WildBrain Ltd.

Unaudited Interim Condensed Consolidated
Financial Statements
December 31, 2021
(expressed in thousands of Canadian dollars)

February 8, 2022

Management’s Responsibility for Financial Reporting

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

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

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

(signed) *"Eric Ellenbogen"*
Chief Executive Officer
New York, New York

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

WildBrain Ltd.
Unaudited Interim Condensed Consolidated Balance Sheets
As at December 31, 2021 and June 30, 2021

(expressed in thousands of Canadian dollars)

	December 31, 2021	June 30, 2021
	$	$
Assets		
Current assets		
Cash	53,787	78,431
Restricted cash	11,857	13,626
Amounts receivable (note 4)	253,858	195,240
Prepaid expenses and other	4,971	6,184
Investment in film and television programs (note 5)	149,573	147,783
	474,046	441,264
Long-term amounts receivable (note 4)	67,580	51,997
Acquired and library content (note 6)	96,979	100,653
Property and equipment	41,762	47,229
Intangible assets	438,304	433,595
Goodwill	53,665	53,164
	1,172,336	1,127,902
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	149,707	130,299
Deferred revenue	34,549	42,004
Interim production financing (note 7)	81,249	65,403
Current portion of lease liabilities	10,381	9,428
Current portion of long-term debt (note 7)	3,631	3,532
	279,517	250,666
Long-term debt (note 7)	490,610	478,862
Long-term lease liabilities	27,453	34,407
Derivative liabilities (note 13)	42,894	34,158
Other long-term liabilities	21,617	16,568
Deferred income taxes	12,572	10,328
	874,663	824,989
Shareholders' Equity		
Equity attributable to shareholders of the Company	56,618	68,588
Non-controlling interest	241,055	234,325
	297,673	302,913
	1,172,336	1,127,902

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

WildBrain Ltd.
Unaudited Interim Condensed Consolidated Statements of Income (Loss)
For the three and six month periods ended December 31, 2021 and 2020

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

	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	$	$	$	$
Revenues (note 17)	153,164	142,269	265,760	237,724
Other income from litigation settlement	—	4,372	—	4,372
Expenses (note 12)				
Direct production costs and expense of film and television produced	89,527	80,505	150,580	132,709
Amortization of acquired and library content (note 6)	2,553	2,750	5,115	5,460
Amortization of property and equipment and intangible assets	5,626	5,584	12,896	11,189
Write-down of investment in film and television programs and acquired and library content (notes 5 and 6)	—	6,349	—	6,349
Reversal of right-of-use asset impairment	—	—	(719)	—
Selling, general and administrative	25,621	21,046	48,643	39,121
Share-based compensation (note 9)	2,133	975	4,166	3,573
Finance costs, net (note 11)	10,106	9,481	20,095	19,238
Change in fair value of embedded derivatives	3,274	5,629	8,835	9,298
Foreign exchange loss (gain)	(1,412)	(14,302)	11,610	(19,446)
Reorganization, development and other expense (note 12)	1,733	1,643	891	4,331
	139,161	119,660	262,112	211,822
Income before income taxes	14,003	26,981	3,648	30,274
Provision for (recovery of) income taxes (note 10)				
Current	(408)	1,962	277	2,552
Deferred	468	(1,838)	2,783	(2,189)
	60	124	3,060	363
Net income for the period	13,943	26,857	588	29,911
Net income attributable to non-controlling interests	9,342	15,513	17,383	21,874
Net income (loss) attributable to shareholders of the Company	4,601	11,344	(16,795)	8,037
Basic income (loss) per common share (note 14)	0.03	0.07	(0.10)	0.05
Diluted income (loss) per common share (note 14)	0.03	0.07	(0.10)	0.05

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

WildBrain Ltd.

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income

For the three and six month periods ended December 31, 2021 and 2020

(expressed in thousands of Canadian dollars)

	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	$	$	$	$
Net income for the period	13,943	26,857	588	29,911
Other comprehensive (loss) income				
Items that may be subsequently reclassified to the consolidated statements of income (loss)				
Foreign currency translation adjustment	(5,830)	(15,412)	6,986	(22,468)
Comprehensive income for the period	8,113	11,445	7,574	7,443

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

WildBrain Ltd.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the six month periods ended December 31, 2021 and 2020

(expressed in thousands of Canadian dollars)

	Common shares	Contributed surplus	Accumulated other comprehensive loss	Deficit	Non-controlling interest	Total
	$	$	$	$	$	$
Balance - July 1, 2020	366,235	36,543	(12,080)	(309,347)	260,135	341,486
Net income (loss) 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, net of issuance costs and deferred taxes	1,181	(1,115)	—	—	—	66
Shares withheld related to net share settlement	—	(405)	—	—	—	(405)
Common shares purchased held in trust	(532)	(60)	—	—	—	(592)
Share-based compensation	—	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
Balance - July 1, 2021	367,359	39,044	(21,391)	(316,424)	234,325	302,913
Net income (loss) for the period	—	—	—	(16,795)	17,383	588
Other comprehensive income for the period	—	—	1,485	—	5,501	6,986
Comprehensive income (loss) for the period	—	—	1,485	(16,795)	22,884	7,574
Common shares issued, net of issuance costs	865	(532)	—	—	—	333
Shares withheld related to net share settlement	—	(1,158)	—	—	—	(1,158)
Common shares sold held in trust, net	119	(120)	—	—	—	(1)
Share-based compensation	—	4,166	—	—	—	4,166
Distributions to non-controlling interests	—	—	—	—	(16,154)	(16,154)
Balance - December 31, 2021	368,343	41,400	(19,906)	(333,219)	241,055	297,673

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

(expressed in thousands of Canadian dollars)

	December 31, 2021	December 31, 2020
Cash provided by (used in)	**$**	**$**
Operating activities		
Net income for the period	588	29,911
Charges (credits) not involving cash		
Amortization of property and equipment	7,574	5,908
Amortization of intangible assets	5,322	5,281
Amortization of acquired and library content	5,115	5,460
Accretion expense and amortization of deferred financing fees	6,308	5,212
Unrealized foreign exchange loss (gain)	4,800	(20,229)
Share-based compensation	4,166	3,573
Change in fair value of embedded derivatives	8,835	9,298
Interest income	(1,157)	(993)
Interest expense	14,944	15,019
Deferred tax expense (recovery)	2,783	(2,189)
Write-down of investment in film and television programs	—	5,970
Write-down of acquired and library content	—	379
Reversal of right-of-use asset impairment (note 12)	(719)	—
Net investment in film and television programs (note 16)	(1,603)	(4,776)
Net change in non-cash balances related to operations (note 16)	(57,047)	3,116
Cash (used in) provided by operating activities	(91)	60,940
Financing activities		
Common shares issued, net of withholding taxes	333	66
Shares withheld related to net share settlement	(1,158)	(405)
Common share sold (purchased) held in trust, net	(1)	(592)
Distributions to non-controlling interests	(16,154)	(15,022)
Repayment of bank indebtedness	—	(10,000)
Repayment of long-term debt	(1,811)	—
Interest paid on long-term debt	(15,207)	(16,171)
Realized foreign exchange on long term debt repayment	(44)	—
Repayment of obligations under finance leases	(5,081)	(4,613)
Proceeds from (repayment of) interim production financing, net (note 16)	15,846	(4,251)
Cash used in financing activities	(23,277)	(50,988)
Investing activities		
Acquisition of acquired and library content	—	(8,918)
Acquisition of property and equipment	(2,233)	(1,458)
Acquisition of intangible assets	(1,578)	(1,771)
Cash used in investing activities	(3,811)	(12,147)
Effect of foreign exchange rate changes on cash	766	(2,407)
Net change in cash and restricted cash during the period	(26,413)	(4,602)
Cash and restricted cash - Beginning of the period	92,057	84,526
Cash and restricted cash - End of the period	65,644	79,924

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

The Company develops, produces and distributes films and television programs for domestic and international markets; licenses its brands in the domestic and international markets; broadcasts films and television programs in the domestic market; sells advertising on various ad-supported video-on-demand platforms; and manages copyrights, licensing and brands for third parties. The address of the Company's head office is 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 the International Accounting Standards ("IAS") 34, *Interim Financial Reporting,* and follow the same accounting policies as those used in the Company's most recent audited annual consolidated financial statements. These unaudited interim condensed consolidated financial statements do not include all the disclosures included in the Company's audited annual consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements.

These unaudited interim condensed consolidated financial statements have been authorized for issuance by the Board of Directors on February 8, 2022.

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, 2021.

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, 2021. This 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 13.

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

4 Amounts receivable

	December 31, 2021 $	June 30, 2021 $
Trade receivables	183,815	129,614
Less: ECL allowance on trade receivables	(9,899)	(8,236)
Trade receivables, net of loss allowance	173,916	121,378
Sales tax receivable	984	986
Federal and provincial film tax credits and other government assistance	78,958	72,876
Short-term amounts receivable	253,858	195,240
Long-term amounts receivable	67,580	51,997
Total amounts receivable	321,438	247,237

The aging of trade receivables is as follows:

	December 31, 2021 $	June 30, 2021 $
Less than 60 days	153,750	106,388
Between 60 and 90 days	3,827	2,550
Over 90 days	26,238	20,676
	183,815	129,614

A continuity of ECL allowance on trade receivables as follows:

	December 31, 2021 $	June 30, 2021 $
Opening balance	8,236	7,720
Loss allowance on trade receivables	1,640	4,310
Receivables written off in the year	(38)	(3,342)
Recoveries of receivables previously provided for	29	(543)
Foreign exchange	32	91
Ending balance	9,899	8,236

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

5 Investment in film and television programs

	December 31, 2021 $	June 30, 2021 $
Development costs	4,886	4,669
Productions in progress		
Cost, net of government and third party assistance	29,247	33,135
Productions completed and released		
Cost, net of government and third party assistance	693,758	663,073
Accumulated expense	(543,704)	(517,563)
Accumulated write-down of investment in film and television programs	(52,581)	(52,581)
	97,473	92,929
Program and film rights - broadcasting		
Cost	169,523	163,385
Accumulated expense	(145,819)	(140,598)
Accumulated write-down of program and film rights	(5,737)	(5,737)
	17,967	17,050
	149,573	147,783

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

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

	December 31, 2021 $	June 30, 2021 $
Net opening investment in film and television programs	147,783	140,548
Increase in development costs	217	1,908
Cost of productions (completed and released and productions in progress), net of assistance	26,609	73,165
Expense of investment in film and television programs	(26,141)	(55,387)
Write-down of investment in film and television programs	—	(7,453)
Increase of program and film rights - broadcasting	6,138	4,434
Expense of program and film rights - broadcasting	(5,221)	(10,381)
Foreign exchange	188	949
	149,573	147,783

During the six-month period ended December 31, 2021, interest of $570 (December 31, 2020 - $425) was capitalized to investment in film and television programs.

During the three-month period ended December 31, 2021, the Company recorded $nil, write-down of certain investments in film (December 31, 2020 - $5,970). The comparative period 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)

6 Acquired and library content

	December 31, 2021 $	June 30, 2021 $
Net opening acquired and library content	100,653	109,076
Additions	—	8,918
Write-down of acquired and library content	—	(379)
Amortization	(5,115)	(11,100)
Foreign exchange	1,441	(5,862)
Net closing acquired and library content	96,979	100,653

7 Credit facilities

	December 31, 2021 $	June 30, 2021 $
Interim production financing	81,249	65,403
Term Facility, net of unamortized issue costs of $10,075 (June 30, 2021 - $10,889)	348,517	341,477
Exchangeable debenture, net of unamortized issue costs and conversion option of $3,647 (June 30, 2021 - $5,762)	19,804	17,164
Convertible Debentures, net of unamortized issue costs and conversion option of $14,080 (June 30, 2021 - $16,248)	125,920	123,753
Total	575,490	547,797
Amount due within 12 months	(84,880)	(68,935)
Amount due beyond 12 months	490,610	478,862

a) Bank indebtedness ("Revolving Facility")

On March 26, 2021, the Company entered into a five-year, US$30 million Revolving Facility with an interest rate of LIBOR plus 4.00%. The Revolving Facility does not carry a financial maintenance covenant, except when amounts are drawn and outstanding. The new Revolving Facility matures on the earlier of March 26, 2026 or three months prior to the maturity of the Company's convertible debentures dated September 30, 2024, except where converted. As at December 31, 2021, $nil (June 30, 2021 -$nil) was drawn on the Revolving Facility.

b) Interim production financing

	December 31, 2021 $	June 30, 2021 $
Interim production credit facilities	81,249	65,403

The Company has interim production credit facilities with various financial institutions and other entities, bearing interest at bank prime plus 0.5% - 1.0%, LIBOR plus 2.50% or base rate of 5.75% plus 0.5%. Assignment and direction of specific production financing, licensing contracts receivable and film tax credits receivable have been pledged as security. As at December 31, 2021, the Canadian dollar bank prime rate was 2.45% (June 30, 2021 - 2.45%).

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

c) Term facility

On March 26, 2021, the Company completed the refinancing of its term facility with a seven-year US$285,000 senior secured term loan facility (the "Term Loan") maturing March 26, 2028. The term facility has no financial maintenance covenant and bears interest at a rate of LIBOR plus 4.25%. Commencing on the fiscal quarter ending June 30, 2021, the Term Loan requires quarterly repayment equal to 0.25% of the initial principal amount. As at December 31, 2021, the Company's Term Loan had a principal balance of US$282,863, or $358,613 (June 30, 2021 - US$284,288, or $352,347)

During the fourth quarter of fiscal 2021, the Company entered into an interest rate swap agreement to secure US$165,000 of total term facility from an interest rate of LIBOR plus 4.25% to a fixed interest rate of 5.24% (note 13(b)).

The Term Loan also requires repayments equal to 50% of excess cash flow (the "Excess Cash Flow Payments") (as defined in the Senior Secured Credit Agreement), commencing for the fiscal year-ended June 30, 2022, while the first lien net leverage ratio ("First Lien Leverage Ratio"), as defined in the Senior Secured Credit Agreement, is greater than 3.50 times, reducing to 25% of Excess Cash Flow while First Lien Net Leverage Ratio is at or below 3.50 times and greater than 3.00 times, with the remaining balance due on March 26, 2028. No payments were required under the Excess Cash Flow Payments calculation for the year ended June 30, 2021.

LIBOR was discontinued at the end of calendar year 2021. As part of the refinancing of the Term Loan and Revolving Facility completed March 26, 2021, alternative replacement rates for LIBOR were included in the agreement based on the secured overnight financing rate ("SOFR"), which is a benchmark interest rate for U.S. dollar denominated loans that will take effect starting on January 1, 2022.

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

As at December 31, 2021, the Convertible Debentures had a principal balance of $140,000 (June 30, 2021 - $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 (loss) income. As at December 31, 2021, the estimated fair value of the embedded derivatives was $7,311 (June 30, 2021 - $6,971).

e) Exchangeable debentures

As at December 31, 2021, the Company's Exchangeable Debentures had a principal balance of US$18,497 or $23,451 (June 30, 2021 - US$18,497 or $22,925) bearing interest at an annual rate of 7.5% payable at maturity and are exchangeable for Variable Voting Shares of the Company at a conversion price of US$1.072855 per share. The Exchangeable Debentures mature on June 24, 2023 and are non-recourse to the Company.

The Exchangeable Debentures were issued to certain funds managed by Fine Capital Partners, L.P., a related party of the Company. The Exchangeable Debentures were issued by a newly-formed single purpose subsidiary of the Company, which is excluded from the security granted to the lenders under the Company's Senior Secured

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Credit Agreement. As a result, it is also excluded from the calculation of the net leverage ratio covenant, where applicable. Proceeds from the Exchangeable Debentures are earmarked for investments in growth initiatives to drive the Company's content and brand strategy, and therefore have been classified as restricted cash in the unaudited interim condensed consolidated balance sheet.

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

During the three and six-month periods ended December 31, 2021, the Company recorded an expense of $3,274 and $8,835 respectively, as change in fair value of the embedded derivative (December 31, 2020 - $3,410 and $7,710 respectively), and the estimated fair value of the embedded derivative as at December 31, 2021 was $36,378 (June 30, 2021 - $27,208).

8 Share capital

	December 31, 2021		June 30, 2021	
	Number	Amount	Number	Amount
	#	$	#	$
Preferred variable voting shares				
Opening balance	500,000,000	—	500,000,000	—
Ending balance	500,000,000	—	500,000,000	—
Common shares				
Opening balance	171,855,961	367,359	170,931,774	366,235
Shares sold (purchased) held in trust, net	124,380	119	(683,433)	(1,368)
Options exercised	262,500	403	237,500	511
Employee share purchase plan	19,350	58	44,240	78
RSU settled	663,419	404	1,151,813	1,497
DSU settled	—	—	174,067	406
Ending balance	172,925,610	368,343	171,855,961	367,359

Preferred Variable Voting Shares ("PVVS")

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

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

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

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, 2021, the Company had 31,970,079 Common Voting Shares and 140,955,531 Variable Voting Shares issued and outstanding (June 30, 2021 - 27,748,502 and 144,107,459, respectively).

Share trust

The Company established an employee share trust to purchase and hold common shares of the Company to satisfy certain employee and director share-based compensation awards, including restricted share units and deferred share units. During the three and six-month periods ended December 31, 2021, the Company purchased 50,710 common shares of the Company in the open market at an average price per common share of $3.16 or $160 in total and sold 175,000 common shares of the Company in the open market at an average price per common share of $2.31 or $404 in total, which has been recorded as a reduction of shareholders' equity in the unaudited interim condensed consolidated balance sheet (June 30, 2021 - 683,433 common shares at $2.00 per share, or $1,368 in total).

9 Share-based compensation

Omnibus equity incentive plan ("Omnibus Plan")

On December 17, 2019, the shareholders of the Company approved the adoption of the Omnibus Plan, a single umbrella plan that provides flexibility to the Company to grant equity-based incentive awards in the form of stock options, restricted share units and performance share units. On December 16, 2021 the shareholders of the Company approved an amended and restated Omnibus Plan which includes deferred share units as an additional form of equity-based incentive awards issuable under the Omnibus Plan and increases the maximum number of equity-awards issuable under the Omnibus Plan from 8.5% of the Company's total issued and outstanding Common and Variable Voting Shares to 10%. As at December 31, 2021, the total amount available for issuance under the Omnibus Plan pursuant to the 10% maximum was 17,343,066 (June 30, 2021 - at 8.5% - 14,607,757) .

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

Options

As at December 31, 2021 and 2020, the Company had the following stock options outstanding:

	Number of options #	Weighted average exercise price per stock option $
Outstanding at June 30, 2020	5,858,800	4.02
Forfeited	(87,500)	3.77
Expired	(25,000)	1.51
Exercised	(25,000)	1.51
Outstanding at December 31, 2020	5,721,300	4.02
Exercisable at December 31, 2020	3,874,225	4.63
Outstanding at June 30, 2021	4,993,800	3.86
Forfeited	(100,000)	1.91
Expired	(260,000)	5.92
Exercised	(262,500)	1.51
Outstanding at December 31, 2021	4,371,300	3.93
Exercisable at December 31, 2021	3,711,425	4.33

During the three and six-month periods ended December 31, 2021, the Company recognized a share-based compensation income of $15 and expense of $22 for the vesting of options respectively, (December 31, 2020 - expense of $26 and $223 respectively), with a corresponding adjustment to contributed surplus.

The range of exercise prices for options outstanding at December 31, 2021 and 2020, is presented below.

Range of exercise prices	Number outstanding at December 31, 2021 #	Weighted average remaining contractual life years	Weighted average exercise price $	Number outstanding at December 31, 2020 #	Weighted average exercise price $
$1.50 - $3.49	2,377,000	4.33	1.65	3,027,000	1.65
$3.50 - $5.49	100,000	3.25	5.47	250,000	5.47
$5.50 - $7.49	1,501,800	2.60	6.27	1,901,800	6.36
$7.50 - $9.49	392,500	1.26	8.38	542,500	8.38
Total	4,371,300	3.44	3.93	5,721,300	4.02

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

Performance share unit plan ("PSUs")

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

	Six months ended	
	December 31, 2021	**December 31, 2020**
	PSU	**PSU**
	#	#
Outstanding, beginning of period	2,775,000	2,825,000
Forfeited	(50,000)	—
Outstanding, end of period	2,725,000	2,825,000

During the three and six-month periods ended December 31, 2021, the Company recognized share-based compensation expense awards of $32 and $69 respectively, (December 31, 2020 - $32 and $63 respectively) with a corresponding adjustment to contributed surplus.

Restricted share unit plan ("RSUs")

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

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

	Six months ended	
	December 31, 2021	**December 31, 2020**
	RSU	**RSU**
	#	**#**
Outstanding, beginning of period	3,311,548	4,333,054
Granted	2,456,603	502,144
Forfeited	(118,314)	(104,506)
Exercised	(667,343)	(967,227)
Outstanding, end of period	4,982,494	3,763,465

During the three and six-month periods December 31, 2021, the Company recognized share-based compensation expense of $1,949 and $2,648 respectively, (December 31, 2020 - $804 and $1,918 respectively) with a corresponding adjustment to contributed surplus.

Deferred share unit plan ("DSUs")

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

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

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

	Six months ended	
	December 31, 2021	December 31, 2020
	DSU	DSU
	#	#
Outstanding, beginning of period	2,111,008	1,165,148
Granted	395,326	1,215,426
Exercised	—	(117,386)
Outstanding, end of period	2,506,334	2,263,188

During the three and six-month periods ended December 31, 2021, the Company recognized share-based compensation expense of $120 and $1,222 respectively, (December 31, 2020 - $101 and $1,299 respectively) with a corresponding adjustment to contributed surplus, and included $130 for services rendered but DSUs not yet granted.

Long-term incentives plan ("LTIP")

The LTIP is a long-term employee retention program whereby common shares of the Company are issued to certain eligible employees. These common shares are purchased in the open market and cannot be issued from treasury.

During the three and six-month periods ended December 31, 2021, the Company recognized share-based compensation expense of $42 and $70 respectively, (December 31, 2020 - $10 and $65 respectively) with a corresponding adjustment to contributed surplus.

Employee stock purchase plan

During the three and six-month periods ended December 31, 2021, the Company recognized share-based compensation expense of $5 and $9 respectively, (December 31, 2020 - $2 and $5 respectively) with a corresponding adjustment to contributed surplus.

10 Income taxes

For the three and six-month periods ended December 31, 2021, the Company recorded income tax recovery of $60 and expense of $3,060 respectively. (December 31, 2020 - expense of $124 and $363 respectively). 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 nonrecognition of certain deferred tax assets in Canada.

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

11 Finance costs, net

Net finance costs comprise the following:

	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	$	$	$	$
Finance costs				
Interest income	(691)	(648)	(1,157)	(993)
Interest expense on bank indebtedness	49	84	145	209
Interest on long-term debt	7,251	7,204	14,315	14,360
Interest on completed and released productions	313	205	484	450
Amortization of deferred financing fees	687	636	1,339	1,233
Accretion on Convertible Debentures, exchangeable debentures, lease liabilities and other	2,497	2,000	4,969	3,979
	10,106	9,481	20,095	19,238

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

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

12 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, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	$	$	$	$
Direct production and new media costs	71,916	62,747	119,218	98,090
Expense of film and television programs	14,663	15,042	26,141	28,853
Expense of film and broadcast rights for broadcasting	2,948	2,716	5,221	5,766
Amortization of property and equipment and intangible assets	5,626	5,584	12,896	11,189
Amortization of acquired and library content	2,553	2,750	5,115	5,460
Write-down of investment in film and television programs and acquired and library content	—	6,349	—	6,349
Reversal of right-of-use asset impairment	—	—	(719)	—
Office and administrative	6,239	3,242	10,610	8,330
Investor relations and marketing	959	279	1,614	841
Professional and regulatory	2,930	2,283	4,881	3,927
Reorganization, development and other expenses (income), excluding employee benefits	1,294	1,069	(1,117)	2,674
Finance costs, net	10,106	9,481	20,095	19,238
Change in fair value of embedded derivatives	3,274	5,629	8,835	9,298
Foreign exchange (gain) loss	(1,412)	(14,302)	11,610	(19,446)
	121,096	102,869	224,400	180,569
Employee benefits expense:				
Salaries and employee benefits	15,493	15,242	31,538	26,023
Share-based compensation (note 9)	2,133	975	4,166	3,573
Termination and other benefits	439	574	2,008	1,657
	18,065	16,791	37,712	31,253
	139,161	119,660	262,112	211,822

During the three-month period ended December 31, 2021 and 2020, included in reorganization, development and other expenses (income) are other costs of $956 (net of $1,000 from the gain on sale of certain marketable securities), $53 in legal fees, and relocation costs of $285 (December 31, 2020 - legal fees associated with a dispute with former employees of $742, systems upgrade and process enhancement initiatives of $3, and other costs of $324).

During the six-month period ended December 31, 2021 and 2020, included in reorganization, development and other expenses (income) are recovery of $4,040 in legal fees related to the litigation settlement with former employees (among others), other costs of $1,703 (net of $1,000 from the gain on sale of certain marketable securities), and relocation costs of $1,220 (including net lease termination costs of $599 and $335 of moving costs) (December 31, 2020 - 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).

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

During the three and six-month periods ended December 31, 2021, no government wage subsidies were included in salaries and employee benefits expenses (December 31, 2020 - $1,141 and $2,320, respectively).

During the three and six-month periods ended December 31, 2021, there was no write-down of investment in film and television programs and acquired and library content (December 31, 2020 - $6,349 for both periods).

During the three and six-month periods ended December 31, 2021, there was a reversal of a right-of-use asset impairment of $nil and $719, respectively (December 31, 2020 - $nil for both periods).

13 Management of financial risks and financial instruments

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

a) Credit risk

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

The maximum exposure to credit risk for cash (including restricted cash) and trade receivables (excluding government and film tax credit receivables) approximates the amounts recorded on the unaudited interim condensed consolidated balance sheets of $317,039 (June 30, 2021 - $273,668). The Company manages credit risk on cash and cash equivalents by ensuring that the counterparties are banks, governments and government agencies with high credit ratings.

The balance of trade amounts receivable is mainly with Canadian broadcasters and large international distribution companies. Management manages credit risk by performing a credit assessment on new customers and regularly reviewing aged accounts receivable. To determine the loss allowance for trade receivables, management assessed the lifetime ECL 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 5.4% 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, 2021.

(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.

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

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	149,707	149,707	—	—	—
Interim production financing	81,249	81,249	—	—	—
Other long-term liabilities	27,300	—	26,145	1,155	—
Senior unsecured convertible Debentures	163,301	8,924	8,225	146,152	—
Exchangeable debentures	26,089	—	26,089	—	—
Term facility	450,939	16,990	37,132	36,517	360,300
Finance lease obligations	38,932	11,973	16,793	7,374	2,792
	937,517	268,843	114,384	191,198	363,092

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 vary from period to period, operating cash flows are generally predictable based on the Company's production and content pipeline, contract renewals, royalty agreements, minimum guarantees and television subscriber fees.

As at December 31, 2021, the Company had an unrestricted cash balance of $53,787 and amounts receivable of $321,438. Based on the Company's cash balances and available credit facilities, expected collection of trade and other receivables and forecast operating results, management believes it will be able to fulfill its financial obligations as they become due. The extent to which COVID-19 impacts the Company's liquidity and availability of credit will depend on future developments that are uncertain, and the Company will continue to monitor this closely.

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

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.

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, 2021		June 30, 2021	
	Fair value hierarchy	Fair value(1)	Fair value hierarchy	Fair value(1)
		$		$
Embedded derivatives(2)	Level 2	(43,689)	Level 2	(34,179)
Foreign currency forwards(3)	Level 2	(343)	Level 2	262
Interest rate swap(4)	Level 2	1,138	Level 2	(241)

(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.

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

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

As at December 31, 2021, 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$804 to $1,201
Weighted average rate	1.3345
US dollars exchange for CAD	
Less than one year	US$21,000 to $31,500
Weighted average rate	1.2639

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, 2021, was a liability of $343 (June 30, 2021 - asset of $262), which has been included in derivative liabilities in the unaudited interim condensed consolidated balance sheet.

Financial assets and liabilities not measured at fair value

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

	As at					
	December 31, 2021			June 30, 2021		
	Fair value hierarchy	Fair value liability	Carrying value	Fair value hierarchy	Fair value liability	Carrying value
		$	$		$	$
Convertible Debentures[1]	Level 1	140,000	125,920	Level 1	138,600	123,753

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

14 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, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	$	$	$	$
Net loss attributable to shareholders of the Company	4,601	11,344	(16,795)	8,037
Weighted average number of common shares outstanding (in 000's)	172,463	171,001	172,206	170,889
Basic earnings (loss) per common share	0.03	0.07	(0.10)	0.05

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

b) Diluted

During the three and six-month periods ended December 31, 2021, the weighted average number of potentially dilutive instruments was 7,174,621 and 7,182,390 respectively. (December 31, 2020 - 2,917,879 and 2,340,823, respectively).

	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	$	$	$	$
Net earnings (loss) attributable to shareholders of the Company	4,601	11,344	(16,795)	8,037
Weighted average number of common shares (in 000's)	172,463	171,001	172,206	170,889
Dilutive effect of share-based compensation and warrants (in 000's)	7,175	2,918	7,182	2,341
Weighted average number of diluted shares outstanding (in 000's)	179,638	173,919	179,388	173,230
Diluted earnings (loss) per common share	0.03	0.07	(0.10)	0.05

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 as at December 31, 2021 and June 30, 2021 is summarized in the table below:

	December 31, 2021	June 30, 2021
	$	$
Total bank indebtedness and long-term debt, excluding interim production financing	494,241	482,394
Less: Cash and restricted cash	(65,644)	(92,057)
Net debt	428,597	390,337
Total shareholders' equity	297,673	302,913
	726,270	693,250

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 Unaudited interim condensed consolidated statement of cash flows - supplementary information

Net change in non-cash balances related to operations

	December 31, 2021 $	December 31, 2020 $
Amounts receivable	(58,165)	753
Prepaid expenses and other	1,213	810
Long-term amounts receivable	(15,583)	(22,644)
Accounts payable and accrued liabilities	22,943	36,627
Deferred revenue	(7,455)	(11,630)
Tangible benefit obligation payments	—	(800)
	(57,047)	3,116

Net change in film and television programs

	December 31, 2021 $	December 31, 2020 $
Development	(217)	(797)
Productions in progress	3,888	(8,013)
Productions completed and released	(30,497)	(27,749)
Film and television programs	26,141	28,853
Program and film rights - broadcasting	(6,138)	(2,837)
Film and broadcast rights - broadcasting	5,221	5,766
	(1,602)	(4,777)

Net change in interim production financing

	December 31, 2021 $	December 31, 2020 $
Proceeds from interim production financing	38,912	23,380
Repayment of interim production financing	(23,066)	(27,631)
	15,846	(4,251)

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

Supplemental cash flow information

	December 31, 2021	December 31, 2020
	$	$
Taxes paid	(478)	(1,379)
Taxes refunded	7	1,981
	(471)	602

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

	Term facility	Senior unsecured convertible debentures	Lease liabilities	Exchangeable debentures	Total
	$	$	$	$	$
Balance - June 30, 2021	341,477	123,753	43,835	17,164	526,229
Repayments	(1,811)	—	(5,081)	—	(6,892)
Total financing cash flow activities	(1,811)	—	(5,081)	—	(6,892)
Amortization of deferred financing costs	776	445	—	118	1,339
Lease liabilities disposal/additions (net)	—	—	(973)	—	(973)
Interest paid on lease liabilities	—	—	(1,130)	—	(1,130)
Accretion expense	4	1,722	1,130	2,117	4,973
Foreign exchange	8,071	—	53	405	8,529
Total other activities	8,851	2,167	(920)	2,640	12,738
Balance - December 31, 2021	348,517	125,920	37,834	19,804	532,075

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

	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
Repayments	—	—	(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 portion 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 financing non-cash activities	(24,176)	1,960	1,841	441	(19,934)
Balance - December 31, 2020	348,104	121,691	48,054	10,436	528,285

17 Revenues and segmented information

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

	Three months ended December 31, 2021		
	Content	Television	Consolidated
	$	$	$
Revenues	141,714	11,450	153,164
Direct production costs and expense of film and television produced, share based compensation and selling, general and administrative	106,015	5,141	111,156
Segment profit	35,699	6,309	42,008
Corporate selling, general and administrative			6,125
Amortization of property and equipment and intangible assets			5,626
Amortization of acquired and library content			2,553
Finance costs, net			10,106
Change in fair value of embedded derivatives			3,274
Foreign exchange (gain)			(1,412)
Reorganization, development and other expenses			1,733
Income before income taxes			14,003

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

	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, share based compensation 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 and acquired and library content			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 expenses			1,643
Income before income taxes			26,981

	Six months ended December 31, 2021		
	Content	**Television**	**Consolidated**
	$	**$**	**$**
Revenues	243,159	22,601	265,760
Direct production costs and expense of film and television produced, share based compensation and selling, general and administrative	180,423	10,175	190,598
Segment profit	62,736	12,426	75,162
Corporate selling, general and administrative			12,791
Amortization of property and equipment and intangible assets			12,896
Amortization of acquired and library content			5,115
Reversal of right-of-use asset impairment			(719)
Finance costs, net			20,095
Change in fair value of embedded derivatives			8,835
Foreign exchange loss			11,610
Reorganization, development and other expenses			891
Income before income taxes			3,648

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

	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, share based compensation 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 and acquired and library content			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 expenses			4,331
Income before income taxes			30,274

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

	Three months ended		Six months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	$	$	$	$
Content				
Content production and distribution	61,254	68,528	98,822	104,868
WildBrain Spark	18,002	15,527	33,408	24,409
Consumer Products	62,458	46,429	110,929	85,259
	141,714	130,484	243,159	214,536
Television				
Canadian Television Broadcasting	11,450	11,785	22,601	23,188
	153,164	142,269	265,760	237,724