



WILDBRAIN REPORTS RESULTS FOR Q2 2020

- Revenue grew 4% to \$122.1 million in Q2 2020 and grew 6% to \$234.4 million in H1 2020.
- Cash flow from operations of \$46.6 million in Q2 2020 vs \$11.6 million in Q2 2019. H1 2020 operating cash flow of \$65.3 million vs \$1.6 million a year ago.
- Positive free cash flow of \$13.3 million in Q2 2020 vs free cash flow of \$12.9 million in Q2 2019. H1 2020 positive free cash flow of \$20.9 million vs free cash flow of \$7.4 million in the year prior.
- Adjusted EBITDA was \$25.6 million compared to \$22.0 million in Q2 2019. H1 2020 adjusted EBITDA of \$45.2 million vs \$39.3 million in H1 2019.
- Net loss of \$2.3 million vs a net loss of \$17.9 million in Q2 2019. H1 2020 net loss of \$18.3 million vs a net loss of \$20.3 million in H1 2019.
- WildBrain Spark views grew 36% to over 9.9 billion in Q2 2020 and grew 51% to 22.0 billion views in H1 2020.
- Paid down \$50.2 million on the term loan in Q2 2020 from proceeds of the rights offering. In H1 2020, paid down \$57.8 million on the term loan.
- Net leverage ratio of 5.09x as at December 31, 2019 vs 5.92x at year-ending June 30, 2019.

Halifax, NS - February 13, 2020 - WildBrain Ltd. ("WildBrain" or the "Company") (TSX: WILD), a global leader in kids and family entertainment, today reported its Fiscal 2020 second quarter (Q2 2020) and first six-month (H1 2020) results for the periods ended December 31, 2019.

Eric Ellenbogen, WildBrain CEO, said: "With double-digit growth in viewership this quarter, WildBrain Spark continues to be a valuable platform for our own IP and partner brands. We're committed to growing views and building WildBrain Spark as an integral part of the overall WildBrain offering of content production, distribution and licensing. We're also capitalizing on the demand for original kids' shows with more Peanuts content for Apple TV+ and a global exclusive for a second season of the preschool series, *Chip & Potato*, for Netflix. Our improving financial position allows us to execute on our plans, focusing on creative development, our AVOD business and IP and brands, all of which will contribute to long-term growth."

In January 2020, YouTube introduced new rules and policies regarding targeted advertising on kids' content. Absent WildBrain's own initiatives in direct advertising sales and any mitigating actions by YouTube, we expect there would be a negative impact on revenue at WildBrain Spark in the back half of

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Fiscal 2020. Initially, in the first few weeks following the change, WildBrain Spark experienced a revenue decline of approximately 40%, compared with the same period last year.

Ellenbogen added, “We’re taking actions to address the changes made by YouTube and continue to see significant value in our large and growing user base. We believe these changes will result in a more positive and curated environment for kids, and ultimately, improved monetization that will reward quality content. We’re ideally positioned to benefit from this move over the long term.”

Q2 2020 Performance - Executing on Priorities

PRIORITIES	HIGHLIGHTS
Grow Brands and Build Awareness on WildBrain Spark	WildBrain Spark’s online audience up by 36% to over 9.9 billion views in the quarter vs a year ago. This amounted to more than 52.0 billion minutes of videos watched, up 36% from Q2 2019.
Create Premium Kids’ Content to Drive Franchise Brands	- More new Peanuts content in production as part of our agreement with Apple TV+. - Pre-production on Season 2 of original preschool series <i>Chip & Potato</i> underway for Netflix.
Improve Cash Flow and Balance Sheet	- Generated \$46.6 million in positive operating cash flow for Q2 2020 vs \$11.6 million in Q2 2019. - Generated \$13.3 million in positive free cash flow for Q2 2020 vs free cash flow of \$12.9 million in Q2 2019. - Paid down \$50.2 million on the term loan from proceeds of the rights offering. In H1 2020, \$57.8 million was paid down on the term loan.

Financial Highlights

Financial Highlights (in millions of Cdn\$)	Three Months ended December 31,		Six Months ended December 31,	
	2019	2018	2019	2018
Revenue	\$122.1	\$117.0	\$234.4	\$221.1
Gross Margin	\$54.5	\$48.8	\$103.9	\$91.6
Gross Margin (%)	45%	42%	44%	41%
Adjusted EBITDA attributable to WildBrain	\$25.6	\$22.0	\$45.2	\$39.3
Net Loss attributable to WildBrain	\$(2.3)	\$(17.9)	\$(18.3)	\$(20.3)
Basic Loss per Share	\$(0.02)	\$(0.13)	\$(0.13)	\$(0.15)

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Q2 2020 revenue rose 4% to \$122.1 million and was up 6% to \$234.4 million in the first-half of Fiscal 2020 compared with the prior year periods. Higher revenue for the quarter and the six-month periods were driven by our non-WildBrain Spark distribution, WildBrain Spark ad-based video-on-demand (“AVOD”) and consumer products-owned businesses.

In Q2 2020, non-WildBrain Spark distribution revenue rose 7% to \$14.6 million compared with a year ago, benefiting from several large library deals, which demonstrates the variability in revenue by quarter depending on timing of deals.

WildBrain Spark revenue grew 21% to \$24.2 million in Q2 2020, fueled by growing viewership on our AVOD network. Views rose 36% to over 9.9 billion in Q2 2020. This amounted to more than 52.0 billion of minutes of videos watched on WildBrain Spark, up 36% from the same prior year quarter. In H1 2020, WildBrain Spark revenue rose 28% to \$46.3 million.

Our consumer products-owned revenue rose by 9% to \$47.3 million in Q2 2020 vs \$43.4 million in Q2 2019, reflecting the enduring appeal of the Peanuts franchise and the launch on Apple TV+ of new content produced in our Vancouver studio.

Gross margin increased to 45% and 44% in Q2 2020 and H1 2020, respectively. This compared with 42% and 41% for each of the same prior year periods in Fiscal 2019. The increases were largely due to higher non-WildBrain Spark distribution revenue and the impact of IFRS 16.

As part of our previously stated reorganization initiatives in which we expect to incur one-time cash charges in the range of \$10.0 to \$12.0 million, approximately \$8.4 million was expensed in H1 2020. These initiatives are progressing on track and are expected to be completed by the end of this fiscal year. A portion of the estimated \$10.0 million in annual savings is being redeployed back into growth areas, including creative, our AVOD business and brands.

Adjusted EBITDA rose to \$25.6 million in Q2 2020 and to \$45.2 million in H1 2020. This compared with \$22.0 million in Q2 2019 and \$39.3 million in H1 2019. The adoption of the IFRS 16 accounting standard for leases positively impacted adjusted EBITDA by \$2.3 million in Q2 2020. Normalizing for the IFRS 16 impact, adjusted EBITDA was up \$1.3 million in Q2 2020. In H1 2020, IFRS 16 positively impacted adjusted EBITDA by \$4.1 million while the first quarter of Fiscal 2019 included an incremental \$1.3 million related

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to a higher ownership stake in Peanuts for part of last year's quarter⁴. Normalizing for these items, adjusted EBITDA rose by \$3.0 million in the first half of Fiscal 2020.

Q2 2020 saw a net loss of \$2.3 million vs a net loss of \$17.9 million in the same quarter last year. This improvement was partly due to a net positive impact of non-cash, unrealized foreign exchange gain of \$22.4 million and higher gross margins of \$5.7 million in the current quarter. In H1 2020, net loss was \$18.3 million compared with a net loss of \$20.3 million in the same period a year ago. The improvement in the first half of the year was due in part to a positive change in non-cash, unrealized foreign exchange gain of \$14.7 million and higher gross margins of \$12.3 million in the current period, offset by a higher write-down of \$4.8 million for certain investments in film and television titles determined in the context of current market conditions.

As part of our commitment to reduce debt, we paid down \$50.2 million on our term loan from the net proceeds of the rights offering that closed during the quarter. As a result, our net leverage ratio was 5.09x at December 31, 2019 compared to 5.92x at year-ending June 30, 2019. Concurrent with the debt repayment, our net leverage ratio covenant requirement under the term loan was fixed at 6.75x with no step downs for the remainder of the term through to December 2023.

1. *Free Cash Flow, Gross Margin and Adjusted EBITDA 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, and repayments of 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, development expenses, impairments, equity-settled share-based compensation expense, and adjustments for other identified charges. Further details on the definitions of and reconciliation to Free Cash Flow, Gross Margin and Adjusted EBITDA can be found in the "Non-GAAP Financial Measures" section of the Company's Q2 2020 MD&A.*
2. *Net debt includes long-term debt, lease liabilities 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.*
3. *The Company implemented the IFRS 16 accounting standard in Q1 2020, which introduced a single accounting model and eliminated the distinction between operating and finance leases for lessees. The adoption of IFRS 16 affected adjusted EBITDA and net income. See note 3 in the Q2 2020 interim consolidated financial statements.*
4. *On July 23, 2018, we sold a stake in Peanuts, reducing our ownership from 80% to 41% in the franchise. As a result of the sale, Q1 2019 adjusted EBITDA attributable to WildBrain included 23 days of our 80% ownership and 69 days of our 41% stake.*

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Q2 2020 Conference Call

The Company will hold a conference call on February 13, 2020 at 8:00 a.m. ET to discuss Q2 2020 results.

To listen, call +1 (888) 231-8191 toll-free or +1 (647) 427-7450 internationally and reference conference ID 5462579. 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, under passcode 5462579, until 11:59 p.m. ET, February 20, 2020.

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

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About WildBrain

At WildBrain we make great content for kids and families. 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* and *Degrassi*. Our shows are seen in more than 150 countries on over 500 telecasters and streaming platforms. Our AVOD business - *WildBrain Spark* - offers one of the largest networks of kids' channels on YouTube, with over 145 million subscribers. We also license consumer products and location-based entertainment in every major territory for our own properties as well 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 (WILD). Visit us at www.wildbrain.com.

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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 expected future financial and operating performance of WildBrain Spark, YouTube’s introduction of new rules and policies regarding targeted advertising on kids’ content and resulting changes, the Company’s production pipeline, the strategic priorities of the Company, the management and business reorganization of the Company, charges and cost savings associated with such reorganization, use of funds available from such reorganization, and timing to complete, the business strategies and operational activities of the Company, and the future growth and financial and operating performance of the Company. 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 ability of the Company to execute on its business strategies, the ability of the Company to realize expected operating and cost savings, consumer preferences, market factors, 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, which also form part of the Company’s annual report on Form 40-F filed with the U.S. Securities and Exchange Commission. 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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