BOAT ROCKER MEDIA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three months and year ended December 31, 2022

The following Management's Discussion and Analysis (MD&A) for Boat Rocker Media Inc. (Boat Rocker or the Company) provides information concerning the Company's financial condition, results of operations, and cash flows for the three months and year ended December 31, 2022. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes (annual financial statements) for the years ended December 31, 2022 and 2021, and its Annual Information Form (AIF). Additional information about the Company can be found under the Company's profile on SEDAR at www.sedar.com.

This disclosure is effective as of March 30, 2023.

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

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

BASIS OF PRESENTATION

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

SELECTED FINANCIAL INFORMATION

The following table provides selected financial information of the Company for the three months and years ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Consolidated statements of income and loss data				
Revenue	$ 111,289	$ 262,455	$ 304,281	$ 580,369
Net income (loss)	5,699	3,512	1,796	(12,081)
Net income (loss) attributable to non-controlling interests	3,200	2,465	9,302	8,575
Net income (loss) attributable to shareholders	2,499	1,047	(7,506)	(20,656)
Adjusted EBITDA*	17,160	18,967	36,201	31,630
Consolidated statements of cash flows data				
Cash used in operating activities			$ (74,131)	$ (16,875)
Cash provided by financing activities			68,081	47,794
Cash used in investing activities			(1,890)	(5,667)
Free Cash Flow*			3,460	(49,660)
			December 31, 2022	December 31, 2021
Consolidated statements of financial position data				
Cash			$ 85,794	$ 96,950
Total assets			796,547	603,539
Lease liabilities			22,544	25,812
Total non-current liabilities			83,929	83,947

* This item is a non-IFRS measure. See "Non-IFRS Measures" and "Reconciliation Tables" sections for further information.

SELECTED OPERATIONAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022:

- Continued to provide content and production services to major global streamers and broadcasters including: Netflix, Apple TV+, Amazon Prime, AMC, Roku, Disney, Discovery+, CBC, CTV, and Global Television among others.
- 27 projects delivered in the year ended December 31, 2022, with over 40 shows in various stages of production across the Television and Kids and Family segments in Q4 2022
- Television segment produced seven scripted dramas during the year, including five series for which Boat Rocker will act as the international distributor.
- Television and Kids and Family segments delivered 118 half hours of content in the three months ended December 31, 2022 (full year 2022 - 292 half hours), compared to 122 half hours in the same period of 2021 (full year 2021 - 302 half hours).
- Adjusted EBITDA increased to $36.2 million for 2022 as compared to $31.6 million for 2021.
- Directed a net $30.5 million of Cash Available for Use* to investments in productions in which the Company owns the intellectual property during the year ended December 31, 2022, of which $17.8 million is expected to be repaid into Cash Available for Use* in 2023.
- Generated positive Free Cash Flow* in the year ended December 31, 2022 of $3.5 million as compared to negative Free Cash Flow* in 2021 of $49.7 million.

FINANCIAL POSITION AT DECEMBER 31, 2022

- Total cash on hand is $85.8 million.
- No corporate debt is outstanding, only interim production financing secured by production-related receivables in the normal course of business.

* This item is a non-IFRS measure. See "Non-IFRS Measures" and "Reconciliation Tables" sections for further information.

BUSINESS OVERVIEW

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

With a focus on content, talent, and commerce, over the last 19 years, Boat Rocker has grown to become one of North America's leading independent studios. The Company reports the financial results of its business in three segments: "Television" (including live-action scripted and unscripted content production and owned IP distribution, but excluding kids and family content), "Kids and Family" (including kids and family live-action scripted and unscripted content, all animated content, owned IP distribution, and franchise and brand management), and "Representation" (including brand and management services provided to talent and IP representation services provided to third-party IP owners).

FACTORS AFFECTING THE COMPANY'S PERFORMANCE

Revenue

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

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

Service Revenue. Represents revenue derived from the production of video content owned by a third-party buyer or IP owner (e.g. an over-the-top (OTT) provider or linear channel which engages the Company to provide production services). Typically, the buyer or IP owner pays for the full costs of production plus an agreed upon premium or production services fee to the Company pursuant to a production services agreement. This revenue is generally received by the Company in regular installments over the course of work rendered. Depending on the type of video content, the duration of the service contract can vary from one to 12 months in the case of live-action, to 12 to 24 months in the case of animation. Service revenue as described above is recognized over time based on the proportion of costs incurred in the current period over the total expected costs of the production. Service revenue also includes executive producer fees, as well as other similar fees where amounts are contractually due and paid to the Company based on the creation of video content where the Company does not own the related IP. Service revenue from executive producer fees and similar fees are recognized at the point in time that the Company's performance obligations are met, which varies based on each specific arrangement. Service revenue is recorded in the Television and Kids and Family segments.

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

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

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

Production, Distribution and Service Expenses

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

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

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

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

General and Administrative Expenses

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

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

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

Finance Costs, Net

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

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

Foreign Exchange Gains and Losses

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

Other Gains and Losses

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

SEGMENT RESULTS OF OPERATIONS

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

Television

The Television segment produces two types of video content: *scripted* and *unscripted*. The following table presents the Television segment revenue and segment profit for the three months and years ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	**Three months ended December 31,**				**Year ended December 31,**			
	2022	**2021**	**$ change**	**% change**	**2022**	**2021**	**$ change**	**% change**
Television Segment:								
Revenue								
Production	$ 48,524	$194,913	$ (146,389)	(75%)	$ 86,660	$337,117	$ (250,457)	(74%)
Service	18,783	23,199	(4,416)	(19%)	71,715	113,744	(42,029)	(37%)
Distribution	7,526	767	6,759	881%	14,088	7,171	6,917	96%
Total revenue	**$ 74,833**	**$218,879**	**$ (144,046)**	**(66%)**	**$172,463**	**$458,032**	**$ (285,569)**	**(62%)**
Expenses								
Production, distribution and service costs	54,316	208,028	(153,712)	(74%)	119,929	423,507	(303,578)	(72%)
General and administrative costs	8,279	8,067	212	3%	31,626	29,792	1,834	6%
Total expenses	**$ 62,595**	**$216,095**	**$ (153,500)**	**(71%)**	**$151,555**	**$453,299**	**$ (301,744)**	**(67%)**
Segment profit (loss)	**$ 12,238**	**$ 2,784**	**$ 9,454**	**340%**	**$ 20,908**	**$ 4,733**	**$ 16,175**	**(342%)**
Segment profit (loss) % of revenue	16%	1%			12%	1%		

Revenue. Production revenue in the three months ended December 31, 2022 was $48.5 million, in comparison to $194.9 million in the same period of 2021, a decrease of $146.4 million. In the three months ended December 31, 2022, the Company delivered 104 half hours of content for which revenue was recognized, as compared to 80 half hours in the same period of 2021. In the 2022 period, most of the deliveries were in the unscripted genre (91 half hours in total) while in the three months ended December 31, 2021, the 80 half hours of content included five of nine episodes of the premium scripted drama *American Rust* to Showtime, seven of 10 episodes of the premium scripted drama *Invasion* to Apple TV+, and 56 half hours of unscripted productions. The average revenue per episode on *American Rust* and *Invasion* was significantly higher than any of the Company's other scripted and unscripted productions delivered in 2022.

Production revenue in the year ended December 31, 2022 was $86.7 million, in comparison to $337.1 million in the same period of 2021, a decrease of $250.5 million. In the year ended December 31, 2022, the Company delivered 230 half hours of content for which revenue was recognized, as compared to 246 half hours in the same period of 2021. The delivery of scripted content in the year ended December 31, 2022 did not begin until the fourth quarter, with 13 half hours delivered, as compared to the significantly higher revenue in 2021 as a result of the delivery of all of the episodes of *American Rust* and *Invasion*.

For the three months ended December 31, 2022, service revenue was $18.8 million compared to $23.2 million in the same period of 2021, a decrease of $4.4 million. The service revenue decreases were recognized in the US in the amount of $2.1 million and in Canada in the amount of $2.3 million.

For the year ended December 31, 2022, service revenue was $71.7 million compared to $113.7 million in the same period of 2021, a decrease of $42.0 million. The service revenue decreases were recognized in the US in the amount of $34.8 million and in Canada in the amount of $7.2 million. The decreases recognized in both the three months and year ended December 31, 2022 were due to a lower overall volume of service production work. This decrease was partially offset by executive producer fees and third party profit participation for which revenue was recognized in the year ended December 31, 2022, with no similar amounts for which revenue was recognized in the prior year period.

Distribution revenue for the three months ended December 31, 2022 increased by $6.8 million and for the year ended December 31, 2022 increased by $6.9 million compared to 2021. Sales of the Company's catalog of titles, both scripted and unscripted series, varies from period to period depending on factors such as exclusivity and when rights are available for sale in certain territories. Sales of the Company's flagship series *Orphan Black* continue to be a significant factor in driving profitability.

Production, distribution and service costs. Production, distribution and service costs for the three months ended December 31, 2022 were $54.3 million, a $153.7 million decrease from $208.0 million in 2021. Amortization of investment in content decreased by $154.4 million relating to the deliveries in 2022 compared to 2021, where the average cost per episode on *American Rust* and *Invasion* was significantly higher than any of the Company's other scripted and unscripted productions delivered in 2022. Service costs decreased by $4.4 million in conjunction with the lower service revenue in 2022. These decreases were partially offset by an increase in other costs of $5.1 million, mainly distribution and participation costs relating to the increase in distribution revenue in the three months ended December 31, 2022.

Production, distribution and service costs for the year ended December 31, 2022 were $119.9 million, a $303.6 million decrease from $423.5 million in 2021. Production, distribution and service costs includes a reversal of a production-related other financial liability of $7.4 million that was recognized during the year ended December 31, 2022, due to a change in estimate. The liability was related to a production that had been previously delivered, the results of which had been previously included in segment profit. The segment recognized lower amortization of investment in content, which decreased by $251.9 million, consistent with the lower production revenue recognized in the period. As noted above, the average cost per episode on *American Rust* and *Invasion* was the main driver for the higher amortization cost in 2021. Service costs also decreased by $50.4 million in conjunction with the lower service revenue in 2022. These decreases were partially offset by an increase in distribution and participation costs of $3.2 million relating to the increase in distribution revenue when compared to the prior period, and an increase in development costs of $2.8 million relating mainly to a larger number of first look deals in 2022.

General and administrative costs. General and administrative expenses for the three months ended December 31, 2022 were $8.3 million, slightly higher than the $8.1 million for the same period of 2021. In the year ended December 31, 2022, general and administrative expenses were $31.6 million compared to $29.8 million in the same period of 2021, an increase of $1.8 million. In both the three-month and year-end periods, there were higher personnel costs across the segment, including the Boat Rocker Studios, Scripted US operations which in 2022 produced seven scripted dramas (as compared to two in 2021).

Segment profit (loss). For the three months ended December 31, 2022, the Television segment recognized a profit of $12.2 million, compared to profit of $2.8 million in the same period of 2021, a favourable variance of $9.5 million. For the year ended December 31, 2022, the Television segment recognized a profit of $20.9 million, compared to profit of $4.7 million in the same period of 2021, a favourable variance of $16.2 million. The favourable variance in segment profit in the three-month period was driven by a higher gross margin on production and service revenue in the quarter as well as a higher profit contribution from distribution activities. The favourable variance in segment profit in the year-end period was driven in part by the reversal of a production related financial liability of $7.4 million, as well as executive producer fees and third party profit participation recorded as service revenue where there were no associated costs or corresponding amounts in the comparative period.

Kids and Family

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

The following table presents the Kids and Family segment revenue and segment profit for the three months and years ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2022	2021	$ change	% change	2022	2021	$ change	% change
Kids and Family Segment:								
Revenue								
Production	$ 4,163	$ 15,248	$ (11,085)	(73%)	$ 24,672	$ 15,614	$ 9,058	58%
Service	13,219	13,063	156	1%	48,813	57,508	(8,695)	(15%)
Distribution	7,080	4,556	2,524	55%	17,580	11,246	6,334	56%
Total revenue	**$ 24,462**	**$ 32,867**	**$ (8,405)**	**(26%)**	**$ 91,065**	**$ 84,368**	**$ 6,697**	**8%**
Expenses								
Production, distribution and service costs	14,217	15,069	(852)	(6%)	60,784	53,442	7,342	14%
General and administrative costs	3,897	3,515	382	11%	11,092	9,750	1,342	14%
Total expenses	**$ 18,114**	**$ 18,584**	**$ (470)**	**(3%)**	**$ 71,876**	**$ 63,192**	**$ 8,684**	**14%**
Segment profit (loss)	**$ 6,348**	**$ 14,283**	**$ (7,935)**	**(56%)**	**$ 19,189**	**$ 21,176**	**$ (1,987)**	**(9%)**
Segment profit (loss) % of revenue	26%	43%			21%	25%		

Revenue. Production revenue in the three months ended December 31, 2022 was $4.2 million compared to $15.2 million in 2021, a decrease of $11.1 million. In the three months ended December 31, 2022, the Company delivered and recognized revenue for 14 half hours of content compared to 46 half hours in the same period of 2021.

Production revenue in the year ended December 31, 2022 was $24.7 million compared to $15.6 million in 2021, an increase of $9.1 million. In the year ended December 31, 2022, the Company delivered and recognized revenue for 62 half hours of content compared to 46 half hours in 2021.

Service revenue in the three months ended December 31, 2022 includes animation production and was $13.2 million compared to $13.1 million in the same period of 2021, an increase of $0.1 million. For the year ended December 31, 2022, service revenue decreased by $8.7 million to $48.8 million when compared to $57.5 million in the prior year period. The decrease was due to live-action production services that began in the third quarter of 2021, finishing early in the second quarter of 2022.

Distribution revenue for the three months ended December 31, 2022 was $7.1 million, an increase of $2.5 million compared to $4.6 million in the prior year period. For the year ended December 31, 2022, distribution revenue increased by $6.3 million to $17.6 million, compared to $11.2 million in 2021. Sales of the Company's catalog of Kids and Family titles vary from period to period depending on factors such as exclusivity and when rights are available for sale in certain territories. The increase in the year-end period includes consumer product sales for the Company's *Dino Ranch* brand which began in late 2021 as compared to a full year of sales in 2022, an increase in sales of the Company's catalog of titles including flagship series *The Next Step*, and the re-licensing of the Company's library of music rights in the second quarter of 2022.

Production, distribution and service costs. Production, distribution and service costs in the three months ended December 31, 2022 were $14.2 million compared to $15.1 million in 2021, a decrease of $0.9 million. Amortization of investment in content was $4.4 million lower, consistent with the decrease in production revenue recognized in the period. Service costs were lower by $0.7 million despite the slight increase in service revenue in the 2022 period, primarily due to the lower margin associated with a live-action production in the comparative period. Distribution, participation and development costs were higher by $4.1 million in the three months ended December 31, 2022 as compared to the same period in 2021, due to the increase in distribution revenue.

Production, distribution and service costs in the year ended December 31, 2022 were $60.8 million compared to $53.4 million in 2021, an increase of $7.3 million. The increase is primarily attributable to the amortization of investment in content, which was $10.3 million higher, consistent with the increased production revenue recognized in the year. In addition, there was a $3.0 million increase in distribution, participation and development costs relating to the higher distribution sales in year ended December 31, 2022. These increases were partially offset by the decrease in service costs of $6.1 million relating to the lower service revenue in 2022. Service costs in the year ended December 31, 2021 were reduced by $2.9 million from Canada Emergency Wage Subsidy amounts, where no such amounts were received in 2022.

General and administrative costs. General and administrative expenses for the three months ended December 31, 2022 were $3.9 million compared to $3.5 million in the same period of 2021, an increase of $0.4 million. General and administrative expenses for the year ended December 31, 2022 were $11.1 million compared to $9.8 million in the same period of 2021, an increase of $1.3 million. The increase in both the three-month and year-end periods is primarily due to increased personnel and marketing expenses supporting the expansion of the Company's consumer product activities.

Segment profit. For the three months ended December 31, 2022, the Kids and Family segment recognized profit of $6.3 million compared to $14.3 million for the same period of 2021. For the year ended December 31, 2022, the Kids and Family segment recognized profit of $19.2 million compared to $21.2 million for the same period of 2021. The decrease in both the three-month and year-end periods is primarily due to the timing of production revenue recognition in 2022 compared to the prior year periods. The decrease in the year ended December 31, 2022 was partially offset by the increase in distribution revenue including consumer product sales as compared to the year ended December 31, 2021.

Representation

The Representation segment includes brand and management services provided to talent and IP representation services to third-party IP owners for which the Company earns a pre-negotiated commission from its clients. The table below presents the Representation segment revenue and segment profit for the three months and years ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2022	2021	$ change	% change	2022	2021	$ change	% change
Representation Segment:								
Representation revenue	$11,995	$10,709	$ 1,286	12%	$40,753	$37,969	$ 2,784	7%
Total revenue	**$11,995**	**$10,709**	**$ 1,286**	**12%**	**$40,753**	**$37,969**	**$ 2,784**	**7%**
Expenses								
Production, distribution and service costs	406	186	220	118%	1,081	644	437	68%
General and administrative costs	6,020	5,173	847	16%	22,564	20,259	2,305	11%
Total expenses	**$ 6,426**	**$ 5,359**	**$ 1,067**	**20%**	**$23,645**	**$20,903**	**$ 2,742**	**13%**
Segment profit (loss)	**$ 5,569**	**$ 5,350**	**$ 219**	**4%**	**$17,108**	**$17,066**	**$ 42**	**—%**
Segment profit (loss) % of revenue	46%	50%			42%	45%		

Revenue. Revenue in the three months ended December 31, 2022 was $12.0 million compared to $10.7 million in the same period of 2021, an increase of $1.3 million. Revenue in the year ended December 31, 2022 was $40.8 million compared to $38.0 million in the same period of 2021, an increase of $2.8 million. The majority of clients managed by the Company's Representation segment are on-screen talent, where the timing and scale of projects on which they are working can vary from period to period. The timing of projects led to higher revenues in the current year periods.

General and administrative costs. General and administrative expenses for the three months ended December 31, 2022 were $6.0 million compared to $5.2 million in the same period of 2021, an increase of $0.8 million. For the year ended December 31, 2022, general and administrative expenses were $22.6 million compared to $20.3 million in the same period in 2021, an increase of $2.3 million. General and administrative costs of the Representation segment mainly relate to the employees representing the Company's clients, a component of which cost is variable compensation. Total compensation costs were higher in 2022 due to an increase in headcount as well as higher variable compensation associated with the higher revenue.

Segment profit. For the three months ended December 31, 2022, segment profit in the Representation segment was $5.6 million, compared to $5.4 million in the same period of 2021, an increase of $0.2 million. Segment profit in the year ended December 31, 2022 was $17.1 million, remaining flat year-over-year despite the increase in revenue, primarily due to the additional employee compensation costs incurred in 2022.

Corporate and Shared Services

Corporate and shared services is a cost center that includes corporate functions such as human resources, finance, business development, information technology, business and legal affairs. The table below summarizes corporate and shared services expenses for the three months and years ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2022	2021	$ change	% change	2022	2021	$ change	% change
Corporate and Shared Services:								
Expenses								
General and administrative costs	6,522	10,236	(3,714)	(36%)	27,303	30,887	(3,584)	(12%)
Total expenses	**$ 6,522**	**$ 10,236**	**$ (3,714)**	**(36%)**	**27,303**	**30,887**	**(3,584)**	**(12%)**

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

During the three months ended December 31, 2022, general and administrative costs were $6.5 million compared to $10.2 million in the same period of 2021, a decrease of $3.7 million. During the year ended December 31, 2022, general and administrative costs were $27.3 million compared to $30.9 million in the same period of 2021, a decrease of $3.6 million. The decreases are due primarily to the result of some corporate reorganization activities that occurred in the second half of 2022 after the Company had seen an increase in personnel and overhead costs incurred over the course of 2021 as part of becoming a publicly listed company. Additionally contributing to the year-over-year decline in general and administrative costs, share-based compensation expense was a recovery of $0.2 million for three months ended December 31, 2022 as compared to an expense of $1.0 million in the prior year period, and was $1.1 million for the year ended December 31, 2022 compared to $4.6 million in the year ended December 31, 2021, decreases of $1.3 million and $3.5 million, respectively.

TOTAL COMPANY RESULTS OF OPERATIONS

Three months and year ended December 31, 2022 compared to 2021

The following table summarizes Boat Rocker's consolidated results of operations for the three months and years ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2022	2021	$ change	% change	2022	2021	$ change	% change
Revenue								
Television	$ 74,833	$ 218,879	$ (144,046)	(66)%	$ 172,463	$ 458,032	$ (285,569)	(62)%
Kids and Family	24,462	32,867	$ (8,405)	(26)%	91,065	84,368	6,697	8%
Representation	11,995	10,709	$ 1,286	12%	40,753	37,969	2,784	7%
Total revenue	**$ 111,290**	**$ 262,455**	**$ (151,165)**	(58)%	**$ 304,281**	**$ 580,369**	**$ (276,088)**	(48)%
Expenses								
Production, distribution and service costs	68,939	223,283	$ (154,344)	(69)%	181,794	477,593	(295,799)	(62)%
General and administrative costs	24,718	26,991	$ (2,273)	(8)%	92,585	90,688	1,897	2%
Amortization expense	6,606	4,576	$ 2,030	44%	19,801	18,561	1,240	7%
Finance costs, net	1,909	898	$ 1,011	113%	6,226	4,742	1,484	31%
Foreign exchange loss (gain)	1,724	515	$ 1,209	235%	1,249	(90)	1,339	1488%
Other (gains) and losses	(3,532)	(2,285)	$ (1,247)	55%	(4,626)	(5,197)	571	(11)%
Income (loss) before income taxes	**$ 10,925**	**$ 8,477**	**$ 2,448**	(29)%	**$ 7,252**	**$ (5,928)**	**$ 13,180**	222%
Income tax expense	5,226	4,965	$ 261	5%	5,456	6,153	(697)	(11)%
Net income (loss) for the period	**$ 5,699**	**$ 3,512**	**$ 2,187**	(62)%	**$ 1,796**	**$ (12,081)**	**$ 13,877**	115%
Net income (loss) attributable to non-controlling interests	3,200	2,465	735	30%	9,302	8,575	727	8%
Net income (loss) attributable to shareholders of the Company	2,499	1,047	1,452	139%	(7,506)	(20,656)	13,150	64%
Other Financial Information:								
Adjusted EBITDA*	17,160	18,967	(1,807)	(10)%	36,201	31,630	4,571	14%

* This item is a non-IFRS measure. See "Non-IFRS Measures" and "Reconciliation Tables" sections for further information.

Revenue. Revenue for the three months ended December 31, 2022 was $111.3 million compared to $262.5 million for the same period of 2021, a decrease of $151.2 million or 58%. Revenue for the year ended December 31, 2022 was $304.3 million compared to $580.4 million for the same period of 2021, a decrease of $276.1 million or 48%. The decreases were mostly attributable to the decrease in the production and service revenue of the Television segment. In the year ended December 31, 2021, the Company delivered the scripted dramas *American Rust* and *Invasion* which had significantly higher average revenue per episode than any of the Company's other scripted and unscripted productions, and no comparable deliveries in the current year periods. Service revenue on both US and Canadian unscripted production was also lower in the three months and year ended December 31, 2022 due to a lower overall volume of service production activity. These revenue decreases were partially offset by an increase in distribution revenue in both the Television and Kids and Family segments.

Production, distribution and service costs. Production, distribution and service costs for the three months ended December 31, 2022 were $68.9 million compared to $223.3 million for the same period of

2021, a decrease of $154.3 million or 69%. The decrease was mostly attributable to the decrease in amortization of investment in content of $158.8 million and service costs of $5.1 million, partially offset by an increase in distribution, participation and development costs of $9.6 million.

For the year ended December 31, 2022, production, distribution and service costs were $181.8 million compared to $477.6 million for the same period of 2021, a decrease of $295.8 million or 62%. The decrease was mostly attributable to the decrease in amortization of investment in content of $241.6 million and service costs of $56.4 million. The decreases were partially offset by an increase in distribution, participation and development costs of $9.9 million. Production, distribution and service costs also includes the reversal of a production-related other financial liability of $7.4 million that was recognized during the year ended December 31, 2022 due to a change in estimate. The liability was related to a production that had been previously delivered.

General and administrative costs. For the three months ended December 31, 2022, general and administrative costs were $24.7 million compared to $27.0 million in for the same period of 2021, a decrease of $2.3 million or 8%. The decrease was primarily due to a decrease in share-based compensation expense of $1.3 million resulting from option forfeitures. Other personnel costs decreased by $0.4 million and other costs including advertising and professional fees decreased by a net amount of $0.6 million.

In the year ended December 31, 2022, general and administrative costs were $92.6 million compared to $90.7 million in 2021, an increase of $1.9 million or 2%. The variance was primarily due to the increase in personnel costs of $3.8 million and a net increase of $1.6 million in other costs, including advertising, IT costs, insurance and professional fees. The impact was partially offset by a decrease of $3.5 million in share-based compensation expense, due in part to the forfeiture of options in the year ended December 31, 2022.

Amortization expense. Amortization expense consists of the amortization of property and equipment, right-of-use assets and other intangible assets. The following table presents the breakdown of amortization expense for the three months and year ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	**Three months ended December 31,**				**Year ended December 31,**			
	2022	**2021**	**$ change**	**% change**	**2022**	**2021**	**$ change**	**% change**
Expenses:								
Amortization of property and equipment	$ 705	$ 928	$ (223)	(24)%	$ 3,034	$ 3,752	$ (718)	(19)%
Amortization of right-of-use assets	1,540	1,569	(29)	(2)%	6,068	6,536	(468)	(7)%
Amortization of intangible assets	4,361	2,079	2,282	110%	10,699	8,273	2,426	29%
Amortization expense	**$ 6,606**	**$ 4,576**	**$ 2,030**	44%	**$ 19,801**	**$ 18,561**	**$ 1,240**	7%

During the three months and year ended December 31, 2022, it was determined that as a result of continued performance challenges, the economic life of certain of the Company's trademarks and non-compete agreements had shortened. As a result, these amounts were written off as at December 31, 2022, resulting in a further amortization charge of $2.1 million.

Finance costs, net. The following table presents a breakdown of net finance costs for the three months and year ended December 31, 2022 and 2021:

(Amounts in thousands CAD)								
	Three months ended December 31,				Year ended December 31,			
	2022	2021	$ change	% change	2022	2021	$ change	% change
Expenses:								
Interest income	$ (247)	$ (106)	$ (141)	133%	$ (542)	$ (380)	$ (162)	43%
Interest expense, corporate debt	—	132	(132)	(100)%	—	1,475	(1,475)	(100)%
Interest expense, interim production financing	1,799	468	1,331	284%	5,281	1,910	3,371	176%
Accretion expense on lease liabilities	357	404	(47)	(12)%	1,487	1,737	(250)	(14)%
Finance costs, net	**$ 1,909**	**$ 898**	**$ 1,011**	113%	**$ 6,226**	**$ 4,742**	**$ 1,484**	31%

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

Interest expense on corporate debt in the year ended December 31, 2021 of $1.5 million consisted of interest on loans and borrowings that were outstanding from January 1, 2021 to March 24, 2021, when funds from the Company's IPO were used to repay outstanding loans and borrowings balances.

Interest expense related to interim production financing is classified within production expenses, either in investment in content on the consolidated statement of financial position or service costs on the consolidated statement of income (loss) from the date of the initial draw to the date of delivery of the content. Interest expenses incurred subsequent to delivery until the repayment of the interim production financing is classified as interest expense on the consolidated statement of income (loss). During the three months ended December 31, 2022, the Company incurred $1.8 million of interest expense from interim production financing, compared to $0.5 million in the same period of 2021. Interest expense related to interim financing in the year ended December 31, 2022 increased by $3.4 million when compared to and 2021 due to the number of loans outstanding, the timing of draws and repayments, the increase in interest rates and timing of deliveries.

The Company enters lease contracts for offices and equipment, and incurred accretion expense from the unwinding of discounting impact of the future cash payments. Accretion expense was relatively consistent between 2022 and 2021, with the slight decrease relating to the timing of leases.

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

During the three months ended December 31, 2022, the Company recognized a foreign exchange loss of $1.7 million compared to a loss of $0.5 million in the same period of 2021. In the year ended December 31, 2022, the Company recognized a foreign exchange loss of $1.2 million compared to a gain of $0.1 million in the same period of 2021.

Other gains and losses. The following table presents the breakdown of other gains and losses for the three months and year ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	Three months ended December 31,				Year ended December 31,			
	2022	2021	$ change	% change	2022	2021	$ change	% change
Gain on settlement of loans and borrowings	$ —	$ —	$ —	—%	$ —	$ (2,334)	$ 2,334	(100)%
Share of equity accounted investee (income) loss	(97)	(75)	(22)	(29)%	(529)	26	(555)	2135%
Change in fair value of convertible debt	—	—	—	—%	—	(4,382)	4,382	(100)%
Change in fair value of financial assets	22	—	22	N/A	(144)	2	(146)	7300%
Change in fair value of unsettled forward exchange contracts	(2,031)	1,004	(3,035)	302%	(571)	1,251	(1,822)	146%
Change in fair value of contingent consideration	—	(3,684)	3,684	(100)%	(6,533)	(3,286)	(3,247)	(99)%
Change in fair value of other financial liabilities - put options	(1,401)	376	(1,777)	473%	3,564	5,442	(1,878)	(35)%
Change in fair value of other financial liabilities - other	(25)	94	(119)	127%	(413)	(1,916)	1,503	78%
Other (gains) / losses	**$ (3,532)**	**$ (2,285)**	**$ (1,247)**	**55%**	**$ (4,626)**	**$ (5,197)**	**$ 571**	**11%**

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

fair value of contingent consideration and changes in the fair value are recognized in other gains and losses. The change in fair value of contingent consideration for the three months and years ended December 31, 2022 and 2021 relates primarily to acquisition liabilities of Boat Rocker Studios, Scripted, LLC (BRSS US) and Untitled. During the year ended December 31, 2022, the Company determined that the earnout criteria had not been met for the liability associated with BRSS US and accordingly, contingent consideration of $6.5 million was reversed through the consolidated statement of income (loss).

- ***Change in fair value of other financial liabilities - put options.*** The Company has entered into separate agreements with the sellers of Untitled and Insight whereby the Company can elect or be required to purchase the non-controlling interests of each of these entities. The liabilities are recorded at fair value, which includes assumptions relating to the future value of the entities discounted back to each reporting date, along with the estimated probabilities of expected outcomes for each of the options. The fair value of the options will change if the Company determines there are any changes to these estimates and assumptions, including the passage of time in terms of how soon the option will become exercisable. Changes in the estimated value of the liabilities are recorded on the consolidated statement of income (loss).
- ***Change in fair value of other financial liabilities - other.*** This balance includes the fair value fluctuations of liabilities arising from the acquisitions of BRSS and Untitled. As a pre-closing change to the Company's capital structure prior to the IPO, a purchase price liability in connection with the acquisition of Matador Content was settled with the issuance of Subordinate Voting Shares, where the market value of the shares was less than the amount of the liability recorded. This resulted in a change in fair value of $2.4 million in the year ended December 31, 2021. The change in fair value of acquisition-related other financial liabilities for the three months and year ended December 31, 2022 primarily relate to Untitled.

Income taxes. For the three months ended December 31, 2022, income tax expense of $5.2 million represented an effective tax rate of 47.8% on the income before taxes of $10.9 million, as compared to income tax expense of $5.0 million, or an effective tax rate of 58.6% on the income before taxes of $8.5 million for the three months ended December 31, 2021.

For the year ended December 31, 2022, income tax expense of $5.5 million represented an effective tax rate of 75.23% on the income before taxes of $7.3 million, as compared to income tax expense of $6.2 million, or a negative effective tax rate of 103.8% on the loss before taxes of $5.9 million for the year ended December 31, 2021.

The Company's statutory tax rate is 26.5% for each of these periods. One of the reasons for the difference between effective and statutory rates is due to taxable losses and other deductions in subsidiaries located in the US for which no tax benefit was recognized.

For the three months ended December 31, 2022 and 2021, these losses amounted to an impact of $4.4 million and $2.1 million on the effective tax rate, respectively. In the years ended December 31, 2022 and 2021, these losses amounted to an impact of $4.0 million and $1.6 million on the effective tax rate, respectively.

Share-based compensation and other non-deductible expenses amounted to an impact of $0.9 million and $0.8 million on the effective tax rate for the three months ended December 31, 2022 and 2021, respectively. The impact of the same items amounted to $0.9 million and $2.8 million on the effective tax rate for the years ended December 31, 2022 and 2021, respectively.

Net income (loss) attributable to shareholders of the Company. Net income attributable to shareholders of the Company for the three months ended December 31, 2022 was $2.5 million, compared to income of $1.0 million for the same period of 2021, a favourable variance of $1.5 million.

Net loss attributable to shareholders of the Company for the year ended December 31, 2022 was $7.5 million, compared to a loss of $20.7 million for the same period of 2021, a favourable variance of $13.2 million.

Adjusted EBITDA.* Adjusted EBITDA* for the three months ended December 31, 2022 was $17.2 million compared to $19.0 million for the same period of 2021, an unfavourable variance of $1.8 million and 10%. Adjusted EBITDA* for the year ended December 31, 2022 was $36.2 million compared to $31.6 million for the same period of 2021, a favourable variance of $4.6 million and 14%. The decrease in Adjusted EBITDA* in the three months ended December 31, 2022 was primarily due to the lower segment profit in Kids and Family, partially offset by a higher segment profit in Television and lower corporate costs in the fourth quarter of 2022. The increase in Adjusted EBITDA* for the year ended December 31, 2022 was due primarily to a higher segment profit in Televsion and lower corporate costs, partially offset by a lower segment profit in Kids and Family.

***** This item is a non-IFRS measure. See "Non-IFRS Measures" and "Reconciliation Tables" sections for further information.

STRATEGY AND OUTLOOK

Boat Rocker expects to deliver improving financial performance again in 2023 as it anticipates delivering the balance of all episodes of the seven premium scripted shows that it commenced producing in 2022 and owing to higher anticipated distribution and representation revenue. More broadly, management continues to expect sustained demand for new and returning series, with major domestic and international buyers looking for original premium scripted, unscripted and kids & family programming. However, management is mindful of the current and near-term backdrop, including increasingly uncertain macroeconomic conditions, ongoing challenges in the retail industry, cost cutting from major buyers, and the concern of potential U.S. guild strikes commencing as early as Spring 2023, which could impact the Company's outlook for the year.

Boat Rocker remains focused on Adjusted EBITDA* as the most important measure of the Company's performance. For 2023, management is targeting modest Adjusted EBITDA growth over 2022.

With prudent cost management of general and administrative expenses and strong discipline on investment spending, Boat Rocker anticipates it will continue to invest in owned IP and grow its content library, while generating positive free cash flow and remaining debt free** in 2023.

With its multi-genre content creation engine and long track record of successfully delivering programming at all budget levels to the world's leading broadcasters and streamers, Boat Rocker believes that it is well positioned to capitalize on the ongoing demand for high quality programming.

The Company's expected performance in 2023 is based on certain assumptions which are outlined below, and subject to certain risks as outlined in the Company's Annual Information Form for the year ended December 31, 2022.

* This item is a non-IFRS measure. See "Non-IFRS Measures" section for further information.

**Other than interim production financing (including through two borrowing base facilities) in the ordinary course of operations

COVID-19 PANDEMIC UPDATE

Boat Rocker continues to face challenges as a result of the COVID-19 pandemic, including what have now become ordinary course interruptions and delays as a result of key cast members on the Company's projects becoming infected with COVID-19 and temporary pauses in productions for days at a time as a result. Unlike other production exigencies that can be covered by insurance policies, there remains very little insurance coverage available on commercial terms to mitigate the costs associated with shutdowns related to COVID-19. When production is delayed or interrupted because of COVID-19, Boat Rocker works diligently to mitigate the costs associated with such delays in collaboration with its buyers, either by rescheduling shoot days so as to continue filming without the affected cast member or by seeking budgetary savings to cover the costs incurred by the interruption. Where costs cannot be fully mitigated, they are borne as set out in Boat Rocker's agreements with its buyers, and Boat Rocker may be responsible for none of the costs, all of the costs, or a portion of the costs, depending upon the terms of the applicable agreements.

While Boat Rocker continues to face challenges as a result of COVID-19, the Company takes active steps to mitigate potential impacts on the business by testing cast and crew for COVID-19 prior to the start of work, requiring masks on sets, and by implementing other COVID-19 protocols as warranted to help limit the spread of the virus on the Company's shows.

QUARTERLY INFORMATION

The following table presents the revenue, net income (loss), basic EPS, and diluted EPS by quarter for each of the eight most recent quarters ended December 31, 2022:

(Amounts in thousands CAD, except EPS)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue	$ 111,289	$ 80,710	$ 65,433	$ 46,849	$ 262,455	$ 203,332	$ 62,088	$ 52,494
Net income (loss)	5,699	3,872	4,557	(12,332)	3,512	(1,758)	(8,819)	(5,016)
Basic EPS	0.04	0.03	0.03	(0.23)	0.02	(0.07)	(0.20)	(0.20)
Diluted EPS	0.04	0.02	0.03	N/A	N/A	N/A	N/A	N/A

- In the normal course, Boat Rocker's results vary on a quarterly basis due to 1) the number of shows delivered, 2) the timing of deliveries, 3) the size of budgets and related revenue of productions, and 4) licence period start dates contracted with buyers and distributors.
- The commencement date of license agreements with broadcasters may occur within a window of prescribed time based on first airing, which could cause a delay to the recognition of revenue if the Company has anticipated an earlier premiere date.
- Readers of this MD&A and consolidated financial statements are cautioned about extrapolating the results for the quarter into future quarterly or annual expectations.

LIQUIDITY AND CAPITAL RESOURCES

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

The Company manages liquidity by forecasting and monitoring cash flows and through the use of interim production financing. As at December 31, 2022, the Company's cash balance was $85.8 million (December 31, 2021 - $97.0 million), which excludes restricted cash of $2.1 million (December 31, 2021 - $nil). Results of operations for any period are dependent on the amount and timing of content delivered. Consequently, the Company's results from operations may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily closely correlated with revenue recognition.

On June 30, 2022, Boat Rocker entered into a Fifth Amended and Restated Offer of Financing with a Canadian chartered bank. The amendment replaced the Company's demand revolving facility with a $20.0 million borrowing base revolving credit facility (the Borrowing Base Facility), secured by production receivables assigned to the lender, such as production service tax credits. As at December 31, 2022, $13.8 million was outstanding on the Borrowing Base Facility and included in interim production financing. The Borrowing Base Facility also includes a cash-backed letter of credit revolving facility for US$5.0 million, a $3.5 million treasury risk management facility (unused as at December 31, 2022) and a $0.5 million credit card facility (the current balance of which is maintained on a monthly basis).

As at December 31, 2022, the Company has undrawn revolvers of $7.2 million, both through the Borrowing Base Facility ($6.2 million which can be drawn where eligible receivables are assigned to the lender) and through a $1.0 million revolving credit facility with another Canadian chartered bank.

Cash

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

The following table presents the breakdown of cash as at December 31, 2022 and December 31, 2021:

(Amounts in thousands CAD)	**December 31, 2022**	**December 31, 2021**	**$ change**	**% change**
Cash Available for Use*	$ 31,524	$ 57,247	$ (25,723)	(45)%
Cash Required for Use in Productions*	54,270	39,703	14,567	37%
Total cash, net of restricted cash	**$ 85,794**	**$ 96,950**	**$ (11,156)**	**(12)%**

***** This item is a non-IFRS measure. See "Non-IFRS Measures" section for further information.

Cash Available for Use* is the net of cash earned from business activities of the Company and cash used for working capital requirements as well as development and growth efforts. Cash Available for Use* decreased by $25.7 million between December 31, 2021 and December 31, 2022. The main sources of cash include margins earned from productions and services in progress, distribution and consumer product sales as well as representation commissions. The timing of cash inflows can vary for all of these sources. The main uses of cash include distribution, participation and development expenses, as well as operating expenses in Toronto, New York and Los Angeles. Cash outflows are also incurred to invest in content where the Company owns the IP. During the year ended December 31, 2022, a net $30.5 million of Cash Available for Use* was invested in content, of which $17.8 million is expected to be repaid into Cash Available for Use* during the next twelve months and $12.7 million which is expected to be repaid over a longer term. The Company did not declare or pay dividends to controlling shareholders during 2022, nor 2021.

Certain cash is required for the funding of productions in progress and is not available for other uses. This cash has been provided by buyers and third-party IP owners that have engaged the Company to produce video content, as well as banks with whom Boat Rocker has contracted to provide interim production financing. The increase in Cash Required for Use in Productions* from December 31, 2021 to December 31, 2022 was $14.6 million, primarily related to the increase in productions that commenced in 2022 in the Television segment.

***** This item is a non-IFRS measure. See "Non-IFRS Measures" section for further information.

Indebtedness

The following table presents the Company's interim production financing as at December 31, 2022 and December 31, 2021:

(Amounts in thousands CAD)	December 31, 2022	December 31, 2021	$ change	% change
Interim production financing	$ 210,354	$ 117,619	$ 92,735	79%

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

Boat Rocker generally incorporates a new single purpose entity for each of its material productions, including for each new season of an existing series, in order to manage the budget and cash flow of its productions. This structure is designed to enable the Company to limit liability, monitor production costs and to manage financing and future revenue streams associated with each production. The single purpose entity is generally amalgamated as the receivables that fund the production, including tax credits, are received and the interim production financing is repaid. For certain productions, the interim production financing is arranged on an individual production basis at the single purpose entity level, and for other productions, interim financing is made available through the Borrowing Base Facility or the US Scripted Production Facility (discussed below).

Subsidiaries of Boat Rocker Studios, Scripted, LLC, the Company's California based subsidiary specializing in scripted content, and certain other subsidiaries of the Company, are party to a US$100.0 million senior secured five-year revolving credit facility with a major US bank in connection with the interim financing of certain scripted programming produced by Boat Rocker Studios, Scripted, LLC (the US Scripted Production Facility). The borrower under the US Scripted Production Facility is a direct subsidiary of Boat Rocker Studios, Scripted, LLC and the subsidiaries of the borrower and certain single purpose production subsidiaries of the Company are guarantors of the facility. The US Scripted Production Facility is not guaranteed by Boat Rocker Studios, Scripted, LLC or the Company. As at December 31, 2022, the aggregate amount outstanding under the US Scripted Production Facility was $101.9 million (December 31, 2021 - $63.1 million). As at December 31, 2022, the subsidiaries of the Company who are party to the US Scripted Production Facility were in compliance with all covenants contained in the US Scripted Production Facility.

As at December 31, 2022, the aggregate amount of interim financing outstanding for productions with individual interim financings in place, along with amounts drawn on the Borrowing Base Facility, was $108.5 million (December 31, 2021 - $54.5 million).

The following table presents the Company's other financial liabilities as at December 31, 2022 and December 31, 2021:

(Amounts in thousands CAD)	**December 31, 2022**	**December 31, 2021**	**$ change**	**% change**
Other financial liabilities	$ 52,436	$ 53,631	$ (1,195)	(2)%

Other financial liabilities as at December 31, 2022 comprise $50.9 million of put option liabilities relating to Untitled Entertainment and Insight Productions, and $1.6 million of other liabilities relating to Untitled Entertainment (December 31, 2021 - $46.3 million). In addition, the balance as at December 31, 2021 includes a $7.3 million liability arising from the acquisition of BRSS US which was reversed during 2022 due to a change in estimate.

Cash Flows

The following table summarizes the cash flows in the year ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	**Year ended December 31,**			
	2022	**2021**	**$ change**	**% change**
Cash used in operating activities	$ (74,131)	$ (16,875)	$ (57,256)	(339)%
Cash provided by financing activities	68,081	47,794	20,287	42%
Cash used in investing activities	(1,890)	(5,667)	3,777	67%
Foreign exchange gain on cash held in foreign currency	(3,216)	(56)	(3,160)	(5643)%
(Decrease) increase in cash	$ (11,156)	$ 25,196	$ (36,352)	(144)%
Cash - Beginning of period	96,950	71,754	25,196	35%
Cash - End of period	**$ 85,794**	**$ 96,950**	$ (11,156)	(12)%

Cash flow from operating activities

Cash flow from operating activities for the year ended December 31, 2022 was a use of cash of $74.1 million compared to a use of cash of $16.9 million in the same period of 2021, a variance of $57.3 million.

The net income in the year ended December 31, 2022 of $1.8 million, after adjusting for the non-cash items, generated a cash source of $111.0 million. The net loss of $12.1 million in 2021 with non-cash items added back was a cash source of $345.4 million, $234.4 million greater than in 2022, resulting mainly from the two big budget scripted dramas that were delivered in the second half of 2021 where non-cash amortization of investment in content was recorded.

For the year ended December 31, 2022, cash from operations used for investment in content was $227.3 million, $66.8 million more than the amount used in the same period of 2021 of $160.5 million. This variance relates to the timing of commencement of productions throughout each year and the increase in the Company's investment in owned content that commenced production in 2022 which the Company will be distributing through its internal sales team.

The higher cash outflow in 2022 was also impacted by $236.8 million higher cash inflow resulting from changes in other non-cash working capital balances, primarily driven by a higher net inflow in the year ended December 31, 2022 from funds received in deferred revenue.

Cash flow from financing activities

Cash flow from financing activities for the year ended December 31, 2022 was an inflow of $68.1 million compared to an inflow of $47.8 million in the same period of 2021, an increase of $20.3 million.

The Company recognized net cash inflows from interim production financing of $86.5 million in the year ended December 31, 2022. In comparison, in the prior year, the Company recognized cash outflows from interim production financing net of proceeds of $22.4 million. On March 24, 2021 upon the closing of the Company's IPO, net cash proceeds of $161.7 million were received. A net total of $76.2 million was used to repay the Company's loans and borrowings on the closing of the IPO. Distributions paid to non-controlling shareholders increased by $1.1 million in 2022 compared to the prior year.

Cash flow from investing activities

Cash flow from investing activities for the year ended December 31, 2022 was a use of cash of $1.9 million compared to a use of cash of $5.7 million in the same period of 2021, a variance of $3.8 million.

Cash payments for the settlement of contingent consideration relating to acquisitions amounted to $1.0 million in the year ended December 31, 2021, where only nominal payments on contingent consideration were made in the year ended December 31, 2022.

Expenditures on property and equipment were $1.2 million in the year ended December 31, 2022 compared to $2.7 million in 2021.

Cash payments for purchase of financial assets were $0.7 million in 2022 compared to $2.0 million in 2021.

Free Cash Flow*

Free Cash Flow* is a non-IFRS measure, and is calculated as cash flow provided by or used in operations adjusted for proceeds and repayment of interim production financing, repayment of lease liabilities and cash used to purchase property and equipment. Free Cash Flow* is a key metric used by the investing community that measures the Company’s ability to repay debt, finance strategic business acquisitions and investments, pay dividends and repurchase shares. Free Cash Flow* is presented both before and after distributions made to non-controlling shareholders.

***** This item is a non-IFRS measure. See "Non-IFRS Measures" section for further information.

The following table presents the reconciliation from cash used in operating activities to Free Cash Flow* for the years ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	Year ended December 31,			
	2022	2021	$ change	% change
Cash used in operating activities	$ (74,131)	$ (16,875)	$ (57,256)	(339)%
Proceeds from interim production financing	197,081	69,698	127,383	183%
Repayments of interim production financing	(110,589)	(92,077)	(18,512)	(20)%
Repayment of lease liabilities	(7,718)	(7,701)	(17)	—%
Acquisition of property and equipment	(1,183)	(2,705)	1,522	56%
Free Cash Flow*	**$ 3,460**	**$ (49,660)**	**$ 53,120**	**107%**
Less: distributions to non-controlling interest shareholders	(8,735)	(7,638)	(1,097)	(14)%
Free Cash Flow Attributable to Owners of the Company*	**$ (5,275)**	**$ (57,298)**	**$ 52,023**	**91%**

***** This item is a non-IFRS measure. See "Non-IFRS Measures" section for further information.

Note that the Company's definition of Free Cash Flow did not previously include the acquisition of property and equipment, and did include distributions to non-controlling interest shareholders. Distributions to non-controlling shareholders have been presented as a deduction from Free Cash Flow to arrive at Free Cash Flow Attributable to Owners of the Company as management believes that these two metrics provide a better overall representation of the cash available from operations of the Company. Free Cash Flow* for the year ended December 31, 2021 was previously reported as a negative balance of $54,593.

The movements in cash flows are presented above and the following items explain the variances in Free Cash Flow and Free Cash Flow Attributable to Owners of the Company:

- Cash used in operating activities was $74.1 million for the year ended December 31, 2022, $57.3 million more than the prior year period where it was a cash use of $16.9 million. Further details of the balances are provided above under the heading Cash Flows.
- The proceeds from interim financing net of repayments were a net inflow of $86.5 million in the year ended December 31, 2022 as compared to a net outflow of $22.4 million in the comparative 2021 period, accounting for a $108.9 million positive variance as a cash inflow between the periods. Proceeds of interim financing represent draws to cover production cost outflows. Repayments take place as license fee, service fee and tax credit receivables that were used as collateral for the loans are collected.
- Cash used to repay lease liabilities was flat year over year, where cash used for the acquisition of property and equipment was $1.5 million less in the year ended December 31, 2022 compared to the prior year.
- Cash distributions to non-controlling shareholders in the year ended December 31, 2022 were $1.1 million higher than in the prior year

The timing of cash collections on US productions and the related repayment of the interim production financing through the Company's US Scripted Production Facility can take place up to 30 days apart given the US Scripted Production Facility's terms. As a result, the Company may have cash inflows through operating activities in a given quarter that are not reflected as repayments of interim production financing until the following quarter.

Financial Obligations

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

	Total	2023	2024	2025	2026	2027	2028 AND AFTER
	$	$	$	$	$	$	$
Accounts payable and accrued liabilities [1]	73,943	68,502	5,441	—	—	—	—
Interim production financing [2]	210,354	108,761	101,593	—	—	—	—
Lease liabilities [3]	25,447	7,064	9,989	6,456	1,938	—	—
Other financial liabilities [4]	68,679	5,141	63,538	—	—	—	—
Production commitments [5]	6,650	4,712	976	482	240	240	—
	385,073	194,180	181,537	6,938	2,178	240	—

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

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

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

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

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

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

- The productions that will be greenlit and produced in a particular period;
- The financing plan of each production;
- The timing of the production period and the cash outflows of production spend;
- The timing of collection of the associated accounts receivable and production tax credits receivable; and
- The ability to draw on interim production financing to bridge the timing difference between production cash inflows.

OUTSTANDING EQUITY INSTRUMENTS

As of March 29, 2023, the following equity instruments are outstanding:

Type of Equity Instrument	Number Outstanding
Multiple Voting Shares	23,553,050
Subordinate Voting Shares	32,758,193
Stock Options	2,212,027
Restricted Share Units	1,893,864
Deferred Share Units	69,637
Performance Share Units	1,291,872

The weighted average exercise price of the stock options outstanding is $7.79.

NORMAL COURSE ISSUER BID

On August 30, 2022, the Company announced the TSX approved the Company's intention to proceed with a Normal Course Issuer Bid (NCIB) for its subordinate voting shares as appropriate opportunities arise from time to time. The NCIB commenced on September 1, 2022 and will expire August 31, 2023. Under the NCIB, and subject to the market price of its subordinate voting shares and other considerations, over the term of the NCIB Boat Rocker may purchase up to 1,000,000 subordinate voting shares. As at December 31, 2022, 12,562 shares have been repurchased and cancelled under the NCIB.

RELATED PARTY TRANSACTIONS

On January 1, 2021, a related party receivable of $8.4 million was extinguished by returning the amount as paid-up capital to the shareholders, resulting in a charge to retained earnings of $8.4 million.

As at December 31, 2022, payables to related parties include $nil (2021 - $624) in respect of distributions declared but unpaid to non-controlling interests.

During the year ended December 31, 2022, the Company made rental payments of $825 to The Old Telegram Building Inc. (OTBI), a related party with which the Company has a building lease agreement (2021 - $785). As at December 31, 2022, payables to OTBI of $1,572 are included in lease liabilities (December 31, 2021 - $2,127).

During the year ended December 31, 2022, the Company made payments of $892 to Industrial Brothers Canada Ltd. (IB) for animation services which were capitalized to investment in content (2021 - $2,215). As at December 31, 2022, accounts payable and accrued liabilities include $132 payable to IB for animation and development services (2021 - $390).

The convertible debentures issued to the Company's majority shareholder Fairfax in both 2019 and 2020 were converted during the three months ended March 31, 2021.

COMMITMENTS

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

Future payments related to these commitments as at December 31, 2022 are as follows:

	$
2023	4,712
2024	976
2025	482
2026	240
2027	240
	6,650

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenue and expenses during the reporting periods. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

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

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

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

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

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

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

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

Revenue recognition

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

The Company earns revenue from the following sources:

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

Licensing revenue for content

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

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

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

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

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

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

Service revenue

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

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

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

Representation revenue

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

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

Consumer product revenue

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

Amortization of investment in content

Amortization of investment in content is a direct operating expense which represents the production costs of content that the Company owns. As the content is produced, the costs are capitalized on the statement of financial position until the revenue recognition criteria is satisfied, at which time an assessment of the life of the content is made. The criteria to assess the life of the content includes the genre, the global demand for the content, and the potential for subsequent seasons and ancillary revenue such as merchandise and licensing. Based on these criteria, delivered content is amortized using a declining balance method at rates ranging from 20% to 100% at the time of delivery and at rates ranging from 10% to 50% annually on a declining balance as the underlying rights are consumed.

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

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

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

Impairment of goodwill and long-lived assets

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

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

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

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

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

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

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

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

Business combinations

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

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

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

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

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

Production tax credits

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

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

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

Other significant estimates and judgements

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

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

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

RISKS AND UNCERTAINTIES

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

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

FINANCIAL RISK MANAGEMENT

The Company is subject to a number of risks of varying degrees of significance that have the potential to affect operating performance and the Company's ability to manage its capital. The Company's objectives when managing capital are to provide an adequate return to shareholders, safeguard its assets, maintain a competitive cost structure and continue as a going concern in order to pursue the development, production, distribution and licensing of its content.

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

Credit risk

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

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

Currency risk

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

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates as its interim production financing bears interest at floating rates. Any changes in interest rates would increase or decrease production costs as interest owing on interim production financing and finance costs.

CONTROLS AND PROCEDURES

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

In addition, the CEO and CFO have designed or caused to be designed under their supervision internal controls over financial reporting (ICFR) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. The Company uses the framework and criteria established in the Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission, to design the Company's ICFR. There were no changes in the Company's ICFR that occurred during the year ended December 31, 2022 that have materially affected, or are likely to materially affect, the Company's ICFR.

In its annual filings, the CEO and the CFO, concluded that as at December 31, 2022 the Company's disclosure controls and procedures and ICFR were operating effectively.

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

NON-IFRS MEASURES

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

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

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

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

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

Adjusted EBITDA is defined as EBITDA before certain expenses, costs, charges or benefits incurred in the period which in management's view are not indicative of continuing operations, including: amortization of non-cash program intangibles, change in fair value of other financial liabilities related to put options, certain other financial liabilities, convertible debt and contingent consideration, share-based compensation, IPO and transaction-related costs, non-recoupable COVID-19 costs, goodwill impairment, reorganization costs, loss on debt modifications, gain on settlement of loans and borrowings, gain or loss on sale of assets, unrealized gain or loss on forward currency contracts, and other costs not indicative of the Company's core operating results. Adjusted EBITDA includes the gain on remeasurement of other financial liabilities as the gain is directly related to a production and is considered by management to be operational. Adjusted EBITDA is used by management as a measure of the Company's operating performance.

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

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

Free Cash Flow is defined as cash flow provided by or used in operations adjusted for proceeds and repayment of interim production financing, repayment of lease liabilities and cash used to purchase property and equipment. Free Cash Flow is a key metric used by the management that measures the Company's ability to repay debt, finance strategic business acquisitions and investments, pay dividends and repurchase shares.

Free Cash Flow Attributable to Owners of the Company is defined as Free Cash Flow less distributions made to non-controlling interests. Distributions to non-controlling interests are made out of the operating cash flows of the consolidated entities that contain the non-controlling interests, and accordingly management believes that deducting these cash outflows from Free Cash Flow is an important measure when considering Free Cash Flow available to shareholders of the Company.

FORWARD-LOOKING STATEMENTS

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

These forward-looking statements reflect management’s current opinions, beliefs, estimates, expectations and assumptions and are based on information currently available to management, which includes assumptions about continued revenue based on historical past performance, management’s historical experience, perception of trends and current business conditions, expected future developments, and other factors which management considers appropriate and reasonable in the circumstances. As they are forward-looking in nature, they are subject to change. With respect to the forward-looking statements included in this MD&A, Boat Rocker has made certain assumptions with respect to, among other things, Boat Rocker’s long-term growth outlook, the performance of the Company’s business and operations, the Company’s ability to maintain, expand and protect its IP portfolio, the ability of Boat Rocker to meet its future objectives and strategies, the Company's future projects and plans being achievable and proceeding as anticipated (including assumptions regarding renewals of existing series and greenlights of new projects), as well as assumptions concerning the expected impact of COVID-19 on the Company’s productions (including the assumption that any overages associated with any COVID-19 related production delays or shutdowns will be covered by the associated production budget or the Company's buyer), labour availability at budgeted rates and the length and impact of any labour unrest or strikes, the current geo-political landscape (including vis a vis the on-going conflict in Ukraine and associated political and economic repercussions), general economic and market segment conditions, including whether or not the entertainment industry and/or broader market experiences a recession, currency exchange and interest rates, competitive intensity and consumer preferences (including continued demand for discretionary consumer products). There can be no assurance that the underlying opinions, beliefs, expectations, estimates and assumptions will prove to be correct and that actual results will be consistent with these forward-looking statements.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes, or results anticipated or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated by such statements, including but not limited to the risk factors set out in the Company’s Annual Information Form for the year ended December 31, 2022. The risks and uncertainties described therein are not the only ones Boat Rocker faces. Additional risks and uncertainties not presently known to the Company or that it currently believes to be immaterial may also materially adversely affect the Company’s business, assets, liabilities, financial condition, results of operations, prospects, cash flows and the value of future trading price of the Subordinate Voting Shares.

RECONCILIATION TABLES
Segment Profit (Loss)

The following tables present the reconciliation of segment profit (loss) for the three months ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	**Three months ended December 31, 2022**				
	Television	**Kids and Family**	**Representation**	**Corporate**	**Total**
Revenue					
Total revenue	$ 74,833	$ 24,462	$ 11,995	$ —	$ 111,290
Expenses					
Production, distribution and service	54,316	14,217	406	—	68,939
General and administrative	8,279	3,897	6,020	6,522	24,718
Total expenses	**$ 62,595**	**$ 18,114**	**$ 6,426**	**$ 6,522**	**$ 93,657**
Segment Profit					
Segment profit (loss)	**$ 12,238**	**$ 6,348**	**$ 5,569**	**$ (6,522)**	**$ 17,633**
Segment profit (loss) % of revenue	16%	26%	46%		

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

The following tables present the reconciliation of segment profit (loss) for the year ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	Year ended December 31, 2022				
	Television	Kids and Family	Representation	Corporate	Total
Revenue					
Total revenue	$ 172,463	$ 91,065	$ 40,753	$ —	$ 304,281
Expenses					
Production, distribution and service	119,929	60,784	1,081	—	181,794
General and administrative	31,626	11,092	22,564	27,303	92,585
Total expenses	**$ 151,555**	**$ 71,876**	**$ 23,645**	**$ 27,303**	**$ 274,379**
Segment Profit					
Segment profit (loss)	**$ 20,908**	**$ 19,189**	**$ 17,108**	**$ (27,303)**	**$ 29,902**
Segment profit (loss) % of revenue	12%	21%	42%		

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

RECONCILIATION TABLES

Reconciliation from Net Income (Loss) to Adjusted EBITDA*

The Company uses the non-IFRS measure Adjusted EBITDA* to evaluate performance. The following table presents the reconciliation from net income (loss) to Adjusted EBITDA* for the three months ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	Three months ended December 31,			
	2022	2021	$ change	% change
Net income (loss)	**$ 5,699**	**$ 3,512**	**$ 2,187**	**(62)%**
Amortization of property and equipment, right-of-use assets and other intangible assets	6,606	4,576	2,030	44%
Finance costs, net	1,909	898	1,011	113%
Income taxes	5,226	4,965	261	5%
EBITDA*	**$ 19,440**	**$ 13,951**	**$ 5,489**	**39%**
Adjustments:				
Change in fair value of contingent consideration[1]	—	(3,684)	3,684	(100)%
Change in fair value of unsettled forward exchange contracts[2]	(2,031)	1,004	(3,035)	(302)%
Change in fair value of other financial liabilities[3]	(1,426)	470	(1,896)	(403)%
Amortization of acquired program intangibles[4]	493	730	(237)	(32)%
IPO and transaction-related costs[5]	240	500	(260)	(52)%
COVID-19 related costs[6]	77	4,948	(4,871)	(98)%
Share-based compensation[7]	(231)	1,033	(1,264)	(122)%
Reorganization costs[8]	598	15	583	3887%
Adjusted EBITDA*	**$ 17,160**	**$ 18,967**	**$ (1,807)**	**(10)%**

* This item is a non-IFRS measure. See "Non-IFRS Measures" section for further information.

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

2 Change in fair value of the unrealized forward currency contracts.

3 Change in fair value of other financial liabilities represents the non-cash expenses on certain put options and accretion and changes in fair value on other liabilities.

4 Amortization of program intangibles acquired in business combinations included in production, distribution and service costs.

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

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

7 Non-cash expenses associated with share-based compensation granted to certain officers, directors and employees.

8 Restructuring charges primarily related to personnel costs.

The following table presents the reconciliation from net income (loss) to Adjusted EBITDA* for the year ended December 31, 2022 and 2021:

(Amounts in thousands CAD)	**Year Ended December 31,**			
	2022	**2021**	**$ change**	**% change**
Net income (loss)	**$ 1,796**	**$ (12,081)**	**$ 13,877**	**115%**
Amortization of property and equipment, right-of-use assets and other intangible assets	19,801	18,561	1,240	7%
Finance costs, net	6,226	4,742	1,484	31%
Income taxes	5,456	6,153	(697)	(11)%
EBITDA*	**$ 33,279**	**$ 17,375**	**$ 15,904**	**92%**
Adjustments:				
Change in fair value of convertible debt[9]	—	(4,382)	4,382	(100)%
Change in fair value of contingent consideration[10]	(6,533)	(3,286)	(3,247)	99%
Change in fair value of unsettled forward exchange contracts[11]	(571)	1,251	(1,822)	(146)%
Change in fair value of other financial liabilities[12]	3,151	3,526	(375)	(11)%
Gain on settlement of loans and borrowings[13]	—	(2,334)	2,334	(100)%
Amortization of acquired program intangibles[14]	4,005	3,380	625	18%
IPO and transaction-related costs[15]	240	1,472	(1,232)	(84)%
COVID-19 related costs[16]	77	9,599	(9,522)	(99)%
Share-based compensation[17]	1,089	4,594	(3,505)	(76)%
Reorganization costs[18]	1,464	435	1,029	237%
Adjusted EBITDA*	**$ 36,201**	**$ 31,630**	**$ 4,571**	**14%**

* This item is a non-IFRS measure. See "Non-IFRS Measures" section for further information.

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

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

11 Change in fair value of the unrealized forward currency contracts.

12 Change in fair value of other financial liabilities represents the non-cash expenses on certain put options and accretion and changes in fair value on other liabilities.

13 Non-cash gain recorded on settlement of the Company's loans and borrowings.

14 Amortization of program intangibles acquired in business combinations included in production, distribution and service costs.

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

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

17 Non-cash expenses associated with share-based compensation granted to certain officers, directors and employees.

18 Restructuring charges primarily related to personnel costs.