NEWS RELEASE

WILDBRAIN REPORTS Q2 2021 RESULTS

2021-02-09

- Revenue increased 17% to $142.3 million in Q2 2021 vs $122.1 million in Q2 2020. H1 2021 revenue grew to $237.7 million vs $234.4 million in H1 2020.
- Net income of $11.3 million in Q2 2021 increased from a net loss of $2.3 million in Q2 2020. H1 2021 net income of $8.0 million increased from a net loss of $18.3 million in H1 2020.
- Positive Free Cash Flow increased to $23.5 million in Q2 2021 vs $13.3 million in Q2 2020. H1 2021 positive Free Cash Flow was consistent at $20.9 million vs H1 2020.
- Adjusted EBITDA in Q2 2021 grew 14% to $29.1 million vs $25.6 million in Q2 2020. H1 2021 adjusted EBITDA increased 3% to $46.7 million vs $45.2 million in H1 2020. Q2 2021 and H1 2021 included other income from a litigation settlement of $4.4 million.
- WildBrain Spark's revenue was $15.5 million in Q2 2021, marking another quarter of sequential improvement, up 74% from $8.9 million in Q1 2021. This compared to $24.2 million in Q2 2020. H1 2021 revenue was $24.4 million vs $46.3 million in H1 2020.
- WildBrain Spark increased its audience engagement to 59.7 billion minutes of videos watched on its network in Q2 2021, up 15% from Q2 2020. H1 2021 watch time grew 14% to 123.9 billion minutes vs H1 2020.

HALIFAX, NS, Feb. 9, 2021 /CNW/ - WildBrain Ltd. ("WildBrain" or the "Company") (TSX: WILD), a global leader in kids and family entertainment, today reported its Fiscal 2021 second quarter ("Q2 2021") and six-month ("H1 2021") results for the periods ended December 31, 2020.

Eric Ellenbogen, WildBrain CEO, said: "We recently announced yet another major deal that capitalizes on our capabilities to manage, monetize and grow brands across content and licensing. In partnership with SEGA, we're producing a new original series for Netflix's global audience based on the highly popular Sonic the Hedgehog gaming franchise. WildBrain and SEGA will jointly participate in production, distribution and licensing revenues

generated from the new animated series, titled Sonic Prime. Our new content is expected to extend the fan base for the Sonic franchise and builds on the success that our agency, WildBrain CPLG, is already having with consumer products licensing for SEGA across continental Europe. These multi-year, exclusive agreements with two of the world's leading entertainment companies add another premium project to our creative pipeline and gives us excellent visibility into even more contracted, high-quality earning streams for years to come."

Ellenbogen continued, "We're also realizing positive momentum across every part of our business, evidenced by our Q2 financial results, led by strength in our content and distribution segment. We're further encouraged by quarter-over-quarter sequential improvement at WildBrain Spark as advertising revenues continued to rebound from the pressures of COVID-19 and YouTube policy changes. WildBrain Spark is also successfully building new revenue streams including direct ad sales, paid media and digital production fees, with these nascent revenues growing by 365% in the current quarter. Overall, we're delivering meaningful progress on our plans to provide 360-degree support to grow our own and partners' brands by leveraging the strength WildBrain has in development, production, distribution, licensing and audience delivery."

Aaron Ames, WildBrain CFO, added: "During Q2, we continued our disciplined approach to content investments and the management of costs and working capital, as reflected in our positive Free Cash Flow. We are also making significant investments to support our growth in premium production, licensing, and further building our development pipeline. In Q2, we further accelerated build-out of our proprietary data analysis and ad-sales teams at WildBrain Spark to support growth in our own and partners' brands. Our leverage ratio remained steady from Q1, and we remain on track to be in the mid-4x level, or below, by the end of our Fiscal 2022."

Q2 2021 Performance - Executing on Priorities

PRIORITIES	HIGHLIGHTS
Monetizing our Large Audience on WildBrain Spark	• WildBrain Spark increased its audience engagement with 59.7 billion minutes of videos watched on our ad-supported video-on-demand ("AVOD") network in Q2 2021, up 15% from Q2 2020. • WildBrain Spark revenue was $15.5 million in Q2 2021 vs $8.9 million in Q1 2021, reflecting sequential growth, up 74% from the previous quarter as we saw continued recovery in advertising rates. We also continued to grow other AVOD revenue streams from direct ad sales, paid media and digital production.
Grow Key Brands	• Continued delivery of The Snoopy Show to Apple TV+. Ongoing production on more original Peanuts content for Apple TV+ including multiple family specials and season 2 of Snoopy in Space. • Continued delivery of the brand-new series Go, Dog. Go!, a top-ten show now streaming on Netflix. • Acquired additional rights, that we did not own previously, in the Caillou series from PBS for US$6.4 million. This investment consolidated our rights ownership, allowing us to extend this well-known brand to a broader US audience and increase exploitation across various business areas. • Subsequent to quarter-end, signed multi-year exclusive partnerships with SEGA and Netflix to produce a new animated Netflix Original series based on Sonic the Hedgehog in which we will participate across multiple revenue streams.

Improve Cash Flow and Balance Sheet	• Generated $23.5 million in positive Free Cash Flow in Q2 2021 vs $13.3 million in Q2 2020. • Paid down the remaining $5.0 million on our revolving credit facility in Q2 2021. • Total Net Leverage Ratio[2] remained steady at 5.78x from Q1 2021. This compared to 5.40x at June 30, 2020. We remain on track to be in the mid-4x level, or below, by the end of our Fiscal 2022.

Q2 2021 Financial Highlights

Financial Highlights (in millions of Cdn$)	Three Months ended December 31,		Six Months ended December 31,	
	2020	2019	2020	2019
Revenue	$142.3	$122.1	$237.7	$234.4
Gross Margin	$61.8	$54.5	$105.0	$103.9
Gross Margin (%)	43%	45%	43%	44%
Adjusted EBITDA attributable to WildBrain	$29.1	$25.6	$46.7	$45.2
Net Income (Loss) attributable to WildBrain	$11.3	$(2.3)	$8.0	$(18.3)
Basic Earnings (Loss) per Share	$0.07	$(0.02)	$0.05	$(0.13)
Free Cash Flow	$23.5	$13.3	$20.9	$20.9

In Q2 2021, revenue grew 17% to $142.3 million compared with $122.1 million in the prior-year quarter, driven primarily by the large deal for the Peanuts library. H1 2021 revenue increased to $237.7 million vs $234.4 million in H1 2020.

Content Production and Distribution revenue increased 101% to $68.5 million in Q2 2021 vs $34.1 million in Q2 2020. Higher revenue was driven by a growing roster of premium projects in production, including an expanding slate of new Peanuts content as well as the licensing of the Peanuts library of classic specials to Apple TV+. H1 2021 revenue rose 52% to $104.9 million vs $69.2 million in H1 2020.

WildBrain Spark saw continued recovery in advertising revenue from the impact of COVID-19 and YouTube's policy changes on "Made for Kids" content. Q2 2021 revenue improved sequentially by 74% from $8.9 million in Q1 2021, reflecting the build-out of our proprietary data-analysis tools, which is driving growth in revenue streams,

including direct advertising sales on our own network, paid media and digital production fees and some seasonality. These nascent revenues grew by 365% in Q2 2021 vs Q2 2020. Owing to the previously identified COVID-19 and "Made for Kids" factors, Q2 2021 revenue was down 36% to $15.5 million in Q2 2021 vs $24.2 million in Q2 2020. H1 2021 revenue on WildBrain Spark was $24.4 million vs $46.3 million in H1 2020.

We are confident that monetization of our highly engaged audience on WildBrain Spark will continue to grow meaningfully. Watch time was 59.7 billion minutes of videos in Q2 2021, up 15% from 52.0 billion minutes in Q2 2020. Kids on our platform spent six minutes and 16 seconds on average per view, up 20% from Q2 2020. Viewership remained strong at 9.5 billion views in Q2 2021.

Consumer Products revenue was $46.4 million in Q2 2021 compared with $51.5 million in Q2 2020. For H1 2021, revenue was $85.3 million vs $94.4 million in the same prior-year period. The declines in both the current quarter and year-to-date reflected the expiry of the MetLife contract for Peanuts in December 2019. Excluding MetLife, revenue declined 3% in Q2 2021 and 2% in H1 2021 vs the prior-year periods, reflecting the strength of our Consumer Products business despite the impact of COVID-19 on the global retail sector.

Gross Margin was relatively steady at 43% in Q2 2021 vs 45% in Q2 2020, reflecting a strong slate of premium projects in our studio and the Peanuts library deal in the current quarter. Gross Margin for H1 2021 was 43% vs 44% in the same prior-year period.

Positive Free Cash Flow for Q2 2021 increased to $23.5 million compared to positive Free Cash Flow of $13.3 million in Q2 2020. The increase was partly driven by improvements in collection of production financing, other income earned in Q2 2021 and lower distributions to non-controlling interests in the current quarter. In H1 2021, we generated positive Free Cash Flow of $20.9 million, consistent with $20.9 million in H1 2020.

Adjusted EBITDA increased 14% to $29.1 million in Q2 2021 compared with $25.6 million in Q2 2020, principally driven by the Peanuts library licensing deal, continued strength in our Content Production and Distribution business and other income of $4.4 million from a litigation settlement. Funds from this settlement were used to materially accelerate investments across growth areas, principally in our proprietary data-analysis tools, direct ad sales and our licensing capabilities. In H1 2021, adjusted EBITDA increased 3% to $46.7 million vs $45.2 million in H1 2020.

Q2 2021 net income increased to $11.3 million vs a net loss of $2.3 million in the same prior-year quarter. H1 2021 saw net income of $8.0 million vs a net loss of $18.3 million in the same six-month period in Fiscal 2020. These increases were primarily attributable to higher gross margin, a higher non-cash foreign exchange gain and other income together with lower expenses related to reorganization, development and finance costs in Q2 2021 vs Q2 2020.

1. Free Cash Flow, Gross Margin, Adjusted EBITDA and Adjusted EBITDA attributable to WildBrain are non-GAAP financial measures. Free Cash Flow is defined as 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. Gross Margin means revenue less direct production costs and expense of film and television programs produced (per the financial statements). Adjusted EBITDA represents income of the Company before amortization, finance income (expense), taxes, reorganization and development expenses, impairments, equity-settled share-based compensation expense, and adjustments for other identified charges. Adjusted EBITDA attributable to WildBrain means Adjusted EBITDA excluding the portion of Adjusted EBITDA attributable to non-controlling interests. Further details on the definitions of and reconciliation to Free Cash Flow, Gross Margin, Adjusted EBITDA and Adjusted EBITDA attributable to WildBrain can be found in the "Non-GAAP Financial Measures" section of the Company's Q2 2021 MD&A.

2. Net debt includes long-term debt and bank indebtedness less cash and excludes interim production financing. Net leverage ratio as discussed in this press release is a reference to the Total Net Leverage Ratio as defined in the Company's senior secured credit agreement available on SEDAR at **www.sedar.com**.

Q2 2021 Conference Call

The Company will hold a conference call on February 10, 2021 at 10:00 a.m. ET to discuss the results.

To listen, call +1 (888) 231-8191 toll-free or +1 (647) 427-7450 internationally and reference conference ID 6197294. Please allow 10 minutes to be connected to the conference call. Replay will be available after the call on +1 (855) 859-2056 toll free or +1 (416) 849-0833, under passcode 6197294, until February 17, 2021.

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, 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 150 million subscribers. 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 the Company including, without limitation, statements regarding the production, distribution and licensing of a new animated series based on Sonic the Hedgehog, productions in development, advertising rates and revenue of WildBrain Spark, investments and acquisitions by the Company and expected benefits from such investments and acquisitions, future growth and financial and operating performance of WildBrain Spark, impacts of YouTube's changes to targeted advertising, the markets and industries in which the Company and its subsidiaries operate, impacts of COVID-19 on the Company, its business, and the markets and industries in which it operates, the future financial and operating results of the Company (including leverage), changes and expected developments in the markets and industries in which the Company operates, and the business strategies and operational activities of the Company and its growth and long-term prospects. 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 availability of investment and acquisition opportunities and at acceptable valuations, the ability of the Company to execute and integrate such acquisitions and investments, epidemics, pandemics or other public health crises, including the current COVID-19 pandemic, the magnitude and length of economic disruption as a result of the worldwide COVID-19 pandemic, the reliance of the Company on the Internet and other technologies to continue to conduct its business, failure to meet covenants under the senior credit facility of the Company, the ability of the Company to execute on its business strategies, the ability of the Company to realize expected operating cost savings, consumer preferences, market factors, conditions in the AVOD, entertainment and brands industries, the ability of the Company to execute on production and licensing arrangements, 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.

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