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NEWS RELEASE

WILDBRAIN ANNOUNCES AGREEMENT TO ACQUIRE HOUSE OF COOL, A LEADER IN PRE-PRODUCTION CAPABILITIES FOR PREMIUM ANIMATED SERIES AND MOVIES

2023-03-28

Highly complementary bolt-on acquisition significantly expands and enhances WildBrain's pre-production capabilities for premium animated content

Acquisition advances WildBrain's strategic focus on creative excellence and delivering top series, specials and features to kids and families worldwide

TORONTO, March 28, 2023 /CNW/ - WildBrain Ltd. ("WildBrain" or the "Company") (TSX: WILD), a global leader in kids' and family entertainment, has signed an agreement to acquire House of Cool, one of the top pre-production companies in the global animation industry. A strategic extension of WildBrain's focus on creative excellence, the acquisition significantly expands and enhances the Company's pre-production capabilities for premium animated series, specials and features.

Under the agreement, WildBrain will acquire full ownership of House of Cool. Closing consideration for the acquisition will consist of $15.5 million, with $10.25 million through the issuance of 4,479,406 WildBrain shares (the "Share Consideration") and $5.25 million in cash (less any debt existing on closing and subject to customary working capital adjustments and holdbacks). Additionally, there is an earn-out of up to $6 million based on collection of tax credits earned up to closing.

Toronto-based House of Cool is a highly regarded industry leader in pre-production, an essential early planning stage in the life of a feature or series during which the story is developed and creative choices are made to establish the look, feel, style and pacing of a project, creating the blueprint for the launch of full production. Bringing their deep experience and creative expertise, House of Cool executives and co-founders, Wes Lui and Ricardo Curtis, will be joining the WildBrain Studios senior management team in the newly created roles of Co-General Managers of House of Cool, reporting to Josh Scherba, President of WildBrain, who heads up the Company's content and studio business.

Josh Scherba stated: "This acquisition is an investment in creative excellence. House of Cool is recognized as one of the very best pre-production companies in the global animation industry. We're delighted to welcome Wes, Ricardo and their team on board at WildBrain, a combination of talent that will immediately broaden and deepen our collective creative strengths. Their expertise is highly complementary to our existing business, expanding and enhancing our pre-production capabilities, not only for WildBrain's proprietary content but also for third-party projects. The acquisition also establishes a new entry point for IP owners to engage with WildBrain's 360-degree offering across production, distribution and consumer products licensing."

Wes Lui said: "House of Cool's mission is simple: bring audiences together through the artful telling of unique stories. WildBrain shares our enthusiasm for storytelling, and from the moment they first approached us, we were ecstatic about combining forces and leveraging their 360-degree approach and our expertise in story and preproduction to develop, produce and distribute premium content. We will also further be able to offer more top-level creative services for all our clients."

Ricardo Curtis added: "As a fiercely independent operator for the last two decades, it would require something special for House of Cool to join another studio. WildBrain is that special. WildBrain has industry-leading expertise in production, distribution and licensing, and its reach on multiple platforms greatly expands our ability and scope to connect with audiences. Mixed with their deep catalogue of properties—many I grew up with—hitching House of Cool's wagon to WildBrain allows us to collaborate in previously unavailable ways on the premium content we are known for."

Collaborating closely with WildBrain's award-winning animation studio in Vancouver, House of Cool will maintain operations at its Toronto facility, where their team of pre-production experts will be joining the Company. Adding House of Cool more than doubles WildBrain's pre-production capacity, building on its existing pre-production team of approximately 80 based in Vancouver. The House of Cool brand, which is widely recognized and respected in the animation industry, will be maintained as a distinct identity under the WildBrain banner.

Founded in 2004, House of Cool has worked with top studios, platforms and IP owners across the industry on some of today's most recognizable animated features and series for kids and families as well as other demographics. They have worked on over 20 theatrical films, which have grossed over US $6.23 billion of box office receipts, providing a variety of pre-production services, including storyboarding; conceptual and visual development; character, environment and prop design; and the creation of animatic test videos. Notable past feature projects include Despicable Me for Illumination; The Angry Birds franchise for Rovio and Sony Pictures Animation; and The Peanuts Movie, Ferdinand, and the Ice Age and Rio franchises for 20th Century Fox and Blue Sky Studios. Notable series include What if...? for Marvel Studios; Gravity Falls for Disney; Maya and the Three, The Magician's Elephant, Trollhunters, and Dragons: Race to the Edge for Dreamworks and Netflix; and Pretzel and the Puppies for HarperCollins Productions and Apple TV+.

The transaction is expected to close in the Company's fiscal 2023 fourth quarter, subject to conditions to closing. The Share Consideration will be subject to the approval of the Toronto Stock Exchange and to a 12-month lock-up agreement.

WildBrain reaffirms its Fiscal 2023 guidance for revenue of approximately $525 million to $575 million and adjusted EBITDA between $95 million to $105 million.

All figures CAD unless otherwise noted.

For more information, please contact:

Investors: 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 to run wild, engaging kids and families everywhere with great content and beloved brands. 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. Our integrated, in-house capabilities spanning production, distribution and licensing set us apart as a unique independent player in the industry, managing IP across its entire lifecycle, from concept to content to consumer products.

At our state-of-the-art animation studio in Vancouver, we produce award-winning, fan-favourite series, such as The Snoopy Show; Snoopy in Space; Sonic Prime; Chip and Potato; Strawberry Shortcake: Berry in the Big City; Carmen Sandiego; Go, Dog. Go! and many more. Enjoyed in more than 150 countries and on over 500 streaming platforms and telecasters, our content is everywhere kids and families view entertainment. WildBrain Spark, our AVOD network, has garnered over one trillion minutes of watch time on YouTube, offering one of the largest selections of kids' content on that platform. Our leading consumer-products and location-based entertainment agency, WildBrain CPLG, represents our owned and partner properties in every major territory worldwide. Our television group owns and operates some of Canada's most-viewed family entertainment channels.

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 the Company including, without limitation, statements regarding the expected timing for closing, plans for current employees of House of Cool, expected strategic and operational benefits expected to be derived from the acquisition by WildBrain, the business strategies and operational activities of WildBrain, and the future financial and operating performance of WildBrain, including revenue and Adjusted EBITDA. Although the Company 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 the Company. Actual results or events may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations, among other things, include the ability of WildBrain to execute on the acquisition, closing deliverables and conditions to closing, including third party consents, the ability of WildBrain to successfully integrate House of Cool and its business, the availability of and cost of financing, 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, market factors, WildBrain's ability to identify and execute anticipated production, distribution, licensing and other contracts, contractual counterparty risk, the ability of WildBrain to realize the expected value of its assets, supply chain and other related

disruptions, and risk factors discussed in materials filed with applicable securities regulatory authorities from time to time including matters discussed under "Risk Factors" in the Company's most recent Annual Information Form and annual Management Discussion and Analysis. These forward-looking statements are made as of the date hereof, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

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 Adjusted EBITDA which is a non-GAAP financial measure.

Investors are cautioned that 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.

SOURCE WildBrain Ltd.