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WILDBRAIN REPORTS Q3 2021 RESULTS

2021-05-11

- Revenue increased 4% to $102.2 million in Q3 2021 vs $98.3 million in Q3 2020. YTD 2021 revenue grew to $339.9 million vs $332.7 million in YTD 2020.
- Net loss improved to $26.5 million in Q3 2021 vs a net loss of $221.7 million in Q3 2020. YTD 2021 net loss of $18.5 million vs a net loss of $240.0 million in YTD 2020. Q3 2021 and YTD 2021 net losses were mainly due to non-cash, non-operating items related to the refinancing and a higher share price impacting the fair value of embedded derivatives.
- Free Cash Flow was negative $3.3 million in Q3 2021, consistent with Q3 2020. YTD 2021 positive Free Cash Flow was consistent at $17.6 million vs YTD 2020.
- Adjusted EBITDA in Q3 2021 was $17.2 million vs $17.9 million in Q3 2020. YTD 2021 adjusted EBITDA increased to $63.9 million vs $63.1 million in YTD 2020.
- Consumer Products revenue grew 12% to $45.7 million in Q3 2021 vs $40.9 million in Q3 2020. YTD 2021 revenue was $131.0 million vs $135.4 million in YTD 2020.
- WildBrain Spark revenue was $9.6 million in Q3 2021 vs $9.5 million in Q3 2020. YTD 2021 revenue was $34.1 million vs $55.8 million in YTD 2020.
- Refinanced Term Loan and Revolver on highly favourable terms, extending maturities and removing the financial maintenance covenant on the Term Loan.

HALIFAX, NS, May 11, 2021 /CNW/ - WildBrain Ltd. ("WildBrain" or the "Company") (TSX: WILD), a global leader in kids and family entertainment, today reported its Fiscal 2021 third quarter ("Q3 2021") and nine-month ("YTD 2021") results for the periods ended March 31, 2021.

Eric Ellenbogen, WildBrain CEO, said: "Our content and brands continued to perform well in Q3, driven by a robust production slate and strength in our consumer products segment. WildBrain Spark saw further improvement in

advertising rates, as well as growing revenue in emerging areas of direct ad sales, paid media and digital production. Looking forward to Q4 2021, we will have results fully comparable to Q4 a year ago, factoring in the impact of both COVID-19 and 'Made-for-Kids'. There will, of course, be seasonality across the year; however, we expect WildBrain Spark's revenue to grow more than 50% in the forthcoming quarter, over last year's Q4. We're also realizing the strategic value of WildBrain Spark's massive audience engagement and reach to secure comprehensive deals with brand owners, leveraging our ability to exploit IP across content, licensing and audience delivery. This includes a recently announced multi-year partnership with the emoji company to launch emojitown, a brand new digital-first series and consumer products extension of the emoji brand. WildBrain Spark is co-producing this series with the emoji company, and our licensing agency, WildBrain CPLG, will represent the new IP globally, building on their pre-existing strong relationship. WildBrain shares across multiple revenue sources in this partnership, driven by our 360-degree integrated IP strategy. This is one of many such holistic partnerships in our pipeline that will fuel growth across our company with meaningful consumer products upside."

Aaron Ames, WildBrain CFO, added: "During the quarter, we continued to both increase our pipeline and sign long-term, quality agreements for our own IP as well as IP from partners who want access to our unique strengths across content, creative and our WildBrain Spark network. While these deals take time to manifest in our results, they provide a strong foundation for future growth with meaningful upside in consumer products. This disciplined approach, of layering on strong contracted, profitable partnerships, enabled us to refinance our corporate debt on highly favourable terms in Q3, including removing the financial maintenance covenant on our term loan and extending the maturities on both the term loan and revolver. We are continuing to enhance our financial flexibility to drive our digital, content and brand priorities."

Q3 2021 Performance - Executing on Priorities

PRIORITIES	HIGHLIGHTS
Monetizing our Large Audience on WildBrain Spark	• WildBrain Spark revenue increased 2% to $9.6 million in Q3 2021 vs $9.5 million in Q3 2020, reflecting ongoing recovery in advertising rates.
	• The build-out of our proprietary data-analysis tools is driving growth in direct ad sales, paid media and digital production. These nascent revenues increased by 185% in Q3 2021 vs Q3 2020.
	• WildBrain Spark is building its pipeline of commercial partnerships to create and manage digital content and drive revenue across various business units, as evidenced by the deal with the emoji® company.
Grow Key Brands	• We signed multi-year exclusive partnerships with SEGA and Netflix to produce a Netflix Original series based on Sonic the Hedgehog under which we participate across multiple revenue streams. Production has begun on the new animated series, titled Sonic Prime, to premiere worldwide in 2022.
	• WildBrain CPLG expanded representation of the classic emoji® brand across Europe including the UK, Germany and other territories, which contributed to growing commissions in our agency business. Building on our strong agency relationship, we recently forged an expanded, multi-year content and licensing partnership with the emoji® company to produce a brand new digital-first series,

emojitown™, for our AVOD network exclusively managed by WildBrain Spark. WildBrain CPLG will manage the global consumer products licensing program for emojitown® and we will share across all revenue sources for this new IP, including a meaningful share in licensing.

Improve Cash Flow and Balance Sheet	• Free Cash Flow was negative $3.3 million in Q3 2021 vs negative Free Cash Flow of $3.2 million in Q3 2020. YTD 2021 positive Free Cash Flow was $17.6 million vs Free Cash Flow of $17.8 million YTD 2020.
	• Refinanced our corporate debt with a new seven-year US$285.0 million senior secured term loan ("Term Loan") and removed the financial maintenance covenant. At the same time, we also entered into a new five-year US$30.0 million revolving credit facility ("Revolver").

Q3 2021 Financial Highlights

Financial Highlights	Three Months ended		Nine Months ended	
(in millions of Cdn$)	March 31,		March 31,	
	2021	2020	2021	2020
Revenue	$102.2	$98.3	$339.9	$332.7
Gross Margin	$43.9	$44.4	$148.9	$148.3
Gross Margin (%)	43%	45%	44%	45%
Adjusted EBITDA attributable to WildBrain	$17.2	$17.9	$63.9	$63.1
Net Loss attributable to WildBrain	$(26.5)	$(221.7)	$(18.5)	$(240.0)
Basic Loss per Share	$(0.15)	$(1.30)	$(0.11)	$(1.58)
Free Cash Flow	$(3.3)	$(3.2)	$17.6	$17.8

In Q3 2021, revenue grew 4% to $102.2 million compared with $98.3 million in the prior-year quarter, driven by strength in our Consumer Products business. YTD 2021 revenue increased to $339.9 million vs $332.7 million in YTD 2020.

Content Production and Distribution revenue was $35.6 million in Q3 2021 vs $36.4 million in Q3 2020, reflecting steady growth from our robust production pipeline, offset by fluctuations in timing of distribution deals. YTD 2021 revenue rose 33% to $140.5 million vs $105.6 million in YTD 2020, driven by an extensive slate of new Peanuts content as well as the large distribution deal for the Peanuts library in Q2 2021 as part of an expanded content partnership with Apple TV+.

WildBrain Spark saw improvement as advertising revenue continued to improve from the impact of COVID-19 as well as YouTube's policy changes made in early January 2020. Q3 2021 revenue increased 2% to $9.6 million in Q3 2021 vs $9.5 million in Q3 2020. This compared with declines of 60% and 36% in the first and second quarters of Fiscal 2021 respectively, compared with the same prior-year periods. We are also seeing the impact of the build-out of our proprietary data-analysis tools in driving growth in other AVOD revenue streams including in direct advertising sales, paid media and digital production fees. These nascent revenues increased by 185% in Q3 2021 vs Q3 2020. YTD 2021 revenue on WildBrain Spark was $34.1 million vs $55.8 million in YTD 2020. Looking forward to Q4 2021, we will have results fully comparable to Q4 a year ago, factoring in the impact of both COVID-19 and 'Made-for-Kids'. There will, of course, be seasonality across the year; however, we expect WildBrain Spark's revenue to grow more than 50% in the forthcoming quarter, over last year's Q4.

Furthermore, WildBrain Spark is expanding cross-selling opportunities with IP partners to drive revenue across business units, such as our just-announced content and licensing agreement with the emoji® company. In Q3 2021, WildBrain Spark garnered 8.2 billion views across its highly engaged audience, compared with 10.3 billion in Q3 2020, reflecting normalizing of industry viewing patterns. This amounted to 50.0 billion minutes of videos watched on our AVOD network compared with 59.1 billion in Q3 2020. Kids on our platform spent six minutes and five seconds on average per view, up 6% from five minutes and 43 seconds in Q3 2020. Comparing to normalized consumption patterns before the COVID-19 lockdowns, views increased 22% to 28.5 billion and watch time increased 46% to 173.8 billion minutes on the WildBrain Spark network in YTD 2021 vs YTD 2019. As we continue to roll out new proprietary and partner content, we anticipate views will continue to increase, likely exceeding COVID-19 peak consumption.

We are also continuing to refine our WildBrain Spark network to build higher-value viewership. This means producing and promoting premium content that monetizes across multiple WildBrain revenue streams, such as distribution and consumer products.

Consumer Products revenue grew 12% to $45.7 million in Q3 2021 compared with $40.9 million in Q3 2020. Higher revenue in Q3 2021 was due to the strength of the Peanuts brand, which experienced strong licensing royalties in such categories of fleece apparel and pet products and services as well as increased commissions from our agency WildBrain CPLG due to its broadening client portfolio and licensing rights. For YTD 2021, revenue was $131.0 million vs $135.4 million in the same prior-year period, reflecting the impact of COVID-19 on the global retail sector.

Q3 2021 Gross Margin was 43% vs 45% in Q3 2020, due to higher Peanuts consumer products revenue which carries a lower gross margin. YTD 2021 Gross Margin was steady at 44% vs 45% in YTD 2020, reflecting a strong slate of premium projects in our studio and the Peanuts library deal in Q2 2021.

Free Cash Flow for Q3 2021 was negative $3.3 million, consistent with negative Free Cash Flow of $3.2 million in Q3 2020, which was primarily due to timing of working capital settlements. In YTD 2021, we generated positive Free Cash Flow of $17.6 million, consistent with $17.8 million in YTD 2020.

Adjusted EBITDA was $17.2 million in Q3 2021 consistent with $17.9 million in Q3 2020. In YTD 2021, adjusted EBITDA increased to $63.9 million vs $63.1 million in YTD 2020.

Q3 2021 net loss improved to $26.5 million vs a net loss of $221.7 million in the same prior-year quarter. YTD 2021 saw net loss of $18.5 million vs a net loss of $240.0 million in the same nine-month period in Fiscal 2020. Q3 2021 and YTD 2021 net losses were primarily due to non-cash, non-operating items in the current quarter of $3.5 million related to the refinancing and the change in fair value of embedded derivatives of $23.5 million resulting from appreciation of the share price. Q3 2020 and YTD 2020 included a non-cash goodwill impairment charge of $184.5 million[2] due to the impact on advertising revenue from YouTube's policy changes as well as potential impacts of global uncertainties from COVID-19.

During Q3 2021, we refinanced our corporate debt on attractive terms, including removing the financial maintenance covenant on the Term Loan, and extending maturities on both the Term Loan and Revolver. The new US$285.0 million Term Loan will mature in March 2028 and bears interest at a rate of LIBOR plus 4.25%. Net proceeds from the Term Loan were used to repay the existing US$276.5 million term facility maturing in December 2023. We also entered into a new five-year US$30.0 million Revolver with an interest rate of LIBOR plus 4.00%. This facility replaced the existing undrawn US$30.0 million revolving credit facility and does not carry a financial maintenance covenant, except when amounts are drawn and outstanding.

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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 Q3 2021 MD&A.

2. The non-cash goodwill impairment charge of $184.5 million excludes goodwill held in the Company's Peanuts and Television cash generating units (CGUs).

Q3 2021 Conference Call

The Company will hold a conference call on May 12, 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 1670318. 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 1670318, until May 19, 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, including content and licensing partnerships with brands including emojitown®, 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 ('Made-for-Kids'), 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, including the impact of 'Made-for-Kids', 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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