NEWS RELEASE

CORRECTED WILDBRAIN REPORTS Q1 2024 RESULTS

2023-11-08

In the news release, WILDBRAIN REPORTS Q1 2024 RESULTS, issued 07-Nov-2023 by WildBrain Ltd. over CNW, we are advised that the company has issued a correction to a typographical error in table one below: the "Deliver Sustainable Growth" row should read "Adjusted EBITDA[1] is expected to be slightly higher year over year." The complete, corrected release follows:

WILDBRAIN REPORTS Q1 2024 RESULTS

Q1 2024 Highlights

- Revenue was $105.5 million, compared to $126.7 million in Q1 2023.
- Net loss was $15.5 million, compared with net loss of $7.6 million in Q1 2023.
- Adjusted EBITDA[1] was $18.9 million, compared to $19.9 million in the prior year period.
- Cash used in operating activities was $3.0 million, compared to cash used in operating activities of $23.3 million in Q1 2023.
- Free Cash Flow[1] was negative $25.4 million, compared to negative $8.9 million in Q1 2023.

TORONTO, Nov. 7, 2023 /CNW/ - WildBrain Ltd. ("WildBrain" or the "Company") (TSX: WILD), a global leader in kids' and family entertainment, today reported its first-quarter ("Q1 2024") results for the period ended September 30, 2023.

The Company also announced today that Nick Gawne has been appointed Chief Financial Officer, effective November 8, bringing over 20 years' experience in finance, operations and business development in the media space with a focus on kids' and family IP, including almost 15 years with eOne. He succeeds Aaron Ames, who will continue in an advisory capacity to ensure a seamless transition.

Josh Scherba, WildBrain President and CEO, said: "Our three strategic pillars of Content Creation, Audience Engagement and Global Licensing are the core of our 360-degree strategy, cultivating and creating exceptional entertainment experiences for our own and partner brands. To support collaboration and innovation across the organization, we've realigned our internal teams under these strategic pillars. With our strong leadership team, I'm confident this new, simplified structure will optimize our plans to focus on the growth of key owned IP, such as Peanuts, Teletubbies and Strawberry Shortcake, alongside key partnership brands.

"As we focus on our key brands, we are excited that Apple TV+ has announced the greenlight of a new CG-animated Peanuts feature film. With production slated to start in 2024, this feature is a continuation of our commitment to investing in premium content.

"I'm delighted to welcome Nick to WildBrain. As we continue our strategic shift to focus our business on key franchises that can generate the greatest returns from our integrated 360-degree capabilities, Nick's deep expertise in finance and operations in kids' IP, particularly in global licensing, is an ideal fit for WildBrain. I'd like to also thank Aaron for his leadership, dedication and years of service to WildBrain. Aaron has been a great business partner and a passionate champion of our Company. His contributions have been invaluable in shaping our strategic path forward and repositioning the Company for continued growth. We look forward to continuing to benefit from his expertise and knowledge as an advisor as we move through Fiscal 2024."

Aaron Ames, commented: "I've greatly enjoyed working with the people across WildBrain's global organization to help build the Company into the global leader it is today. I have every confidence in the future of WildBrain, and I look forward to continuing in an advisory capacity to ensure a smooth transition and the continued success of the Company."

Nick Gawne stated: "I'm excited to join the WildBrain team, as I've long admired the company's capabilities and IP portfolio. I look forward to working with Josh as well as the senior management and finance teams across the global organization to help accelerate the growth of our brands and business and to drive value for shareholders."

Q1 2024 Performance – Executing on Priorities

PRIORITIES	HIGHLIGHTS
Focus on Key Brands & Partnerships	• Subsequent to the quarter, new CG-animated Peanuts feature film greenlit by Apple TV+. The untitled feature will follow Snoopy, Charlie Brown and the gang on an epic adventure to the big city. • Teletubbies secured new licensing partnerships and content deals to expand the brand into additional categories, with growth

in the digital space and fresh promotional activations in key markets. Highlights include a brand-new e-commerce site, new apparel ranges from Dolls Kill, multiple fan-focused activations, location-based events in China and a previously announced global partnership with leading lifestyle retailer MINISO.
- WildBrain CPLG, which represents Peanuts on behalf of Peanuts Worldwide across Europe, the Middle East, Africa (EMEA), Asia-Pacific (APAC) and India, expanded the consumer products offering for the beloved brand with the signing of new and expanded partnerships across the globe, including cross-category global partnerships, new APAC and China partnerships and new European & UK partnerships.
- WildBrain CPLG also announced multiple new cross-category consumer products licensing deals for the Sonic Prime brand in territories across the UK, Europe and the Middle East, building on our partnership with SEGA following the launch of season two of the series on Netflix.
- Subsequent to the quarter, WildBrain strengthened its partnership with Mattel with the announcement of new-season greenlights and new international distribution deals for several of its brands.
- Subsequent to the quarter, the first two of four CG-animated seasonal specials for the Strawberry Shortcake brand debuted on Netflix. Building on the brand activity, product launches and activations are set to roll out into 2024, further expanding the choices for fans both young and young at heart to enjoy the World of Strawberry Shortcake both on and off screen.
- Subsequent to the quarter, season one of the live action series, I Woke Up a Vampire, debuted on Netflix in the Top 10 charts in both the US and Canada.

Deliver Sustainable Growth

- In Fiscal Year 2024, we expect revenue to be down moderately and expect Adjusted EBITDA[1] to be slightly higher year over year.

Improve Balance Sheet

- Committed to financial discipline, reducing leverage and consistent free cash flow generation. Target leverage of under 4x by the end of Fiscal Year 2024.

Q1 2024 Financial Highlights

Financial Highlights	Three Months ended	
(in millions of Cdn$)	September 30,	
	2023	2022
Revenue	$105.5	$126.7
Gross Margin[1]	$51.8	$55.3
Gross Margin (%)[1]	49 %	44 %
Adjusted EBITDA attributable to WildBrain[1]	$18.9	$19.9
Net Income (Loss) attributable to WildBrain	$(15.5)	$(7.6)
Basic Earnings (Loss) per Share	$(0.08)	$(0.04)
Cash Provided by (Used In) Operating Activities	$(3.0)	$(23.3)
Free Cash Flow[1]	$(25.4)	$(8.9)

In Q1 2024, WildBrain made changes to streamline its business structure under a focused strategy designed to optimize its existing 360° IP management expertise and drive the growth of key WildBrain and partner franchises across its core capabilities of Content Creation, Audience Engagement and Global Licensing.

Financial results will be reported as "Content Creation and Audience Engagement" and "Global Licensing". Legacy "Content Production and Distribution" and legacy "WildBrain Spark" revenue is combined into the renamed "Content Creation and Audience Engagement". As AVOD becomes an even more important form of distribution and an integral part of our overall engagement, the interconnectedness of the network's scale and reach is best reflected on a combined basis.

For the transition period of Fiscal Year 2024, the Company will provide legacy "WildBrain Spark" results for comparable results. Legacy "Consumer Products" has been renamed to "Global Licensing". The Company's Canadian Television Broadcasting business will continue to be reported separately.

In Q1 2024, revenue decreased 17% to $105.5 million, compared to $126.7 million in Q1 2023.

Content Creation and Audience Engagement revenue decreased 27% to $47.2 million in Q1 2024, compared to $64.4 million in Q1 2023. Revenue in the quarter was in line with expectations as the impact of the timing delays in project greenlights slowed activity in the broader content industry. There were fewer live action productions versus the prior year, which preserved gross margin.

Global Licensing revenue declined 5% to $49.5 million in Q1 2024, compared to $52.1 million in Q1 2023. Revenue in the quarter was primarily driven by resilience in the US, for Peanuts as well as strength in our global licensing agency, WildBrain CPLG and our owned brands, offset by timing of deals within the Peanuts brand as well as FX headwinds related to the Japanese Yen.

Legacy WildBrain Spark revenue in Q1 2024 was $11.1 million compared to $11.6 million in Q1 2023, a sequential improvement of 5% from Q4 2023. Kids continue to be highly engaged on our YouTube network, with over 46 billion minutes of videos watched and the average duration of viewing continuing to improve.

Gross Margin[1] for Q1 2024 was 49%, compared with gross margin of 44% in Q1 2023. Gross margins were higher with fewer live action production in the current period, compared to the prior period.

Cash used in operating activities in Q1 2024 was $3.0 million, compared to $23.3 million used in operating activities in Q1 2023. Free Cash Flow[1] was negative $25.4 million in Q1 2024, compared with negative Free Cash Flow of $8.9 million in Q1 2023.

Adjusted EBITDA[1] declined 5% to $18.9 million in Q1 2024, compared with $19.9 million in Q1 2023. The decrease in the quarter was driven by lower revenue, primarily within Content Creation and Audience Engagement. We continue to moderate our expenses while supporting growth initiatives.

Q1 2024 net loss was $15.5 million compared to net loss of $7.6 million in Q1 2023. The decrease was primarily driven by lower gross margin dollars[1] and higher finance costs.

---

1. Free Cash Flow, Gross Margin, Adjusted EBITDA and Adjusted EBITDA attributable to WildBrain are non-GAAP financial measures - see below for further details.

Q1 2024 Conference Call

The Company will hold a conference call on November 8, 2023 at 10:00 a.m. ET to discuss the results.

To immediately join the call by phone on that date without operator assistance, please use the following URL to receive an automated instant call back connecting you into the conference: **https://emportal.ink/3ZsW91P**

Alternately, you may dial direct to be entered into the call by an operator, referencing conference ID 03514956 at +1 (888) 664-6383 in North America or +1 (416) 764-8650 internationally. If dialing in, please allow 10 minutes to be connected to the conference call.

Replay will be available after the call on +1 (888) 390-0541 or +1 (416) 764-8677, under passcode 514956#, until November 15, 2023.

The audio and transcript will also be archived on our website approximately two days after the event.

For more information, please contact:

Investor Relations: Kathleen Persaud - VP, Investor Relations, WildBrain
kathleen.persaud@wildbrain.com
+1 212-405-6089

Media: Shaun Smith - Sr. Director, Global Communications & Public Relations, WildBrain
shaun.smith@wildbrain.com
+1 416-977-7230

About WildBrain

At WildBrain we inspire imaginations through the wonder of storytelling. As a leader in 360° IP management, we are experts in content creation, audience engagement and global licensing, cultivating and growing love for our own and partner brands with kids and families around the world. With approximately 13,000 half-hours of filmed entertainment in our library—one of the world's most extensive—we are home to such treasured franchises as Peanuts, Teletubbies, Strawberry Shortcake, Yo Gabba Gabba!, Caillou, Inspector Gadget and Degrassi. WildBrain's mission is to create exceptional entertainment experiences that captivate and delight fans both young and young at heart.

Our studios produce such award-winning series as The Snoopy Show; Snoopy in Space; Strawberry Shortcake: Berry in the Big City; Sonic Prime; Chip and Potato; Teletubbies Let's Go! and many more. Enjoyed in more than 150 countries on over 500 platforms, our content is everywhere kids and families view entertainment, including YouTube, where our network has garnered over 1 trillion minutes of watch time. Our television group owns and operates some of Canada's most-viewed family entertainment channels. WildBrain CPLG, our leading consumer-products and location-based entertainment agency, represents our owned and partner properties in every major territory worldwide.

WildBrain is headquartered in Canada with offices worldwide and trades on the Toronto Stock Exchange (TSX: WILD). Visit us at wildbrain.com.

Forward-Looking Statements

This press release contains "forward looking statements" under applicable securities laws with respect to WildBrain including, without limitation, statements regarding executive appointments at WildBrain and expected benefits therefrom, the business strategies and operational activities of WildBrain including execution against its 360^{o} strategy, debt and leverage reduction plans of the Company, content and other commercial agreements and opportunities of WildBrain, AVOD/YouTube performance, consumer products growth, monetization of WildBrain's assets, the markets and industries in which WildBrain operates, expense management and moderation and the growth and future financial and operating performance of WildBrain, including revenue, Adjusted EBITDA, Free Cash Flow and leverage for Fiscal 2024. Although WildBrain believes that the expectations reflected in such forward looking statements are reasonable, such statements involve risks and uncertainties and are based on information currently available to WildBrain. Actual results or events may differ materially from those expressed or implied by such forward looking statements. These forward-looking statements are made as of the date hereof, and WildBrain assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

Forward-looking statements are based on factors and assumptions that management believes are reasonable at

the time they are made, but a number of assumptions may prove to be incorrect, including, but not limited to, assumptions about (i) WildBrain's future operating results, (ii) the expected pace of expansion of WildBrain's operations, (iii) future general economic and market conditions, including debt and equity capital markets and the availability of financing on acceptable terms, (iv) the impact of increasing competition and industry mergers and acquisitions on WildBrain, (v) changes in the industries, and changes in laws and regulations related to the industries in which WildBrain operates, (vi) consumer and customer preferences, (vii) the ability of WildBrain to execute on and integrate investment, acquisition and other growth strategies and opportunities and realize the expected benefits therefrom, (viii) the ability of WildBrain to execute production, distribution, licensing and other revenue-generating arrangements, (ix) the availability of investment opportunities at acceptable valuations and the ability of WildBrain to execute on such investment opportunities, * interest and foreign exchange rates, (xi) the timing for commencement and completion of productions, (xii) the ability of WildBrain and its partners to execute on its brand plans and consumer products programs, (xiii) changes in the markets and industries in which WildBrain operates and the ability of WildBrain to adapt to such changes, (xiv) changes to YouTube and in advertising markets, (xv) the ability of WildBrain to commercialize consumer products related to its brands, (xvi) the current geopolitical landscape, (xvii) general economic and industry growth rates, and (xviii) the economic impact of any potential recession on consumer behaviour and advertising sales.

Forward-looking statements are inherently subject to risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A number of known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, could cause actual events, performance, or results to differ materially from what is projected in the forward-looking statements in this press release. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to, WildBrain's leverage and indebtedness and failure to refinance or meet covenant requirements under its senior credit facility (as and where applicable), general economic and market conditions and the impact of such conditions on the industries in which WildBrain operates, competition and the potential impact of industry mergers and acquisitions, WildBrain's ability to identify and execute anticipated production, distribution, licensing and other contracts, contractual counterparty risk, dependence on key third party relationships and partnerships with buyers, the ability of WildBrain to realize the expected value of its assets, supply chain and other related disruptions, and other factors discussed in materials filed with applicable securities regulatory authorities from time to time including matters discussed under "Risk Factors" in WildBrain's most recent Annual Information Form and Management Discussion and Analysis filed with the securities regulatory authorities in Canada and available under the Company's profile on SEDAR+ (**www.sedarplus.ca**).

Non-IFRS Measures

In addition to the results reported in accordance with IFRS as issued by the International Accounting Standards Board, the Company uses various non-GAAP financial measures, which are not recognized under IFRS, as supplemental indicators of our operating performance and financial position. These non-GAAP financial measures are provided to enhance the user's understanding of our historical and current financial performance and our prospects for the future. Management believes that these measures provide useful information in that they exclude amounts that are not indicative of our core operating results and ongoing operations and provide a consistent basis for comparison between periods. The following discussion explains the Company's use of certain non-GAAP financial measures, which are Adjusted EBITDA, Adjusted EBITDA attributable to the Shareholders of the Company, and Gross Margin.

Investors are cautioned that these non-GAAP financial measures should not be construed as an alternative measure to net income or loss, or other measures as determined in accordance with GAAP, or as an indicator of the Company's financial performance or a measure of liquidity and cash flows.

"Adjusted EBITDA" means earnings (loss) before net finance costs, income taxes, amortization of property & equipment and right-of-use and intangible assets, amortization of acquired and library content, equity-settled share-based compensation expense, changes in fair value of embedded derivatives, gain/loss on foreign exchange, reorganization, development and other expenses, impairment of certain investments in film and television programs/acquired and library content/P&E/intangible assets/goodwill, and also includes adjustments for other identified charges, as specified in the accompanying tables. Adjusted EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP; accordingly, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Management believes that certain lenders, investors and analysts use Adjusted EBITDA to measure a company's ability to service debt and meet other payment obligations, and as a common valuation measurement in the media and entertainment industry. Further, certain of our debt covenants use Adjusted EBITDA in the calculation. The most comparable GAAP measure is earnings before income taxes.

"Adjusted EBITDA attributable to the Shareholders of the Company" means Adjusted EBITDA excluding the portion of Adjusted EBITDA attributable to non-controlling interests.

"Gross Margin" means revenue less direct production costs and expense of film and television produced. Gross Margin is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP; accordingly, Gross Margin may not be comparable to similar measures presented by other issuers. Management believes Gross Margin is a useful measure of profitability before considering operating and other expenses and can be used to assess the Company's ability to generate positive net earnings and cash flows. The most comparable GAAP measure is gross profit.

"Free Cash Flow" means operating cash flow less distributions to non-controlling interests, changes in interim production financing, cash interest paid on our long-term debt, bank indebtedness, and lease liabilities, and principal repayments on our lease liabilities. Free Cash Flow does not have a standardized meaning prescribed by GAAP; accordingly, Free Cash Flow may not be comparable to similar measures presented by other issuers. Management believes Free Cash Flow is a useful measure of the Company's ability to repay debt, finance strategic business acquisitions and investments, pay dividends, and repurchase shares. The most comparable GAAP measure is cash from operating activities.

SOURCE WildBrain Ltd.