NEWS RELEASE

WILDBRAIN REPORTS FULL YEAR AND Q4 2022 RESULTS

2022-09-13

Fiscal 2022 Highlights

- Revenue grew 12% to $507.2 million, compared to $452.5 million in Fiscal 2021.
- Net income grew to $5.6 million, compared to net loss of $7.1 million in Fiscal 2021.
- Adjusted EBITDA[1] increased 7% to $88.8 million, compared to $83.1 million in Fiscal 2021. Excluding one-time items in Fiscal 2021, adjusted EBITDA[1] increased 23% vs the prior year.
- Cash flow provided by operating activities was $33.1 million, compared to $105.7 million Fiscal 2021.
- Free Cash Flow[1] was negative $17.4 million, compared to positive Free Cash Flow[1] of $31.5 million in Fiscal 2021, reflecting higher accounts receivable associated with large deals, investments for growth and working capital timing.

Q4 2022 Highlights

- Revenue was $112.0 million, consistent with $112.6 million in Q4 2021.
- Net income was $1.1 million, compared to net income of $11.4 million in Q4 2021.
- Adjusted EBITDA[1] was $11.4 million, compared with $19.2 million in Q4 2021.
- Cash used in operating activities was $6.5 million, compared to $22.7 million provided by operating activities in Q4 2021.
- Free Cash Flow[1] was negative $4.7 million, compared with positive Free Cash Flow[1] of $13.9 million in Q4 2021.

HALIFAX, NS, Sept. 13, 2022 /CNW/ - WildBrain Ltd. ("WildBrain" or the "Company") (TSX: WILD), a global leader in

kids' and family entertainment, today reported its fourth-quarter ("Q4 2022") and year-end ("Fiscal 2022") results for the periods ended June 30, 2022.

Eric Ellenbogen, WildBrain CEO, said: "Over the last three years, we've deliberately built the resources and teams needed to create a unique, 360-degree platform for the end-to-end reactivation of beloved and evergreen entertainment brands from our deep vault of IP. This strategy was central to achieving growth in revenue and EBITDA for the second year running in Fiscal 2022. As the only independent kids' and family entertainment company with a full suite of in-house capabilities spanning production, distribution and licensing, we hold a truly unique and valuable position in today's evolving media landscape.

"Looking forward, we'll continue to execute against our 360-degree strategy. We have an incredibly strong content pipeline, and we're building earnings' momentum as we launch more of our branded IP to market and line up more consumer products opportunities for incremental growth in the coming years. We'll also continue targeting new partnerships and strategic acquisitions that will cement our position as one of the foremost producers of kids' and family content in today's market. With our strong management team and deep IP portfolio, we are well positioned to drive future growth."

Aaron Ames, WildBrain CFO, added: "Our improving financial performance in Fiscal 2022 reflects initial contributions from the IP activations and large deals we're doing. We'll continue to build on the investments we're making in the business to increase monetization of our assets and provide a solid foundation for sustainable growth. Looking to Fiscal 2023, we expect adjusted EBITDA between $95 million and $105 million."

Q4 2022 Performance – Executing on Priorities

PRIORITIES HIGHLIGHTS

Activate IP and Grow Key Brands	• Signed a multi-year deal to produce a new CG-animated Caillou series and five new family specials, launching exclusively in the US on NBCUniversal's streaming platform, Peacock. WildBrain retains all distribution rights outside the US in the new content as well as the library. Caillou illustrates the high returns we are getting from perfecting our IP ownership and reinvigorating another beloved property in our library. Since acquiring the US rights to Caillou, WildBrain has achieved an approximately 51% return through distribution and AVOD revenue, with more opportunities in the pipeline. • Signed a global agreement with Netflix for a refreshed version of our 2015 Teletubbies series, featuring updated creative elements, including new narrator and music videos, reimagining another beloved brand from WildBrain's library for today's generation of kids. Delivery is underway for launch on Netflix in November 2022. • Expanded our partnership with HarperCollins Production with WildBrain CPLG, securing agency licensing rights to represent Carmen Sandiego worldwide. Subsequent to quarter-end, we picked up distribution rights for the animated Carmen Sandiego series, originally produced in our studio for Netflix. These deals highlight the benefits of WildBrain's 360º capabilities for IP owners in providing content, distribution and licensing all under one roof to drive multiple profit streams.
Maximizing the Value of WildBrain	• Spark revenue was $11.3 million in Q4 2022 vs $11.7 million in Q4 2021, reflecting industry-wide softer advertising revenue, offset by growth in nascent revenues from direct-ad sales, paid media and digital productions collectively increasing by approximately 61% in Q4 2022 vs Q4 2021. • In Q4 2022, Spark passed the threshold of one-trillion minutes of watch time since the network was unveiled in 2016.

Spark

Deliver Sustainable Growth

- Revenue grew 12% for the full year, reflecting strong demand for our branded content and IP.
- Adjusted EBITDA[1] grew 7% for the full year. Excluding other income from a litigation settlement and government wage subsidies in Fiscal 2021, adjusted EBITDA increased 23% in the current year.

Fiscal 2022 Financial Highlights

Financial Highlights[1]	Three Months ended		Year ended	
(in millions of Cdn$)	June 30,		June 30,	
	2022	2021	2022	2021
Revenue	$112.0	$112.6	$507.2	$452.5
Gross Margin	$42.7	$45.9	$221.6	$194.9
Gross Margin (%)	38 %	41 %	44 %	43 %
Adjusted EBITDA attributable to WildBrain	$11.4	$19.2	$88.8	$83.1
Net Income (Loss) attributable to WildBrain	$1.1	$11.4	$5.6	$(7.1)
Basic Earnings (Loss) per Share	$0.01	$0.07	$0.03	$(0.04)
Cash Provided by (Used In) Operating Activities	$(6.5)	$22.7	$33.1	$105.7
Free Cash Flow	$(4.7)	$13.9	$(17.4)	$31.5

Fiscal 2022 revenue increased 12% to $507.2 million, compared to $452.5 million in Fiscal 2021, reflecting growth across our content-driven businesses in Content Production and Distribution, Spark and Consumer Products. In Q4 2022, revenue was $112.0 million, compared with $112.6 million in the prior year, as anticipated, given early execution in prior quarters of deals originally expected to close later in the year.

Content Production and Distribution revenue grew 12% to $206.6 million in Fiscal 2022, compared to $185.1 million in Fiscal 2021. Q4 2022 revenue increased 13% to $50.3 million vs $44.6 million in Q4 2021. These increases benefited from large distribution deals through the year, including with Amazon Prime, BBC, HBO Max and Hulu, as well as from a pipeline of premium productions, including Sonic Prime, Jonny JetBoy and a robust slate of new

Peanuts content for Apple TV+. In January 2022, we licensed the Degrassi library to HBO Max, which they have been streaming since March, and entered into a contract to produce a new series of Degrassi. Our production of the new series has been paused. We are currently engaged in constructive discussions with HBO Max.

Consumer Products revenue increased 16% to $203.6 million in Fiscal 2022, compared to $175.2 million in Fiscal 2021, due to the strength of the Peanuts franchise, supported by consistent output of new content and synergies of our vertically integrated licensing business. Q4 2022 revenue was $41.8 million, compared with $44.2 million in Q4 2021, driven by timing of certain Peanuts collections at retail occurring earlier than anticipated in the year.

Fiscal 2022 Spark revenue increased 21% to $55.4 million, compared to $45.8 million in Fiscal 2021, driven by advertising revenue and increasing contribution from nascent revenue streams. Q4 2022 revenue at Spark was $11.3 million vs $11.7 million in Q4 2021, reflecting industry-wide softer advertising revenue in the current quarter, offset by growth in nascent revenue from direct-ad sales, paid media and digital production. Kids continued to be highly engaged on Spark, attracting 8.3 billion views across 50.5 billion minutes of videos watched on our network in Q4 2022, up 26% and 20% respectively compared with Q4 2021.

Gross Margin[1] for Fiscal 2022 remained steady at 44% vs 43% in Fiscal 2021. Q4 2022 Gross Margin[1] was 38% vs 41% in Q4 2021, reflecting consistent margins in the Content Business, offset by lower TV margins.

Fiscal 2022 cash flow provided by operating activities was $33.1 million, compared to $105.7 million in Fiscal 2021. Fiscal 2022 Free Cash Flow[1] was negative $17.4 million, compared to positive Free Cash Flow[1] of $31.5 million in Fiscal 2021. Cash used in operating activities in Q4 2022 was $6.5 million, compared to $22.7 million provided by operating activities in Q4 2021. Free Cash Flow[1] was negative $4.7 million in Q4 2022, compared with positive Free Cash Flow[1] of $13.9 million in Q4 2021. Free Cash Flow[1] for Fiscal 2022 and Q4 2022 reflected the significant growth in accounts receivable associated with larger deals in the current year, additional SG&A for growth initiatives and working capital timing.

Fiscal 2022 adjusted EBITDA[1] increased 7% to $88.8 million, compared to $83.1 million in Fiscal 2021. Excluding other income of $4.4 million from a litigation settlement and $6.4 million in government wage subsidies in Fiscal 2021, adjusted EBITDA[1] increased 23% in Fiscal 2022 vs Fiscal 2021, reflecting growth in our Content Business. Adjusted EBITDA[1] was $11.4 million in Q4 2022, compared with $19.2 million in Q4 2021, driven by margin contribution from deals already concluded earlier in the year.

Fiscal 2022 net income increased to $5.6 million, compared to net loss of $7.1 million in Fiscal 2021. Q4 2022 net income was $1.1 million vs net income of $11.4 million in Q4 2021, primarily due to a non-cash, foreign exchange loss of $16.4 million in the current quarter vs a foreign exchange gain of $5.4 million in the prior year quarter.

Fiscal 2023 Outlook and Strategic Priorities

Our growth is expected to continue in Fiscal 2023 as our expanding production pipeline and new deals entered into in the prior fiscal year are reflected in our results. As a result of this visibility, we expect revenue of approximately $525 million to $575 million and adjusted EBITDA between $95 million to $105 million in Fiscal 2023.

We will continue to leverage WildBrain's 360º capabilities in content, distribution, audience delivery and licensing to maximize the profitability of our assets and IP. To that end, our Fiscal 2023 strategic priorities remain focused on activating and growing key brands to deliver sustainable growth. Refer to the Fiscal 2023 Outlook section of the Company's Fiscal 2022 MD&A for more details.

Chief Marketing and Brand Officer Appointment

Subsequent to quarter end, the Company appointed Jim Fielding to the newly created role of Chief Marketing and Brands Officer. Fielding is a highly experienced media and consumer products executive, who oversees WildBrain's teams responsible for its corporate and franchise brands. Fielding will lead the integration of our Brands and MarCom teams and will maintain strategic oversight of the group to further strengthen WildBrain's position as a world-class kids' entertainment and brands company.

Fielding has deep experience leading consumer products groups at the world's largest media companies, including Disney, DreamWorks, and Twentieth Century Fox. A former President of Disney Stores Worldwide, he has also held management roles at leading retailers including Claire's Stores, Inc., where he was CEO, as well as The Gap, Lands' End, and the J Peterman Company.

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

Q4 2022 Conference Call

The Company will hold a conference call on September 14, 2022 at 10:00 a.m. ET to discuss the results.

To listen, call +1 (888) 394-8218 toll-free or +1 (647) 484-0475 internationally and reference conference ID 3708110. Please allow 10 minutes to be connected to the conference call. Replay will be available after the call on +1 (888) 203-1112 toll free or +1 (647) 436-0148, under passcode 3708110, until September 21, 2022.

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

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About WildBrain

At WildBrain we inspire imaginations to run wild, engaging kids and families everywhere with great content across all media. With approximately 13,000 half-hours of filmed entertainment in our library—one of the world's most extensive—we are home to such brands as Peanuts, Teletubbies, Strawberry Shortcake, Yo Gabba Gabba!, Caillou, Inspector Gadget, Johnny Test and Degrassi. At our 75,000-square-foot state-of-the-art animation studio in Vancouver, BC, we produce such fan-favourite series as The Snoopy Show, Snoopy in Space, Chip & Potato, Carmen Sandiego, Go, Dog. Go! and more. Our shows are enjoyed worldwide in more than 150 countries on over 500 streaming platforms and telecasters, and our AVOD business—WildBrain Spark—offers one of the largest networks of kids' channels on YouTube, garnering billions of views per month from over 245 million subscribers. Through our leading agency, WildBrain CPLG, we also license consumer products and location-based entertainment in every major territory for our own properties as well as for our clients and content partners. Our television group owns and operates four family entertainment channels that are among the most viewed in Canada. WildBrain is headquartered in Canada with offices worldwide and trades on the Toronto Stock Exchange (TSX: WILD). Please visit us at **www.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 the status of the production of the new Degrassi series and ongoing discussions, WildBrain's production and content pipeline and projects in development, WildBrain's execution against its 360º strategy, content agreements of WildBrain, WildBrain's brand strategies, monetization of WildBrain's assets, partnership, acquisition, and investment opportunities and expected benefits therefrom, use of capital for investments and other growth opportunities and expected returns therefrom, the business strategies and operational activities of WildBrain, WildBrain's market positioning, the markets and industries in which WildBrain operates, and the growth and future financial and operating performance of WildBrain, including revenue and adjusted EBITDA for Fiscal 2023. 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 on WildBrain, (v) changes in laws and regulations related to the industries and markets in which WildBrain operates, (vi) consumers and consumer preferences, (vii) the ability of WildBrain to execute on investment, acquisition and other growth strategies and opportunities and realize the expected benefits therefrom, (viii) the ability of WildBrain to identify and execute production, distribution, and licensing and other revenue-generating arrangements, (ix) the availability of investment, acquisition, and other growth opportunities at acceptable valuations and the ability of WildBrain to execute on and integrate such opportunities, * the timing for commencement and completion of productions, (xi) the ability of WildBrain and its partners to execute on its brand plans and consumer products programs, (xii) changes in the markets and industries in which WildBrain operates and the ability of WildBrain to adapt to such changes, (xiii) changes to YouTube and in advertising markets, (xiv) the ability of WildBrain to commercialize consumer products related to its brands, (xv) changes in foreign exchange and interest rates, and (xvi) the current geopolitical landscape (including vis a vis the recent invasion of the Ukraine by Russia and associated political and economic repercussions).

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. Known and unknown risk factors, many of which are beyond the control of the Company, could cause actual results to differ materially from the forward-looking statements in this press release. Factors that could cause actual results or events to differ materially from current expectations include, among other things, the current outbreak of COVID-19 and the magnitude and length of economic disruption as a result of such outbreak, 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 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.sedar.com**).

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.