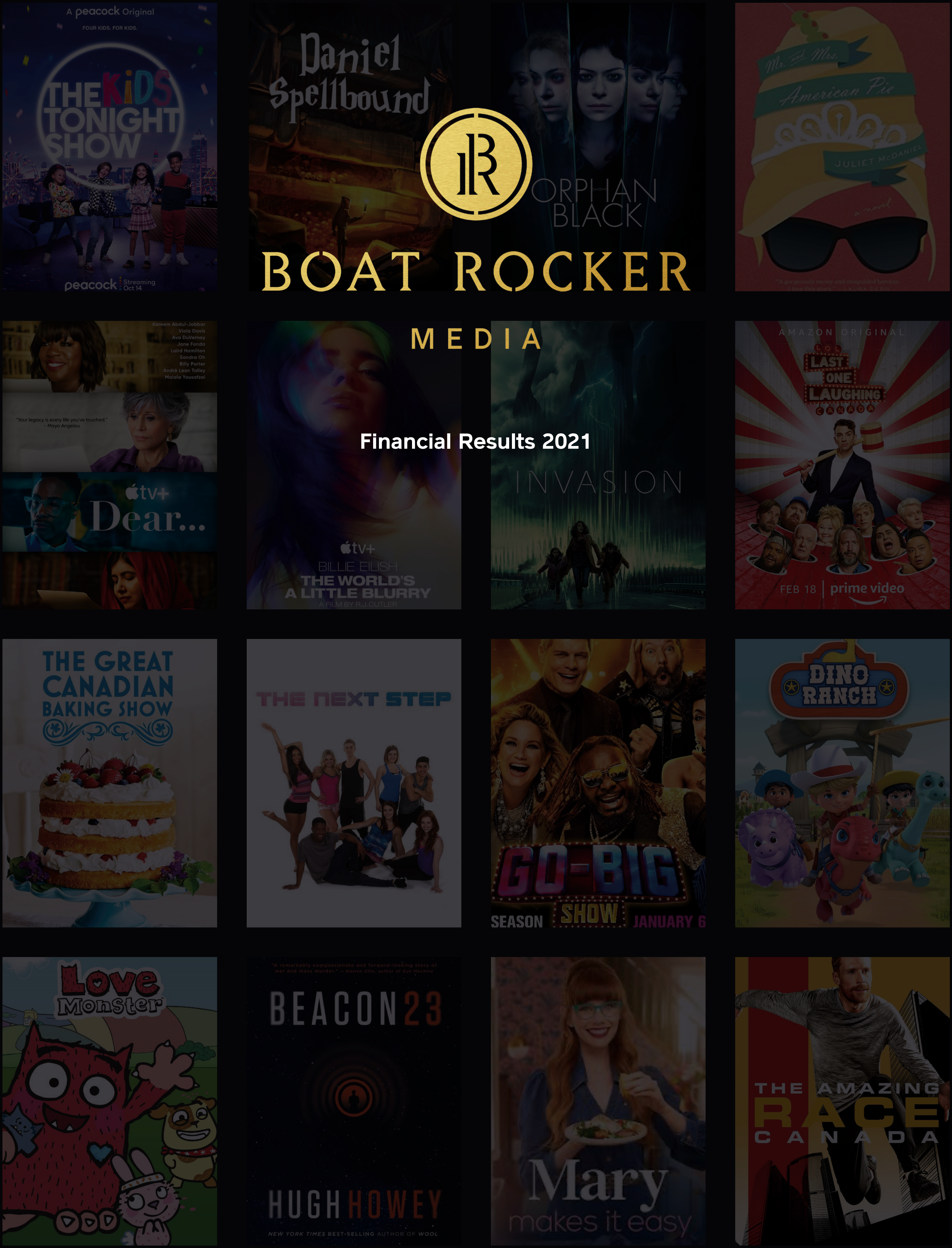
BOAT ROCKER MEDIA

Financial Results 2021




DINO RANCH
™

Letter to Shareholders

Boat Rocker's journey began 18 years ago as a start-up production company in a former carpet factory on the outskirts of Toronto and, in 2021, led to an IPO in which we raised gross proceeds of $170.1 million, setting us up for our next phase of growth. Our team has purpose-built a diverse company of scale that competes in the global entertainment market. Although Boat Rocker may not yet be a household name to all, much of our content is: in 2021 we produced the #1 U.S. preschool show in its timeslot, *Dino Ranch*, for Disney, the critical and commercial hit documentary *Billie Eilish: The World's A Little Blurry* for Apple TV+, and delivered one of the most expensive, large-scale TV shows ever produced, *Invasion*, for Apple TV+.

Through the IPO process we committed to delivering a significant step-up in the scale of our business in 2021. We drove a greater than two-fold improvement in revenue and more than doubled Adjusted EBITDA[1] from 2020. Our fourth quarter 2021 results were the strongest in our history, generating more revenue in the period than the entire year prior. While we were propelled by strong industry tailwinds, we also delivered these results amidst the challenges thrown at our team and business by the COVID-19 pandemic and, more recently, significant international and market turbulence.

In 2021, Boat Rocker was powered by our three main engines: content, talent, and commerce. In the last year, we had a content slate of more than 60 projects in nearly every genre and budget size across Scripted, Unscripted, and Kids and Family, produced for major global platforms including Netflix, Apple TV+, Amazon Prime, HBO Max, Peacock, TBS, ViacomCBS, Discovery+, and Disney. Our premium dramas *Invasion* and *American Rust* drove our scripted activity, while we produced a broad range of unscripted programming from large-scale competition shows including *Go-Big Show* season two (TBS) and *Top Chef Canada* season nine (Food Network Canada) to intimate documentary programming like *Dear...* season two (Apple TV+). Our Kids and Family content included returning favourites and new series like *The Loud House* season six (Nickelodeon), *Inside Job* (Netflix), and *Daniel Spellbound* (Netflix) as well as live action series such as *Rebel Cheer Squad: A Get Even Series* season two (CBBC, Netflix) and *Amber Brow*n (Apple TV+).

Boat Rocker's goal is to be the home for creative visionaries and we are continually finding new ways to work with talent to enhance the creative and business value of their endeavors. In 2021, we expanded on this strategy with two equity investments and five first-look deals. We launched Maven with veteran television executive Jessica Sebastian-Dayeh and purchased a minority equity stake in TeaTime Pictures. TeaTime was founded by actor and producer Dakota Johnson and former Netflix executive Ro Donnelly, with Katie O'Connell Marsh joining as a partner to help supercharge the company's slate and ambitions. Our partnership with TeaTime has already resulted in a greenlight for *Slip*, a new half-hour series created, written by, and starring Zoe Lister-Jones, for Roku, with several other premium projects in development. Meanwhile, our first-look deals expanded our relationships with leading and diverse creators: best-selling author and scholar Dr. Ibram X. Kendi, award-winning producer and director Scott Weintrob, veteran creative producers Cleve Keller and Dave Noll, indie film and television producer Stephanie Langhoff, and acting and producing brothers Shamier Anderson and Stephan James under their Bay Mills Studios production banner.

[1] Adjusted EBITDA is a non-IFRS measure that is not standardized and may differ from similar measures used by other companies. For further information and a quantitative reconciliation versus IFRS measures, see "Non-IFRS Measures" in our MD&A for the year ended December 31, 2021.

Our talent-driven Representation segment had an outstanding year, with a full bounce-back from COVID-related slowdowns in 2020. In 2021, Untitled Entertainment clients were recognized with more than 20 major international award nominations and 11 wins including the Emmys, Tonys, Grammys, Critics Choice, BAFTAs, Golden Globes, and Academy Awards.

2021 also saw the launch of a new commerce strategy for our premium brand *Dino Ranch*. Across viewership, international sales, consumer products, and social channels, this asset has achieved or exceeded all the targets we have set for its performance. *Dino Ranch* was the #1 preschool U.S. cable show for kids aged two to five in key day and prime time slots for Disney and enjoyed similarly strong showings in Canada and the U.K throughout the year. There is huge international appetite for the show, with the first season selling to 170 countries and being translated into 15 languages. *Dino Ranch* consumer products launched in the U.S., Canada, and Australia with major in-store and e-retailers including Amazon, Target, and Walmart carrying product. Through our more than 25 licensees globally, including master partner Jazwares, we began selling a range of products from plush toys to linens to colouring books. We are thrilled with *Dino Ranch's* incredible debut.

As we look to 2022 and beyond, we will seek to continue to leverage and build on the enhanced scale of our business. We view Adjusted EBITDA as a key performance metric for the Company and a central area of focus. Building on the 125% year-over-year improvement in 2021, in 2022, we expect Adjusted EBITDA to be in the range of $40 to $50 million, which would represent approximately 25% - 60% growth from the $31.6 million generated in 2021[2].

We are already seeing great momentum across our three engines to support our growth plans in 2022. In our Scripted content business alone, we have five confirmed greenlights, up from two last year, adding *Mrs. American Pie* (Apple TV+), *Robyn Hood* (Corus), *Slip* (Roku), the previously announced *Beacon 23* (AMC/Spectrum), and the second season of *Invasion* (Apple TV+) to our slate. We plan to continue expanding our talent strategy and, in anticipation of the second season premiere of *Dino Ranch*, expect continued traction for the brand and our commerce strategy.
Our growth overall is attributable to the strength of our content generating capabilities, talent and first-look relationships, our enhanced scale, and the incredible work that our team, leveraging a fully integrated platform, can deliver.

In closing, we want to thank our shareholders, both our long-term supporters and those who invested in the Company more recently, for joining us on the next stage of our journey. We are working hard to ensure that the progress we made in 2021 and our ongoing efforts are ultimately reflected in Boat Rocker's share price. Our long-term conviction in the business stems from the unequivocal belief in the strength of the team we have assembled and the dynamic and exciting market in which we are operating. Through a challenging couple of years, our employees, crews, and creative talent has come to work, whether in the office, on set, or from a remote setting, and delivered their best, day in and day out – thank you. As fellow stakeholders, we remain confident in our model and energized by the long-term prospects for the business and look forward to reporting on our progress in the quarters and years ahead.

Sincerely,

Sincerely,

David Fortier	Ivan Schneeberg	John Young

[2]For a discussion of the assumptions and risks underlying these forward-looking expectations, see "Outlook" in our MD&A for the year ended December 31, 2021. Actual results may vary.

BOAT ROCKER MEDIA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three months and year ended December 31, 2021

The following Management's Discussion and Analysis (MD&A) for Boat Rocker Media Inc. (Boat Rocker or the Company) provides information concerning the Company's financial condition, results of operations, and cash flows for the three months and year ended December 31, 2021. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes (annual financial statements) for the year ended December 31, 2021 and its Annual Information Form (AIF). Additional information about the Company can be found under the Company's profile on SEDAR at www.sedar.com.

This disclosure is effective as of March 31, 2022.

Some of the information in this MD&A contains forward-looking statements that are based on assumptions and involve risks and uncertainties. See the "Forward-Looking Statements" and "Risks and Uncertainties" sections of this MD&A for a discussion of the uncertainties, risks and assumptions associated with those statements. Actual results may differ materially from those discussed in the Forward-Looking Statements section as a result of various factors, including those described in the Risks and Uncertainties section and elsewhere in this MD&A and the AIF.

On March 24, 2021, Boat Rocker completed an initial public offering (IPO) raising an aggregate of $170.1 million. The IPO consisted of the issuance of 18,900,000 Subordinate Voting Shares from treasury at $9.00 per share. The Company's Subordinate Voting Shares are listed on the Toronto Stock Exchange under the symbol BRMI.

BASIS OF PRESENTATION

The annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). However, certain financial measures contained in this MD&A are non-IFRS measures and are discussed further in the "Non-IFRS Measures" section of this MD&A. All financial information is presented in Canadian dollars unless otherwise indicated. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding from thousands to millions. The impact of these rounding adjustments do not have a material effect on the Company's MD&A.

SELECTED FINANCIAL INFORMATION

The following table provides selected financial information of the Company for the years ended December 31, 2021 and 2020:

(in thousands of Canadian dollars)	Year ended December 31, 2021	Year ended December 31, 2020
Consolidated statements of income and loss data		
Revenue	$ 580,369	$ 226,803
Net income (loss)	(12,081)	(43,990)
Net income (loss) attributable to non-controlling interests	8,575	4,754
Net income (loss) attributable to shareholders	(20,656)	(48,744)
Adjusted EBITDA*	31,630	14,054
Consolidated statements of cash flows data		
Cash provided by (used in) operating activities	$ (16,875)	$ (36,525)
Cash provided by financing activities	47,794	50,201
Cash used in investing activities	(5,667)	(1,473)
Free Cash Flow*	(54,593)	(19,086)
	December 31, 2021	**December 31, 2020**
Consolidated statements of financial position data		
Cash	$ 96,950	$ 71,754
Total assets	603,539	663,412
Loans and borrowings	—	93,595
Lease liabilities	25,812	31,543
Total non-current liabilities	83,947	76,796
Net Cash*	31,435	—
Net Debt*	—	90,789

*See "Non-IFRS Measures"

PERFORMANCE HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2021:

- Television and Kids and Family segments delivered 292 half hours of content in 2021 compared to 233 half hours of content in 2020, an increase of 17%.
- Delivered two of the largest productions in the Company's history: *American Rust* to Showtime and *Invasion* to Apple TV+.
- Service revenue in the Television segment in 2021 increased in Canada by $12.4 million and the US by $28.3 million compared to 2020.
- Service revenue in the Kids and Family segment in 2021 increased by $16.7 million compared to 2020.
- Continued to provide content and production services to major global streamers and broadcasters including: Netflix, Apple TV+, Amazon Prime, HBO Max, Peacock, TBS, Disney, ViacomCBS, Discovery+ among others.
- Increased Representation segment revenue by 33%.

FINANCIAL POSITION AT DECEMBER 31, 2021

- Total cash held is $97.0 million with $6.0 million of undrawn cash revolver available.
- Loans and borrowings outstanding were $nil.

BUSINESS OVERVIEW

Boat Rocker is the home for creative visionaries. An independent, integrated global entertainment company, our purpose is to tell stories and build iconic brands across all genres and mediums. With offices around the world, Boat Rocker's creative and commercial capabilities include Scripted, Unscripted, and Kids and Family television production, distribution, brand & franchise management, a world-class animation studio, and talent management through Untitled Entertainment. A selection of Boat Rocker's projects include *Invasion* (Apple TV+), *American Rust* (Showtime), *Orphan Black* (BBC AMERICA, CTV Sci-Fi Channel), *Dear…* (Apple TV+), *Billie Eilish: The World's a Little Blurr*y (Apple TV+), *The Next Step* (BBC, Family Channel, CBC), *Daniel Spellbound* (Netflix), and *Dino Ranch* (Disney+, Disney Junior, CBC).

With a focus on content, talent, and commerce, over the last 18 years, Boat Rocker has grown to become one of North America's leading independent studios. The Company reports the financial results of its business in three segments: "Television" (including live-action scripted and unscripted content production and owned IP distribution, but excluding kids and family content), "Kids and Family" (including kids and family live-action scripted and unscripted content, all animated content, owned IP distribution, and franchise and brand management), and "Representation" (including brand and management services provided to talent and IP representation services provided to third-party IP owners).

FACTORS AFFECTING THE COMPANY'S PERFORMANCE

Revenue

Boat Rocker generates revenue from five sources: production, service, distribution, representation, and consumer product.

Production Revenue. Represents revenue derived from the production of video content owned in whole or in part by the Company. This revenue generally consists of license fees (sometimes referred to as pre-sales) paid by buyers and/or minimum guaranteed payments paid by distributors pursuant to license or distribution agreements entered into prior to the commencement of production and used by the Company to fund production expenses. In certain instances, the distributor licensing the rights in and to the content may be related to or affiliated with the Company (i.e. the Company is acting as a distributor of its own content). The Company will generally not commence the production of video content until it has secured sufficient funding to cover the associated production expenses, which funding may include, where the Company elects to act as distributor of its own content, a recoupable distribution advance that the Company believes it can recoup through international sales within a prescribed period of time. Production revenue is recognized when the relevant performance obligations are met, the buyer has access to the video content, and the license period associated with the contract has begun. Production revenue is recorded in the Television and Kids and Family segments.

Service Revenue. Represents revenue derived from the production of video content owned by a third-party buyer or IP owner (e.g. an over-the-top (OTT) provider or linear channel which engages the Company to provide production services, as is often the case for the Company's animation division). Typically, the buyer or IP owner pays for the full costs of production plus an agreed upon premium or production services fee to the Company pursuant to a production services agreement. This revenue is generally received by the Company in regular installments over the course of work rendered. Depending on the type of video content, the duration of the service contract can vary from one to 12 months in the case of live-action, to 12 to 24 months in the case of animation. Service revenue is recognized over time based on the proportion of costs incurred in the current period over the total expected costs of the production. Service revenue is recorded in the Television and Kids and Family segments.

Distribution Revenue. Represents revenue earned from licensing the Company's completed video content to buyers around the world, as well as revenue earned from the sale of retail merchandise and other licensing activities relating to Boat Rocker-owned IP. Boat Rocker may act as its own distributor or the Company may employ third-party distributors to distribute its video content in all or certain territories. When any given license period ends, the associated rights can be renewed by the same buyer or sold onward to new buyers in each territory, potentially leading to a continuing revenue stream. Distribution revenue is recognized when the buyer has access to the video content and the license period associated with the contract has begun. Distribution revenue is recorded in the Television and Kids and Family segments.

Representation Revenue. Consists of revenue derived from providing two types of service: brand and management services provided to talent and IP representation services to third-party IP owners. In both cases, the Company is earning a pre-negotiated commission from its clients. The Company represents many A-list stars as well as the video content and brands of several video content producers. Representation revenue is recorded in the Representation segment.

Consumer Product Revenue. Represents revenue earned from licensing contracts with third-parties (i.e. licensees) which allow for the production and sale of consumer products that use the Company's IP. The licensees are given the right to exploit the Company's IP during the applicable license period in connection with certain goods and services. The Company records revenue as sales or usage occurs, to the extent that the Company can reliably estimate the amounts recoverable. Some licensees may pay a minimum guarantee or advance as part of the licence consideration. Any minimum guarantee or advance received is recorded as deferred revenue and recognized as sales are made over the licence term. Any remaining minimum guarantee is recognized as revenue at the end of the licence term. Consumer product revenue is classified within distribution revenue in the Company's financial statements.

Production, Distribution and Service Expenses

Production, distribution and service expenses represent direct expenses incurred in the development, production and distribution of content.

Production Expenses. Represent the cost of developing and producing video content owned in whole or in part by the Company, including salaries of cast and crew (including animators if applicable), location costs, set design, etc. On some projects, production expenses are partially offset by federal, provincial and state film and television tax credits. The net expenses are capitalized while the project is in production and then recognized as expenses through the process of amortization.

Service Expenses. Represent the cost of developing and producing video content owned by third-party buyers and IP owners, including salaries of cast and crew (including animators if applicable), location costs, set design, etc. On some projects, production expenses are partially offset by federal, provincial, and state film and television tax credits. The expenses are recognized on the consolidated statement of income as incurred.

Distribution Expenses. Represent expenses related to the marketing and delivery of video content to third-party buyers and include versioning, dubbing, shipping, certain sales marketing and materials, and participation expenses. Participation expenses represent profit participation contractually owing to third-parties (including, for example, writers, actors and financiers) from distribution revenue.

General and Administrative Expenses

General and administrative expenses represent personnel expenses, facilities, marketing, travel, professional fees, information technology and other overhead costs directly incurred by the segment or by corporate and shared services.

Amortization of Property and Equipment, Right-of-use Assets and Other Intangible Assets

Amortization expense consists of the amortization of property and equipment, right-of-use assets and other intangible assets that arose on the acquisition of certain businesses. Other intangible assets include trademarks, non-compete agreements and talent relationships. This amortization expense does not include the amortization of production costs, which is recognized in production, distribution and service expenses.

Finance Costs, Net

Finance costs, net of interest income, has several sources. First, interest expense is incurred from the Company's financing activities which include corporate loans and borrowings, interim production financing and issued convertible debentures. When the Company borrows from various banks to finance the production of video content, interest expense incurred up to the quarter of delivery is included within the costs of production. After delivery, interest incurred on the interim production financing is included in interest expense.

Second, interest expense also includes accretion expense. Financial liabilities are initially recognized at fair value, which may be different from their settlement amounts. Lease liabilities are initially recognized at the present value of future lease payments. The difference between the carrying values at initial recognition and the amounts to be paid at settlement dates is recognized in profit and loss over the term of the liability as accretion expense using the effective interest rate method.

Foreign Exchange Gains and Losses

Foreign exchange gains and losses arise when transactions are recognized in a currency other than the functional currency of a particular legal entity. A transaction may be settled at a different foreign exchange rate than the date it was recorded, causing a gain or loss.

Other Gains and Losses

Other gains and losses include loss on loan modification, gain on settlement, the Company's share of equity investment income, and changes in the fair value of convertible debt, financial assets, unsettled forward exchange contracts, contingent consideration, and other financial liabilities relating to acquisition liabilities and put option liabilities.

SEGMENT RESULTS OF OPERATIONS

The Company manages and reports operating results through three segments: Television, Kids and Family, and Representation, which are described in detail below. The Company's primary measure of segment performance is segment profit and loss, which is defined as segment revenue less segment production, distribution, and service costs and general and administrative costs. Segment profit excludes corporate shared services expenses, share-based compensation, and purchase accounting and related adjustments. The Company believes the presentation of segment profit and loss is relevant and useful for investors because it allows investors to view segment performance in a manner similar to the primary method used by the Company's management and enables them to understand the fundamental performance of the Company's reporting segments.

Television

The Television segment produces two types of video content: *scripted* and *unscripted*. The following table presents the Television segment revenue and segment profit (loss) for the three months and years ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2021	2020	$ change	% change	2021	2020	$ change	% change
Television Segment:								
Revenue								
Production	$194,913	$11,232	$ 183,681	1635%	$ 337,117	$ 50,631	$ 286,486	566%
Service	23,199	16,919	6,280	37%	113,744	73,026	40,718	56%
Distribution	767	1,100	(333)	(30%)	7,171	10,641	(3,470)	(33%)
Total revenue	**$218,879**	**$29,251**	**$ 189,628**	**648%**	**$ 458,032**	**$ 134,298**	**$ 323,734**	**241%**
Expenses								
Production, distribution and service costs	208,028	25,862	182,166	704%	423,507	119,484	304,023	254%
General and administrative costs	8,067	5,729	2,338	41%	29,792	23,876	5,916	25%
Total expenses	**$216,095**	**$31,591**	**$ 184,504**	**584%**	**$ 453,299**	**$ 143,360**	**$ 309,939**	**216%**
Segment profit (loss)	**$ 2,784**	**$ (2,340)**	**$ 5,124**	**(219%)**	**$ 4,733**	**$ (9,062)**	**$ 13,795**	**152%**
Segment profit (loss) % of revenue	1%	(8)%			1%	(7)%		

Revenue. Production revenue in the three months ended December 31, 2021 was $194.9 million, in comparison to $11.2 million in the same period of 2020, an increase of $183.7 million. In the three months ended December 31, 2021, the Company delivered 80 half hours of content in the form of the remaining five of nine episodes of the scripted drama *American Rust* to Showtime, the remaining seven of 10 episodes of the scripted drama *Invasion* to Apple TV+ and 56 half hours of unscripted productions. During the same period of 2020, 30 half hours of unscripted content was delivered.

Production revenue in the year ended December 31, 2021 was $337.1 million compared to $50.6 million in the same period of 2020, an increase of $286.5 million. The Company delivered 246 half hours of content in the year ended December 31, 2021 compared to 160 half hours of content in the same period of 2020. The increase in half hours delivered reflects increases in both scripted and unscripted content.

For the three months ended December 31, 2021, service revenue was $23.2 million compared to $16.9 million in the same period of 2020, an increase of $6.3 million. The service revenue increases were recognized in Canada in the amount of $2.4 million and in the US in the amount of $3.9 million.

For the year ended December 31, 2021, service revenue was $113.7 million in comparison to $73.0 million in the same period of 2020, an increase of $40.7 million. Consistent with the three-month period, increases in the year-end period were recognized in both Canada ($12.4 million) and the US ($28.3 million). The increase in service revenue was attributable an increase in service contracts from a range of buyers.

Distribution revenue for the three months ended December 31, 2021 decreased by $0.3 million, and for the year ended December 31, 2021 by $3.5 million, when compared to the same periods of 2020. In the three months ended December 31, 2021, distribution revenue earned by Boat Rocker's internal sales team decreased when compared to the prior period, where it increased in the year ended December 31, 2021 as compared to 2020. Revenue earned from third party distributor, BBC Worldwide, is typically received in the first and third quarters. This revenue decreased in the year ended December 31, 2021, resulting in an overall net decrease in distribution revenue compared to 2020.

Production, distribution and service costs. Production, distribution and services expenses for the three months ended December 31, 2021 were $208.0 million in comparison to $25.9 million in the same period of 2020, an increase of $182.2 million. The change is primarily attributable to the higher amortization of investment in content, which increased by $178.6 million, consistent with the greater production revenue recognized in the period. Additionally, service costs increased by $4.0 million in conjunction with the higher service revenue. These increases were partially offset by the decrease in distribution and participation costs in 2021 as compared to the same period of 2020 of $0.4 million, driven by the lower distribution sales for the period.

Production, distribution and service costs for the year ended December 31, 2021 were $423.5 million, a $304.0 million increase from $119.5 million in 2020. The increase is primarily attributable to the higher amortization of investment in content, which increased by $270.8 million, consistent with the increased production revenue recognized in the period. Additionally, service costs increased by $35.0 million in conjunction with the higher service revenue in 2021. These increases were partially offset by the decrease in distribution and participation costs of $1.8 million.

General and administrative costs. General and administrative expenses for the three months ended December 31, 2021 were $8.1 million compared to $5.7 million in the same period of 2020, an increase of $2.3 million. In the year ended December 31, 2021, general and administrative costs were $29.8 million compared to $23.9 million in the same period of 2020, an increase of $5.9 million, which is primarily attributable to higher personnel costs across the segment, including the Boat Rocker Studios, Scripted US operations.

Segment profit (loss). For the three months ended December 31, 2021, segment profit in Television was $2.8 million, compared to a loss of $2.3 million in the same period of 2020, a favourable variance of $5.1 million. For the year ended December 31, 2021, the Television segment earned a profit of $4.7 million, compared to a loss of $9.1 million in the same period of 2020, a favourable variance of $13.8 million. In both the three-month and year-end periods, the favourable variances in segment profit were driven by increases in scripted and unscripted deliveries, both in production and service revenue, that were higher than increases in general and administrative costs.

Kids and Family

Boat Rocker's Kids and Family segment includes production of Kids and Family content and the Jam Filled Entertainment animation studio. The Kids and Family segment also includes the content and franchise and brand management teams based in Toronto, New York and London, UK.

The following table presents the Kids and Family segment revenue and segment profit for the three months and year ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2021	2020	$ change	% change	2021	2020	$ change	% change
Kids and Family Segment:								
Revenue								
Production	$ 15,248	$ 1,391	$ 13,857	996%	$ 15,614	$ 11,486	$ 4,128	36%
Service	13,063	12,267	796	6%	57,508	40,856	16,652	41%
Distribution	4,556	3,035	1,521	50%	11,246	11,509	(263)	(2%)
Total revenue	**$ 32,867**	**$ 16,693**	**$ 16,174**	**97%**	**$ 84,368**	**$ 63,851**	**$ 20,517**	**32%**
Expenses								
Production, distribution and service costs	15,069	5,447	9,622	177%	53,442	30,508	22,934	75%
General and administrative costs	3,515	3,219	296	9%	9,750	8,306	1,444	17%
Total expenses	**$ 18,584**	**$ 8,666**	**$ 9,918**	**114%**	**$ 63,192**	**$ 38,814**	**$ 24,378**	**63%**
Segment profit (loss)	**$ 14,283**	**$ 8,027**	**$ 6,256**	**78%**	**$ 21,176**	**$ 25,037**	**$ (3,861)**	**(15%)**
Segment profit (loss) % of revenue	43%	48%			25%	39%		

Revenue. Production revenue in the three months ended December 31, 2021 was $15.2 million compared to $1.4 million in the same period of 2020. In the year ended December 31, 2021, production revenue was $15.6 million compared to $11.5 million in the same period of 2020, an increase of $4.1 million. In the year ended December 31, 2021, the Company delivered 46 half hours of content compared to 73 half hours delivered in the prior year. Despite a higher overall volume of content deliveries in the 2020 period, these prior year deliveries contributed less production revenue as they were partially funded by broadcasters and partially funded by distribution sales by the Company, which are expected to be contracted over several years. In the 2021 period, content deliveries were fully funded by broadcaster pre-sales, resulting in higher overall revenue for the Company.

Service revenue in the three months ended December 31, 2021 includes both animation and live-action production and was $13.1 million compared to $12.3 million in the same period of 2020, an increase of $0.8 million. For the year ended December 31, 2021, service revenue increased by $16.7 million to $57.5 million when compared to $40.9 million in the prior year period. Animation service revenue was relatively consistent between the two periods while a live-action service production was undertaken in 2021 with no comparative in 2020, resulting in an increase in service revenue. The animation studio's capacity was fully utilized in both year ended December 31, 2021 and 2020.

Distribution revenue for the three months ended December 31, 2021 was $4.6 million, an increase of $1.5 million compared to $3.0 million in the prior year period. The increase was due to the additional sales generated by Boat Rocker's internal sales team. For the year ended December 31, 2021, distribution revenue decreased by $0.3 million compared to the same period in 2020. Sales generated by Boat

Rocker's internal sales team decreased compared to the prior year, partially offset by an increase in revenue earned from third party distributor BBC Worldwide, where amounts are typically received in the first and third quarter of each year.

Production, distribution and service costs. Production, distribution and services expenses for the three months ended December 31, 2021 were $15.1 million compared to $5.4 million in the same period of 2020, an increase of $9.6 million. Amortization of investment in content and other costs increased by $6.9 million, but service costs, net of the Canada Emergency Wage Subsidy, increased by $2.2 million, There was $3.8 million of wage subsidy recorded in the three months ended December 31, 2020, compared to $nil in the current period. The receipt of the wage subsidy also affects the amount of the Company's Canadian federal and provincial film and television tax credits in that it reduces the eligible labour costs. The wage subsidy improves margins in the period in which it is recognized, however, it also increases the service costs over the remaining service period of each production, creating fluctuations in service margins.

Production, distribution and service costs in the year ended December 31, 2021 were $53.4 million compared to $30.5 million in 2020, an increase of $22.9 million. Service costs increased by $18.4 million in the year over year period. The segment recognized Canada Emergency Wage Subsidy of $2.9 million in 2021 compared to $9.8 million in 2020, creating a negative variance in service costs of $7.0 million. The further increase in service costs relates to the live-action service production in 2021 with no comparative in 2020. Amortization of investment in content increased by $0.1 million in 2021 compared to 2020, and distribution expenses decreased by $0.5 million year over year.

General and administrative costs. General and administrative expenses for the three months ended December 31, 2021 were $3.5 million compared to $3.2 million in the same period of 2020, a decrease of $0.3 million.

In the year ended December 31, 2021, general and administrative costs were $9.8 million compared to $8.3 million in the same period of 2020, an increase of $1.4 million, primarily due to increases in the franchise and brand management team personnel and related marketing expenses.

Segment profit. For the three months ended December 31, 2021, segment profit in the Kids and Family segment was $14.3 million compared to $8.0 million in the same period of 2020, an increase of $6.3 million, primarily due to additional content deliveries in the 2021 period compared to 2020.

For the year ended December 31, 2021, the Kids and Family segment recognized profit of $21.2 million compared to $25.0 million for the same period of 2020.

Deliveries of production and service from a revenue perspective were up in 2021 from 2020, however, the amount of Canada Emergency Wage Subsidy received decreased significantly in 2021, leading to higher costs net of the subsidy year over year. Additionally, and as noted above, the Company continued to invest in start-up operating costs of the franchise and brands management operations which also contributed to the increase in costs over the comparative period.

Representation

The Representation segment includes brand and management services provided to talent and IP representation services to third-party IP owners for which the Company earns a pre-negotiated commission from its clients. The table below presents the Representation segment revenue and segment profit for the three months and years ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2021	2020	$ change	% change	2021	2020	$ change	% change
Representation Segment:								
Representation revenue	$ 10,709	$ 9,670	$ 1,039	11%	$ 37,969	$ 28,654	$ 9,315	33%
Total revenue	**$ 10,709**	**$ 9,670**	**$ 1,039**	**11%**	**$ 37,969**	**$ 28,654**	**$ 9,315**	**33%**
Expenses								
Production, distribution and service costs	186	793	(607)	(77%)	644	1,844	(1,200)	(65%)
General and administrative costs	5,173	5,018	155	3%	20,259	17,249	3,010	17%
Total expenses	**$ 5,359**	**$ 5,811**	**$ (452)**	**(8%)**	**$ 20,903**	**$ 19,093**	**$ 1,810**	**9%**
Segment profit (loss)	**$ 5,350**	**$ 3,859**	**$ 1,491**	**39%**	**$ 17,066**	**$ 9,561**	**$ 7,505**	**78%**
Segment profit (loss) % of revenue	50%	40%			45%	33%		

Revenue. Revenue in the three months ended December 31, 2021 was $10.7 million compared to $9.7 million in the same period of 2020, an increase of $1.0 million. Revenue in the year ended December 31, 2021 was $38.0 million compared to $28.7 million in the same period of 2020, an increase of $9.3 million. The majority of clients managed by the Company's Representation segment are on-screen talent. When pandemic-related shutdowns and restrictions were put in place in mid-2020, the Company's talent clients had less opportunity to work and, as a result, revenue earned by the Company was negatively affected. Throughout the three months and year ended December 31, 2021, the Company's Representation clients were working at pre-pandemic levels and the positive revenue variances reflect the increase to content production in the industry as a whole.

General and administrative costs. General and administrative expenses for the three months ended December 31, 2021 were $5.2 million compared to $5.0 million in the same period of 2020, an increase of $0.2 million. General and administrative expenses for the year ended December 31, 2021 were $20.3 million compared to $17.2 million in the same period of 2020, an increase of $3.0 million. General and administrative costs of the Representation segment mainly relate to the employees representing the Company's clients, a component of which is variable compensation. As the segment's revenue has recovered to pre-pandemic levels, the variable compensation has also increased, causing the variances in the three-month and year-end periods.

Segment profit. For the three months ended December 31, 2021, Representation segment profit was $5.4 million, compared to $3.9 million in the same period of 2020, an increase of $1.5 million. Segment profit in the year ended December 31, 2021 was $17.1 million compared to $9.6 million in the same period of 2020, an increase of $7.5 million. 2021 segment profit exceeds the 2019 segment profit of $13.7 million reflecting an increase over the most recent pre-pandemic results.

Corporate and Shared Services

Corporate and shared services is a cost center that includes corporate functions such as human resources, finance, business development, information technology, business and legal affairs. The table below summarizes corporate and shared services expenses for the three months and years ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2021	2020	$ change	% change	2021	2020	$ change	% change
Corporate and Shared Services:								
General and administrative costs	$ 10,236	$ 6,093	$ 4,143	68%	$ 30,887	$ 21,342	$ 9,545	45%
Total expenses	**$ 10,236**	**$ 6,093**	**$ 4,143**	**68%**	**30,887**	**21,342**	**9,545**	**45%**

General and administrative costs. General and administrative costs are concentrated in the corporate office in Toronto. These expenses include professional and consulting fees, travel and entertainment, information technology, bank fees, and office and related facilities expenses. The London, UK, Hong Kong, New York and Los Angeles locations and resources, including related expenses, are included in the related segment results and are not considered shared services.

During the three months ended December 31, 2021, general and administrative costs were $10.2 million compared to $6.1 million in 2020, a negative variance of $4.1 million. Increased headcount, insurance and professional fees resulted in a negative variance in general and administrative costs of $4.8 million. These additional costs were necessitated by the Company's IPO in March 2021 and its status as a public company for the balance of the year. Additionally, during the three months ended December 31, 2020, the Company received $0.7 million of Canada Emergency Wage Subsidy funding towards its general and administrative costs and $nil in the three months ended December 31, 2021. These negative variances were partially offset by lower share-based compensation expense of $1.4 million, where $1.0 million was recognized in three months ended December 31, 2021, compared to $2.4 million in the same period of 2020.

During the year ended December 31, 2021, general and administrative costs were $30.9 million compared to $21.3 million in the same period of 2020, an increase of $9.5 million. The increase in 2021 is primarily attributable to ongoing personnel and overhead costs, including insurance, legal, audit and other professional fees, incurred by the Company as part of becoming publicly listed and maintaining that listing and status. These costs accounted for $8.1 million of the total variance. Additionally, during the year ended December 31, 2021, the Company received $0.6 million of Canada Emergency Wage Subsidy funding towards its corporate and shared services costs compared to $2.8 million in the year ended December 31, 2020, a decrease of $2.3 million. Partially offsetting these variances, share-based compensation expense of $4.6 million was recognized for the year ended December 31, 2021 compared to $5.4 million in 2020, a favourable variance of $0.9 million.

TOTAL COMPANY RESULTS OF OPERATIONS

Three months and year ended December 31, 2021 compared to 2020

The following table summarizes Boat Rocker's consolidated results of operations for the three months and years ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2021	2020	$ change	% change	2021	2020	$ change	% change
Revenue								
Television	$ 218,879	$ 29,251	$ 189,628	648%	$ 458,032	$ 134,298	$ 323,734	241%
Kids and Family	32,867	16,693	$ 16,174	97%	84,368	63,851	20,517	32%
Representation	10,709	9,670	$ 1,039	11%	37,969	28,654	9,315	33%
Total revenue	**$ 262,455**	**$ 55,614**	**$ 206,841**	372%	**$ 580,369**	**$ 226,803**	**$ 353,566**	**156%**
Expenses								
Production, distribution and service costs	223,283	32,102	$ 191,181	596%	477,593	151,836	325,757	215%
General and administrative costs	26,991	20,059	$ 6,932	35%	90,688	70,773	19,915	28%
Amortization expense	4,576	4,749	$ (173)	(4)%	18,561	18,566	(5)	—%
Impairment expense	—	—	$ —	—%	—	12,959	(12,959)	(100)%
Finance costs, net	898	2,774	$ (1,876)	(68)%	4,742	10,634	(5,892)	(55)%
Foreign exchange loss (gain)	515	(995)	$ 1,510	152%	(90)	(513)	423	(82)%
Other (gains) and losses	(2,285)	(3,893)	$ 1,608	(41)%	(5,197)	4,654	(9,851)	(212)%
Income (loss) before income taxes	**$ 8,477**	**$ 818**	**$ 7,659**	(936)%	**$ (5,928)**	**$ (42,106)**	**$ 36,178**	**86%**
Income tax (recovery) expense	4,965	1,264	$ 3,701	293%	6,153	1,884	4,269	227%
Net income (loss) for the period	**$ 3,512**	**$ (446)**	**$ 3,958**	887%	**$ (12,081)**	**$ (43,990)**	**$ 31,909**	**73%**
Net income (loss) attributable to non-controlling interests	2,465	1,776	689	39%	8,575	4,754	3,821	80%
Net income (loss) attributable to shareholders of the Company	1,047	(2,222)	3,269	147%	(20,656)	(48,744)	28,088	58%
Other Financial Information:								
Adjusted EBITDA*	**$ 18,967**	**$ 7,439**	**11,528**	**155%**	**$ 31,630**	**$ 14,054**	**$ 17,576**	**125%**

*See "Non-IFRS Measures"

Revenue. Revenue for the three months ended December 31, 2021 was $262.5 million compared to $55.6 million for the same period of 2020, an increase of $206.8 million or 372%. Revenue for the year ended December 31, 2021 was $580.4 million compared to $226.8 million for the same period of 2020, an increase of $353.6 million or 156%. While revenue increased in all segments, the largest increase was in production revenue in the Television segment which increased by $286.5 million, mainly driven by the delivery of two scripted series, *American Rust* and *Invasion,* in the second half of 2021.

Production, distribution and service costs. Production, distribution and service costs for the three months ended December 31, 2021 were $223.3 million compared to $32.1 million for the same period of 2020, an increase of $191.2 million or 596%.

For the year ended December 31, 2021, these costs were $477.6 million compared to $151.8 million for the same period of 2020, an increase of $325.8 million or 215%, primarily driven by the increase in production and service revenue in the current period. Both Television and Kids and Family experienced increased production, distribution and service costs in 2021 compared to 2020, mainly related to increased deliveries and service in 2021..

General and administrative costs. For the three months ended December 31, 2021, general and administrative costs were $27.0 million compared to $20.1 million for the same period of 2020, an increase of $6.9 million or 35%. The following factors caused an increase in general and administrative costs in the current period, compared to 2020: 1) expenditure on the franchise and brand management operations of $1.0 million; 2) a $0.7 million decrease in the wage subsidy recorded; and 3) increased costs related to the transition to a public company, including headcount, insurance and professional fees of $6.7 million. These costs were offset by a decrease in stock-based compensation expense of $1.4 million.

In the year ended December 31, 2021, general and administrative costs were $90.7 million compared to $70.8 million in for the same period of 2020, an increase of $19.9 million or 28%. The following factors caused an increase in general and administrative costs in 2021, compared to 2020: 1) expenditure on the franchise and brand management operations of $2.9 million; 2) expenditure on the Boat Rocker Studios, Scripted operations of $0.5 million; 3) expenses in the Representation segment mainly related to variable compensation of $3.0 million; 4) a decrease in the wage subsidy recorded of $2.3 million; 5) a decrease to the stock-based compensation expense of $0.9 million; and 6) $12.1 million of costs necessitated by the Company's IPO in March 2021 and its status as a public company for the balance of the year, including headcount, insurance and professional fees.

Amortization expense. Amortization expense consists of the amortization of property and equipment, right-of-use assets and other intangible assets. The following table presents the breakdown of amortization expense for the three months and years ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	**Three months ended December 31,**				**Year ended December 31,**			
	2021	**2020**	**$ change**	**% change**	**2021**	**2020**	**$ change**	**% change**
Expenses:								
Amortization of property and equipment	$ 928	$ 829	$ 99	12%	$ 3,752	$ 2,987	$ 765	26%
Amortization of right-of-use assets	1,569	1,759	(190)	(11)%	6,536	6,937	(401)	(6)%
Amortization of intangible assets	2,079	2,161	(82)	(4)%	8,273	8,642	(369)	(4)%
Amortization expense	**$ 4,576**	**$ 4,749**	**$ (173)**	(4)%	**$ 18,561**	**$ 18,566**	**$ (5)**	—%

Impairment expense. Goodwill is tested for impairment annually as at December 31 or more frequently if events or circumstances indicate that the asset might be impaired. During the three months ended September 30, 2020, management identified that there were indications of impairment associated with the Unscripted cash generating unit ("CGU"), given the pervasive economic impact of COVID-19 on unscripted television productions where actual operating results and financial projections fell short of previous estimates and projections. Accordingly, the Company tested goodwill of this CGU for impairment as at September 30, 2020 and based on the analysis, it was determined that the carrying value exceeded the value in use. Consequently, an impairment of $13.0 million was recorded at September 30, 2020. No further indications of impairment have been identified by management in 2020 or 2021.

Finance costs, net. The following table presents a breakdown of net finance costs for the three months and years ended December 31, 2021and 2020:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2021	2020	$ change	% change	2021	2020	$ change	% change
Expenses:								
Interest income	$ (106)	$ (131)	$ 25	19%	$ (380)	$ (474)	$ 94	20%
Interest expense, corporate debt	$ 291	$ 2,149	(1,858)	(86)%	$ 2,418	$ 8,041	(5,623)	(70)%
Interest expense, interim production financing	309	252	57	23%	967	1,171	(204)	(17)%
Accretion expense on lease liabilities	404	504	(100)	(20)%	1,737	1,896	(159)	(8)%
Finance costs, net	**$ 898**	**$ 2,774**	**$ (1,876)**	(68)%	**$ 4,742**	**$ 10,634**	**$ (5,892)**	(55)%

Interest income is earned on certain cash deposits and on the collection of film and television tax credits from the Canada Revenue Agency (CRA) where the tax return was filed on time and the payment by CRA took place after 120 days.

Interest expense on corporate debt in the year ended December 31, 2021 of $2.4 million, consisted of interest on loans and borrowings that were outstanding from January 1, 2021 to March 2021 when funds from the Company's IPO were used to repay outstanding balances. In 2020, loans and borrowings were outstanding and incurred interest for the full 12 months. Additionally in the year ended December 31, 2020, interest expense was incurred on convertible debentures issued to the Company's majority shareholder, Fairfax Financial Holdings Inc. (Fairfax) in September 2019 and December 2020. These convertible debentures were converted to non-voting common shares on January 1, 2021 and to Subordinate Voting Shares on the IPO date. Interest expense on the convertible debentures issued in 2019 and 2020 was $2.8 million in the year ended December 31, 2020, compared to $nil in the current period due to the conversion.

Interest expense related to interim production financing is classified within production expenses, either in investment in content on the consolidated statement of financial position or service costs on the consolidated statement of income (loss) from the date of the initial draw to the date of delivery of the content. Interest expenses incurred subsequent to delivery until the repayment of the interim production financing is classified as interest expense on the consolidated statement of income (loss). Interest expense in the year ended December 31, 2021 and 2020 decreased by $0.2 million related to the number of loans outstanding and the timing of draws and repayments.

The Company enters lease contracts for offices and equipment, and incurred accretion expense from the unwinding of discounting impact of the future cash payments. Accretion expense was relatively consistent between 2021 and 2020 in both the three-month and year-end periods.

Foreign exchange gains and losses. Unrealized foreign exchange gains and losses are generated by the translation of monetary assets and liabilities denominated in a currency other than the legal entity's functional currency. Realized foreign exchange gains and losses are recognized when monetary assets and liabilities denominated in a currency other than the functional currency of the legal entity are settled.

During the three months ended December 31, 2021, the Company recognized a foreign exchange loss of $0.5 million compared to a gain of $1.0 million in the same period of 2020. In the year ended December 31, 2021, the Company recognized a foreign exchange gain of $0.1 million compared to a gain of $0.5 million in the same period of 2020. The Company's foreign currency exposure in the prior year period was mainly on its US dollar loans and borrowings which were repaid using the proceeds of the Company's IPO in March 2021.

Other gains and losses. The following table presents the breakdown of other gains and losses for the three months and years ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2021	2020	$ change	% change	2021	2020	$ change	% change
Loss on modification (gain on settlement) of loans and borrowings	$ —	$ —	$ —	—%	$ (2,334)	$ 342	$ (2,676)	(782)%
Share of equity accounted investees	(75)	(227)	152	(67)%	26	(227)	253	(111)%
Change in fair value of convertible debt	—	(43)	43	(100)%	(4,382)	1,434	(5,816)	(406)%
Change in fair value of financial assets	—	(238)	238	(100)%	2	(299)	301	(101)%
Change in fair value of unsettled forward exchange contracts	1,004	(844)	1,848	(219)%	1,251	(249)	1,500	(602)%
Change in fair value of contingent consideration	(3,684)	(3,180)	(504)	16%	(3,286)	(2,300)	(986)	43%
Change in fair value of other financial liabilities - put options	376	1,723	(1,347)	(78)%	5,442	6,378	(936)	(15)%
Change in fair value of other financial liabilities - acquisition liabilities	94	272	(178)	(65)%	(1,916)	931	(2,847)	(306)%
Other (gains) / losses	**$ (2,285)**	**$ (2,537)**	**$ 252**	**(10)%**	**$ (5,197)**	**$ 6,010**	**$ (11,207)**	**(186)%**

- ***Loss on modification (gain on settlement) of loans and borrowings.*** The proceeds from the Company's IPO were used to repay the outstanding principal balance of loans and borrowings with BMO in full on March 24, 2021. In prior periods where modifications had been made to the Company's loan facilities with BMO, the Company had recorded an additional liability and loss on the statement of operations relating to the terms of modification. The early extinguishment of the Company's loan obligations reversed this remaining liability, giving rise to a gain on settlement of debt of $2.3 million.
- ***Share of equity accounted investees.*** This represents the Company's share of income on its equity accounted investees.
- ***Change in fair value of convertible debt.*** During year ended December 31, 2021, prior to the IPO, the convertible debenture with Fairfax that had been issued on December 1, 2020 and February 1, 2021 with a face value of $40.0 million was converted into Subordinate Voting Shares of the Company. The transaction resulted in a change in fair value of $4.4 million, which was determined based on the difference in the previously negotiated conversion price and the market value of the Company's Subordinate Voting Shares at the time of the IPO.
- ***Change in fair value of financial assets.*** This represents the fluctuations of the financial assets carried at fair value through profit and loss (FVTPL).
- ***Change in fair value of unsettled forward exchange contracts.*** The Company enters into forward currency contracts to hedge the exposure of certain foreign currency production costs. Due to the timing of production, some of these contracts remain unsettled at year end, where the unrealized gain or loss is recorded in the consolidated statement of income (loss).
- ***Change in fair value of contingent consideration.*** Contingent consideration is initially recognized at estimated fair value, which may be different from the settlement amount. The

difference between the carrying values at initial recognition and the amounts to be paid at settlement dates is recognized in the consolidated statement of income (loss) over the term of the liability as a change in fair value. At each reporting date, the Company reassesses the estimated fair value of contingent consideration and changes in the fair value is recognized in other gains and losses. The change in fair value of contingent consideration for the three months and year ended December 31, 2021 relates to acquisition-related liabilities of Untitled and Platform One Media (now known as Boat Rocker Studios, Scripted, LLC) and for the three months and year ended December 31, 2020 relates to acquisition liabilities of Platform One Media (now known as Boat Rocker Studios, Scripted, LLC), Untitled, and Insight.

- ***Change in fair value of other financial liabilities - put options.*** The Company has entered into separate agreements with the sellers of Untitled and Insight whereby the Company can elect or be required to purchase the non-controlling interests of each of these entities. The liabilities are recorded at fair value, which includes assumptions relating to the future value of the entities discounted back to each reporting date, along with the estimated probabilities of expected outcomes for each of the options. The fair value of the options will change if the Company determines there are any changes to these estimates and assumptions, including the passage of time in terms of how soon the option will become exercisable. Changes in the estimated value of the liabilities are recorded on the consolidated statement of income (loss).
- ***Change in fair value of other financial liabilities - acquisition liabilities.*** As a pre-closing change to the Company's capital structure prior to the IPO, a purchase price liability in connection with the acquisition of Matador Content was settled with the issuance of Subordinate Voting Shares, where the market value of the shares was less than the amount of the liability recorded. This resulted in a change in fair value of $2.4 million. In addition, this balance also includes the fair value fluctuations of a Platform One Media (now known as Boat Rocker Studios, Scripted, LLC) acquisition liability.

Income taxes. For the three months ended December 31, 2021, income tax expense of $5.0 million represented a negative effective tax rate of 58.6% on the loss before taxes of $8.5 million, as compared to $1.3 million, or a negative effective tax rate of 154.5% on the loss before taxes of $0.8 million for the three months ended December 31, 2020.

For the year ended December 31, 2021, income tax expense of $6.2 million represented a negative effective tax rate of 103.8%, on the loss before taxes of $5.9 million, compared to an expense of $1.9 million, or a negative effective tax rate of 4.5%, on the loss before taxes of $42.1 million for the year ended December 31, 2020. The Company's statutory tax rate is 26.5% for each of these periods. The significant difference between effective and statutory rates is due primarily to prior year true-ups in the year ended December 31, 2021, and taxable losses and other deductions in subsidiaries located in the US for which no tax benefit was recognized in 2020. These losses amounted to an impact of $1.6 million in the year ended December 31, 2021 on the effective tax rate (2020 - $12.1 million).

Share-based compensation and other non-deductible expenses amounted to an impact of $2.8 million and $2.1 million on the effective tax rate for the year ended December 31, 2021 and 2020, respectively.

Net income (loss) attributable to shareholders of the Company. Net income attributable to shareholders of the Company for the three months ended December 31, 2021 was $1.0 million, compared to a loss of $2.2 million for the same period of 2020, a favourable variance of $3.3 million. Revenue increased more than the associated increase in expenses in the three months ended December 31, 2021 when compared to the three months ended December 31, 2021, largely due to the delivery of several large productions, including *American Rust* and *Invasion*, net of an increase in tax expense.

Net loss attributable to shareholders of the Company for the year ended December 31, 2021 was $20.7 million, compared to $48.7 million for the year ended December 31, 2020, a favourable variance of $28.1 million. Decreases in goodwill impairment expense (2021- $nil, 2020 - $13.0 million), net finance costs (2021 - $4.7 million, 2020 - $10.6 million), and other gains and losses (2021 - a gain of $5.2 million, 2020 - a loss of $6.0 million) account for the majority of the favourable variance.

Adjusted EBITDA.* Adjusted EBITDA for the three months ended December 31, 2021 was $19.0 million compared to $7.4 million for the same period of 2020, a positive variance of $11.5 million and 155%. Adjusted EBITDA for the three months ended December 31, 2021 includes $2.0 million of operating costs for the franchise and brand management operations. In the same period of 2020, these costs amounted to $1.1 million.

Adjusted EBITDA for the year ended December 31, 2021 was $31.6 million compared to $14.1 million for the same period of 2020, a positive variance of $16.1 million. The increase in Adjusted EBITDA was predominantly driven by higher segment profit in Television owing to a higher volume of content deliveries, as well as higher segment profit in Representation. The Adjusted EBITDA results were, however, partially offset by increased general and administrative expenses in Corporate and Shared Services. Adjusted EBITDA for the year ended December 31, 2021 includes the impact of $5.1 million of operating costs for the franchise and brand management operations. In the year ended December 31, 2020, these costs amounted to $2.2 million.

Refer to Reconciliation Tables on pages 43 and 44 for reconciliation of net income (loss) to Adjusted EBITDA for the three months and years ended December 31, 2021.

*See "Non-IFRS Measures"

OUTLOOK

Boat Rocker delivered a material step-up in its top-line performance in 2021, reporting an 156% revenue increase in the year ended December 31, 2021 compared with 2020. Revenue increased in all three of the Company's segments. Boat Rocker also delivered a 125% increase in Adjusted EBITDA and a 73% decrease in net loss in 2021 over 2020.

In 2022, management is expecting Adjusted EBITDA growth and margin expansion. It expects Adjusted EBITDA to be in the range of $40 to $50 million, which would represent approximately 25% - 60% growth from the $31.6 million generated in 2021. Management remains focused on Adjusted EBITDA as it believes this metric is the most important measure of the Company's performance. As in 2021, management currently expects to deliver stronger results in the second half of the year.

Management expects industry tailwinds to remain strong throughout 2022, with the global demand for premium content and talent showing no signs of abating. With its diverse and scaled content creation engine and long track record of successfully delivering multi-genre content at all budget levels to the world's leading platforms, Boat Rocker believes that it is well positioned to capitalize on positive market trends. Operating in this dynamic setting, Boat Rocker will seek to continue to scale and enhance its capabilities as a next generation entertainment company for the years ahead.

The 2022 Adjusted EBITDA range is subject to certain risks, which are outlined in the Risks and Uncertainties section and in the Company's Annual Information Form dated March 31, 2022. The Company's 2022 outlook is also based on certain assumptions made by management regarding the Company's performance in 2022 and external factors which it cannot control, including the following key assumptions: delivery of episodes of several greenlit series according to current production and delivery schedules; greenlights for a number of additional series and projects, including subsequent seasons of series already produced; steady performance in the Company's Representation segment; the Kids and Family segment is expected to recognize a growth in segment profit, primarily driven by the launch and/or expansion of consumer products for key brands; ultimate distribution revenue from key series owned by the Company will be contracted and received as forecasted; and operating costs of the business will not significantly increase as the business continues to scale and despite continued competitive pressures for talent and labour in the Company's operations divisions, corporately and on sets; and an assumed average 2022 foreign exchange rate of US$1.00 = C$1.30.

COVID-19 PANDEMIC UPDATE

The content production industry experienced a pause on live action production in March 2020 due to the impact of the COVID-19 pandemic, which impacted Boat Rocker's Television segment in both the scripted and unscripted production groups. As a result, the expected delivery dates of several Boat Rocker series were delayed, shifting a substantial portion of expected revenue from 2020 into 2021. Talent clients in the Representation segment were also negatively impacted by the pandemic-related temporary shutdowns and restrictions imposed in 2020. However, production of the Company's animated content remained stable as Boat Rocker effectively and quickly transitioned its animation teams to work-from-home.

When the jurisdictions in which Boat Rocker operates lifted their restrictions on live action production in 2020, Boat Rocker worked diligently to pioneer what management believes are leading COVID-19 protocols, which allowed the Company to resume live action productions in the summer of 2020. Since that time, Boat Rocker has been able to produce and deliver its live-action series without any major interruptions or delays, including completing the production of *Invasion* for AppleTV+, which was filmed throughout 2020 and 2021 in the US, UK and Japan, and producing *American Rust* for Showtime commencing in March 2021, after a year hiatus due to COVID. Despite the ongoing challenges presented by the COVID-19 pandemic, Boat Rocker delivered more revenue in 2021 than in any previous year.

While Boat Rocker continues to face challenges as a result of COVID-19, the Company is actively taking steps to mitigate potential impacts on the business. The Company's COVID-19 response is guided by the recommendations of public health.

- The Company's employees who could work remotely (for example, it's animation studio crews, writing rooms, editors and corporate employees) continued to do so in 2021 so as to limit the spread of COVID-19 and reduce the risk of business interruptions from absenteeism.
- The Company worked with its buyers in 2020 to push production start dates, re-work and re-budget projects to mitigate pandemic-related costs, and restart projects as soon as practicable. All budgets developed by the Company after March 2020 included reasonable allowances for COVID-related costs and protocols.
- In respect of 2020 productions negatively impacted by the pandemic, the Company made claims under insurance policies for COVID-19 related costs and in many cases received meaningful insurance claim proceeds (subject to deductibles and contractual entitlements of the Company's buyers who also incurred costs associated with the pandemic).
- The Company has received the Canada Emergency Wage Subsidy for salaries paid to its employees, cast and crew in 2021 and 2020. In the year ended December 31, 2021, the Company applied for and received $4.3 million of Canada Emergency Wage Subsidy (December 31, 2020 - $13.8 million). While the subsidy is received upfront as cash and used to reduce personnel costs (service costs in the case of Jam Filled Entertainment), it reduces other assistance that productions would have received in the future in the form of federal and provincial film and television tax credits. The impact of the reduced tax credits will be recognized on the statement of operations as the related revenue and costs are recognized.

Demand for content has been sustained through the COVID-19 pandemic and management expects this trend will continue based on both industry analysts' expectations and its own experience with content buyers. In 2021, the Representation segment's clients resumed work on projects across the industry at levels consistent with pre-COVID volume. Looking ahead, Boat Rocker has a slate of projects scheduled for delivery in 2022 and onwards, consisting of series that are in-production, greenlit, or in development (either internally or with a third-party financier), across each of its segments. Producing programming with COVID-19 prevalent in the communities in which the Company operates is the new normal.

Some of the Company’s shows that have been partially and fully delivered during the three months and year ended December 31, 2021 incurred certain COVID-related costs in excess of budgeted amounts that could not have been anticipated when the budgets were finalized pre-pandemic, and which will not be covered by the broadcasters of those series or by insurance proceeds. These costs relate to the pausing and restarting of productions that were partially and fully delivered during 2021, including the cost to hold key cast and crew and studio facilities during the hiatus period. During the three months and year ended December 31, 2021, the Company's results include $4.9 million and $9.6 million, respectively (2020 - $nil for both periods), of such costs. The Company does not anticipate having similar costs in 2022 as projects anticipated to be delivered in 2022 were budgeted after March 2020, taking into account COVID-19 related costs.

QUARTERLY INFORMATION

The following table presents the revenue, net income (loss), and basic EPS by quarter for each of the eight most recent quarters ended December 31, 2021:

(Amounts in thousands CAD, except EPS)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue	$ 262,455	$ 203,332	$ 62,088	$ 52,494	$ 55,614	$ 78,009	$ 51,003	$ 42,177
Net income (loss)	3,512	(1,758)	(8,819)	(5,016)	(446)	(22,990)	(6,622)	(13,932)
Basic EPS	0.02	(0.07)	(0.20)	(0.20)	(0.09)	(0.97)	(0.28)	(0.60)

- Basic EPS figures for quarters occurring during 2020 have been adjusted above to reflect the impact of the 1.6016:1.000 share split that occurred immediately prior to the closing of the IPO.
- In the normal course, Boat Rocker’s results vary on a quarterly basis due to 1) the number of shows delivered, 2) the timing of deliveries, 3) the size of budgets and related revenue of productions, and 4) licence period start dates contracted with buyers and distributors.
- The commencement date of license agreements with broadcasters may occur within a window of prescribed time based on first airing, which could cause a delay to the recognition of revenue if the Company has anticipated an earlier premiere date.
- The impact of COVID-19 on the timing of production delivery affected revenue recognition and consequently net income and loss in a manner that further prevents comparability of quarterly results between periods.
- Readers of this MD&A and annual financial statements are cautioned about extrapolating the results for the quarter into future quarterly or annual expectations.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objectives when managing capital are to provide an adequate return to shareholders, safeguard its assets, and maintain a competitive cost structure in order to pursue the development, production, distribution and licensing of its content. To facilitate the management of its capital structure, the Company prepares annual operating budgets that are updated as necessary depending on various factors including industry conditions and operating cash flows. The annual and updated budgets are reviewed and approved by the Board of Directors.

The Company manages liquidity by forecasting and monitoring cash flows and through the use of interim production financing. As at December 31, 2021, the Company had cash of $97.0 million (December 31, 2020 – $71.8 million). Results of operations for any period are dependent on the amount and timing of content delivered. Consequently, the Company's results from operations may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily closely correlated with revenue recognition.

As at December 31, 2021, the Company has undrawn revolvers of $6.0 million that can be drawn to fund working capital as needed, both through our Corporate Credit Facility and through the Royal Bank of Canada.

Cash

The majority of the Company's cash is held in three main currencies: Canadian dollars, US dollars, and Great British pounds. The Company's treasury function is actively managed in order to seek to limit exposure to gains and losses that may arise on exchanging cash balances between currencies. The Company periodically enters into foreign exchange contracts to manage its foreign exchange risk, in particular for productions where cash inflows and cash outflows take place in different currencies. These contracts are considered financial instruments under IFRS 9, Financial instruments (IFRS 9) and are recognized on the consolidated statement of financial position as financial assets or liabilities. Changes in the fair value of the foreign exchange contracts are recognized on the consolidated statement of income (loss) in other gains and losses.

The following table presents the breakdown of cash as at December 31, 2021 and December 31, 2020:

(Amounts in thousands CAD)	December 31, 2021	December 31, 2020	$ change	% change
Cash Available for Use*	$ 57,247	$ 32,162	$ 25,085	78%
Cash Required for Use in Productions*	39,703	39,592	111	—%
Total cash	**$ 96,950**	**$ 71,754**	**$ 25,196**	**35%**

*See "Non-IFRS Measures"

Cash Available for Use funds working capital requirements as well as development and growth efforts. Cash Available for Use increased by $15.0 million from the issuance of a further convertible debenture to Fairfax on February 1, 2021 and by $170.1 million from the gross proceeds raised by the IPO. Loans and borrowings outstanding with BMO were repaid using $90.5 million of cash and underwriting fees related to the IPO used $8.4 million. Funding of the investment in content of Boat Rocker Studios, Scripted used $20.0 million during 2021, the majority of which will be returned to cash available for use when certain productions are delivered and license fees and film and television tax credits are collected. The Company did not declare or pay dividends to controlling shareholders during 2020 and 2021.

Certain cash is required for the funding of productions in progress and is not available for other uses. This cash has been provided by buyers and third-party IP owners that have engaged the Company to produce video content, as well as banks with whom Boat Rocker has contracted to provide interim production financing. The increase in Cash Required for Use in Productions from December 31, 2020 to December 31, 2021 was $0.1 million.

Indebtedness

At December 31, 2021, the Company had a Net Cash position of $31.4 million, compared to a Net Debt position of $90.8 million at December 31, 2020. The following table presents the Company's Net Cash position as at December 31, 2021:

(Amounts in thousands CAD)		**December 31, 2021**
Cash available for use	$	57,247
Less: lease liabilities		(25,812)
Net Cash*	**$**	**31,435**

*See "Non-IFRS Measures"

The following table presents the Company's Net Debt position as at December 31, 2020:

(Amounts in thousands CAD)		**December 31, 2020**
Loans and borrowings, excluding interim production financing	$	93,595
Lease liabilities		31,543
Plus: Loan fees, net of amortization		314
Less: Loan modification		(2,501)
Less: Cash available for use		(32,162)
Net Debt*	**$**	**90,789**

*See "Non-IFRS Measures"

As at December 31, 2020, the Company had a bi-lateral financing arrangement with BMO for several facilities under a demand loan structure. The Company had drawn on the demand loans to use the cash for consideration for various acquisitions and to fund ongoing working capital requirements. Of the total outstanding at December 31, 2020, $31.6 million was drawn in Canadian dollars and $59.8 million was drawn in US dollars. All outstanding principal amounts of the loans and borrowings were repaid on March 24, 2021 using $90.5 million of proceeds from the Company's IPO.

The Company's Corporate Credit Facility as at December 31, 2021 is comprised of a $5.0 million demand revolver (undrawn at December 31, 2021), a US$2.0 million demand revolver (fully drawn at December 31, 2021), a $3.5 million treasury risk management facility (unused at December 31, 2021) and a $0.3 million credit card facility (maintained on a monthly basis).

Boat Rocker identifies interim production financing to be short-term in nature as it typically has a maturity of less than two years and is repaid upon collection of the associated third-party funding. As such, management excludes interim production financing from its calculation of Net Cash and Net Debt. The Company does not include convertible debentures nor does it include other financial liabilities that are based on estimates and probabilities, rather than specific amounts owing in the net debt calculation.

The following table presents the Company's interim production financing as at December 31, 2021 and December 31, 2020 :

(Amounts in thousands CAD)	December 31, 2021	December 31, 2020	$ change	% change
Interim production financing	$ 117,619	$ 139,844	$ (22,225)	(16)%

Boat Rocker's production funding model is unique to each show and consists of various sources of third-party funding. These third-party funding sources include contracted domestic license fees (i.e. pre-sale of initial Canadian broadcast rights to linear channels or OTT platforms), advances from international buyers (i.e. foreign OTT platforms, linear channels or third-party distributors who acquire certain geographic or global rights), and federal, provincial, or state tax credits, grants and other funding sources available to Boat Rocker. Due to timing differences between inflow of the third-party financing sources and required outflows to fund the production budget, interim production financing is required. When the third-party funding for the project is confirmed, these sources are pledged to a bank or other industry lender to secure an interim production financing loan. The pledges which generally include financing commitments from large OTT platforms, linear channels and governmental bodies are used to repay the interim production financing as each third-party financing source is collected by the Company. The timing of the collection of these funds can sometimes occur well after a production is completed, which is often the case for federal, provincial, and state tax credits, which may only be received 12 to 24 months after physical production has ended.

Boat Rocker generally incorporates a new single purpose entity for each of its material productions, including for each new season of an existing series, in order to manage the budget and cash flow of its productions. For Canadian productions, the interim production financing is arranged on an individual production basis at the single purpose entity level. This structure enables the Company to limit liability, monitor production costs and to manage financing and future revenue streams associated with each production. The single purpose entity is generally amalgamated as the interim production financing is repaid. As at December 31, 2021, the aggregate amount of interim financing outstanding for Canadian productions was $54.5 million (December 31, 2020 - $50.9 million).

Subsidiaries of Boat Rocker Studios, Scripted, LLC, the Company's California based subsidiary specializing in scripted content, are party to a U.S.$100.0 million senior secured five-year revolving credit facility with JPMorgan Chase in connection with the interim financing of certain scripted programming produced by Boat Rocker Studios, Scripted, LLC in the United States (US Scripted Production Facility). The borrower under the US Scripted Production Facility is a direct subsidiary of Boat Rocker Studios, Scripted, LLC and the subsidiaries of the borrower are guarantors of the facility. The U.S. Scripted Production Facility is not guaranteed by Boat Rocker Studios, Scripted, LLC or the Company. As at December 31, 2021, the aggregate amount outstanding under the US Scripted Production Facility was $63.1 million (December 31, 2020 - $88.9 million). The subsidiaries of the Company who are party to the US Scripted Production Facility are in compliance with all covenants contained in the US Scripted Production Facility.The subsidiaries of the Company who are party to the US Scripted Production Facility are in compliance with all covenants contained in the US Scripted Production Facility.

The Company enters into leases in the normal course of business to secure office space and IT equipment in the various countries in which it operates. Under IFRS 16, Leases (IFRS 16), the Company records right of-use-assets and lease liabilities on the statement of financial position. The lease liabilities are considered indebtedness.

The following table presents the Company's convertible debentures as at December 31, 2021 and 2020:

(Amounts in thousands CAD)	December 31, 2021	December 31, 2020	$ change
Convertible debentures issued in 2019	$ —	$ 22,016	$ (22,016)
Convertible debentures issued in 2020	—	25,247	(25,247)
Total	**$ —**	**$ 47,263**	**$ (47,263)**

In September 2019, the Company issued a US$15.0 million secured, subordinated convertible debenture to its controlling shareholder Fairfax. The debenture was converted into 2,130,309 Series A non-voting common shares on January 1, 2021 at a rate of $10.33 per share. The rate of conversion and the number of shares noted are before the share multiplier was applied at the time of the IPO of 1.6016:1.000. After application of the share multiplier, the 2019 convertible debenture converted to 3,411,903 Subordinate Voting Shares at a rate of $6.45 per share.

In December 2020, the Company issued a $25.0 million secured, subordinated convertible debenture to Fairfax, bearing interest at 8% per annum. On February 1, 2021, the Company issued a further tranche of the 2020 convertible debenture to Fairfax in the amount of $15.0 million under the same terms. The $40.0 million debenture plus the accrued but unpaid interest thereon, was converted into 3,984,936 Subordinate Voting Shares immediately prior to the closing of the IPO based on a conversion ratio of $10.24 per share (after the application of the share multiplier), as agreed to by the Company and Fairfax.

The following table presents the Company's other financial liabilities as at December 31, 2021 and 2020:

(Amounts in thousands CAD)	December 31, 2021	December 31, 2020	$ change	% change
Other financial liabilities	$ 53,631	$ 60,715	$ (7,084)	(12)%

Other financial liabilities at December 31, 2021 comprise $44.4 million of put option liabilities and $1.9 million of other liabilities arising from the acquisitions of Untitled Entertainment and Insight Productions Limited (December 31, 2020 - $38.9 million), and $7.3 million of liabilities arising from the acquisition of Platform One Media (now known as Boat Rocker Studios, Scripted, LLC) (December 31, 2020 - $7.0 million). A further liability of $14.8 million was outstanding at December 31, 2020 and was settled through the issuance of shares to the Matador Content sellers immediately prior to the Company's IPO.

Cash Flows

The following table summarizes the cash flows in the year ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	Year ended December 31,			
	2021	2020	$ change	% change
Cash used in operating activities	$ (16,875)	$ (36,525)	$ 19,650	54%
Cash provided by financing activities	47,794	50,201	(2,407)	(5)%
Cash used in investing activities	(5,667)	(1,473)	(4,194)	(285)%
Foreign exchange on cash held in foreign currency	(56)	283	(339)	120%
Increase in cash	$ 25,196	$ 12,486	$ 12,710	102%
Cash - Beginning of period	71,754	59,268	12,486	21%
Cash - End of period	**$ 96,950**	**$ 71,754**	$ 25,196	35%

Cash flow from operating activities

Cash flow from operating activities for the year ended December 31, 2021 was a use of cash of $16.9 million compared to a use of cash of $36.5 million in the same period of 2020, a variance of $19.7 million.

The net loss in the year ended December 31, 2021 of $12.1 million, after adjusting for the non-cash items, generated a cash source of $345.4 million. The net loss of $44.0 million in the comparative 2020 period with non-cash items added back was a cash source of $67.3 million, $278.1 million lower than in 2021.

For the year ended December 31, 2021, cash from operations used for investment in content was $160.5 million, $24.9 million lower than the amount used in the same period of 2020 of $185.4 million. This variance relates to the timing of commencement of productions throughout each year.

The lower cash outflow in the current period was also impacted by $284.9 million less cash inflow resulting from changes in other non-cash working capital balances, primarily driven by a decrease in cash generated from deferred revenue between the two periods of $231.5 million. These large swings in the specific line items of cash used in operating activities reflect the production activity on the two large scripted dramas over the two year period. Cash was used for investment in content and cash was received from the broadcasters for these shows over the two-year period but only recognized on the statement of income (loss) in 2021.

Cash flow from financing activities

Cash flow from financing activities for the year ended December 31, 2021 were an inflow of $47.8 million compared to $50.2 million in the same period of 2020, a decrease of $2.4 million.

The Company recognized net cash outflows for interim production financing of $22.4 million in the year ended December 31, 2021. In comparison, in the prior year period, the Company recognized cash inflows from interim production financing net of repayments of $29.7 million. As cash was received from broadcasters on the two large scripted dramas, the interim production financing was repaid. A total of $91.2 million in loans and borrowings were repaid during the year ended December 31, 2021 compared to $5.2 million in the same period of 2020. On March 24, 2021 upon the closing of the Company's IPO, net cash proceeds of $161.7 million were received. Distributions paid to non-controlling shareholders increased by $3.3 million in the 2021 period, compared to the prior year.

Cash flow from investing activities

Cash flow from investing activities for the year ended December 31, 2021 was a use of cash of $5.7 million compared to a use of cash of $1.5 million in the same period of 2020, a variance of $4.2 million.

Cash payments for the settlement of contingent consideration relating to acquisitions amounted to $1.0 million in the year ended December 31, 2021 as compared to $1.6 million in the same period of 2020, a variance of $0.6 million.

Cash received from dividends from investments in associates was $1.3 million in the year ended December 31, 2020, where no amount was received in year ended December 31, 2021.

Expenditures on property and equipment were $2.7 million in the 2021 period compared to $1.7 million in 2020.

Free Cash Flow

Free Cash Flow is a non-IFRS measure. Several types of cash flows are excluded from cash provided by operating activities as defined under IFRS that management believes add value to evaluating the ability of the business to generate cash flows. In particular, interim production financing is crucial to the funding of productions and proceeds and repayments of interim production financing have been included in the calculation of Free Cash Flow. Similarly, repayment of lease liabilities and distributions made to non-controlling shareholders have also been included as management considers these to be operating cash flows.

The following table presents the reconciliation from cash used in operating activities to Free Cash Flow for the year ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	**Year ended December 31,**			
	2021	**2020**	**$ change**	**% change**
Cash used in operating activities	$ (16,875)	$ (36,525)	$ 19,650	54%
Proceeds from interim production financing	69,698	147,828	(78,130)	(53)%
Repayments of interim production financing	(92,077)	(118,161)	26,084	22%
Repayment of lease liabilities	(7,701)	(7,860)	159	2%
Distribution to non-controlling interest shareholders	(7,638)	(4,368)	(3,270)	(75)%
Free Cash Flow*	**$ (54,593)**	**$ (19,086)**	**$ (35,507)**	186%

*See "Non-IFRS Measures"

The movements in cash flows are presented above and the following items explain the variance in Free Cash Flow:

- Cash used in operating activities was $16.9 million for the year ended December 31, 2021, $19.7 million less than the prior year period where it was a cash use of $36.5 million.
- The proceeds from interim financing net of repayments were a net outflow of $22.4 million in the year ended December 31, 2021 as compared to a net inflow of $29.7 million in the comparative 2020 period, accounting for $52.0 million variance as a net cash outflow between the periods.
- More cash was used to pay distributions to non-controlling shareholders in the year ended December 31, 2021 compared to the prior period, based on operating results in that business.

Financial Obligations

The following table discloses the Company's undiscounted financial obligations and commitments to be settled over the following five years:

	Total	2022	2023	2024	2025	2026	2027 AND AFTER
	$	$	$	$	$	$	$
Accounts payable and accrued liabilities (1)	80,714	78,569	2,145	—	—	—	—
Interim production financing (2)	118,525	86,187	32,338	—	—	—	—
Contingent consideration (3)	6,517	29	6,488	—	—	—	—
Lease liabilities (4)	30,306	7,212	6,068	4,861	3,884	3,409	4,872
Other financial liabilities (5)	72,906	5,141	7,316	60,449	—	—	—
Production commitments (6)	2,136	1,553	583	—	—	—	—
	311,104	178,691	54,938	65,310	3,884	3,409	4,872

(1) Accounts payable and accrued liabilities are all current in nature. Accrued liabilities include interest on interim production financing as well as accrued participation costs.

(2) Interim production financing is classified as current because it is repayable on demand. Principal balance is settled at the time the license fees and film and television tax credits associated with the production are received, which can be between 6 to 24 months from the date of the production's completion.

(3) Contingent consideration represents amounts primarily arising from the acquisition of Platform One Media (now known as Boat Rocker Studios, Scripted, LLC), the majority of which is expected to be settled through the issuance of equity.

(4) Lease liabilities represent the obligation to make payments on various property and facility rentals, as well as equipment rentals. Individual leases vary in term.

(5) Other financial liabilities consist of put options, a provision for the cash settlement of an acquisition liability related to Platform One Media (now known as Boat Rocker Studios, Scripted, LLC), provisions for the cash settlement of acquisition liabilities related to the acquisition of Untitled.

(6) Production commitments arise from contracts with third-party producers whereby the Company commits to funding the production of content through a distribution advance that may be payable in installments over the production term, contingent on completion of certain milestones. There are also commitments related to the funding of TeaTime Productions.

The estimation of the Company's future liquidity requirements includes numerous assumptions that are subject to various risks and uncertainties. The principal assumptions used to estimate our future liquidity requirements consist of:

- The productions that will be greenlit and produced in a particular period;
- The financing plan of each production;
- The timing of the production period and the cash outflows of production spend;

- The timing of collection of the associated accounts receivable and production tax credits receivable; and
- The ability to draw on interim production financing to bridge the timing difference between production cash inflows.

OUTSTANDING EQUITY INSTRUMENTS

The following table presents the changes in outstanding shares between December 31, 2020 and December 31, 2021:

Shares	December 31, 2020	Note 1	Note 2	Note 3 & 4	Note 5	Note 6	Note 7	December 31, 2021
Voting common	14,705,951	—	8,847,100	(23,553,051)	—	—	—	—
Series A non-voting common	686,091	2,130,309	1,694,345	(4,510,745)	—	—	—	—
Series B non-voting common	498,815	—	300,087	(798,902)	—	—	—	—
Series C non-voting common	—	—	—	—	—	—	—	—
Series D non-voting common	418,739	—	251,914	(670,653)	—	—	—	—
Class C preferred	1,483,887	—	892,706	(2,376,593)	—	—	—	—
Subtotal	17,793,483	2,130,309	11,986,152	(31,909,944)	—	—	—	—
Multiple Voting (MVS)	—	—	—	23,553,051		—	—	23,553,051
Subordinate Voting (SVS)	—	—	—	8,356,893	3,984,936	1,373,535	18,900,000	32,615,364
Total	17,793,483	2,130,309	11,986,152	—	3,984,936	1,373,535	18,900,000	56,168,415

Notes:

1. The 2019 convertible debenture was converted to Series A non-voting common shares on January 1, 2021;
2. Immediately prior to the closing of the IPO, the issued and outstanding share capital was split on a 1.6016:1.000 basis;
3. All of the issued and outstanding voting common shares were exchanged into Multiple Voting Shares based on an exchange ratio of 1:1. Multiple Voting Shares have voting rights on a 10:1 basis;
4. All of the issued and outstanding non-voting common shares and preferred shares were exchanged into voting common shares based on an exchange ratio of 1:1 and then such voting common shares were exchanged into Subordinate Voting Shares based on an exchange ratio of 1:1. Subordinate Voting Shares have voting rights on a 1:1 basis;
5. The 2020 convertible debenture issued on December 1, 2020 and on February 1, 2021, including any accrued but unpaid interest, was converted to Subordinate Voting Shares;
6. Subordinate Voting Shares were issued to certain of the former owners of Matador Content and to certain other Matador Content employees in settlement of the provision for the right to be issued shares included in other financial liabilities; and
7. On the closing of the IPO, 18,900,000 Subordinate Voting Shares were issued from treasury for gross proceeds of $170.1 million.

As of March 30, 2022, the following equity instruments are outstanding:

Type of Equity Instrument	Number Outstanding
Multiple Voting Shares	23,553,051
Subordinate Voting Shares	32,649,087
Stock Options	2,777,456
Restricted Share Units	877,416
Deferred Share Units	15,980
Performance Share Units	1,291,872

The weighted average exercise price of the stock options outstanding is $7.96.

RELATED PARTY TRANSACTIONS

On January 1, 2021, a related party receivable of $8.4 million was extinguished by returning the amount as paid-up capital to the shareholders, resulting in a charge to retained earnings of $8.4 million. As at December 31, 2021, receivables from related parties, including amounts owed by shareholders, directors, and officers were $nil (December 31, 2020 – $8.4 million). Related party payables as at December 31, 2021 consisted of dividends declared but not yet paid to non-controlling interests of $0.6 million (December 31, 2020 - $nil).

As noted in the Liquidity and Capital Resources - Indebtedness section above, the convertible debentures issued to the Company's majority shareholder Fairfax in both 2019 and 2020 were converted during the year ended December 31, 2021.

COMMITMENTS

In the normal course of business, the Company enters contractual arrangements including commitments for future services, interim production financing and other production related commitments. Certain commitments routinely contain provisions for guarantees or minimum expenditures during the terms of the contracts. Additionally, the Company routinely enters non-cancellable lease agreements for premises and equipment, which contain minimum rental payments.

Future payments related to these commitments as at December 31, 2021 are as follows:

	$
2022	5,273
2023	3,789
2024	64
	9,126

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements that have or are reasonably likely to have a current or future material effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenue and expenses during the reporting periods. 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 under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

For a summary of all of the Company’s accounting policies, including the accounting policies discussed below, see Note 3 to Boat Rocker’s annual financial statements.

The most significant estimates and judgments made by management in the preparation of the Company’s consolidated financial statements are included in the following accounting policies, as described in further detail along with the accompanying policies below:

- Revenue recognition
- Amortization of investment in content
- Impairment of goodwill and long-lived assets
- Business combinations
- Production tax credits
- Fair value measurement of financial assets

Although management believes the assumptions and estimates made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain.

Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation, which could also impact net income as expenses and impairments could change. Unanticipated events and circumstances may occur, which may affect the accuracy or validity of such assumptions, estimates, or actual results.

The significant assumptions that affect these estimates and judgments in the application of accounting policies are noted throughout the Company's consolidated financial statements.

Although management believes the assumptions and estimates made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain.

Revenue recognition

The Company's accounting policies for revenue follow the guidance of IFRS 15, Revenue from Contracts with Customers (IFRS 15).

The Company earns revenue from the following sources:

- the initial licensing of content produced and owned by the Company;
- the distribution of content owned by the Company either through the Company acting as a distribution agent or using third-party distribution agents;

- the performance of services, both animation and live-action, to facilitate production of content owned by a third-party;
- the performance of franchise and brand management services provided to talent and IP representation services to third-party IP owners; and
- the licensing of brands and intellectual property to third-parties for use in consumer products.

Licensing revenue for content

- The Company grants licences to third-parties for content owned either by the Company or a third-party producer. Licensing revenue that supports the greenlight of the production, also called a pre-sale, is presented as production revenue. Licensing revenue earned after the pre-sale is presented as distribution revenue.
- The Company follows the specific guidance on licensing included in IFRS 15. The Company determined that the licences are right-to-use intellectual property. Under the standard, revenue from contracts associated with right to use intellectual property is recognized in full when all of the performance obligations are met.

Performance obligations for licensing revenue are satisfied either on delivery or on an episodic basis, depending on whether the underlying contract contemplates delivery on an episodic basis or on total completion of the production.

Revenue is recognized when each of the following conditions are met:

- the production of the contracted episodes or season has been completed;
- the customer has access to the content;
- the amount of revenue can be measured reliably;
- the collectibility of proceeds is probable; and
- the licence period associated with the contract has started.

Distribution of certain Company content is performed by third-parties and includes variable consideration due to uncertainty as to the amount of revenue earned. Revenue from variable consideration is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (variable consideration constraint). The variable consideration contained in the Company's contracts primarily relates to the activities of the third-parties. Once the variable consideration is known and the related uncertainty is resolved, which is upon receipt of earnings reports from the third-parties, the Company will recognize revenue.

The Company evaluates arrangements with third-parties to determine whether revenue should be reported on a gross or net basis under each individual arrangement by determining whether the Company acts as the principal or agent under the terms of each arrangement. In the case that the Company acts as the principal in the arrangement, revenue is reported on a gross basis, resulting in revenue and expenses being classified in their respective consolidated financial statement line items. In the case that the Company is acting as an agent in the arrangement, revenue is presented net of any related expenses. The primary factor that the Company considers in its evaluation of such arrangements is if the Company has control of the content or service before it is transferred to the customer, including if it has the ability to set the pricing.

Service revenue

The Company performs production services to facilitate production of content owned by a third-party. Service revenue is recognized over time.

IFRS 15 requires the Company to select a single method for measuring progress and applies it consistently. The Company elects to use the input method as the basis of the measurement. Progress of the contract is measured based on the proportion of costs incurred in the current period to total expected costs. A provision is made for the entire amount of future estimated losses, if any, on production-in-progress.

Accounts receivable for service productions that are in progress are classified as contract assets.

Representation revenue

The performance obligations pertaining to the Company’s talent management services included in representation revenue are to provide various services for clients, which generally include representing, supporting and advocating for clients under their engagements with third-parties. This representation revenue is earned based on a predetermined percentage of a client’s earnings. The performance obligations pertaining to services provided to third-party IP owners included in representation revenue typically conclude with the Company negotiating a licensing arrangement for the use of the IP, on which the Company earns a pre-negotiated commission from its client.

Under IFRS 15, representation revenue from talent management services is recognized as services are performed for the Company’s clients over time, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenue from variable consideration is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (variable consideration constraint). The variable consideration contained in the Company’s contracts primarily relates to the client’s earnings. Once the variable consideration is known and the related uncertainty is resolved, which is mainly when the client has earned their income, the Company will recognize revenue. The Company typically receives its commission within a short period of time subsequent to the client earning their income. When such services are performed prior to receiving supporting statements or other information from clients or third-party customers, the Company estimates the amount of revenue to recognize prior to receipt of the consideration relating to the variable consideration constraint. If the estimates and judgments were to change, the timing and amount of revenue recognized may be different. For representation revenue derived from IP representation for third-party IP, revenue is typically recognized at the point of sale, since it is at this point that the Company’s performance obligations are complete.

Consumer product revenue

The Company enters into licensing contracts with third-parties (i.e. licensees) which allow for the production and sale of consumer products that use the Company's IP. The licensees are given the right to access the Company's IP and hence are exposed to the Company’s activities to maintain the IP over the licence period. The Company records revenue as sales or usage occurs, to the extent that the Company can reliably estimate the amounts recoverable. Some licensees may pay a minimum guarantee or advance as part of the license consideration. Any minimum guarantee or advance received is recorded as deferred revenue and recognized as sales are made over the license term. Any remaining minimum guarantee is recognized as revenue at the end of the license term. Consumer product revenue is classified within distribution revenue in the Company's financial statements.

Amortization of investment in content

Amortization of investment in content is a direct operating expense which represents the production costs of content that the Company owns. As the content is produced, the costs are capitalized on the statement of financial position until the revenue recognition criteria is satisfied, at which time an assessment of the life of the content is made. The criteria to assess the life of the content includes the genre, the global demand for the content, and the potential for subsequent seasons and ancillary revenue such as merchandise and licensing. Based on these criteria, delivered content is is amortized using a declining balance method at rates ranging from 36% to 100% at the time of delivery and at rates ranging from 10% to 50% annually on a declining balance as the underlying rights are consumed.

Acquired content includes both intellectual property and distribution rights acquired from third-party content creators. Acquired content is amortized using a straight-line method with useful lives ranging from 4-10 years.

Significant estimates and judgments relating to the investment in content are as follows:

- The methods and estimates of useful life needed to determine the appropriate amortization of investment in content depend on judgments with respect to many variables including the ability to license content to broadcasters, the availability of secondary markets, the impact of new media platforms, and the demand for merchandise and licensing of the related brand. The usage of content may differ materially and impact future amortization and net income.

Impairment of goodwill and long-lived assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired at the date of acquisition. Goodwill is carried at cost less any accumulated impairment losses and is not subject to amortization. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. Goodwill is allocated to a CGU, or group of CGUs, which is the lowest level within an entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Impairment is tested by comparing the recoverable amount of goodwill assigned to a CGU or group of CGUs to its carrying value. For the purposes of allocating goodwill, the Company has determined that it has six groups of CGUs: Scripted, Unscripted, Insight, Kids and Family, Animation and Representation services. The first five groups of CGUs earn production, distribution and service revenue in the indicated genre of content. The Representation CGU earns commission in the form of a pre-determined percentage of client's earnings.

The carrying amounts of the Company’s long-lived assets with finite lives, including investment in content, other intangible assets and property and equipment, are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset’s recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Significant estimates and judgments relating to impairment of goodwill are as follows:

- Goodwill is tested for impairment if there is an indicator of impairment and annually for the Company's CGUs. Calculating the value in use of CGUs for goodwill impairment tests requires management to make estimates and assumptions with respect to future revenue and costs, as well as discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred by the Company is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred or assumed at the date of completion of the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The excess of the consideration transferred over the fair value of the net assets acquired is recorded as goodwill. If the consideration transferred is less than the net assets acquired, the difference is recognized directly in the consolidated statement of income (loss) and comprehensive income (loss) as a gain on acquisition. Results of operations of a business acquired are included in the Company's consolidated financial statements from the date of the business acquisition. Acquisition costs incurred are expensed and included in general and administrative expenses.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statement of income (loss).

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized as a gain or loss in the consolidated statement of income (loss).

Significant estimates and judgments relating to business combinations are as follows:

- The process of allocating consideration to the fair value of assets given, equity instruments issued and liabilities incurred or assumed as the date of acquisition requires management to make significant estimates and assumptions including but not limited to the estimated fair values of tangible and intangible assets; probability of required payment under contingent consideration provisions; estimated income tax assets and liabilities and estimated fair value of pre-acquisition contingencies. While management uses its best estimates and assumptions as part of the purchase price allocation process to accurately value the assets acquired and liabilities assumed at the business combination date, estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the measurement period, which is the earlier of the date management receives the information it is looking for and one year from the business combination date, adjustments are recorded to the assets acquired and liabilities assumed, with the corresponding amounts offset to goodwill. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation, which could also impact net income as expenses and impairments could change.

Production tax credits

The Company has access to several government programs that are designed to assist content production in Canada and internationally. Government assistance in the form of federal and provincial production tax credits and other programs is recorded as a reduction of investment in content and service costs when eligible expenditures are made and there is a reasonable expectation of realization.

Significant estimates and judgments relating to production tax credits are as follows:

- The amount of production tax credits the Company files for as costs are incurred, and the amounts ultimately recovered may differ. The expected timing of the receipt of production tax credits is subject to uncertainty and amounts have been classified as current or long-term based on the expected date of receipt.

Other significant estimates and judgements

Significant estimates and judgements relating to the valuation of the liability for put options include the likelihood of various scenarios under which a liability would be recognized, the timing of the scenarios, and other inputs to the valuation of the purchase price. Changes to the underlying assumptions, including changes to the probabilities assigned to each scenario, may materially change the value of the put option as it is currently estimated.

The fair value measurement of certain financial assets requires the Company to assess the classification of the assets based on the contract from which the asset arises. In the case that the asset represents investments in third-party entities that are not registered in the public markets, factors that are used to assess fair value include: the valuation indicated by the most recent equity offerings, management information presented at board meetings, and knowledge of the market in which the third-party transacts. Changes in any of the assumptions or estimates used in determining the fair values could impact the valuation of these financial assets.

The application of IFRS 16 requires judgment as to whether a lease may be renewed at the end of its term. Valuation of the lease liability requires a discount rate to be selected. Changes to the underlying assumptions may materially change the value of both the right-of-use asset and the lease liability.

RISKS AND UNCERTAINTIES

The Company is exposed to a number of specific and general risks that could affect its results and on-going operations. The Company's Annual Information Form dated March 31, 2022, under the heading entitled "*Risk Factors*", includes a detailed discussion of the risks and uncertainties that may affect the business of the Company including but not limited to the following risk factors: risks relating to the competitive industry within which the Company operates; changes in public and consumer tastes and preferences and industry trends; the Company's ability to source IP and creative talent who can develop IP; a limited number of buyers for the Company's original programming; a limited pool of owned assets; the potential impact of COVID-19 on the Company's business, financial condition and results of operations; the impact of external factors which Boat Rocker cannot control on Boat Rocker's operating results; the impact of climate change; business interruptions; risks related to securing and retaining key personnel and business relationships, including Boat Rocker's key employees; reliance by Untitled Entertainment LLC on managers to build and maintain relationships with key talent clients; potential labour shortages; unionization of the Company's employees and/or potential labour strikes or other forms of labour unrest affecting guilds or unions in the television and film industries; lack of output agreements with buyers and dependence on key relationships with buyers; budget overruns; significant fluctuations in the Company's revenues and results of operations; the Company's substantial capital requirements and financial risks, including liquidity needs; the potential inability of the Company to recoup acquisition, production, marketing and distribution costs incurred in production and distribution of video content; the potential inability to accurately estimate production tax credits and other subsidies; the potential inability to realize the Company's acquisition strategy or effective execution of the Company's acquisition strategy; changes in the Company's business strategy; potential difficulty raising additional capital; risks related to doing business internationally; fluctuation in foreign currency exchange and interest rates; litigation or regulatory or arbitral action; protection and defense against intellectual property claims; dependence on the Company's information technology ecosystem; cybersecurity incidents or issues; inadequate investment in information technology infrastructure and slow integration of acquired businesses; unauthorized disclosure of proprietary and confidential information; adverse publicity; internal conflicts of interest; compliance with laws and regulations; the Company's dependence on tax credits to fund productions; potential loss of Canadian status; changes in the Canadian media regulatory landscape; risks related to indebtedness; potential failure to design, test and maintain effective processes and controls; potential exposure to credit risk; potential failure to secure studio space within estimated costs; termination of material buyer and customer agreements; tax-related risks; outstanding registration rights and the effect on the Subordinate Voting Shares; outstanding rights to purchase shares in the Company's partially-owned subsidiaries; risks related to forward-looking information in this AIF; volatility in the market price of the Subordinate Voting Shares; future sales of Subordinate Voting Shares by existing Shareholders; financial reporting and other public company regulatory obligations and potential errors therein; possible future dilution of the Subordinate Voting Shares; future offerings of debt and equity; significant ownership by the Principal Shareholders; and limited voting rights of the Subordinate Voting Shares.

The risks and uncertainties described therein are not the only ones Boat Rocker faces. Additional risks and uncertainties not presently known to the Company or that it currently believes to be immaterial may also materially adversely affect the Company's business, assets, liabilities, financial condition, results of operations, prospects, cash flows and the value of future trading price of the Subordinate Voting Shares (one or more of the foregoing, a Material Adverse Effect). and the Company's most recent public disclosure documents.

FINANCIAL RISK MANAGEMENT

The Company is subject to a number of risks of varying degrees of significance that have the potential to affect operating performance and the Company's ability to manage its capital. 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 content.

The Company follows a financial risk management process, part of which ensures that risks are properly identified and that the capital and liquidity position of the Company is adequate in relation to these risks. The principal financial risks to which the Company is exposed are described below.

Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposure to customers, including outstanding trade receivables. The Company manages credit risk on cash and cash equivalents by ensuring the counterparties are banks, governments and government agencies with high credit ratings.

Trade receivables are mainly with Canadian and American broadcasters as well as large international distribution companies. Management manages credit risk by regularly reviewing aged accounts receivable and performing an appropriate credit analysis.

Currency risk

The Company’s activities involve holding foreign currencies, incurring production costs and earning revenue denominated in foreign currencies. These activities result in exposure to fluctuations in foreign currency exchange rates. The Company periodically enters into foreign exchange contracts to manage its foreign exchange risk on non-Canadian dollar denominated contracts. At the reporting date, the Company revalues its financial instruments denominated in a foreign currency at the prevailing exchange rates.

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates as its interim production financing and certain loans and borrowings bear interest at floating rates. Any changes in interest rates would increase or decrease production costs as interest owing on interim production financing is capitalized to investment in content.

CONTROLS AND PROCEDURES

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have designed or caused to be designed under their supervision, disclosure controls and procedures which provide reasonable assurance that material information regarding the Company is accumulated and communicated to the Company's management, including its CEO and CFO, in a timely manner.

In addition, the CEO and CFO have designed or caused to be designed under their supervision internal controls over financial reporting (ICFR) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. The Company uses the framework and criteria established in the Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission to design the Company's ICFR.

During the year ended December 31, 2021, the Company has significantly enhanced its internal controls in order to satisfy its requirements as a public company. The CEO and CFO have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to its ICFR during the year ended December 31, 2021 that have materially affected or are reasonably likely to materially affect the Company's ICFR. The enhancements identified and put in place did not constitute material changes to the ICFR.

In its annual filings, the CEO and the CFO, concluded that as at December 31, 2021 the Company's disclosure controls and procedures and ICFR were operating effectively.

A control system, no matter how well conceived and operated, can provide only reasonable, no absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our ICFR are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

NON-IFRS MEASURES

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, the non-IFRS measures should not be considered in isolation nor as a substitute for analysis of the Company’s financial information reported under IFRS.

The intent of using non-IFRS measures is to provide investors with supplemental measures of the Company’s operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures, in addition to providing a greater understanding of the Company's liquidity position and available financial resources. The Company uses non-IFRS measures in order to facilitate operating performance comparisons between periods, to prepare annual operating budgets, and to determine components of management compensation.

The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers.

The non-IFRS measures the Company uses include: EBITDA, Adjusted EBITDA, Cash Available for Use, Cash Required for Use in Productions, Free Cash Flow, Net Debt and Net Cash.

EBITDA is defined as net income or loss before interest, taxes, depreciation, amortization of property and equipment, right-of-use assets and other intangible assets.

Adjusted EBITDA is defined as EBITDA adjusted for amortization of non-cash program intangibles, change in fair value of other financial liabilities, convertible debt and contingent consideration, share-based compensation, IPO and transaction-related costs, non-recoupable COVID-19 costs, goodwill impairment, reorganization costs, loss on debt modifications, gain on settlement of loans and borrowings, gain or loss on sale of assets and unrealized gain or loss on forward currency contracts. Adjusted EBITDA is used by management as a measure of the Company's operating performance.

Cash Available for Use is defined as the total cash and cash equivalents of the Company less Cash Required for Use in Productions. Cash Available for Use funds ongoing working capital requirements, principal and interest payments on corporate debt as well as ongoing development and growth efforts and thus is an important liquidity measure that management uses to monitor the business on an ongoing basis.

Cash Required for Use in Productions is defined as cash required for the funding of productions in progress that is not considered by the Company to be available for other uses. The cash is not legally restricted and has not been classified as Restricted Cash on the consolidated statement of financial position. This cash has been provided by buyers and third-party IP owners that have engaged the Company to provide services, as well as banks with whom Boat Rocker has contracted to provide interim production financing. Management uses the amount of Cash Required for Use in Productions to determine the Company's Cash Available for Use.

Free Cash Flow is defined as cash flow provided by operations adjusted for proceeds and repayments of interim production financing, payments of lease liabilities and distributions to non-controlling interests. While these types of cash flows are excluded from cash provided by operations, management believes they add value to evaluating the ability of the business to generate cash flow. In particular, interim production financing is crucial to the funding of productions and thus has been included in the calculation of Free Cash Flow. Similarly, repayment of lease liabilities and distributions made to non-controlling shareholders have also been included as management considers these to be operating cash flows.

Net Debt is defined as the carrying value of loans and borrowings (excluding interim production financing and convertible debentures), adjusted for the loss on loan modification and loan fees, plus lease liabilities, less Cash Available for Use. Net Debt represents obligations the Company has to fund from its earnings and is viewed by management as a consistent measure of the Company's liquidity position. In contrast, interim production financing is drawn to bridge the timing between cash inflows from the license fees and production service fees of the buyer, the film and television tax credits earned on valid production expenses, and cash outflows of the production expenses. As such, interim production financing is excluded from management's calculation of Net Debt. The Company does not include other liabilities in the Net Debt calculation such as: other financial liabilities that are based on estimates and probabilities, rather than specific amounts owing, and liabilities that may not be payable in cash.

Net Cash is defined as Cash Available for Use less lease liabilities and is used by management as a consistent measure of the Company's liquidity position in the periods after the Company's loans and borrowings have been fully extinguished.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that are prospective in nature and constitute forward-looking information and/or forward-looking statements within the meaning of applicable securities laws, including the Securities Act (Ontario) (collectively, forward- looking statements). Forward-looking statements are provided for the purposes of assisting the reader in understanding Boat Rocker's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future, and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements generally, but not always, can be identified by the use of forward-looking terminology such as "anticipate", "be achieved", "believes", "budget", "can", "continue", "could", "expect", "estimate", "forecasts", "goal", "has an opportunity", "intend", "indicate", "likely", "may", "might", "objective", "outlook", "plans", "potential", "predict", "project", "prospect", "scheduled", "seek", "should", "strategy", "target", "would", or "will", or variations of such words and phrases or similar expressions suggesting future outcomes or events, and the negative of any of these terms.

These forward-looking statements reflect management's current opinions, beliefs, estimates, expectations and assumptions and are based on information currently available to management, which includes assumptions about continued revenue based on historical past performance, management's historical experience, perception of trends and current business conditions, expected future developments, and other factors which management considers appropriate and reasonable in the circumstances. As they are forward-looking in nature, they are subject to change. With respect to the forward-looking statements included in this MD&A, Boat Rocker has made certain assumptions with respect to, among other things, Boat Rocker's long-term growth outlook, the performance of the Company's business and operations, the Company's ability to maintain, expand and protect its IP portfolio, the ability of Boat Rocker to meet its future objectives and strategies, the Company's future projects and plans being achievable and proceeding as anticipated, as well as assumptions concerning the expected impact of the continuing COVID-19 pandemic (including vis a vis supply chains), the current geo-political landscape (including vis a vis the recent invasion of the Ukraine by Russia and associated political and economic repercussions, general economic and industry growth rates, currency exchange and interest rates, competitive intensity and consumer preferences. There can be no assurance that the underlying opinions, beliefs, expectations, estimates and assumptions will prove to be correct and that actual results will be consistent with these forward-looking statements.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes, or results anticipated or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated by such statements, including but not limited to the risk factors set out in the Company's 2021 Annual Information Form and those discussed in the Risks and Uncertainties section of this MD&A. The risks and uncertainties described therein are not the only ones Boat Rocker faces. Additional risks and uncertainties not presently known to the Company or that it currently believes to be immaterial may also materially adversely affect the Company's business, assets, liabilities, financial condition, results of operations, prospects, cash flows and the value of future trading price of the Subordinate Voting Shares.

RECONCILIATION TABLES
Segment Profit (Loss)

The following tables present the reconciliation of segment profit (loss) for the three months ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	**Three months ended December 31, 2021**				
	Television	**Kids and Family**	**Representation**	**Corporate**	**Total**
Revenue					
Total revenue	$ 218,879	$ 32,867	$ 10,709	$ —	$ 262,455
Expenses					
Production, distribution and service	208,028	15,069	186	—	223,283
General and administrative	8,067	3,515	5,173	10,236	26,991
Total expenses	**$ 216,095**	**$ 18,584**	**$ 5,359**	**$ 10,236**	**$ 250,274**
Segment Profit					
Segment profit (loss)	**$ 2,784**	**$ 14,283**	**$ 5,350**	**$ (10,236)**	**$ 12,181**
Segment profit (loss) % of revenue	1%	43%	50%		

(Amounts in thousands CAD)	**Three months ended December 31, 2020**				
	Television	**Kids and Family**	**Representation**	**Corporate**	**Total**
Revenue					
Total revenue	$ 29,251	$ 16,693	$ 9,670	$ —	$ 55,614
Expenses					
Production, distribution and service	25,862	5,447	793	—	32,102
General and administrative	5,729	3,219	5,018	6,093	20,059
Total expenses	**$ 31,591**	**$ 8,666**	**$ 5,811**	**$ 6,093**	**$ 52,161**
Segment Profit					
Segment profit (loss)	**$ (2,340)**	**$ 8,027**	**$ 3,859**	**$ (6,093)**	**$ 3,453**
Segment profit (loss) % of revenue	(8)%	48%	40%		

The following tables present the reconciliation of segment profit (loss) for the year ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	Year ended December 31, 2021				
	Television	Kids and Family	Representation	Corporate	Total
Revenue					
Total revenue	$ 458,032	$ 84,368	$ 37,969	$ —	$ 580,369
Expenses					
Production, distribution and service	423,507	53,442	644	—	477,593
General and administrative	29,792	9,750	20,259	30,887	90,688
Total expenses	**$ 453,299**	**$ 63,192**	**$ 20,903**	**$ 30,887**	**$ 568,281**
Segment Profit					
Segment profit (loss)	**$ 4,733**	**$ 21,176**	**$ 17,066**	**$ (30,887)**	**$ 12,088**
Segment profit (loss) % of revenue	1%	25%	45%		

(Amounts in thousands CAD)	Year ended December 31, 2020				
	Television	Kids and Family	Representation	Corporate	Total
Revenue					
Total revenue	$ 134,298	$ 63,851	$ 28,654	$ —	$ 226,803
Expenses					
Production, distribution and service	119,484	30,508	1,844	—	151,836
General and administrative	23,876	8,306	17,249	21,342	70,773
Total expenses	**$ 143,360**	**$ 38,814**	**$ 19,093**	**$ 21,342**	**$ 222,609**
Segment Profit					
Segment profit (loss)	**$ (9,062)**	**$ 25,037**	**$ 9,561**	**$ (21,342)**	**$ 4,194**
Segment profit (loss) % of revenue	(7)%	39%	33%		

RECONCILIATION TABLES

Reconciliation from Net Income (Loss) to Adjusted EBITDA

The Company uses the non-IFRS measure Adjusted EBITDA to evaluate performance. The following table presents the reconciliation from net income (loss) to Adjusted EBITDA for the three months ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	Three months ended December 31,			
	2021	2020	$ change	% change
Net income (loss)	**$ 3,512**	**$ (446)**	**$ 3,958**	**887%**
Amortization of property and equipment, right-of-use assets and other intangible assets	4,576	4,749	(173)	(4)%
Finance costs, net	898	2,774	(1,876)	(68)%
Income taxes	4,965	1,264	3,701	293%
EBITDA*	**$ 13,951**	**$ 8,341**	**$ 5,610**	**67%**
Adjustments:				
Change in fair value of convertible debt[1]	—	(43)	43	(100)%
Change in fair value of contingent consideration[2]	(3,684)	(3,180)	(504)	16%
Change in fair value of unsettled forward exchange contracts[3]	1,004	(845)	1,849	—
Change in fair value of other financial liabilities[4]	470	1,835	(1,365)	(74)%
Amortization of acquired program intangibles[5]	730	718	12	2%
IPO and transaction-related costs[6]	500	(460)	960	(209)%
Gain on sale of assets[7]	—	(1,356)	1,356	(100)%
COVID-19 related costs[8]	4,948	—	4,948	—
Share-based compensation[9]	1,033	2,429	(1,396)	(57)%
Reorganization costs[10]	15	—	15	—
Adjusted EBITDA*	**$ 18,967**	**$ 7,439**	**$ 11,528**	**155%**

*See "Non-IFRS Measures"

Note: Adjusted EBITDA as previously reported included the change in fair value of unsettled forward exchange contracts. Management considers that these amounts should be excluded from Adjusted EBITDA as they are not reflective of the Company's performance until such time that the forward exchange contracts are settled. Adjusted EBITDA for the three months ended December 31, 2020 was previously reported as $8,284.

1 Change in fair value of convertible debt represents the non-cash gain on the conversion of certain debentures issued by the Company

2 Change in value of contingent consideration represents the non-cash expense associated with certain acquisitions

3 Change in fair value of the unrealized forward currency contracts

4 Change in fair value of other financial liabilities represents the non-cash expenses on certain put options and accretion on liabilities associated with certain acquisitions

5 Amortization of program intangibles acquired in business combinations included in production, service and distribution expense

6 Includes professional fees and other expenses related to transactions such as the Company's IPO, acquisitions, and special projects which are not related to or are not reflective of regular business operations

7 Represents gain on sale of an equity accounted investee

8 Incremental non-recoupable production costs specifically incurred due to COVID-19

9 Includes non-cash expenses associated with share-based compensation granted to certain officers and employees

10 Restructuring charges primarily related to personnel costs

The following table presents the reconciliation from net income (loss) to Adjusted EBITDA for the year ended December 31, 2021 and 2020:

(Amounts in thousands CAD)	Year ended December 31, 2021	2020	$ change	% change
Net income (loss)	**$ (12,081)**	**$ (43,990)**	**$ 31,909**	**73%**
Amortization of property and equipment, right-of-use assets and other intangible assets	18,561	18,566	(5)	—%
Finance costs, net	4,742	10,634	(5,892)	(55)%
Income taxes	6,153	1,884	4,269	227%
EBITDA*	**$ 17,375**	**$ (12,906)**	**$ 30,281**	**235%**
Adjustments:				
(Gain on settlement) loss on modification of loans and borrowings[11]	(2,334)	342	(2,676)	(782)%
Change in fair value of convertible debt[12]	(4,382)	1,434	(5,816)	(406)%
Change in fair value of unsettled forward exchange contracts[13]	1,251	(249)	1,500	(602)%
Change in fair value of contingent consideration[14]	(3,286)	(2,300)	(986)	43%
Change in fair value of other financial liabilities[15]	3,526	7,309	(3,783)	(52)%
Amortization of acquired program intangibles[16]	3,380	2,926	454	16%
IPO and transaction-related costs[17]	1,472	254	1,218	480%
Gain on sale of assets[18]	—	(1,356)	1,356	(100)%
COVID-19 related costs[19]	9,599	—	9,599	—
Share-based compensation[20]	4,594	5,449	(855)	(16)%
Goodwill impairment[21]	—	12,959	(12,959)	(100)%
Reorganization costs[22]	435	192	243	127%
Adjusted EBITDA*	**$ 31,630**	**$ 14,054**	**$ 17,576**	**125%**

*See "Non-IFRS Measures".

Note: Adjusted EBITDA as previously reported included the change in fair value of unsettled forward exchange contracts. Management considers that these amounts should be excluded from Adjusted EBITDA as they are not reflective of the Company's performance until such time that the forward exchange contracts are settled. Adjusted EBITDA for the year ended December 31, 2020 was previously reported as $14,303.

11 Non-cash (gain) loss recorded on the modification (settlement) of the Company's loans and borrowings

12 Change in fair value of convertible debt represents the non-cash (gain) loss on the conversion of certain debentures issued by the Company

13 Change in fair value of the unrealized forward currency contracts

14 Change in value of contingent consideration represents the non-cash expense associated with certain acquisitions

15 Change in fair value of other financial liabilities represents the non-cash expenses on certain put options, accretion on liabilities associated with certain acquisitions and the gain on settlement of a purchase price liability

16 Amortization of program intangibles acquired in business combinations included in production, service and distribution expense

17 Includes professional fees and other expenses related to transactions such as the Company's IPO, acquisitions, and special projects which are not related to or are not reflective of regular business operations

18 Represents gain on sale of an equity accounted investee

19 Incremental non-recoupable production costs specifically incurred due to COVID-19

20 Includes non-cash expenses associated with share-based compensation granted to certain officers and employees

21 Impairment of goodwill associated with the Unscripted cash generating unit

22 Restructuring charges primarily related to personnel costs

Boat Rocker Media Inc.

Consolidated Financial Statements

December 31, 2021 and 2020

(expressed in thousands of Canadian dollars)

Independent auditor's report

To the Shareholders of Boat Rocker Media Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Boat Rocker Media Inc. and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of income (loss) for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill *Refer to note 3 – Summary of significant accounting policies and note 10 – Goodwill to the consolidated financial statements.* The Company had goodwill of $92.9 million as at December 31, 2021. Management performs an impairment test annually as of December 31, or more frequently if events or circumstances indicate that the asset might be impaired. Goodwill is allocated to a cash generating unit (CGU), or group of CGUs, which is the lowest level within an entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. In assessing goodwill for impairment, management compares the carrying value of a CGU to which the goodwill relates to the recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. As at December 31, 2021, management applied the value in use method. In assessing the value in use, the estimated future cash flows are discounted (discounted cash flow models). Significant assumptions used in the discounted cash flow models included estimated revenue, revenue growth rates, service and production margins and pre-tax weighted average cost of capital rates. In determining estimated revenue and service and production margins, specific to the Scripted, Kids and Family and Unscripted CGUs, management had to estimate the assumed renewal and continuation of the current shows under development with major television studios. For each of the CGUs tested at December 31, 2021 it was	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the recoverable amounts of the goodwill CGUs, which included the following: – Tested the appropriateness of the method used and the mathematical accuracy of the discounted cash flow models. – Tested the reasonableness of estimated revenue, revenue growth rates and service and production margins applied by management in the discounted cash flow models by comparing them to current and historical performance of each CGU, the budget approved by the Board of Directors and available third party published economic data. – Specific to the Scripted, Kids and Family and Unscripted CGUs, tested the reasonableness of the estimated revenue and service and production margins associated with the assumed renewal and continuation of the current shows under development by comparing them to signed contracts and correspondence with television studios, where applicable, and to current and historical performance. – Professionals with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the pre-tax weighted average cost of capital rates applied by management based on available data of comparable companies.

Key audit matter	How our audit addressed the key audit matter
determined that the value in use exceeded the carrying value and therefore no impairment was recorded. We considered this a key audit matter due to (i) the significance of the goodwill balance and (ii) the significant judgment made by management in determining the recoverable amounts of the CGUs, including the use of significant assumptions. This has resulted in a high degree of subjectivity and audit effort in performing audit procedures to test the significant assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	– Tested the underlying data used in the discounted cash flow models. • Tested the disclosures made in the consolidated financial statements, particularly with regard to the sensitivity of the significant assumptions used.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is John Simcoe.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 31, 2022

Boat Rocker Media Inc.

Consolidated Statements of Financial Position

As at December 31, 2021 and 2020

(expressed in thousands of Canadian dollars)

	December 31, 2021 $	December 31, 2020 $
Assets		
Current assets		
Cash	96,950	71,754
Accounts receivable (note 9)	109,608	34,553
Receivable from related parties (note 20)	—	8,446
Income taxes receivable	3,736	—
Production tax credits receivable	55,106	23,294
Prepaid expenses and deposits	5,804	10,371
Total current assets	271,204	148,418
Long-term accounts receivable (note 9)	4,505	3,857
Long-term production tax credits receivable	75,573	73,270
Investment in content (note 7)	72,784	243,140
Intangible assets (note 8)	40,000	48,438
Property and equipment (note 6)	9,056	9,991
Right-of-use assets (note 19)	21,103	28,352
Investment in equity accounted investees (note 4)	895	921
Financial assets (note 5)	8,305	7,741
Fair value of unsettled forward exchange contracts (note 27)	—	384
Deferred income tax assets (note 28)	7,241	5,957
Goodwill (note 10)	92,873	92,943
Total assets	603,539	663,412
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	80,714	51,139
Income taxes payable	—	2,643
Current portion of contingent consideration (note 26)	29	1,012
Interim production financing (note 14)	117,619	139,844
Loans and borrowings (note 15)	—	93,595
Convertible debentures (note 17)	—	47,263
Current portion of lease liabilities (note 19)	7,212	9,551
Other current financial liabilities (note 16)	5,141	19,546
Fair value of unsettled forward exchange contracts (note 27)	860	—
Current portion of deferred revenue (note 25)	43,614	162,359
Dividend payable to non-controlling interests (note 20)	624	—
Total current liabilities	255,813	526,952
Long-term contingent consideration (note 26)	6,488	11,680
Long-term lease liabilities (note 19)	18,600	21,992
Other long-term financial liabilities (note 16)	48,490	41,169
Long-term deferred revenue (note 25)	10,369	1,955
Total liabilities	339,760	603,748
Shareholders' Equity		
Equity attributable to owners of Boat Rocker Media Inc.	235,069	31,267
Non-controlling interests	28,710	28,397
Total shareholders' equity	263,779	59,664
Total shareholders' equity and liabilities	603,539	663,412

Commitments and contingencies (note 31)
Subsequent event (note 34)

On Behalf of the Board of Directors

(signed) Ivan Schneeberg Director (signed) David Fortier Director

The accompanying notes are an integral part of these consolidated financial statements

Boat Rocker Media Inc.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(expressed in thousands of Canadian dollars)

	Number of shares	Share capital $	Contributed surplus $	Accumulated other comprehensive income (loss) $	Retained earnings (deficit) $	Other equity $	Equity attributable to owners of Boat Rocker Media Inc. $	Non-controlling interests $	Total equity $
Balance – December 31, 2019	16,233,833	58,763	4,378	37	13,045	(27,829)	48,394	28,012	76,406
Net (loss) income	–	–	–	–	(48,744)	–	(48,744)	4,754	(43,990)
Issuance of common shares (note 11)	1,603,645	27,068	–	–	–	–	27,068	–	27,068
Cancellation of preferred shares/ issuance of common shares (note 11)	(43,995)	10	–	–	(10)	–	–	–	–
Share-based compensation (note 12)	–	–	5,449	–	–	–	5,449	–	5,449
Movement in the fair value of financial assets through other comprehensive income (OCI) (note 5)	–	–	–	(110)	–	–	(110)	–	(110)
Dividends distributed to non-controlling interests (note 21)	–	–	–	–	–	–	–	(4,369)	(4,369)
Translation reserves	–	–	–	(790)	–	–	(790)	–	(790)
Balance – December 31, 2020	17,793,483	85,841	9,827	(863)	(35,709)	(27,829)	31,267	28,397	59,664

The accompanying notes are an integral part of these consolidated financial statements.

Boat Rocker Media Inc.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(expressed in thousands of Canadian dollars)

	Number of shares	Share capital $	Contributed surplus $	Accumulated other comprehensive loss $	Retained earnings (deficit) $	Other equity $	Equity attributable to owners of Boat Rocker Media Inc. $	Non-controlling interests $	Total equity $
Balance – December 31, 2020	17,793,483	85,841	9,827	(863)	(35,709)	(27,829)	31,267	28,397	59,664
Net (loss) income	–	–	–	–	(20,656)	–	(20,656)	8,575	(12,081)
Settlement of related party receivables with return of paid up capital (note 20)	–	–	–	–	(8,446)	–	(8,446)	–	(8,446)
Conversion of 2019 convertible debentures (notes 11, 17)	2,130,309	22,006	–	–	–	–	22,006	–	22,006
Stock split (note 11)	11,986,152	–	–	–	–	–	–	–	–
Initial public offering, net of share issuance costs (note 11)	18,900,000	159,222	–	–	–	–	159,222	–	159,222
Conversion of 2020 and 2021 convertible debentures (notes 11, 17)	3,984,936	35,865	–	–	–	–	35,865	–	35,865
Issuance of shares to settle other liabilities (notes 11, 16)	1,373,535	12,362	–	–	–	–	12,362	–	12,362
Share-based compensation (note 12)	–	–	4,594	–	–	–	4,594	–	4,594
Movement in the fair value of financial assets through OCI (note 5)	–	–	–	(1,395)	–	–	(1,395)	–	(1,395)
Dividends declared to non-controlling interests (note 21)	–	–	–	–	–	–	–	(8,262)	(8,262)
Translation reserves	–	–	–	250	–	–	250	–	250
Balance – December 31, 2021	56,168,415	315,296	14,421	(2,008)	(64,811)	(27,829)	235,069	28,710	263,779

The accompanying notes are an integral part of these consolidated financial statements.

Boat Rocker Media Inc.

Consolidated Statements of Income (Loss)

For the years ended December 31, 2021 and 2020

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

	Year ended December 31,	
	2021	**2020**
	$	**$**
Revenue (note 18)	580,369	226,803
Expenses		
Production, distribution and service costs (note 29)	477,593	151,836
General and administrative costs (note 29)	90,688	70,773
Amortization of property and equipment, right-of-use assets and other intangible assets (note 29)	18,561	18,566
Gain on sale of assets (note 4)	—	(1,356)
Impairment expense (note 10)	—	12,959
Finance costs, net (note 23)	4,742	10,634
Foreign exchange gain	(90)	(513)
Other (gains) and losses (note 24)	(5,197)	6,010
Income (loss) before income taxes	(5,928)	(42,106)
Current income tax expense (note 28)	3,515	1,793
Deferred income tax expense (note 28)	2,638	91
Net income (loss) for the year	(12,081)	(43,990)
Net income (loss) attributable to		
Owners of Boat Rocker Media Inc.	(20,656)	(48,744)
Non-controlling interests	8,575	4,754
	(12,081)	(43,990)
Income (loss) per share attributable to owners of Boat Rocker Media Inc. (note 13)		
Basic and diluted income (loss) per share (note 13)	(0.41)	(1.93)

 The accompanying notes are an integral part of these consolidated financial statements.

(expressed in thousands of Canadian dollars)

	Year ended December 31,	
	2021	**2020**
	$	**$**
Net income (loss) for the year	(12,081)	(43,990)
Other comprehensive income (loss)		
Items that may be reclassified to income (loss)		
Cumulative translation adjustments on foreign operations	250	(790)
Items that will not be reclassified to income (loss)		
Decrease in fair value of financial assets (note 5)	(1,395)	(110)
Other comprehensive income (loss) for the year	(1,145)	(900)
Comprehensive income (loss) for the year	(13,226)	(44,890)
Comprehensive income (loss) attributable to		
Owners of Boat Rocker Media Inc.	(21,801)	(49,644)
Non-controlling interests	8,575	4,754
	(13,226)	(44,890)

Boat Rocker Media Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020

(expressed in thousands of Canadian dollars)

	Year ended December 31, 2021	2020
	$	$
Cash provided by (used in)		
Operating activities		
Net income (loss)	(12,081)	(43,990)
Adjustments for non-cash items:		
Amortization of property and equipment (note 6)	3,752	2,987
Amortization of right-of-use assets (note 19)	6,536	6,937
Amortization of investment in content (notes 7, 29)	328,686	57,620
Amortization of intangible assets (note 8)	8,273	8,642
Impairment expense (note 10)	—	12,959
Share-based compensation expense (note 12)	4,594	5,449
Finance costs, net (note 23)	4,742	10,634
Foreign exchange loss (gain)	(90)	(513)
Other (gains) and losses (note 24)	(5,197)	6,010
Current income tax expense (note 28)	3,515	1,793
Deferred income tax expense (note 28)	2,638	91
Gain on sale of assets (note 4)	—	(1,356)
Additions to investment in content (note 7)	(160,457)	(185,382)
Cash interest paid	(5,097)	(8,626)
Cash income taxes paid	(7,930)	(5,959)
Change in non-cash balances related to operations (note 30)	(188,759)	96,179
Cash used in operating activities	(16,875)	(36,525)
Financing activities		
Proceeds from interim production financing (note 30)	69,698	147,828
Repayments of interim production financing (note 30)	(92,077)	(118,161)
Proceeds from loans and borrowings (note 30)	—	13,006
Repayments of loans and borrowings (note 30)	(91,182)	(5,244)
Proceeds from issuance of convertible debentures (notes 17, 30)	15,000	25,000
Repayment of lease liabilities (notes 19, 30)	(7,701)	(7,860)
Distributions paid to non-controlling interest shareholders (note 21)	(7,638)	(4,368)
Proceeds from share issuance, net (note 11)	161,694	—
Cash provided by financing activities	47,794	50,201
Investing activities		
Purchases of financial assets (note 5)	(1,962)	—
Acquisition of property and equipment (note 6)	(2,705)	(1,667)
Dividends received from equity accounted investees (note 4)	—	1,283
Payment of contingent consideration (note 26)	(1,000)	(1,564)
Proceeds from disposal of property and equipment (note 6)	—	475
Cash used in investing activities	(5,667)	(1,473)
Foreign exchange (gain) loss on cash held in foreign currency	(56)	283
Increase in cash	25,196	12,486
Cash – Beginning of year	71,754	59,268
Cash – End of year	96,950	71,754

The accompanying notes are an integral part of these consolidated financial statements.

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

1 Corporate information

Boat Rocker Media Inc. (the Company) is an independent global entertainment company that creates and produces television and film content across many genres, distributes content worldwide, and represents on-screen talent and third-party intellectual property (IP) owners. The Company was incorporated in and is domiciled in Canada and the address of the Company's registered office is 310 King Street East, Toronto, Ontario M5A 1K6. As at December 31, 2021 and December 31, 2020, the Company's ultimate controlling shareholder is Fairfax Financial Holdings Ltd. (Fairfax).

In early 2020, the World Health Organization characterized COVID-19 as a global pandemic. During the year ended December 31, 2020, the Company's live-action production was halted while the animation studio was transitioned quickly to work from home. Since then, preventative measures have been implemented in the countries where the Company operates and during the year ended December 31, 2021, the Company's production of live-action and animated content has continued on schedule. Shows whose budgets were finalized after COVID-19 was characterized as a global pandemic had additional costs reflected in those budgets, including costs for personal protective equipment, testing, and other safety requirements.

The extent to which the COVID-19 pandemic continues to impact the Company's business operations, financial condition and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision. This may include new information which may emerge concerning the severity of the COVID-19 pandemic and the actions required to continue to contain the COVID-19 virus or remedy its impact, among others. These developments, and others, could have a material adverse effect on the Company's business operations, financial condition, and results of operations. The effect of these developments could be material and could result in, for example, an impairment of goodwill or long-lived assets or a change in the collectability of accounts receivable, among other potential outcomes. The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business. Please refer to note 3 for a summary of estimates and judgments where the impact of COVID-19 was considered.

On March 24, 2021, Boat Rocker completed its initial public offering (IPO), raising an aggregate of $170,100. The IPO consisted of the issuance of 18,900,000 Subordinate Voting Shares from treasury at $9.00 per share. The Company's Subordinate Voting Shares are listed on the Toronto Stock Exchange under the symbol BRMI.TO.

2 Basis of preparation and statement of compliance

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for those assets and liabilities that are measured at fair value, including certain financial assets, contingent consideration liabilities, convertible debentures, and other certain financial liabilities. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. These consolidated financial statements are presented in thousands of dollars, with the exception of per share amounts, which are presented in dollars.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and all of its controlled subsidiaries. All intercompany balances and transactions have been eliminated on consolidation. Subsidiaries are those entities that the Company controls. Consistent with film and television industry practice, the Company utilizes single-purpose entities to manage the costs and funding for its content production projects. For accounting purposes, control is established by the Company when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of the acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

These consolidated financial statements were authorized for issue by the Board of Directors on March 30, 2022.

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the years presented in these consolidated financial statements, unless otherwise indicated. The accounting policies have been applied consistently by all companies in the consolidated group.

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Investments in equity accounted investees

Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Investments in associates are originally recognized at cost and are subsequently accounted for using the equity method. Under the equity method, the investment in associates is carried on the consolidated statement of financial position at cost plus post-acquisition changes in the Company's share of income and other comprehensive income (OCI), less distributions of the investee.

The financial statements of investments in which the Company has significant influence are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company. All intercompany unrealized gains resulting from intercompany transactions and dividends are eliminated against the investment to the extent of the Company's interest in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

After the application of the equity method, the Company determines at each reporting date whether there is any objective evidence that the investment in associates is impaired and, consequently, whether it is necessary to recognize an additional impairment loss on the Company's investment in associates. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of income (loss).

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

Revenue

The Company's accounting policies for revenue follow the guidance of IFRS 15, Revenue from Contracts with Customers (IFRS 15).

The Company earns revenue from the following sources:

- the initial licensing of content produced and owned by the Company;
- the distribution of content owned by the Company either through the Company acting as a distribution agent or using third-party distribution agents;
- the performance of services, both animation and live-action, to facilitate production of content owned by a third-party;
- the performance of franchise and brand management services provided to talent and IP representation services to third-party IP owners; and
- the licensing of brands and intellectual property to third-parties for use in consumer products.

Licensing revenue for content

- The Company grants licences to third-parties for content owned either by the Company or a third-party producer. Licensing revenue that supports the greenlight of the production, also called a pre-sale, is presented as production revenue. Licensing revenue earned after the pre-sale is presented as distribution revenue.
- The Company follows the specific guidance on licensing included in IFRS 15. The Company determined that the licences are right-to-use intellectual property. Under the standard, revenue from contracts associated with right to use intellectual property is recognized in full when all of the performance obligations are met.

Performance obligations for licensing revenue are satisfied either on delivery or on an episodic basis, depending on whether the underlying contract contemplates delivery on an episodic basis or on total completion of the production.

Revenue is recognized when each of the following conditions are met:

- the production of the contracted episodes or season has been completed;
- the customer has access to the content;
- the amount of revenue can be measured reliably;
- the collectibility of proceeds is probable; and
- the licence period associated with the contract has started.

Distribution of certain Company content is performed by third-parties and includes variable consideration due to uncertainty as to the amount of revenue earned. Revenue from variable consideration is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (variable consideration constraint). The variable consideration contained in the Company’s contracts primarily relates to the activities of the third-parties. Once the variable consideration is known and the related uncertainty is resolved, which is upon receipt of earnings reports from the third-parties, the Company will recognize revenue.

The Company evaluates arrangements with third-parties to determine whether revenue should be reported on a gross or net basis under each individual arrangement by determining whether the Company acts as the principal or agent under the terms of each arrangement. In the case that the Company acts as the principal in the arrangement, revenue is reported on a gross basis, resulting in revenue and expenses being classified in

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

their respective consolidated financial statement line items. In the case that the Company is acting as an agent in the arrangement, revenue is presented net of any related expenses. The primary factor that the Company considers in its evaluation of such arrangements is if the Company has control of the content or service before it is transferred to the customer, including if it has the ability to set the pricing.

Service revenue

The Company performs production services to facilitate production of content owned by third-parties. Service revenue is recognized over time.

IFRS 15 requires the Company to select a single method for measuring progress and apply it consistently. The Company elects to use the input method as the basis of the measurement. Progress of the contract is measured based on the proportion of costs incurred in the current period to total expected costs. A provision is made for the entire amount of future estimated losses, if any, on production-in-progress.

Accounts receivable for service productions that are in progress are classified as contract assets.

Representation revenue

The performance obligations pertaining to the Company’s talent management services included in representation revenue are to provide various services for clients, which generally include representing, supporting and advocating for clients under their engagements with third-parties. This representation revenue is earned based on a predetermined percentage of a client’s earnings. The performance obligations pertaining to services provided to third-party IP owners included in representation revenue typically conclude with the Company negotiating a licensing arrangement for the use of the IP, on which the Company earns a pre-negotiated commission from its client.

Under IFRS 15, representation revenue from talent management services is recognized as services are performed for the Company’s clients over time, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenue from variable consideration is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved (variable consideration constraint). The variable consideration contained in the Company’s contracts primarily relates to the client’s earnings. Once the variable consideration is known and the related uncertainty is resolved, which is mainly when the client has earned their income, the Company will recognize revenue. The Company typically receives its commission within a short period of time subsequent to the client earning their income. When such services are performed prior to receiving supporting statements or other information from clients or third-party customers, the Company estimates the amount of revenue to recognize prior to receipt of the consideration relating to the variable consideration constraint. If the estimates and judgments were to change, the timing and amount of revenue recognized may be different. For representation revenue derived from IP representation for third-party IP, revenue is typically recognized at the point of sale, since it is at this point that the Company’s performance obligations are complete.

Consumer product revenue

The Company enters into licensing contracts with third-parties (i.e. licensees) which allow for the production and sale of consumer products that use the Company's IP. The licensees are given the right to access the Company's IP and hence are exposed to the Company’s activities to maintain the IP over the licence period. The Company records revenue as sales or usage occurs, to the extent that the Company can reliably estimate the amounts recoverable. Some licensees may pay a minimum guarantee or advance as part of the licence consideration. Any minimum guarantee or advance received is recorded as deferred revenue and recognized as sales are made over the licence term. Any remaining minimum guarantee is recognized as revenue at the end of the licence term. Consumer product revenue is classified within distribution revenue in the Company's financial statements.

Investment in content

Investment in content is classified by the Company into the following categories: development, in production, delivered and acquired content. For content produced by the Company, all direct production and financing costs incurred during production that are expected to benefit future periods are capitalized. Financing costs are capitalized until substantially all of the activities necessary to prepare the content for delivery are complete. Federal and provincial program contributions and production tax credits are recorded as a reduction of the cost of the content, as is production financing provided by third-parties that acquire participation rights.

Development costs represent expenditures incurred on projects prior to the commencement of production and are expensed at the date when the costs are determined not to be recoverable.

Content in production represents the accumulated costs of content currently in production. On delivery of the content to the licensor, content is reclassified into the delivered category.

Delivered content is accounted for as an intangible asset and is amortized using a declining balance method at rates ranging from 36% to 100% at the time of delivery and at rates ranging from 10% to 50% annually on a declining balance as the underlying rights are consumed.

Acquired content includes both intellectual property and distribution rights acquired from third-party content creators. Acquired content is amortized using a straight-line method with useful lives ranging from 4-10 years.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred by the Company is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred or assumed at the date of completion of the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the acquisition date. The excess of the consideration transferred over the fair value of the net assets acquired is recorded as goodwill. If the consideration transferred is less than the net assets acquired, the difference is recognized directly in the consolidated statement of income (loss) and comprehensive loss as a gain on acquisition. Results of operations of a business acquired are included in the Company’s consolidated financial statements from the date of the business acquisition. Acquisition costs incurred are expensed and included in general and administrative expenses.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statement of income (loss).

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized as a gain or loss in the consolidated statement of income (loss).

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired at the date of acquisition. Goodwill is carried at cost less any accumulated impairment losses and is not subject to amortization. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. Goodwill is allocated to a CGU (Cash Generating Unit), or group of CGUs, which is the lowest level within an entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Impairment is tested by comparing the recoverable amount of goodwill assigned to a CGU or group of CGUs to its carrying value. For the purposes of allocating goodwill, the Company has determined that it has six groups of CGUs: Scripted, Unscripted, Insight, Kids and Family, Animation and Representation services. The first five groups of CGUs earn production, distribution and service revenue in the indicated genre of content. The Representation CGU earns commission in the form of a pre-determined percentage of client's earnings.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided for at the following annual rates:

Building and fixtures	straight-line	three to twenty years
Equipment	straight-line	three years
Leasehold improvement	straight-line	over lease term

Depreciation rates and the estimated useful lives of property and equipment are reviewed at each financial year-end and are adjusted if necessary.

Gains and losses on disposal of a property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and are recognized net in the consolidated statement of income (loss).

Other intangible assets

Other intangible assets include trademarks, non-compete agreements and talent relationships. Trademarks represent the value of the brand name of an acquired subsidiary and are amortized over five years. Non-compete agreements represent the value of the covenant to the purchase and sale agreement that restricts the seller of a business from competing with that business in the future and are amortized over five years. Talent relationships represent the client relationships managed in the Company's Representation segment and are amortized over 10 years.

Impairment of long-lived assets

The carrying amounts of the Company’s long-lived assets with finite lives, including investment in content, other intangible assets and property and equipment, are reviewed whenever events or changes in circumstances and infinite lives like goodwill, indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset’s recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The Company’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of income (loss).

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

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Foreign currency transactions and translation

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are translated into the functional currency at the rate of exchange in effect on the reporting date. Gains and losses on the translation of monetary items are recognized in the consolidated statement of income (loss).

The assets and liabilities of foreign operations are translated into Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated into Canadian dollars at the average exchange rates for the period. Foreign currency differences are recognized and presented in OCI and in transaction reserves in equity.

Financial instruments

The Company follows IFRS 9, Financial instruments (IFRS 9) to account for its financial assets and liabilities.

Classification of financial assets and financial liabilities

- Financial assets

  On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

  A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  For an investment in equity instruments that is not held for trading, the Company may elect, on an investment by investment basis, to present the subsequent change in fair value in OCI.

  All financial assets not classified as amortized cost or FVOCI as described above are measured at FVTPL.

- Financial liabilities

  Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of income (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method, with the exception of the Untitled (Untitled LLC) phantom share liability which tracks the value of the Company's Multiple Voting Shares, which is measured at FVTPL (Note 16). Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of income (loss). Any gain or loss on derecognition is also recognized in the consolidated statement of income (loss).

- Derivatives

  Prior to extinguishment in the year ended December 31, 2021, the Company issued convertible debentures to its controlling shareholder whereby balances could be converted into equity. Embedded derivatives are separate from the host contract and accounted for separately if certain criteria are met. The Company also enters into foreign exchange contracts to mitigate the risk of foreign exchange fluctuations, and these contracts derive their value primarily from changes in underlying foreign exchange rates. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognized in the consolidated statement of income (loss).

Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company applies the simplified approach in calculating lifetime expected credit losses on accounts receivable. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the financial asset is no longer credit impaired and the improvement can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the counterparty's credit rating).

Leases

The Company follows IFRS 16, Leases (IFRS 16) for lease accounting.

- At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if it has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. The Company does not recognize a right-of-use asset and lease obligation for low value leases as well as any leases with a term of less than twelve months.

- As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

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

- The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest rate method. The effect of passage of time is recorded in the Company's consolidated statement of income (loss) as accretion expense. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statement of income (loss) if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit and loss.

Extension and termination options

Extension and termination options are included in some of the Company's leases. These options are exercisable only by the Company and not by the lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential undiscounted future cash outflows of $24,573 (2020 – $26,662) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

Government financing and assistance

The Company has access to several government programs that are designed to assist content production in Canada and internationally. Government assistance in the form of federal and provincial production tax credits and other programs is recorded as a reduction of investment in content and service costs when eligible expenditures are made and there is a reasonable expectation of realization.

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

Finance income and costs

Net finance costs comprises interest income on funds invested, interest expense on loans and borrowings, interest expense on interim financing, and accretion expense on lease liabilities, the calculation of which is based on the effective interest rate method.

Interim production financing expense that is directly attributable to the production of a qualifying asset, such as an investment in content, is capitalized as part of the cost of that asset until such time as the asset is substantially complete and ready to use.

Interest income and expense are recognized using the effective interest rate method.

Foreign exchange gains and losses

Foreign exchange gains and losses are reported on a net basis.

Cash

Cash consists of cash on hand and balances with banks, net of cheques issued and outstanding at the reporting date.

Share-based compensation

The Company grants stock options to certain officers and employees of the Company. Stock options vest over periods of up to three years and expire after ten years. Each grant of stock options with different vesting terms is considered a separate award with its own vesting period and estimated grant date fair value. The participants in the plan may elect to receive cash equal to the difference between the grant date fair value and the exercise price. However, the Board of Directors has the right to reject such election and historically has not settled options with cash. The estimated grant date fair value of each vesting tranche is estimated using the Black-Scholes option pricing model. The non-cash compensation expense is recognized over each tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually with any change to fair value recognized as compensation expense over the vesting period.

The Company grants restricted share units (RSU) to certain employees, officers and directors of the Company. The fair value of RSUs is based on the closing stock price at the date of the grant. RSUs vest over a period of time, in which case compensation expense is recognized on a straight-line basis over the specified period.

The Company grants performance share units (PSU) to certain officers of the Company. The PSUs vest only when the specific performance criteria are met. The estimated grant date fair value of the awards is measured using valuation methods which vary depending on the performance criteria, and the compensation expense is recognized on a straight-line basis over the specified period of the award.

The Company grants deferred share units (DSU) to certain directors of the Company. The DSUs vest on the date of grant and the related compensation expense is recognized at the time of grant.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

Income tax

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in the consolidated statement of income (loss) except to the extent that they relate to a business combination, or items recognized directly in equity or in OCI.

Current tax is the expected tax payable or recoverable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. 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 under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

The most significant estimates and judgments made by management in the preparation of the Company's consolidated financial statements include the following:

- The methods and estimates of useful life needed to determine the appropriate amortization of investment in content depend on judgments with respect to many variables including the ability to license content to broadcasters, the availability of secondary markets, the impact of new media platforms, and the demand for merchandise and licensing of the related brand. The usage of content may differ materially and impact future amortization and net income.
- Goodwill is tested for impairment if there is an indicator of impairment and annually for the Company's CGUs. Calculating the value in use of CGUs for goodwill impairment tests requires management to make estimates and assumptions with respect to future revenue and costs, as well as discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

- The amount of production tax credits the Company files for as costs are incurred, and the amounts ultimately recovered may differ. The expected timing of the receipt of production tax credits is subject to uncertainty and amounts have been classified as current or long-term based on the expected date of receipt.
- The Company purchased 70% of the outstanding common shares of Insight Productions Ltd. (Insight) on May 17, 2018. The unanimous shareholder agreement of Insight sets out the terms whereby the Company can elect to purchase or can be required to purchase the non-controlling interest in Insight. After the third anniversary of the acquisition date, the remaining 30%, not less than 30%, can be purchased. The agreement sets out various scenarios in which this purchase can take place and these scenarios result in different valuations of the consideration to be paid. Assumptions made by management include the likelihood of each scenario, the timing of the scenarios, and other inputs to the valuation of the purchase price. Changes to the underlying assumptions may materially change the value of the put option as it is currently estimated.
- The Company purchased 51% of the outstanding membership interests of Untitled on February 1, 2019. The Limited Liability Company agreement sets out the terms whereby the Company can elect to purchase or can be required to purchase the non-controlling interest in Untitled. After the fifth anniversary of the acquisition date, the option is available to the seller to require the Company to purchase the remaining 49% of Untitled. The agreement sets out various scenarios in which this purchase can take place and these scenarios result in different valuations of the consideration to be paid. Assumptions made by management include the likelihood of each scenario, the timing of the scenarios, and other inputs to the valuation of the purchase price. Changes to the underlying assumptions, including changes to the probabilities assigned to each scenario, may materially change the value of the put option as it is currently estimated.
- The fair value measurement of certain financial assets requires the Company to assess the classification of the assets based on the contract from which the asset arises. In the case that the asset represents investments in third-party entities that are not registered in the public markets, factors that are used to assess fair value include: the valuation indicated by the most recent equity offerings, management information presented at board meetings, and knowledge of the market in which the third-party transacts. Changes in any of the assumptions or estimates used in determining the fair values could impact the valuation of these financial assets.
- The application of IFRS 16 requires judgment as to whether a lease may be renewed at the end of its term. Valuation of the lease liability requires a discount rate to be selected. Changes to the underlying assumptions may materially change the value of both the right-of-use asset and the lease liability.

Although management believes the assumptions and estimates made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain.

Unanticipated events and circumstances may occur, which may affect the accuracy or validity of such assumptions, estimates or actual results. The impact of the COVID-19 pandemic was considered in all of the above estimates and judgements, refer to notes 10 and 22 for further information on the impact on goodwill and government assistance respectively.

The significant assumptions that affect these estimates and judgments in the application of accounting policies are noted throughout these consolidated financial statements.

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

Recently adopted accounting pronouncements

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), effective January 1, 2021

  The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

  - A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest

  - Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

  - Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  These amendments had no impact on the consolidated financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

- COVID-19-related Rent Concessions beyond June 30, 2022 (Amendment to IFRS 16)

  On March 31, 2021 the IASB issued an amendment to IFRS 16, Leases, to extend by one year the optional practical expedient for lessees so that rent concessions received as a direct consequence of the COVID-19 pandemic do not have to be accounted for as lease modifications under IFRS 16 for affected lease payments due on or before June 30, 2022. Retrospective early adoption of these amendments on March 31, 2021 did not have a significant impact on the Company’s consolidated financial statements.

New accounting pronouncements issued but not yet effective

The IASB issued the following amendments, which the Company does not expect to adopt in advance of their respective effective dates: Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37), Reference to the Conceptual Framework (Amendments to IFRS 3) and Annual Improvements to IFRS Standards 2018–2020, effective January 1, 2022; and Classification of Liabilities as Current or Non-current (Amendments to IAS 1), Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8) effective January 1, 2023, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12) effective January 1, 2023 and amendments to IFRS 17, Insurance Contracts, effective January 1, 2023. The Company is currently evaluating the expected impact of these pronouncements on its consolidated financial statements.

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

4 Investment in equity accounted investees

	December 31, 2021	December 31, 2020
	$	$
Investments in equity accounted investees		
Investment in Industrial Brothers Canada Ltd. (a)	591	617
Investment in Insight co-production (b)	304	304
	895	921

a) On December 9, 2015, the Company subscribed for common shares in Industrial Brothers Canada Ltd. (IB) for an aggregate consideration of $480. In addition, the Company purchased common shares from existing shareholders for an aggregate consideration of $720. The total investment of $1,200 represents a 30% interest in the common shares of IB, a content creation and production company whose principal place of business is Canada.

During 2021, IB declared and paid a dividend to the Company of $nil (2020 – $1,050), which was recorded as a return of capital, reducing the investment. For the year ended December 31, 2021, IB recorded net loss of $86 (2020 – net income of $748) and the Company recorded its share of the equity loss of $26 (2020 – equity income of $225) in the consolidated statement of income (loss) and as a change in the value of the investment.

The Company has a first option to co-develop, co-produce and distribute all content to be developed or produced by IB. In this regard, the Company has agreed to provide IB with $125 per annum to be used by IB to develop projects. For all projects subsequently produced, all rights, title and interest in the project will be held by the Company, with fees being shared between the Company and IB. In addition, the Company will provide IB with office space and certain overhead for a nominal monthly fee. This agreement will continue for so long as the Company owns at least 17.5% of the outstanding common shares of IB.

b) Prior to the acquisition of Insight by the Company, Insight entered into an agreement with a third-party to co-produce certain scripted content. This agreement constitutes a jointly controlled enterprise and as such the Company accounts for the agreement as an equity accounted investee and records its share of the equity income in the consolidated statement of income (loss) and as an increase in the value of the investment. There was no change in the value of the investment in the years ended December 31, 2021 and 2020.

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

The following is summarized financial information for IB and the Insight co-production based on their respective financial statements:

	Year ended December 31, 2021	
	IB	Insight co-production
	$	$
Revenue	2,863	—
Profit (loss) from continuing operations	(20)	—
Total net income (loss) and comprehensive income (loss)	(86)	—
Current assets	1,975	430
Non-current assets	2,568	—
Current liabilities	3,519	304
Non-current liabilities	2,851	—

	Year ended December 31, 2020	
	IB	Insight co-production
	$	$
Revenue	2,957	—
Profit (loss) from continuing operations	1,119	—
Total net income (loss) and comprehensive income (loss)	748	—
Current assets	1,417	430
Non-current assets	753	—
Current liabilities	718	304
Non-current liabilities	3,150	—

On November 17, 2020, the Company sold its investment in Old Telegram Building Inc. (OTBI) to certain shareholders in exchange for notes receivable of $1,358 and recorded a gain on disposal of $1,356. The Company recorded its share of OTBI's income of $2 on the consolidated statement of income (loss) for the year ended December 31, 2020. During 2020, OTBI declared and paid a dividend to the Company of $233, of which $52 has been recorded as a return of capital, reducing the investment, and $181 has been recorded on the Company's consolidated statement of income (loss). The notes were settled on January 1, 2021 via a return of paid up capital (note 20).

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

5 Financial assets

	December 31, 2021	December 31, 2020
	$	$
FVOCI		
Investment in Bustle Digital Group Media (formerly Independent Media Corp.) (a)	1,114	2,507
Investment in Marco Polo Learning, Inc. (b)	1,952	1,954
Investment in Toronto Arrows GP Inc. (c)	382	382
	3,448	4,843
FVTPL		
Investment in Caravan (formerly Creative Labs LP) (d)	724	723
Investment in Realm (formerly Serial Box Publishing LLC) (e)	2,171	2,175
Investment in TeaTime Ventures, LLC (f)	1,962	—
	4,857	2,898
	8,305	7,741

The following table summarizes the movement of the financial assets:

	December 31, 2021	December 31, 2020
	$	$
Opening balance	7,741	7,552
Investments made (f)	1,962	—
Movement in the fair value of investments – profit and loss	(3)	299
Movement in the fair value of investments – other comprehensive (loss) income	(1,395)	(110)
Closing balance	8,305	7,741

a) On July 14, 2016, the Company acquired an interest in Bustle Digital Group (Bustle). Bustle is a digital publication whose principal place of business is the U.S. As of December 31, 2021 and 2020, the Company owns 435,487 shares of Bustle.

As at December 31, 2021, the fair value of the shares has been determined to be $1,114 (2020 – $2,507) and an adjustment of $(1,393) (2020 – $57) has been made to the Company's OCI.

b) On March 31, 2017, the Company acquired 215,342 Series A preferred shares of Marco Polo Learning, Inc. (MPL), a Delaware corporation, for $1,729 ($1,300 USD).

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

As at December 31, 2021, the fair value of the shares has been determined to be $1,952 (2020 – $1,954) and an adjustment of ($2) (2020 – $44) has been made to the Company's OCI.

c) On November 1, 2018, the Company invested $393 ($300 USD) cash in Toronto Arrows GP Inc. (Arrows), for an 8.82% ownership. Toronto Arrows R.F.C. is Canada's first professional rugby union team that competes in Major League Rugby.

As at December 31, 2021, the fair value of the shares has been determined to be $382 (2020– $382) and an adjustment of $nil (2020 - $(9)) has been made to the Company's OCI.

d) On February 24, 2017, the Company purchased partnership units (LP units) in Caravan, a Delaware limited partnership that creates content. As at December 31, 2021 and 2020, the Company owns 375,000 LP Units of Caravan.

As at December 31, 2021, the fair value of the units has been determined to be $724 (2020– $723) and an adjustment of $1 (2020 – $348) has been made in the Company's consolidated statement of income (loss).

e) On August 7, 2017, the Company acquired an interest in Realm, a Delaware limited liability company that creates content. As at December 31, 2021 and 2020, the Company owns 914,015 common shares of Realm.

As at December 31, 2021, the fair value of the shares was determined to be $2,171 (2020 – $2,175). An adjustment of $(4) (2020 – $(49)) has been made in the Company's consolidated statement of income (loss).

f) On December 23, 2021 , the Company invested $1,962 ($1,542 USD) cash in TeaTime Ventures, LLC (TeaTime), in exchange for a 10% effective ownership stake. TeaTime is a production company founded by Dakota Johnson, Ro Donnelly and Katie O'Connell Marsh.

As at December 31, 2021, the fair value of the shares was determined to be $1,962.

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

6 Property and equipment

	Building and fixtures	Equipment	Leasehold improvements	Total
Cost				
December 31, 2019	1,790	11,428	9,463	22,681
Additions	50	1,510	107	1,667
Impact of foreign exchange	3	(16)	(62)	(75)
Disposal	—	—	(475)	(475)
December 31, 2020	1,843	12,922	9,033	23,798
Additions	71	2,094	540	2,705
Impact of foreign exchange	(2)	121	(7)	112
December 31, 2021	1,912	15,137	9,566	26,615
Accumulated amortization				
December 31, 2019	1,211	7,697	1,912	10,820
Amortization	526	1,482	979	2,987
December 31, 2020	1,737	9,179	2,891	13,807
Amortization	60	2,637	1,055	3,752
December 31, 2021	1,797	11,816	3,946	17,559
Net book value				
December 31, 2020	106	3,743	6,142	9,991
December 31, 2021	115	3,321	5,620	9,056

During the year ended December 31, 2020, it was determined that there was an impairment indicator in the Unscripted CGU and as a result, property and equipment included in this CGU, which included building and fixtures, equipment and leasehold improvements, were tested for impairment. There were no impairment indicators for any amounts of property and equipment during the year ended December 31, 2021.

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

7 Investment in content

	Development	In production	Delivered	Acquired content	Total
	$	$	$	$	$
Cost					
December 31, 2019	5,883	40,156	300,314	25,056	371,409
Additions	7,119	176,188	—	2,075	185,382
Reclassification	(521)	(19,227)	19,748	—	—
December 31, 2020	12,481	197,117	320,062	27,131	556,791
Additions	5,835	157,478	—	1,121	164,434
Reclassification	(4,597)	(319,306)	323,903	—	—
Foreign exchange loss (gain)	39	184	1,277	(250)	1,250
December 31, 2021	13,758	35,473	645,242	28,002	722,475
Accumulated depreciation					
December 31, 2019	428	—	243,430	12,173	256,031
Amortization	1,804	—	52,075	3,741	57,620
December 31, 2020	2,232	—	295,505	15,914	313,651
Amortization	3,977	—	324,384	4,302	332,663
Foreign exchange loss (gain)	—	—	3,604	(227)	3,377
December 31, 2021	6,209	—	623,493	19,989	649,691
Net book value					
December 31, 2020	10,249	197,117	24,557	11,217	243,140
December 31, 2021	7,549	35,473	21,749	8,013	72,784

The Company has revised the classification of certain balances as at December 31, 2020.

The amount of interest capitalized during the year ended December 31, 2021 and included in delivered content is $2,335 (2020 – $428). The interest capitalized during the year ended December 31, 2021 and included in content in production is $325 (2020 – $2,449).

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

8 Intangible assets

	Trademarks	Non-compete agreements	Talent relationships	Total
	$	$	$	$
Cost				
December 31, 2019	12,845	6,048	48,633	67,526
Foreign exchange movement	(309)	(168)	(1,502)	(1,979)
December 31, 2020	12,536	5,880	47,131	65,547
Foreign exchange movement	(10)	(6)	(50)	(66)
December 31, 2021	12,526	5,874	47,081	65,481
Accumulated depreciation				
December 31, 2019	3,162	1,337	4,458	8,957
Amortization	2,569	1,210	4,863	8,642
Foreign exchange movement	(132)	(69)	(289)	(490)
December 31, 2020	5,599	2,478	9,032	17,109
Amortization	2,476	1,159	4,638	8,273
Foreign exchange movement	24	13	62	99
December 31, 2021	8,099	3,650	13,732	25,481
Net book value				
December 31, 2020	6,937	3,402	38,099	48,438
December 31, 2021	4,427	2,224	33,349	40,000

During the year ended December 31, 2020, it was determined that there was an impairment indicator in the Unscripted CGU and as a result, long-lived intangibles included in this CGU which included trademarks and non-compete agreements were tested for impairment. Although a goodwill impairment charge was recorded for this CGU in the year ended December 31, 2020 (Note 10), the value in use of the long-lived intangible assets in this CGU exceeded the carrying amount and thus was determined not to be impaired. There were no impairment indicators noted for long-lived intangible assets during the year ended December 31, 2021.

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

9 Accounts receivable

	December 31, 2021	December 31, 2020
	$	$
Trade receivables	107,337	30,653
Goods and services tax recoverable - net	2,271	3,900
Short-term accounts receivable	109,608	34,553
Long-term accounts receivable	4,505	3,857
	114,113	38,410

The aging of trade receivables is as follows:

	December 31, 2021	December 31, 2020
	$	$
Unbilled accounts receivable	39,320	20,501
Contract asset	13,252	9,304
Less than 60 days	55,280	3,645
Between 60 and 90 days	678	53
Over 90 days	3,312	1,007
	111,842	34,510

The Company does not have security over these balances. Trade receivables are provided for based on estimated recoverable amounts as determined by using a combination of historical default experience, any changes to credit quality and management estimates. The amount of expected credit losses in 2021 and 2020 was determined to be nominal.

At December 31, 2021, the Company had 1 customer (2020 - two customers) that accounted for approximately 49% (2020 - 32%) of its trade receivables and contract assets outstanding.

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

10 Goodwill

	December 31, 2021	December 31, 2020
	$	$
Opening balance	92,943	107,957
Impairment of Unscripted CGU	—	(12,959)
Foreign exchange	(70)	(2,055)
Closing balance	92,873	92,943

Annual impairment testing

Goodwill is tested for impairment annually as at December 31 or more frequently if events or circumstances indicate that the asset might be impaired. In assessing the goodwill for impairment, the Company compares the carrying value of the CGU to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal and the value in use. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount. As at December 31, 2021, the Company applied the value in use method.

For each of the CGUs tested at December 31, 2021 and 2020, it was determined that the value in use exceeded the carrying value and therefore no impairment existed.

The cash flows used were forecasted for five years based on management's expectations of content planned and greenlit, including the ability to distribute the content through global territories, as well as estimates of further seasons and projects in development. In determining the recoverable value for each CGU the following significant assumptions were used:

- Estimates of revenue and service and production margin are based on historical results and future expectations of operating performance. Production, distribution, service, consumer product and representation revenue were estimated for the next 12-24 months based on a slate of content currently in ongoing production, greenlit, and planned to begin. Additionally, where the Company is in discussion with third-parties to produce content or deliveries are forecasted with reasonable certainty to proceed in this period the revenue and margin has been included.
- Using these estimates as a basis, revenues beyond 2023 were estimated based on the variability of number and size of production or service by CGU. Service and production margin were estimated based on known license fees, production service agreements and budgeted costs, consistent with historical and recent experience. Average revenue growth estimates for the Television reporting segment for 2023 to 2026 ranged from 3.5% to 35.3%. Average revenue growth estimates for the Kids and Family reporting segment for 2023 to 2026 ranged from 4.4% to 9.0%. Average revenue growth estimates for the Representation CGU and reporting segment was 2.7% for 2023 to 2026.
- The pre-tax weighted average cost of capital ranged from 15.7% to 23.2% for CGUs within the Television reporting segment, 16.4% to 18.0% for CGUs within Kids and Family reporting segments, and 23.6% for the Representation reporting segment.
- Gross margin percentage estimates for production revenue included in the Television reporting segment CGUs ranged from 18.8% to 28.9% for 2022 and from 16.5% to positive 38.2% for 2023 to 2026. Gross margin percentage estimates for production revenue included in the Kids and Family reporting segment CGUs were 28.9% in 2022 and 6.3% for 2023 to 2026. Gross margin percentage estimates for service

revenue included in the Television reporting segment CGUs ranged from 14.1% to 18.4% for 2022 and from 14.5% to 21.0% for 2023 to 2026. Gross margin percentage estimates for service revenue included in the Kids and Family reporting segment CGUs ranged from 11.4% to 23.1% for 2022 and from 12.7% to 23.1% for 2023 to 2026. Gross margin percentage estimates in the Representation CGU and reporting segment were estimated at 46.2% for 2022 and 42.7% for 2023 to 2026.

Sensitivity analysis was performed for each CGU by changing the following significant assumptions: weighted average cost of capital rates, revenue growth and service and production margins. These sensitivities help to determine the theoretical impairment losses that would be recorded.

- For the Scripted and Insight CGUs (included in the Television reporting segment) and for the Animation CGU (included in the Kids and Family reporting segment), no reasonable changes would be indicative of impairment.
- For the Kids & Family CGU (included in the Kids and Family reporting segment), the revenue growth rate would have to decrease by more than 2.0% (a 200 basis point decrease) before an impairment would need to be recorded, although no reasonable decrease in the weighted average cost of capital or gross margin would be indicative of impairment. The most significant assumptions used in the Kids & Family CGU determination of value in use is the future cash flows associated with the assumed renewal of shows currently in production and under development with major customers, as well as the consumer product revenue associated with some of those brands. If those shows are cancelled, not renewed and the Company is unable to replace their production with new shows or content that is being developed, or if the consumer products associated with the brands are not successful, there could be a significant impairment in the Kids & Family CGU.
- For the Unscripted CGU (included in the Television reporting segment), a decrease in the revenue growth rate of 2.0% (a 200 basis point decrease) or a decrease in the gross margin of 2.0% (a 200 basis point decrease) would result in an impairment in the amount of $3.0 million and $2.6 million, respectively. The most significant assumption used in the Unscripted CGU determination of value in use is the future cash flows associated with the assumed renewal and continuation of the current shows under development with major television studios. If those shows are cancelled, not renewed and the Company is unable to replace their production with new shows or content that is being developed, there could be a significant impairment in the Unscripted CGU.

As each significant assumption was changed independently, the results of the sensitivity analyses do not contemplate management's ability to mitigate against any adverse effects that may arise in the future.

September 30, 2020 impairment testing

In the three months ended September 30, 2020, management identified that there were indications of impairment associated with the Unscripted CGU, given the pervasive economic impact of COVID-19 on unscripted television productions where actual operating results and financial projections fell short of previous estimates and projections. Accordingly, the Company tested goodwill of this CGU for impairment as at September 30, 2020, applying the value in use method.

Based on the analysis performed of the Unscripted CGU at September 30, 2020, it was determined that the carrying value exceeded the value in use and therefore an impairment of $12,959 was recorded at this date.

In testing the Unscripted CGU for impairment at September 30, 2020, the significant assumptions were consistent with those disclosed below. More specifically: the pre-tax weighted average cost of capital rate used was 25.2%; average revenue growth for 2022 to 2025 was estimated at 3.1%; gross margin percentage for production revenue was estimated at 20.4% for 2021 and ranging from 21.0% to 22.3% for 2022 to 2025; and gross margin percentage for service revenue was estimated at 13.5% for 2021 and ranging from 13.9% to 15.2% for 2022 to 2025.

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

Sensitivity analysis was performed for the Unscripted CGU at September 30, 2020 by changing the following significant assumptions: weighted average cost of capital rates, revenue growth and production and service expenses. To determine the impact on the recoverable amounts, the weighted average cost of capital rates were increased by 1.0% (a 100 basis point increase), the service and production revenue growth rates were decreased by 1.0% (a 100 basis point decrease) and gross profit margin decreased by 1.0% (a 100 basis point decrease). Each significant assumption was changed independently while holding all other assumptions constant.

An increase of the weighted average cost of capital of 1.0% (a 100 basis point increase), a decrease in the service revenue growth rate of 1.0% (a 100 basis point decrease) or a decrease in the gross profit margin of 1.0% (a 100 basis point decrease) would have resulted in a further impairment of the Unscripted CGU at September 30, 2020 in the amount of $2.0 million, $6.0 million and $6.5 million respectively. As each significant assumption was changed independently, the results of the sensitivity analyses do not contemplate management's ability to mitigate against any adverse effects that may arise in the future.

The most significant assumption used in the Unscripted CGU is the future cash flows associated with the assumed renewal and continuation of the current shows under development with major television studios. If those shows are cancelled, not renewed or the Company is not able to replace their production with new shows or content that is being developed, there could be a further significant impairment in the Unscripted CGU.

The following table presents the goodwill by CGU as at December 31, 2021 and December 31, 2020:

	December 31, 2021	**December 31, 2020**
		$
Scripted	13,089	13,274
Unscripted	26,050	25,859
Kids and Family	13,563	13,563
Insight	3,738	3,738
Animation services	7,660	7,660
Representation	28,773	28,849
	92,873	92,943

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

11 Share capital

	Authorized	Outstanding December 31, 2021	Share capital $
Multiple Voting Shares	Unlimited	23,553,051	26,791
Subordinate Voting Shares	Unlimited	32,615,364	288,505
		56,168,415	315,296
Preferred shares	Unlimited	—	—
Total	Unlimited	56,168,415	315,296

The share capital balances include the impact of share issuance costs net of deferred tax.

	Authorized	Outstanding December 31, 2020	Share capital $
Voting common shares	Unlimited	14,705,951	
Series A non-voting common shares	Unlimited	686,091	
Series B non-voting common shares	Unlimited	498,815	
Series C non-voting common shares	Unlimited	—	
Series D non-voting common shares	Unlimited	418,739	
		16,309,596	59,783
Class C preferred shares	Unlimited	1,483,887	26,058
Total	Unlimited	17,793,483	85,841

On January 1, 2020, the Company issued 418,739 or $9,749 of Series D non-voting common shares related to the acquisition of Platform One Media LLC (Platform One).

On January 1, 2020, the Company issued 498,815 or $10,234 of Series B non-voting common shares related to the acquisition of Matador Content LLC (Matador).

On November 18, 2020, the Company issued 686,091 or $7,088 of series A non-voting common shares to certain shareholders.

On January 1, 2021, Fairfax exercised the conversion option on the 2019 convertible debentures and converted the total debenture balance of $22,016 into 2,130,309 Series A non-voting common shares. The shares were converted at $10.33 per share, resulting in the recognition of $22,006 of share capital and a $10 foreign exchange gain.

On February 26, 2021, the Company's authorized share capital was amended to create an unlimited number of Multiple Voting Shares, Subordinate Voting Shares and preferred shares.

On March 19, 2021, the Company filed a final prospectus and on March 24, 2021, the Company completed its IPO, raising gross proceeds of $170,100 with the issuance of 18,900,000 Subordinate Voting Shares from

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

treasury at $9.00 per share. The Company incurred $14,800 of share issuance costs, of which $5,581 was recorded in prepaid expenses in 2020 (subsequently reclassified to share capital) and $8,406 were underwriting fees that were settled directly from the gross proceeds. These amounts have been recorded as a reduction to share capital, which were partially offset by a deferred tax impact of $3,922 recognized directly in equity.

All issued and outstanding share capital has no par value.

In connection with, and immediately prior to, the closing of the IPO on March 24, 2021, the following pre-closing capital changes were implemented:

- the issued and outstanding share capital was split on a 1.6016:1.0000 basis;
- all of the issued and outstanding voting common shares were exchanged into Multiple Voting Shares based on an exchange ratio of 1:1. Multiple Voting Shares have voting rights on an up to 10:1 basis;
- all of the issued and outstanding non-voting common shares and preferred shares were exchanged into voting common shares based on an exchange ratio of 1:1 and then such voting common shares were exchanged into Subordinate Voting Shares based on an exchange ratio of 1:1. Subordinate Voting Shares have voting rights on a 1:1 basis;
- the secured, subordinated convertible debentures issued to the United States Fire Insurance Company on December 1, 2020 for $25,000 and on February 1, 2021, for $15,000, including any accrued but unpaid interest thereon, were converted into 3,984,936 Subordinate Voting Shares immediately prior to the closing of the IPO, resulting in the recognition $35,865 of share capital; and
- an aggregate of 1,373,535 Subordinate Voting Shares were issued to certain of the former owners of Matador and to certain other Matador employees in settlement of the provision for the right to be issued shares included in other financial liabilities and $12,362 of share capital was recognized.

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

The movement of the share transactions described above is summarized in the following table:

Shares	December 31, 2020	Conversion of 2019 convertible debenture	Stock split	Common shares exchanged to MVS or SVS	Conversion of 2020 and 2021 convertible debentures	Settlement of Matador other liabilities	Treasury issuance on IPO	December 31, 2021
Voting common	14,705,951	—	8,847,100	(23,553,051)	—	—	—	—
Series A non-voting common	686,091	2,130,309	1,694,345	(4,510,745)	—	—	—	—
Series B non-voting common	498,815	—	300,087	(798,902)	—	—	—	—
Series C non-voting common	—	—	—	—	—	—	—	—
Series D non-voting common	418,739	—	251,914	(670,653)	—	—	—	—
Class C preferred	1,483,887	—	892,706	(2,376,593)	—	—	—	—
Subtotal	17,793,483	2,130,309	11,986,152	(31,909,944)	—	—	—	—
Multiple Voting (MVS)	—	—	—	23,553,051		—	—	23,553,051
Subordinate Voting (SVS)	—	—	—	8,356,893	3,984,936	1,373,535	18,900,000	32,615,364
Total	17,793,483	2,130,309	11,986,152	—	3,984,936	1,373,535	18,900,000	56,168,415

12 Share-based payments

On March 24, 2021, in connection with the Company's IPO, the issued and outstanding share capital and outstanding stock options and RSUs were split on a 1.6016:1.0000 basis. All numbers in the following discussion are presented and restated on a post-share split basis.

Legacy stock option plan

In January 2016, the Company authorized a share-based payment arrangement (Legacy Plan) that allowed the Company to grant stock options to certain employees, officers and directors. The participants in the plan may elect to receive cash equal to the difference between the grant date fair value and the exercise price. However, the Board of Directors has the right to reject such election and the Company has not historically settled the options in cash. Options for the comparative period have been adjusted to reflect the impact of the stock split that occurred during the year ended December 31, 2021 (note 11).

During the year ended December 31, 2021, nil stock options (2020 - 586,986) were granted under the Legacy Plan.

During the year ended December 31, 2021, 3,204 options were forfeited (2020 - 107,540).

No further grants from the Legacy Plan will be made as the Company instituted a new equity incentive plan on March 24, 2021, the closing date of the IPO. Also on this date, all stock options issued under the Legacy Plan became fully vested and exercisable into the Company's Subordinate Voting Shares and will expire in accordance with their original term of 10 years from the date of grant.

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

Legacy restricted share unit plan

In January 2018, the Company authorized a restricted share unit plan (Legacy RSU Plan) that allowed the Company to grant RSUs to certain employees, officers and directors. During 2018, the Company awarded 502,582 units under the Legacy RSU plan with a fair value of $5.93 per share which were vested on the grant date.

Equity incentive plan

During the year ended December 31, 2021, the Company approved a new equity incentive plan (Equity Incentive Plan) for the administration of future grants of stock options, restricted share units (RSU), and performance share units (PSU) to employees and deferred share units (DSU) to independent directors.

During the year ended December 31, 2021, 691,170 stock options were granted under the Equity Incentive Plan. The stock options granted vest one-third on January 1, 2022, one-third on January 1, 2023, and one-third on January 1, 2024. The stock options expire 10 years after the grant date. During the year ended December 31, 2021, 8,162 options were forfeited.

During the year ended December 31, 2021, the Company granted 314,367 RSUs under the Equity Incentive Plan. The RSUs granted vest one-third on January 1, 2022, one-third on January 1, 2023, and one-third on January 1, 2024. The RSUs expire 10 years after the grant date. During the year ended December 31, 2021, 3,055 RSUs were forfeited.

During the year ended December 31, 2021, the Company granted 1,291,872 PSUs under the new Equity Incentive Plan to certain executive officers of the Company. The PSUs granted have four performance criteria which are primarily attributable to the Company's financial performance over the 2021 to 2025 fiscal years. The PSUs vest on the date of fulfillment of each performance criteria, if the criteria are met. No PSUs were forfeited during the year ended December 31, 2021.

During the year ended December 31, 2021, the Company granted 11,396 DSUs under the Equity Incentive Plan. The DSUs vest on the date of grant and expire in the year following the date at which the holder ceases to be a director of the Company. No DSUs were forfeited during the year ended December 31, 2021.

Legacy Plan and Equity Incentive Plan stock option transactions for the year ended December 31, 2021 were as follows:

	Number of shares under option	Weighted average exercise price per option
		$
Balance – December 31, 2019	982,000	10.66
Granted	366,500	16.11
Forfeited	(67,145)	10.88
Balance – December 31, 2020	1,281,355	12.21
Effect of share split	770,865	(4.59)
Granted	691,170	9.00
Forfeited	(11,366)	9.57
Balance – December 31, 2021	2,732,024	7.96

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

As at December 31, 2021, 2,276,189 options were vested and exercisable (December 31, 2020 – 240,125).

As at December 31, 2021, the weighted average number of options outstanding under the Legacy Plan and Equity Incentive Plan and the remaining contractual life is as follows:

Exercise price $	Number outstanding on December 31, 2021	Weighted average remaining contractual life (years)
3.08	400,168	4.00
5.76	244,244	5.00
5.93	160,160	5.50
7.49	288,289	9.45
9.00	683,008	9.00
9.99	32,032	6.75
10.06	619,018	8.00
10.61	128,128	7.00
11.01	176,977	7.09
	2,732,024	

Legacy RSU Plan and Equity Incentive Plan RSU transactions for the year ended December 31, 2021 were as follows:

	Number of RSUs	Weighted average grant date fair value
		$
Balance – December 31, 2020	313,800	9.50
Effect of share split	188,782	(3.57)
Granted	314,367	7.00
Forfeited	(3,055)	7.00
Balance – December 31, 2021	813,894	6.34

The Equity Incentive Plan PSU transactions for the year ended December 31, 2021 were as follows:

	Number of PSUs	Weighted average grant date fair value
		$
Balance – December 31, 2020	—	—
Granted	1,291,872	1.56
Balance – December 31, 2021	1,291,872	1.56

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

The Equity Incentive Plan DSU transactions for the year ended December 31, 2021 were as follows:

	Number of DSUs	Weighted average grant date fair value
		$
Balance – December 31, 2020	—	—
Granted	11,396	7.45
Balance – December 31, 2021	11,396	7.45

Share-based compensation expense

The following table summarizes the share-based compensation expense that is recognized in general and administrative expenses:

	Year ended December 31, 2021	2020
	$	$
Legacy Plan	2,460	5,449
Equity Incentive Plan		
Options	747	—
RSUs	1,156	—
PSUs	146	—
DSUs	85	—
	4,594	5,449

The fair value of the stock options is recognized as share-based compensation expense on a graded vesting basis over the vesting periods of the options. The stock options granted in the years ended December 31, 2021 and 2020 used the Black-Scholes option pricing model with the following weighted average assumptions to determine the calculation of share-based compensation expense:

	Options granted 2021	2020
Fair value of options at grant date	$2.06	$10.06
Share price at grant date	$7.00	$10.06
Exercise price	$9.00	$10.06
Risk-free interest rate	1.05%	1.65%
Volatility factor of the expected market price of the Company's shares	38%	50%
Expected option life	6 years	10 years

The fair value of the RSUs is determined to be the share price on the grant date. It is recognized as share-based compensation expense on a graded vesting basis over the vesting periods of the units.

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

The fair value of the DSUs is determined to be the share price on the grant date. It is recognized as share-based compensation expense on the grant date, as the awards are fully vested on this date.

The fair value of the PSUs is recognized as share-based compensation expense on a straight-line basis over the vesting periods of the PSUs. The fair value of the PSUs granted in the year ended December 31, 2021 was determined using Monte Carlo simulation models. The following assumptions were included in the determination of the share-based compensation expense related to the PSUs:

	PSUs granted 2021
Fair value of PSUs at grant date	$4.16 to $7.26
Share price at grant date	$7.50
Risk-free interest rate	0.40% to 0.59%
Volatility factor of the expected market price of the Company's shares	37.5%
Expected life	2.48 years

13 Income (loss) per share

The following table reconciles the numerators and denominators of the basic and diluted income (loss) per share computation. No diluted loss per share has been calculated for the year ended December 31, 2021 and 2020 as the effect would be anti-dilutive. Basic income (loss) per share calculation is as follows:

	Year ended December 31, 2021	**2020**
Numerator for basic income (loss) per share – net income (loss) attributable to owners	$ (20,656)	$ (48,744)
Denominator for basic income (loss) per share – weighted average common shares	50,111,674	25,281,512
Basic loss per share	$ (0.41)	$ (1.93)

For the years ended December 31, 2021 and 2020, as a result of the consolidated net losses recognized, dilutive earnings (loss) per share was calculated using the basic weighted average shares outstanding as the effect of potential common shares would have been anti-dilutive. Had there been net earnings, dilutive stock awards for options, RSUs, DSUs and PSUs would have been calculated as an additional 284,375 shares, 675,138 shares, 11,396 shares and 191,126 shares (2020 - 572,066 shares, 207,506 shares, nil and nil), respectively. The weighted average common shares for the year ended December 31, 2020 have been adjusted to reflect the impact of a 1.6016:1 share split that occurred on the IPO date.

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

14 Interim production financing

	December 31, 2021	December 31, 2020
	$	$
Interim production financing from Aver Media Finance, a division of Bank of Montreal, with interest at prime plus 0.50%, secured by production tax credits, specified production financing contracts and a general security agreement	31,095	33,973
Interim production financing from Aver Media Finance, a division of Bank of Montreal, with interest at LIBOR plus 3.0%, secured by production tax credits, specified production financing contracts and a general security agreement	—	3,462
Interim production financing from Aver Media Finance, a division of Bank of Montreal, with interest at Sterling Overnight Index Average (SONIA) plus 3.0%, secured by production tax credits, specified production financing contracts and a general security agreement	4,356	—
Interim production financing from Royal Bank of Canada, with interest at prime plus 0.50%, secured by production tax credits, specified production financing contracts and a general security agreement	19,068	13,514
Interim production financing from JP Morgan Chase Bank, with interest at LIBOR plus 2.75%, secured by production tax credits, specified production financing contracts and a general security agreement	63,100	88,895
	117,619	139,844

Interim production financing is drawn by the Company in order to bridge the timing differences between the receipt of licence fees, distribution advances, government assistance and production tax credits and the funding of production costs. On collection of amounts owing, interim production financing is repaid by the Company.

These liabilities are secured by federal, provincial and state film and television tax credits and licensing and production services agreements. The liabilities are presented as current in the Company's consolidated statement of financial position as they are repayable upon demand by the lender while the collateral is presented based on the Company's expected time of receipt of cash which can range from six months to three years.

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

15 Loans and borrowings

	December 31, 2021	December 31, 2020
	$	$
Demand loan payable to Bank of Montreal – Canadian dollar (prime+ 3.0%) (Facility 2)	—	20,484
Demand loan payable to Bank of Montreal – US dollar (LIBOR+4.0%) (Facilities 5 & 7)	—	61,280
Demand loan payable to Bank of Montreal – Canadian dollar (prime+ 3.0%) (Facility 8)	—	12,040
Loan payable to Royal Bank of Canada	—	105
Total before loan fees	—	93,909
Loan fees, net of amortization	—	(314)
	—	93,595
Less: Current portion	—	(93,595)
Long-term portion	—	—

On October 30, 2018, the Company entered into an amended and restated offer of financing with the Bank of Montreal (BMO). The offer of financing was subsequently amended on February 1, 2019, December 31, 2019 and July 20, 2020 (collectively the Corporate Credit Facility). The Corporate Credit Facility was comprised of:

1) a $5,000 demand revolver;
2) a $21,460 demand term loan;
3) a $3,500 treasury risk management facility;
4) a $300 credit card facility;
5) a US$37,110 demand term loan;
6) a US$2,000 demand revolver (which was also available by way of letters of credit in US dollars up to a maximum of US$1,650);
7) a US$13,000 demand term loan; and
8) a $13,378 demand term loan.

The Corporate Credit Facility was guaranteed by certain of the Company's Canadian, US and UK subsidiaries. The Company and the guarantors had provided the lender with a first priority lien over all of their respective assets, subject to certain exclusions and permitted liens. The Company and certain of the guarantors also pledged 100% of the equity interests they hold in the capital of certain of their subsidiaries.

Facility 8 was introduced in the amended agreement on July 20, 2020 and was repayable at 5% of the principal balance per quarter over ten quarters commencing September 30, 2020, with the residual 50% principal balance due on the earlier of an acceleration event, defined as the earlier of demand and an event of default including a change of control, and December 31, 2022. This facility bore interest at the Canadian prime rate plus 3%. The Export Development Bank of Canada guaranteed 75% of the loan as part of its suite of programs put in place to support Canadian businesses during the pandemic.

Management assessed the above amendments and determined that these amendments constituted a modification of debt, which resulted in a loss on modification of $342 for the year ended December 31, 2020. The loss was recorded on the demand loans payable to BMO.

The demand term loans were uncommitted facilities due on demand. The amendment included no requirement for testing financial ratio covenants. A target EBITDA was set for certain subsidiaries over which BMO had security for quarters ended September 30, 2020, December 31 2020, March 31, 2021 and June 30, 2021. The Company was in breach of this covenant at September 30, 2020, but was in compliance at December 31, 2020. On February 8, 2021, the Company entered into an amended and restated offer of financing in which the quarterly target EBITDA covenant noted above was waived for all quarters. As the Corporate Credit Facility was due on demand, it was classified as current on the consolidated statement of financial position.

Subject to certain exceptions, the Corporate Credit Facility contained restrictive covenants customary for credit facilities of this nature, including, without limitation, restrictions on the Company, Boat Rocker Media (US) Inc. and each guarantor to grant or create any mortgage, charge, lien, pledge, security interest or other encumbrance, sell, transfer, lease or otherwise dispose of any of its properties or assets, make distributions, acquisitions, loans, advances or guarantees, merge, amalgamate or consolidate with other persons, make investments, incur indebtedness, enter into any sale-leaseback transactions or repay indebtedness.

Subsequent to the completion of the IPO on March 24, 2021, the Company repaid all outstanding loans to BMO and in the year ended December 31, 2021, recorded a gain on settlement of loans and borrowings of $2,334 in the consolidated statement of income (loss). The Company's remaining facilities as at December 31, 2021 consist of a $5,000 demand revolver, a US$2,000 demand revolver, a $3,500 treasury risk management facility and a $300 credit card facility. The Canadian dollar revolver is undrawn as of December 31, 2021 while the US dollar demand revolver has been utilized by the issuance of letters of credit.

Subsequent to December 31, 2021, the Corporate Credit Facility was amended and restated pursuant to a Fourth Amended and Restated Offer of Financing with BMO (note 34).

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

16 Other financial liabilities

	December 31, 2021 $	December 31, 2020 $
Put Option for 49% of non-controlling interest of Untitled (a)	39,288	34,204
Provision for cash payment on performance targets, Untitled acquisition (b)	1,886	—
Put Option for 30% of non-controlling interest of Insight (c)	5,141	4,744
Provision to repay investment, Platform One acquisition	7,316	6,965
Provision for right to be issued shares, Matador acquisition (d)	—	14,802
Total	53,631	60,715
Less: Current portion	(5,141)	(19,546)
Other long-term financial liabilities	48,490	41,169

The movement in the year ended December 31, 2021 is attributable to changes in the fair value, foreign exchange impacts, and the reclassification and settlement of liabilities. During the year ended December 31, 2021, the Company recorded a net gain of $1,916 (2020 - loss of $931) related to the change in fair value of other liabilities relating to acquisitions and a loss of $5,442 (2020 - $6,378) relating to the put options on the consolidated statement of income (loss).

a) Untitled put option

In connection with the Untitled acquisition that closed on February 1, 2019, Untitled's Limited Liability Company Agreement sets out the terms whereby the Company can elect to purchase or is required to purchase the non-controlling interest in Untitled. After the fifth anniversary of the acquisition date, the option is available to the seller to require the Company to purchase the remaining 49% of Untitled. At December 31, 2021, the present value of this liability, using a discount rate of 17.5%, was estimated to be $39,288 (2020 – $34,204).

b) Untitled acquisition performance-based liabilities

As part of the acquisition of Untitled, cash consideration of US$1,000 was contingently payable based on meeting a specified earnings before interest, taxes, depreciation and amortization (EBITDA) threshold. This threshold was met, and the payment will be paid on the anniversary date of five years following the closing date (February 1, 2024).

In addition, 200,086 phantom shares were granted on closing of the Untitled acquisition that were contingent on certain EBITDA thresholds having being met. These phantom shares vest one-third if the December 31, 2019 EBITDA threshold is met, one-third if the December 31, 2020 EBITDA threshold is met, and one-third if the December 31, 2021 EBITDA threshold is met. There is also a catch-up provision that applies if the total EBITDA for those three years exceeds the total combined EBITDA threshold, all tranches shall vest, even if any individual year's EBITDA threshold was not met. These shares were designed to track the value of the Company's Series B non-voting shares, with one phantom share unit being equivalent to the value of one Series B non-voting share. The value of the vested phantom share units via tracking of the Company's Series B non-voting share value will be paid out in cash 180 days following the fifth anniversary date of the closing date (August 1, 2024). The fair value of this payment at February 1, 2019 was $3,889.

As a result of the Company's IPO, there was a stock split of 1.6016:1.0000 and the Series B non-voting shares were exchanged for Subordinate Voting Shares. The result of these revisions to the Company's share capital is that 320,458 phantom shares tracking the value of Subordinate Voting Shares on a 1:1 basis were outstanding following the Company's IPO.

Untitled did not meet the EBITDA thresholds for the years ended December 31, 2019 or 2020, but did meet the threshold for 2021. It was determined that the total EBITDA over those three years was not sufficient to trigger the catch-up provision. As such, the portion of the liability relating to the 2019 and 2020 tranches was reversed in the year ended December 31, 2021. The fair value of the ending liability is equivalent to the value of 106,820 of the Company's Subordinate Voting Shares as of December 31, 2021: $737 (2020 - $4,193 recorded as a contingent liability).

These Untitled liabilities have been reclassified from contingent consideration liabilities (note 26) to other financial liabilities in the amount of $1,886 at December 31, 2021, as there are no longer any contingent elements.

c) Insight put option

In connection with the Insight acquisition that closed on May 17, 2018, the Unanimous Shareholder Agreement of Insight sets out the terms whereby the Company can elect to purchase or is required to purchase the non-controlling interest in Insight. After the third anniversary of the acquisition date, the option is available to the seller to require the Company to purchase the remaining 30% of Insight. At December 31, 2021, the present value of this liability was estimated to be $5,141 (December 31, 2020 – $4,744). This option has not been exercised as at December 31, 2021.

d) Matador right to be issued shares

Share capital of $12,362 was issued to settle the Matador liability that arose on acquisition, for which the estimated fair value was revalued prior to settlement. The change in fair value of $2,430 was recognized in other (gains) and losses in the consolidated statement of income (loss).

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

17 Convertible debentures

	December 31, 2021	December 31, 2020
	$	$
Opening balance	47,263	18,618
Proceeds	15,000	25,000
Change in fair value	(4,382)	1,380
Share settlement	(57,871)	—
Accrued interest	—	2,708
Foreign exchange (gain) loss	(10)	(443)
Closing balance	—	47,263

Convertible debentures issued in 2019

On September 3, 2019, the Company issued a secured, subordinated convertible debenture for $9,858 ($7,500 USD) to the United States Fire Insurance Company, an entity owned and controlled by the Company's controlling shareholder, Fairfax. An additional $9,858 ($7,500 USD) relating to this this subordinated convertible debenture was issued to Fairfax shortly after, resulting in a principal balance of $19,716 ($15,000 USD) after issuance. The debenture bore interest at 8% per annum from issuance date until December 31, 2019 and 12% per annum thereafter. No interest had been paid by December 31, 2020, and $2,919 ($2,284 USD) of accrued interest was reflected on the consolidated statement of financial position at December 31, 2020. The debenture originally matured on April 30, 2020 but was extended by Fairfax to July 31, 2020. On November 16, 2020, the debenture was extended by Fairfax to the earlier of January 1, 2021 or an initial public offering. On the maturity date, the conversion rate to be applied was based on $16.39 per $1 of unpaid principal balance and accrued interest outstanding as of the maturity date or date of conversion.

The conversion feature had been recognized as a derivative liability carried at FVTPL. The derivative liability was valued at $1,380 ($986 USD) at issuance date using a binomial partial differential equation valuation method, volatility of 43.37% and a credit spread of 20.59%. The derivative liability at December 31, 2020 had been valued at $nil using a binomial partial differential equation valuation method, a volatility of 39.28 % and a credit spread of 20%. Key inputs include the Company's stock prices at inception and December 31 2020, the Company's historical volatility and the Company's credit spread risk-free discount curve at inception and December 31, 2020. The amount of the liability as at December 31, 2020 was allocated to the principal component of the debenture at December 31, 2020, which was recognized at amortized cost and carried using the effective interest rate, resulting in a total liability at December 31, 2020 of $22,016.

On January 1, 2021, Fairfax exercised the conversion option relating to convertible debentures issued in 2019 and the total outstanding debenture balance of $22,016 was converted into 2,130,309 Series A non-voting common shares (note 11), resulting in the recognition of $22,006 of share capital and a $10 foreign exchange gain.

Convertible debentures issued in 2020 and 2021

On December 1, 2020, the Company issued another secured, subordinated convertible debenture for $25,000 to United States Fire Insurance Company, a subsidiary of Fairfax. The debenture bore interest at 8% per annum and was designated as FVTPL. As of December 31, 2020, the carrying value of the debenture was $25,247, including accrued interest of $247. On February 1, 2021, the Company issued a further secured, subordinated

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

convertible debenture for $15,000 to the United States Fire Insurance Company under the same terms as the previous amount.

On March 24, 2021, immediately prior to the Company's IPO, Fairfax exercised the conversion option and the total outstanding debenture balance of $40,787, which included accrued but unpaid interest thereon, was converted into shares, resulting in the issuance of 3,984,936 Subordinate Voting Shares (note 11). Share capital of $35,865 and a gain from the change in the fair value of convertible debt of $4,382 for the year ended December 31, 2021 including accrued interest of $540 was recorded.

18 Revenue

Disaggregation of revenue from contracts with customers

	Year ended December 31, 2021			
	Television	**Kids and Family**	**Representation**	**Total**
	$	**$**	**$**	**$**
Production revenue	337,117	15,614	—	352,731
Service revenue	113,744	57,508	—	171,252
Distribution revenue	7,171	11,246	—	18,417
Representation revenue	—	—	37,969	37,969
	458,032	84,368	37,969	580,369
Timing of revenue recognition				
At a point in time	344,288	26,860	1,211	372,359
Over time	113,744	57,508	36,758	208,010
	458,032	84,368	37,969	580,369

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

	Year ended December 31, 2020			
	Television	**Kids and Family**	**Representation**	**Total**
	$	**$**	**$**	**$**
Production revenue	50,631	11,486	—	62,117
Service revenue	73,026	40,856	—	113,882
Distribution revenue	10,641	11,509	—	22,150
Representation revenue	—	—	28,654	28,654
	134,298	63,851	28,654	226,803
Timing of revenue recognition				
At a point in time	61,272	22,995	3,015	87,282
Over time	73,026	40,856	25,639	139,521
	134,298	63,851	28,654	226,803

Movement in unbilled trade receivable, contract assets and deferred revenue

	Year ended December 31, 2021		
	Unbilled trade receivables	**Contract assets**	**Deferred revenue (Contract liabilities)**
	$	**$**	**$**
Opening balance	20,501	9,304	164,314
Additions	39,320	13,252	373,896
Amounts received or recognized in revenue	(20,501)	(9,304)	(484,227)
Closing balance	39,320	13,252	53,983

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

	Year ended December 31, 2020		
	Unbilled trade receivables	**Contract assets**	**Deferred revenue (Contract liabilities)**
	$	**$**	**$**
Opening balance	16,052	4,426	41,362
Additions	20,501	9,304	153,939
Amounts received or recognized in revenue	(16,052)	(4,426)	(30,987)
Closing balance	20,501	9,304	164,314

Contract assets represent the Company's right to consideration for revenue earned over time under contracts that have remaining performance obligations. These obligations include additional episodes of television content. Unbilled trade receivables arise as revenue recognition criteria have been met, however, contractual payments have not yet been invoiced.

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

19 Leases

Right-of-use assets

The Company's significant lease arrangements are for office premises and equipment used in content and service production.

	December 31, 2021	December 31, 2020
	$	$
Opening balance	28,352	26,734
Additions	290	8,555
Foreign exchange	(1,003)	—
Less: Amortization	(6,536)	(6,937)
Net book value - end of year	21,103	28,352

Office premises	20,471	26,906
Equipment	632	1,446
	21,103	28,352

Lease liabilities

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	December 31, 2021	December 31, 2020
	$	$
Undiscounted minimum lease payments		
Less than 1 year	7,212	7,818
2 to 3 years	10,929	12,980
4 to 5 years	7,293	8,692
Thereafter	4,872	8,293
Total	30,306	37,783
Effect of discounting	(4,494)	(6,240)
Total present value of lease liabilities	25,812	31,543
Less: Current portion	7,212	9,551
Long-term lease liabilities	18,600	21,992

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

	December 31, 2021	December 31, 2020
	$	$
Opening balance	31,543	29,626
Additions	290	7,881
Cash payments	(7,701)	(7,860)
Accretion	1,737	1,896
Foreign exchange loss (gain)	(57)	—
Lease liabilities	25,812	31,543
Less: Current portion	7,212	9,551
Long-term lease liabilities	18,600	21,992

20 Related party transactions

Controlling shareholder

On December 31, 2021 and December 31, 2020, Fairfax was the Company's ultimate controlling shareholder. Fairfax's holdings are held by several intermediary entities, none of which holds a controlling position.

The Company's principal subsidiaries include the following as at December 31, 2021:

Name of company	Jurisdiction	Function	% Owned by Company
Boat Rocker Rights Inc.	Ontario	Television and media distribution	100.0%
Boat Rocker Rights (US) Inc.	Ontario	Television and media distribution	100.0%
Boat Rocker Rights (UK) LTD.	United Kingdom	Television and media distribution	100.0%
Boat Rocker Rights (HK) LTD.	Hong Kong	Television and media distribution	100.0%
Boat Rocker Ventures Inc.	Ontario	Holding company	100.0%
Boat Rocker Sports Inc.	Ontario	Holding company	100.0%
Boat Rocker Media (US) Inc.	Delaware	Holding company	100.0%
Boat Rocker Media (US) LLC	Delaware	Holding company	100.0%
Untitled Entertainment LLC	Delaware	Talent management	51.0%
Proper Productions Inc.	Ontario	Holding company	100.0%
Temple Street Development Corporation	Ontario	Intellectual property exploitation	100.0%
Insight Productions Ltd.	Ontario	Intellectual property development and exploitation	70.0%
Matador Content LLC	New York	Production service exploitation	100.0%
TritonHQ Inc.	Ontario	Intellectual property development and exploitation	100.0%
Boat Rocker Studios, Scripted, LLC	Delaware	Television and media production	100.0%
Platform One Media Productions LLC	Delaware	Holding company	100.0%

For all of the above listed subsidiaries, the Company exercises its control through voting shares.

Production company subsidiaries

In the normal course of business, the Company incorporates a single purpose entity for each season of each series of content through which it manages the costs of production and financing for that project. Once the

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

production managed in each production company is completed and all of the related financing and production tax credits have been fully collected, the production company is amalgamated. As at December 31, 2021, the Company has 139 (December 31, 2020 – 148) production companies that have been included in the Company's consolidated results.

Two production companies, Ollie's Edible Adventures Canada Inc. and Ollie's Edible Adventures II Canada Inc., are 50% owned by the Company. As the Company exerts control over these entities, they are consolidated.

Key management personnel

Key management includes directors and officers of the Company who are considered to be responsible for the strategic, operational and financial direction of the Company. The compensation earned by key management is as follows:

	Year Ended December 31,	
	2021	**2020**
	$	**$**
Salaries and employee benefits	6,339	4,287
Share-based compensation	2,122	4,685
	8,461	8,972

Receivables from related parties

On November 17, 2020, the Company sold its investment in Old Telegram Building Inc. to certain shareholders in exchange for notes receivable of $1,358 and recorded a gain on disposal of $1,356 and income of $2. The notes receivable were non-interest bearing and were due on the earlier of an initial public offering and January 1, 2021. On January 1, 2021, a related party receivable of $8,446 was extinguished by returning the amount as paid-up capital to the shareholders, resulting in a charge to accumulated deficit of $8,446. As at December 31, 2021, receivables from related parties include $nil (December 31, 2020 – $8,446) in respect of amounts owed by shareholders, directors, and officers.

Payables to related parties

As at December 31, 2021, payables to related parties include $624 (2020 - $nil) in respect of dividends declared but unpaid to non-controlling interests.

Convertible debentures issued to a related party

On January 1, 2021, the Company's controlling shareholder, Fairfax exercised the conversion option relating to convertible debentures issued in 2019 (note 17) and the total outstanding debenture balance of $22,016 was converted into 2,130,309 Series A non-voting common shares (note 11), resulting in the recognition of $22,006 of share capital and a $10 foreign exchange gain.

On March 24, 2021, Fairfax exercised the conversion option relating to convertible debentures issued in 2020 and the total outstanding debenture balance was converted into shares, resulting in the issuance of 3,984,936 Subordinate Voting Shares. Share capital of $35,865 and a gain on change in fair value of $4,382 was recorded in other (gains) and losses on the date of conversion.

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

21 Non-controlling interests

The following table presents the summarized financial information for each subsidiary that has non-controlling interests that are material to the Company. The amounts disclosed for each subsidiary are before intercompany eliminations.

	Insight Productions Ltd.		Untitled Entertainment LLC		Other	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**	**$**	**$**
Current assets	41,806	29,068	6,553	2,658	311	390
Current liabilities	43,379	29,270	6,247	2,391	212	313
Current net assets (liabilities)	(1,573)	(202)	306	267	99	77
Non-current assets	7,985	7,024	145	95	1,164	1,242
Non-current liabilities	—	200	—	—	—	—
Non-current net assets (liabilities)	7,985	6,824	145	95	1,164	1,242
Net assets	6,412	6,622	451	362	1,263	1,319
Non-controlling interest ownership	30 %	30 %	49 %	49 %	50 %	50 %
Non-controlling interests share of net income (loss)	286	582	8,317	4,266	(28)	(94)
Accumulated non-controlling interests	4,000	3,714	24,380	24,325	330	358

During the year ended December 31, 2021, $8,262 of dividends were declared from certain subsidiaries to the non-controlling interest owners (2020 - $4,369), and $7,638 has been paid during the year (2020 - $4,369).

Summarized statement of cash flows:

	Insight Productions Ltd.		Untitled Entertainment LLC		Other	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**	**$**	**$**
Operating activities	(1,991)	590	19,286	7,620	52	(49)
Financing activities	6,462	(337)	(16,867)	(8,886)	—	—
Net increase (decrease) in cash and cash equivalents	4,471	253	2,419	(1,266)	52	(49)

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

22 Government assistance

Additions to investment in content during the year ended December 31, 2021 have been reduced by $45,348 (December 31, 2020 –$48,699) in respect of production tax credits and by $nil (December 31, 2020 – $63) in respect of non-recoupable contributions from the Canada Media Fund licence fee program.

In response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS) program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, and based on certain eligibility criteria. For the year ended December 31, 2021, the Company has recognized $3,463 of subsidies (2020 - $12,675) as a reduction to related expenses recognized in production, distribution and service costs and general and administrative costs in the consolidated statement of income (loss) and additions to investment in content have been reduced by $822 in respect of these subsidies (2020 - $1,834).

23 Finance costs, net

	Year ended December 31,	
	2021	**2020**
	$	**$**
Interest income	(380)	(474)
Interest expense	3,385	9,212
Accretion expense – leases	1,737	1,896
	4,742	10,634

24 Other (gains) and losses

	Year ended December 31,	
	2021	**2020**
	$	**$**
Loss on modification (gain on settlement) of loans and borrowings (note 15)	(2,334)	342
Share of equity investee loss (income) (note 4)	26	(227)
Change in fair value of convertible debt (note 17)	(4,382)	1,434
Change in fair value of financial assets (note 5)	2	(299)
Change in fair value of unsettled forward exchange contracts (note 27)	1,251	(249)
Change in fair value of other financial liabilities - put options (note 16)	5,442	6,378
Change in fair value of other financial liabilities - acquisition liabilities (note 16)	(1,916)	931
Change in fair value of contingent consideration (note 26)	(3,286)	(2,300)
	(5,197)	6,010

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

25 Deferred revenue

	December 31, 2021	December 31, 2020
	$	$
Production contracts revenue	41,822	149,344
Service contracts revenue	9,288	13,509
Consumer products revenue	2,873	1,461
Total	53,983	164,314
Less: Current portion	(43,614)	(162,359)
Long-term deferred revenue	10,369	1,955

During the year ended December 31, 2021, the Company entered into several new production contracts for the creation of program content for which payments were received and production services were not complete as at December 31, 2021. Two of these programs are expected to deliver later than twelve months from the year end date and have therefore been classified as non-current. All other programs are expected to be complete and delivered by December 31, 2022.

	December 31, 2021	December 31, 2020
	$	$
Opening balance	164,314	41,362
Cash collections	373,896	153,939
Revenue recognized	(484,227)	(30,987)
Closing balance	53,983	164,314

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

26 Contingent consideration

The Company has liabilities relating to contingent consideration that arose as part of its business combinations. The following table summarizes the movements in contingent consideration for the year ended December 31, 2021:

	December 31, 2021	December 31, 2020
	$	$
Opening balance	12,692	23,100
Change in fair value of contingent consideration:		
Reversal of unearned contingent consideration	(3,830)	(3,520)
Other changes in fair value of contingent consideration	544	1,220
Total change in fair value of contingent consideration:	(3,286)	(2,300)
Cash payments	(1,000)	(1,564)
Settlement in shares	—	(6,499)
Movement from contingent consideration to financial liabilities	(1,886)	—
Foreign exchange (gain) loss	(3)	(45)
Closing balance	6,517	12,692
Less: Current portion	(29)	(1,012)
Long-term contingent consideration	6,488	11,680

The contingent consideration related to the acquisition of Platform One includes three earnouts that provide the seller with the right to a variable number of Series D non-voting common shares of the Company. The consideration and settlement dates of the earnouts are contingent on Platform One meeting certain operational criteria, including the receipt of signed sales agreements with particular American broadcasters and collecting all related production tax incentives. On the acquisition date, the total consideration for contingent earnout share issuances was recorded at a fair value of $18,662 ($14,037 USD) using a discount rate of 5.15%.

The milestone attached to the second earnout of $6,499 ($5,000 USD) was met and the earnout was settled on January 1, 2020 with 280,554 Series D non-voting common shares issued to the seller. During 2020, the Company determined that the milestones attached to the first earnout were not met and a gain of $3,352 was recorded on the consolidated statement of income (loss) as the contingent consideration liability associated with this earnout was reversed. Milestones attached to the third earnout of $6,057 ($5,000 USD) have not yet been met as at December 31, 2021. At December 31, 2021, the fair value of the remaining contingent consideration payable relating to the seller's right to be issued Series D non-voting common shares was estimated to be $6,362 (December 31, 2020-$6,057).

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

During the year ended December 31, 2021, the fair value of the liability relating to the Fremantle acquisition was revised, resulting in a change in fair value of $193. At December 31, 2021 the fair value of this liability was determined to be $155 (December 31, 2020-$324).

During the year ended December 31, 2021, $1,000 of cash payments relating to the Insight contingent liability were made. A further $12 of contingent liability was reversed to bring the balance of this liability to $nil at December 31, 2021 (December 31, 2020-$1,012).

Liabilities associated with the Untitled acquisition were determined to no longer be contingent at December 31, 2021. The revised fair value resulted in a reversal of $3,625 recognized in the consolidated statement of income (loss), and the revised ending balance was reclassified to other financial liabilities on this date (note 16).

During the year ended December 31, 2020, contingent consideration associated with the Matador acquisition was settled in cash for $231 and a gain of $168 was recorded on the consolidated statement of income (loss). In addition, cash settlement of $1,333 was made to partially settle the contingent consideration related to other historical acquisitions.

Contingent consideration is initially recognized at estimated fair value, which may be different from the settlement amount. The difference between the carrying values at initial recognition and the amounts to be paid at settlement dates is recognized in the consolidated statement of income (loss) over the term of the liability as a change in fair value using the effective interest rate method. At each reporting date, the Company reassesses the estimated fair value of contingent consideration and changes in the fair value is recognized in other gains and losses on the consolidated statement of income (loss).

27 Financial instruments

Credit risk

Credit risk arises from cash, as well as credit exposure to customers, including outstanding trade receivables. The Company manages credit risk on cash by ensuring the counterparties are banks, governments and government agencies with high credit ratings.

The maximum exposure to credit risk for cash and trade receivables approximates the amount recorded on the consolidated statement of financial position of $208,792 as at December 31, 2021 (2020 –$106,264).

Trade receivables are mainly with Canadian and American broadcasters as well as large international distribution companies. Management manages credit risk by regularly reviewing aged accounts receivable and performing an appropriate credit analysis.

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates as its interim production financing and certain loans and borrowings bear interest at floating rates. Any changes in interest rates would increase or decrease production costs as interest owing on interim production financing is capitalized to investment in content.

With respect to interest rate risk on loans and borrowings, a 1% increase in the variable interest rate would have resulted in a $36 increase to the Company's net loss before tax during the year ended December 31, 2021 (2020 – increase to net loss before tax of $1,073) and a decrease of 1% would have resulted in a decrease of $36 in the Company's net loss before tax (2020 – decrease to net loss before tax of $1,073).

Liquidity risk

The Company manages liquidity by forecasting and monitoring operating cash flows and through the use of interim production financing (note 14). As at December 31, 2021, the Company had cash of $96,950 (2020 –

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

$71,754). The Company maintains appropriate cash balances and has access to financial facilities to manage fluctuating cash flows.

Results of operations for any period are dependent on the amount and timing of content delivered, which cannot be predicted with certainty. Consequently, the Company's results from operations may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily closely correlated with revenue recognition.

Interim production financing and loans and borrowings are classified by the Company as current in nature as they are due on demand; however, the Company does not necessarily expect that the full amounts will be repaid within twelve months.

Currency risk

The Company's activities involve holding foreign currencies, incurring production costs and earning revenue denominated in foreign currencies. These activities result in exposure to fluctuations in foreign currency exchange rates. The Company periodically enters into foreign exchange contracts to manage its foreign exchange risk on non-Canadian dollar denominated contracts. At the reporting date, the Company revalues its financial instruments denominated in a foreign currency at the prevailing exchange rates.

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

Categories of financial instruments

As at December 31, 2021 and December 31, 2020, the Company's financial instruments consisted of the following:

	December 31, 2021	December 31, 2020
	$	$
Financial assets		
Measured at amortized cost		
Trade and other receivables	114,113	38,410
Measured at FVTPL		
Cash	96,950	71,754
Financial assets – investments	4,857	2,898
Fair value of unsettled forward exchange contracts	—	384
Measured at FVOCI		
Financial assets – investments	3,448	4,843
Financial liabilities		
Measured at amortized cost		
Trade and other payables	80,714	51,139
Interim production financing (note 14)	117,619	139,844
Loans and borrowings (note 15)	—	93,595
Convertible debt (note 17)	—	22,016
Measured at FVTPL		
Other financial liabilities (note 16)	53,631	60,715
Fair value of unsettled forward exchange contracts	860	—
Convertible debt (note 17)	—	25,247
Contingent consideration (note 26)	6,517	12,692

Fair values

Financial instruments recorded at fair value on the consolidated statement of financial position 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; and
- Level 3 – valuation techniques with significant unobservable market inputs.

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

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. Change in assumptions and estimates could significantly affect fair values.

The following table summarizes financial assets and liabilities measured at fair value and included in the consolidated statements of financial position and the level of inputs used to determine those fair values in the context of the hierarchy as defined above:

	December 31, 2021			December 31, 2020		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash	96,950	—	—	71,754	—	—
Fair value of unsettled forward exchange contracts	—	—	—	—	384	—
Other financial assets	—	—	8,305	—	—	7,741
	96,950	—	8,305	71,754	384	7,741
Financial liabilities						
Contingent consideration	—	—	6,517	—	—	12,692
Convertible debt	—	—	—		—	25,247
Fair value of unsettled forward exchange contracts	—	860	—	—	—	—
Other financial liabilities		1,886	51,745	—	—	60,715
	—	2,746	58,262	—	—	98,654

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

The following table summarizes the changes in Level 3 financial instruments for the year ended December 31, 2021:

	Other financial assets	Other financial liabilities
	$	$
Opening balance - January 1, 2021	7,741	(60,715)
Additions	1,962	—
Settlement through share issuance	—	12,362
Change in fair value through net loss	(3)	(3,525)
Change in fair value through OCI	(1,395)	—
Cumulative translation through OCI	—	133
Closing balance - December 31, 2021	8,305	(51,745)

The Company's accounts receivable, accounts payable and accrued liabilities, interim production financing, loans and borrowings and lease liabilities are carried at amortized cost, which approximates fair value.

The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Financial instruments	Fair value	Unobservable inputs	Range of inputs	Impacts of inputs
	$		$	
Other financial assets				
Investment in Bustle Digital Group.	1,114	Private raise share price	2.56 per share	A 10% change in share price would increase/ decrease fair value by $114
Investment in Marco Polo Learning, Inc.	1,952	Private raise share price	9.06 per share	A 10% change in share price would increase/ decrease fair value by $195
Investment in Realm (formerly Serial Box Publishing LLC)	2,172	Private raise share price	2.38 per share	A 10% change in share price would increase/ decrease fair value by $217
Investment in Caravan (formerly Creative Labs LP)	724	Private raise share price	1.93 per share	A 10% change in share price would increase/ decrease fair value by $72
Other financial liabilities				
Insight's put option	5,141	Expected future EBITDA	5,539	A 10% change in EBITDA would increase/decrease fair value by $514
Untitled put option	39,288	Growth rate	7.0 %	A change in growth rate by 100 basis points would increase/decrease fair value by $770

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

The following table summarizes the fair value and carrying value of other financial assets and financial liabilities that are not recognized at fair value on a recurring basis in the consolidated statement of financial position:

	December 31, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Interim production financing (note 14)	117,619	117,619	139,844	139,844
Loans and borrowings (note 15)	—	—	93,595	91,408
Convertible debentures (note 17)	—	—	47,263	47,263

Fair values for the above are determined using level two fair value hierarchy inputs.

Maturity analysis for financial liabilities

The following table summarizes the expected timing of the undiscounted future cash flows required to settle the Company's financial liabilities:

	December 31, 2021				
	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	78,569	2,145	—	—	80,714
Interim production financing (note 14)	86,187	32,338	—	—	118,525
Contingent consideration (note 26)	29	6,488		—	6,517
Lease liabilities (note 19)	7,212	10,929	7,293	4,872	30,306
Other financial liabilities (note 16)	5,141	67,765	—	—	72,906
	177,138	119,665	7,293	4,872	308,968

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

					December 31, 2020
	Less than 1 year	**1 to 3 years**	**4 to 5 years**	**After 5 years**	**Total**
	$	$	$	$	$
Accounts payable and accrued liabilities	49,105	2,034	—	—	51,139
Interim production financing (note 14)	69,787	70,057	—	—	139,844
Contingent consideration (note 26)	1,012	6,369	6,154	—	13,535
Loans and borrowings (note 15)	9,577	23,168	58,557	—	91,302
Convertible debentures (note 17)	47,263	—	—	—	47,263
Lease liabilities (note 19)	7,818	12,980	8,692	8,294	37,784
Other financial liabilities (note 16)	4,743	7,324	34,204	—	46,271
	189,305	121,932	107,607	8,294	427,138

The Company periodically enters into forward exchange contracts to manage its currency risk on cash flows denominated in currencies other than Canadian dollars. At the reporting date, the Company revalues its financial instruments denominated in a foreign currency at the prevailing exchange rates. For the year ended December 31, 2021, the Company recognized an unrealized loss of $1,251 (2020 - a gain of $249) in the consolidated statement of income (loss).

Summary of balance sheet position of forward exchange contracts at December 31, 2021:

Currency contracts	**Quantity contracted in foreign currency**	**Quantity outstanding in foreign currency**	**Contract price**	**Ending rate**	**Unrealized gain (loss)**	**Contract ending date**
United States Dollar	30,994	30,994	$1.241	$1.272	(793)	April 29, 2022
British pound sterling	1,874	1,874	$1.682	$1.717	(67)	March 31, 2022
Total					(860)	

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

Summary of balance sheet position of forward exchange contracts at December 31, 2020:

Currency contracts	Quantity contracted in foreign currency	Quantity outstanding in foreign currency	Contract price	Ending rate	Unrealized gain (loss)	Contract ending date
United States Dollar	3,218	3,218	$1.300	$1.274	$91	November 1, 2021
British pound sterling	8,500	4,904	$1.720	$1.740	$72	January 29, 2021
Japanese yen	355,658	336,727	$0.012	$0.120	$221	March 31, 2021
Total					$384	

28 Income taxes

	Year ended December 31,	
	2021	**2020**
	$	**$**
Current income tax expense	3,515	1,793
Deferred income tax expense	2,638	91
Income tax expense	6,153	1,884

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

The provision for income tax differs from the amount that would have resulted by applying the combined Canadian federal and Ontario statutory income tax rate of 26.5%. The reconciliation of income tax expense computed at the statutory rate to income tax expense recognized in the period is:

	Year ended December 31, 2021	2020
	$	$
Tax recovery calculated using statutory rates	(1,570)	(11,158)
Income taxes increased (decreased) by		
Non-deductible expenses	1,593	666
Stock-based compensation	1,217	1,444
Differences on foreign operations	824	(1,082)
Losses and other deductions for which no benefit is recognized	1,601	12,142
Prior year true-ups / other	2,488	(128)
	6,153	1,884

The movement in the net deferred income tax assets (liabilities) was as follows:

	December 31, 2020	(Charged) credited to consolidated statement of income (loss)	Credited to consolidated statement of equity	December 31, 2021
	$	$	$	$
Property and equipment	76	(343)	—	(267)
Investment in content	(5,172)	4,303	—	(869)
Investment in equity accounted investees	(199)	4,700	—	4,501
Other financial assets	1,146	(344)	3,922	4,724
Deferred revenue	(2,670)	877	—	(1,793)
Loss carry-forwards	16,780	(7,765)	—	9,015
Other intangible assets	9,616	(3,947)	—	5,669
Deferred interest expense	3,209	1,308	—	4,517
Unrecognized deferred tax assets	(16,658)	(1,601)	—	(18,259)
Other	(171)	174	—	3
	5,957	(2,638)	3,922	7,241
Deferred income tax assets	5,957			7,241
Deferred income tax liabilities	—			—

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

	December 31, 2019	(Charged) credited to consolidated statement of income (loss)	December 31, 2020
	$	$	$
Property and equipment	1,420	(1,344)	76
Investment in content	(6,878)	1,706	(5,172)
Investment in equity accounted investees	(166)	(33)	(199)
Other financial assets	2,042	(896)	1,146
Deferred revenue	1,142	(3,812)	(2,670)
Loss carry-forwards	11,299	5,481	16,780
Other intangible assets	4,558	5,058	9,616
Reserves	(2,069)	2,069	—
Deferred interest expense	—	3,209	3,209
Unrecognized deferred tax assets	(4,516)	(12,142)	(16,658)
Other	(556)	385	(171)
	6,276	(319)	5,957
Deferred income tax assets	6,276		5,957
Deferred income tax liabilities	—		—

In assessing the value of deferred tax assets, the Company's management considers if it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Available evidence considered by the Company includes, but is not limited to, the Company's historic operating results and projected future operating results which take into account changing business and market circumstances. As at December 31, 2021, the Company has determined that the realization of certain deferred tax assets related to its US operations is uncertain and as a result has not recognized deferred tax assets of $18,259 (December 31, 2020 - $16,658).

Deferred income tax liabilities have not been recognized for the withholding tax and other taxes on the unremitted earnings of certain subsidiaries as these amounts will not be distributed in the foreseeable future.

As at December 31, 2021, the Company had the following income tax attributes to carry forward:

	Amount	Expiry date
	$	
Canadian non-capital losses	2,406	2028 to 2041
American non-capital losses	28,319	No expiry

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

29 Expenses by nature

	Year ended December 31,	
	2021	**2020**
	$	**$**
Amortization of investment in content	325,306	54,694
Amortization of acquired program intangibles	3,380	2,926
Distribution costs	2,988	2,090
Participation costs	1,858	6,317
Service costs	139,711	81,550
Development costs	4,350	4,259
Production, distribution and service costs	477,593	151,836
Salaries and employee benefits	66,544	52,070
Share-based compensation	4,594	5,449
Overhead costs	19,550	13,254
General and administrative costs	90,688	70,773
Amortization of property and equipment	3,752	2,987
Amortization of right-of-use assets	6,536	6,937
Amortization of other intangible assets	8,273	8,642
Amortization of property and equipment, right-of-use assets and other intangible assets	18,561	18,566

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

30 Supplementary cash flow information

The following table summarizes the Company's change in non-cash balances related to operations:

	Year ended December 31,	
	2021	**2020**
	$	**$**
Increase in accounts receivable	(73,991)	(3,434)
Increase in long-term accounts receivable	(648)	(3,857)
Increase in tax credit receivables	(34,966)	(12,343)
Decrease in due to/from related party receivable	(10)	209
Increase in prepaid expenses and deposits	(1,025)	(5,354)
Increase in accounts payable and accrued liabilities, excluding participation accruals	36,781	2,055
Decrease in participation accruals	(5,520)	(236)
Decrease in other financial liabilities	—	(3,779)
Decrease in income taxes payable	(804)	(34)
(Decrease) increase in deferred revenue	(108,576)	122,952
	(188,759)	96,179

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

The following table summarizes the movements in the Company's liabilities arising from financing activities:

	Lease liabilities	**Loans and borrowings**	**Convertible debt**	**Interim production financing**
	$	**$**	**$**	**$**
December 31, 2019	29,626	87,869	18,618	110,177
Additions	7,881	—	—	—
Payments	(7,860)	(5,244)	—	(118,161)
Proceeds	—	13,006	25,000	147,828
Change in fair value	—	—	1,380	—
Loss on modification of long-term debt	—	342	—	—
Accretion	1,896	—	2,708	—
Foreign exchange gain	—	(2,378)	(443)	—
December 31, 2020	31,543	93,595	47,263	139,844
Additions	290	—	—	—
Payments	(7,701)	(91,182)	—	(92,077)
Proceeds	—	—	15,000	69,698
Share issuance	—	—	(57,871)	—
Change in fair value	—	—	(4,382)	—
Gain on settlement of loans and borrowings	—	(2,334)	—	—
Accretion	1,737	—	—	—
Foreign exchange loss (gain)	(57)	(79)	(10)	154
December 31, 2021	25,812	—	—	117,619

31 Commitments and contingencies

The Company enters into contracts with third-party producers whereby it commits to funding the production of content through a distribution advance that may be payable in instalments over the production term contingent on completion of certain milestones. In the normal course of business, the Company also enters into first-look agreements with third-party producers whereby the Company commits to make payments to the producer over a period of time in exchange for preferential rights to option television projects put forward by the producer. In addition to the above, the Company is committed to make certain cash payments to TeaTime.

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

Future payments related to these commitments as at December 31, 2021 are as follows:

	$
2022	5,273
2023	3,789
2024	64
	9,126

The Company and its subsidiaries may from time to time be a party to certain legal disputes and claims arising from commercial issues in the normal course of business. There are currently no legal disputes or claims that will have a material adverse effect on the financial position or results of operations of the Company. A subsidiary of the Company, Insight, and its related entities, were served in February 2020 with a proposed class action lawsuit regarding allegations of non-compliance with Ontario's Employment Standard Act, seeking $35,000 in general damages and other relief. No provision has been recorded by the Company as at December 31, 2021 as the Company believes the suit is without merit and it has valid defenses. The claim was dismissed in January 2022.

32 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 content. As at December 31, 2021, cash includes $39,703 (December 31, 2020 - $39,592) that is required for the funding of productions in progress and is not available for other uses. The Company does not consider interim production financing to be part of its capital management programs as these loans are specific to individual productions and are repaid by funds earmarked to the individual productions such as license fees, production services agreements, film and television tax credits and other forms of support. The Company has not declared or paid dividends to controlling shareholders during the year ended December 31, 2021. The balance of the Company's cash is being used to maximize ongoing development and growth effort.

	December 31, 2021	December 31, 2020
	$	$
Cash	96,950	71,754
Total loans and borrowings	—	(93,595)
Net capital	96,950	(21,841)
Total capital and reserves attributable to owners	235,069	31,267

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

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

33 Segment information

The Company determined its reportable segments based on the nature of their operations and the way in which information is reported and used by the Company's chief operating decision makers (CODM), being the Chief Executive Officer and the President, Boat Rocker Studios.

The Company has three reportable segments: i) Television, ii) Kids and Family, and iii) Representation.

The Television segment operates under the following brands: Boat Rocker Studios, Scripted (formerly Temple Street and Platform One), Proper Productions, Insight Productions, and Matador Content. This segment earns revenue from the creation and distribution of scripted and unscripted television content.

The Kids and Family segment includes the Company's Kids and Family studio, the catalog of content acquired from Fremantle Media's Kids and Family business unit, and the Jam Filled Entertainment animation studio. This segment earns revenue from the creation and distribution of primarily scripted television content aimed at the kids and family demographic.

The Representation segment includes brand and management services provided to talent and IP representation and licensing sales services to IP owners for which it earns a pre-negotiated commission from its clients. These activities are driven by Untitled Entertainment's management group.

Corporate and Shared Services is a cost center that recognizes direct and indirect expenses, including Toronto head office charges such as rent and facilities, and costs associated with shared departments and corporate functions.

The Company measures segment performance based on revenues reported in accordance with IFRS and segment profit and loss. Segment profit and loss is defined as segment revenue less segment direct and indirect expenses. Segment profit and loss excludes corporate shared services direct and indirect expenses, share-based compensation, and purchase accounting and related adjustments.

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

	Year ended December 31, 2021				
	Television	**Kids and Family**	**Representation**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue	458,032	84,368	37,969	—	580,369
Expenses					
Production, distribution and service costs	423,507	53,442	644	—	477,593
General and administrative costs	29,792	9,750	20,259	30,887	90,688
	4,733	21,176	17,066	(30,887)	12,088
Amortization of property and equipment, right-of-use assets and intangible assets (note 29)					18,561
Finance costs, net (note 23)					4,742
Foreign exchange (gain) loss					(90)
Other (gains) and losses (note 24)					(5,197)
Income (loss) before income taxes					(5,928)
Current income tax expense (note 28)					3,515
Deferred income tax (note 28)					2,638
Net income (loss) for the year					(12,081)

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

	Year ended December 31, 2020				
	Television	**Kids and Family**	**Representation**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue	134,298	63,851	28,654	—	226,803
Expenses					
Production, distribution and service costs	119,484	30,508	1,844	—	151,836
General and administrative costs	23,876	8,306	17,249	21,342	70,773
	(9,062)	25,037	9,561	(21,342)	4,194
Amortization of property and equipment, right-of-use assets and intangible assets (note 29)					18,566
Gain on sale of asset (note 4)					(1,356)
Impairment expense (note 10)					12,959
Finance costs, net (note 23)					10,634
Foreign exchange (gain) loss					(513)
Other (gains) and losses (note 24)					6,010
Income (loss) before income taxes					(42,106)
Current income tax expense (note 28)					1,793
Deferred income tax expense (note 28)					91
Net income (loss) for the year					(43,990)

Revenue by geographic region

Revenue by geographic region based on the location of the customer is as follows:

	Year ended December 31,	
	2021	**2020**
	$	**$**
Revenue by geographic region:		
Canada	51,434	45,442
United States	509,383	160,356
Other	19,552	21,005
	580,369	**226,803**

No other foreign country individually comprises greater than 10% of total revenue.

Based on the nature of the Company's production, distribution and service revenue and the large dollar value of certain transactions, it is not unusual that one or more customers in any reporting period may represent greater than 10% of the Company's total revenue for that period. During the year ended December 31, 2021, two customers accounted for 55% of total revenue (2020 - one customer accounted for 17% of total revenue).

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

Non-current assets by geographic region are as follows:

	December 31, 2021 $	December 31, 2020 $
Non-current assets by geographic region:		
Canada	319,200	509,381
United States	12,621	13,686
Other	514	645
	332,335	523,712

34 Subsequent event

On February 1, 2022, the Company entered into a Fourth Amended and Restated Offer of Financing with BMO. Under the amended financing agreement the Company's facilities consist of a $10,000 demand revolver, a cash backed letter of credit revolver facility for US$5,000, a $3,500 treasury risk management facility and a $500 credit card facility. Any draws on the demand revolver will be subject to a minimum liquidity covenant and repayable in full by December 31, 2022.

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Corporate Profile

Boat Rocker (TSX: BRMI) is the home for creative visionaries. An independent, integrated global entertainment company, Boat Rocker's purpose is to tell stories and build iconic brands across all genres and mediums. With offices around the world, Boat Rocker's creative and commercial capabilities include Scripted, Unscripted, and Kids & Family television production, distribution, brand & franchise management, a world-class animation studio, and talent management through Untitled Entertainment. A selection of Boat Rocker's projects include: *Invasion* (Apple TV+), *Orphan Black* (BBC AMERICA, CTV, Sci-Fi Channel), *Dear...* (Apple TV+), *Billie Eilish: The World's a Little Blurry* (Apple TV+), *The Next Step* (BBC, Family Channel, CBC), *Daniel Spellbound* (Netflix), and *Dino Ranch* (Disney+, Disney Junior, CBC).