Condensed Interim Consolidated Financial Statements of

Wow Unlimited Media Inc.

For the three and six months ended June 30, 2019 and 2018

(Unaudited)

Wow Unlimited Media Inc.

Condensed Interim Consolidated Statements of Financial Position

As at June 30, 2019 and December 31, 2018 (Unaudited)

Expressed in Canadian dollars

	Note	June 30, 2019	December 31, 2018
ASSETS			
Current			
Cash and cash equivalents		$ 3,462,658	$ 3,862,875
Trade and other accounts receivable	**4**	30,226,637	25,544,818
Prepaid expenses, deposits and other		2,824,587	1,162,742
		36,513,882	30,570,435
Property, plant and equipment	**3 (a)**	12,259,356	2,991,360
Investment in film and television programming	**5**	17,123,171	13,206,864
Other intangible assets	**7**	8,315,297	8,905,078
Goodwill		10,959,147	11,416,022
Long-term accounts receivable	**4**	2,442,417	2,803,397
Deposits		276,439	293,516
		51,375,827	39,616,237
TOTAL ASSETS		**$ 87,889,709**	**$ 70,186,672**
LIABILITIES			
Current			
Bank indebtedness	**8**	$ 1,409,000	$ 1,337,240
Accounts payable and accrued liabilities		13,949,155	12,836,304
Interim production financing	**8**	20,823,842	14,520,033
Deferred revenue	**11**	10,820,442	7,018,210
Current portion of lease obligations	**3 (a)**	1,367,485	1,350,851
Other current liabilities		394,194	105,635
		48,764,118	37,168,273
Lease obligations	**3 (a)**	12,347,019	1,532,934
Convertible debentures	**9**	4,073,519	3,987,940
Other non-current liabilities		1,402,190	2,227,905
		17,822,728	7,748,779
TOTAL LIABILITIES		**66,586,846**	**44,917,052**
SHAREHOLDERS' EQUITY			
Share capital		84,969,758	83,006,928
Reserves		4,609,783	4,785,790
Accumulated deficit		(68,276,678)	(62,523,098)
TOTAL SHAREHOLDERS' EQUITY		**21,302,863**	**25,269,620**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 87,889,709**	**$ 70,186,672**

Going concern (Note 2 (c)), Related parties (Note 18)

Approved by: the Directors

"Michael Hirsh"

Michael Hirsh, Director

"Steve Hendry"

Steve Hendry, Director

See accompanying notes to these unaudited condensed interim consolidated financial statements

Wow Unlimited Media Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three and six months ended June 30, 2019 and 2018 (Unaudited)

Expressed in Canadian dollars

	Note	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Revenue	11	$ 26,614,323	$ 16,270,485	$ 46,110,536	$ 31,933,148
Expenses					
Operating	12	26,063,317	15,508,660	46,020,843	28,671,679
Depreciation and amortization		1,351,942	1,716,881	2,721,011	3,424,778
General and administration	12	882,369	1,056,124	1,870,160	1,786,747
Share-based compensation expense	14	147,496	216,838	272,869	477,797
Loss before finance costs and taxes		(1,830,801)	(2,228,018)	(4,774,347)	(2,427,853)
Finance costs	15	530,623	299,771	979,233	653,008
Loss before taxes		**(2,361,424)**	**(2,527,789)**	**(5,753,580)**	**(3,080,861)**
Deferred income tax recovery		–	(447,608)	–	(838,306)
Net loss		**$ (2,361,424)**	**$ (2,080,181)**	**$ (5,753,580)**	**$ (2,242,555)**
Other comprehensive (income) loss:					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment		287,440	(188,398)	652,876	(393,867)
Total comprehensive loss		**$ (2,648,864)**	**$ (1,891,783)**	**$ (6,406,456)**	**$ (1,848,688)**
Loss per share					
- basic and diluted		**$ (0.07)**	**$ (0.08)**	**$ (0.19)**	**$ (0.09)**
Weighted average number of shares outstanding					
- basic and diluted		31,963,696	25,524,434	31,079,549	25,352,474

See accompanying notes to these unaudited condensed interim consolidated financial statements

Wow Unlimited Media Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2019 and 2018 (Unaudited)

Expressed in Canadian dollars

	Note	Number of non-voting shares issued	Number of common voting shares issued [1]	Share capital	Escrow shares subject to retirement	Reserves: Equity component of convertible debentures	Reserves: Warrant Reserve	Reserves: Share-based payment reserve	Reserves: Foreign currency translation reserve	Accumulated deficit	Total
Balance as at January 1, 2018		2,581,757	22,596,847	$ 76,596,510	–	$ 351,851	$ 357,747	$ 3,306,152	$ (874,072)	$ (55,800,023)	$ 23,938,165
Six months ended June 30, 2018											
Net loss		–	–	–	–	–	–	–	–	(2,242,555)	(2,242,555)
Other comprehensive gain		–	–	–	–	–	–	–	393,867	–	393,867
Total comprehensive gain (loss) for the period		–	–	–	–	–	–	–	393,867	(2,242,555)	(1,848,688)
Common shares issued pursuant to private placement		–	1,573,527	2,360,291	–	–	–	–	–	–	2,360,291
Share issue costs		–	–	(35,008)	–	–	–	–	–	–	(35,008)
Equity settled share-based compensation expense	14 (b)	–	–	–	–	–	–	477,797	–	–	477,797
Balance as at June 30, 2018		2,581,757	24,170,374	78,921,793	–	351,851	357,747	3,783,949	(480,205)	(58,042,578)	24,892,557
Six months ended December 31, 2018											
Net loss		–	–	–	–	–	–	–	–	(4,480,520)	(4,480,520)
Other comprehensive gain		–	–	–	–	–	–	–	247,744	–	247,744
Total comprehensive gain (loss) for the period		–	–	–	–	–	–	–	247,744	(4,480,520)	(4,232,776)
Common shares issued pursuant to asset purchase agreement		–	3,433,446	4,120,135	–	–	–	–	–	–	4,120,135
Warrants issued	14 (a)	–	–	–	–	–	204,000	–	–	–	204,000
Share issue costs		–	–	(35,000)	–	–	–	–	–	–	(35,000)
Equity settled share-based compensation expense		–	–	–	–	–	–	320,704	–	–	320,704
Balance as at December 31, 2018		2,581,757	27,603,820	83,006,928	–	351,851	561,747	4,104,653	(232,461)	(62,523,098)	25,269,620
Six months ended June 30, 2019											
Net loss		–	–	–	–	–	–	–	–	(5,753,580)	(5,753,580)
Other comprehensive loss		–	–	–	–	–	–	–	(652,876)	–	(652,876)
Total comprehensive loss for the period		–	–	–	–	–	–	–	(652,876)	(5,753,580)	(6,406,456)
Common shares issued pursuant to private placement	13	–	1,838,737	2,022,611	–	–	–	–	–	–	2,022,611
Share issue costs	13	–	–	(59,781)							(59,781)
Warrants issued	14 (a)	–	–	–	–	–	204,000	–	–	–	204,000
Equity settled share-based compensation expense	14 (b)	–	–	–	–	–	–	272,869	–	–	272,869
Balance as at June 30, 2019		2,581,757	29,442,557	$ 84,969,758	$ –	$ 351,851	$ 765,747	$ 4,377,522	$ (885,337)	$ (68,276,678)	$ 21,302,863

[1] The common voting shares issued are inclusive of common voting shares, and variable voting shares.

See accompanying notes to these unaudited condensed interim consolidated financial statements

Wow Unlimited Media Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended June 30, 2019 and 2018 (Unaudited)

Expressed in Canadian dollars

	Note	For the six months ended June 30, 2019	June 30, 2018
OPERATING ACTIVITIES			
Net loss		$ (5,753,580)	$ (2,242,555)
Items not involving cash:			
Depreciation and amortization		1,281,113	332,826
Amortization of investment in film and television programming	5	657,440	1,883,396
Amortization of other intangible assets	7	782,458	1,208,556
Share-based compensation expense	14 (b)	272,869	477,797
Finance costs	15	979,233	653,008
Deferred income tax recovery		–	(838,306)
Other non-cash losses (gains)		157,454	(523,250)
		(1,623,013)	951,472
Investment in film and television programming	5	(4,909,721)	(4,522,228)
Funding received for investment in film and television programming		67,200	–
Changes in non-cash working capital and other	17	(399,633)	(383,259)
Cash used in operating activities		**(6,865,167)**	**(3,954,015)**
FINANCING ACTIVITIES			
Proceeds from interim production financing		12,451,274	4,799,595
Repayment of interim production financing		(6,123,100)	(5,355,050)
Interest paid		(661,786)	(567,839)
Repayment of lease obligations	3 (a)	(1,152,339)	(322,160)
Proceeds from bank indebtedness		13,285,482	8,755,000
Repayment of bank indebtedness		(13,213,722)	(8,085,000)
Proceeds from private placement, net of share issuance costs		1,962,830	2,325,283
Cash generated by financing activities		**6,548,639**	**1,549,829**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(49,416)	(24,018)
Purchase of other intangible assets		–	(3,527)
Cash used in investing activities		**(49,416)**	**(27,545)**
Decrease in cash and cash equivalents for the period		(365,944)	(2,431,731)
Effect of foreign exchange on cash and cash equivalents		(34,273)	82,459
Cash and cash equivalents, beginning of the period		3,862,875	6,354,432
Cash and cash equivalents, end of the period		**$ 3,462,658**	**$ 4,005,160**

Supplemental information (Note 17)

See accompanying notes to these unaudited condensed interim consolidated financial statements

1. Nature of operations

Wow Unlimited Media Inc. (together with its subsidiaries, "Wow Unlimited" or the "Company") is a publicly listed company on the TSX Venture Exchange ("TSX-V") under the symbol "WOW" and on the OTCQX Best Market ("OTCQX") under the symbol "WOWMF". The Company is incorporated under the laws of the Province of British Columbia with limited liability and extra-provincially registered to conduct business in the Province of Ontario. Wow Unlimited is involved in the production and distribution of animated content for film, television, and online distribution channels. The Company's wholly owned subsidiary, Frederator Networks Inc. ("Frederator"), is incorporated in the United States of America, in the State of Delaware and is registered to operate in the States of New York and California.

The Company's head office is located at 55 Sudbury Street, Toronto, Ontario, M6J 3S7. The Company's registered office is located at 200-2025 West Broadway, Vancouver, British Columbia, V6J 1Z6.

2. Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2018.

Select explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since December 31, 2018, the date of the most recent annual audited consolidated financial statements.

These condensed interim consolidated financial statements include the initial adoption of IFRS 16 - *Leases* ("IFRS 16"). The impact of adoption and changes to significant accounting policies are described in Note 3 (a).

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2019.

(b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a going concern basis under the historical cost basis, except for certain financial assets and financial liabilities which are measured at fair value.

All subsidiaries are 100% owned by the Company except for the following entity: Frederator Books LLC (51% interest). There were no significant operations within this entity during the six months ended June 30, 2019 and 2018.

(c) Going concern

These condensed interim consolidated financial statements 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 six months ended June 30, 2019, the Company had negative cash flows from operating activities of $6,865,167 (six months ended June 30, 2018 – negative $3,954,015), and at June 30, 2019, had net current liabilities of $12,250,236 (December 31, 2018 – net current liabilities $6,597,838).

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.

Management continues to explore options to raise equity financing. To that end, the Company completed a non-brokered private placement of its common voting and variable voting shares on April 4, 2019 for gross proceeds of $2,022,611. Refer to Note 13 for further details.

The Company will need to raise funds 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 statements of financial position.

3. Significant accounting policies

Except as described below, these condensed interim consolidated financial statements follow the same accounting policies as those disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2018.

(a) IFRS 16 - *Leases*

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"). 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 ("premise leases") 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. Changes to accounting policies for leases and the transitional impacts are discussed below.

The Company previously determined whether a contract contained a lease under IFRIC 4 and must now determine whether a contract is or contains a lease based on the definition of a lease under IFRS 16. This new definition states that 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. For contracts that contain a lease component, the Company allocates consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

However, for premises leases, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

As a lessee, the Company recognizes a right-of-use asset and lease obligation at the lease commencement date. The lease obligation is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate is not readily determinable, using the Company's incremental borrowing rate. Lease payments are comprised of the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Penalties associated with an option to terminate a lease if the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial measurement, a lease obligation is increased by finance costs related to interest accretion and is reduced for lease payments that are made. Interest accretion on lease obligations is reported as part of 'finance costs' in the consolidated statements of comprehensive loss and lease obligations are reported as a separate line item in the consolidated statements of financial position. A lease obligation is remeasured for lease modifications that are not accounted for as a separate lease. A lease modification is when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of an amount expected to be payable under a residual value guarantee, or a change in the assessment of the exercise of an extension option. For lease modifications, a lease obligation is remeasured using a revised discount rate and a corresponding adjustment is made to the right-of-use asset or a gain or loss is recorded if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets are initially measured at an amount equal to the associated lease obligation and adjusted to include lease payments made at or before the commencement date (less any lease incentives received), initial direct costs incurred, and any costs of dismantling and restoring an asset or site to a specific condition. Right-of-use assets are subsequently depreciated on a straight-line basis over a period which is the earlier of the end of the asset's estimated useful life or the end of the lease term. Right-of-use assets are presented as part of 'property, plant and equipment' in the consolidated statements of financial position. Depreciation of right-of-use assets is included as part of 'depreciation and amortization' in the consolidated statements of comprehensive loss. The Company tests right-of-use assets for impairment when such indicators exist in accordance with IAS 36 – *Impairment of Assets*.

Prior to the adoption of IFRS 16, contracts not assessed as a lease under IAS 17 and IFRIC 4 were classified as operating leases and were recognized as straight-line expenses in 'operating' expenses or 'general and administration' expenses in the consolidated statements of comprehensive loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term premises leases and operating equipment leases with a term of 12 months or less and to certain operating equipment leases for which the underlying assets are of low-value. Lease payments associated with these short-term leases and low-value leases are recognized as an expense on a straight-line basis over the respective lease terms in the statements of comprehensive loss. For the three and six months ended June 30, 2019, the Company recognized operating expenses of $99,558 and $204,536, respectively, for short-term premises leases and operating equipment leases as part of 'rent and occupancy' and 'IT support and maintenance' expenses (Note 12).

Expressed in Canadian dollars

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 to contracts that were previously identified as finance leases under IAS 17 and IFRIC 4. Contracts identified as operating leases under the previous standards were not reassessed. Therefore, the carrying amount of finance lease assets and finance lease obligations as assessed under IAS 17 were equal to right-of-use assets and lease obligations presented under IFRS 16 in relation to these existing contracts on January 1, 2019.

In addition to the practical expedient described above, the Company elected to use the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- recognize leases with a remaining term of 12 months or less as at January 1, 2019 as short-term leases;
- exclude initial direct costs from the measurement of right-of-use assets as at January 1, 2019

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 and other intangible assets - finance lease assets	$ 2,792,429	$ (2,792,429)	$ –
Property, plant and equipment and other intangible assets - 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

When measuring lease obligations for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average discount rate applied is 7%.

The following table reconciles the difference between the Company's operating lease commitments disclosed as at December 31, 2018 under IAS 17 and lease obligations recognized in the consolidated statement of financial position on initial application of IFRS 16 as at January 1, 2019:

Expressed in Canadian dollars

	January 1, 2019
Operating lease commitments as at December 31, 2018	$ 28,419,930
Commitments related to variable lease payments not dependent on an index or rate, short-term leases, and low-value leases excluded from the measurement of lease obligations	(9,854,678)
	18,565,252
Operating lease commitments discounted using the Company's incremental borrowing rate as at January 1, 2019	$ 10,555,027
Operating equipment leases recognized as at January 1, 2019	97,872
Finance lease obligations recognized in the Company's consolidated statements of financial position as at December 31, 2018	2,883,785
Lease obligations recognized as at January 1, 2019	$ 13,536,684

The following table presents the Company's right-of-use assets included as part of 'property, plant and equipment' and 'other intangible assets' for the six months ended June 30, 2019:

	Software	Operating equipment	Premises leases	Total
Right-of-use assets recognized under IFRS 16 as at January 1, 2019	$ 238,060	$ 2,652,241	$ 10,002,586	$ 12,892,887
Additions	305,574	472,815	–	778,389
Depreciation	(94,392)	(587,135)	(601,664)	(1,283,191)
Exchange difference	–	–	(15,550)	(15,550)
Carrying amount as at June 30, 2019	$ 449,242	$ 2,537,921	$ 9,385,372	$ 12,372,535

The following table presents a contractual maturity analysis for the Company's lease obligations:

	< 1 year	1 to 5 years	Greater than 5 years	Total
Future minimum lease payments	$ 3,317,572	$ 7,149,325	$ 11,095,409	$ 21,562,306
Less tenant inducement	(1,097,749)	(548,874)	–	(1,646,623)
Less imputed interest	(852,338)	(2,845,640)	(2,503,201)	(6,201,179)
Lease obligation at June 30, 2019	$ 1,367,485	$ 3,754,811	$ 8,592,208	$ 13,714,504
Lease obligation at December 31, 2018	$ 1,350,851	$ 1,532,934	$ –	$ 2,883,785

Certain premises leases include variable lease payments that do not depend on an index or rate and such payments are not included in the measurement of lease obligations. These variable payments are comprised of costs such as common area maintenance costs and property taxes and are recognized as an expense in the consolidated statements of comprehensive loss as 'rent and occupancy' in 'operating' expenses or 'general and administration' expenses. For the three and six months ended June 30, 2019, the Company recognized expenses of $211,611 and $424,935, respectively, for variable payments related to premises leases (Note 12).

(b) 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.

Expressed in Canadian dollars

4. Trade and other accounts receivable

	June 30, 2019	December 31, 2018
Trade receivables	$ 13,846,135	$ 15,053,125
Tax credits receivable	18,984,773	13,127,377
Tax credits allowance	(304,252)	(304,252)
Other receivables	142,398	471,965
	$ 32,669,054	$ 28,348,215
Less long-term accounts receivable	(2,442,417)	(2,803,397)
Current portion of accounts receivable	$ 30,226,637	$ 25,544,818

Trade receivables include $nil (2018 - $67,000) of unbilled accounts receivable for services rendered prior to invoicing.

5. Investment in film and television programming

	Distribution rights	Productions in development	Productions in progress	Completed productions	Total
Cost					
As at January 1, 2019	$ 3,923,704	$ 2,513,051	$ 7,179,081	$ 16,931,223	$ 30,547,059
Additions, net of government assistance and third party contributions	24,960	220,450	4,889,126	–	5,134,536
Disposals	–	(62,086)	–	–	(62,086)
Transfer to completed productions	–	–	(5,366)	5,366	–
Exchange difference	(135,081)	(14,555)	(377,734)	(353,764)	(881,134)
Balance at June 30, 2019	$ 3,813,583	$ 2,656,860	$ 11,685,107	$ 16,582,825	$ 34,738,375
Accumulated amortization and impairment					
As at January 1, 2019	$ 3,151,799	$ 1,715,451	$ –	$ 12,472,945	$ 17,340,195
Additions	151,409	–	–	506,031	657,440
Exchange difference	(123,946)	–	–	(258,485)	(382,431)
Balance at June 30, 2019	$ 3,179,262	$ 1,715,451	$ –	$ 12,720,491	$ 17,615,204
Carrying amount					
December 31, 2018	$ 771,905	$ 797,600	$ 7,179,081	$ 4,458,278	$ 13,206,864
June 30, 2019	$ 634,321	$ 941,409	$ 11,685,107	$ 3,862,334	$ 17,123,171

Additions to productions in progress include interest capitalized of $155,751 and $288,312 for the three and six months ended June 30, 2019, respectively (three and six months ended June 30, 2018 – $44,447 and $75,774).

There were no impairments recorded against productions for the three and six months ended June 30, 2019, nor was there an indication that impairments previously recorded should be reversed (three and six months ended June 30, 2018 – $nil and impairment reversal of $nil).

6. Transaction with Bell Media Inc.

On August 31, 2018, the Company executed an amended and restated asset purchase agreement (the “Bell Agreement”) for the acquisition of the Option (as defined below) to acquire a Category B specialty service, and the Canadian Radio-television and Telecommunications (“CRTC”) broadcasting license relating to this service (the “Broadcasting License”), from Bell Media Inc. (“Bell Media”) through the Company’s wholly-owned subsidiary WOW! Unlimited Networks Inc. (the “Transaction”). 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 “Consideration Shares”), the Company acquired the exclusive option (the "Option") to receive the Broadcasting License. The fair value of the Consideration 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.

On May 31, 2019, the Company exercised its exclusive option to acquire the Broadcasting License and the License shall convey to the Company on August 30, 2019, in accordance with the agreement.

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 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 of $558,745 was capitalized to ‘Broadcasting License’ intangible asset, as a directly attributable cost of bringing the asset to its working condition. The corresponding tangible benefits obligation has been recognized in ‘other current’ and ‘other non-current liabilities’. The Company has recognized interest accretion expense of $7,693 and $15,285 on the tangible benefits obligation for the three and six months ended June 30, 2019, respectively (three and six months ended June 30, 2018 - $nil and $nil).

Concurrent with the execution of the Bell Agreement, the Company and Bell Media entered into a lock-up agreement pursuant to which, among other things, Bell Media agreed not to sell, transfer, or assign the Consideration Shares for a period of up to twenty-four months following the closing of the Transaction.

At the same time, the Company and Bell Media entered into an investor rights agreement pursuant to which Bell Media was granted: (i) the right to nominate one individual to the board of directors of the Company at each annual meeting of the Company’s shareholders following the closing of the Transaction; (ii) the right to appoint a representative to attend all meetings of the board of directors in a non-voting observer capacity following the closing of the Transaction; and (iii) subject to customary exceptions, a pre-emptive right to participate in any future offerings of the Company’s common shares on a pro-rata basis following the closing of the Transaction.

Bell Media has further agreed to provide certain services to effect the transition of the Broadcasting License to the Company. As partial consideration for such services, the Company issued 900,000 non-transferable common share purchase warrants (the “Warrants”). See Note 14(a) for further discussion on the terms of the Warrants that were granted as partial consideration.

As at June 30, 2019, the Company has capitalized professional fees of $190,243 (December 31, 2018 - $190,243) in relation to the Bell Agreement.

Expressed in Canadian dollars

7. Other intangible assets

	Production agreements	Animation network	Brands	Software	Broadcasting license	Total
Cost						
Balance as at January 1, 2019	$ 1,091,440	$ 8,649,662	$ 600,292	$ 4,287,592	$ 5,494,754	$ 20,123,740
Additions	–	–	–	305,574	–	305,574
Exchange difference	(43,680)	(346,164)	(24,024)	–	–	(413,868)
Balance at June 30, 2019	$ 1,047,760	$ 8,303,498	$ 576,268	$ 4,593,166	$ 5,494,754	$ 20,015,446
Accumulated amortization						
Balance as at January 1, 2019	$ 557,089	$ 6,531,679	$ 122,559	$ 4,007,335	$ –	$ 11,218,662
Additions	133,395	517,717	29,347	101,999	–	782,458
Exchange difference	(24,720)	(270,813)	(5,438)	–	–	(300,971)
Balance at June 30, 2019	$ 665,764	$ 6,778,583	$ 146,468	$ 4,109,334	$ –	$ 11,700,149
Carrying amount						
December 31, 2018	$ 534,351	$ 2,117,983	$ 477,733	$ 280,257	$ 5,494,754	$ 8,905,078
June 30, 2019	$ 381,996	$ 1,524,915	$ 429,800	$ 483,832	$ 5,494,754	$ 8,315,297

8. Bank indebtedness and Interim production financing

			June 30, 2019		December 31, 2018	
	Currency	Date of maturity	Facility amount[1] (CAD)	Carrying amount (CAD)[2]	Facility amount[1] (CAD)	Carrying amount (CAD)[2]
Interim production financing	CAD	On demand	$ 19,780,112	$ 11,868,699	$ 13,410,406	$ 7,833,922
Interim production financing	USD	March 31, 2020	4,583,950	233,310	4,775,050	1,210,587
Interim production financing	USD	On demand	16,613,545	8,721,833	17,306,146	5,475,524
			$ 40,977,607	$ 20,823,842	$ 35,491,602	$ 14,520,033
Bank indebtedness	CAD	On demand	1,500,000	1,409,000	1,745,000	1,337,240
			$ 42,477,607	$ 22,232,842	$ 37,236,602	$ 15,857,273

[1] Facility amount of the loans represents the maximum facility available, excluding interest reserve
[2] Carrying amount represents the amount drawn as at June 30, 2019, including interest reserve

In June 2019, the Company entered into a credit facility (the "Facility") with a Canadian bank. The Facility is comprised of: (i) a $1,500,000 CAD revolving demand facility, (ii) a $6,000,000 CAD equipment lease line, and (iii) a treasury risk management facility of up to $500,000 CAD for foreign exchange forward contracts. The proceeds of the Facility are for general working capital and corporate purposes, equipment purchases, and to facilitate hedging of interest rate risk and foreign exchange risk.

The Facility is guaranteed by the Company and certain subsidiaries of the Company. The security for the Facility includes substantially all of the tangible and intangible assets of the Company and its subsidiary guarantors subject to permitted encumbrances. The Facility is subject to customary affirmative and negative covenants, default provisions, representations and warranties and other terms and conditions.

During the three months ended June 30, 2019, in connection with the Facility described above, the Company made Canadian dollar bank prime rate draws and used the proceeds to repay in full the revolving demand facility drawn under another Canadian bank.

(a) Interim production financing

The Company has interim production financing facilities with banks in Canada and the United States ("US") that bear interest at rates ranging from bank prime plus 1.00% - 1.75% per annum. The interim production financing facilities are generally repayable on demand and are generally secured by a combination of federal and provincial tax credits, other government incentives, production service agreements, and license agreements.

During the three months ended June 30, 2019, in connection with the Facility described above, the Company obtained interim production financing facilities from a Canadian bank and used the proceeds to repay in full the interim production facilities drawn under another Canadian bank. The terms and conditions of the new interim production facilities are similar to the terms and conditions of the interim production financing facilities that were repaid.

(b) Bank indebtedness

The Company has a $1,500,000 CAD revolving demand facility with a Canadian bank. Draws under the revolving demand facility can be made in Canadian or US dollars at the option of the Company by way of bank prime rate loans, Canadian Bankers' Acceptances, US Libor, or letters of credit and the aggregate of principal amounts outstanding shall not exceed $1,500,000 CAD at any time. Canadian or US dollar bank prime borrowings bear interest at a rate equal to bank prime plus 1.50% per annum. Interest on Canadian or US dollar bank prime borrowings is to be paid monthly in arrears. For other draws under the revolving facility, the respective loans bear interest at a rate equal to Canadian Bankers' Acceptances or US Libor plus 3.25% per annum. US Libor loan interest payments are due the earlier of note maturity and quarterly.

The revolving demand facility includes an aggregate $200,000 CAD or USD limit under which letters of credit can be issued with a term of up to one year. Letters of credit issued bear interest at bank prime rates plus 3.25% per annum. As at June 30, 2019, the Company did not have any letter of credit facilities in place.

Draws under the revolving demand facility by way of Canadian or US dollar bank prime borrowings may be prepaid at any time without penalty with 1 to 3 days written notice. US Libor advances may be prepaid subject to certain breakage costs to be paid by the Company. Canadian Bankers' Acceptances cannot be prepaid.

Expressed in Canadian dollars

(c) Equipment lease line

Advances under the equipment lease line are subject to a fixed interest rate based on the lender's cost of funds at the time of the drawdown request. Each transaction will have specific financing terms in respect of the leased equipment such as term, finance amount, rate, and payment terms.

As at June 30, 2019, the Company had made drawdown requests for equipment under the Facility's equipment lease line of $2,509,012. The Company has recorded right-of-use assets and lease obligations for the leased equipment acquired in respect of these draws.

Costs associated with the unwinding of a lease under the Facility's equipment lease line are to be paid by the Company.

(d) Treasury risk management facility

Advances under the treasury risk management facility are subject to market rates as determined by the lender's treasury department or derivatives group at the time of the drawdown request.

As at June 30, 2019, there were no outstanding amounts drawn under the Facility's treasury risk management facility.

9. Convertible debentures

On December 14, 2017, the Company issued convertible debentures ("debentures") in the amount of $4,326,000, on the completion of a non-brokered private placement offering. The debentures accrue interest at a rate of 8% per annum payable quarterly in arrears and are convertible into common shares of the Company at a price of $2.00 per share. The debentures mature on December 14, 2020, and are governed by the terms of an indenture between the Company and Computershare Trust Company of Canada.

A continuity of the amounts recorded for convertible debentures and the equity component during the six months ended June 30, 2019, is as follows:

	Convertible debentures	Equity component of convertible debentures	Total
Balance at January 1, 2019	$ 3,987,940	$ 351,851	$ 4,339,791
Interest accretion expense	257,197	–	257,197
Interest payable recorded in accounts payable and accrued liabilities	(171,618)	–	(171,618)
Balance at June 30, 2019	$ 4,073,519	$ 351,851	$ 4,425,370

10. Segmented information

The Company operates and evaluates its business based on its products and services, and the mediums in which they are brought to market. The Company has two reportable segments: (i) Animation Production, and (ii) Networks and Platforms.

Expressed in Canadian dollars

The Company measures segment performance based on revenues reported in accordance with IFRS and segment profit and loss.

The following tables summarize the operating performance and assets of the reporting segments:

	For the three months ended			For the six months ended		
June 30, 2019	**Animation Production**	**Networks and Platforms**	**Total**	**Animation Production**	**Networks and Platforms**	**Total**
Segment and external revenues	$ 6,859,217	$ 19,755,106	$ 26,614,323	$ 12,345,927	$ 33,764,609	$ 46,110,536
Operating expenses	6,262,172	19,801,145	26,063,317	11,956,674	34,064,169	46,020,843
Amortization of investment in film and television programming	250,990	41,765	292,755	552,222	105,218	657,440
Depreciation and amortization	617,968	99,931	717,899	1,183,296	199,816	1,383,112
Finance costs	522,930	7,693	530,623	963,948	15,285	979,233
Segment loss	$ (794,843)	$ (195,428)	(990,271)	$ (2,310,213)	$ (619,879)	(2,930,092)
Amortization of acquisition-related intangibles			341,288			680,459
General and administration			882,369			1,870,160
Share based compensation expense			147,496			272,869
Loss before taxes			$ (2,361,424)			$ (5,753,580)
Capital expenditures						
Investment in film and television programming	$ 2,716,219	$ 2,344	$ 2,718,563	$ 5,171,408	$ 30,328	$ 5,201,736
Other intangible assets	$ 305,574	$ -	$ 305,574	$ 305,574	$ -	$ 305,574
Property, plant & equipment	$ 499,033	$ 1,926	$ 500,959	$ 10,093,344	$ 475,946	$ 10,569,290

	For the three months ended			For the six months ended		
June 30, 2018	**Animation Production**	**Networks and Platforms**	**Total**	**Animation Production**	**Networks and Platforms**	**Total**
Segment and external revenues	$ 7,400,577	$ 8,869,908	$ 16,270,485	$ 17,593,887	$ 14,339,261	$ 31,933,148
Operating expenses	5,519,804	9,988,857	15,508,661	12,580,214	16,091,465	28,671,679
Amortization of investment in film and television programming	936,053	-	936,053	1,883,396	-	1,883,396
Depreciation and amortization	192,590	8,484	201,074	377,256	16,700	393,956
Finance costs	299,771	-	299,771	653,008	-	653,008
Segment profit (loss)	$ 452,359	$ (1,127,433)	(675,074)	$ 2,100,013	$ (1,768,904)	331,109
Amortization of acquisition-related intangibles			579,753			1,147,426
General and administration			1,056,124			1,786,747
Share based compensation expense			216,838			477,797
Loss before taxes			$ (2,527,789)			$ (3,080,861)
Capital expenditures						
Investment in film and television programming	$ 2,797,490	$ 25,146	$ 2,822,636	$ 4,530,297	$ 67,705	$ 4,598,002
Other intangible assets	$ 2,287	$ -	$ 2,287	$ 3,527	$ -	$ 3,527
Property, plant & equipment	$ 1,750	$ 3,394	$ 5,144	$ 9,032	$ 14,986	$ 24,018

Expressed in Canadian dollars

11. Revenue

a) Disaggregation of revenue from contracts with customers

The Company's primary sources of revenue are as follows:

	For the three months ended			For the six months ended		
June 30, 2019	Animation Production	Networks and Platform		Animation Production	Networks and Platform	Total
Point in time	$ 239,278	$ 19,738,439	**$ 19,977,717**	$ 332,611	$ 33,731,275	**$ 34,063,886**
Over time	6,619,939	16,667	**6,636,606**	12,013,316	33,334	**12,046,650**
	$ 6,859,217	$ 19,755,106	**$ 26,614,323**	$ 12,345,927	$ 33,764,609	**$ 46,110,536**

	For the three months ended			For the six months ended		
June 30, 2018	Animation Production	Networks and Platform		Animation Production	Networks and Platform	Total
Point in time	$ 854,439	$ 8,869,908	**$ 9,724,347**	$ 4,313,447	$ 14,339,261	**$ 18,652,708**
Over time	6,546,138	–	**6,546,138**	13,280,440	–	**13,280,440**
	$ 7,400,577	$ 8,869,908	**$ 16,270,485**	$ 17,593,887	$ 14,339,261	**$ 31,933,148**

The approximate revenue based on geographic location of customers is as follows:

	For the three months ended		For the six months ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
United States	$ 23,908,637	$ 15,289,429	$ 41,229,849	$ 27,480,050
United Kingdom	2,679,580	853,583	4,759,409	1,768,563
Canada	26,106	127,473	121,278	2,684,535
	$ 26,614,323	$ 16,270,485	$ 46,110,536	$ 31,933,148

b) Contract balances

Trade receivables and unbilled accounts receivable are disclosed in Note 4. The Company does not have any contract assets.

The Company's only contract related liabilities are 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 as a result of cash received and revenue recognized in the six months ended June 30, 2019:

Expressed in Canadian dollars

Deferred revenue

Balance as at January 1, 2019	$ 7,018,210
Revenue recognized that was included in the deferred revenue balance at the beginning of the period	(5,432,694)
Increases due to cash received, excluding amounts recognized as revenue during the period	9,323,270
Exchange difference	(88,344)
Balance as at June 30, 2019	$ 10,820,442

12. Nature of expenses

Operating expenses	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Employee costs	$ 7,248,565	$ 6,236,682	$ 13,955,781	$ 12,104,340
Refundable tax credits	(3,068,607)	(2,558,108)	(5,799,013)	(4,921,870)
Contractors and other third party expenses	20,523,365	10,253,211	35,156,500	17,705,725
Rent and occupancy (Note 3 (a))	346,760	690,953	694,536	1,406,950
IT support and maintenance (Note 3 (a))	445,788	435,932	878,743	895,695
Royalties and participations	–	–	–	1,091,530
Other	567,446	449,990	1,134,296	389,309
	$ 26,063,317	$ 15,508,660	$ 46,020,843	$ 28,671,679

General and administration expenses	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Employee costs	$ 454,480	$ 398,085	$ 918,501	$ 686,039
Legal and accounting	151,124	327,947	471,809	510,641
Contractors and other third party expenses	–	164,394	8,000	261,288
Rent and occupancy (Note 3(a))	21,805	47,341	42,378	98,864
Other	254,960	118,357	429,472	229,915
	$ 882,369	$ 1,056,124	$ 1,870,160	$ 1,786,747

Expressed in Canadian dollars

	For the three months ended		For the six months ended	
Employee costs and benefits	**June 30, 2019**	**June 30, 2018**	**June 30, 2019**	**June 30, 2018**
Employee costs	$ 7,703,045	$ 6,634,767	$ 14,874,282	$ 12,790,379
Share based compensation expense	147,496	216,838	272,869	477,797
	$ 7,850,541	$ 6,851,605	$ 15,147,151	$ 13,268,176

13. Share Capital

On April 4, 2019, the Company completed a non-brokered private placement of its common voting shares and variable voting shares. The Company issued 1,838,737 common voting and variable voting shares for gross proceeds of $2,022,611 at an issuance price of $1.10 per share. In connection with the share offering, the Company incurred share issuance costs of $59,781.

14. Share-based compensation

a) Share purchase warrants

In the third quarter of 2018, as partial consideration for certain services to effect the transition of the Broadcasting License (Note 6), the Company issued 900,000 Warrants to Bell Media. Each Warrant entitles Bell Media to acquire one common share in the capital of the Company for a period of three years from the date of issuance at an exercise price of $2.00. The Warrants are subject to vesting, such that a pro rata portion of the Warrants shall vest and become exercisable on the last day of the nine successive calendar quarters beginning on September 30, 2018.

No share-based compensation expense for Warrants has been recognized for the three and six months ended June 30, 2019. The value of the pro rata share of Warrants that have vested and became exercisable as at June 30, 2019 was $408,000. This amount has been recorded as a prepaid expense and reported under ‘prepaid expenses, deposits and other’ on the balance sheet. The prepaid share-based compensation expense will be deferred until the Company receives the Broadcasting License and begins receiving services under the agreement. The value of the services to be received was determined indirectly based on the grant date fair value of the Warrants, determined using the Black-Scholes pricing model with the following assumptions:

Risk-free interest rate	2.09%
Expected dividend yield	0.00%
Expected life of option	2.75 years
Expected volatility (based on historical share prices)	177.76%

b) Share-based compensation expense

Total share-based compensation expense from all forms of share-based payment awards for the three and six months ended June 30, 2019 and 2018, is summarized below:

Expressed in Canadian dollars

Share based compensation expense	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Stock options	$ 109,985	$ 175,762	$ 197,846	$ 395,402
Share appreciation rights	37,511	41,076	75,023	82,395
	$ 147,496	$ 216,838	$ 272,869	$ 477,797

15. Finance costs

	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Interest expense on interim production financing	$ 313,765	$ 195,433	$ 579,009	$ 433,550
Interest expense on bank indebtedness	9,376	–	18,054	–
Interest and accretion on convertible debentures (Note 9)	129,309	129,309	257,197	257,197
Interest accretion on lease obligations (Note 3 (a))	226,231	19,476	398,000	38,035
Interest accretion on tangible benefits obligation (Note 6)	7,693	–	15,285	–
Interest capitalized to investments in film and television (Note 5)	(155,751)	(44,447)	(288,312)	(75,774)
	$ 530,623	$ 299,771	$ 979,233	$ 653,008

16. Financial instruments

(a) Fair value measurement of financial instruments

Fair value is defined as 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 Company categorizes its fair value measurements according to a three-level hierarchy. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Inputs that are based on unobservable inputs which are supported by little or no market activity.

During the three and six months ended June 30, 2019, foreign currency forward contracts with a notional value of USD $480,478 and USD $1,369,363, respectively, were exercised at an average rate of 1.3455 and 1.3422, resulting in a realized gain of $5,160 and $9,876, respectively, in the consolidated statements of comprehensive loss (three and six months ended June 30, 2018 - $nil and $nil). As at June 30, 2019, all forward contracts entered into in previous periods have been exercised.

Expressed in Canadian dollars

At June 30, 2019 and December 31, 2018, there are no financial instruments measured at fair value through profit or loss.

The Company has designated its financial instruments as follows:

		June 30, 2019		December 31, 2018	
	Fair Value Hierarchy	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets:					
Amortized cost					
Cash and cash equivalents	Level 1	$ 3,462,658	$ 3,462,658	$ 3,862,875	$ 3,862,875
Trade receivables	Level 2	11,660,743	11,660,743	12,506,753	12,506,753
Long-term accounts receivable	Level 2	2,185,392	2,185,392	2,546,372	2,546,372
Deposits	Level 2	276,439	276,439	293,516	293,516
Financial liabilities:					
Amortized cost					
Bank indebtedness	Level 2	1,409,000	1,409,000	1,337,240	1,337,240
Accounts payable and accrued liabilities	Level 2	13,949,155	13,949,155	12,836,304	12,836,304
Lease obligations (Note 3 (a))	Level 2	13,714,504	13,714,504	2,883,785	2,883,785
Interim production financing	Level 2	20,823,842	20,823,842	14,520,033	14,520,033
Convertible debentures	Level 2	4,073,519	4,326,000	3,987,940	4,326,000
Other liabilities	Level 2	1,796,384	1,796,384	1,773,607	1,773,607

All of the Company's financial instruments have been classified and measured at amortized cost.

(b) Risks arising from financial instruments

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's liquidity needs can be met through a variety of sources including: generating cash from operations, borrowing against license contracts, production service contracts, or refundable tax credits receivable, entering into leases, the issuance of debentures, the issuance of shares, or the issuance of share purchase warrants. The Company manages liquidity risk by continuously monitoring actual and forecasted cash flows, using lease financing and by maintaining revolving credit facilities (Note 2 (c)).

Expressed in Canadian dollars

The following table provides a contractual maturity analysis for financial liabilities:

As at June 30, 2019	< 1 year	1 to 5 years	Greater than 5 years	Total	Carrying Amount
Accounts payable and accrued liabilities	$13,949,155	$ –	$ –	$ 13,949,155	$ 13,949,155
Bank indebtedness	1,409,000	–	–	1,409,000	1,409,000
Lease obligations [1] (Note 3 (a))	3,317,572	7,149,325	11,095,409	21,562,306	13,714,504
Interim production financing	20,823,842	–	–	20,823,842	20,823,842
Convertible debentures [1]	347,028	4,485,292	–	4,832,320	4,073,519
Other liabilities [1]	371,417	1,331,954	196,286	1,899,657	1,796,384
	$40,218,014	$ 12,966,571	$11,291,695	$ 64,476,280	$ 55,766,404

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

17. Consolidated statement of cash flows - supplemental information

Changes in non-cash working capital

The net change in non-cash working capital related to operations for the six months ended June 30, 2019 and 2018, are as follows:

	For the six months ended June 30, 2019	For the six months ended June 30, 2018
Trade and other accounts receivable	$ (4,262,456)	$ (1,580,259)
Prepaid expenses, deposits and other	(852,676)	(111,467)
Deposits and other assets	17,077	(9,354)
Accounts payable and accrued liabilities	896,190	1,153,720
Deferred revenue	3,802,232	(1,046,232)
Other current and non-current liabilities	–	1,210,333
Net change in non-cash working capital	$ (399,633)	$ (383,259)

18. Related parties

Agreement with a service provider in which an officer of the Company holds a minority interest

An officer of the Company is a minority shareholder of a service provider that entered into a production services agreement with the Company in July 2019. The agreement is for USD $5,000 and is in connection with the development and production of short-form content for the Networks and Platforms segment of the business.

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 dependent upon the exercise of additional option periods or the exercise of a purchase option to purchase the property and proceed with series production.

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. These production advances were repaid in full by the animation services provider in the third quarter of 2018.