1 2019

QUARTER

THREE MONTHS ENDED MARCH 31 2019

Share Information

At May 28, 2019, the Company had 32,024,314 common shares outstanding and stock options exercisable for 1,783,520 additional common shares and warrants exercisable into 300,000 common shares.

Investor Information

All financial reports, news releases and corporate information can be accessed on our website at www.wowunlimited.co

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is dated May 28, 2019 and is intended to assist in understanding the results of operations and financial condition of Wow Unlimited Media Inc. as at and for the three months ended March 31, 2019 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the three months ended March 31, 2019 and other public disclosure documents of Wow Unlimited Media Inc., including its previously filed December 31, 2018, annual consolidated financial statements.

Past performance may not be indicative of future performance. Unless otherwise noted, all amounts are reported in Canadian dollars, the Company's functional currency, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Throughout the MD&A reference to "Wow Unlimited" or the "Company" refers to Wow Unlimited Media Inc. and its subsidiary entities.

Additional information, including the Company's Annual Information Form (the "AIF") and other publicly filed documents relating to the Company are available through the internet on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A, and in certain documents incorporated by reference in this MD&A, constitute "forward looking information" and "forward looking statements" (together, "forward-looking statements") within the meaning of applicable Canadian securities laws. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions are often used to identify forward looking statements. These statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events, and include, but are not limited to statements relating to the Company's objectives, priorities, strategies, actions, targets, expectations, outlook and the Bell Media Transaction (as defined herein). By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. In evaluating these statements, a reader should specifically consider various factors; including the risks outlined in this MD&A under the heading "*Risks and Uncertainties*" which may cause actual results to differ materially from any forward looking statement.

The forward looking statements contained herein reflect management's current expectations and beliefs and are based upon certain assumptions that management believes to be reasonable based on the information currently available. Such assumptions include, but are not limited to: (i) general economic conditions, (ii) the expected actions of third parties, (iii) the ability of the Company to identify content development and production opportunities, (iv) the ability of Frederator Network to identify and obtain new channels, (v) the ability of the Company to raise capital, and (vi) the Company's future growth prospects and business opportunities. Should one or more of the risks or uncertainties identified herein materialize, or should the assumptions underlying the forward looking statements prove to be incorrect, then actual results may vary materially from those described herein.

Readers are cautioned not to place undue reliance on forward looking statements. Except as required by applicable securities laws, we do not intend, and do not assume any obligation, to update the forward looking statements contained herein.

NON-IFRS FINANCIAL MEASURES

In addition to results reported in accordance with IFRS, the Company reports using certain non-IFRS financial measures as supplemental indicators of the Company's financial and operating performance. These non-IFRS financial measures include *operating profit or loss*, *operating profit or loss per share* and *operating EBITDA.* The Company believes these supplemental financial measures reflect the Company's on-going business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in its business.

The Company defines *operating profit or loss* as net profit or loss excluding the impact of specified items affecting comparability, including, where applicable, share of gain or loss of equity accounted investees, other non-operational income and expenses, deferred taxes and other gains or losses. The use of the term "non-operational income and expenses" is defined by the Company as those that do not impact operating decisions taken by the Company's management and is based upon the way the Company's management evaluates the performance of the Company's business for use in the Company's internal management reports. *Operating profit or loss per share* is calculated using diluted weighted average shares outstanding and does not represent actual profit or loss per share attributable to shareholders. The Company believes that the disclosure of operating profit or loss and operating profit or loss per share allows investors to evaluate the operational and financial performance of the Company's ongoing business using the same evaluation measures that management uses, and is therefore a useful indicator of the Company's performance or expected performance of recurring operations.

The Company defines *operating EBITDA* as profit or loss net of amortization of investment in film and television programming, but before interest, taxes, depreciation and amortization, adjusted for certain items affecting comparability as specified in the calculation of operating profit or loss. Operating EBITDA is presented on a basis consistent with the Company's internal management reports. The Company discloses operating EBITDA to capture the profitability of its business before the impact of items not considered in management's evaluation of operating performance. Unless otherwise stated, the Company includes the amortization of investment in film and television programming in the calculation of operating EBITDA.

The Company defines *backlog* as the undiscounted value of signed agreements for production services and intellectual property ("IP") in relation to licensing and distribution agreements for work that has not yet been performed, but for which the Company expects to recognize revenue in future periods. Backlog excludes estimates of variable consideration for transactions involving sales or usage-based royalties in exchange for licences of intellectual property. The extent of eventual revenue recognized in future periods may be materially higher or lower than this amount, depending upon factors which include, but are not limited to the following: (i) contract modifications, (ii) fluctuations in foreign exchange rates for contracts not denominated in Canadian dollars, (iii) changes to production and delivery schedules, or (iv) valuation issues in connection with the collectability of fees.

Operating profit or loss, operating profit or loss per share, operating EBITDA, and backlog do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. The Company cautions readers to consider these non-IFRS financial measures in addition to, and not as an alternative for, measures calculated in accordance with IFRS.

COMPANY PROFILE

Wow Unlimited is creating a leading next generation kids and youth entertainment business by focusing on creating top-end content, and by building and partnering with the most engaging platforms. The Company's key assets include: Frederator Networks Inc. ("Frederator"), which includes, Channel Frederator Network, the world's #1 digital animation network, Frederator Studios, an animation production company, as well as video-on-demand ("VOD") channels on digital platforms; and one of Canada's largest, multi-faceted animation production studios, Mainframe Studios, which produces computer-generated animated television series and long-form animated features. The Company operates out of offices in Toronto, New York, Vancouver and Los Angeles. The common voting shares of the Company (the "Common Voting Shares") and variable voting shares of the Company (the "Variable Voting Shares") are listed on the TSX Venture Exchange (the "TSX-V") (TSX-V: WOW) and the OTCQX Best Market (OTCQX: WOWMF) and its CEO and board chairman is Michael Hirsh.

The Company's business is managed in two operating segments:

Animation Production

Through its production studio operations in both Canada and the United States, the Company provides animation services on a work-for-hire basis as well as financing and producing its own intellectual property for licensing and distribution. The Company's principal customers are traditional film and television studios, distributors, toy companies, toy brand owners, broadcasters and other streaming service providers.

Networks and Platforms

The Company operates a diverse animated multi-channel network on the *YouTube* platform from which it generates revenue streams. In addition, the Company owns various proprietary channels on the same platform generating a stream of advertising-on-demand revenues. The Company has also entered into the business of subscription video-on-demand through a channel it operates in the United States. In addition, the Company has strategically partnered with Bell Media to be the exclusive curator of kids programming for Crave TV, Canada's leading streaming service. In conjunction with the strategic partnership with Bell Media, the Company also executed an amended agreement to purchase a broadcasting license from Bell Media and is currently formalizing a business plan for the use of the license. See *Financial and Operational Highlights* for further details.

OVERVIEW OF RESULTS

On January 1, 2019, the Company adopted IFRS 16 – *Leases* ("IFRS 16") which supersedes IAS 17 - *Leases* ("IAS 17") and IFRIC 4 – *Determining Whether an Agreement Contains a Lease* ("IFRIC 4"). Under IFRS 16, most leases are recognized on the statement of financial position as right-of-use assets within property, plant and equipment, with a corresponding lease liability. Under IFRS 16, expenses related to these leases have been recorded in the statement of comprehensive loss as depreciation expense and finance costs whereas under IAS 17, operating lease expenses were recorded in operating costs.

The Company adopted IFRS 16 using a modified retrospective approach whereby the standard has been applied from January 1, 2019 and comparative historical information from prior periods has not been restated and continues to be reported under IAS 17. The cumulative effect of the initial adoption of IFRS 16 did not have an impact on accumulated deficit. Refer to the table in the *Adoption of New Accounting Policies* section for a summary of the transitional impacts as at January 1, 2019.

Results of operations

$000's, except per share amounts	For the three months ended March 31, 2019	March 31, 2018
Revenue	**$ 19,496**	**$ 15,663**
Operating EBITDA[1]	(1,814)	822
Operating loss[1]	(3,267)	(292)
Operating loss per share		
- basic and diluted	$ (0.11)	$ (0.01)
Net loss	**$ (3,392)**	**$ (162)**
Net loss per share		
- basic and diluted	$ (0.11)	$ (0.01)
Weighted average number of shares outstanding:		
- basic and diluted	30,185,577	25,178,604

[1]Operating EBITDA and operating loss include amortization of investment in film and television programming. Refer to discussion under Consolidated Results for a reconciliation of Operating EBITDA and Operating loss to Net loss.

Financial position

$000's	March 31, 2019	December 31, 2018
Financial position		
Total assets	$ 82,310	$ 70,187
Total current assets	32,296	30,570
Total non-current assets	50,014	39,616
Convertible debentures	4,030	3,988
Total liabilities	60,571	44,917
Shareholders' equity	21,739	25,270

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Strategic partnership with Bell Media

On August 31, 2018, the Company executed an amended and restated asset purchase agreement (the "Bell Agreement") in connection with the acquisition of a Category B specialty service and the Canadian Radio-television and Telecommunications ("CRTC") broadcasting license (the “Broadcasting License”) from Bell Media by Wow Unlimited Networks Inc. (“Wow Networks”), a wholly-owned subsidiary of the Company. Pursuant to the terms of the Bell Agreement, in exchange for the issuance of an aggregate of 3,433,446 common voting shares in the capital of the Company, the Company acquired the exclusive option to receive the Broadcasting License. The fair value of the common voting shares exchanged was $4,120,135 and was based on the closing price of the Company's shares on the TSX-V on August 31, 2018, of $1.20 per share. The Option can be exercised for nominal consideration at any time prior to December 31, 2018, and the license shall be conveyed to the Company within 90 days of exercise. If the Company does not exercise the option before such date, it will be deemed to have exercised the option as of December 31, 2018 and the Broadcasting License will be automatically conveyed to Wow Networks on April 1, 2019. On March 12, 2019, the Company announced the extension of the last date upon which WOW will be entitled to exercise, and if not exercised by such date will be deemed to have exercised, the exclusive option to acquire the Broadcasting Licence to May 31, 2019, and the last date upon which the transfer of the Broadcasting License will occur has been extended to August 30, 2019, provided that, at any time before June 30, 2019, Bell Media may set the date of transfer upon 60 days’ written notice.

The transaction was reviewed and approved by the: (i) CRTC on July 11, 2018; and (ii) TSX Venture Exchange on September 5, 2018. Pursuant to the CRTC’s decision, and as an additional cost to acquire the Broadcasting License, the Company is required to invest $687,000 over a seven-year period in equal annual payments on initiatives that will provide tangible benefits to the Canadian broadcasting system. The present value of the tangible benefits obligation, $558,745, has been capitalized as part of the Broadcasting License intangible asset, as a directly attributable cost of bringing the asset to its working condition.

Pursuant to the Bell Agreement, the Company and Bell Media have agreed to enter into a lock-up agreement pursuant to which, among other things, Bell Media will agree not to transfer or assign the shares received as consideration for a period of up to twenty-four months following the closing of the transaction.

Bell Media has further agreed to provide certain services to effect the transition of the broadcasting license and as partial consideration for such services, the Company issued 900,000 non-transferable Common Share purchase warrants (the "Bell Warrants"), which entitle Bell Media to acquire one Common Share per warrant for a period of three years from the date of issuance at an exercise price of $2.00. The Bell Warrants are subject to vesting, such that a pro rata portion of the warrants shall vest and become exercisable on the last day of each calendar quarter beginning on September 30, 2018.

The Company also announced that as part of the strategic partnership with Bell Media, the Company would be bringing kids programming for the first time to Crave, Canada’s leading streaming service. Over 200 hours of kids programming is now available to stream on Crave in three new collections, WOW! Preschool Playdate (targeted at kids aged 0-5), WOW! World Kids (ages 6-11) and WOW! High School Hall Pass (ages 11 - 13).

The Company intends to exercise its exclusive option to acquire the Broadcasting License from Bell Media on May 31, 2019, and the License will be conveyed to the Company no later than August 30, 2019. Given the current dynamics around the cable and satellite industry in Canada and the United States, the Company is focused on formulating a plan for the channel that will be financially attractive.

April 2019 private placement

Subsequent to the three months ended March 31, 2019, the Company completed a non-brokered private placement of its common voting shares and variable voting shares on April 4, 2019. The Company issued 1,838,737 common voting and variable voting shares for gross proceeds of $2,022,610 at an issuance price of $1.10 per share.

OPERATIONAL HIGHLIGHTS

- Production of season 3 of the series *Castlevania* commenced in Q4 2018, with delivery set for late 2019.
- Animated series *Costume Quest* completed production and was delivered in Q1 2019. The *Costume Quest Christmas Special* is currently in production, with delivery set for late 2019.
- Season 2 of the series *Bee & Puppy Cat* is currently in production, with delivery set for late 2019.
- Channel Frederator Network continues to enjoy growth. Statistics from YouTube's Content Management System show that Channel Frederator Network had grown to 3,151 channels as at March 31, 2019. Channel Frederator Network also attracted a total of 14.2 billion views for the three months ended March 31, 2019, representing a 25% increase over the prior quarter.
- Continuing the long-standing relationship between Mattel and Mainframe Studios, in the third quarter of 2018 the studio also began production on season 2 of *Barbie Dreamhouse Adventures*. The second season will consist of an additional 26-episodes and the final episode is expected to be delivered in early 2020.
- Season 5 of the series *Octonauts,* comprising 28 episodes of 11 minutes each, for Silvergate Media, continues in production. In addition, during the third quarter of 2018 the Company began production on a 3-episode special (70 minutes, 70 minutes, and 44 minutes) for *Octonauts* which has an expected delivery date of the final episode during the fourth quarter of 2019.
- During the third quarter of 2018, the Company also began production of the animated series *Made by Maddie,* comprising 80 episodes of 11 minutes each, for Silvergate Media. *Made by Maddie* is set in the heart of New York and follows a little girl, Maddie, with big ideas and a passion for fashion. The final episode of the series is expected to be delivered during the first half of 2021.

CONSOLIDATED RESULTS

$000's		For the three months ended March 31, 2019		March 31, 2018
Revenue	**$**	**19,496**	**$**	**15,663**
Amortization of investment in film and television programming	**$**	**365**	**$**	**947**
Operating EBITDA	**$**	**(1,814)**	**$**	**822**
Finance costs		449		353
Depreciation and amortization[1]		1,004		761
Operating loss		(3,267)		(292)
Items affecting comparability:				
Share-based compensation expense		125		261
Deferred income tax recovery		–		(391)
		125		(130)
Net loss	**$**	**(3,392)**	**$**	**(162)**

[1] Excludes amortization of investment in film and television programming

Revenue and Operating EBITDA

Revenue for the three months ended March 31, 2019, increased by $3.8 million compared to the same period in 2018. For the three months ended March 31, 2019, revenues for the Networks and Platforms segment increased by $8.5 million and revenues for the Animation Production segment decreased by $4.7 million in comparison to the same period in 2018. The growth in revenues for the Networks and Platforms segment for the three months ended March 31, 2019, was driven by increased views and revenues generated by Channel Frederator. Revenue for the Animation Production segment for the three months ended March 31, 2018, was higher in comparison to the same period in 2019 as a result of the recognition of revenue from the licensing of international SVOD rights for *Reboot: The Guardian Code* during the three months ended March 31, 2018.

Operating EBITDA for the three months ended March 31, 2019, decreased by $2.6 million compared to the same period in 2018. The higher operating EBITDA for the three months ended March 31, 2018 was driven by gross margin on the revenue from *Reboot: The Guardian Code,* as noted above. In addition, for the three months ended March 31, 2019, the Company incurred higher legal and accounting costs compared to the previous quarter which was offset by a decrease in operating costs as a result of adopting IFRS 16, the new lease accounting standard during the current quarter.

Amortization of investment in film and television programming

Amortization of investment in film and television programming during the three months ended March 31, 2019, was $0.4 million compared to $0.9 million for the three months ended March 31, 2018. The increased amortization of investment in film and television for the three months ended March 31, 2018, were higher primarily as a result of the amortization of the US distribution rights of *Bravest Warriors,* season 4, which began airing in the United States on Frederator’s Cartoon Hangover Channel via Ellation’s VRV platform in the first quarter of 2018.

Finance costs

$000's		For the three months ended March 31, 2019		March 31, 2018
Finance expense:				
Interest expense on interim production financing	$	265	$	237
Interest expense on bank indebtedness		9		–
Interest and accretion on convertible debentures		128		128
Interest accretion on lease obligations		172		19
Interest accretion on tangible benefit obligation		8		–
Interest capitalized to investments in film and television programming		(133)		(31)
	$	**449**	**$**	**353**

The increase in overall finance costs of $0.1 million for the three months ended March 31, 2019, is largely due to the interest accretion on lease obligations which increased as a result of the adoption of IFRS *16*. In addition, there was an increase in interest expense on interim production financing driven by additional production loans entered into during the beginning of 2019 as a result of work on additional new projects.

Depreciation and amortization

$000's		For the three months ended March 31, 2019		March 31, 2018
Property, plant and equipment	$	627	$	166
Other intangible assets		377		595
	$	**1,004**	**$**	**761**

Depreciation on property plant and equipment increased for the three months ended March 31, 2019, compared to the three months ended March 31, 2018, was primarily due to the adoption of IFRS 16 which resulted in an additional $0.3 million in depreciation expense during the quarter. The decline in amortization of other intangible assets is attributable to a decrease in the amortization of the animation network, which is amortized on a 50% declining basis each year.

Net loss and items affecting comparability

The comparison of financial results under IFRS between periods is hindered by the inclusion and variability of specified items that may not be indicative of the ongoing operational performance of the Company's ongoing business. For the three months ended March 31, 2019 and 2018, the net loss after adjusting for such items was $3.4 million and $0.2 million, respectively. The most significant of these specified items are discussed below.

Share-based compensation expense

Share-based compensation expense for the three months ended March 31, 2019, was $0.1 million compared to $0.3 million for the same period in 2018. The decrease in 2019 compared to the same period in 2018 is in line with expectations as the current period expense is entirely a result of the vesting of options issued in previous years.

Deferred income tax (recovery) expense

For the three months ended March 31, 2019, deferred income taxes were $nil compared to a recovery of $0.4 million for the three months ended March 31, 2018. As at March 31, 2019, and December 31, 2018, the Company was in a deferred income tax asset position with a full valuation allowance taken against the asset. As a result, there was no deferred income tax expense (recovery) for the quarter.

OUR BUSINESS MODEL

With the acquisition of Frederator on December 15, 2016, the Company diversified its sources of revenue. Prior to the acquisition, the primary source of revenue was production service contracts where revenues are earned over the term of the contract as the Company provides services. The Frederator business brings both additional production service revenues, and an additional operating segment that derives a significant portion of its revenues from advertising revenue collected primarily via the streaming and YouTube platform.

The Company's objective is to expand its business model such that it selectively invests and has ownership interests in certain films and television shows produced by the Company. Examples of this include projects such as *ReBoot: The Guardian Code,* which is wholly owned by the Company and financed by a production loan secured by various licensing and distribution contracts and government incentives, and *Castlevania,* which is wholly owned and financed largely through licensing to Netflix. These investments in intellectual property reflect management's view that one of the largest opportunities for growth of the Company lies in the ownership and exploitation of intellectual property across multiple viewing platforms.

In order to further diversify revenue and financing sources, the Company is also developing channels for content distribution. To this end, Channel Frederator Network received certification from the Canadian Audio-Visual Certification Office ("CAVCO") to have one of its YouTube channels approved as an online content destination for Canadian programming. The channel is one of only six online destinations to be sanctioned by CAVCO and it provides the creators of Canadian content with access to a broader Canadian and global audience, in addition to Canadian tax credits to support those programs.

The Company's production service business continues to provide a significant source of revenue and cash flow to the Company over the term of each contract.

Frederator consistently discovers top content creators and concepts both from its unique short films ("Shorts") development program as well as its animation network, Channel Frederator Network. It then works closely with those creators to develop, produce and distribute top-end content across multiple platforms worldwide. Frederator Studios, based in Burbank, California, has produced 16 hit series from approximately 250 short films through production service work. Its most successful television series include hits such as *Adventure Time* and *Fairly Odd Parents.* The studio continues to be in several discussions for content development and production services.

The investment and ownership model does not provide an immediate source of revenue, unlike the Company's production service business, as revenue is recognized upon the completion and delivery of the content. Further, the investment model requires sources of capital to be identified initially in order to fund projects, as cash from exploitation is generally not received until delivery or during the subsequent exploitation of the content. Management has implemented a policy to secure 100% of the financing necessary to fund the direct costs of production prior to commencing production.

Development and production costs that meet the criteria for capitalization as an intangible asset in accordance with IAS *38, Intangible Assets* are recorded on the statement of financial position until the film or television series is distributed and marketed and are periodically tested for potential impairment. Investment and ownership in films and television programming that we produce provides the Company with the ability to share in the success of the property but also exposes us to the risk of losses.

OUTLOOK

The Company continues to pursue and secure new opportunities in several key segments of the animation production and distribution industry. These include production service contracts in both the feature film and television markets. In addition, the Company remains focused on acquiring and investing in various intellectual properties that allow the Company to retain an ownership interest and share in future revenues, in a capital and risk efficient manner. In particular, the Company continues to pursue investment opportunities for theatrical films and TV programs that have strategic characteristics, such as committed distribution, key talent attachments, and successful brand awareness. The Company has been successful in retaining and attracting key management personnel. The continuity within our experienced leadership team remains a critical success factor in the outlook of the Company.

As at March 31, 2019, the Company's backlog was $69.2 million. Backlog represents the undiscounted value of signed agreements for production services contracts and intellectual property in relation to licensing and distribution agreements for work that has not yet been performed, but for which the Company expects to recognize revenue in future periods. Backlog excludes estimates of variable consideration for transactions involving sales or usage-based royalties in exchange for licences of intellectual property. The Company expects to recognize the majority of backlog as revenue over the next 30 months.

Channel Frederator Network is viewed by kids and youth audiences, primarily across mobile and gaming devices, providing the Company with a strong understanding of these 'digital-first' consumers. In addition to growing the network in 2019, the Company plans to leverage this understanding of digital consumers as well as its network and digital content development capabilities to build key partnerships with Advertising Video-on-Demand ("AVOD") and Subscription Video-on-Demand ("SVOD") platforms worldwide.

The unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019 and 2018 have been prepared using the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and settle its liabilities in the normal course of business. For the three months ended March 31, 2019, the Company had negative cash flows from operating activities of $5.1 million (March 31, 2018 – negative $4.2 million).

The Company's future operations are dependent upon many factors, including the ability to generate additional earnings and obtaining additional equity and/or debt financing in order to meet its planned business objectives. To that end, on June 11, 2018, the Company completed a non-brokered private placement of its common voting and variable voting shares for gross proceeds of $2.4 million. In addition, subsequent to March 31, 2019, the Company completed a non-brokered private placement of its common voting shares and variable voting shares on April 4, 2019, for gross proceeds of $2,022,610.

The Company will need to raise funds in the future through public or private equity and/or debt financings. This funding may not be available on acceptable terms, or at all, and may be dilutive to shareholder interests. If the Company is unable to generate positive cash flows or obtain adequate financing, the Company may need to curtail operations. These factors cast significant doubt on the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the carrying amounts on the condensed interim consolidated statement of financial position. Management continues to explore options to raise equity and debt financing.

Animation Production - Production services business

The Company continues to pursue and secure production service contracts as a significant component of its revenues and workflow. This includes contracts for theatrical films, DVD productions, as well as television series.

During the third quarter of 2018, Mainframe Studios began production for the second season of *Barbie Dreamhouse* which will consist of an additional 26 episodes. The final episode of the series is expected to be delivered in early 2020.

In a deal with Amazon Studios, the Company began production of *Costume Quest* in February 2017, based on the video game series by Double Fine productions and the world originally created by Tasha Sounart. Aimed at the kids market (6-11 year olds), *Costume Quest* is set in the fictional town of Auburn Pines where dark forces lurk in the shadows. The production is 26 x 11-minute episodes and was fully delivered in the first quarter of 2019. The *Costume Quest Christmas Special* is also currently in production, with delivery set for late 2019.

The Company began working with Silvergate Media in May 2017 on the production of season 5 of the series *Octonauts,* which will consist of 28 episodes, each 11 minutes in duration. In addition, during the third quarter of 2018, the Company also began production of a 3-episode special of *Octonauts* (70 minutes, 70 minutes, and 44 minutes) and an 80 x 11-minute episode series called *Made by Maddie.*

Animation Production - Intellectual properties

ReBoot: The Guardian Code

ReBoot: The Guardian Code, is comprised of 20 commercial half hours of hybrid live action and CG animation. Final delivery of this Canadian content series to the Canadian broadcaster was completed in December 2017, triggering revenue recognition and amortization of the asset. The Canadian broadcast premiere was in June 2018 and the international Netflix premiere was shortly thereafter.

Castlevania

Castlevania is based on the hit Konami video game and written by best-selling author and comic book icon Warren Ellis**.** *Castlevania* was the first proprietary production of Frederator Studios after the corporate reorganization and the four episodes of Season 1 debuted on Netflix in July 2017 to wide critical acclaim. The eight episodes of Season 2 were delivered to Netflix in October 2018. Season 3 of the popular series was also announced by Netflix and is currently in production with delivery expected in the fourth quarter of 2019.

Bravest Warriors – Season 4

Bravest Warriors was created by Pendleton Ward, the creator of *Adventure Time*, one of the most successful shows on Cartoon Network. Fifty-two 11-minute episodes were produced in a partnership with a third-party producer. Although a third-party distributor will distribute the production globally, the Company has bought-out the United States distribution rights, and season 4 had its initial episode debut on Frederator's SVOD channel, Cartoon Hangover, via Ellation Inc.'s VRV platform, in late 2017. The distribution rights have been capitalized as investment in film and television programming and amortized by the Company in accordance with its accounting policies.

The existing seasons of *Bravest Warriors* have almost 200 million views on Cartoon Hangover across the 24 episodes. *Bravest Warriors* won a Shorty Award and is a Webby Award Honoree.

Bee & Puppy Cat – Season 2

Bee & Puppy Cat is a 2D animated television show which originally debuted on YouTube and created significant audience appeal. The first 13-episode season of the series was produced by Frederator Studios with funding from a kick-starter campaign. The second season will consist of 13 x 22-minute episodes and will be produced in Los Angeles and Japan. Ellation, Inc. has acquired the rights to exclusively distribute the second season on their VRV platform through Frederator's SVOD channel, Cartoon Hangover, and is expected to debut late in 2019. The Company has retained the rights to distribute in Canada.

Networks and Platforms

As one of the key areas for future growth, Frederator Network continues to build its unique appeal to affiliate members with video tools, music rights and member programs targeting the animation and gaming communities.

The Company's owned & operated channels have experienced continued growth as a result of the increasing number of videos uploaded to the YouTube platform as well as the development of additional series concepts.

In September 2018, the Company became the exclusive curator of children's content on Crave, Canada's leading streaming service. Results to date have been positive and are consistent with the Company's commitment to build its brand within Canada.

The Company intends to exercise its exclusive option to acquire the Broadcasting License from Bell Media on May 31, 2019, and the License will be conveyed to the Company no later than August 30, 2019. Given the current dynamics around the cable and satellite industry in Canada and the United States, the Company is focused on formulating a plan for the channel that will be financially attractive.

RESULTS BY SEGMENT

	For the three months ended	
$000's	**March 31, 2019**	**March 31, 2018**
Revenue		
Animation Production	$ 5,487	$ 10,194
Networks and Platforms	14,009	5,469
Total revenue	$ 19,496	$ 15,663
Amortization of investment in film and television programming		
Animation Production	$ 301	$ 947
Networks and Platforms	64	–
Total amortization of investment in film and television programming	$ 365	$ 947
Segment profit (loss)		
Animation Production	$ (1,515)	$ 1,648
Networks and Platforms	(425)	(642)
Total segment profit (loss)	$ (1,940)	$ 1,006

Animation Production

Revenue for the Animation Production segment was $5.5 million for the three months ended March 31, 2019, compared to $10.2 million for the same period in 2018. The higher revenues for the three months ended March 31, 2018, compared to March 31, 2019, was primarily as a result of the recognition of the revenue from the licensing of international SVOD rights for *Reboot: The Guardian Code* during the three months ended March 31, 2018.

The amortization of investment in film and television programming for the three months ended March 31, 2019, was $0.3 million compared to $0.9 million for the three months ended March 31, 2018. The increase in amortization of investment in film and television for the three months ended March 31, 2018 were higher primarily as a result of the amortization of the US distribution rights of *Bravest Warriors,* season 4, which began airing in the United States on Frederator's Cartoon Hangover Channel via Ellation's VRV platform in the first quarter of 2018.

Segment profit (loss) was a loss of $1.5 million for the three months ended March 31, 2019, compared to a segment profit of $1.6 million for the same period in 2018. The higher segment profit for the three months ended March 31, 2018, was driven by revenue from *Reboot: The Guardian Code,* as noted above, net of accrued costs and amortization and slightly offset by lower operating costs for the three months ended March 31, 2019 as a result of the adoption of IFRS 16 during the current quarter.

Networks and Platforms

Revenue earned in the Networks and Platforms segment was $14.0 million for the three months ended March 31, 2019, compared to $5.5 million for the three months ended March 31, 2018. The increase in revenue for the three months ended March 31, 2019, compared to the same period in 2018 was due to increased advertising revenue driven by a higher number of views on the channels within Channel Frederator. Segment profit for the Networks and Platforms segment was a loss of $0.4 million for the three months ended March 31, 2019, compared to $0.6 million for the same period in 2018. The increase in revenue did not increase segment operating results significantly due to the Company's strategy to grow this segment. The Company continues to invest in building content and audience on the YouTube platform including expanding its reach to the gaming market, as well as investing in content for the VRV platform and Crave TV. Results from this segment are primarily generated through the Channel Frederator Network. As discussed previously under *Operational Highlights*, Channel Frederator Network continues to enjoy growth in both views and channels added over the course of the year which has resulted in increases to revenue.

QUARTERLY FINANCIAL DATA (UNAUDITED)

Cumulative prior period information in the following tables have been restated for purchase price allocation adjustments relating to the acquisition of Frederator.

	For the three months ended			
$000's	**Mar 31, 2019**	**Dec 31, 2018**	**Sep 30, 2018**	**Jun 30, 2018**
Revenue	**$ 19,496**	**$ 28,984**	**$ 17,711**	**$ 16,270**
Operating EBITDA[1]	(1,814)	(920)	(1,502)	(1,230)
Operating loss	(3,267)	(1,875)	(2,659)	(2,311)
Net loss	**$ (3,392)**	**$ (1,429)**	**$ (3,051)**	**$ (2,080)**
Basic net loss per share	$ (0.11)	$ (0.05)	$ (0.11)	$ (0.08)
Diluted net loss per share	$ (0.11)	$ (0.05)	$ (0.11)	$ (0.08)

	For the three months ended			
	Mar 31, 2018	**Dec 31, 2017**	**Sep 30, 2017**	**Jun 30, 2017**
Revenue	**$ 15,663**	**$ 16,675**	**$ 11,720**	**$ 10,399**
Operating EBITDA[1]	822	(864)	(664)	(150)
Operating loss	(292)	(2,226)	(1,970)	(1,487)
Net (loss) profit	**$ (162)**	**$ 251**	**$ (1,620)**	**$ (2,252)**
Basic net (loss) profit per share	$ 0.01	$ 0.01	$ (0.06)	$ (0.09)
Diluted net (loss) profit per share	$ 0.01	$ 0.01	$ (0.06)	$ (0.09)

(1) Refer to *Reconciliations* for a reconciliation of operating EBITDA and operating (loss) profit to net (loss) profit.

The growth in revenues during the three quarters of 2017 was a result of the growth in revenues in the Networks and Platforms segment as a result of increased views generated by Channel Frederator as well as the delivery of all 20 episodes of *ReBoot: The Guardian Code*.

The decreases in operating EBITDA in the third and fourth quarter of 2017 were a result of increased operating expenses, primarily as a result of recording reserves against the collection of future tax credit receivables in addition to higher corporate costs.

The improvement of operating EBITDA in the first quarter of 2018 was due to the recognition of revenue and related gross margin from the Distributor's licensing of the worldwide SVOD rights to *Reboot: The Guardian Code* during the quarter.

The second and third quarters of 2018 saw a decrease in operating EBITDA as a result of higher corporate costs and professional fees in addition to higher affiliate costs and lower margins in the Networks and Platforms segment as a result of the Company's strategy to grow this segment, including investing in new content for YouTube, the VRV platform and Crave.

The increase in operating EBITDA in the fourth quarter of 2018 was a result of increased EBITDA in the Animation Production segment as a result of the delivery of *Castlevania,* season 2 during the quarter.

The decrease in operating EBITDA during the first quarter of 2019 was a result of higher legal and accounting fees incurred during the quarter compared to previous quarters slightly offset by a decrease in operating costs as a result of adopting IFRS 16.

RECONCILIATIONS

The following tables reconcile operating EBITDA and operating loss to net (loss) profit for the last eight quarters. Cumulative prior period information in the following tables has been restated for changes in accounting policies and for purchase price allocation adjustments relating to the acquisition of Frederator.

	For the three months ended			
$000's	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018
Operating EBITDA	**$ (1,814)**	**$ (920)**	**$ (1,502)**	**$ (1,230)**
Finance costs	449	165	359	300
Depreciation and amortization[1]	1,004	790	798	781
Operating loss	(3,267)	(1,875)	(2,659)	(2,311)
Items affecting comparability:				
Share-based compensation expense	125	138	183	217
Deferred income tax (recovery) expense	–	(584)	209	(448)
	125	(446)	392	(231)
Net loss	**$ (3,392)**	**$ (1,429)**	**$ (3,051)**	**$ (2,080)**

[1] Excludes amortization of investment in film and television programming which has been included in operating EBITDA above.

	For the three months ended			
$000's	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017
Operating EBITDA	**$ 822**	**$ (864)**	**$ (664)**	**$ (150)**
Finance costs	353	141	114	100
Depreciation and amortization[1]	761	1,221	1,192	1,237
Operating loss	(292)	(2,226)	(1,970)	(1,487)
Items affecting comparability:				
Share-based compensation expense	261	325	385	453
Deferred income tax (recovery) expense	(391)	(2,802)	(735)	312
	(130)	(2,477)	(350)	765
Net (loss) profit	**$ (162)**	**$ 251**	**$ (1,620)**	**$ (2,252)**

[1] Excludes amortization of investment in film and television programming which has been included in operating EBITDA above.

LIQUIDITY AND CAPITAL RESOURCES

The Company’s liquidity requirements can be met through a variety of sources. Borrowings against tax credits earned and contracts from both service productions and the production of our own content are a key source of operational financing. Other sources include generating cash from operations, entering into leases, issuance of convertible debentures, or the issuance of common shares or common share purchase warrants. Sources of funding for IP include production financing facilities secured by licensing agreements. The Company’s policy is to identify sources of funding for 100% of the direct costs of proprietary productions prior to the commencement of production. The Company manages liquidity risk by continuously monitoring actual and forecast cash flows, drawing upon available facilities and using lease financing.

The condensed interim consolidated financial statements for the three months ended March 31, 2019 and 2018 have been prepared using the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and settle its liabilities in the normal course of business.

See *Outlook* section for factors which cast significant doubt on the Company’s ability to continue as a going concern. For the three months ended March 31, 2019, the Company had negative cash flows from operating activities of $5.1 million (three months ended March 31, 2018 – negative $4.2 million). As at March 31, 2019, the Company had a cash balance of $3.0

million and $8.5 million in additional unutilized credit facilities available by way of interim production loans secured against refundable tax credits and sales contracts. In addition, the Company had $1.7 million in credit facilities available under a CAD line of credit, of which $1.5 million was drawn as at March 31, 2019.

A summary of the Company's cash flows for the three months ended March 31, 2019 and 2018 is as follows:

	For the three months ended	
$000's	**March 31, 2019**	**March 31, 2018**
Cash used in operating activities	$ (5,137)	$ (4,170)
Cash generated by financing activities	4,369	1,820
Cash used in investing activities	(45)	(20)
Net change in cash and cash equivalents	(813)	(2,370)
Effect of foreign exchange on cash and cash equivalents	(22)	41
Cash and cash equivalents, begininng balance	3,863	6,354
Cash and cash equivalents, ending balance	$ 3,028	$ 4,025

Cash flows from operating activities

	For the three months ended	
$000's	**March 31, 2019**	**March 31, 2018**
Cash provided by (used in) operating activities before changes in non-cash working capital	$ (1,398)	$ 1,409
Investment in film and television programming	(2,409)	(1,744)
Funding received for investment in film and television programming	67	–
Changes in non-cash working capital:		
Trade and other accounts receivable	(1,622)	(4,315)
Other assets [1]	(512)	(210)
Accounts payable and accrued liabilities	(1,284)	2,121
Deferred revenue	2,021	(1,437)
Other liabilities [2]	–	6
Cash used in operating activities	$ (5,137)	$ (4,170)

[1] Other assets include prepaid expenses, other financial assets, and deposits and other assets.

[2] Other liabilities include other current liabilities, other financial liabilities, and other non-current liabilities.

Cash flows from operating activities for the three months ended March 31, 2019, used $5.1 million in cash compared to using cash of $4.2 million for the same period in 2018.

Investment in film and television programming decreased cash by $2.4 million for the three months ended March 31, 2019, compared to $1.7 million for the three months ended March 31, 2018. Expenditures for the three months ended March 31, 2019, primarily relate to the costs incurred on *Castlevania,* season 3 and *Bee & Puppy Cat*, season 2 while the expenditures for the three months ended March 31, 2018, primarily relate to costs incurred on *Castlevania*, season 2.

Significant changes in the components of non-cash working capital are discussed below:

The Company recognizes the benefit of refundable tax credits earned from eligible labour expenditures on its productions in Canada as the labour expenditures are incurred as an increase to tax credits receivable and a decrease to operating expenses. This results in a decrease in cash flows from operating activities during the production of a film and before the tax return is filed and the refundable tax credits claimed. The filing of a tax return and subsequent receipt of the refundable tax credits result in an increase in cash flows from operating activities. Refundable tax credits earned are significant and therefore can have a large impact on our working capital balances. As the refundable tax credits are a significant component of our non-cash working capital balances, we finance them through production tax credit loans as discussed below under *Cash generated by financing activities.*

During the three months ended March 31, 2019, $nil in tax credit refunds were received compared to $0.3 million for the three months ended March 31, 2018. Tax credits earned for the three months ended March 31, 2019, were $2.7 million compared to $2.4 million for the same period in 2018. In addition, during the three months ended March 31, 2019, changes in trade and other receivables increased cash by $1.1 million compared to decreasing cash by $2.2 million for the same period in 2018.

The changes in accounts payable and accrued liabilities and other liabilities primarily relate to the timing of invoices received and paid.

Deferred revenue represents cash received from customers in excess of revenues earned to date on a production. The balance of deferred revenue generally increases during periods where there are more active productions and decreases when there are fewer productions. The change in deferred revenue for the three months ended March 31, 2019, generated operating cash flows of $2.0 million, compared to decreasing cash by $1.4 million for the same period in 2018, as a result of the timing of cash receipts. This reflects the stage of productions at March 31, 2019. Generally, the earlier in a production, the higher the deferred revenue, as invoices are issued in advance of work performed to ensure that cash is received before it is required to be paid.

Cash flows from financing activities

$000's	For the three months ended March 31, 2019	March 31, 2018
Proceeds from interim production financing, net of repayment	$ 4,838	$ 2,138
Interest paid	(269)	(169)
Repayment of lease obligations	(367)	(149)
Proceeds from bank indebtedness	6,075	–
Repayment of bank indebtedness	(5,908)	–
Cash generated by financing activities	$ 4,369	$ 1,820

The Company's interim production financing is secured by the tax credit receivables. Proceeds from interim production financing, less repayments, for the three months ended March 31, 2019, resulted in net proceeds of $4.8 million compared to net proceeds of $2.1 million for the same period in 2018. The higher cash proceeds during the three months ended March 31, 2019, compared to 2018, was a result of borrowing for new production service work which commenced during the quarter.

Interest paid on interim production loans, leases and convertible debentures during the three months ended March 31, 2019, was $0.3 million compared to $0.2 million for the same period in 2018. The increase was primarily a result of an increase on interest paid on leases as a result of the adoption of IFRS 16.

Principal repayments on leases during March 31, 2019, was $0.4 million compared to $0.1 million for the three months ended March 31, 2018. The increase was primarily a result of the adoption of IFRS 16 as previously discussed.

Proceeds and repayment of bank indebtedness represent borrowings and repayments on the Company's line of credit. The line of credit is used to fund operations, and fluctuations in the movement of the balance are dependent on the timing of cash inflows and outflows throughout the period.

CONTRACTUAL OBLIGATIONS

The following is a summary of the Company's contractual obligations as at March 31, 2019:

$000's		Less than 1 year		1 to 5 years		Greater than 5 years		Total
Accounts payable and accrued liabilities	$	11,690	$	–	$	–	$	11,690
Bank indebtedness		1,505		–		–		1,505
Lease obligations [1]		3,205		6,792		11,451		21,448
Interim production financing		19,348		–		–		19,348
Convertible debentures [1]		347		4,572		–		4,919
Other liabilities [1]		98		1,605		196		1,899
	$	36,193	$	12,969	$	11,647	$	60,809

[1] Includes the estimated interest that will be paid to the end of their respective terms.

CAPITAL EXPENDITURES

During the three months ended March 31, 2019, the Company incurred capital expenditures of $0.05 million compared to $0.02 million, respectively, for the three months ended March 31, 2018. The additions during 2019 primarily consisted of purchases of computer equipment. The Company endeavours to fund IT purchases through leases where possible.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, unbilled accounts receivable, deposits, trade and other payables, bank indebtedness, lease obligations, interim production financing, tangible benefit obligation, and convertible debentures.

The Company periodically enters into foreign exchange forward contracts to manage its foreign exchange risk on contracts denominated in USD with various counterparties, principally financial institutions with investment grade credit ratings. Such contracts are classified as derivative financial instruments, included as other financial assets or liabilities in the statement of financial position, and measured at fair value through profit and loss.

SEASONALITY

Results of operations generated by the Animation Production segment for any period are dependent on the number and timing of film and television programs delivered, which cannot be predicted with certainty. Consequently, the Company's results from operations may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily closely correlated with the timing and amount of revenue recognised. The Company's Networks and Platforms revenues are driven by advertising preferences, which experience seasonal fluctuations that are somewhat aligned to the retail industry.

RISKS AND UNCERTAINTIES

Risks and uncertainties are included in the Company's annual information form dated April 27, 2018, and the Management's Discussion and Analysis for the year ended December 31, 2018 and are available on SEDAR at www.sedar.com.

Also see *Outlook* and *Liquidity and Capital Resources* sections above.

JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES

The unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS. The measurement of certain assets and liabilities is dependent upon future events whose outcome will not be fully known until future periods. Therefore, the preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results will vary from those estimated.

In preparing the unaudited condensed interim consolidated financial statements, the areas of estimation and judgment that management considers most significant are the same as those applied to and disclosed in the audited consolidated financial statements for the year ended December 31, 2018.

ADOPTION OF NEW ACCOUNTING POLICIES

IFRS 16 – Leases

On January 1, 2019, the Company adopted IFRS 16 which supersedes IAS 17 and IFRIC 4. This standard introduces a single lessee balance sheet accounting model. Unless certain exception criteria are met, a lessee is required to recognize a right-of-use asset representing its right to use the underlying asset of a lease and a lease obligation representing its obligation to make lease payments. Other than requiring enhanced disclosures, this standard substantially carries forward the lessor accounting policies under IAS 17.

The Company's lease contracts are comprised of property leases for studio and office space and operating equipment rentals. Premises lease terms range from short-term periods of less than one year to up to 13 years and may include renewal options. Lease terms for operating equipment leases are generally from one to five years and may also contain renewal options.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings as at January 1, 2019, if applicable. As a result, comparative information has not been restated for 2018 and is presented under the previous IAS 17 and IFRIC 4 standards.

On transition to IFRS 16 as at January 1, 2019, the Company recognized additional right-of-use assets and additional lease obligations and adjusted certain balance sheet items that are no longer permitted to be recognized separately under IFRS 16. The impact on transition to the consolidated statement of financial position is summarized in the following table:

	December 31, 2018	**IFRS 16 adoption**	**January 1, 2019**
Property, plant and equipment - finance lease assets	$ 2,792,429	$ (2,792,429)	$ –
Property, plant and equipment - right-of-use assets	–	12,892,887	12,892,887
Finance lease obligations	2,883,785	(2,883,785)	–
Lease obligations	–	13,536,684	13,536,684
Other current and non-current liabilities	2,333,540	(552,441)	1,781,099

IFRIC 23 – Uncertainty Over Income Tax Treatments

IFRIC 23 - *Uncertainty Over Income Tax Treatments* is required to be applied for years beginning on or after January 1, 2019. 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. There was no impact on the Company's interim condensed consolidated financial statements upon the application of this interpretation.

CONTROLS AND PROCEDURES

For the three months ended March 31, 2019, no changes were made in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CAPITAL STRUCTURE AND OUTSTANDING SHARE DATA

Stock options and common share purchase warrants

We maintain a rolling stock option plan that enables us to grant options to directors, officers, employees and consultants of the Company. The stock option plan permits the granting of options up to an aggregate maximum of 10% of issued and outstanding common shares from time to time on a non-diluted basis.

During the three months ended March 31, 2019, there were no new issuances of stock options.

As at March 31, 2019, the Company had 2,281,858 stock options outstanding and stock options exercisable for 1,764,954 additional common shares.

As at May 28, 2019, the Company had 2,776,858 stock options outstanding and stock options exercisable for 1,783,520 additional common shares.

As at March 31, 2019 and May 28, 2019, the Company had 900,000 warrants outstanding and warrants exercisable for 300,000 additional common shares.

Outstanding Shares

As at March 31, 2019, the Company had 30,185,577 common shares issued and outstanding. The total shares outstanding were comprised of the following balances:

- Common Voting Shares 20,396,756
- Variable Voting Shares 7,207,064
- Common Non-Voting Shares 2,581,757

The Company completed a non-brokered private placement of its common voting shares and variable voting shares on April 4, 2019. The Company issued 1,838,737 common voting and variable voting shares for gross proceeds of $2,022,610 at an issuance price of $1.10 per share.

As at May 28, 2019, the Company had 32,024,314 common shares issued and outstanding. The total shares outstanding were comprised of the following balances:

- Common Voting Shares 21,544,587
- Variable Voting Shares 7,897,970

- Common Non-Voting Shares 2,581,757

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet obligations that are not disclosed in the unaudited condensed interim consolidated financial statements.

RELATED PARTIES

Remuneration of key management personnel

The remuneration of key management personnel and directors was as follows:

	For the three months ended			
		March 31, 2019		March 31, 2018
Short-term benefits	$	356,702	$	402,230
Share-based compensation expense		77,617	$	192,470
	$	434,319	$	594,700

Officer/Director Financing Advances to a Third-Party Service Provider

In the first and second quarter of 2018, certain officers/directors of the Company made unsecured, non-recourse production advances aggregating USD $200,000 to an unrelated animation services provider in order to expedite production of a television series for which the Company had not yet entered into a formal production commitment. During the three months ended September 30, 2018, these production advances were repaid in full.

Option and purchase agreement with a director

In April 2019, the Company entered into an option and purchase agreement for a development property, with parties who include a director of the Company. The initial option payment was USD $10,000 and any further payments will be dependant upon the exercise of additional option periods or the exercise of the purchase option to purchase the property and proceed with series production.