NEWS RELEASE

WILDBRAIN REPORTS Q2 2023 RESULTS

2023-02-07

- Revenue was $140.5 million in Q2 2023, compared to $153.2 million in Q2 2022. YTD 2023 revenue of $267.1 million was consistent with YTD 2022 revenue of $265.8 million.

- Net loss was $13.0 million in Q2 2023, compared to net income of $4.6 million in Q2 2022. YTD 2023 net loss was $20.5 million, compared to YTD 2022 net loss of $16.8 million.

- Adjusted EBITDA[1] in Q2 2023 was $26.0 million, compared with $27.3 million in Q2 2022. YTD 2023 Adjusted EBITDA was $45.9 million, compared to YTD 2022 Adjusted EBITDA of $47.2 million.

- Cash provided by operating activities in Q2 2023 was $63.1 million, compared to $11.3 million provided by operating activities in Q2 2022. Cash provided by operating activities YTD 2023 was $39.8 million, compared to $0.1 million used YTD 2022.

- Free Cash Flow[1] for Q2 2023 was positive $26.4 million, compared with negative Free Cash Flow of $0.8 million in Q2 2022. YTD 2023 Free Cash Flow was positive $17.5 million, compared to negative $20.7 million YTD 2022.

TORONTO, Feb. 7, 2023 /CNW/ - WildBrain Ltd. ("WildBrain" or the "Company") (TSX: WILD), a global leader in kids' and family entertainment, today reported its second-quarter ("Q2 2023") results for the period ended December 31, 2022.

Eric Ellenbogen, WildBrain CEO, said: "We continue to execute on our 360-degree strategy to engage and entertain audiences across the globe with our leading kids' and family brands, multi-platform content and consumer products. Our newest series, Sonic Prime, co-produced with SEGA, is off to a terrific start, having premiered on

Netflix in December as the top show in kids' content worldwide, spending three weeks in the global top 10 on the platform across all demographics. Audiences are loving Sonic Prime, and we look forward to delighting fans further with many upcoming consumer products launches tied to the brand this year.

"In post-quarter activity, the enduring power of the Peanuts brand was highlighted in a new partnership that sees Snoopy team up with MetLife Pet Insurance. MetLife and Peanuts previously had a 30-year partnership, and we're delighted now to reignite our relationship with this valued partner. Additionally post-quarter, our global licensing agency, WildBrain CPLG, was appointed master licensee worldwide for PLAYMOBIL, a brand synonymous with high-quality toys, to expand this globally popular kids' toy brand into new consumer products categories. We're off to a solid start in calendar 2023, with many more exciting partnerships, content launches and brand activations in the pipeline."

Aaron Ames, WildBrain CFO, added: "We remain on track to deliver continued growth in line with our guidance in fiscal 2023. The Content Production and Distribution revenue in the quarter was impacted by timing as certain production revenue shifted from Q2 and we now expect to recognize that revenue in the second half of our fiscal year. We've made investments across content, creative and consumer products, which are beginning to show results and will provide the foundation for future growth, as we continue to drive our own brands and also work with quality partners seeking access to our unique strengths across the entire IP lifecycle. Gross Margin was up over 200 basis points as we realized the synergies from the consolidation of Peanuts representation rights under our global licensing agency, WildBrain CPLG. Free Cash Flow and operating cash flow were particularly strong in the quarter with increased collections, and we expect to end the fiscal year with positive Free Cash Flow. We implemented the cost initiatives discussed last quarter, and we will continue to moderate our expenses while supporting growth initiatives."

Q2 2023 Performance – Executing on Priorities

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PRIORITIES	HIGHLIGHTS
Activate IP and Grow Key Brands	• Sonic Prime premiered on Netflix in December with a highly positive reception from audiences worldwide. The series spent three weeks in the Global Top 10 TV on the platform across all demographics, reaching the Top 10 in 66 countries. WildBrain CPLG has a robust pipeline of Sonic Prime consumer products to expand on the brand's popularity. • Post-quarter, Peanuts Worldwide signed a U.S. partnership for Snoopy with MetLife Pet Insurance, the leading pet health insurance provider in the

workplace, to build a greater awareness of the importance of pet insurance. The partnership reignites the relationship between Peanuts and MetLife, who previously enjoyed a more than 30-year partnership through 2016.

- Continuing our commitment to igniting beloved kids' IP, we partnered with Ukrainian producer Glowberry to bring the popular Brave Bunnies preschool brand into our 360-degree franchise portfolio. As the majority owner in the Brave Bunnies IP, WildBrain will lead distribution of Brave Bunnies content and will co-produce season two of the series with Glowberry and Spanish animation studio, Anima. WildBrain CPLG will manage licensing and merchandising.
- Post-quarter, WildBrain CPLG appointed as master licensee worldwide for PLAYMOBIL, a global brand known for its high quality and imaginative toys, to expand the highly popular kids' brand into new consumer products categories, including merchandise, publishing, location-based experiences and promotions.

Deliver Sustainable Growth

- Reaffirming our expectations for Fiscal 2023 for revenue of approximately $525 million to $575 million and adjusted EBITDA of approximately $95 million to $105 million.
- We expect to see acceleration in growth in the second half of Fiscal 2023 as we close deals later in the year that we expected earlier in the year.

Q2 2023 Financial Highlights

Financial Highlights (in millions of Cdn$)	Three Months ended December 31, 2022	2021
Revenue	$140.5	$153.2
Gross Margin[1]	$61.3	$63.6
Gross Margin (%)[1]	44 %	42 %
Adjusted EBITDA attributable to WildBrain[1]	$26.0	$27.3
Net Income (Loss) attributable to WildBrain	$(13.0)	$4.6
Basic Earnings (Loss) per Share	$(0.07)	$0.03
Cash Provided by (Used In) Operating Activities	$63.1	$11.3
Free Cash Flow[1]	$26.4	$(0.8)

In Q2 2023, revenue declined 8% to $140.5 million, compared to $153.2 million in Q2 2022. YTD 2022 revenue of $267.1 million was consistent with YTD 2022 revenue of $265.8.

Content Production and Distribution revenue declined 8% to $56.1 million in Q2 2023, compared to $61.3 million in Q2 2022. Content Production and Distribution revenue in the quarter was impacted by timing, particularly in the live action slate, and by certain productions that shifted to 2H23. YTD 2022 revenue increased 10% or $10.0 million to $108.8 million, compared to YTD 2022 revenue of $98.8 million.

Consumer Products revenue declined 8% to $57.4 in Q2 2023, compared to $62.5 million in Q2 2022. YTD 2023 revenue was $109.5 million compared to YTD 2022 revenue of $110.9 million. The decrease in revenue was driven by foreign exchange headwinds in Yen, Euro and GBP currencies which impacts the licensing royalties from the Peanuts franchise, and lower royalty performance by top global apparel and domestic partners as retailers focused on reducing overstock inventory that had built up during Covid, both in the current quarter and YTD.

Q2 2023 WildBrain Spark revenue decreased 11% to $16.0 million, compared to $18.0 million in Q2 2022, a sequential improvement from Q1 2023, supported by strong direct ad sales. Segment revenue remains impacted by softer advertising revenue due to macroeconomic headwinds. YTD 2023 revenue was $27.7 million compared to YTD 2022 revenue of $33.4 million. Kids continued to be highly engaged on WildBrain Spark, particularly in our owned brands, attracting over 46 billion views across seven billion minutes of videos watched on our network in Q2 2023.

Gross Margin[1] for Q2 2023 was 44% vs 42% in Q2 2022, reflecting the synergies from our strategy of consolidating representation rights under our global licensing agency, WildBrain CPLG. YTD 2023 consolidated gross margin was $116.5 million, an increase of $1.4 million, compared to YTD 2022 gross margin of $115.2 million.

Cash provided by operating activities in Q2 2023 was $63.1 million, compared to $11.3 million provided by operating activities in Q2 2022. YTD 2023 cash provided by operating activities was $39.8 million, compared to $0.1 million used YTD 2022. Free Cash Flow[1] was positive $26.4 million in Q2 2023, compared with negative Free Cash Flow[1] of $0.8 million in Q2 2022. YTD 2023 Free Cash Flow was positive $17.5 million, compared to negative $20.7 million in the prior year period. Free Cash Flow[1] for Q2 2023 and YTD 2023 reflected the increase in collections for trade receivables associated with larger deals and timing of working capital settlements.

Adjusted EBITDA[1] was $26.0 million in Q2 2023, compared with $27.3 million in Q2 2022. YTD 2023 Adjusted EBITDA was $45.9 million, compared to $47.2 million in the prior year period. This decrease in the quarter was primarily due to lower gross margin[1] dollars, and higher SG&A to support growth initiatives. The decrease in the YTD period was driven by higher SG&A which was offset by higher gross margin[1] dollars. Starting in the second quarter, we

implemented the cost saving initiatives and we will continue to moderate our expenses while supporting growth initiatives.

Q2 2023 net loss was $13.0 million compared to net income of $4.6 million in Q2 2022. The decrease was primarily driven by higher change in fair value of embedded derivatives, higher SG&A, lower gross margin[1] dollars, offset by higher foreign exchange gain. YTD 2023 net loss was $20.5 million, compared to net loss of $16.8 million, a decrease in net income of $3.7 million. The decrease in the YTD period was driven primarily by higher SG&A, higher net income attributable to non-controlling interests, offset by higher gross margin[1] dollars.

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

Q2 2023 Conference Call

The Company will hold a conference call on February 8, 2023 at 10:00 a.m. ET to discuss the results.

To listen, call +1 (800) 406-5356 toll-free or +1 (647) 794-4605 internationally and reference conference ID 2609147. Please allow 10 minutes to be connected to the conference call. Replay will be available after the call on +1 (888) 390-0541 toll free or +1 (416) 764-8677, under passcode 2609147, until February 15, 2023.

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 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 WildBrain's execution against its 360º strategy, content and other commercial agreements and opportunities of WildBrain, consumer products growth, monetization of WildBrain's assets, investments, including those reflected in SG&A, and expected benefits therefrom, WildBrain's production and deal pipeline and projects in development, the business strategies and operational activities of WildBrain, WildBrain's market positioning, the markets and industries in which WildBrain operates, expense management and the growth and future financial and operating performance of WildBrain, including revenue, Adjusted EBITDA, and Free Cash Flow 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, 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, 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, other 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.