NEWS RELEASE

WILDBRAIN REPORTS Q2 2022 RESULTS

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- Revenue increased 8% to $153.2 million in Q2 2022, compared to $142.3 million in Q2 2021. H1 2022 revenue grew 12% to $265.8 million, compared to $237.7 million in H1 2021.
- Net income was $4.6 million in Q2 2022, compared to net income of $11.3 million in Q2 2021. H1 2022 net loss of $16.8 million, compared to net income of $8.0 million in H1 2021, mainly due to a non-cash, foreign exchange loss in Q1 2022.
- Cash provided by operating activities in Q2 2022 was $11.3 million, compared to $41.4 million in Q2 2021. H1 2022 cash flow used in operating activities of $0.1 million, compared to $60.9 million provided by operating activities in H1 2021.
- Free Cash Flow[1] for Q2 2022 was negative $0.8 million, compared with Free Cash Flow[1] of $23.5 million in Q2 2021, primarily due to significant growth in accounts receivables associated with larger deals in the current quarter and to timing of working capital settlements. H1 2022 negative Free Cash Flow[1] of $20.7 million, compared to positive Free Cash Flow[1] of $20.9 million in H1 2021.
- Adjusted EBITDA[1] in Q2 2022 was $27.3 million, compared with $29.1 million in Q2 2021. Excluding other income of $4.4 million from a litigation settlement and $1.2 million of government wage subsidies in Q2 2021, adjusted EBITDA[1] increased 16% in Q2 2022 vs the same prior year quarter. H1 2022 adjusted EBITDA[1] increased to $47.2 million, compared to $46.7 million in H1 2021. Normalizing for the above-mentioned other income and $2.3 million in government wage subsidies in H1 2021, adjusted EBITDA[1] increased 18% vs the same six months last year.
- Consumer Products revenue grew 35% to $62.5 million in Q2 2022, compared to $46.4 million in Q2 2021. H1 2022 revenue increased to $110.9 million, compared to $85.3 million in H1 2021.
- WildBrain Spark ("Spark") revenue increased 16% to $18.0 million in Q2 2022, compared to $15.5 million in Q2 2021. H1 2022 revenue increased 37% to $33.4 million, compared to $24.4 million in H1 2021.

HALIFAX, NS, Feb. 8, 2022 /CNW/ - WildBrain Ltd. ("WildBrain" or the "Company") (TSX: WILD), a global leader in kids' and family entertainment, today reported its Fiscal 2022 second-quarter ("Q2 2022") and six-month ("H1 2022") results for the periods ended December 31, 2021.

Eric Ellenbogen, WildBrain CEO, said: "We activated yet another enduring IP brand with the recent announcement of an all-new Degrassi series for HBO Max in the US. Furthermore, HBO Max has licensed the entire 14-season, 385-episode library of Degrassi: The Next Generation for the US. This partnership — the largest deal in the history of the brand — underscores the importance of our ownership of a portfolio of franchise IP in the highly competitive current market amongst streaming platforms."

Ellenbogen added: "We're also demonstrating our strengths in developing and sustaining new IP. We've just delivered to Netflix a third season plus three new family specials for our original series, Chip & Potato — a burgeoning preschool brand that we're taking to the toy shelf under a licensing agreement with JAKKS Pacific.

"Our production business in China is just getting started, marked by a global partnership with leading Chinese streamer, iQIYI, for the new original IP Jonny Jetboy from the creator of PAW Patrol and Bob the Builder. The partnership spans production supervision on the new series, as well as distribution and licensing outside of China.

"We've also recently partnered with Jay Ward Productions across distribution, production and licensing for their entire portfolio including such legendary properties as Rocky & Bullwinkle, George of the Jungle, Mr. Peabody & Sherman, Dudley Do-Right, Super Chicken and more. This agreement adds another pillar of renowned IP to our vault, contributing 788 episodes of classic animation to our distribution library. We look forward to creating fresh new content based on the Ward portfolio.

"As we promised, we're layering on more and more premium content deals and launching and re-launching IP to drive consumer products upside and grow our long-term earnings base. We're just getting started, so stay tuned."

Aaron Ames, WildBrain CFO, added: "We're executing on our plan, which delivered strong results in Q2 2022, especially given the high comp to Q2 2021. This was highlighted by double-digit revenue growth in consumer products and at WildBrain Spark. Holistic management of our consumer products business for our owned and partner brands is translating into higher Peanuts revenue and upside at our global licensing agency, WildBrain CPLG. We're building on our core earnings base from which we expect increasing momentum next year and beyond, as new IP activations are brought to market and start to contribute to our results."

Q2 2022 Performance – Executing on Priorities

PRIORITIES	HIGHLIGHTS
Activate IP and Grow Key Brands	• As part of our "always-on" approach to building the widest possible audience for Strawberry Shortcake, we signed an agreement with Netflix for four brand-new animated CG specials to be produced in our studio. Netflix also picked up the new digital series, Berry in the Big City, to launch in Spring 2022, which premiered on Spark last fall. • Building on the growing fan base for our preschool brand, Chip & Potato, delivered to Netflix a third season of the original animated series plus three new seasonal specials. We are extending popularity for the property into consumer products for the first time, planning to launch toys from JAKKS Pacific, in collaboration with our global licensing agency WildBrain CPLG. • Partnered with leading China streaming service, iQIYI, to create a new original animated series, Jonny Jetboy. WildBrain will supervise development and production, as well as handle global distribution and licensing outside of Greater China. • Subsequent to quarter-end, signed a multi-year deal to produce a new Degrassi series, launching exclusively on HBO Max in the US in 2023. Additionally, HBO Max has picked up the US rights for the entire 14-season library of Degrassi: The Next Generation. • Partnered with Jay Ward Productions across distribution, production and licensing for such classic brands as Rocky & Bullwinkle, George of the Jungle, Mr. Peabody & Sherman and Super Chicken.
Maximizing the Value of WildBrain Spark	• Spark revenue increased 16% to $18.0 million in Q2 2022 vs $15.5 million in Q2 2021, reflecting recovery in advertising rates and our focus on higher-value views. • Enhanced monetization of our large audience is driving growth in direct ad sales, paid media and digital production. These nascent revenues collectively increased by 127% in Q2 2022 vs Q2 2021.
Deliver Sustainable Growth	• Revenue increased 8% to $153.2 million in Q2 2022, compared to $142.3 million in Q2 2021. • Adjusted EBITDA[1] was $27.3 million in Q2 2022 vs $29.1 million in Q2 2021. Excluding other income of $4.4 million from a litigation settlement and $1.2 million of government wage subsidies in Q2 2021, adjusted EBITDA[1] increased 16% in Q2 2022 vs the same prior year quarter. • We reaffirm our expectations for Fiscal 2022 of achieving revenue in the range of $480.0 million to $500.0 million and adjusted EBITDA[1] between $87.0 million to $93.0 million.

Q2 2022 Financial Highlights

Financial Highlights[1] (in millions of Cdn$)	Three Months ended December 31,		Six Months ended December 31,	
	2021	2020	2021	2020
Revenue	$153.2	$142.3	$265.8	$237.7
Gross Margin	$63.6	$61.8	$115.2	$105.0
Gross Margin (%)	42%	43%	43%	44%
Adjusted EBITDA attributable to WildBrain	$27.3	$29.1	$47.2	$46.7
Net Income (Loss) attributable to WildBrain	$4.6	$11.3	$(16.8)	$8.0
Basic Earnings (Loss) per Share	$0.03	$0.07	$(0.10)	$0.05
Cash Provided by (Used In) Operating Activities	$11.3	$41.4	$(0.1)	$60.9

Free Cash Flow	$(0.8)	$23.5	$(20.7)	$20.9

In Q2 2022, revenue grew 8% to $153.2 million, compared with $142.3 million in the prior year, reflecting growth at Spark and strong Consumer Products performance. H1 2022 revenue increased to $265.8 million, compared to $237.7 million in H1 2021.

Content Production and Distribution revenue was $61.3 million in Q2 2022 vs $68.5 million in Q2 2021, driven by a robust pipeline of premium productions including Sonic Prime, new Peanuts content, and work starting on Jonny Jetboy as well as a number of large distribution deals in the current quarter. This was against a high comp in Q2 2021, which included $34.3 million from the Peanuts library licensing deal to Apple TV+. H1 2022 revenue was $98.8 million, compared to $104.9 million in H1 2021.

Consumer Products revenue grew 35% to $62.5 million in Q2 2022, compared with $46.4 million in Q2 2021, reflecting the strength of the Peanuts franchise, supported by consistent output of new content. We are also realizing the synergies of our licensing agency, WildBrain CPLG, representing Peanuts across Europe, the Middle East and India, as well as a broad uplift in revenue across its portfolio of third-party IP partners. H1 2022 revenue increased to $110.9 million, compared to $85.3 million in H1 2021.

Q2 2022 revenue at Spark increased 16% to $18.0 million vs $15.5 million in Q2 2021, fueled by continued advertising recovery. H1 2022 Spark revenue increased 37% to $33.4 million, compared to $24.4 million in H1 2021. Higher revenue at Spark reflects increasing monetization of our large audience, driven by premium content where we own the IP or share in consumer products. Kids continued to be highly engaged on Spark, which continued to attract wide audience engagement with 8.3 billion views across 51.5 billion minutes of video watched on our network in Q2 2022. This compared to 9.5 billion views and 59.7 billion minutes in watch time in Q2 2021 as consumption patterns normalize from last year's peak viewership during COVID-19 lockdowns. These metrics have improved with views and watch time increasing since hitting a trough in April 2021[2]. During this same period, advertising rates, on average, have increased 89% since April 2021[2].

Q2 2022 Gross Margin[1] was steady at 42% vs 43% in Q2 2021. Gross Margin[1] for H1 2022 remained consistent at 43% vs 44% in H1 2021.

Cash provided by operating activities in Q2 2022 was $11.3 million, compared to $41.4 million in Q2 2021. Free Cash Flow[1] for Q2 2022 was negative $0.8 million, compared with Free Cash Flow[1] of $23.5 million in Q2 2021, primarily due to significant growth in accounts receivable associated with larger deals in the current quarter and to timing of working capital settlements. H1 2022 cash flow used in operating activities of $0.1 million, compared to

$60.9 million provided by operating activities in H1 2021. H1 2022 negative Free Cash Flow[1] of $20.7 million, compared to positive Free Cash Flow[1] of $20.9 million in H1 2021.

Adjusted EBITDA[1] was $27.3 million in Q2 2022, compared with $29.1 million in Q2 2021, primarily driven by higher gross margins and lower distribution to non-controlling interests, offset by higher SG&A including growth initiatives. Excluding other income of $4.4 million from a litigation settlement and $1.2 million of government wage subsidies in Q2 2021, adjusted EBITDA[1] increased 16% in Q2 2022 vs the same prior year quarter. H1 2022 adjusted EBITDA[1] increased to $47.2 million, compared to $46.7 million in H1 2021. Normalizing for the above-mentioned other income and $2.3 million in government wage subsidies in H1 2021, adjusted EBITDA[1] increased 18% vs the same six months last year.

Q2 2022 net income was $4.6 million vs net income of $11.3 million in Q2 2021, primarily due to higher gross margins, lower distribution to non-controlling interests, offset by higher SG&A related to growth initiatives and a lower foreign exchange gain in the current quarter. H1 2022 net loss of $16.8 million, compared to net income of $8.0 million in H1 2021, mainly due to a non-cash, foreign exchange loss in Q1 2022.

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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 2022 Management Discussion and Analysis ("MD&A").

2. Growth in views and watch time from April 2021 to December 2021.

Q2 2022 Conference Call

The Company will hold a conference call on February 9, 2022 at 10:00 a.m. ET to discuss the results.

To listen, call +1 (888) 393-8218 toll-free or +1 (647) 484-0475 internationally and reference conference ID 4935501. 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 4935501, until February 16, 2022.

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

For more information, please contact:

Investor Relations: Nancy Chan-Palmateer - Director, Investor Relations, WildBrain
nancy.chanpalmateer@wildbrain.com
+1 416-977-7358

Media: Shaun Smith - Director, Corporate & Trade Communications, 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 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 growth strategy of WildBrain, WildBrain's production pipeline and projects in development, WildBrain's brand strategies (including its plans for developing and monetizing Peanuts, Strawberry Shortcake and other franchises), the activation of WildBrain's IP and the results and benefits therefrom, WildBrain's direct ad sales business, the value of WildBrain's assets, leverage ratio and cash flow, use of capital for investments and other growth opportunities and expected returns therefrom, monetization of WildBrain Spark, the business strategies and operational activities of WildBrain, the markets and industries in which WildBrain operates, and the growth and future financial and operating performance of WildBrain. 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 the industries and changes in laws and regulations related to the industries in which WildBrain operates, (vi) consumer and consumer preferences, (vii) the ability of WildBrain to execute on acquisition and other growth strategies and opportunities and realize the expected benefits therefrom, (viii) the ability of WildBrain to execute on production, distribution and licensing arrangements, (ix) the availability of investment opportunities at acceptable valuations and the ability of WildBrain to execute on such investment 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 the 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, and (xv) changes in foreign exchange and interest rates.

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, market factors, WildBrain's ability to close and execute on anticipated production, distribution, licensing and other contracts, the ability of WildBrain to realize the expected value of its assets, 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 this press release, WildBrain uses certain non-IFRS financial measures, including "Free Cash Flow", "Gross

Margin", "Adjusted EBITDA", and "Adjusted EBITDA attributable to WildBrain", to measure, compare and explain WildBrain's operating results and financial performance. These measures and other non-IFRS measures are commonly used by entities in WildBrain's industry as useful metrics for measuring performance. However, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. For further details on these non-IFRS measures, including relevant definitions and reconciliations, see "Non-GAAP Measures" in WildBrain's most recent MD&A.

SOURCE WildBrain Ltd.