



Condensed Interim Consolidated Financial Statements of

Wow Unlimited Media Inc.

For the three and nine months ended September 30, 2019 and 2018

(Unaudited)

Wow Unlimited Media Inc.

Condensed Interim Consolidated Statements of Financial Position

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

Expressed in Canadian dollars

	Note	September 30, 2019	December 31, 2018
ASSETS			
Current			
Cash and cash equivalents		\$ 5,773,308	\$ 3,862,875
Trade and other accounts receivable	4	23,972,898	25,544,818
Prepaid expenses, deposits and other		2,216,680	1,162,742
		31,962,886	30,570,435
Property, plant and equipment	3 (a)	11,606,437	2,991,360
Investment in film and television programming	5	17,481,236	13,206,864
Other intangible assets	7	7,971,390	8,905,078
Goodwill		11,084,662	11,416,022
Long-term accounts receivable	4	2,005,399	2,803,397
Deposits		258,137	293,516
		50,407,261	39,616,237
TOTAL ASSETS		\$ 82,370,147	\$ 70,186,672
LIABILITIES			
Current			
Bank indebtedness	8	\$ 1,409,000	\$ 1,337,240
Accounts payable and accrued liabilities		8,312,662	12,836,304
Interim production financing	8	22,444,273	14,520,033
Deferred revenue	11	10,468,032	7,018,210
Current portion of lease obligations	3 (a)	1,067,727	1,350,851
Other current liabilities		487,082	105,635
		44,188,776	37,168,273
Lease obligations	3 (a)	12,208,150	1,532,934
Convertible debentures	9	4,117,018	3,987,940
Other non-current liabilities		1,512,539	2,227,905
		17,837,707	7,748,779
TOTAL LIABILITIES		62,026,483	44,917,052
SHAREHOLDERS' EQUITY			
Share capital		84,969,758	83,006,928
Reserves		5,006,579	4,785,790
Accumulated deficit		(69,632,673)	(62,523,098)
TOTAL SHAREHOLDERS' EQUITY		20,343,664	25,269,620
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 82,370,147	\$ 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 nine months ended September 30, 2019 and 2018 (Unaudited)

Expressed in Canadian dollars

	Note	For the three months ended		For the nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue	11	\$ 23,348,662	\$ 17,711,309	\$ 69,459,198	\$ 49,644,457
Expenses					
Operating	12	19,761,556	17,938,500	65,782,399	46,610,179
Depreciation and amortization		3,158,231	1,379,759	5,879,242	4,804,537
General and administration	12	646,228	693,589	2,516,388	2,480,336
Share-based compensation expense	14	633,400	182,830	906,269	660,627
Loss before finance costs and taxes		(850,753)	(2,483,369)	(5,625,100)	(4,911,222)
Finance costs	15	505,242	358,569	1,484,475	1,011,577
Loss before taxes		(1,355,995)	(2,841,938)	(7,109,575)	(5,922,799)
Deferred income tax recovery		–	209,374	–	(628,932)
Net loss		\$ (1,355,995)	\$ (3,051,312)	\$ (7,109,575)	\$ (5,293,867)
Other comprehensive (income) loss:					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment		(171,396)	127,966	481,480	(265,901)
Total comprehensive loss		\$ (1,184,599)	\$ (3,179,278)	\$ (7,591,055)	\$ (5,027,966)
Loss per share					
- basic and diluted		\$ (0.04)	\$ (0.11)	\$ (0.23)	\$ (0.20)
Weighted average number of shares outstanding					
- basic and diluted		32,024,314	27,759,773	31,397,931	26,163,726

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 nine months ended September 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	Equity component of convertible debentures	Reserves				Accumulated deficit	Total
							Warrant reserve	Share-based payment reserve	Foreign currency translation reserve			
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	
Nine months ended September 30, 2018		-	-	-	-	-	-	-	-	(5,293,867)	(5,293,867)	
Net loss		-	-	-	-	-	-	-	-	265,901	265,901	
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	(5,293,867)	(5,293,867)	
Common shares issued pursuant to private placement		-	1,573,527	2,360,291	-	-	-	-	-	-	2,360,291	
Common shares issued pursuant to asset purchase agreement	6	-	3,433,446	4,120,135	-	-	-	-	-	-	4,120,135	
Share issue costs		-	-	(70,008)	-	-	-	-	-	-	(70,008)	
Warrants issued	14 (a)	-	-	-	-	-	102,000	-	-	-	102,000	
Equity settled share-based compensation expense	14 (b)	-	-	-	-	-	-	660,627	-	-	660,627	
Balance as at September 30, 2018		2,581,757	27,603,820	83,006,928	-	351,851	459,747	3,966,779	(608,171)	(61,093,890)	26,083,244	
Three months ended December 31, 2018		-	-	-	-	-	-	-	-	(1,429,208)	(1,429,208)	
Net loss		-	-	-	-	-	-	-	-	375,710	375,710	
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	
Total comprehensive income (loss) for the period		-	-	-	-	-	-	-	-	(1,429,208)	(1,429,208)	
Warrants issued	14 (a)	-	-	-	-	-	102,000	-	-	-	102,000	
Equity settled share-based compensation expense		-	-	-	-	-	-	137,874	-	-	137,874	
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	
Nine months ended September 30, 2019		-	-	-	-	-	-	-	-	(7,109,575)	(7,109,575)	
Net loss		-	-	-	-	-	-	-	-	(481,480)	(481,480)	
Other comprehensive loss		-	-	-	-	-	-	-	-	-	-	
Total comprehensive loss for the period		-	-	-	-	-	-	-	-	(481,480)	(481,480)	
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)	-	-	-	-	-	306,000	-	-	-	306,000	
Equity settled share-based compensation expense	14 (b)	-	-	-	-	-	-	396,269	-	-	396,269	
Balance as at September 30, 2019		2,581,757	29,442,657	84,969,758	-	351,851	867,747	4,500,922	(713,941)	(69,632,673)	20,343,664	

⁽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 nine months ended September 30, 2019 and 2018 (Unaudited)

Expressed in Canadian dollars

		For the nine months ended	
	Note	September 30, 2019	September 30, 2018
OPERATING ACTIVITIES			
Net loss		\$ (7,109,575)	\$ (5,293,867)
Items not involving cash:			
Depreciation and amortization		1,927,036	508,454
Amortization of investment in film and television programming	5	2,766,769	2,465,322
Amortization of other intangible assets	7	1,185,437	1,830,761
Share-based compensation expense	14 (b)	906,269	660,627
Finance costs	15	1,484,475	1,011,577
Deferred income tax recovery		–	(628,932)
Other non-cash losses (gains)		181,050	(361,612)
		1,341,461	192,330
Investment in film and television programming	5	(7,022,604)	(9,052,651)
Funding received for investment in film and television programming		67,200	327,148
Changes in non-cash working capital and other	17	1,074,639	7,238,638
Cash used in operating activities		(4,539,304)	(1,294,535)
FINANCING ACTIVITIES			
Proceeds from interim production financing		21,024,113	9,713,537
Repayment of interim production financing		(13,316,510)	(7,351,218)
Interest paid		(1,300,962)	(870,147)
Repayment of lease obligations	3 (a)	(1,865,403)	(521,740)
Proceeds from bank indebtedness		13,285,482	12,820,000
Repayment of bank indebtedness		(13,213,722)	(12,820,000)
Proceeds from private placement, net of share issuance costs	13	1,962,830	2,325,283
Cash generated by financing activities		6,575,828	3,295,715
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(46,916)	(66,049)
Purchase of other intangible assets		(33,432)	(5,730)
Cash used in investing activities		(80,348)	(71,779)
Increase in cash and cash equivalents for the period		1,956,176	1,929,401
Effect of foreign exchange on cash and cash equivalents		(45,743)	172,545
Cash and cash equivalents, beginning of the period		3,862,875	6,354,432
Cash and cash equivalents, end of the period		\$ 5,773,308	\$ 8,456,378

Supplemental information (Note 17)

See accompanying notes to these unaudited condensed interim consolidated financial statements

Wow Unlimited Media Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2019 and 2018 (Unaudited)

Expressed in Canadian dollars

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).

Certain amounts at the prior year-end have been reclassified to conform to the presentation in the current period's statement of financial position.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 26, 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).

(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 nine months ended September 30,

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2019, the Company had negative cash flows from operating activities of \$4,539,304 (nine months ended September 30, 2018 – negative \$1,294,535), and at September 30, 2019, had net current liabilities of \$12,225,890 (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.

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Expressed in Canadian dollars

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*.

Wow Unlimited Media Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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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 nine months ended September 30, 2019, the Company recognized operating expenses of \$60,654 and \$265,190, respectively, for short-term premises leases and operating equipment leases, and low-value operating equipment leases as part of 'rent and occupancy' and 'IT support and maintenance' expenses (Note 12).

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%.

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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:

	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 nine months ended September 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	(154,320)	(888,426)	(910,514)	(1,953,260)
Exchange difference	-	-	(12,738)	(12,738)
Carrying amount as at September 30, 2019	\$ 389,314	\$ 2,236,630	\$ 9,079,334	\$ 11,705,278

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	\$ 3,002,031	\$ 6,894,891	\$ 10,731,452	\$ 20,628,374
Less tenant inducement	(1,097,749)	(274,437)	-	(1,372,186)
Less imputed interest	(836,555)	(2,789,015)	(2,354,741)	(5,980,311)
Lease obligation at September 30, 2019	\$ 1,067,727	\$ 3,831,439	\$ 8,376,711	\$ 13,275,877
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

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statements of comprehensive loss as 'rent and occupancy' in 'operating' expenses or 'general and administration' expenses. For the three and nine months ended September 30, 2019, the Company recognized expenses of \$210,651 and \$635,586, 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.

4. Trade and other accounts receivable

	September 30, 2019	December 31, 2018
Trade receivables	\$ 7,125,980	\$ 12,506,753
Tax credits receivable	16,751,536	13,127,377
Tax credits allowance	–	(304,252)
Other receivables	2,100,781	3,018,337
	\$ 25,978,297	\$ 28,348,215
Less long-term accounts receivable	(2,005,399)	(2,803,397)
Current portion of accounts receivable	\$ 23,972,898	\$ 25,544,818

Trade receivables include \$nil (December 31, 2018 - \$67,000) of unbilled accounts receivable for services rendered prior to invoicing.

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Notes to the Condensed Interim Consolidated Financial Statements

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Expressed in Canadian dollars

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	307,952	7,102,179	–	7,435,091
Disposals	–	(61,626)	–	–	(61,626)
Transfer to completed productions	–	–	(3,174,086)	3,174,086	–
Exchange difference	(97,971)	(10,513)	(246,562)	(246,262)	(601,308)
Balance at September 30, 2019	\$ 3,850,693	\$ 2,748,864	\$ 10,860,612	\$ 19,859,047	\$ 37,319,216
Accumulated amortization and impairment					
As at January 1, 2019	\$ 3,151,799	\$ 1,715,451	\$ –	\$ 12,472,945	\$ 17,340,195
Additions	210,092	–	–	2,556,677	2,766,769
Exchange difference	(89,530)	–	–	(179,454)	(268,984)
Balance at September 30, 2019	\$ 3,272,361	\$ 1,715,451	\$ –	\$ 14,850,168	\$ 19,837,980
Carrying amount					
December 31, 2018	\$ 771,905	\$ 797,600	\$ 7,179,081	\$ 4,458,278	\$ 13,206,864
September 30, 2019	\$ 578,332	\$ 1,033,413	\$ 10,860,612	\$ 5,008,879	\$ 17,481,236

Additions to productions in progress include interest capitalized of \$188,132 and \$476,444 for the three and nine months ended September 30, 2019, respectively (three and nine months ended September 30, 2018 – \$177,035 and \$252,809).

There were no impairments recorded against productions for the three and nine months ended September 30, 2019, nor was there an indication that impairments previously recorded should be reversed (three and nine months ended September 30, 2018 – \$nil and \$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 Broadcasting License was conveyed to the Company on August 30, 2019. Given the existing dynamics of the cable and satellite industry in Canada and the United States, the Company is seeking financial partnerships prior to launching a WOW!

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branded linear channel and, to that end, the Company continues to explore investment and strategic candidates across multiple regions.

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 \$7,796 and \$23,081 on the tangible benefits obligation for the three and nine months ended September 30, 2019, respectively (three and nine months ended September 30, 2018 - \$2,205 and \$2,205).

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

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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	–	–	–	339,006	–	339,006
Exchange difference	(31,680)	(251,064)	(17,424)	–	–	(300,168)
Balance at September 30, 2019	\$ 1,059,760	\$ 8,398,598	\$ 582,868	\$ 4,626,598	\$ 5,494,754	\$ 20,162,578
Accumulated amortization						
Balance as at January 1, 2019	\$ 557,089	\$ 6,531,679	\$ 122,559	\$ 4,007,335	\$ –	\$ 11,218,662
Additions	199,410	773,927	43,870	168,230	–	1,185,437
Exchange difference	(16,875)	(192,324)	(3,712)	–	–	(212,911)
Balance at September 30, 2019	\$ 739,624	\$ 7,113,282	\$ 162,717	\$ 4,175,565	\$ –	\$ 12,191,188
Carrying amount						
December 31, 2018	\$ 534,351	\$ 2,117,983	\$ 477,733	\$ 280,257	\$ 5,494,754	\$ 8,905,078
September 30, 2019	\$ 320,136	\$ 1,285,316	\$ 420,151	\$ 451,033	\$ 5,494,754	\$ 7,971,390

8. Bank indebtedness and Interim production financing

	Currency	Date of maturity	September 30, 2019		December 31, 2018	
			Facility amount ¹ (CAD)	Carrying amount (CAD) ²	Facility amount ¹ (CAD)	Carrying amount (CAD) ²
Interim production financing	CAD	On demand	\$ 25,761,503	\$ 12,064,666	\$ 13,410,406	\$ 7,833,922
Interim production financing	USD	March 31, 2020	-	-	4,775,050	1,210,587
Interim production financing	USD	On demand	16,803,820	10,379,607	17,306,146	5,475,524
			\$ 42,565,323	\$ 22,444,273	\$ 35,491,602	\$ 14,520,033
Bank indebtedness	CAD	On demand	1,500,000	1,409,000	1,745,000	1,337,240
			\$ 44,065,323	\$ 23,853,273	\$ 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 September 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.

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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 a facility from another Canadian bank.

(a) Interim production financing

The Company's interim production financing facilities with a Canadian bank bear interest at rates ranging from bank prime plus 1.15% - 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 provided by 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.

During the three months ended September 30, 2019, the Company repaid in full an interim production facility with a bank in the United States ("US").

(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 September 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.

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(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 September 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 September 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 nine months ended September 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	387,926	—	387,926
Interest paid	(171,618)	—	(171,618)
Interest payable recorded in accounts payable and accrued liabilities	(87,230)	—	(87,230)
Balance at September 30, 2019	\$ 4,117,018	\$ 351,851	\$ 4,468,869

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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.

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:

September 30, 2019	For the three months ended			For the nine months ended		
	Animation Production	Networks and Platforms	Total	Animation Production	Networks and Platforms	Total
Segment and external revenues	\$ 9,956,364	\$ 13,392,298	\$ 23,348,662	\$ 22,302,291	\$ 47,156,907	\$ 69,459,198
Operating expenses	6,243,850	13,517,706	19,761,556	18,200,524	47,581,875	65,782,399
Amortization of investment in film and television programming	2,073,505	35,824	2,109,329	2,625,727	141,042	2,766,769
Depreciation and amortization	696,993	15,161	712,154	1,880,289	214,977	2,095,266
Finance costs	497,446	7,796	505,242	1,461,394	23,081	1,484,475
Segment profit (loss)	\$ 444,570	\$ (184,189)	260,381	\$ (1,865,643)	\$ (804,068)	(2,669,711)
Amortization of acquisition-related intangibles			336,748			1,017,207
General and administration			646,228			2,516,388
Share based compensation expense			633,400			906,269
Loss before taxes			\$ (1,355,995)			\$ (7,109,575)
Capital expenditures						
Investment in film and television programming	\$ 2,300,555	\$ -	\$ 2,300,555	\$ 7,471,963	\$ 30,328	\$ 7,502,291
Other intangible assets	\$ 33,432	\$ -	\$ 33,432	\$ 339,006	\$ -	\$ 339,006
Property, plant & equipment	\$ -	\$ -	\$ -	\$ 10,093,344	\$ 475,946	\$ 10,569,290

September 30, 2018	For the three months ended			For the nine months ended		
	Animation Production	Networks and Platforms	Total	Animation Production	Networks and Platforms	Total
Segment and external revenues	\$ 5,566,121	\$ 12,145,188	\$ 17,711,309	\$ 23,160,008	\$ 26,484,449	\$ 49,644,457
Operating expenses	5,094,025	12,844,475	17,938,500	17,674,239	28,935,940	46,610,179
Amortization of investment in film and television programming	554,786	27,140	581,926	2,438,182	27,140	2,465,322
Depreciation and amortization	201,674	8,995	210,669	578,930	25,695	604,625
Finance costs	356,364	2,205	358,569	1,009,372	2,205	1,011,577
Segment profit (loss)	\$ (640,728)	\$ (737,627)	(1,378,355)	\$ 1,459,285	\$ (2,506,531)	(1,047,246)
Amortization of acquisition-related intangibles			587,164			1,734,590
General and administration			693,589			2,480,336
Share based compensation expense			182,830			660,627
Loss before taxes			\$ (2,841,938)			\$ (5,922,799)
Capital expenditures						
Investment in film and television programming	\$ 4,094,650	\$ 529	\$ 4,095,179	\$ 8,624,947	\$ 68,234	\$ 8,693,181
Other intangible assets	\$ 2,203	\$ -	\$ 2,203	\$ 5,730	\$ -	\$ 5,730
Property, plant & equipment	\$ 34,232	\$ 7,799	\$ 42,031	\$ 43,264	\$ 22,785	\$ 66,049

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11. Revenue

a) Disaggregation of revenue from contracts with customers

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

<i>September 30, 2019</i>	<u>For the three months ended</u>			<u>For the nine months ended</u>		Total
	Animation Production	Networks and Platform		Animation Production	Networks and Platform	
Point in time	\$ 3,609,210	\$ 13,375,631	\$ 16,984,841	\$ 3,941,821	\$ 47,106,906	\$ 51,048,727
Over time	6,347,154	16,667	6,363,821	18,360,470	50,001	18,410,471
	\$ 9,956,364	\$ 13,392,298	\$ 23,348,662	\$ 22,302,291	\$ 47,156,907	\$ 69,459,198

<i>September 30, 2018</i>	<u>For the three months ended</u>			<u>For the nine months ended</u>		Total
	Animation Production	Networks and Platform		Animation Production	Networks and Platform	
Point in time	\$ 274,880	\$ 12,153,486	\$ 12,428,366	\$ 4,588,327	\$ 26,478,893	\$ 31,067,220
Over time	5,277,387	5,556	5,282,943	18,571,681	5,556	18,577,237
	\$ 5,552,267	\$ 12,159,042	\$ 17,711,309	\$ 23,160,008	\$ 26,484,449	\$ 49,644,457

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

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
United States	\$ 21,460,070	\$ 16,066,738	\$ 62,689,919	\$ 43,546,788
United Kingdom	1,871,696	1,471,213	6,631,105	3,239,776
Canada	16,896	173,358	138,174	2,857,893
	\$ 23,348,662	\$ 17,711,309	\$ 69,459,198	\$ 49,644,457

b) Contract balances

Trade receivables and unbilled accounts receivable are disclosed in Note 4. The Company does not have any unbilled accounts receivable contract assets as at September 30, 2019 (December 31, 2018 - \$67,000).

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 nine months ended September 30, 2019:

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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	(5,901,737)
Increases due to cash received, excluding amounts recognized as revenue during the period	9,409,214
Exchange difference	(57,655)
Balance as at September 30, 2019	\$ 10,468,032

12. Nature of expenses

	For the three months ended		For the nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Operating expenses				
Employee costs	\$ 7,786,129	\$ 5,228,171	\$ 21,741,910	\$ 17,332,511
Refundable tax credits	(3,590,995)	(2,101,087)	(9,390,008)	(7,022,957)
Contractors and other third party expenses	13,983,700	13,126,118	49,140,200	30,831,843
Rent and occupancy (Note 3 (a))	293,035	633,597	987,571	2,040,547
IT support and maintenance (Note 3 (a))	608,716	510,188	1,487,459	1,405,883
Royalties and participations	–	–	–	1,091,530
Other	680,971	541,513	1,815,267	930,822
	\$ 19,761,556	\$ 17,938,500	\$ 65,782,399	\$ 46,610,179

	For the three months ended		For the nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
General and administration expenses				
Employee costs	\$ 433,347	\$ 321,153	\$ 1,351,848	\$ 1,007,192
Legal and accounting	43,879	121,490	515,688	632,131
Contractors and other third party expenses	–	25,900	8,000	287,188
Rent and occupancy (Note 3 (a))	19,996	50,920	62,374	149,784
Other	149,006	174,126	578,478	404,041
	\$ 646,228	\$ 693,589	\$ 2,516,388	\$ 2,480,336

	For the three months ended		For the nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Employee costs and benefits				
Employee costs	\$ 8,219,476	\$ 5,549,324	\$ 23,093,758	\$ 18,339,703
Share based compensation expense	633,400	182,830	906,269	660,627
	\$ 8,852,876	\$ 5,732,154	\$ 24,000,027	\$ 19,000,330

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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.

The value of the pro rata share of Warrants that have vested and became exercisable as at September 30, 2019 was \$510,000. Of this amount, \$408,000 was deferred and recorded as a prepaid expense under 'prepaid expenses, deposits and other' on the balance sheet prior to the conveyance of the Broadcasting License. Upon conveyance of the Broadcasting License to the Company on August 30, 2019, these previously deferred amounts have been reclassified from 'prepaid expenses, deposits and other' to 'share-based compensation expense' in the consolidated statements of comprehensive loss for the three months ended September 30, 2019. The pro rata share of Warrants that vested and became exercisable on September 30, 2019 was also recognized as an expense in the consolidated statements of comprehensive loss in the amount of \$102,000 for the three months ended September 30, 2019. Total share-based compensation expense of \$510,000 has been recognized for Warrants for the three and nine months ended September 30, 2019, respectively (three and nine months ended September 30, 2018 - \$nil and \$nil). 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 nine months ended September 30, 2019 and 2018, is summarized below:

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Share based compensation expense	For the three months ended		For the nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Stock options	\$ 116,763	\$ 141,747	\$ 314,609	\$ 537,149
Warrants	510,000	–	510,000	–
Share appreciation rights	6,637	41,083	81,660	123,478
	\$ 633,400	\$ 182,830	\$ 906,269	\$ 660,627

15. Finance costs

	For the three months ended		For the nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Interest expense on interim production financing	\$ 321,056	\$ 385,666	\$ 900,065	\$ 819,216
Interest expense on bank indebtedness	13,043	–	31,097	–
Interest and accretion on convertible debentures (Note 9)	130,729	130,729	387,926	387,926
Interest accretion on lease obligations (Note 3 (a))	220,750	17,004	618,750	55,039
Interest accretion on tangible benefits obligation (Note 6)	7,796	2,205	23,081	2,205
Interest capitalized to investments in film and television (Note 5)	(188,132)	(177,035)	(476,444)	(252,809)
	\$ 505,242	\$ 358,569	\$ 1,484,475	\$ 1,011,577

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 nine months ended September 30, 2019, foreign currency forward contracts with a notional value of USD \$1,250,000 and USD \$2,619,363, respectively, were executed at an average rate of 1.3220 and 1.3321. A realized gain of \$nil and \$9,876, respectively, was recognized in the consolidated statements of comprehensive loss for the three and nine months ended September 30, 2019 (three and nine months ended

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September 30, 2018 - \$nil and \$nil). Three forward contracts with a total notional value of USD \$1,250,000 remain outstanding as at September 30, 2019 at an average rate of 1.3220, resulting in an unrealized loss of \$3,450 for the three and nine months ended September 30, 2019.

At September 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:

	Fair Value Hierarchy	September 30, 2019		December 31, 2018	
		Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets:					
Amortized cost					
Cash and cash equivalents	Level 1	\$ 5,773,308	\$ 5,773,308	\$ 3,862,875	\$ 3,862,875
Trade receivables	Level 2	7,125,980	7,125,980	12,506,753	12,506,753
Long-term accounts receivable	Level 2	2,005,399	2,005,399	2,546,372	2,546,372
Deposits	Level 2	258,137	258,137	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	8,312,662	8,312,662	12,836,304	12,836,304
Lease obligations (Note 3 (a))	Level 2	13,275,877	13,275,877	2,883,785	2,883,785
Interim production financing	Level 2	22,444,273	22,444,273	14,520,033	14,520,033
Convertible debentures	Level 2	4,117,018	4,326,000	3,987,940	4,326,000
Other liabilities	Level 2	1,804,180	1,804,180	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)).

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

As at September 30, 2019	< 1 year	1 to 5 years	Greater than 5 years	Total	Carrying Amount
Accounts payable and accrued liabilities	\$ 8,312,662	\$ –	\$ –	\$ 8,312,662	\$ 8,312,662
Bank indebtedness	1,409,000	–	–	1,409,000	1,409,000
Lease obligations ¹ (Note 3 (a))	3,002,031	6,894,891	10,731,452	20,628,374	13,275,877
Interim production financing	22,444,273	–	–	22,444,273	22,444,273
Convertible debentures ¹	347,028	4,398,060	–	4,745,088	4,117,018
Other liabilities ¹	554,652	1,246,862	98,143	1,899,657	1,804,180
	\$36,069,646	\$ 12,539,813	\$10,829,595	\$ 59,439,054	\$ 51,363,010

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 nine months ended September 30, 2019 and 2018, are as follows:

	For the nine months ended	
	September 30, 2019	September 30, 2018
Trade and other accounts receivable	\$ 2,376,194	\$ (3,490,028)
Prepaid expenses, deposits and other	(381,782)	(140,822)
Deposits and other assets	35,379	(4,907)
Accounts payable and accrued liabilities	(4,600,415)	6,214,483
Deferred revenue	3,449,822	3,423,955
Other current and non-current liabilities	195,441	1,235,957
Net change in non-cash working capital	\$ 1,074,639	\$ 7,238,638

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.