

## INSTRUCTION LETTER

\_\_\_\_\_, 2022

- TO: Former holders of common voting shares, variable voting shares, and non-voting shares (together, the “**Company Shares**”) of WOW! Unlimited Media Inc. (“**Wow**” or the “**Company**”) who were Eligible Holders
- RE: Instruction Letter for Eligible Holders who wish to file a Section 85 Election in respect of the acquisition of their Company Shares by 1326919 B.C. Ltd. (“**Purchaser**”)

Unless otherwise noted, all defined terms in this Instruction Letter have the meaning as set out in the notice of meeting and management information circular dated December 1, 2021 for the special meeting of shareholders and the special meeting of holders of the 9.5% unsecured subordinated convertible debentures of Wow to be held December 30, 2021 (the “**Circular**”).

The purpose of this Instruction Letter is to describe the process for an Eligible Holder to make a joint election with Purchaser under subsection 85(1) of the *Income Tax Act* (Canada) (the “**Tax Act**”) or, in the case of an Eligible Holder that is a partnership, under subsection 85(2) of the Tax Act (in either case, a “**Section 85 Election**”), in respect of the disposition of such Eligible Holder’s Company Shares to Purchaser in exchange for Consideration consisting of a combination of cash and Exchangeable Shares pursuant to the Plan of Arrangement as described in the Circular.

A Section 85 Election in respect of a disposition of Company Shares to Purchaser for the Consideration may only be made by a former Company Shareholder who was an “**Eligible Holder**”. An Eligible Holder is a beneficial owner of Company Shares immediately prior to the Effective Time who is:

- resident in Canada for the purposes of the Tax Act and not exempt from tax under Part I of the Tax Act, or
- a partnership, each member of which is resident in Canada for purposes of the Tax Act and not exempt from tax under Part I of the Tax Act.

A Section 85 Election is not available if your Company Shares were held in a trust governed by an RRSP, RRIF, RESP, TFSA, RDSP or DPSP, as such plans are not Eligible Holders. If your Company Shares were held in such a plan please consult your tax advisor.

If you are an Eligible Holder that would otherwise realize a gain on the disposition of Company Shares to Purchaser, it may be to your advantage to make the Section 85 Election. **You should seek professional advice from your tax advisor to determine whether making the Section 85 Election is appropriate, considering your particular facts and circumstances.**

**Please review this Instruction Letter very carefully and consult your tax advisor as to the proper completion and delivery of the Section 85 Election Form (as defined below) to Purchaser (or its agents) and the applicable deadlines. The information provided herein and in the Circular with respect to such Section 85 Elections is provided for general assistance only, may not be exhaustive and is not intended to be, nor should it be construed as, legal or tax advice to any particular Eligible Holder. The law in this area is**

complex and contains numerous technical requirements not addressed in this Instruction Letter.

Furthermore, apart from providing this Instruction Letter and enclosure(s) to an Eligible Holder for their convenience, none of Purchaser, Genius Brands International, Inc. (“Genius”), Wow, the Depository, or any of the appointed agents or representatives assisting with the Section 85 Election process, nor any affiliate or successor of any such entity will provide an Eligible Holder with any advice on making a Section 85 Election. Accordingly, Eligible Holders wishing to make a Section 85 Election are urged to consult with their own tax advisors without delay for specific advice in respect of the process involved in making the Section 85 Election and how to comply with the requirements for making such Section 85 Election having regard to their own particular circumstances.

Such Eligible Holders should also review Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 (archived) issued by the Canada Revenue Agency (“CRA”) for information in respect of the Section 85 Election under the Tax Act.

## **1. EXECUTION AND DELIVERY OF A SECTION 85 ELECTION**

A Section 85 Election may be made by an Eligible Holder by providing a signed copy of the applicable joint election forms (the “**Section 85 Election Form**”) to Computershare Investor Services Inc. (the “**Depository**”) at the address provided on the last page of this Instruction Letter, with a copy by e-mail to the Purchaser at IR@gnusbrands.com. **The deadline for providing the Section 85 Election Form to the Depository and the Purchaser is 60 days after the Effective Date (the “Election Deadline”).**

The required federal forms to make a Section 85 Election can be found:

- [here](#) for an Eligible Holder that is a partnership, and
- [here](#) for any other Eligible Holder (including an individual or a corporation).

**If the Section 85 Election Form for an Eligible Holder is not received by Purchaser by the Election Deadline and in accordance with the procedures set out in this Instruction Letter, Purchaser will have no obligation to make a Section 85 Election with such Eligible Holder. An Eligible Holder wishing to make a Section 85 Election should give their immediate attention to this matter. In its sole discretion, Purchaser may choose to sign and deliver a Section 85 Election based on a Section 85 Election Form received after the Election Deadline, but will have no obligation to do so and no assurances can be given that Purchaser will sign and deliver such a Section 85 Election.**

Each Eligible Holder who wishes to make a Section 85 Election must send its Section 85 Election Forms to the Depository and the Purchaser by the Election Deadline.

Purchaser will not verify the accuracy of the information provided on the Section 85 Election Form provided by or on behalf of any electing Eligible Holder.

## **2. PROVINCIAL OR TERRITORIAL ELECTIONS**

In certain provinces or territories, it may be necessary to file a separate copy of the Section 85 Election or a separate provincial or territorial tax election analogous to the Section 85 Election with the taxing authority of such province or territory.

Purchaser will also make such a provincial or territorial tax election with an Eligible Holder. **Eligible Holders are entirely responsible for determining whether any such separate provincial or territorial election is applicable and appropriate in their circumstances and (if so) completing and forwarding the related forms to the Depository and the Purchaser for execution by Purchaser by the Election Deadline.**

Please consult your advisor on the completion of any applicable provincial or territorial tax forms, the filing deadline for such forms with the applicable provincial or territorial taxing authorities and how to deliver such forms to such provincial or territorial taxing authorities.

### **3. FILING A SECTION 85 ELECTION WITH THE CRA**

After submission of your Section 85 Election Form to the Depository and the Purchaser, the Purchaser shall, within 60 days after receiving the completed joint election forms from an electing Eligible Holder, and subject to such joint election forms being correct and complete and in compliance with requirements imposed under the Tax Act (or any analogous provision of provincial income tax legislation), sign and return such forms to such Eligible Holder.

**Each Eligible Holder is solely responsible for ensuring the Section 85 Election Form is completed correctly and filed with the CRA (and any applicable provincial tax authority) by the required deadline. Neither Wow, Purchaser, Genius, nor any successor corporation shall be responsible for the proper completion and filing of any joint election form, except for the obligation to sign and return the duly completed joint election forms which are received by the Election Deadline. The Eligible Holder will be solely responsible for the payment of any taxes, interest or penalties arising as a result of the failure of an Eligible Holder to properly or timely complete and file such joint election forms in the form and manner prescribed by the Tax Act (or any applicable provincial tax legislation).**

The following is a brief summary of how to execute and deliver the forms to the CRA:

#### **Filing Deadline**

Generally, for a Section 85 Election under subsection 85(1) of the Tax Act to be accepted by the CRA without an electing Eligible Holder being liable for a late filing penalty, such completed Section 85 Election must be filed with the CRA on or before the date that is the earlier of:

- (a) the day by which Purchaser is required to file an income tax return for the taxation year that includes the Effective Date; and
- (b) the day by which the electing Eligible Holder is required to file an income tax return for the taxation year that includes the Effective Date.

Special rules apply for partnerships when determining the filing deadline for a Section 85 Election under subsection 85(2) of the Tax Act and with respect to the persons that are required to execute such election. If you are an Eligible Holder that is a partnership, please consult your advisor on such filing deadlines and signing requirements.

Purchaser's taxation year that includes the Effective Date is expected to end on December 31, 2022, and its income tax return is required to be filed within six months from the end of the taxation year (June 30, 2023).

## **Where to file the Section 85 Election**

A Section 85 Election should be filed with your CRA Tax Centre. The Tax Services Offices and the associated Tax Centre are listed on the CRA website: <https://www.canada.ca/en/revenue-agency/corporate/contact-information/tax-services-offices-tax-centres.html>

- For trusts, the applicable Tax Centre is based on the location of the Trustee.
- For a corporation or an individual, the CRA has designated specific Tax Centres for all corporations and individuals depending on where they are located. The Tax Centres and the areas they serve can be found on the CRA website referred to above.
- Where the Section 85 Election is made by a partnership or an Eligible Holder that owned Company Shares together with a co-owner or co-owners, the applicable Tax Centre is that of Purchaser, being:

Winnipeg Tax Centre  
Post Office Box 14000, Station Main  
Winnipeg MB R3C 3M2

Each Eligible Holder is urged to consult its own tax advisor as soon as possible respecting the Section 85 Election and the filing deadlines (at the federal and provincial and territorial level) that apply to it. However, regardless of the applicable filing deadline, a complete and accurate Section 85 Election Form must be received by Purchaser on or before the Election Deadline and in accordance with the procedures set out in this Instruction Letter.

**With the exception of execution and delivery of the election form by Purchaser following receipt of the Section 85 Election Form (provided such information is received by Purchaser by the Election Deadline), compliance with the requirements for a valid Section 85 Election will be the sole responsibility of the Eligible Holder making the election. None of Purchaser, Wow, Genius, or any of the appointed agents or representatives assisting with the Section 85 Election process will be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by anyone to provide information necessary for the election in accordance with the procedures set out in this Instruction Letter, to properly complete any election form or to properly file it within the time prescribed and in the form prescribed under the Tax Act (or the corresponding provisions of any provincial or territorial tax legislation).**

## **4. PROCEDURE FOR COMPLETING PRESCRIBED FORM T2057**

The following section illustrates the information required to be provided by an Eligible Holder completing Form T2057, relevant for Eligible Holders other than a Partnership. **Please consult your advisor on the completion of any additional prescribed forms (such as Form T2058, relevant for an Eligible Holder that is a partnership, and any applicable provincial or territorial tax forms).**

Note: Do not write the required information on this letter of instructions. The information should be typed or legibly printed on the prescribed forms.

## **Page 1 of Form T2057**

Complete the information in this first box for the Eligible Holder making the election:

Taxpayer's name (transferor)					Social insurance, trust account or business number				
Address					Postal code				
Tax year of taxpayer	Start	Year	Month	Day	End	Year	Month	Day	Tax services office

The taxation year for individuals and trusts (other than a "graduated rate estate" as defined in the Tax Act) is January 1, 2022 to December 31, 2022. A corporation or a graduated rate estate must provide the taxation year that includes the Effective Date.

Complete the information in this box if the Company Shares were held in joint ownership, otherwise leave the box blank:

Name of co-owner(s), if any (if more than one, attach schedule giving similar details)		Social insurance number	
Address		Postal code	Tax services office

The next section may be completed as follows:

Corporation's name (transferee) 1326919 B.C. Ltd.					Business Number 77374 9007				
Address 1800 – 510 West Georgia Street, Vancouver, British Columbia					Postal code V6B 0M3				
Tax year of the corporation	Start	Year	Month	Day	End	Year	Month	Day	Tax services office Winnipeg, MB

Complete the last line of this section by filling in your name and telephone number or, if appropriate, the name and telephone number of your tax advisor:

Name of person to contact for additional information	Area code	Telephone number
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The final section on page 1 of Form T2057 relates to late-filed elections and is only applicable to Eligible Holders whose elections will be filed late.

**Page 2 of Form T2057**

The answers to the first five questions may be completed as follows:

1. Is there a written agreement relating to this transfer? .....	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
2. Does a price adjustment clause apply to any of the properties? (See Income Tax Folio S4-F3-C1 for details.) .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
3. Do any persons other than the taxpayer own or control directly or indirectly any shares of any class of the transferee? .....	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
4. Does a non-arm's length rollover exist between 2 or more corporations? .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If <b>yes</b> to question 4, have all or substantially all (90% or more) of all the properties of the corporation(s) been transferred to the transferee corporation? .....	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5. Is the taxpayer a non-resident of Canada? .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Eligible Holders should answer question 6 and 6(b) based on their particular circumstances. The determination of whether the Company Shares were capital property or inventory to the Eligible Holder is a question of fact depending on the Eligible Holder's particular circumstances. An Eligible Holder's Company Shares generally would have been considered capital property to the Eligible Holder unless the Eligible Holder held or used them in the course of carrying on a business, or acquired such shares the course of an adventure or concern in the nature of trade.

If Yes, questions 6(a) and 6(c) may be completed as follows:

6. Are any of the properties transferred capital properties? .....	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If yes, a) have they been owned continuously since Valuation Day (V-Day is defined in section 24 of the <i>Income Tax Applications Rules</i> )? .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
b) have they been acquired after V-Day in a transaction considered not to be at arm's length? .....	Yes <input type="checkbox"/>	No <input type="checkbox"/>
c) since V-Day, has the taxpayer or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for transferred shares? (If yes, attach a schedule, provide details of amounts and dates received.) .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Questions 7 and 8 may be completed as follows:

7. Is the agreed amount of any of the transferred properties based on an estimate of FMV on V-Day? .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If yes to question 7, does a formal documented V-Day value report exist? .....	Yes <input type="checkbox"/>	No <input type="checkbox"/>
8. Has an election under subsection 26(7) of the <i>Income Tax Application Rules</i> (Form T2076) been filed by or on behalf of the taxpayer? .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Corporation's name	
Business number	Paid-up capital of shares transferred

The section titled "Description of shares received" at the bottom of page 2 may be completed to indicate that the Consideration Shares are Exchangeable Shares (exchangeable for one share of Genius). Eligible Holders must fill in the number of shares received and the "paid-up capital" of such shares, which generally will be equal to the difference between the Eligible Holder's Agreed Amount (as described below) and the aggregate amount of the cash received by the Eligible Holder. The Exchangeable Shares are non-voting and are redeemable for a value equal to the value of the corresponding share of Genius.

Eligible Holders received \$1.169 and 0.271 of an Exchangeable Share of Purchaser for each Company Share held.

In the last box on page 2 of Form T2057, the Eligible Holder or its authorized officer or authorized person must sign above the "Signature of Transferor or Authorized Officer or Authorized Person" line and date the form above the "Date" line.

**Page 3 of Form T2057**

On the top line of this section, the date to be inserted will be the Effective Date, and will be completed by the Eligible Holder upon receipt of the Section 85 Election Form.

If the Company Shares were capital property of the Eligible Holder, complete the information in each column of this section (within the area designated by the title “Capital Property Excluding Depreciable Property”), according to the instructions referenced below. If the Company Shares were not capital property, please consult your own tax advisor regarding your particular circumstances.

Property Disposed of			Agreed Amount (cannot be zero) B	Amount to be reported B - A (If greater than 0 see Note 4)	Consideration Received		
Description	Elected Amount Limits				Non-share	Share	Fair Market Value of Total Consideration
	Fair Market Value	A			Description	Number and Class	
(1)							
(2) shares of WOW! Unlimited Media Inc.	\$ (3)	\$ (4)	\$ (5)	\$ (6)	(7)	(8) Exchangeable Shares of 1326919 B.C. Ltd.	\$ (9)

- (1) Enter the number of Company Shares sold to Purchaser.
- (2) Enter the type of Company Shares sold to Purchaser (common voting shares, variable voting shares or non-voting shares)
- (3) Enter the total fair market value of the Company Shares sold at the time of sale. The total fair market value of the Company Shares sold will be equal to the total of the amount of cash forming part of the Consideration and the aggregate fair market value of the Exchangeable Shares received by the Eligible Holder.
- (4) Enter the adjusted cost base (“**ACB**”) of the Company Shares sold to Purchaser. **Each Eligible Holder should consult its own tax advisor to obtain assistance in determining the correct ACB or cost amount of the Company Shares disposed of pursuant to the Arrangement.**
- (5) Enter the Agreed Amount (see below), which will be your deemed proceeds of disposition of the Company Shares, subject to the rules described below with respect to calculation of the Agreed Amount.
- (6) Enter the result of B minus A, if it is greater than \$0.
- (7) Enter the dollar amount of the cash received by the Eligible Holder upon the disposition of the Company Shares. Each Eligible Holder will receive \$1.169 for each Company Share held. While the position is not binding on the CRA, Wow considers that the Ancillary Rights have a nominal value.
- (8) Enter the number of Exchangeable Shares received as part of the Consideration. Eligible Holders will receive 0.271 of an Exchangeable Share for each Company Share held, rounded down to the nearest number of Exchangeable Shares if applicable.

(9) Enter the total fair market value at the Effective Date of the Consideration. The amount entered here should equal the amount entered in (2), above.

As described in the Circular, the Agreed Amount that is chosen by the Eligible Holder, within certain parameters defined in the Tax Act, will affect the tax results of the disposition of the Company Shares. The Agreed Amount will be the proceeds of disposition for purposes of computing any gain or loss on the Eligible Holder's disposition of Company Shares.

The Eligible Holder's Agreed Amount for Company Shares disposed of pursuant to the Arrangement must comply with the following rules:

- (a) The Agreed Amount may not be less than the amount of the cash received by the Eligible Holder.
- (b) The Agreed Amount may not be less than the lesser of (i) the ACB to the Eligible Holder of the Company Shares sold, determined immediately before the time of the sale, and (ii) the fair market value of the Company Shares at that time.
- (c) The Agreed Amount may not exceed the fair market value of the Company Shares at the time of the sale.

An Agreed Amount that does not otherwise comply with the foregoing limitations will be automatically adjusted under the Tax Act, so that it is in compliance with such limitations.

**Eligible Holders should consult their tax advisors regarding the selection of the appropriate Agreed Amount in respect of their Company Shares.**



*Offices of the Depositary*

**COMPUTERSHARE INVESTOR SERVICES INC.**

**By mail:**

P.O. Box 7021  
31 Adelaide St. E.  
Toronto, ON M5H 3H2  
Attention: Corporate Actions

**By hand delivery / courier / registered mail:**

100 University Avenue  
8<sup>th</sup> Floor  
Toronto, ON M5J 2Y1  
Attention: Corporate Actions

**By E-mail:**

E-mail: [corporateactions@computershare.com](mailto:corporateactions@computershare.com)

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