NEWS RELEASE

WILDBRAIN REPORTS FULL YEAR AND Q4 2023 RESULTS

2023-09-12

Fiscal 2023 Highlights

- Revenue grew 5% year over year to $532.9 million.
- Net loss was $45.6 million, compared with net income of $5.6 million in 2022, primarily driven by a non-cash impairment charge of $33.2 million.
- Adjusted EBITDA[1] grew 10% to $97.9 million.
- Cash provided by operating activities was $94.2 million, compared to cash provided of $33.1 million in 2022.
- Free Cash Flow[1] was positive $29.8 million, compared to negative $17.4 million in 2022.

Q4 2023 Highlights

- Revenue was $124.9 million in Q4 2023, compared to $112.0 million in Q4 2022.
- Net loss was $44.4 million in Q4 2023, compared to net income of $1.1 million in Q4 2022, primarily driven by a non-cash impairment charge of $33.2 million.
- Adjusted EBITDA in Q4 2023 was $19.1 million, compared with $11.4 million in Q4 2022.
- Cash provided by operating activities in Q4 2023 was $30.4 million, compared to $6.5 million used by operating activities in Q4 2022.
- Free Cash Flow for Q4 2023 was positive $16.9 million, compared with Free Cash Flow of negative $4.7 million in Q4 2022.

TORONTO, Sept. 12, 2023 /CNW/ - WildBrain Ltd. ("WildBrain" or the "Company") (TSX: WILD), a global leader in kids' and family entertainment, today reported its fourth-quarter ("Q4 2023") and year-end ("Fiscal Year 2023") results for

the period ended June 30, 2023.

Josh Scherba, WildBrain President and CEO, said: "In Fiscal Year 2023, we saw growth in revenue and Adjusted EBITDA along with strong free cash flow despite a challenged environment in the media landscape. We've made tremendous progress in our transformation over the last three years, and we are now focusing our strategy to execute against key owned and partner brands that can derive the greatest benefit from our 360-degree capabilities across content creation, audience engagement and global licensing.

"As we look to Fiscal Year 2024, we expect strong growth in Consumer Products. We expect Content Production and Distribution revenue to be down year over year, driven by the direct and indirect impacts of the ongoing dual strikes on the content industry. This is leading to a slowdown in greenlights. Our content pipeline remains strong, and we anticipate new orders to ramp up as the industry normalizes. Against the backdrop of the content market today, we are taking a conservative approach to our outlook for the next fiscal year. In Fiscal Year 2024, we expect revenue to be down moderately year over year and expect Adjusted EBITDA to be slightly higher.

"Looking forward, we're intent on delivering on our growth objectives, demonstrating increased financial discipline, and we're actively working towards our goal of meaningfully reducing our debt and improving the balance sheet."

Aaron Ames, WildBrain CFO, added: "We closed Fiscal Year 2023 with continued growth in both revenue and Adjusted EBITDA. We continue to moderate our expenses while supporting the business for long-term growth. We also had strong free cash flow, benefiting from improved collections and working capital timing.

"Most importantly, we are focused on further reducing our leverage with a target of under 4x by the end of Fiscal Year 2024. We are exploring several options to refinance or repay our 2024 convertible debentures, including through the sale of non-core assets. We have a large portfolio of assets, and we are confident we can simplify and focus our business, improve our balance sheet and drive shareholder value."

Q4 2023 Performance – Executing on Priorities

PRIORITIES	HIGHLIGHTS
Focus on Key Brands & Partnerships	• Signed partnership with Apple for new Apple Watch face featuring exclusive Snoopy and Woodstock animations, launching fall 2023. Also announced greenlight of new animated Peanuts series, Camp Snoopy, as well as two more family specials and more episodes of The Snoopy Show coming to Apple TV+. • Launched Season Two of Sonic Prime on Netflix, a top-ten premiere across 25 countries. Driven by the rising global popularity of the brand, we signed dozens of new consumer products licensing deals for Sonic Prime through WildBrain CPLG. • Secured representation partnership with Supercell, under which WildBrain CPLG will launch the gaming giant's first-ever global consumer products licensing program for its highly popular franchises Clash of Clans and Clash Royale.

- Subsequent to the quarter, closed acquisition of House of Cool, one of the top pre-production companies in the global animation industry. A strategic extension of our focus on creative excellence, the acquisition significantly expands and enhances the Company's pre-production capabilities for premium animated series, specials and features.
- Subsequent to the quarter, inked far reaching partnership through WildBrain CPLG with leading retailer MINISO, for extensive lines of toys and other products for Peanuts, Teletubbies, In the Night Garden and Strawberry Shortcake to begin launching at over 5,000 stores this fall.
- Subsequent to the quarter, launched new Location Based Entertainment (LBE) arm of licensing agency WildBrain CPLG, to drive events-based partnerships for key brands, with initial announcement of Family Entertainment Centers (FECs) and branded hotel rooms in China for Peanuts, Teletubbies and In the Night Garden.

Deliver Sustainable Growth

- Delivered growth in both revenue and Adjusted EBITDA for Fiscal Year 2023.
- In Fiscal Year 2024, we expect revenue to be down moderately year over year and expect Adjusted EBITDA to be slightly higher.

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.

Q4 2023 Financial Highlights

Financial Highlights	Year ended		Three Months ended	
(in millions of Cdn$)	June 30,		June 30,	
	2023	2022	2023	2022
Revenue	$532.9	$507.2	$124.9	$112.0
Gross Margin[1]	$57.5	$42.7	$57.5	$42.7
Gross Margin (%)[1]	45 %	44 %	46 %	38 %
Adjusted EBITDA attributable to WildBrain[1]	$97.9	$88.8	$19.1	$11.4
Net Income (Loss) attributable to WildBrain	$(45.6)	$5.6	$(44.4)	$1.1
Basic Earnings (Loss) per Share	$(0.26)	$0.03	$(0.24)	$0.01
Cash Provided by (Used In) Operating Activities	$94.2	$33.1	$30.4	$(6.5)
Free Cash Flow[1]	$29.8	$(17.4)	$16.9	$(4.7)

In Q4 2023, revenue increased 11% to $124.9 million, compared to $112.0 million in Q4 2022. Fiscal Year 2023 revenue of $532.9 million reflects an increase of 5% over Fiscal Year 2022 revenue of $507.2.

Content Production and Distribution revenue increased 6% to $53.3 million in Q4 2023, compared to $50.3 million in Q4 2022. Revenue in the quarter benefited from live action productions. Fiscal Year 2023 revenue for the segment increased 13% or $27.0 million to $233.6 million, compared to Fiscal Year 2022 revenue of $206.6 million.

Consumer Products revenue grew 24% to $51.8 in Q4 2023, compared to $41.8 million in Q4 2022. Revenue in the quarter was driven by strength in both owned and third-party partner brands. Fiscal Year 2023 revenue was $212.2 million compared with Fiscal Year 2022 revenue of $203.6 million.

Q4 2023 WildBrain Spark revenue decreased 9% to $10.3 million, compared to $11.3 million in Q4 2022. While the advertising industry continues to be impacted by macroeconomic headwinds, there was a sequential improvement in the segment. Kids continued to be highly engaged on WildBrain Spark, particularly in our owned brands, attracting over six billion views across 44 billion minutes of videos watched on our network in Q4 2023. Fiscal Year 2023 revenue was $47.1 million for WildBrain Spark, compared to Fiscal Year 2022 revenue of $55.4 million.

Gross Margin[1] for Q4 2023 was 46%, compared with gross margin of 38% in Q4 2022, driven by strong Consumer Products revenue. Fiscal Year 2023 consolidated gross margin was $241.5 million, an increase of $20.0 million, compared to Fiscal Year 2022 gross margin of $221.6 million.

Cash provided by operating activities in Q4 2023 was $30.4 million, compared to $6.5 million used by operating activities in Q4 2022. Fiscal Year 2023 cash provided by operating activities was $94.2 million, compared to $33.1 million provided in Fiscal Year 2022. Free Cash Flow[1] was positive $16.9 million in Q4 2023, compared with negative Free Cash Flow of $4.7 million in Q4 2022. Fiscal Year 2023 Free Cash Flow was positive $29.8 million, compared to negative $17.4 million in the prior year period.

Adjusted EBITDA[1] increased 67% to $19.1 million in Q4 2023, compared with $11.4 million in Q4 2022. The increase in the quarter was driven by strong revenue growth in Consumer Products and higher gross margin dollars[1]. We continue to moderate our expenses while supporting growth initiatives. Fiscal Year 2023 Adjusted EBITDA was $97.9 million, compared to $88.8 million in the prior year period.

Q4 2023 net loss was $44.4 million compared to net income of $1.1 million in Q4 2022. The decrease was driven by a non-cash goodwill impairment in our Canadian Television business. Fiscal Year 2023 net loss was $45.6 million, compared to net income of $5.6 million, a decrease in net income of $51.2 million.

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 2023 Conference Call

The Company will hold a conference call on September 13, 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/3OIDV8X**

Alternately, you may dial direct to be entered into the call by an operator, referencing conference ID 69503174 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 503174#, until September 20, 2023.

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

For more information, please contact:

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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 1 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 WildBrain including, without limitation, statements regarding debt and leverage reduction plans of the Company, including through the sale of non-core assets, plans to repay or refinance the Company's convertible debentures, content and other commercial agreements and opportunities of WildBrain, consumer products growth, the Company's content pipeline, monetization of WildBrain's assets, the acquisition of House of Cool and strategic benefits anticipated from such acquisition, the business strategies and operational activities of WildBrain, 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 (including its acquisition of House of Cool), * 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.