THUNDERBIRD

Thunderbird Entertainment Group Inc.

Consolidated Financial Statements

For the Years Ended June 30, 2020 and 2019

Independent auditor's report

To the Shareholders of Thunderbird Entertainment Group Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Thunderbird Entertainment Group Inc. and its subsidiaries (together, the Company) as at June 30, 2020 and 2019 and July 1, 2018, and its financial performance and its cash flows for each of the two years in the period ended June 30, 2020 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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

- the consolidated statements of financial position as at June 30, 2020 and 2019 and July 1, 2018;
- the consolidated statements of operations and other comprehensive income (loss) for each of the two years in the period ended June 30, 2020;
- the consolidated statements of changes in shareholders' equity for each of the two years in the period ended June 30, 2020;
- the consolidated statements of cash flows for each of the two years in the period ended June 30, 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express 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, 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.

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.

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

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
October 14, 2020

THUNDERBIRD ENTERTAINMENT GROUP INC.
Consolidated Statements of Financial Position

(in thousands of Canadian dollars)	*Notes*	At June 30, 2020	At June 30, 2019*	At July 1, 2018*
ASSETS				
Current				
Cash and cash equivalents		$ 12,820	$ 13,430	$ 12,886
Trade receivables and other	*6*	58,735	63,261	56,777
Income taxes recoverable		1,001	141	357
Assets held for sale	*5*	1,222	-	-
Other current assets		-	55	80
		73,778	76,887	70,100
Long-term trade receivables and other	*6*	3,103	1,259	1,612
Investment in content	*7*	25,292	28,255	19,385
Deferred tax assets	*17*	8,290	6,444	4,851
Property and equipment	*8*	31,096	7,211	3,873
Goodwill and intangible assets	*9*	13,618	13,888	14,525
Total Assets		**$ 155,177**	**$ 133,944**	**$ 114,346**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities		$ 7,708	$ 7,519	$ 10,525
Income taxes payable		1,131	1,085	2,527
Interim production financing	*10*	42,420	48,371	41,681
Deferred revenue	*16*	14,999	15,389	11,985
Current portion of long-term debt	*11*	-	1,433	-
Current portion of lease obligations	*12*	5,419	2,496	1,390
Redeemable preferred shares	*13*	926	926	2,505
Liabilities associated with assets held for sale	*5*	759	-	-
		73,362	77,219	70,613
Long-term debt	*11*	-	504	1,534
Long-term lease obligations	*12*	21,443	1,540	1,421
Deferred tax liabilities	*17*	6,711	4,761	3,633
Total Liabilities		**101,516**	**84,024**	**77,201**
Shareholders' Equity				
Preferred shares	*13*	132	132	19,526
Common shares	*14*	62,634	62,517	29,799
Accumulated other comprehensive income		259	264	269
Warrants reserve	*14*	168	168	-
Contributed surplus	*14*	4,486	3,900	1,777
Deficit		(14,018)	(17,061)	(14,218)
Equity attributable to owners of the Company		53,661	49,920	37,153
Non-controlling interest		-	-	(8)
Total Shareholders' Equity		**53,661**	**49,920**	**37,145**
Total Liabilities and Shareholders' Equity		**$ 155,177**	**$ 133,944**	**$ 114,346**

*See note 3(w) for details regarding the change in accounting policy.

Commitments and Contingencies - Note 21
Subsequent Events - Note 25

Approved on behalf of the Board:

"Jennifer Twiner McCarron"	***"Mark Miller"***
Jennifer Twiner McCarron, Director	Mark Miller, Director

See accompanying notes to the consolidated financial statements.

THUNDERBIRD ENTERTAINMENT GROUP INC.
Consolidated Statements of Operations and Comprehensive Income (Loss)

(in thousands of Canadian dollars except for share data)	*Notes*		Year ended June 30, **2020**		**2019***
Revenue	*16*	$	81,289	$	57,671
Expenses					
Direct operating	*24*		51,158		33,069
Distribution and marketing			1,410		1,709
General and administrative	*24*		13,519		12,665
Share-based compensation	*14*		683		1,521
Amortization of property and equipment and intangible assets	*24*		7,630		3,190
Finance costs, net	*23*		1,240		732
Foreign exchange gain			(65)		(680)
Charge related to public company listing	*4*		-		5,316
			75,575		57,522
Income before income taxes			5,714		149
Income tax expense			1,583		1,769
Net income (loss) from continuing operations			4,131		(1,620)
Loss from discontinued operation	*5*		(1,088)		(828)
Loss from discontinued operation			(1,088)		(828)
Net income (loss) for the year			**3,043**		**(2,448)**
Net income (loss) attributable to					
Owners of the parent			3,043		(2,457)
Non-controlling interest			-		9
			3,043		(2,448)
Other comprehensive income (loss)					
Items that may be subsequently reclassified to net income (loss)					
Foreign currency translation adjustment			4		(2)
Loss on translation of discontinued operation	*5*		(9)		(3)
			(5)		(5)
Comprehensive income (loss) for the year			**3,038**		**(2,453)**
Total comprehensive income (loss) attributable to					
Owners of the parent			3,038		(2,462)
Non-controlling interest			-		9
		$	3,038	$	(2,453)
Basic income (loss) per share - continuing operations	*14*	$	0.089	$	(0.051)
Basic loss per share - discontinued operation	*14*	$	(0.023)	$	(0.021)
Total basic income (loss) per share		$	0.066	$	(0.072)
Diluted income (loss) per share - continuing operations	*14*	$	0.084	$	(0.051)
Diluted loss per share - discontinued operation	*14*	$	(0.023)	$	(0.021)
Total diluted income (loss) per share			0.061		(0.072)

*See note 5 for details regarding the discontinued operation and note 3(w) for details regarding the change in accounting policy.

See accompanying notes to the consolidated financial statements.

THUNDERBIRD ENTERTAINMENT GROUP INC.
Consolidated Statements of Changes in Shareholders' Equity

(in thousands of Canadian dollars)	*Notes*	Preferred shares	Common shares	Non-controlling interest	Accumulated other comprehensive income	Warrants reserve	Contributed surplus	Deficit	Total
Balance at June 30, 2018		$ 19,526	$ 29,799	$ (8)	$ 269	$ -	$ 1,777	$ (13,214)	$ 38,149
Adoption of IFRS 15		-	-	-	-	-	-	(1,909)	(1,909)
Change in accounting policy	*3 (w)*	-	-	-	-	-	-	905	905
Balance at July 1, 2018		**19,526**	**29,799**	**(8)**	**269**	**-**	**1,777**	**(14,218)**	**37,145**
Comprehensive income (loss) (restated*)		-	-	9	(5)	-	-	(2,457)	(2,453)
Non-controlling interest disposition		-	-	(1)	-	-	-	-	(1)
Dividends		-	-	-	-	-	-	(386)	(386)
Repurchase of common shares	*14*	-	(6,000)	-	-	-	-	-	(6,000)
Conversion of subscription receipts	*14*	-	10,250	-	-	-	-	-	10,250
Share issue costs - cash, net of tax effect	*14*	-	(737)	-	-	-	-	-	(737)
Share issue costs - non-cash	*14*	-	(431)	-	-	171	-	-	(260)
Conversion of convertible debentures	*14*	-	2,250	-	-	-	-	-	2,250
Conversion of redeemable preferred shares	*14*	(607)	1,076	-	-	-	-	-	469
Conversion of preferred shares	*14*	(18,787)	18,787	-	-	-	-	-	-
Shares of Golden Secret upon RTO	*4*	-	6,660	-	-	-	-	-	6,660
Shares issued as transaction fee on completion of RTO	*4, 14*	-	378	-	-	-	-	-	378
Revaluation of Golden Secret options and warrants	*4*	-	-	-	-	201	694	-	895
Share-based compensation	*14*	-	-	-	-	-	1,521	-	1,521
Exercise of options	*14*	-	196	-	-	-	(92)	-	104
Exercise of warrants	*14*	-	289	-	-	(204)	-	-	85
Balance at June 30, 2019		**132**	**62,517**	**-**	**264**	**168**	**3,900**	**(17,061)**	**49,920**
Comprehensive (loss) income		-	-	-	(5)	-	-	3,043	3,038
Share-based compensation	*14*	-	-	-	-	-	683	-	683
Exercise of options	*14*	-	117	-	-	-	(97)	-	20
Balance at June 30, 2020		**$ 132**	**$ 62,634**	**$ -**	**$ 259**	**$ 168**	**$ 4,486**	**$ (14,018)**	**$ 53,661**

*See note 3(w) for details regarding the change in accounting policy.

See accompanying notes to the consolidated financial statements.

THUNDERBIRD ENTERTAINMENT GROUP INC.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	*Notes*		**Year ended June 30, 2020**		**2019***
OPERATING ACTIVITIES					
Net income (loss) for the year		$	3,043	$	(2,448)
Net loss from discontinued operation			1,088		828
Net income (loss) from continuing operations			4,131		(1,620)
Items not involving cash:					
Amortization of investment in content	*7*		16,172		9,292
Amortization of property and equipment	*8*		1,564		2,553
Amortization of right-of-use assets	*8*		5,796		-
Amortization of intangible assets	*9*		270		637
Gain on settlement of amount payable			-		(265)
Share-based compensation	*14*		683		1,521
Deferred income taxes expense (recovery)	*17*		103		(76)
Unrealized foreign exchange gain			(156)		(123)
Charge related to public company listing	*4*		-		5,316
Impairment of development costs	*7*		309		315
Loss on disposal of equipment			11		-
Changes in non-cash working capital	*22*		1,461		(8,768)
Investment in content			(13,804)		(17,690)
Cash flows provided by (used in) continuing operations			16,540		(8,908)
Cash flows (used in) provided by discontinued operation			(995)		333
			15,545		(8,575)
FINANCING ACTIVITIES					
Repayment of interim production financing	*22*		(55,279)		(44,112)
Proceeds from interim production financing	*22*		49,328		50,802
Repayment of obligations under leases	*22*		(6,170)		(1,881)
Proceeds from obligations under leases	*22*		1,047		28
Repayment of long-term debt	*22*		(1,433)		(4,567)
Proceeds from long-term debt	*22*		-		6,000
Repurchase of preferred shares	*14*		-		(1,110)
Repurchase of common shares	*14*		-		(6,000)
Proceeds from issuance of shares in private placement	*14*		-		10,250
Proceeds from issuance of convertible debentures	*14*		-		2,250
Share issue costs	*14*		-		(1,009)
Proceeds from exercise of warrants and share options	*14*		20		189
Dividends			-		(386)
Cash flows (used in) provided by continuing operations			(12,487)		10,454
Cash flows used in discontinued operation			(504)		(1,030)
			(12,991)		9,424
INVESTING ACTIVITIES					
Cash acquired in reverse takeover, net of transaction costs	*4*		-		2,378
Purchase of property and equipment			(3,312)		(2,815)
Cash flows used in continuing operations			(3,312)		(437)
Cash flows used in discontinued operation			(3)		(10)
			(3,315)		(447)
Effect of exchange rate changes on cash and cash equivalents			151		142
Net (decrease) increase in cash and cash equivalents during the year			(610)		544
Cash and cash equivalents, beginning of year			13,430		12,886
Cash and cash equivalents, end of year		**$**	**12,820**	**$**	**13,430**

*See note 5 for details regarding the discontinued operation and note 3(w) for details regarding the change in accounting policy.

See accompanying notes to the consolidated financial statements.

1. NATURE OF BUSINESS

Thunderbird Entertainment Group Inc. (formerly Golden Secret Ventures Ltd.) (the "Company"), the ultimate parent, and its primary wholly owned subsidiaries: Thunderbird Entertainment Inc., Great Pacific Media Inc. and Atomic Cartoons Inc., and are an integrated group of companies that develop, produce and distribute film and television programming for the domestic and international markets. As an independent distribution company, the Company also acquires, licenses and merchandises distribution rights. Thunderbird Entertainment Group Inc. is incorporated under the laws of British Columbia, Canada. The Company's head office is located at 400 – 2233 Columbia Street, Vancouver, BC, V5Y 0M6.

On October 30, 2018, the Company completed the acquisition of the issued and outstanding shares of a private company, Thunderbird Entertainment Inc. ("TEI"), through a reverse takeover transaction (the "RTO Transaction"). The Company is considered to be a continuation of TEI with the net assets of the Company at the date of the RTO Transaction deemed to have been acquired by TEI (note 4). The Company has changed its year end to June 30 to align to TEI's.

Thunderbird Entertainment Group Inc. is a public company which is listed on the TSX Venture Exchange ("TSX-V") and commenced trading under the symbol "TBRD" on November 2, 2018.

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on October 14, 2020.

2. BASIS OF PRESENTATION

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Effective July 1, 2019, the Company adopted IFRS 16, *Leases*, and IFRIC 23, *Uncertainty over Income Tax Treatments*. Note 3(u) discusses the effects of the adoption of these new standards.

Basis of measurement
These consolidated financial statements have been prepared under the historical cost convention.

Functional and presentation currency
The consolidated financial statements are presented in Canadian dollars ("CA$") which is also the Company's functional currency.

Reclassification of comparatives
Certain prior period amounts in the consolidated statement of operations and comprehensive income (loss) have been reclassified to conform with the current period presentation, such as amortization of property and equipment and intangible assets and foreign exchange gain have been aggregated. This reclassification had no effect on the reported results of operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied by the Company and its subsidiaries to all periods presented, except for the new accounting standards and the change in accounting policy applied during the fiscal year ended June 30, 2020 as discussed in note 3(u) and 3(w), respectively.

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries. The Company's principal wholly owned subsidiaries at June 30, 2020, were Thunderbird Entertainment Inc., Great Pacific Media Inc. and Atomic Cartoons Inc. and Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. All intercompany transactions and balances have been eliminated upon consolidation.

(b) Significant accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and for the periods presented. 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. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. Actual results may differ materially from these estimates. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below.

Risks and uncertainties from COVID-19

On March 11, 2020, the World Health Organization ("WHO") declared COVID-19 a pandemic. In response to the WHO declaration and the continuing spread of COVID-19, there have been several social distancing measures taken by the Company and third parties including governments, regulatory authorities, businesses and the Company's customers that could negatively impact the Company's operations and financial results in future periods. Given the unprecedented and pervasive impact of changing circumstances surrounding the COVID-19 pandemic, there is inherently more uncertainty associated with the Company's future operating assumptions and expectations as compared to prior periods. As such, it is not possible to estimate the impacts COVID-19 will have on the Company's financial position or results of operations in future periods.

Investment in content

The costs of acquiring and producing film and television programs are capitalized, net of federal and provincial program contributions earned and amortization. The estimate of declining balance amortization rates used by the Company depends on management's judgment and assumptions concerning the economic useful life of the program, which is based on the pattern of historical experience and other factors. Fluctuations in the expected economic useful life could have a significant effect on net income (loss).

Leases

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. In its determination as to whether the Company is reasonably certain to exercise a renewal option, it considers all facts and circumstances that create an economic incentive for it to exercise the option. After the commencement date, the Company reassesses the lease term for whether a significant event or change in circumstances affects its ability to exercise the option or not has occurred.

Revenue when performance obligations are satisfied over time

Revenues recognized when performance obligations are satisfied over time, requires the Company to estimate the work performed to date as a proportion of the total work to be performed. Estimated costs-to-complete, percentage-of-completion estimates, and revenues recognized are reviewed monthly on a contract-by-contract basis. The impact of any revisions in costs and earnings estimates is reflected in the period in which the revision becomes known.

Share-based compensation
Amounts recorded for share-based compensation are based on estimates of future volatility of the Company's share price, estimated market price of the Company's shares at the grant date, expected lives of options and warrants, expected dividends and other relevant assumptions. The assumptions and models used for estimating fair value for share-based compensation transactions are disclosed in note 14.

Business combinations
Business combinations are accounted for using the acquisition method where the acquisition of companies and assets meet the definition of a business under IFRS. The purchase price allocation process requires management to use significant estimates and assumptions, including fair value estimates including, but not limited to:

- Estimated fair value of identifiable net assets including tangible and intangible assets; and
- Probability of required payment under contingent consideration provisions.

The fair value of these specific net assets is based on numerous estimates including discount rates and other factors. 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. Examples of critical estimates in valuing certain of the assets and liabilities acquired include but are not limited to:

- Future expected cash flows and revenues from distribution and production contracts;
- Expected costs to complete film and television productions in-progress and the estimated cash flows from the productions when completed; and
- Discount rates applied to future expected cash flows.

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.

Impairment of non-financial assets
Intangible assets and goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets that are not amortized are subject to an annual impairment test. For the purposes of measuring recoverable amounts, assets are grouped into cash generating units ("CGUs"). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use, being the present value of the expected future cash flows of the CGU. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The key assumptions used to determine the fair value less costs of disposal and value in use of the CGU are disclosed and further explained in note 9.

Income taxes and deferred income taxes
Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change and interpretation. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable income.

The current income tax provision for the year is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, estimates are used in determining the provision for current income taxes which are recognized in the consolidated financial statements. The Company considers the estimates, assumptions and judgments to be reasonable, but this can involve complex issues which may take an extended period to resolve. The final determination of prior years' tax provisions could be different from the estimates reflected in the consolidated financial statements.

(c) Reverse acquisition accounting

To determine whether an acquisition should be accounted for under IFRS 3, *Business Combinations*, the transaction is analyzed to determine who is the acquirer and acquiree for accounting purposes and if the transaction is a business combination under IFRS 3. Under the standard, the acquirer is usually the entity whose owners as a group retain or receive the largest portion of voting rights in the combined entity. The acquired entity is then assessed to see if it meets the definition of a business under IFRS 3. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. A company limited to managing its cash balances and filing obligations is not a business as it does not have processes or outputs.

Under IFRS 3, if the assets acquired are not a business, the transaction should be accounted for as an asset acquisition. Where the legal subsidiary is deemed to be the accounting acquirer, the transaction is considered a reverse asset acquisition or reverse takeover, as the accounting acquirer is deemed to have issued shares to obtain control of the acquiree (legal parent). Therefore, the reverse takeover is a share-based payment transaction which is accounted for in accordance with IFRS 2, *Share-based Payment*.

Under IFRS 2, any difference in the fair value of the shares deemed to have been issued by the accounting acquirer and the fair value of the accounting acquiree's identifiable net assets represents a service received by the accounting acquirer. Where the accounting acquiree is a listed company, the entire difference is considered to be payment for a service of a stock exchange listing for its shares.

(d) Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the functional currency at exchange rates in effect at the transaction dates. Foreign currency assets and liabilities are translated into Canadian dollars ("CA$") at the exchange rate in effect at the consolidated statement of financial position date. Translation gains and losses are included in net income (loss).

Foreign operations

The Company has operations in the United States ("U.S.") transacted via a U.S. subsidiary and operations in London, United Kingdom ("U.K."), transacted via a U.K. subsidiary. The functional currency of its U.S. subsidiary is U.S. Dollars ("US$") and the functional currency of its U.K. subsidiary is the GBP. The foreign currency denominated assets and liabilities are translated to Canadian dollars at exchange rates prevailing at the consolidated statement of financial position date, while revenue and expenses are translated using the average rate during the year. Shareholders' equity is translated at historical cost. Foreign currency differences are recognized in other comprehensive income (loss) and in accumulated other comprehensive income in shareholders' equity. As at June 30, 2020, the Company has ceased its U.K. operations. Refer to note 5.

(e) Trade receivables and other

Amounts receivable are non-interest bearing and are generally on 30 to 60-day terms. Therefore, they are stated at their nominal value net of lifetime expected credit losses. Amounts receivable that are collectible within the normal operating cycle are included within current assets, of which the normal operating cycle of the Company can be greater than 12 months. Amounts receivable that are collectible within a period greater than the normal operating cycle are classified as long-term amounts receivable. Refer to note 6.

For trade receivables, the Company applies the simplified approach for determining expected credit losses, which requires it to determine the lifetime expected losses for all of its trade receivables. The expected lifetime credit loss provision for trade receivables is based on historical counterparty default rates and adjusted for relevant forward-looking information, as required. Since most of its customers are considered to have low default risk and the historical default rate and frequency of loss are low, the lifetime expected credit loss allowance for trade receivables is nominal as at June 30, 2020 and 2019.

(in thousands of Canadian dollars, except for amounts per share and as noted)

(f) Investment in content

Investment in content is accounted for as an intangible asset and represents the unamortized costs of programs that have been acquired, developed, produced and/or distributed by the Company. Investment in content is classified into the following four categories: development costs, content in production, released content and acquired content. Development costs represent expenditures made on content prior to production which are either transferred once production commences or expensed when the costs are determined not to be recoverable. For content in production and released content, capitalized costs include all direct production and financing costs incurred during production that are expected to benefit future periods, net of government assistance from various federal and provincial government sources, and net of equity investment by third parties that acquire participation rights. For acquired content, capitalized costs consist of minimum guarantee payments paid to the producer to acquire distribution rights.

The Company's policy is to amortize released content using a declining balance method at rates ranging from 50% – 95% in the year that the episodes have been delivered and the license term commences and at rates ranging from 5% – 10% annually for the following two years. Thereafter released content is amortized on a straight-line basis over seven years. Other acquired content is amortized on a straight-line basis over seven years. Investment in content that is determined to have limited benefit in future periods is fully amortized in the first year.

The valuation of investment in content, including acquired rights, is reviewed quarterly and any portion of the unamortized amount that appears not to be recoverable from future net revenues is recognized as accelerated amortization within direct operating expenses during the period the loss becomes evident.

(g) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization of the assets' costs less estimated residual value is recognized over the estimated service lives of the assets using the following rates and methods:

Computer equipment	30%-55% declining balance
Furniture and equipment	20% declining balance
Vehicles	30% declining balance
Leasehold improvements	Over the lease term or useful life, whichever is shorter

Residual values, method of amortization and service lives of the assets are reviewed annually and adjusted if appropriate.

(h) Leases

Right-of-use assets

At the lease commencement date, the Company recognizes a right-of-use asset ("ROU asset") at an amount equal to the lease liability and adjusted to include any prepaid lease payments, less any lease incentives, plus initial direct costs incurred, and any costs of dismantling and restoring an asset to a specific condition. The ROU assets are amortized over a period which is the earlier of the end of the asset's estimated useful life or the end of the lease term. Amortization of ROU assets are included in amortization of property and equipment and intangible assets expense in the consolidated statement of operations and comprehensive income (loss) and ROU assets are presented as a part of property and equipment in the consolidated statement of financial position.

Under IFRS 16, ROU assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*, which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Lease obligations
The lease obligation is initially measured as the present value of the future payments discounted using the rate implicit in the lease. However, if that rate is not readily determinable, the entity's incremental borrowing rate ("IBR") is to be used. An entity's IBR is the rate the Company would have to pay for similar assets at similar locations over a similar term. Subsequent to initial measurement, lease obligations are amortized in a similar manner to finance leases under IAS 17, *Leases* ("IAS 17"). Interest charges are reported as part of finance costs in the consolidated statement of operations and comprehensive income (loss) and lease obligations are reported as a separate line item in the consolidated statement of financial position.

Lease modifications
A lease modification, depending upon the nature of the modification, will be accounted for as a separate lease or as a remeasurement of the lease liability with a corresponding adjustment to the ROU asset or as a gain or loss if the carrying amount of the ROU asset has been reduced to zero.

(i) Goodwill and intangible assets
Goodwill represents the cost of acquired businesses in excess of the fair value of 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. Refer to note 9.

Also included in goodwill and intangible assets are other identifiable intangible assets, including distribution libraries and customer relationships. These assets are carried at cost, including amounts of purchase price allocations upon acquisitions. Amortization is charged to direct operating expenses in the consolidated statement of operations and comprehensive income (loss) on a straight-line basis over the estimated useful lives of the assets. The following intangible assets are amortized over the following periods:

Distribution libraries	10 years straight-line
Customer relationships	4 years straight-line

(j) Impairment of non-financial assets
The Company reviews the carrying amounts of its property and equipment and intangible assets at each reporting date to determine whether there is any indication of impairment. If indicators of impairment exist, the recoverable amount of the asset is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use, being the present value of the expected future cash flows. If the carrying value of the asset exceeds the recoverable amount, the asset is written down with an impairment loss recognized in net income (loss).

Reversals of impairments are recognized when there has been a subsequent increase in 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 amortization, if no impairment loss had been recognized.

(k) Revenue recognition
Revenue from licensing of film and television programs is recognized when the performance obligations under the contract have been achieved and the goods or services have been transferred to the customer, which are normally:

- Persuasive evidence of a contractual arrangement exists;
- The program is complete;
- The contractual delivery arrangements have been satisfied;

- The customer has access to the licensed content and has the contractual right to broadcast or stream the content;
- The fee is fixed or determinable;
- Collection of the fee is reasonably assured; and
- The costs incurred or to be incurred in respect of the contractual arrangement can be measured reliably.

Cash received pursuant to broadcast license fees or distribution advances is recorded as deferred revenue and recognized as revenue at a specific point in time, after all foregoing conditions of revenue recognition have been met.

Revenue from production services for third parties and other revenues where performance obligations are satisfied over time are recognized based upon the proportion of costs incurred in the current year to total expected costs. A provision is accrued for the entire amount of future estimated losses, if any, on productions-in-progress.

Gross versus net revenues
The Company evaluates arrangements with third parties to determine whether the Company acts as the principal or agent under the terms of each arrangement. The Company acts as the principal in its arrangements for production services, licensing of content and distribution, and as such, revenues are reported on a gross basis, resulting in revenues and expenses being classified in their respective financial statement line items. However, in a small number of distribution arrangements, the Company acts as the agent, and as such, revenues are reported on a net basis, resulting in revenues being presented net of any related expenses. Determining whether the Company acts as principal or agent is based on an evaluation of which party has substantial risks and rewards of ownership under the terms of an arrangement. The most significant factors that the Company considers include identification of the primary obligor, general and inventory risk and discretion in establishing prices.

(l) Earnings (loss) per share
Basic earnings (loss) per share ("EPS"), is calculated by dividing the net income (loss) for the year attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted EPS is computed by adjusting the weighted average number of common shares for the effects of dilutive instruments such as convertible securities, warrants and share-based options. Dilutive instruments are excluded from the computation if their effect is anti-dilutive.

(m) Finance costs
Direct costs relating to the issuance of shares are charged directly to share capital. Direct costs relating to long-term debt financing are recorded as a reduction of long-term debt and amortized using the effective interest method and the expense is included in interest expense.

Interim production financing relates to short-term financing for the Company's television productions. Interest payable on interim production financing loans is capitalized and forms part of the cost of production of investment in programs until such time as the assets are substantially complete and ready for use.

(n) Share-based compensation
The Company issues stock options which are service based and accounted for as equity-settled awards. The stock options initially vest 25% at the grant date and subsequently vest 25% over the next three anniversary dates as service conditions are met. Obligations for issuance of common shares accrued over the vesting period, using fair values as at the grant date, are recorded as share-based compensation expense with a corresponding increase to contributed surplus. Fair values are determined at issuance using the Black-Scholes option pricing model.

(o) Fair value measurement
The Company measures financial instruments at fair value at each consolidated statement of financial position date. Fair values of financial instruments measured at amortized cost are disclosed in note 18.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company classifies the fair value of these transactions according to a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(p) Financial instruments
Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions that define the instrument. Financial assets and liabilities are initially recognized at fair value. This initial fair value is normally the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement of the Company's financial instruments depends on their classification determined by the purpose for which the instruments were acquired or issued, their characteristics, and the Company's designation of such instruments as described below.

<u>Financial assets and liabilities at fair value through profit or loss</u>
Financial assets and liabilities at fair value through profit or loss are measured at fair value with changes in fair value recognized in net income (loss).

<u>Financial assets at amortized cost</u>
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these assets are measured at amortized cost at the settlement date using the effective interest method of amortization. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Cash and cash equivalents and amounts receivable are classified as amortized cost.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost at the settlement date using the effective interest method of amortization. Accounts payable and accrued liabilities, interim production financing, long-term debt and redeemable preferred shares are classified as financial liabilities at amortized cost.

(q) Government financing and assistance

The Company has access to government programs, including refundable tax credits, that are designed to assist film and television production and distribution in Canada. Amounts received or receivable in respect of production assistance are recorded as a reduction of the production costs of the applicable production. Tax credits earned with respect to expenditures on qualifying film and television productions are recorded as a reduction to investment in content when the qualifying expenditures have been incurred and there is reasonable assurance that the credits will be realized. Tax credits earned with respect to production services is recorded as a reduction of the applicable expense item. Refer to note 15.

The Company also accrues for general government assistance programs, providing there is reasonable assurance that the Company has complied and will continue to comply with all conditions of the government funding. Non-repayable government assistance relating to current expenses is included in the determination of net income and is included as a decrease to the related line item in the statement of operations and comprehensive income (loss). Repayable government assistance and unspent government assistance is reported in liabilities.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held with financial institutions and guaranteed investment certificates (“GICs”) with an original maturity of less than three months.

(s) Income taxes

Income tax expense comprises current and deferred income taxes.

Current income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted at the reporting date.

Deferred income taxes

Deferred income taxes are provided using the liability method on the temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recorded directly in equity. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the periods in which the assets are realized or the liabilities settled.

Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Company intends to settle its current tax assets and tax liabilities on a net basis.

(t) Segment reporting

The Company operates production entities and offices in Canada, Los Angeles, U.S.A and London, U.K. The Company’s business operates primarily through one operating segment being ‘film and television production and distribution’. The operating results of the segment are reviewed by the Company’s chief operating decision makers.

The Company has determined that they have one segment for reporting purposes. As at June 30, 2020, the Company has ceased its U.K. operations. Refer to note 5.

(u) New standards, amendments and interpretations applied during the year

a. IFRS 16, *Leases*

IFRS 16 was issued by the IASB in January 2016 and supersedes IAS 17, *Leases*; IFRIC 4, *Determining whether an Arrangement contains a Lease*; SIC-15, *Operating Leases – Incentives*; and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for leases, with limited exemptions for leases that are 12 months or less in duration or for leases of low-value assets. A lessee is required to recognize a ROU asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of the expenses related to these leases will change as IFRS 16 replaces the straight-line operating lease expense with depreciation expense on the ROU asset and a finance charge on the lease obligation. The standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Initial adoption of IFRS 16

Under IAS 17, the Company's operating leases consisted of property leases for office space, studio space and storage; computer and office equipment leases; and vehicles leases. Property lease terms range from short-term periods of less than one year to nine and a half years with certain leases containing renewal options. Computer and office equipment leases have terms ranging from short-term periods of less than one year to three years. Vehicle leases have terms ranging from approximately two to four years. Finance leases consist of computer equipment and data network infrastructure equipment with terms ranging from short-term periods of less than one year to three years.

Prior to the adoption of IFRS 16, contracts identified as operating leases under IAS 17 were recognized as expenses in general and administration expense in the consolidated statement of operations and comprehensive income (loss) or capitalized to investment in content in the consolidated statement of financial position and subsequently amortized over a period of time.

Under IFRS 16, entities are required to assess contracts to determine if the contract is or contains a lease based on the definition of a lease under IFRS 16: a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. In addition, the standard requires a lessee to separate lease components and non-lease components of a contract and allocate the consideration in the contract to each lease and non-lease component based on the relative stand-alone prices. The lease components may comprise fixed costs, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Company is reasonably certain to exercise. The standard allows entities to elect to apply the practical expedient whereby it is not required to separate a lease component from any associated non-lease components and can instead elect to treat these as a single lease component. The Company has elected to apply this practical expedient to all of its leases.

The Company has adopted the new standard for the fiscal year beginning July 1, 2019, using the modified retrospective transition approach, which does not require restatement of comparative periods. In addition, as the Company has elected to initially measure the ROU asset at the amount equal to the lease liability on July 1, 2019, plus any prepaid lease payments, the adjustment to deficit is nil.

The Company has elected to apply the following options and practical expedients on the date of initial adoption:

- To grandfather the assessment of which contracts are leases and to apply the new standard to those contracts identified as leases under IAS 17 and IFRIC 4;

(in thousands of Canadian dollars, except for amounts per share and as noted)

- For leases previously classified as finance leases, the Company will recognize a ROU asset and lease liability measured initially at the previous carrying amount of the finance lease under IAS 17;
- The ROU asset will be based on the lease liability, plus any prepaid lease payments excluding any initial direct costs incurred;
- Apply the short-term lease exemption to leases for which the lease term ends within 12 months of the date of initial adoption on a lease by lease basis;
- Apply the low-value exemption to leases for which the underlying asset's value is $6,500 or less;
- Rely on previous assessments of whether leases are onerous; and
- Use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

The following table summarizes the impact on the consolidated statement of financial position as at June 30, 2019, resulting from the adoption of IFRS 16 on July 1, 2019:

		June 30, 2019		**IFRS 16 adoption**		**July 1, 2019**
Trade receivables and other	$	63,261	$	(22)	$	63,239
Property and equipment[1]		7,211		16,073		23,284
Current obligations under finance leases		2,496		(2,496)		-
Current obligations under leases		-		3,653		3,653
Long-term obligations under finance leases		1,540		(1,540)		-
Long-term obligations under leases		-		16,433		16,433

[1]ROU assets are included in property and equipment.

The following table reconciles the Company's operating lease commitments as at June 30, 2019, to the lease obligations recognized on the initial application of IFRS 16 as at July 1, 2019:

Commitments note at June 30, 2019	**$**	**18,937**
Add:		
Adjustments due to elected lease renewal options		10,884
Finance lease liabilities previously recorded under IAS 17		4,036
Less:		
Effect of discounting at the Company's incremental borrowing rate		(6,216)
Variable lease payments		(7,088)
Short-term leases		(457)
Low-value leases		(10)
Lease liabilities arising from the initial adoption of IFRS 16 as at July 1, 2019	**$**	**20,086**

At the date of initial adoption, for leases previously classified as operating leases under IAS 17, except for short-term and low-value leases, the Company has discounted the remaining lease payments using its IBR. The following are the weighted-average discount rates applied: premise leases – 5.59%, equipment leases – 4.34%, and vehicle leases – 2.23%.

b. IFRIC 23, Uncertainty over Income Tax Treatments

On July 1, 2019, the Company adopted IFRIC 23 which was issued by the IASB in June 2017. The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments under IAS 12, *Income Taxes*. There was no impact on the Company's consolidated financial statements upon adoption of this standard.

(in thousands of Canadian dollars, except for amounts per share and as noted)

(v) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company.

(w) Change in accounting policy

In fiscal 2020, the Company completed a change in accounting policy whereby certain overhead costs previously expensed were capitalized to investment in content, specifically to content in production. This is in line with IAS 38, *Intangible Assets*, in that the cost of the investment in content asset will now comprise all directly attributable costs necessary to create the asset. The change in accounting policy provides that investment in content costs are more reflective of the relevant costs of production. The Company will amortize these costs in the same manner as all other investment in content costs as described in note 3(f). In addition to the above, the Company also reclassified certain overhead costs to direct costs.

The Company has applied the change in accounting policy retrospectively. The tables below show the adjustments recognized for each individual line item at June 30, 2020, June 30, 2019 and July 1, 2018. Line items that were not affected by the changes have not been included.

The cumulative effect of the accounting policy change to the consolidated statement of financial position as at June 30, 2020, June 30, 2019 and July 1, 2018 is as follows:

Consolidated statement of financial position (extract)	**June 30, 2020**	**Accounting policy change**	**June 30, 2020 – As presented**
Non-current assets			
Investment in content	$ 20,077	$ 5,215	$ 25,292
Non-current liabilities			
Deferred tax liabilities	5,303	1,408	6,711
Shareholders' equity			
Deficit	(17,825)	3,807	(14,018)

Consolidated statement of financial position (extract)	**June 30, 2019 - As originally presented**	**Accounting policy change**	**June 30, 2019 - Revised**
Non-current assets			
Investment in content	$ 25,136	$ 3,119	$ 28,255
Non-current liabilities			
Deferred tax liabilities	3,919	842	4,761
Shareholders' equity			
Deficit	(19,338)	2,277	(17,061)

Consolidated statement of financial position (extract)	**July 1, 2018 - As previously presented**	**Accounting policy change**	**July 1, 2018 - Revised**
Non-current assets			
Investment in content	$ 18,145	$ 1,240	$ 19,385
Non-current liabilities			
Deferred tax liabilities	3,298	335	3,633
Shareholders' equity			
Deficit	(15,123)	905	(14,218)

(in thousands of Canadian dollars, except for amounts per share and as noted)

The effect of the accounting policy change to the consolidated statement of operations for the years ended June 30, 2020 and 2019 is as follows:

Consolidated statement of operations (extract)		**June 30, 2020**		**Accounting policy change**		**June 30, 2020 – As presented**
Expenses						
Direct operating	$	43,400	$	7,758	$	51,158
General and administrative		23,373		(9,854)		13,519
		66,773		(2,096)		64,677
Income (loss) before income taxes		(66,773)		2,096		(64,677)
Income tax expense		1,017		566		1,583
Net income (loss) from continuing operations	$	(67,790)	$	1,530	$	(66,260)

Consolidated statement of operations (extract)		**June 30, 2019 - As originally presented**		**Accounting policy change**		**June 30, 2019 - Revised**
Expenses						
Direct operating	$	29,705	$	5,465	$	35,170
General and administrative		23,532		(7,343)		16,189
		53,237		(1,878)		51,359
Income (loss) before income taxes		(53,237)		1,878		(51,359)
Income tax expense		1,263		506		1,769
Net income (loss) from continuing operations	$	(54,500)	$	1,372	$	(53,128)

Basic and diluted earnings per share from continuing operations for the prior year have also been restated due to the change in accounting policy. The amount of the change for basic and diluted earnings per share was an increase of 0.03 and 0.03 cents per share, respectively.

(in thousands of Canadian dollars, except for amounts per share and as noted)

(x) Statement of operations reconciliation

The effect of the changes made to the consolidated statement of operations for the year ended June 30, 2019 for the reclassifications as described in note 2, the change in accounting policy as described in note 3(w) and the discontinued operation as described in note 5 is as follows:

Consolidated statement of operations (extract)	June 30, 2019 - As originally presented	Reclassi-fications	Change in accounting policy	Discontinued operation	June 30, 2019 - Revised
Revenue	$ 61,478	$ -	$ -	$ (3,807)	$ 57,671
Expenses					
Direct operating	29,705	(638)	5,465	(1,463)	33,069
Distribution and marketing	3,763	-	-	(2,054)	1,709
General and administrative	23,532	(2,489)	(7,343)	(1,035)	12,665
Share-based compensation	1,521	-	-	-	1,521
Amortization of property and equipment and intangible assets	-	3,202	-	(12)	3,190
Finance costs, net	198	605	-	(71)	732
Foreign exchange gain	-	(680)	-	-	(680)
Charges related to public company listing	5,316	-	-	-	5,316
	64,035	-	(1,878)	(4,635)	57,522
Income (loss) before income taxes	(2,557)	-	1,878	828	149
Income tax expense	1,263	-	506	-	1,769
Net income (loss) from continuing operations	(3,820)	-	1,372	828	(1,620)
Loss from discontinued operation	$ -	$ -	$ -	$ (828)	$ (828)

4. REVERSE TAKEOVER TRANSACTION

On July 27, 2018, Golden Secret Ventures Ltd. (“Golden Secret”) signed a letter of intent with TEI, pursuant to which Golden Secret would acquire 100% of the common shares of TEI via a reverse take-over (the “RTO Transaction”). On October 30, 2018, the RTO Transaction was completed, and Golden Secret changed its name to Thunderbird Entertainment Group Inc. The excess of the fair value of consideration over the net assets acquired resulted in a charge related to public company listing of $5,316. Included in the net assets acquired was cash of $2,378. The Company issued 188,777 common shares as a transaction fee with a deemed value of $378.

(in thousands of Canadian dollars, except for amounts per share and as noted)

5. NET ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

In March 2020, the Company decided to cease its UK Operation. The related assets and liabilities have been presented as held for sale and are as follows:

		June 30, 2020
Cash	$	538
Trade receivables and other		586
Investment in content		98
Assets held for sale		**1,222**
Accounts payable and accrued liabilities		633
Deferred revenue		126
Liabilities associated with assets held for sale		**759**
Net assets held for sale	**$**	**463**

The cumulative foreign exchange losses recognized in accumulated other comprehensive income in relation to the discontinued operation as at June 30, 2020 were $35.

Analysis of the result of discontinued operation is as follows:

	Year ended June 30,			
		2020		2019
Revenue	$	2,195	$	3,807
Expenses		3,283		4,635
Loss from discontinued operation		(1,088)		(828)
Loss on translation of discontinued operation		(9)		(3)
Other comprehensive loss from discontinued operation	**$**	**(9)**	**$**	**(3)**

In assessing the fair values of the assets and liabilities, the Company determined that all assets and liabilities had a fair value which is equal to net book value. The Company have determined the fair value of investment in content based on current negotiations with prospective buyers.

(in thousands of Canadian dollars, except for amounts per share and as noted)

6. TRADE RECEIVABLES AND OTHER

Current		**2020**		**2019**
Trade receivables, net of loss allowance	$	9,731	$	5,781
Deposits and prepaids		3,246		2,415
Contract acquisition costs		330		138
Federal and provincial film and television tax credits		45,428		54,927
	$	**58,735**	**$**	**63,261**

Non-current		**2020**		**2019**
Trade receivables, net	$	2,748	$	735
Deposits and prepaids		304		386
Contract acquisition costs		51		138
	$	**3,103**	**$**	**1,259**

Federal and provincial film and television tax credits receivable from government agencies are subject to audit by the applicable government agency. Management believes that the net amounts recorded are fully collectible. The Company adjusts amounts receivable from government agencies quarterly and annually for any known differences arising from internal or external audit of these balances. The Company believes that its loss allowance is sufficient to reflect the related credit risk based on the history of collections and forward-looking information for collectability.

The aging of current trade receivables is as follows:

		2020		**2019**
Less than 60 days	$	9,016	$	5,718
Over 61 days		715		63
	$	**9,731**	**$**	**5,781**

(in thousands of Canadian dollars, except for amounts per share and as noted)

7. INVESTMENT IN CONTENT

Investment in content represents the unamortized costs of film and television projects in development, content in production, released content and acquired content.

	Development costs	Content in production	Released content	Acquired content	Total
Cost					
At June 30, 2018	$ 912	$ 4,608	$ 109,790	$ 9,237	$ 124,547
Change in accounting policy[1]	-	1,123	268	-	1,391
Revised July 1, 2018	912	5,731	110,058	9,237	125,938
Additions[2]	482	14,953	-	1,641	17,076
Impairment	(315)	-	-	-	(315)
Transferred	-	(8,298)	8,298	-	-
At June 30, 2019	**1,079**	**12,386**	**118,356**	**10,878**	**142,699**
Change in accounting policy[1]	-	1,107	1,937	-	3,044
Revised June 30, 2019	**1,079**	**13,493**	**120,293**	**10,878**	**145,743**
Additions[2]	493	14,213	-	377	15,083
Impairment[3]	(394)	-	-	-	(394)
Assets classified as held for sale	(34)	-	-	(4,915)	(4,949)
Transferred	(115)	(18,802)	18,917	-	-
At June 30, 2020	**$ 1,029**	**$ 8,904**	**$ 139,210**	**$ 6,340**	**$ 155,483**
Amortization					
At June 30, 2018	$ -	$ -	$ 99,660	$ 6,922	$ 106,582
Change in accounting policy[1]	-	-	151	-	151
Revised July 1, 2018	-	-	99,811	6,922	106,733
Additions	-	-	7,915	1,675	9,590
At June 30, 2019	**-**	**-**	**107,726**	**8,597**	**116,323**
Change in accounting policy[1]	-	-	1,165	-	1,165
Revised June 30, 2019	**-**	**-**	**108,891**	**8,597**	**117,488**
Additions[4]	-	-	15,935	1,619	17,554
Assets classified as held for sale	-	-	-	(4,851)	(4,851)
At June 30, 2020	**$ -**	**$ -**	**$ 124,826**	**$ 5,365**	**$ 130,191**
Net book value					
June 30, 2019[1]	**$ 1,079**	**$ 13,493**	**$ 11,402**	**$ 2,281**	**$ 28,255**
June 30, 2020	**$ 1,029**	**$ 8,904**	**$ 14,384**	**$ 975**	**$ 25,292**

[1] See note 3(w) for details regarding the change in accounting policy.
[2] Net of government assistance (note 15) and third-party participation.
[3] Included in impairment is $85 (June 30, 2019 – nil) in impairment related to discontinued operation.
[4] Included in additions is $1,382 (June 30, 2019 - $1,463) in amortization related to discontinued operation.

Interest charges capitalized to the cost of film and television productions for the year ended June 30, 2020 amounted to $1,077 (2019 - $1,081).

For the year ended June 30, 2020, the Company recorded amortization of investment in content of $2,161 (2019 - $259) as a result of a change in the estimated useful life of certain released content for which the Company has no reasonable expectation of recovery through future exploitation.

(in thousands of Canadian dollars, except for amounts per share and as noted)

8. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture and equipment	Leasehold improvements	Vehicles	Right-of-use assets	Total
Cost						
At June 30, 2018	$ 4,144	$ 1,853	$ 499	$ 78	$ -	$ 6,574
Additions	4,346	421	1,082	54	-	5,903
Disposals	(1,110)	-	-	-	-	(1,110)
At June 30, 2019	**7,380**	**2,274**	**1,581**	**132**	**-**	**11,367**
Additions on adoption of IFRS 16	-	-	-	-	16,073	16,073
Reclass existing assets on adoption of IFRS 16	(4,175)	-	-	-	4,175	-
Additions[1]	1,304	452	1,286	129	12,033	15,204
Disposals	(33)	(58)	(244)	-	-	(335)
At June 30, 2020	**$ 4,476**	**$ 2,668**	**$ 2,623**	**$ 261**	**$ 32,281**	**$ 42,309**
Amortization						
At June 30, 2018	$ 1,240	$ 1,161	$ 260	$ 40	$ -	$ 2,701
Charge for the year	2,169	173	200	23	-	2,565
Disposals	(1,110)	-	-	-	-	(1,110)
At June 30, 2019	**2,299**	**1,334**	**460**	**63**	**-**	**4,156**
Reclass existing amortization on adoption of IFRS 16	(446)	-	-	-	446	-
Charge for the year[2]	961	232	325	50	5,796	7,364
Disposals	(16)	(47)	(244)	-	-	(307)
At June 30, 2020	**$ 2,798**	**$ 1,519**	**$ 541**	**$ 113**	**$ 6,242**	**$ 11,213**
Net book value						
June 30, 2019	**$ 5,081**	**$ 940**	**$ 1,121**	**$ 69**	**$ -**	**$ 7,211**
June 30, 2020	**$ 1,678**	**$ 1,149**	**$ 2,082**	**$ 148**	**$ 26,039**	**$ 31,096**

[1] Included in additions is $3 (June 30, 2019 - $10) in additions related to discontinued operation.
[2] Included in charge for the year is $4 (June 30, 2019 - $12) in amortization related to discontinued operation.

The continuity of right-of-use assets is as follows:

ROU assets	**Premises**	**Equipment**	**Vehicles**	**Total**
Lease liability on initial adoption of IFRS 16	$ 15,670	$ 318	$ 63	$ 16,051
Prepaid lease payments	22	-	-	22
Property and equipment – reclass existing assets under finance leases	-	3,729	-	3,729
Balance July 1, 2019	**15,692**	**4,047**	**63**	**19,802**
Additions	6,823	6,250	44	13,117
Lease incentives	(879)	-	-	(879)
Lease modifications	(205)	-	-	(205)
Amortization	(1,686)	(4,087)	(23)	(5,796)
Balance June 30, 2020	**$ 19,745**	**$ 6,210**	**$ 84**	**$ 26,039**

There were no impairment write-downs or any reversals of previous write-downs during the periods presented.

(in thousands of Canadian dollars, except for amounts per share and as noted)

9. GOODWILL AND INTANGIBLE ASSETS

The continuity of goodwill and intangible assets is as follows:

	Goodwill	Distribution libraries	Customer relationships	Total
Cost				
At June 30, 2020, 2019 and 2018	**$ 12,402**	**$ 2,700**	**$ 1,470**	**$ 16,572**
Amortization				
At June 30, 2018	-	944	1,103	2,047
Charge for the year	-	270	367	637
At June 30, 2019	**-**	**1,214**	**1,470**	**2,684**
Charge for the year	-	270	-	270
At June 30, 2020	**$ -**	**$ 1,484**	**$ 1,470**	**$ 2,954**
Net book value				
June 30, 2019	**$ 12,402**	**$ 1,486**	**$ -**	**$ 13,888**
June 30, 2020	**$ 12,402**	**$ 1,216**	**$ -**	**$ 13,618**

Impairment testing for goodwill

Goodwill is tested for impairment annually or more frequently if there are indications that the asset might be impaired. An impairment loss is recognized if the carrying value of the CGU exceeds its recoverable amount. For the purposes of allocating goodwill at June 30, 2020, the Company has determined that goodwill is monitored based upon one operating segment being its film and television production and distribution ("production entities"). The Company tested the production entities' goodwill for impairment at June 30, 2020, in accordance with its policy described in note 3. As the recoverable amount to which production entities goodwill has been allocated was greater than its carrying value, the Company determined there was no impairment of production entities goodwill as at June 30, 2020.

For determining the recoverable amount for the production entities' goodwill, the Company used the value-in-use approach. To determine value in use, the Company utilized a two-year cash flow forecast based on management's best estimates considering historical and expected production, distribution and other revenue deliveries, economic conditions and general outlook for the industry. The two-year cash flow forecast was based on a two-year, adjusted earnings before interest, taxes, depreciation, amortization and share-based compensation ("AEBITDA") forecast that was presented to the Board of Directors. The forecasts beyond that of the budget were prepared for future periods of three more years, using growth rates based on historical and forecast revenue growth rates, with a view of reaching a steady state following the five-year projection period. For forecasts beyond that of the budget, the Company has used an AEBITDA margin of 18%. The cash flows beyond the five-year period are extrapolated into perpetuity using a terminal growth rate of 2.5%.

The valuation model also takes into account working capital and capital investments required to maintain the condition of the assets. The forecasted cash flows were discounted using a pre-tax rate of approximately 20.2%.

The recoverable amount is most sensitive to changes in AEBITDA growth forecasts. The recoverable amount of the CGU was estimated to exceed the carrying amount of the CGU by $25,916 at as June 30, 2020. A decrease in the AEBITDA margin of 2.4% could cause the recoverable amount of the CGU to be equal to the carrying amount. Management believes any reasonably possible change in other key assumptions on which the estimate of recoverable amount was determined would not result in an impairment.

(in thousands of Canadian dollars, except for amounts per share and as noted)

The Company's assumptions used in the model are affected by current market conditions which may affect expected revenues, particularly production and distribution revenues. The Company also has significant competition in the markets in which it operates which may impact its revenue and operating costs. The Company has made certain assumptions for the discount rate and revenue and expense growth rates to reflect possible variations in the cash flows; however, the risk premiums expected by market participants related to uncertainties about the industry or specific intangible assets may differ or change quickly depending on economic conditions and other events. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future valuations of the production entities' goodwill and the Company would be required at that time to recognize impairment losses.

10. INTERIM PRODUCTION FINANCING

Interim production credit facilities represent individual loans for the production of television programs that the Company produces.

		2020		2019
Interim production credit facilities with various institutions, bearing interest at bank's prime rate plus 0.50% to 1.25% (June 30, 2019 - 0.50% to 1.25%). Secured by assignment and direction of trade receivables and tax credits of approximately $38,168 at June 30, 2020 (June 30, 2019 - $41,409). The Company also enters into General Security Agreements. All facilities are repayable on demand.	$	39,305	$	41,724
Revolving term loan with RBC, bearing interest at bank's prime plus 1.25% (June 30, 2019 – 0.75% to 1.25%). Maximum funds available of $5.0 million and secured by a General Security Agreement. Repayable on the earlier of 15 days after the closing of the applicable single purpose production company ("SPPC") production facility or 180 days after the first draw has been made.		2,325		925
Revolving unmargined line of credit with Royal Bank of Canada ("RBC"), bearing interest at bank's prime plus 1.25%. Maximum funds available of $3.0 million and secured by a General Security Agreement. Repayable on demand.		790		-
Non-interest bearing production loans with various service clients, secured by Canadian tax credits and repayable upon receipt of Canadian tax credits.		-		5,722
	$	**42,420**	**$**	**48,371**

At June 30, 2020, included in interim production credit facilities are loans repayable in US$ in the amount of US$9,748 (CA$13,284) (June 30, 2019 - US$4,029 (CA$5,273)).

11. LONG-TERM DEBT

In conjunction with the Company's decision to cease its UK operations in March 2020 (note 5), the Company repaid the remaining balance outstanding (June 30, 2019 – $504 (GBP £303)) of a GBP £2,000 non-revolving credit line which was classified as long-term as it has no fixed schedule of repayment and a maturity date of March 31, 2021. The non-revolving credit line's interest rate was at a margin of 3.00% plus the applicable London Interbank Offering Rate ("LIBOR"). During the period in fiscal 2020 while the loan was outstanding, the interest rate was between 3.76% to 3.94% (June 30, 2019 - 3.80% to 3.96%). This credit facility is no longer available to the Company.

In December 2019, the Company repaid the remaining balance outstanding (June 30, 2019 – $1,433) of a $2,640 non-revolving term loan classified as current portion of long-term debt. The interest rate on the non-revolving term loan with RBC was prime plus 0.50% and during the period in fiscal 2020 while the loan was outstanding, the interest rate was 4.45% (June 30, 2019 – 4.20% to 4.45%). This credit facility is no longer available to the Company.

(in thousands of Canadian dollars, except for amounts per share and as noted)

As at June 30, 2020, the Company also has the following credit facilities with RBC which have not been drawn on:

- A five-year $10,000 non-revolving term loan at an interest rate of prime plus 0.50% and secured by a General Security Agreement. Under the terms of the loan, an annual cash flow sweep of 5% of the Company's EBITDA will be due within 120 days of the fiscal year-end of the Company and will be applied to repayment of the loan.
- A $40,000 revolving production operating line of credit at an interest rate of prime plus 0.50% and secured by a General Security Agreement and assignment of federal and provincial tax credits. Interest only is payable monthly in arrears with the principal repayment to be made upon the receipt of the tax credits for each SPPC.
- A $4,200 revolving lease facility. This facility may be used to finance equipment purchases.
- Three non-revolving reducing single lease facilities totaling $4,293. These facilities may be used to finance equipment purchases and leasehold improvements.
- A $750 foreign exchange line of credit to hedge against fluctuating exchange rates.

Under the terms of the RBC credit facilities disclosed above, the Company is required to meet certain covenants. As at June 30, 2020, the Company was in compliance with all of the covenants.

12. LEASE OBLIGATIONS

Lease obligations as at and for the year ended June 30, 2020 are as follows:

Lease obligations		**Premises**		**Equipment**		**Vehicles**		**Total**
Lease liability on initial adoption of IFRS 16	$	15,670	$	4,353	$	63	$	20,086
Balance July 1, 2019		**15,670**		**4,353**		**63**		**20,086**
Additions		6,755		6,263		44		13,062
Lease modifications		(116)		-		-		(116)
Amortization		(1,357)		(4,791)		(22)		(6,170)
Balance June 30, 2020	**$**	**20,952**	**$**	**5,825**	**$**	**85**	**$**	**26,862**

On the date of initial adoption, the Company applied the practical expedient to designate leases with terms of less than 12 months as short-term. As a result, for the year ended June 30, 2020, under the short-term exemption, $709 was expensed to rent, equipment rentals and office expenses and under the low-value exemption, $69 was expensed to office expense.

The following table presents a reconciliation of the Company's undiscounted cash flows at June 30, 2020 and 2019, to their present value for the Company's lease obligations:

		2020		**2019[1]**
Within one year	$	6,684	$	2,614
Between one and five years		12,535		1,573
Beyond five years		15,183		-
Total undiscounted lease obligations		34,402		4,187
Less future interest charges		(7,540)		(151)
Total discounted lease obligations		26,862		4,036
Less current portion of lease obligations	**$**	**(5,419)**	**$**	**(2,496)**
Non-current portion of lease obligations	**$**	**21,443**	**$**	**1,540**

[1]As IFRS 16 was applied using the modified retrospective approach, lease obligations as at June 30, 2019, were those

(in thousands of Canadian dollars, except for amounts per share and as noted)

that were classified as finance leases under IAS 17.

As at June 30, 2020, the total discounted lease obligations related to contracts with RBC amounted to $3,446 with $2,275 classified as current and $1,171 as non-current.

13. REDEEMABLE PREFERRED SHARES

Issued and outstanding:

		Amount	
	Number of shares	**Liability component**	**Equity component**
Class A (formerly Class B Series 2)			
Balance June 30, 2019 and 2018	1,054,000	$ 926	$ 132
Balance June 30, 2020	**1,054,000**	**$ 926**	**$ 132**

Prior to the RTO Transaction (note 4), the Company had the following preferred shares: Class A Series 2 – 244,444 and Class B Series 1 – 1,378,750. In October 2018, 166,666 Class A Series 2 and 943,076 Class B Series 1 preferred shares were redeemed at the option of the shareholder at a value of $1.00 per share. At the same time, 77,778 Class A Series 2 and 435,674 Class B Series 1 preferred shares were converted into common shares on the basis of 0.67 common share for each one preferred share.

Concurrent with the RTO Transaction described in note 4, the Class B Series 2 preferred shares were converted to Class A preferred shares of the Company. The Class A preferred shares hold the same terms as the former Class B Series 2 preferred shares.

The Class A preferred shares were issued in fiscal 2016 under the provisions of the Small Business Venture Capital Act (British Columbia), and therefore the Company is not permitted to acquire, cancel, or redeem shares held by eligible investors for a period of five years from the date of issue. The Company has the option to retract the shares at a value of $1.00, $1.025, and $1.05 per share after the fifth, sixth and seventh anniversary dates of the share issuance, respectively. In addition, the shareholders may convert their preferred shares into common shares at a ratio of three preferred shares to one common share at any time after the fifth anniversary, or may redeem their shares at a price of $1.00, $1.025, and $1.05 per share after the fifth, sixth and seventh anniversary dates of the share issuance, respectively.

If all of the Class A preferred shares are converted, the Company would need to issue 351,333 (2019 – 351,333) common shares.

As the Class A preferred shares are redeemable at the option of the holder on or after the fifth anniversary date of the issuance, they are classified as a liability and are recorded at amortized cost.

In addition to the Class A preferred shares issued, the Company determined that there were multiple elements within the preferred shares. An embedded derivative exists based on the preferred shares' redemption value, being $1.05 per Class A share, based on the period of time the shares have been held.

The residual element that exists after the fair value is allocated to the preferred share liability component is the equity value of the preferred shares and essentially represents the preferred shareholders' ability to convert the preferred shares to common shares at any time after the fifth anniversary dates of the issuance. The value ascribed to the equity component of the preferred shares is recorded in shareholders' equity under preferred shares on the consolidated statements of financial position.

(in thousands of Canadian dollars, except for amounts per share and as noted)

During the year ended June 30, 2020, the Company paid a dividend of $0.07 per Class A preferred share which amounted to $74 (2019 - 0.07 per preferred share; $74).

14. SHARE CAPITAL

Authorized
Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Common shares
Issued:

	Number of shares[1]		Amount[1]
Balance June 30, 2018	**29,753,344**	**$**	**29,799**
Repurchase of common shares	(4,800,000)		(6,000)
Share issue costs – cash, net of tax effect	-		(737)
Share issue costs – non-cash	-		(431)
Conversion of Class A Series 2 redeemable preferred shares (note 13)	52,109		53
Conversion of Class B Series 1 redeemable preferred shares (note 13)	291,900		1,023
Conversion of preferred shares	11,363,208		18,787
Balance October 30, 2018	**36,660,561**		**42,494**
RTO Transaction (note 4)			
Exchanged for Thunderbird Entertainment Group Inc. shares	(36,660,561)		-
Issued pursuant to acquisition	36,660,561		-
Shares of Golden Secret upon RTO Transaction[2]	3,329,929		6,660
Shares issued as transaction fee on completion of RTO Transaction	188,777		378
Conversion of subscription receipts	5,125,000		10,250
Conversion of convertible debentures	1,125,000		2,250
Exercise of options	95,000		196
Exercise of warrants	107,208		289
Balance June 30, 2019	**46,631,475**	**$**	**62,517**
Exercise of options	40,000		117
Balance June 30, 2020	**46,671,475**	**$**	**62,634**

[1]Under reverse takeover accounting, the number of shares issued and outstanding is that of Thunderbird Entertainment Group Inc. (formerly Golden Secret Ventures Ltd.). However, the share capital amount is that of its legal subsidiary Thunderbird Entertainment Inc. plus the share of capital transactions of the Company from the acquisition date of October 30, 2018 onwards.
[2]As at October 30, 2018, Golden Secret had 3,329,929 common shares issued and outstanding.

In August 2018, the Company repurchased 4,800,000 common shares at a price of $1.25 per share.

Prior to completion of the RTO Transaction described in note 4, TEI completed a brokered private placement financing of 5,125,000 subscription receipts at a price of $2.00 per subscription receipt for aggregate gross proceeds of $10,250. On closing of the RTO Transaction, each subscription receipt was exchanged for one common share of the Company. For their services in connection with the financing, the agent received a cash commission equal to 7% of the gross proceeds raised, a corporate finance fee of $195 and 344,500 agent's warrants entitling it to purchase that number of common shares. The cash commission and agent's warrants were reduced to 2% each for subscribers on the President's List.

(in thousands of Canadian dollars, except for amounts per share and as noted)

In September 2018, the Company issued $2,250 in convertible debentures. The convertible debentures bore interest at 8% per annum payable monthly and were repayable on demand after October 31, 2018. Concurrent with the RTO Transaction as described in note 4, the convertible debentures automatically converted into 1,125,000 common shares of the Company at a price of $2.00 per share.

Earnings (loss) per share

The following table calculates basic and diluted net earnings (loss) per share:

		2020		2019
Net income (loss) from continuing operations	$	4,131	$	(1,620)
Non-controlling interest		-		(9)
Preferred share dividends issued		-		(386)
Net income (loss) from continuing operations – attributable to the owners of the parent	$	4,131	$	(2,015)
Dividends expense		74		74
Diluted net income (loss) from continuing operations		4,205		(1,941)
Basic weighted average number of common shares		**46,658,708**		**39,805,212**
Diluted weighted average number of common shares		**50,082,800**		**42,607,804**
Basic income (loss) per share – continuing operations	**$**	**0.089**	**$**	**(0.051)**
Diluted income (loss) per share – continuing operations	**$**	**0.084**	**$**	**(0.051)**
Loss from discontinued operation	$	(1,088)	$	(828)
Basic loss per share – discontinued operation	**$**	**(0.023)**	**$**	**(0.021)**
Diluted loss per share – discontinued operation	**$**	**(0.023)**	**$**	**(0.021)**

Preferred shares

Issued:

	Number of shares		Amount
Balance June 30, 2018	**9,658,750**	**$**	**18,787**
Conversion of preferred shares	(9,658,750)		(18,787)
Balance June 30, 2019 and 2020	**-**	**$**	**-**

Immediately prior to closing of the RTO Transaction described in note 4, the preferred shares automatically converted into common shares of the Company on the basis of 1.176 common share for each one preferred share.

Warrants

The following table summarizes the share purchase warrants outstanding:

	Number of warrants		Weighted average exercise price
Balance, June 30, 2018	-	$	-
Issued	344,550		2.00
Warrants of Golden Secret upon RTO Transaction (note 4)	100,000		0.70
Exercised	(107,208)		0.80
Balance June 30, 2019 and 2020	**337,342**	**$**	**2.00**

In connection with the brokered private placement, the Company issued 344,500 agent warrants to acquire 344,500 common shares. The warrants have an exercise price of $2.00 per share, a two-year term and vest immediately.

(in thousands of Canadian dollars, except for amounts per share and as noted)

In connection with the RTO Transaction, Golden Secret's warrants were re-valued on October 30, 2018. The fair value of the warrants was estimated using the Black-Scholes option pricing model with the following inputs: share price of $2.70, interest rate of 2.30%, expected life of 0.3 years, volatility of 75% and an exercise price of $0.70.

During the year ended June 30, 2020, no warrants were exercised. During the year ended June 30, 2019, 107,208 warrants were exercised for proceeds of $85. An amount of $204 was transferred from the warrant reserve to common shares.

The fair value of each warrant granted during the year ended June 30, 2020 and 2019, is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2020	**2019**
Share price on date of grant	N/A	$ 2.00
Interest rate	N/A	2.28%
Expected life	N/A	2 years
Volatility	N/A	41.53%
Exercise price	N/A	$ 2.00

The following table summarizes the warrants outstanding at June 30, 2020:

Exercise price	**Number of warrants**	**Expiry date**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price ($ per share)**
$ 2.00	337,342	October 30, 2020	0.33	2.00
	337,342		**0.33**	**2.00**

Share-based compensation

The Company has established a Share Option Plan (the "option plan") which provides for options to purchase common shares to be granted by the Company to directors, officers, employees and consultants of the Company. Options will generally vest over a period of 36 months. The fair value of the options issued is recognized in share-based compensation over the vesting period, with a corresponding charge to contributed surplus. The maximum number of common shares issuable under the option plan is 10% of the total number of issued and outstanding shares at the grant date of an option.

The following table summarizes the changes in stock options outstanding:

	Number of options	**Weighted average exercise price**
Balance, June 30, 2018	1,570,000	$ 1.44
Issued	2,801,000	2.00
Stock options of Golden Secret upon RTO transaction (note 4)	310,000	1.85
Exercised	(95,000)	1.09
Forfeited	(30,000)	2.00
Balance June 30, 2019	**4,556,000**	**1.82**
Issued	250,000	1.32
Exercised	(40,000)	0.50
Forfeited	(90,000)	2.00
Expired	(60,000)	3.20
Balance June 30, 2020	**4,616,000**	**$ 1.78**

(in thousands of Canadian dollars, except for amounts per share and as noted)

During the year ended June 30, 2020, the Company granted options to acquire 250,000 shares of its common stock to a director. The options have an exercise price of $1.32 per share, a seven-year term and vest 25% immediately with the remaining 75% vesting one-third over each anniversary date.

During the year ended June 30, 2019, the Company granted options to acquire 2,711,000 shares of its common stock to employees, officers and directors. The options have an exercise price of $2.00 per share, a seven-year term and vest 25% immediately with the remaining 75% vesting one-third over each anniversary date.

During the year June 30, 2019, the Company granted options to acquire 90,000 shares of its common stock to consultants. The options have an exercise price of $2.00 per share, a five-year term and vest 25% quarterly over one year.

In connection with the RTO Transaction, Golden Secret's options were re-valued on October 30, 2018. The fair value of the options was estimated using the Black-Scholes option pricing model with the following inputs: share price of $2.70, interest rate of 2.40%, expected life of 7.4 to 9.4 years, volatility of 75% and an exercise price of $0.50 to $3.20.

The weighted average grant date value of stock options and assumptions using the Black-Scholes option pricing model for the year ended June 30, 2020 and 2019 are as follows:

	2020	**2019**
Share price on date of grant	$1.32	$2.00
Weighted average grant date value	$0.65	$0.86
Interest rate	1.60%	1.68% to 2.41%
Expected life	7 years	5 to 7 years
Volatility	46.16%	36.75% to 38.93%
Exercise price	$1.32	$2.00

The following table summarizes the stock options outstanding at June 30, 2020:

Exercise price	**Number of options**	**Expiry date**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price ($ per share)**	**Number of options exercisable**	**Weighted average exercise price ($ per share)**
$ 0.50	95,000	Mar 2026	5.69	$ 0.50	95,000	$ 0.50
$ 1.25	1,100,000	Nov 2020 to Jan 2021	0.39	1.25	1,100,000	1.25
$ 1.32	250,000	December 2026	6.45	1.32	62,500	1.32
$ 2.00	3,076,000	Jun 2021 to Mar 2026	4.79	2.00	1,734,250	2.00
$ 3.20	95,000	Mar 2028	7.71	3.20	95,000	3.20
	4,616,000		**3.91**	**$ 1.78**	**3,086,750**	**$ 1.70**

During the year ended June 30, 2020, the Company recorded share-based compensation expense of $683 (2019 - $1,521).

During the year ended June 30, 2020, 40,000 stock options were exercised at a price of $0.50 per option for gross proceeds of $20; an amount of $97 was transferred from contributed surplus to common shares. During the year ended June 30, 2019, 95,000 stock options were exercised at prices of $0.50 and $1.25 for gross proceeds of $104; an amount of $92 was transferred from contributed surplus to common shares.

(in thousands of Canadian dollars, except for amounts per share and as noted)

15. GOVERNMENT FINANCING AND ASSISTANCE

Investment in content and direct operating expenses have been reduced by the following:

	2020	2019
Equity investment from third parties	$ -	$ 136
Non-repayable contributions from the Canada Media Fund license fee program	8,129	7,890
Tax credits relating to production activities	36,510	36,616
	$ 44,639	**$ 44,642**

During the year ended June 30, 2020, investment in content was reduced by $26,639 (2019 - $29,100) and direct operating expenses were reduced by $18,000 (2019 - $15,542).

During the year ended June 30, 2020, the Company received $800 (June 30, 2019 – nil) in government assistance required to be used towards eligible expenditures. As at June 30, 2020, none of this amount has been spent and has been classified as an accrued liability.

The Company is subject to routine inquiries and review by regulatory authorities of its various incentive claims which have been received or are receivable. Adjustments of claims, if any, as a result of such inquiries or reviews will be recorded at the time of such determination. There have been no material adjustments to date.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table presents components of revenue:

	2020	2019
Revenue from contracts with customers:		
Production services	$ 47,417	$ 29,936
Licensing and distribution	33,816	27,688
Revenue from other sources:		
Other	56	47
	$ 81,289	**$ 57,671**

In fiscal 2020, 49% of revenue from contracts with customers was derived from three external customers (2019 – 48% from four external customers).

Revenues are derived from the following geographical sources, by location of customer:

	2020	2019
Canada	$ 36,977	$ 24,676
United States	31,398	15,635
United Kingdom	1,739	4,159
Denmark	6,510	6,874
Republic of Ireland	2,862	4,331
China	1,414	1,786
France	266	-
Other countries	123	210
	$ 81,289	**$ 57,671**

As at June 30, 2020, the Company's UK operation was classified as held for sale and as such there were no non-current assets attributable to the Company's entities based in the U.K (June 30, 2019 - $116 of long-term trade receivables, $1,350 of investment in content and $18 of property and equipment). The following non-current assets were attributable to the Company's entities based in the USA: nil of long-term trade receivables, nil of investment in content, and $5,902 of property and equipment (June 30, 2019 - nil, nil, and $25, respectively). All other non-current assets were attributable to the Company's entities based in Canada.

(in thousands of Canadian dollars, except for amounts per share and as noted)

The Company's only contract related liability is deferred revenue, which reflects the timing difference between the receipt of cash and the recognition of revenue. The following table reflects the movement in deferred revenue:

		2020		2019
Opening balance	$	15,389	$	9,367
Revenue recognized that was included in the deferred revenue balance at the beginning of the year		(15,339)		(7,983)
Increases due to cash received, excluding amounts recognized as revenue during the year		15,075		14,005
Deferred revenue classified as held for sale		(126)		-
Ending balance	**$**	**14,999**	**$**	**15,389**

Transaction price allocated to remaining performance obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not been recognized on contracts with original expected durations of one year or more as at June 30, 2020. Revenue to be allocated to these remaining performance obligations comprises deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. As at June 30, 2020, contract revenue related to these remaining performance obligations with an original expected duration of one year or more was $82,637 (June 30, 2019 - $68,574). The Company expects to recognize 100% of the revenue related to these unfulfilled performance obligations over the next 24 months.

17. INCOME TAXES

The Company's current and deferred income tax provision is as follows:

		2020		2019
Current provision	$	1,480	$	1,845
Deferred expense (recovery)		103		(76)
Net income tax expense	**$**	**1,583**	**$**	**1,769**

The following table reconciles the income tax expense calculated using the statutory tax rates to the income tax expense per the consolidated statements of operations and comprehensive income (loss):

		2020		2019
Net income from continuing operations before income taxes	$	5,714	$	149
Net loss from discontinued operation before income taxes		(1,088)		(828)
Net income (loss) before income taxes		4,626		(679)
Combine Federal and British Columbia Provincial tax rates		27.00%		27.00%
Expected income tax expense (recovery)		1,249		(183)
Effect on income taxes of:				
Permanent differences		268		1,901
Change in tax rates		2		16
Change in deferred tax assets not recognized		126		230
Other		(62)		(195)
Income tax expense	**$**	**1,583**	**$**	**1,769**

(in thousands of Canadian dollars, except for amounts per share and as noted)

For the year ended June 30, 2020, the Company's blended federal and provincial tax rate is 27%.

The following are the major deferred tax assets and liabilities recognized by the Company and movement during the year:

	Intangible assets	Investment in content	Right-of-use assets	Unused tax loss	Financing costs	Other	Total
Balance at June 30, 2018	$ (651)	$ 775	$ -	$ 819	$ 6	$ (122)	$ 827
Change in accounting policy	-	(335)	-	-	-	-	(335)
Balance at July 1, 2018	(651)	440	-	819	6	(122)	492
Credit to retained earnings	-	726	-	-	-	-	726
Credit to equity	-	-	-	-	390	-	390
Credit (charge) to income	250	417	-	387	(57)	(415)	582
Balance June 30, 2019	**(401)**	**1,583**	**-**	**1,206**	**339**	**(537)**	**2,190**
Change in accounting policy	-	(507)	-	-	-	-	(507)
Balance June 30, 2019	**(401)**	**1,076**	-	**1,206**	**339**	**(537)**	1,683
Credit (charge) to income	73	(753)	171	5	(78)	478	(104)
Balance June 30, 2020	**$ (328)**	**$ 323**	**$ 171**	**$ 1,211**	**$ 261**	**$ (59)**	**$ 1,579**

The category "other" includes temporary differences on property and equipment, capital leases, accrued liabilities and investment in associates.

The deferred tax balances have been reflected in the consolidated statement of financial position as follows:

	Intangible assets	Investment in content	Right-of-use assets	Unused tax loss	Financing costs	Other	Total
Deferred tax assets	$ -	$ 5,842	$ 120	$ 1,211	$ 261	$ 856	$ 8,290
Deferred tax liabilities	(328)	(5,519)	51	-	-	(915)	(6,711)
Total	**$ (328)**	**$ 323**	**$ 171**	**$ 1,211**	**$ 261**	**$ (59)**	**$ 1,579**

In assessing the realization of the Company's deferred tax assets, management considers whether it is probable that sufficient taxable profits will be available against which the deferred tax assets can be applied in future periods. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company has the following unrecognized deferred tax assets and unused tax loss carryforwards for which no deferred tax asset is recognized in the consolidated statement of financial position:

	2020	2019
Non-capital losses	$ 488	$ 488
Capital loss on disposition of investment	779	779
Other	57	57
Total assets not recognized	**$ 1,324**	**$ 1,324**

As at June 30, 2020, the Company has non-capital loss carryforwards of $4,151 (2019 - $3,257), which are available to offset future taxable income. These non-capital loss carryforwards expire between fiscal 2030 and 2040.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial assets and liabilities are classified and measured as follows:

Financial instrument	Category	Measurement
Cash and cash equivalents	Amortized cost	Amortized cost
Trade receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Interim production financing	Amortized cost	Amortized cost
Long-term debt	Amortized cost	Amortized cost
Redeemable preferred shares	Amortized cost	Amortized cost

The carrying value of the financial instruments approximates fair value due to their short term to maturity.

The categories of the fair value hierarchy that reflect the inputs to valuation techniques used to measure fair value are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: inputs for the asset or liability based on unobservable market data.

The Company's cash and cash equivalents are transacted in active markets and have a hierarchy of Level 1. The carrying amounts reported on the consolidated financial statements for cash and cash equivalents, trade receivables, accounts payable and accrued liabilities approximate their fair values due to their immediate or short-term nature and are classified as Level 2. The carrying value of interim production financing and long-term debt approximates their fair value as the interim production financing and debt bear interest at rates that fluctuate with market rates and are classified as Level 2.

The Company's Class A (formerly Class B Series 2) redeemable preferred shares are classified as Level 3. The redeemable preferred shares have a liability and equity component. The fair value of liability component was determined by discounted cash flows from expected future dividend payments using a rate of 8%.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

The Company is exposed to credit risk, liquidity risk and market risk in the normal course of operations. The Company does not use derivative instruments to reduce its exposure.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework and monitors risk management activities. The Company identifies and analyzes the risks faced by the Company and may utilize financial instruments to mitigate these risks.

Credit risk
The Company is subject to credit risk with respect to cash and cash equivalents and trade receivables and production financing. Production financing receivable is mainly with Canadian broadcasters and large international distribution companies. For certain arrangements with licensees, the Company is considered the agent, and only reports the revenue net of the licensor's share. When the Company bills a third party in full where it is an agent for the licensor, the Company records an offsetting amount in accounts payable to the licensee when the amount is collected from a third party. This reduces credit risk, as the Company is only exposed to the amounts receivable related to the revenue it records.

(in thousands of Canadian dollars, except for amounts per share and as noted)

At June 30, 2020, two broadcasters/distributors individually accounted for more than 10% of the trade and production financing receivables. Receivables from these broadcasters/distributors accounted for 71% of the total trade and financing receivables.

All cash and cash equivalents balances are held at major Canadian banking institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking harm to the Company's reputation.

The Company expects to satisfy obligations through cash flows from operations and new financing. The timing of cash outflows relating to the financial liabilities is outlined below:

	Less than 1 year	1 to 5 years	Greater than 1 year	Total
Accounts payable and accrued liabilities	$ 7,708	$ -	$ -	$ 7,708
Income taxes payable	1,131	-	-	1,131
Interim production financing	42,420	-	-	42,420
Deferred revenue	14,999	-	-	14,999
Obligations under leases	5,419	8,792	12,651	26,862
Redeemable preferred shares	74	1,423	-	1,497
	$ 71,751	**$ 10,215**	**$ 12,651**	**$ 94,617**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and government assistance risk, will affect the Company's net income (loss) and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i. **Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its interim production financing which bears a floating interest rate. Based on the average carrying value of these facilities, a fluctuation in interest rates of 1% would represent approximately a $435 change to net earnings for the year ended June 30, 2020 (2019 - $439). The Company has no interest rate hedges or swaps outstanding at June 30, 2020.

ii. **Foreign currency exchange risk**

Foreign currency exchange risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's activities which expose it to currency risk involve the holding of foreign currencies as well as earning revenues and incurring expenses that are denominated in foreign currencies. The Company has not engaged in any foreign exchange hedging activities to date; however, the Company mitigates its currency exchange risk by entering into natural hedges whereby foreign currency liabilities are offset by assets pledged in the same foreign currency. For the year ended June 30, 2020, revenue denominated in US dollars accounted for 38% (2019 - 30%) of total revenue and revenue denominated in GBP accounted for 2% (2019 – 7%) of total revenue. As at June 30, 2020, a 5% fluctuation in the US dollar exchange rate would have an impact of approximately $779 (2019 - $701) on net earnings and a 5% fluctuation in the GBP exchange rate would have an impact of approximately $50 (2019 - $204) on net earnings.

(in thousands of Canadian dollars, except for amounts per share and as noted)

The Company is also exposed to foreign exchange risk on its cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and interim production financing that are denominated in US dollars. A 5% fluctuation in the US dollar closing rate would result in a change to net earnings for the year ended June 30, 2020 of approximately $178 (2019 - $207).

19. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility in order to pursue its strategy of organic growth combined with strategic acquisitions, and to maximize the return to shareholders through the optimization of a reasonable debt and equity balance commensurate with current operating requirements. The Company defines capital as the aggregate of its shareholders' equity and long-term debt less cash and cash equivalents.

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

The Company expects that its current capital resources will be sufficient to carry out operations beyond its current reporting period. The overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2019.

20. RELATED PARTY TRANSACTIONS

	2020	2019
Dividends[1]	$ 8	$ 184
Producer and consulting fees[2]	446	245
Revenue[3]	(651)	-
Transaction fee[4]	-	378
Other	53	49
	$ (144)	**$ 856**

[1]Paid to directors and key management personnel and companies owned by directors and key management personnel.
[2]Paid to companies owned by directors and the President.
[3]Received from a company owned by a director and the President.
[4]In connection with the RTO Transaction (note 4) 188,777 common shares with a deemed value of $378 were issued to a company owned by a director.

At June 30, 2020, $652 (2019 - $55) was due from a company owned by a director and the President; $19 (2019 – $64) was payable to companies owned by directors; and $724 (2019 - $77) was payable to a director and the CEO and a director and the President.

The related party transactions are made on terms equivalent to those that prevail in arm's length transactions. At June 30, 2020, $652 of amounts due from a company owned by a director and the President carried interest at prime plus 1%. All other outstanding balances at the period-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables/payables.

(in thousands of Canadian dollars, except for amounts per share and as noted)

Key Management Personnel Compensation

Key management includes all directors, as well as the Executive Chair, Vice Chair, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and President. The remuneration of directors and officers is as follows:

		2020		2019
Short-term benefits	$	3,208	$	2,875
Share-based payments (note 14)		368		792
	$	**3,576**	**$**	**3,667**

21. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has commitments related to lease obligations which are disclosed in note 12.

Litigation

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.

22. SUPPLEMENTAL CASH FLOW INFORMATION

The following table reconciles the changes in non-cash working capital as disclosed in the consolidated statement of cash flows:

		2020		2019
Operating activities				
Changes in non-cash working capital				
Accounts receivable	$	2,035	$	(7,393)
Income taxes recoverable		(861)		215
Accounts payable and accrued liabilities		508		(3,441)
Income taxes payable		45		(1,442)
Deferred revenue		(266)		3,293
	$	**1,461**	**$**	**(8,768)**

The following table reconciles the changes in liabilities arising from financing activities as disclosed in the consolidated statement of cash flows:

			Cash flows from (used in)				Non-cash changes				
		Balance June 30, 2019		**Proceeds**		**Repayments**		**Disposal**		**Foreign exchange movements**		**Balance June 30, 2020**

		Balance June 30, 2019		Proceeds		Repayments		Disposal		Foreign exchange movements		Balance June 30, 2020
			Cash flows from (used in)				**Non-cash changes**					
Interim production financing	$	48,371	$	49,328	$	(55,612)	$	-	$	333	**$**	**42,420**
Current portion of long-term debt	$	1,433	$	-	$	(1,433)	$	-	$	-	**$**	**-**
Long-term debt[1]	$	504	$	13	$	(517)	$	-	$	-	**$**	**-**
Lease obligations – current[2]	$	3,653	$	3,941	$	(2,179)	$	-	$	4	**$**	**5,419**
Lease obligations – long-term[2]	$	16,434	$	9,110	$	(3,991)	$	(116)	$	6	**$**	**21,443**

[1]Included in cash flows of long-term debt is $13 in proceeds and $517 in repayments related to discontinued operation.
[2]Adjusted for the adoption of IFRS 16 (note 3(u)). Included within proceeds of obligations under leases is $12,004 of non-cash property and equipment additions related to leases.

(in thousands of Canadian dollars, except for amounts per share and as noted)

Additional supplemental cash flow information:

	2020	2019
Interest and debt service costs paid	$ 1,832	$ 1,747
Income taxes paid	$ 2,290	$ 2,849

23. FINANCE COSTS, NET

	2020	2019
Dividends on redeemable preferred shares	$ 74	$ 74
Interest on loans	651	847
Interest on lease obligations[1]	1,095	153
Interest income	(580)	(342)
	$ 1,240	**$ 732**

[1]Included in interest on lease obligations for the year ended June 30, 2020 is interest related to non-finance leases of $913 (year ended June 30, 2019 - nil).

24. EXPENSES BY NATURE

The following sets out the expenses by nature:

	2020	2019
Direct operating[1]		
Direct costs	$ 34,872	$ 23,663
Amortization of investment in content	16,172	9,292
Development expenses and other	114	114
	51,158	33,069
General and administrative		
Salaries, employee benefits and contractors	9,615	8,601
Office and administrative	3,172	2,769
Legal and professional	732	1,295
	13,519	12,665
Amortization of property and equipment and intangible assets		
Amortization of property and equipment and intangible assets	1,834	3,190
Amortization of right-of-use assets	5,796	-
	7,630	3,190
Distribution and marketing	1,410	1,709
Share-based compensation	683	1,521
Finance costs, net	1,240	732
Foreign exchange gain	(65)	(680)
Charge relating to public company listing	-	5,316
	$ 75,575	**$ 57,522**

[1]Costs related to investment in content.

25. SUBSEQUENT EVENTS

On June 29, 2020, the Company entered into a short-term rental agreement for studio and office space for use by one of its television productions. The lease has an occupancy date starting on July 12, 2020 with an average weekly base rent of approximately $45. The total base rent payable over the lease period is approximately $1,673.

On September 22, 2020, a former director of the Company exercised a total of 1,000,000 stock options at a price of $1.25 per option for gross proceeds of $1,250.

On August 24, 2020, 20,000 stock options were exercised at a price of $0.50 for gross proceeds of $10.

On September 29, 2020, 3,000 warrants were exercised at a price of $2.00 for gross proceeds of $6.

On October 8, 2020, 10,587 warrants were exercised at a price of $2.00 for gross proceeds of $21.