NEWS RELEASE

WILDBRAIN REPORTS Q3 2023 RESULTS

2023-05-09

- Revenue was $140.9 million in Q3 2023, compared to $129.5 million in Q3 2022. YTD 2023 revenue of $408.0 million, compared with YTD 2022 revenue of $395.2 million.
- Net income was $19.4 million in Q3 2023, compared to net income of $21.3 million in Q3 2022. YTD 2023 net loss was $1.2 million, compared with YTD 2022 net income of $4.5 million.
- Adjusted EBITDA[1] in Q3 2023 was $32.9 million, compared with $30.2 million in Q3 2022. YTD 2023 Adjusted EBITDA was $78.8 million, compared to YTD 2022 Adjusted EBITDA of $77.3 million.
- Cash provided by operating activities in Q3 2023 was $24.0 million, compared to $39.7 million provided by operating activities in Q3 2022. Cash provided by operating activities YTD 2023 was $63.8 million, compared to cash provided of $39.6 million in YTD 2022.
- Free Cash Flow[1] for Q3 2023 was negative $4.6 million, compared with positive Free Cash Flow of $8.1 million in Q3 2022. YTD 2023 Free Cash Flow was positive $12.9 million, compared to negative $12.7 million YTD 2022.

TORONTO, May 9, 2023 /CNW/ - WildBrain Ltd. ("WildBrain" or the "Company") (TSX: WILD), a global leader in kids' and family entertainment, today reported its third-quarter ("Q3 2023") results for the period ended March 31, 2023.

The Company also announced today that Josh Scherba has been promoted to President and CEO.

Scherba said: "We executed well in the third quarter, with strong growth in Content Production and Distribution led by live action productions. Additionally, we were encouraged to see the sequential improvement in Consumer Products revenue to level set with last year's Q3, in a macro retail environment still facing some overstock headwinds.

"Also in Q3, our commitment to investing in creative excellence was reinforced by our agreement to acquire House

of Cool, a leading animation pre-production company. The acquisition is highly complementary to our existing business, expanding and enhancing our capabilities for our own premium content and third-party projects. House of Cool and their team of highly talented artists will be a valuable strategic asset in a content environment that is increasingly focusing on quality over quantity, positioning WildBrain to be leaders in the premium production space.

"We've made significant progress since implementing our 360-degree strategy to emerge as a leading independent platform for the monetization of kids and family IP in the global market. As President and CEO, I'm excited to continue this work and lead this incredible company as we focus on key franchises and to further advance WildBrain's position as a leader in content creation, audience engagement and global licensing. I look forward to working with our talented people across the organization, our passionate management team and our board to drive profitability for the long-term success of the business and enhance value for shareholders."

Aaron Ames, WildBrain CFO, added: "We continue to execute on our plan, which delivered strong top-line growth in Q3 2023. Revenues for our Content Production and Distribution segment were particularly strong as we recognized revenue that had shifted from Q2. We remain on track to deliver another year of growth on both revenue and adjusted EBITDA and we reiterate our guidance for Fiscal 2023."

Q3 2023 Performance – Executing on Priorities

PRIORITIES	HIGHLIGHTS
Activate IP and Grow Key Brands	• Signed an agreement to acquire 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. • Post-quarter, Peanuts Worldwide announced the extension of its licensing agreement with Hallmark. The five-year renewal extends the longtime partnership between the two global brands which has spanned 63 years.
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 end Fiscal Year 2023 with positive Free Cash Flow.

Q3 2023 Financial Highlights

Financial Highlights (in millions of Cdn$)	Three Months ended March 31,	
	2023	2022
Revenue	$140.9	$129.5
Gross Margin[1]	$67.5	$63.7
Gross Margin (%)[1]	48 %	49 %
Adjusted EBITDA attributable to WildBrain[1]	$32.9	$30.2
Net Income (Loss) attributable to WildBrain	$19.4	$21.3
Basic Earnings (Loss) per Share	$0.11	$0.12
Cash Provided by (Used In) Operating Activities	$24.0	$39.7
Free Cash Flow[1]	$(4.6)	$8.1

In Q3 2023, revenue increased 9% to $140.9 million, compared to $129.5 million in Q3 2022. YTD 2023 revenue of $408.0 million reflects an increase of 3% over YTD 2022 revenue of $395.2.

Content Production and Distribution revenue increased 24% to $71.5 million in Q3 2023, compared to $57.4 million in Q3 2022. Revenue in the quarter benefited from live action productions. YTD 2023 revenue increased 15% or $24.0 million to $180.3 million, compared to YTD 2022 revenue of $156.3 million.

Consumer Products revenue of $50.9 in Q3 2023, was consistent with $50.9 million in Q3 2022. Revenue in the quarter continued to be impacted by the overstock inventory reduction, offset by strength in both owned and third-party partner brands. YTD 2023 revenue was $160.4 million consistent with YTD 2022 revenue of $161.8 million.

Q3 2023 WildBrain Spark revenue decreased 15% to $9.1 million, compared to $10.7 million in Q3 2022. The segment remains impacted by softer advertising revenue due to macroeconomic headwinds. Kids continued to be highly engaged on WildBrain Spark, particularly in our owned brands, attracting over six billion views across 46 billion minutes of videos watched on our network in Q3 2023. YTD 2023 revenue was $36.7 million for WildBrain Spark, compared to YTD 2022 revenue of $44.1 million.

Gross Margin[1] for Q3 2023 was 48%, compared with gross margin of 49% in Q3 2022. YTD 2023 consolidated gross margin was $184.0 million, an increase of $5.2 million, compared to YTD 2022 gross margin of $178.9 million.

Cash provided by operating activities in Q3 2023 was $24.0 million, compared to $39.7 million provided by operating activities in Q3 2022. YTD 2023 cash provided by operating activities was $63.8 million, compared to $39.6 million used YTD 2022. Free Cash Flow[1] was negative $4.6 million in Q3 2023, compared with positive Free Cash Flow of $8.1 million in Q3 2022. YTD 2023 Free Cash Flow was positive $12.9 million, compared to negative $12.7 million in the prior year period. Free Cash Flow for Q3 2023 and YTD 2023 reflected the timing of working capital settlements.

Adjusted EBITDA[1] increased 9% to $32.9 million in Q3 2023, compared with $30.2 million in Q3 2022. The increase in the quarter was driven by strong revenue growth in Content Production and Distribution and higher gross margin dollars[1]. We continue to moderate our expenses while supporting growth initiatives. YTD 2023 Adjusted EBITDA was $78.8 million, compared to $77.3 million in the prior year period.

Q3 2023 net income was $19.4 million compared to net income of $21.3 million in Q3 2022. The decrease was primarily driven by higher finance costs and a non-cash impairment of investment in film and television offset by higher gross margin dollars[1] and income tax recovery. YTD 2023 net loss was $1.2 million, compared to net income of $4.5 million, a decrease in net income of $5.7 million.

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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.

Q3 2023 Conference Call

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

To immediately join the call by phone without operator assistance, please use the following URL to receive an automated instant call back connecting you into the conference: **https://emportal.ink/3mbGGUy**

Alternately, you may dial direct to be entered into the call by an operator, referencing conference ID 23186858 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 186858#, until May 17, 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, the acquisition of House of Cool and strategic benefits anticipated from such acquisition, 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 moderation 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 (including its acquisition of House of Cool), * 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.