

**DHX Services Financial / Programming Expense Projections - Based on DHX's Proposed CPE and PNI Levels**

| Service                        | 2018-2019           | 2019-2020           | 2020-2021           | 2021-2022           | 2022-2023           |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Revenue</b>                 |                     |                     |                     |                     |                     |
| Family Channel/Jr.             | \$43,499,776        | \$43,307,708        | \$43,741,800        | \$44,041,424        | \$44,335,144        |
| Télémagino                     | \$3,169,525         | \$3,033,622         | \$2,901,106         | \$2,849,742         | \$2,799,662         |
| CHRGD                          | \$6,086,396         | \$6,767,763         | \$6,804,243         | \$6,915,235         | \$6,996,995         |
| <b>Total Group Revenue</b>     | <b>\$52,755,697</b> | <b>\$53,109,093</b> | <b>\$53,447,149</b> | <b>\$53,806,401</b> | <b>\$54,131,801</b> |
| <b>CPE</b>                     |                     |                     |                     |                     |                     |
| Family Channel/Jr.             | \$7,762,781         | \$7,764,761         | \$7,669,613         | \$7,901,759         | \$7,958,031         |
| CPE as % of prior year revenue | 17.6%               | 17.9%               | 17.7%               | 18.1%               | 18.1%               |
| Télémagino                     | \$582,748           | \$570,515           | \$546,052           | \$522,199           | \$512,953           |
| CPE as % of prior year revenue | 18.0%               | 18.0%               | 18.0%               | 18.0%               | 18.0%               |
| CHRGD                          | \$1,032,860         | \$1,125,571         | \$1,263,806         | \$1,272,832         | \$1,296,653         |
| CPE as % of prior year revenue | 18.4%               | 18.5%               | 18.7%               | 18.7%               | 18.8%               |
| <b>Total Group CPE</b>         | <b>\$9,378,389</b>  | <b>\$9,460,847</b>  | <b>\$9,479,471</b>  | <b>\$9,696,790</b>  | <b>\$9,767,637</b>  |
| CPE as % of prior year revenue | 17.7%               | 17.9%               | 17.8%               | 18.1%               | 18.2%               |
| <b>PNI</b>                     |                     |                     |                     |                     |                     |
| Proposed group                 | \$5,301,494         | \$5,275,570         | \$5,310,909         | \$5,344,715         | \$5,380,640         |
| <b>Total Group PNI</b>         | <b>\$5,301,494</b>  | <b>\$5,275,570</b>  | <b>\$5,310,909</b>  | <b>\$5,344,715</b>  | <b>\$5,380,640</b>  |
| PNI as % of prior year revenue | 10.0%               | 10.0%               | 10.0%               | 10.0%               | 10.0%               |

|  |                     |                     |                     |                     |                     |                                    |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------------------|
| <b>Total Group CPE required if at 20% level</b>                            | <b>\$10,602,988</b> | <b>\$10,551,139</b> | <b>\$10,621,819</b> | <b>\$10,689,430</b> | <b>\$10,761,280</b> |                                    |
| <b>Variance between DHX projected CPE spending and 20% CPE requirement</b> | <b>-\$1,224,599</b> | <b>-\$1,090,292</b> | <b>-\$1,142,348</b> | <b>-\$992,640</b>   | <b>-\$993,643</b>   | <b>5 Year Total = -\$5,443,522</b> |

|  |                     |                     |                     |                     |                     |                                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------------------------|
| <b>Total Group PNI required if at historical spending level (15%)</b>      | <b>\$7,952,241</b>  | <b>\$7,913,355</b>  | <b>\$7,966,364</b>  | <b>\$8,017,072</b>  | <b>\$8,070,960</b>  |                                     |
| <b>Variance between DHX projected PNI spending and 15% PNI requirement</b> | <b>-\$2,650,747</b> | <b>-\$2,637,785</b> | <b>-\$2,655,455</b> | <b>-\$2,672,357</b> | <b>-\$2,690,320</b> | <b>5 Year Total = -\$13,306,664</b> |

Sources and Notes:

- 1) DHX licence renewal application, Appendix 5 - DHX Television Ltd. Consolidated - Financial Projections
- 2) When using the CPE dollar projections for the new licence term filed by DHX in Appendix 5 and Appendix 7 and running those numbers against prior year revenue, the CPE percentages do not come to 20%, which is the CPE level proposed by DHX for its proposed group. This, therefore, results in the variance CPE numbers noted above.
- 3) DHX did not provide projected spending on PNI for the new licence term. By multiplying the 10% group PNI level proposed by DHX with prior year projected revenue, we are able to calculate projected PNI spending in dollars.