of underlying asset, whether to separate non-lease components from lease components.

Impact of Adoption of IFRS 16

The following table summarizes the transition adjustment required to adopt IFRS 16 as at July 1, 2019:

	Carrying amount under IAS 17 as at June 30, 2019	Transitional adjustments	Carrying amount under IFRS 16 as at July 1, 2019
Property and equipment	19,352	26,534	45,886
Long-term amounts receivable	14,318	2,146	16,464
Accounts payable and accrued liabilities	(103,487)	560	(102,927)
Current portion of lease liabilities	(3,115)	(7,516)	(10,631)
Other long-term liabilities	(8,269)	4,927	(3,342)
Long-term lease liabilities	(3,072)	(26,651)	(29,723)

The Company has lease contracts consisting of premises and equipment. Prior to the adoption of IFRS 16, the Company classified certain leases where the Company was the lessee at the inception date as an operating lease under IAS 17. For these operating leases, the payments were recognized either through direct production costs and expense of film and television produced or selling, general and administrative expense in the statement of income on a straight-line basis over the lease term, and no corresponding asset or liability was recognized.

Upon adoption of IFRS 16, the Company recognized for the first time right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for certain low-value and short-term leases.

The right-of-use assets for leases recognized as at July 1, 2019, the date of adoption, were recognized at an amount equal to the initial value of the lease liability, reduced by any deferred lease inducements which were previously classified in accounts payable and accrued liabilities and other long-term liabilities. The initial value of the lease liability was calculated based on the present value of the remaining lease payments at that date, discounted at the Company's incremental borrowing rate at July 1, 2019, which ranged from 3.89% to 5.39%. Property taxes, common area maintenance charges, and other operating expenses were considered non-lease components and excluded from the initial value of the lease liability.

For leases that were previously classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and lease obligation as at July 1, 2019 were set equal to the carrying amount of the property and equipment and lease obligations under IAS 17 immediately before the adoption.

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

For premise leases where the Company is a lessor and substantially all the risks and rewards incidental to the ownership of the underlying asset were transferred, these leases were classified as finance leases and the Company recognized a receivable equal to its net investment in the lease, discounted at the Company's incremental borrowing rate at July 1, 2019.

The following table presents a reconciliation of operating lease commitments as previously disclosed in the Company's annual consolidated financial statements for June 30, 2019, to lease liabilities as at July 1, 2019:

	$
Operating lease commitment as previously disclosed under IAS 17	40,473
Less: effects of discounting	(6,306)
Lease liabilities recognized on transition	34,167
Add: Lease liabilities previously recorded under IAS 17	6,187
Lease liability balance on transition at July 1, 2019	40,354

Accounting policies under IFRS 16

The following describes the Company's accounting policy upon the adoption of IFRS 16 when it acts as a lessee and a lessor, applied from the date of initial application:

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized at the inception of the lease, initial direct costs incurred, and lease payments made at or before the lease commencement date less any lease incentives received.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are included in property and equipment in the unaudited interim condensed consolidated balance sheet.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased for accretion expense and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification to the lease or a change in the assessment to purchase the underlying asset.

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, considering all relevant

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

factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company re-assesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Lessor accounting

Where the Company enters into a lease agreement and a significant portion of risks and rewards of ownership incremental to the underlying asset is retained by the Company as lessor, such leases are classified as operating leases. Payments received under operating leases (net of any incentives received from the lessor) are recorded as income when received or receivable.

Where the Company transfers a significant portion of risks and rewards of ownership incremental to the underlying asset to the lessee, such leases are classified as finance leases. The Company recognizes a receivable at an amount equal to its net investment in the lease.

Impact on the statements of income

The net effect of adopting IFRS 16 on the consolidated statements of income for the six-months ended December 31, 2019 was a decrease of direct production costs and expense of film and television produced by $1.7 million and a decrease of selling, general and administrative expense by $2.4 million. The increase in amortization and financing costs did not result in a significant net impact on net income. IFRS 16 did not impact the Company's cash flows.

Right-of-use assets and lease liability continuity

The following presents a reconciliation of right-of-use assets and lease liabilities during the period:

	Right-of-use assets			Lease liabilities
	Premise Leases	**Operating equipment**	**Total**	**Total**
Opening, July 1, 2019	—	7,273	7,273	6,187
IFRS 16 Transition:				
Additions	30,714	1,307	32,021	34,167
Reclass existing deferred lease inducements	(5,487)	—	(5,487)	—
Right-of-use assets and lease obligations recognized under IFRS 16 as at July 1, 2019	25,227	8,580	33,807	40,354
Additions	10,349	1,093	11,442	11,442
Depreciation	(3,243)	(1,832)	(5,075)	—
Foreign exchange	488	—	488	368
Accretion expense	—	—	—	1,125
Payments	—	—	—	(6,584)
Ending, December 31, 2019	32,821	7,841	40,662	46,705

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

ii) IFRIC 23, Uncertainty over Income Tax Treatment *("IFRIC 23")*

Effective July 1, 2019, the Company adopted IFRIC 23, which clarified how the requirements of IAS 12, Income Taxes should be applied when there is uncertainty over income tax treatments. The Company elected to adopt this new Interpretation retrospectively with the cumulative effect of initially applying this Interpretation recognized at the date of initial application, which is July 1, 2019. The adoption of this Interpretation did not require an adjustment on transition and did not result in a material impact on the Company's consolidated financial statements.

4 Amounts receivable

	December 31, 2019	June 30, 2019
	$	$
Trade receivables	166,870	182,701
Less: Loss allowance on trade receivables	(7,937)	(9,354)
	158,933	173,347
Sales tax receivable	892	1,019
Federal and provincial film tax credits and other government assistance	68,983	91,344
Short-term amounts receivable	228,808	265,710
Long-term amounts receivable	18,437	14,318
Total amounts receivable	247,245	280,028

The aging of trade receivables is as follows:

	December 31, 2019	June 30, 2019
	$	$
Less than 60 days	148,813	152,249
Between 60 and 90 days	5,336	7,028
Over 90 days	12,721	23,424
	166,870	182,701

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

A continuity of loss allowance on trade receivables as follows:

	December 31, 2019 $	June 30, 2019 $
Opening balance	9,354	9,742
Impact of adoption of IFRS 9	—	1,049
Opening balance, restated for IFRS 9	9,354	10,791
Loss allowance on trade receivables	198	2,788
Receivables written off in the year	(1,796)	(3,428)
Recoveries of receivables previously provided for	—	(586)
Foreign exchange	181	(211)
Ending balance	7,937	9,354

5 Investment in film and television programs

	December 31, 2019 $	June 30, 2019 $
Development costs	2,356	1,559
Productions in progress		
Cost, net of government and third party assistance	6,233	11,890
Productions completed and released		
Cost, net of government and third party assistance	597,236	564,065
Accumulated expense	(435,552)	(417,206)
Accumulated write-down of investment in film and television programs	(43,981)	(37,295)
	117,703	109,564
Program and film rights - broadcasting		
Cost	154,788	148,288
Accumulated expense	(123,907)	(117,121)
Accumulated write-down of program and film rights	(5,737)	(5,619)
	25,144	25,548
	151,436	148,561

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

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

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

	December 31, 2019 $	June 30, 2019 $
Net opening investment in film and television programs	148,561	186,008
Increase/(decrease) in development costs	797	(553)
Cost of productions (completed and released and productions in progress), net of assistance	24,592	32,840
Expense of investment in film and television programs	(18,346)	(40,165)
Write-down of investment in film and television programs	(6,686)	(21,385)
Increase of program and film rights - broadcasting	6,500	13,523
Expense of program and film rights - broadcasting	(6,786)	(14,919)
Write-down of program and film rights - broadcasting	(118)	(2,832)
Foreign exchange	2,922	(3,956)
	151,436	148,561

During the six month period ended December 31, 2019, interest of $53 (2019 - $208) was capitalized to investment in film and television programs.

During the three month period ended December 31, 2019, the Company recorded $6,804 in the write-down of certain investments in film, television programs and broadcasting film rights (2019 - $24,217). These write-downs are related to weaker than expected revenue performance and management's outlook for certain titles in the Company's library.

6 Acquired and library content

	December 31, 2019 $	June 30, 2019 $
Net opening acquired and library content	118,247	147,088
Write-down of acquired and library content	—	(12,928)
Amortization	(5,968)	(14,431)
Foreign exchange	33	(1,482)
	112,312	118,247

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

7 Credit facilities

	December 31, 2019 $	June 30, 2019 $
Interim production financing	66,678	92,448
Term Facility, net of unamortized issue costs of $5,144 (June 30, 2019 - $11,856)	353,939	407,031
Convertible Debentures, net of unamortized issue costs of $4,246 (June 30, 2019 - $4,695) and embedded derivatives at fair value of $2,841 (June 30, 2019 - $4,755)	120,709	120,850
Total	541,326	620,329
Amount due within 12 months	66,678	100,340
Amount due beyond 12 months	474,648	519,989

a) Bank indebtedness ("Revolving Facility")

The Company's Revolving Facility has a maximum available balance of US$30,000 (CAD$38,964) and will mature 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%.

As at December 31, 2019, $nil (June 30, 2019 - $nil) was drawn on the Revolving Facility.

b) Interim production financing

	December 31, 2019 $	June 30, 2019 $
Interim production credit facilities	66,678	92,448

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 3.25%, or base rate of 5.75% plus 0.5%. Assignment and direction of specific production financing, licensing contracts receivable and film tax credits receivable with a net book value of approximately $92,859 at December 31, 2019 (June 30, 2019 - $109,573) have been pledged as security. During the period ended December 31, 2019, the CAD bank prime rate averaged 3.95% (June 30, 2019 - 3.95%).

c) Term facility

As at December 31, 2019, the Company's Term Facility had a principal balance of US$276,491, or CAD $359,083 (June 30, 2019 - US$320,022, or CAD$418,887), bearing interest at floating rates and will mature on December 29, 2023.

During the second quarter of fiscal 2020, the Company repaid US$37,800 (CAD$50,229) against its Term Facility using proceeds from its subscription rights offering completed in the current quarter (see note 9 for additional details). Concurrently with the repayment, the Company's term loan lenders consented to amend the net leverage ratio covenant under its senior secured credit agreement to 6.75x with no step downs, and the interest rate on the term loan increasing from USD LIBOR + 3.75% to USD LIBOR + 4.25%. As a result of this repayment, the Company recorded a loss on modification of long-term debt and write-down of unamortized issue costs of $8,065.

During the first quarter of fiscal 2020, the Company repaid US$5,731 (CAD$7,590) against its Term Facility using cash flows from operation. As a result of this repayment, the Company recorded a write-down of its unamortized issue costs of $200.

As at December 31, 2019, the Company was in compliance with all its debt covenants with a Total Net Leverage Ratio of 5.09x.

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.

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

As at December 31, 2019, the Convertible Debentures had a principal balance of $140,000 (June 30, 2019 - $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 interim condensed consolidated balance sheet. Changes in the estimated fair value of the embedded derivatives are recorded through the Company's interim condensed consolidated statement of income (loss). As at December 31, 2019, the estimated fair value of the embedded derivatives was $2,841.

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

8 Income taxes

Significant components of the Company's net deferred income tax liability as at December 31, 2019 and June 30, 2019 are as follows:

	December 31, 2019 $	June 30, 2019 $
Broadcast licenses	(17,967)	(17,967)
Tangible benefit obligation	1,379	1,644
Deferred revenue	241	372
Foreign tax credits	4,710	4,238
Property and equipment	1,136	1,501
Share issuance costs and deferred financing fees	(445)	(759)
Investment in film and television programs and acquired and library content	(13,185)	(16,146)
Intangible assets	1,134	2,094
Non-capital losses and other	10,307	8,617
Net deferred income tax liability	(12,690)	(16,406)

Deferred income tax liabilities have not been recognized for the withholding tax and other taxes that would be payable on unremitted earnings of certain subsidiaries, as such amounts are permanently reinvested. Unremitted earnings totaled $90,377 at December 31, 2019 (June 30, 2019 - $81,879).

The reconciliation of income taxes computed at the statutory tax rates to income tax expense (recovery) is as follows:

	Three months ended		Six months ended	
	December 31, 2019	December 31, 2018	December 31, 2019 $	December 31, 2018 $
Income tax expense (recovery) based on combined federal and provincial tax rates of 31% (December 31, 2018 - 31%)	1,095	(3,829)	(1,147)	(3,618)
Income taxes increased (reduced) by:				
Share-based compensation	272	(104)	286	12
Non-taxable or non-deductible portion of capital gain/(loss)	(1,087)	3,946	(161)	1,937
Tax rate differential	(2,634)	1,504	(681)	2,446
Non-controlling interest	(2,788)	(1,912)	(5,203)	(3,675)
Non-capital losses not recognized	2,617	—	4,198	—
Other	238	(180)	495	(333)
Recovery of income taxes	(2,287)	(575)	(2,213)	(3,231)

The Company operates in multiple jurisdictions with differing tax rates. The Company's effective tax rates are dependent on the jurisdiction to which income relates.

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

9 Share capital and contributed surplus

	December 31, 2019		June 30, 2019	
	Number	Amount	Number	Amount
		$		$
Preferred variable voting shares				
Opening balance	100,000,000	—	100,000,000	—
Shares issued	400,000,000	—	—	—
Ending balance	500,000,000	—	100,000,000	—
Common shares				
Opening balance	134,938,365	307,158	134,293,890	305,167
Shares issued under Rights Offering, net of issuance costs and deferred taxes	35,928,144	58,649	—	—
Employee share purchase plan	49,754	91	100,390	226
PSU's settled	30,552	209	78,460	541
Options exercised	—	—	465,625	1,224
Ending balance	170,946,815	366,107	134,938,365	307,158

Preferred Variable Voting Shares ("PVVS")

On November 6, 2019, 100,000,000 PVVS were transferred to the Company's Chief Financial Officer, Aaron Ames ("Ames"), in accordance with the terms of a shareholders agreement among the Company and holder of the PVVS (the “PVVS Shareholder Agreement”). On the date of such transfer, Ames entered into the PVVS Shareholder Agreement with the Company, pursuant to which Ames: (i) agreed not to transfer the PVVS, in whole or in part, except with the prior written approval of the Board; (ii) granted to the Company the unilateral right to compel the transfer of the PVVS, at any time and from time to time, in whole or in part, to a person designated by the Board; and (iii) granted to the Company a power of attorney to effect any transfers contemplated by the PVVS Shareholder Agreement. The Board will not approve or compel a transfer without first obtaining the approval of the TSX and the PVVS Shareholder Agreement cannot be amended, waived or terminated unless approved by the TSX.

On December 4, 2019, an additional 400,000,000 PVVS shares were issued to Ames. The additional PVVS were issued in order to ensure that the Company complies with Canadian ownership and control requirements under the Broadcasting Act (Canada). The additional PVVS will have no impact on voting or economic rights of shareholders.

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

On November 22, 2019, the Company completed a subscription rights offering (the "Rights Offering"), issuing an aggregate of 35,928,144 common shares of the Company at a price of $1.67 per common share for gross proceeds of $60.0 million. Transaction costs and deferred taxes associated with the Rights Offering were $1.4 million, comprised of $2.0 million in transaction costs and $0.6 million of deferred taxes.

Pursuant to the Rights Offering, each shareholder of the Company received one right (a "Right") for each common share of the Company held, and every 3.757635354 Rights entitled the holder to subscribe for one whole common share of the Company at a price of $1.67 per common share. All rights have been exercised.

The common shares of the Company are inclusive of Common Voting Shares, Variable Voting Shares and Non-Voting Shares. As at December 31, 2019, the Company had 37,582,307 Common Voting Shares and 133,364,508 Variable Voting Shares issued and outstanding.

Omnibus equity incentive plan ("Omnibus Plan")

On December 17, 2019, the shareholders of the Company approved to adopt 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.

Options

During the three and six month periods ended December 31, 2019, the Company recognized a share-based compensation recovery of $195 and expense of $740 for the vesting of options, respectively (2019 - recovery of $377 and expense of $82, respectively), with a corresponding adjustment to contributed surplus.

During the six months period ended December 31, 2019, there were no options granted, 1,824,791 options forfeited and 1,323,750 options expired.

Performance share unit ("PSU") plan

During the first quarter of fiscal 2020, the remaining 55,852 PSUs that were granted in previous years were exercised and settled, for which the Company recorded a share-based compensation recovery of $74 upon settlement.

During the three and six month periods ended December 31, 2019, the Company granted 1,025,000 and 2,525,000 PSUs, respectively, as part of the Omnibus Plan. These PSUs vest on the basis of 1/3 of the award upon the 60-day volume weighted average share price traded on the TSX ("60-day VWAP") exceeding $7, 1/3 upon the 60-day VWAP exceeding $9, and 1/3 upon the 60-day VWAP exceeding $11.

PSUs are accounted for as equity-settled awards. The fair value of these awards are measured using the Black-Scholes valuation model using management's inputs and assumptions, adjusted by an estimated probability factor of achieving the market conditions vesting criteria.

During the three and six month periods ended December 31, 2019, the Company recognized share-based compensation expense of $34 (2019 - $nil) with a corresponding adjustment to contributed surplus in relation to the newly awarded PSUs.

Restricted share unit ("RSU") plan

During the three and six month periods ended December 31, 2019, the Company granted 1,395,000 and 2,895,000 RSUs, respectively, as part of the Omnibus Plan.

RSUs are accounted for as equity-settled awards. The fair value of these awards are determined at the grant date and measured using the trailing five-day VWAP on the date of grant. The vesting period for the 1,500,000 RSUs granted in the first quarter of fiscal 2020 is in three equal instalments on each anniversary date from the grant date over a three year period. The 1,395,000 RSUs granted in the second quarter of fiscal 2020 vest three years from the date of grant.

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

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

Deferred share unit ("DSU") plan

During the second quarter of fiscal 2020, the Company resolved to settle all future DSU redemptions in shares rather than cash. All outstanding DSUs shall be accounted for as equity-settled awards prospectively. As a result of this change, the fair value of the DSUs at the reclassification date of $245 was reclassified from accrued liabilities to contributed surplus.

During the three and six month periods ended December 31, 2019, the Company granted 546,362 and 549,844 DSUs respectively, and recognized share-based compensation expense of $766 and $767, respectively (2019 - $nil for both periods).

Long term incentives plan ("LTIP")

During the three and six month periods ended December 31, 2019, the Company recognized share-based compensation expense of $373 and $487, respectively (2019 - $nil for both periods).

10 Finance costs, net

Net finance costs comprised of the following:

	Three months ended		Six months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	$	$	$	$
Finance costs				
Interest income	(825)	(721)	(1,115)	(1,223)
Interest expense on bank indebtedness	24	125	24	325
Interest on long-term debt	8,007	9,365	17,033	19,573
Interest on completed and released productions	676	488	1,315	750
Amortization of deferred financing fees	943	854	1,831	1,792
Loss on modification of long-term debt and write-down of unamortized issue costs	8,065	—	8,265	7,320
Accretion on Convertible Debentures, lease liabilities, and other	1,302	882	2,564	1,729
	18,192	10,993	29,917	30,266

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)

11 Expenses by nature and employee benefit expense

The following sets out the expenses by nature:

	Three months ended		Six months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
			$	$
Direct production and new media costs	55,974	52,101	105,372	106,460
Expense of film and television programs	8,508	12,170	18,346	15,274
Expense of film and broadcast rights for broadcasting	3,132	3,930	6,786	7,751
Amortization of property and equipment and intangible assets	5,929	6,114	11,596	11,499
Amortization of acquired and library content	2,993	3,580	5,968	7,154
Write-down of investment in film and television programs and acquired and library content	6,804	1,955	6,804	1,955
Office and administrative	3,779	7,398	7,008	12,017
Investor relations and marketing	646	712	1,763	1,287
Professional and regulatory	2,278	2,067	4,386	3,881
Reorganization, development and other, excluding employee benefits	2,542	832	4,909	2,720
Finance costs, net	18,192	10,993	29,917	30,266
Change in fair value of embedded derivative	(3,114)	2,900	(1,914)	(1,900)
Foreign exchange (gain) loss	(6,867)	15,510	(1,610)	13,076
	100,796	120,262	199,331	211,440

The following sets out the components of employee benefits expense:

Salaries and employee benefits	13,167	9,426	27,717	21,231
Share-based compensation (note 9)	1,633	(319)	2,618	55
Termination and other benefits	3,010	—	8,427	—
	17,810	9,107	38,762	21,286
	118,606	129,369	238,093	232,726

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

12 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 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, 2019		June 30, 2019	
	Fair value hierarchy	Fair value[(1)]	Fair value hierarchy	Fair value[(1)]
		$		$
Embedded Derivatives[(2)]	Level 2	(2,841)	Level 2	(4,755)

(1) The Company values its derivatives using valuations that are calibrated to the initial trade prices. Subsequent valuations are based on observable inputs to the valuation model.

(2) The fair value of embedded derivatives are estimated using valuation models.

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, 2019			June 30, 2019		
	Fair value hierarchy	Fair value liability	Carrying value	Fair value hierarchy	Fair value liability	Carrying value
		$	$		$	$
Convertible Debentures[(1)]	Level 1	113,456	117,867	Level 1	103,600	116,096

(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)

13 Earnings or loss per common share

a) Basic

Basic earnings or loss per share is calculated by dividing the net 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, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	$	$	$	$
Net loss attributable to shareholders of the Company	(2,258)	(17,944)	(18,272)	(20,294)
Weighted average number of common shares outstanding (in 000's)	150,242	134,910	142,617	134,686
Basic loss per share	(0.02)	(0.13)	(0.13)	(0.15)

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. The number of additional shares for inclusion in the diluted earnings per share calculation was determined using the treasury stock method.

For the three and six month periods ended December 31, 2019 and 2018, 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 for the period and the exercise of any potentially dilutive instruments would be anti-dilutive.

	Three months ended		Six months ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	$	$	$	$
Net loss attributable to shareholders of the Company	(2,258)	(17,944)	(18,272)	(20,294)
Weighted average number of common shares (in 000's)	150,242	134,910	142,617	134,686
Dilutive effect of share-based compensation (in 000's)	—	—	—	—
Weighted average number of diluted shares outstanding	150,242	134,910	142,617	134,686
Diluted loss per share	(0.02)	(0.13)	(0.13)	(0.15)

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

14 Related party transaction

During the second quarter of fiscal 2020, the Company entered into a standby purchase agreement with Fine Capital Partners, L.P. ("Fine Capital"), as investment manager, whereby Fine Capital would acquire any common or variable voting shares (together, the "Voting Shares") that were not taken up by holders of Rights Offering (see note 9 for additional details) for a fee of $1.5 million. A member of the Board of Directors of WildBrain Ltd. is also the Chief Investment Officer at Fine Capital.

15 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 at December 31, 2019 and June 30, 2019 is summarized in the table below:

	December 31, 2019	June 30, 2019
	$	$
Total bank indebtedness, long-term debt and lease liabilities, excluding interim production financing	521,353	534,068
Less: Cash	(55,005)	(39,999)
Net debt	466,348	494,069
Total Shareholders' Equity	546,757	499,978
	1,013,105	994,047

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)

16 Statement of cash flows - supplementary information

Net change in non-cash balances related to operations

	December 31, 2019 $	December 31, 2018 $
Decrease (increase) in amounts receivable	36,902	(27,510)
Decrease (increase) in prepaid expenses and other	70	1,492
Decrease (increase) in long-term amounts receivable	(1,973)	7,201
Increase (decrease) in accounts payable and accrued liabilities	17,012	1,396
Increase (decrease) in deferred revenue	(8,528)	(1,041)
Tangible benefit obligation payments	(1,068)	(523)
	42,415	(18,985)

During the six month period ended December 31, 2019, the Company paid the following:

	December 31, 2019 $	December 31, 2018 $
Taxes paid	3,376	8,885

Net change in film and television programs

	Six months ended	
	December 31, 2019 $	December 31, 2018 $
Decrease (increase) in development	(797)	(681)
Decrease (increase) in productions in progress	5,657	(14,878)
Decrease (increase) in productions completed and released	(30,249)	(10,166)
Expense of film and television programs	18,346	15,274
Decrease (increase) in program and film rights - broadcasting	(6,500)	(2,051)
Expense of film and broadcast rights for broadcasting	6,786	7,751
	(6,757)	(4,751)

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

Reconciliation between the opening and closing balances on the consolidated balance sheet arising from financing activities

	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 under 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 financing activities	4,727	(141)	45,977	50,563
Balance - December 31, 2019	353,939	120,709	46,705	521,353

	Term facility $	Senior unsecured convertible debentures $	Lease liabilities $	Total $
Balance - June 30, 2018	623,066	124,747	8,757	756,570
Repayments	(212,437)	—	(3,152)	(215,589)
Total financing cash flow activities	(212,437)	—	(3,152)	(215,589)
Amortization of deferred financing costs	1,342	450	—	1,792
Write-down of term facility unamortized issue costs	7,320	—	—	7,320
Lease liability additions	—	—	2,843	2,843
Change in fair value of embedded derivatives	—	(1,900)	—	(1,900)
Interest paid on lease liabilities	—	—	(240)	(240)
Accretion expense	—	1,152	240	1,392
Foreign exchange	15,891	—	—	15,891
Total other financing activities	24,553	(298)	2,843	27,098
Balance - December 31, 2018	435,182	124,449	8,448	568,079

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

17 Revenues and segmented information

The Company operates production entities and offices throughout Canada, the United States and Europe. In evaluating performance, the Chief Operating Decision Maker ("CODM") does not distinguish or group its production, distribution and merchandising operations ("Content Business") on a geographic basis. The Company has determined that it has three reportable segments being the Content Business, CPLG, which manages copyrights, licensing and brands for third parties and Television.

	Three months ended December 31, 2019			
	CPLG	**Television**	**Content**	**Consolidated**
	$	**$**	**$**	**$**
Revenues	4,158	12,358	105,618	122,134
Direct production costs and expense of film and television produced, and selling, general and administrative	3,425	6,172	73,643	83,240
Segment profit	733	6,186	31,975	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
Finance costs, net				18,192
Foreign exchange gain				(6,867)
Change in fair value of embedded derivative				(3,114)
Write-down of investment in film and television programs				6,804
Reorganization, development and other				5,552
Income before income taxes				3,528

	Three months ended December 31, 2018			
	CPLG	**Television**	**Content**	**Consolidated**
	$	**$**	**$**	**$**
Revenues	4,355	13,776	98,885	117,016
Direct production costs and expense of film and television produced, and selling, general and administrative	3,453	7,227	70,397	81,077
Segment profit	902	6,549	28,488	35,939
Corporate selling, general and administrative				6,408
Amortization of property and equipment and intangible assets				6,114
Amortization of acquired and library content				3,580
Finance costs, net				10,993
Foreign exchange loss				15,510
Change in fair value of embedded derivative				2,900
Write-down of investment in film and television programs and acquired and library content				1,955
Reorganization, development and other				832
Loss before income taxes				(12,353)

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

	Six months ended December 31, 2019			
	CPLG	**Television**	**Content**	**Consolidated**
	$	**$**	**$**	**$**
Revenues	7,061	24,438	202,892	234,391
Direct production costs and expense of film and television produced, and selling, general and administrative	6,827	13,032	142,356	162,215
Segment profit	234	11,406	60,536	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
Finance costs, net				29,917
Foreign exchange gain				(1,610)
Change in fair value of embedded derivative				(1,914)
Write-down of investment in film and television programs				6,804
Reorganization, development and other				13,336
Loss before income taxes				(3,702)

	Six months ended December 31, 2018			
	CPLG	**Television**	**Content**	**Consolidated**
	$	**$**	**$**	**$**
Revenues	6,933	27,053	187,068	221,054
Direct production costs and expense of film and television produced, and selling, general and administrative	6,663	14,362	137,355	158,380
Segment profit	270	12,691	49,713	62,674
Corporate selling, general and administrative				9,576
Amortization of property and equipment and intangible assets				11,499
Amortization of acquired and library content				7,154
Finance costs, net				30,266
Foreign exchange loss				13,076
Change in fair value of embedded derivative				(1,900)
Write-down of investment in film and television programs and acquired and library content				1,955
Reorganization, development and other				2,720
Loss before income taxes				(11,672)

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

The following table presents further components of revenue derived from the following areas:

	Three months ended		Six months ended	
	December 31, 2019 $	December 31, 2018 $	December 31, 2019 $	December 31, 2018 $
Content				
Production revenue	7,229	7,996	14,779	8,504
Distribution revenue	38,797	33,634	76,509	58,607
Merchandising and licensing and other revenue	47,299	43,449	87,375	84,136
Producer and service fee revenue	12,293	13,806	24,229	35,821
	105,618	98,885	202,892	187,068
Television				
Subscriber revenue	10,739	12,098	21,557	24,432
Promotion and advertising revenue	1,619	1,678	2,881	2,621
	12,358	13,776	24,438	27,053
CPLG				
Third party brand representation revenue	4,158	4,355	7,061	6,933
	122,134	117,016	234,391	221,054

18 Reclassification of comparatives

Certain prior period amounts in the unaudited interim condensed consolidated statement of cash flows have been reclassified to conform with the current period presentation. In particular, certain line items related to net finance costs previously presented have been aggregated or disaggregated to provide more useful information. These reclassifications had no effect on the reported results of operations.