



Q2 2023

**Management Discussion and Analysis
of Financial Condition and Results of Operation
For the Three-and Six-Months ended December 31, 2022 and December 31, 2021**

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion & Analysis ("MD&A") dated as of February 7, 2023 presents an analysis of the consolidated financial condition of WildBrain Ltd. and its subsidiaries (together referred to as "WildBrain", the "Company", "we", "our" or "us") as at December 31, 2022 compared to June 30, 2022, and the consolidated results of operations for the six-month period ended December 31, 2022 compared with the corresponding periods ended December 31, 2021. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the quarter ended December 31, 2022. Unless otherwise noted, the financial information reported herein is derived from the unaudited interim condensed consolidated financial statements which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and are presented in thousands of Canadian Dollars, except per share amounts and as otherwise indicated. Some figures and percentages may not total exactly due to rounding.

This MD&A refers to certain financial measures that are not determined in accordance with IFRS. Although these measures do not have standardized meanings and may not be comparable to similar measures presented by other companies, these measures are defined herein or can be determined by reference to our unaudited interim condensed consolidated financial statements. The Company discusses these measures because it believes that they assist the reader in better understanding operations and key financial results.

WildBrain is a public company whose common voting shares ("Common Voting Shares") and variable voting shares ("Variable Voting Shares") are traded on the Toronto Stock Exchange ("TSX") under the ticker 'WILD'. Headquartered in Canada, WildBrain has offices worldwide.

Further information about the Company can be found on our website at www.wildbrain.com or on SEDAR at www.sedar.com.

Caution Regarding Forward-Looking Statements

Certain statements contained in this MD&A and documents referenced herein constitute "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities legislation (collectively herein referred to as "forward-looking statements"), including the provincial securities legislation in Canada. These statements relate to future events or future performance, and reflect the Company's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of the Company and its subsidiaries. Forward looking statements are often, but not always, identified by the use of words such as "may", "would", "could", "will", "should", "expect", "expects", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "pursue", "continue", "seek", "intend" or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, statements regarding the Company or any of its subsidiaries' objectives, plans and goals, including those related to future operating results, financial performance, and the markets and industries in which the Company operates are or involve forward-looking statements. Specific forward-looking statements in this document include, but are not limited to:

- the business strategies, operational activities, and strategic priorities of WildBrain and its subsidiaries;
- management's financial targets and priorities, and the future financial and operating performance, projections, and goals of the Company and its subsidiaries, including, but not limited to, Adjusted EBITDA, Free Cash Flow and revenue,
- plans for use of capital and excess cash flow;
- the timing for implementation of certain business strategies and other operational activities of WildBrain;
- the markets and industries, including competitive conditions, in which WildBrain operates, including the market and demand for content and strategies of streaming platforms;
- legal and regulatory changes and potential impacts on WildBrain and the markets and industries in which it operates;
- the value, prospects and opportunities of the Company and its assets and businesses;
- WildBrain's production and deal pipeline and projects in development;
- the positioning and ability of the Company to monetize its library, content, assets and other business lines;
- the growth, and strategies to drive growth of, the WildBrain Spark business; including, but not limited to, initiatives to monetize and realize the value of the large user base of WildBrain Spark;
- the activation of the Company's IP and results and benefits therefrom;

- investments, acquisitions and other growth opportunities, use of capital for such opportunities and expected returns and benefits therefrom;
- benefits provided from the Company's Canadian broadcasting assets, including cash flows and content funding;
- the impact of Russia's invasion of Ukraine on the Company, its business and financial results.

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) the Company's future operating results, (ii) the expected pace of expansion of the Company'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 the Company, (v) changes in the industries and changes in laws and regulations related to the industries in which the Company operates, (vi) consumer and customer preferences, (vii) the ability of the Company to execute on acquisition and other growth strategies and opportunities and realize the expected benefits therefrom, (viii) the ability of the Company to execute production, distribution, licensing and other revenue-generating arrangements, (ix) the availability of investment opportunities at acceptable valuations and the ability of the Company to execute on such investment opportunities, (x) interest and foreign exchange rates, (xi) the timing for commencement and completion of productions, (xii) the ability of the Company and its partners to execute on its brand plans and consumer products programs, (xiii) changes in the markets and industries in which the Company operates and the ability of the Company to adapt to such changes, (xiv) changes to YouTube and in advertising markets, (xv) the ability of the Company to commercialize consumer products related to its brands, (xvi) the current geopolitical landscape (including vis a vis the recent invasion of the Ukraine by Russia and associated political and economic repercussions), (xvii) general economic and industry growth rates, and (xviii) the economic impact of any potential recession on consumer behaviour and advertising sales. Although the forward-looking statements contained in this MD&A and any documents incorporated by reference herein are based on what the Company considers to be reasonable assumptions based on information currently available to the Company, there can be no assurances that actual events, performance, or results will be consistent with these forward-looking statements and these assumptions may prove to be incorrect.

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. A number of known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to, epidemics, pandemics or other public health crises, including impacts on consumer products and retail sectors through supply chain disruptions, competition and competitor activities, the potential impact of industry mergers and acquisitions, product development and acceptance, the ability of the Company to acquire, develop and exploit entertainment properties, the Company's ability to source IP and creative talent who can develop IP, consumer and customer preferences, and audience acceptance of the Company's shows and other IP, the ability of the Company to execute on its strategy, the Company's leverage and indebtedness and failure to meet covenant requirements under the senior credit facility of the Company (as and where applicable), the ability of the Company to identify and execute production, distribution and licensing arrangements, dependence on key third party relationships and partnerships, termination or renegotiation of contracts, and contractual counterparty risk, litigation or regulatory or arbitral action, unauthorized disclosure of confidential, proprietary or sensitive information, cybersecurity and informational technology incidents and issues, internal conflicts of interest, financial reporting and other public company regulatory obligations and potential errors therein, the ability of the Company to attract and retain talent, reliance on key personnel, risks relating to the Company's exposure to advertising revenues through YouTube and the ability of the Company to attract and realize on advertising revenues, including through YouTube and on other platforms, adverse publicity, risks related to doing business internationally, interest and foreign exchange rate fluctuations, the reliance of the Company on the Internet and other technologies to continue to conduct its business, technology changes, intellectual property infringement and other claims, the ability of the Company to exploit its content library, access to capital, maintaining effective internal controls, equity capital markets risk and market share price fluctuations, loss of Canadian status, access to and existence of tax credits, subsidies, co-production treaties and other government incentives, loss of television licenses, the availability of acquisition and investment opportunities at acceptable valuations and the ability to execute on and integrate such opportunities, production risks, financial risks and dilution from the Company's capital requirements, labour relations, changes in the regulatory environment, general economic and market segment conditions, market factors, and catastrophic events and circumstances. In evaluating these forward-looking statements, investors and prospective investors should specifically consider these and various other risks, uncertainties and other factors which may cause actual events, performance, or results to differ materially from any forward-looking statement.

This is not an exhaustive list of the factors that may affect any of the Company's forward-looking statements. Please refer to a discussion of the above and other risk factors related to the business of the Company and the industry in which it operates that will continue to apply to the Company, which are discussed in the Company's Annual Information Form ("AIF") for the year ended June 30, 2022 filed on www.sedar.com and in this MD&A below under the "Risk Assessment" section.

These forward-looking statements are made as of the date of this MD&A or, in the case of documents referenced herein, as of the date of such documents, and the Company does not intend, and does not assume any obligation, to update or revise them to reflect new events or circumstances, except in accordance with applicable securities laws. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements.

Business Overview

WildBrain is a leading independent kids and entertainment company, recognized globally for high-profile properties including *Caillou*, *Chip and Potato*, *Degrassi*, *Inspector Gadget*, *Johnny Test*, *Peanuts*, *Strawberry Shortcake*, *Teletubbies* and *Yo Gabba Gabba!*. We focus on children and family content, given the international reach and longer lifespan of this genre of programming and the potential to monetize this content across multiple revenue streams. Kids' and family content travels across cultures and geographies and consists largely of animated series, which can be easily dubbed into multiple languages. Such content is timeless and therefore can be licensed into numerous markets repeatedly for many years.

In addition to being one of the world's foremost producers of children's series, WildBrain also owns the world's largest independent library of children's content of approximately 13,000 half-hours. We take a 360° approach to growing brands by managing and monetizing content and related intellectual property ("IP") across our business by:

1. producing for, and distributing shows to, streaming services and linear broadcasters worldwide;
2. monetizing our large digital audience by creating consumer awareness and generating advertising and other revenues by distributing content through our wholly owned subsidiary, WildBrain Spark, which operates one of the largest networks of children's AVOD channels on YouTube and other AVOD platforms; and
3. generating royalties from sales of consumer products based on our owned IP as well as representing third-party lifestyle and entertainment brands around the world, through our wholly-owned licensing agency business, WildBrain CPLG.

We also own and operate the Family suite of linear specialty kids channels in Canada, which has been a trusted broadcaster for over 25 years and provides stable cash flow, which also serves to fund new content for our library.

Revenue Model

WildBrain operates through the following two reportable segments:

1. Content Business - comprising revenue generated from:
 - Content Production and Distribution - production in our studio for proprietary content, production with strategic brand partners and third-party service work, as well as distribution of proprietary and third-party titles in our library;
 - WildBrain Spark - distribution of content from our owned IP and third-party partners on our AVOD platform, using data and analytics to grow brands, digital ad sales and paid media; and
 - Consumer Products - licensing royalties from owned IP and through our brand partnerships as well as commissions earned from our licensing agency business.
2. Canadian Television Broadcasting - comprises revenue from operating the Family broadcast channels in Canada.

Content Production and Distribution

Content Production and Distribution includes production revenue generated: i) by licensing broadcast or streaming rights for our proprietary titles to linear broadcasters or SVOD networks, ii) from our strategic brand partnerships such as with Mattel and SEGA, and iii) from service revenue earned when producing animation or live-action programs for third parties. Service work does not typically result in the ownership of IP.

Content Production and Distribution revenue includes distribution revenue derived from licensing shows from our content library including internally produced and acquired library titles, and third-party produced titles for which we hold distribution rights. We distribute titles to digital platforms (e.g. Apple TV+, Amazon Prime, and Netflix) and linear broadcast channels across different geographic jurisdictions.

WildBrain Spark

WildBrain Spark revenue is generated from our platform of kids and family AVOD channels where we distribute both our owned content and third-party content on YouTube and other AVOD platforms. Revenues are earned primarily through third-party algorithmic advertising on the WildBrain Spark platform. Other sources of revenue include producing original short-form content (animation, toy play, stop motion and live action), running advertising campaigns (paid media) and direct advertising sales on AVOD platforms.

Consumer Products Revenue

Consumer Products revenue is earned from generating licensing royalties on our proprietary brands (among others, *Caillou*, *In the Night Garden*, *Peanuts*, *Strawberry Shortcake*, *Teletubbies*, and *Yo Gabba Gabba!*), from merchandising, publishing, music rights, live tours and themed-events, interactive games and apps, and from consumer products royalties earned through our strategic brand partnerships, such as with SEGA and Mattel.

Consumer Products also includes revenue earned through our WildBrain CPLG agency business. WildBrain CPLG earns commissions as agents by licensing owned brands and third-party brands from lifestyle brand owners, film studios and other independent IP owners.

Canadian Television Broadcasting Revenue

Canadian Television Broadcasting revenue is earned primarily through monthly subscriber fees as well as advertising, promotion and other revenues through our portfolio of owned broadcast channels including Family Channel, Family Jr, Télémagino, and WildBrain TV. Subscription fees are earned monthly through partnerships with Canadian cable and satellite television distributors. In addition, all four channels have multi-platform applications, which allow their content to be distributed both on-demand and via streaming.

Strategy and Outlook

As a content producer, distributor and IP owner, WildBrain is focused on creating and building brands and managing them throughout their life cycles by producing and distributing shows and creating consumer awareness for these brands across all media platforms, and generating royalties from the sale of consumer products based on our shows and brands.

Providing Premium Content

As the market for content evolves, major streaming platforms, such as Apple TV+, Amazon Prime, Hulu and Netflix, continue to invest in content to attract and retain subscribers, often gravitating towards original shows, based on established brands. Simultaneously, YouTube has emerged as one of the most popular destinations for short-form kids' entertainment.

We capitalize on the demand for premium content and short-form content to grow brands by leveraging our position as the owner of many well-known brands, what we estimate to be the world's largest independent library of children's content, (comprised of approximately 13,000 half-hours), our large digital audience on WildBrain Spark, and our market-leading AVOD network of kids' videos on YouTube and other AVOD platforms.

Given its large and expanding viewership, WildBrain Spark is a valuable platform to drive audience awareness and to build user engagement for our IP and partner brands. The strategic value of WildBrain Spark's massive audience engagement and its insights extend our ability to secure comprehensive partnerships with brand owners that benefit various areas of our business from content, licensing and audience delivery that will fuel growth across our company and build quality, durable recurring revenue streams and consumer products upside.

Content Strategy

Management is executing on a disciplined strategy aimed at generating attractive returns on invested capital, improving cash flow and driving organic growth by leveraging our full suite of in-house capabilities spanning production, distribution and licensing to activate and grow key brands from our deep vault of well-known IP. Our content-driven strategy focuses on providing both new content development of premium, original long-form series to meet rising demand from major streaming platforms for exclusive programming; and digital-first content to reach kids wherever they are consuming content, to build and expand global franchise brands to drive consumer products royalties.

Fiscal 2023 Outlook

We expect our growth to carry into Fiscal 2023 and beyond as the new deals we entered into in the prior fiscal year are reflected in our results. We will continue to leverage WildBrain's 360° capabilities in content, distribution, audience delivery and licensing to maximize the profitability of our assets and IP. To that end, we are focused on executing against our strategic priorities of activating and growing key brands to deliver recurring revenue and sustainable growth.

Fiscal 2023 Strategic Priorities

PRIORITIES	OBJECTIVES
Activate IP and Grow Key Brands	- Activate our own and partner IP to grow brand franchises by leveraging our vertically integrated, 360° capabilities across content, distribution, and licensing - Create and produce new series on IP with consumer products potential - Invest in creative talent and expand development pipeline - Leverage our capabilities to provide both premium originals for SVODs and digital-first content to reach kids wherever they are consuming content - Leverage the network scale, global reach and audience engagement of our AVOD platform, WildBrain Spark, to drive recurring revenue from consumer products by building brand awareness for our own and partner brands - Grow brand awareness and licensee base for Peanuts globally - Grow opportunities for our IP and content in underserved territories and with underexploited licensing categories - Expand our portfolio of holistic partnerships, leveraging our one-stop shop to build, market and merchandise brands and IP to drive revenue across our business and opportunities for profit-sharing
Deliver Sustainable Growth	- Grow Fiscal Year 2023 revenue to approximately \$525.0 million to \$575.0 million and adjusted EBITDA¹ to between \$95.0 million and \$105.0 million - Continue to improve cash flow generation - Apply excess cash flow to debt repayment while continuing to invest in creative and brands to support growth

Our Fiscal 2023 financial outlook is based on our latest projections and our current pipeline, as well as expected timing around revenue recognition on our production projects.

¹Adjusted EBITDA are non-GAAP financial measures, see "Non-GAAP Financial Measures" section of this MD&A for their respective definitions as well as a reconciliation to GAAP measures.

Financial Highlights for the Three-Months Ended December 31, 2022 ("Q2 2023")

- Consolidated revenue was \$140.5 million in Q2 2023, compared to \$153.2 million in Q2 2022, a decrease of \$12.7 million or 8%.
- Content Production and Distribution revenue of \$56.1 million in Q2 2023 decreased by \$5.2 million, compared to \$61.3 million in Q2 2022. The decrease in revenue was driven by the timing of the distribution deals compared against a high comp in Q2 2022, which included a number of large distribution deals.
- WildBrain Spark revenue was \$16.0 million in Q2 2023, a decrease of 11% from \$18.0 million in Q2 2022. The decrease in revenue resulted from softer advertising revenue due to macroeconomic headwinds. Kids continued to be highly engaged on WildBrain Spark, particularly in our brands, attracting over 46 billion views across 7 billion minutes of videos watched on our network during Q2 2023.
- Consumer Products revenue was \$57.4 million in Q2 2023, a decrease of \$5.1 million or 8%, compared to \$62.5 million in Q2 2022. The decrease in revenue was driven by foreign exchange headwinds in Yen, Euro and GBP currencies which impacted our licensing royalties from our Peanuts franchise, as well as lower royalty performance by top global apparel and domestic partners as retailers focused on reducing overstock inventory that had built up during Covid, in the current quarter.
- Gross Margin for Q2 2023 was 44% compared to 42% in Q2 2022, reflecting the synergies from our strategy of consolidating representation rights under our global licensing agency, WildBrain CPLG.
- Net loss attributable to WildBrain was \$13.0 million in Q2 2023, a decrease of \$17.6 million, compared to net income attributable to WildBrain 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 dollars¹, offset by higher foreign exchange gain.
- Adjusted EBITDA attributable to WildBrain¹ decreased to \$26.0 million in Q2 2023, compared with \$27.3 million in Q2 2022. This decrease was primarily due to lower gross margin dollars, and higher SG&A to support growth initiatives. We expect SG&A to moderate over the balance of the year as we begin to harvest the returns on investments we have made for sustained growth.
- Cash provided by operating activities in Q2 2023 was \$63.1 million, compared to \$11.3 million provided by operating activities in Q2 2022. Free Cash Flow² for Q2 2023 was positive \$26.4 million, compared to negative \$0.8 million in Q2 2022. The Free Cash Flow for Q2 2023, reflected the increase in collections for trade receivables associated with larger deals and timing of working capital settlements.

¹Gross Margin and Adjusted EBITDA attributable to the Shareholders of the Company are non-GAAP financial measures, see "Non-GAAP Financial Measures" section of this MD&A for their respective definitions as well as a reconciliation to GAAP measures.

²Free Cash Flow 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. Free Cash Flow is a non-GAAP financial measure, see "Non-GAAP Financial Measures" section of this MD&A for a reconciliation to GAAP measures.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information set out below for the three and six-months period ended December 31, 2022 and 2021 has been derived from the Company's unaudited interim condensed consolidated financial statements and accompanying notes and can be found on WildBrain's website at www.wildbrain.com and on SEDAR at www.sedar.com.

The following information should be read in conjunction with the above-mentioned statements and the related notes.

	Three Months Ended		Six Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(expressed in \$000s, except per share data)				
Consolidated Statements of (Loss) Income Data:				
Revenues	140,480	153,164	267,132	265,760
Direct production costs and expense of film and television produced	(79,208)	(89,527)	(150,583)	(150,580)
Gross margin ¹	61,272	63,637	116,549	115,180
Selling, general, and administrative	(26,538)	(25,621)	(52,266)	(48,643)
Share-based compensation	(4,373)	(2,133)	(5,700)	(4,166)
Write-down of investment in film and television programs and acquired and library content, property and equipment, intangible assets and goodwill	—	—	—	719
Amortization, finance costs and other expenses, net	(32,946)	(21,880)	(58,362)	(59,442)
Income tax recovery (expense)	(528)	(60)	404	(3,060)
Net income (loss) for the period	(3,113)	13,943	625	588
Net (income) loss attributable to non-controlling interests	(9,839)	(9,342)	(21,149)	(17,383)
Net income (loss) attributable to the Shareholders of the Company	(12,952)	4,601	(20,524)	(16,795)
Basic (loss) earnings per common share	(0.07)	0.03	(0.12)	(0.10)
Diluted (loss) earnings per common share	(0.07)	0.03	(0.12)	(0.10)
Weighted average common shares outstanding (in 000s) ..				
Basic	173,847	171,969	173,564	171,969
Diluted	173,847	171,969	173,564	171,969
Other Key Performance Measures:				
Adjusted EBITDA attributable to the Shareholders of the Company ¹	26,008	27,317	45,878	47,174
Cash flow provided by (used in) operating activities	63,112	11,259	39,788	(91)
Free Cash Flow ¹	26,428	(805)	17,539	(20,731)
	As at	As at		
	December 31, 2022	June 30, 2022		
Consolidated Balance Sheet Data:				
Total assets	1,298,150	1,219,174		
Total liabilities	960,992	903,771		
Shareholders' equity	337,158	315,403		

¹Gross Margin, Adjusted EBITDA attributable to the Shareholders of the Company, and Free Cash Flow are non-GAAP financial measures, see "Non-GAAP Financial Measures" section of this MD&A for their respective definitions as well as a reconciliation to GAAP measures.

SUMMARY OF SELECTED CONSOLIDATED QUARTERLY INFORMATION

WildBrain's results may vary on a quarterly basis due to the timing of production deliveries and distribution deals as well as seasonality in WildBrain Spark and our Consumer Products businesses. Historically, WildBrain's first quarter is the lightest (during summer months). WildBrain's second and third quarters tend to be stronger as our main markets are geared towards the fall and winter months, especially during the holiday season.

	Fiscal 2023		Fiscal 2022				Fiscal 2021	
(expressed in \$000s except per share data)	Q2 31-Dec	Q1 30-Sep	Q4 30-Jun	Q3 31-Mar	Q2 31-Dec	Q1 30-Sep	Q4 30-Jun	Q3 31-Mar
Revenues	140,480	126,652	112,005	129,458	153,164	112,596	112,612	102,198
Gross margin ¹	61,272	55,277	42,699	63,682	63,637	51,543	45,938	43,934
Net (loss) income attributable to the Shareholders of the Company	(12,952)	(7,572)	1,140	21,295	4,601	(21,396)	11,410	(26,524)
Adjusted EBITDA attributable to the Shareholders of the Company ¹	26,008	19,870	11,426	30,150	27,317	19,857	19,186	17,207
Weighted average common shares outstanding (in 000s)								
Basic	173,847	173,113	173,073	172,936	176,721	171,969	171,761	171,354
Diluted	173,847	190,354	214,918	197,160	183,896	171,969	177,246	171,354
Basic (loss) earnings per common share	(0.07)	(0.04)	0.01	0.12	0.03	(0.12)	0.07	(0.15)
Diluted (loss) earnings per common share	(0.07)	(0.06)	(0.08)	0.11	0.03	(0.12)	0.06	(0.15)

¹Gross Margin and Adjusted EBITDA attributable to the Shareholders of the Company are non-GAAP financial measures, see "Non-GAAP Financial Measures" section of this MD&A for their respective definitions as well as a reconciliation to GAAP measures.

Results for the three-months ended December 31, 2022 ("Q2 2023") compared to the three-months ended December 31, 2021 ("Q2 2022")

Revenues

Consolidated revenue decreased \$12.7 million to \$140.5 million in Q2 2023 compared to Q2 2022. Revenue by business segment was comprised of the following:

(expressed in \$000s)	Q2 2023	Q2 2022	Variance	
	\$	\$	\$	%
Content Production and Distribution	56,050	61,254	(5,204)	(8)%
WildBrain Spark	16,046	18,002	(1,956)	(11)%
Consumer Products	57,381	62,458	(5,077)	(8)%
Content Business	129,477	141,714	(12,237)	(9)%
Canadian Television Broadcasting	11,003	11,450	(447)	(4)%
Total Revenue	140,480	153,164	(12,684)	(8)%

Content Production and Distribution: Revenue decreased \$5.2 million, or 8% to \$56.1 million in Q2 2023, compared to \$61.3 million in Q2 2022. The decrease in revenue was driven by the timing of the distribution deals compared against a high comp in Q2 2022, which included a number of large distribution deals.

WildBrain Spark: Revenue decreased by \$2.0 million, or 11%, to \$16.0 million in Q2 2023, compared to \$18.0 million in Q2 2022, driven by softer advertising revenue due to macroeconomic headwinds. Kids continued to be highly engaged on WildBrain Spark, particularly in our brands, attracting over 46 billion views across 7 billion minutes of videos watched on our network during Q2 2023.

Consumer Products: Revenue decreased \$5.1 million, or 8%, to \$57.4 million in Q2 2023, compared to \$62.5 million in Q2 2022. The decrease in revenue was driven by foreign exchange headwinds in Yen, Euro and GBP currencies which impacts our licensing royalties from our 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, in the current quarter.

Canadian Television Broadcasting: Revenue decreased \$0.4 million or 4% to \$11.0 million in Q2 2023, compared to \$11.5 million in Q2 2022, reflecting subscriber erosion in line with the broader linear TV market. Subscriber revenue as a percentage of total revenue was 88%, or \$9.7 million (Q2 2022 - 85%, or \$9.7 million), while advertising, promotion, digital and other revenues was 12%, or \$1.3 million (Q2 2022 - 15%, or \$1.8 million).

Gross Margin

Gross margin represents revenue less direct production costs and expense of film and television produced.

(expressed in \$000s, except percentages)	Q2 2023		Q2 2022	
	Gross Margin \$	Gross Margin %	Gross Margin \$	Gross Margin %
Content Business	53,998	42 %	55,541	39 %
Canadian Television Broadcasting	7,274	66 %	8,096	71 %
Total Gross Margin	61,272	44 %	63,637	42 %

Consolidated gross margin for Q2 2023 was \$61.3 million, a decrease of \$2.3 million, compared to \$63.6 million for Q2 2022. Gross margin percentage for Q2 2023 was 44% of revenue, compared to 42% in Q2 2022, reflecting the synergies from our strategy of consolidating representation rights under our global licensing agency, WildBrain CPLG.

Content Business gross margins were \$54.0 million in Q2 2023, compared with \$55.5 million in Q2 2022. Gross margin percentage for Q2 2023 was 42%, compared with 39% in Q2 2022. The high comp in Q2 2022, was primarily driven by higher distribution revenue for third party titles, which carried a lower gross margin due to higher third party participation fee.

Canadian Television Broadcasting gross margin was \$7.3 million in Q2 2023, compared with \$8.1 million in Q2 2022. We continued our cost containment measures and utilize our large library to control content costs. Gross margin percentage for Q2

2023 was 66%, compared with 71% in Q2 2022, due to the decline in revenue and timing of programming amortization in the year based on term start dates.

Operating Expenses (Income)

Selling, General & Administrative ("SG&A")

SG&A costs for Q2 2023 were \$26.5 million, compared to \$25.6 million for Q2 2022, an increase of \$0.9 million or 4%. Q2 2023 included higher consulting fees and salary expense (including variable compensation) of \$0.5 million, and \$1.3 million, respectively, offset by lower travel and entertainment costs of \$0.8 million and lower advertising expenses of \$0.1 million in Q2 2022.

Share-Based Compensation

Total share-based compensation was \$4.4 million in Q2 2023, compared with \$2.1 million for Q2 2022, an increase of \$2.3 million. This was driven by an increase in grants of Deferred Shared Units ("DSU"), and Restricted Shared Units ("RSU") awards which vested during the current quarter.

Amortization

Total amortization of acquired and library content, property and equipment ("P&E") including right-of-use assets, and intangible assets was \$8.4 million for Q2 2023, compared with \$8.2 million in Q2 2022.

Amortization of acquired and library content was \$2.4 million in Q2 2023, compared to \$2.6 million in Q2 2022.

Amortization of P&E was \$2.9 million in Q2 2023, compared with \$3.0 million in Q2 2022.

Amortization of intangible assets was \$3.2 million in Q2 2023, compared with \$2.7 million in Q2 2022.

Reorganization, Development and Other

Reorganization, Development and Other expenses were \$2.7 million in Q2 2023, compared to \$1.7 million in Q2 2022. Q2 2023 included other charges of \$1.8 million (\$0.9 million development write-off, \$0.6 million system implementation costs, and \$0.3 million other), relocation costs of \$0.2 million and termination and other benefits of \$0.7 million. (Q2 2022 - included other charges of \$1.0 million (net of \$1.0 million gain on sale of certain marketable securities), \$0.1 million in legal fees, termination and other benefits of \$0.4 million, and relocation costs of \$0.2 million.)

Write-down of Certain Investments in Film and Television Programs, Acquired and Library Content, Property and Equipment, Intangible Assets and Goodwill

During Q2 2023, there were no write-downs or impairment charges recorded, similar to Q2 2022.

Finance Costs, net

Net finance costs were \$12.8 million in Q2 2023, compared to \$10.1 million in Q2 2022. The increase was primarily driven by higher interest expense on bank indebtedness of \$1.0 million, interest on long-term debt of \$0.2 million, interest on completed and released production of \$0.3 million, and the lower accretion on convertible debentures, lease liabilities and other of \$0.5 million, compared to Q2 2022.

Change in Fair Value of Embedded Derivatives

The change in fair value of the embedded derivatives related to our convertible and exchangeable debentures was a loss of \$17.8 million in Q2 2023, compared to a loss of \$3.3 million in Q2 2022. The fair value of the embedded derivatives increased significantly relative to the prior quarter primarily due to the increase in WildBrain's share price over the period (from \$2.30 to \$3.12).

Foreign Exchange (Gain) Loss

Foreign exchange gain was \$8.8 million in Q2 2023, compared to a gain of \$1.4 million in Q2 2022. The gain was driven by the strengthening of the Canadian dollar compared to the US dollar in the current quarter, resulting in unrealized foreign exchange translation gain on our US dollar denominated term debt.

Adjusted EBITDA Attributable to the Shareholders of the Company

Adjusted EBITDA attributable to the Shareholders of the Company was \$26.0 million in Q2 2023, compared with \$27.3 million in Q2 2022, a decrease of \$1.3 million. The decrease was driven by lower gross margin dollars of \$2.4 million, higher SG&A of \$0.9 million, offset by lower portion of Adjusted EBITDA attributable to non-controlling interests of \$2.0 million.

Adjusted EBITDA attributable to the Shareholders of the Company is a non-GAAP measure, refer to section "Non-GAAP Financial Measures" of this MD&A for the definition and detailed calculation of this non-GAAP measure.

Income Taxes

Income tax expense for Q2 2023 was \$0.5 million, compared to expense of \$0.1 million in Q2 2022. The income tax expense (recovery) in each period reflects the mix of taxing jurisdictions in which pre-tax income and losses were recognized. The income attributable to non-controlling interests is taxed outside the Company. Further items impacting the effective tax rate include the different statutory tax rates in the taxing jurisdictions, non-deductible items and the continued nonrecognition of certain deferred tax assets in Canada.

Net (Loss) Income, Comprehensive Loss, and Loss Per Share

Net loss attributable to the Shareholders of the Company for Q2 2023 was \$13.0 million, compared to a net income of \$4.6 million for Q2 2022, a decrease of \$17.6 million. The decrease was primarily driven by the higher change in fair value of embedded derivatives of \$14.5 million, higher share-based compensation of \$2.2 million, higher SG&A of \$0.9 million to support growth initiatives, higher portion of net income attributable to non-controlling interests of \$0.5 million, lower gross margin dollars of \$2.4 million, offset by foreign exchange gain of \$7.4 million, in the current quarter.

Comprehensive loss was \$3.9 million for Q2 2023, compared to income of \$8.3 million for Q2 2022.

Basic and diluted loss per share of \$0.07, in Q2 2023, compared to basic and diluted earnings per share of \$0.03, in Q2 2022.

Results for the six month ended December 31, 2022 ("Six Months 2023") compared to the six months ended December 31, 2021 ("Six Months 2022")

Revenues

Consolidated revenue increased \$1.4 million to \$267.1 million in Six Months 2023, compared to \$265.8 million in the Six Months 2022. Revenue by business segment was comprised of the following:

	Six Months 2023	Six Months 2022	Variance	
(expressed in \$000s)	\$	\$	\$	%
Content Production and Distribution	108,811	98,822	9,989	10 %
WildBrain Spark	27,663	33,408	(5,745)	(17)%
Consumer Products	109,482	110,929	(1,447)	(1)%
Content Business	245,956	243,159	2,797	1 %
Canadian Television Broadcasting	21,176	22,601	(1,425)	(6)%
Total Revenue	267,132	265,760	1,372	1 %

Content Production and Distribution: Revenue increased 10% or \$10.0 million to \$108.8 million in Six Months 2023, compared to \$98.8 million in Six Months 2022. Higher revenue in Six Months 2023, was driven by multiple agreements with distribution partners, drawing on a pipeline of premium projects including, *Caillou Specials*, *Teletubbies*, and *Malory Towers*, as well as a ramp-up in live action productions.

Consumer Products: Revenue decreased \$1.4 million, or 1%, to \$109.5 million in Six Months 2023, compared to \$110.9 million in Six Months 2022. The decrease in revenue was driven by foreign exchange headwinds in Yen, Euro and GBP currencies which impacts our licensing royalties from our 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, in Six Months 2023.

WildBrain Spark: Revenue decreased \$5.7 million, or 17%, to \$27.7 million in Six Months 2023, compared to \$33.4 million in Six Months 2022, driven by softer advertising revenue due to macroeconomic headwinds. Kids continued to be highly engaged on WildBrain Spark, particularly in our brands, attracting over 92 billion views across 14 billion minutes of videos watched on our network in Six Months 2023.

Canadian Television Broadcasting: Revenue decreased \$1.4 million to \$21.2 million in Six Months 2023, compared to \$22.6 million in Six Months 2022, reflecting industry-wide softness in advertising revenue, and subscriber erosion in line with the broader linear TV market. Subscriber revenue as a percentage of total revenue was steady at 90%, or \$19.0 million (Six Months 2022 - 86%, or \$19.5 million), while advertising, promotion, digital and other revenues were 10%, or \$2.2 million (Six Months 2022 - 14%, or \$3.1 million).

Gross Margin

Gross margin represents revenue less direct production costs and expense of film and television produced.

(expressed in \$000s, except percentages)	Six Months 2023		Six Months 2022	
	Gross Margin \$	Gross Margin %	Gross Margin \$	Gross Margin %
Content Business	102,721	42 %	99,301	41 %
Canadian Television Broadcasting	13,828	65 %	15,879	70 %
Total Gross Margin	116,549	44 %	115,180	43 %

Consolidated gross margin for Six Months 2023 was \$116.5 million, an increase of \$1.4 million, compared to \$115.2 million for Six Months 2022. Gross margin percentage for Six Months 2023 was at 44% of revenue, compared to 43% in Six Months 2022.

Content Business gross margins increased \$3.4 million to \$102.7 million in Six Months 2023, compared to \$99.3 million in Six Months 2022. The higher gross margin was driven by a strong slate of premium productions, a number of large distribution deals and growth in Consumer Products. Gross margin percentage for Six Months 2023 was at 42% of revenue, compared to 41% in Six Months 2022.

Canadian Television Broadcasting gross margin was \$13.8 million in Six Months 2023, compared to \$15.9 million in Six Months 2022, a decrease of \$2.1 million, driven primarily by decline in revenue. We continue to utilize our large library to control content costs. Gross margin percentage for Six Months 2023 was at 65%, compared to 70% in Six Months 2022.

Operating Expenses (Income)

Selling, General & Administrative

SG&A costs for Six Months 2023 were \$52.3 million, compared to \$48.6 million for Six Months 2022, an increase of \$3.6 million, or 7%. The increase included higher costs for growth initiatives, consulting fees, and salary expenses (including variable compensation), of \$0.5 million, \$1.0 million, \$2.5 million, respectively, offset by lower travel and entertainment of \$0.4 million.

Share-Based Compensation

Total share-based compensation was \$5.7 million in Six Months 2023, compared to \$4.2 million for Six Months 2022, an increase of \$1.5 million. This increase primarily related to RSUs granted to certain executives in lieu of cash bonuses, and retention awards of RSUs issued to various non-executives compared to Six Months 2022.

Amortization

Total amortization of acquired and library content, P&E including right-of-use assets and intangible assets was \$17.1 million for Six Months 2023, consistent with \$18.0 million in Six Months 2022.

Amortization of acquired and library content was \$4.8 million in Six Months 2023, compared to \$5.1 million in Six Months 2022.

Amortization of P&E was \$5.6 million in Six Months 2023, compared to \$7.6 million in Six Months 2022. The decrease in the Six Months 2023, was driven by the accelerated amortization of the remaining lease term for the Toronto office leaseholds, after the lease termination during Six Months 2022.

Amortization of intangible assets was \$6.7 million in Six Months 2023, compared with \$5.3 million in Six Months 2022. The increase in Six Months 2023, was driven by the start of the amortization of the acquisition of representation rights from Global Brands Group Asia Limited, compared to Six Months 2022.

Reorganization, Development and Other

Reorganization, Development and Other expense was \$4.3 million in Six Months 2023, compared to \$0.9 million in Six Months 2022, an increase of \$3.4 million. Six Months 2023 included termination costs and other benefits of \$1.8 million, costs for other charges of \$2.0 million (\$0.9 million development write-off, \$0.6 million system implementation costs, and \$0.5 million other) and relocation costs of \$0.5 million. (Six Months 2022 - included recovery of legal fees related to the litigation settlement with former employees (among others) of \$4.0 million, offset against termination costs and other benefits of \$2.0 million, costs for other charges of \$1.7 million (includes net of \$1.0 million gain on sale of certain marketable securities), and relocation costs of \$1.2 million (included net lease termination costs of \$0.6 million and \$0.6 million of moving costs).

Write-down of Certain Investments in Film and Television Programs, Acquired and Library Content, Property and Equipment, Intangible Assets and Goodwill

During Six Months 2023, there were no write-downs or impairment charges recorded, compared with \$0.7 million reversal of an impairment of right-of-use asset in Six Months 2022.

Finance Costs, net

Net finance costs were \$21.6 million in Six Months 2023, compared to \$20.1 million in Six Months 2022, an increase of \$1.5 million. The increase was driven by higher interest expense of \$1.1 million on bank indebtedness, interest on long-term debt of \$3.5 million, offset by a gain on the interest rate swap of \$3.0 million and lower interest income of \$0.1 million, in Six Months 2023.

Change in Fair Value of Embedded Derivatives

The change in fair value of embedded derivatives related to our convertible and exchangeable debentures was a loss of \$11.7 million in Six Months 2023, compared to a loss of \$8.8 million in Six Months 2022.

Foreign Exchange (Gain) Loss

The foreign exchange loss was \$3.7 million in Six Months 2023, compared to a loss of \$11.6 million in Six Months 2022. The loss in Six Months 2023 was driven primarily by the weaker Canadian dollar compared to the US dollar, which resulted in a foreign exchange translation loss on our US dollar denominated term debt of \$18.7 million, partially offset by unrealized foreign exchange translation gains on the Company's positive net working capital balances denominated in US dollars.

Adjusted EBITDA Attributable to the Shareholders of the Company

Adjusted EBITDA attributable to the Shareholders of the Company was \$45.9 million in Six Months 2023, compared to \$47.2 million in Six Months 2022, a decrease of \$1.3 million or 3%. The decrease was driven by higher SG&A of \$3.6 million, offset by higher gross margin of \$1.4 million, and lower portion of Adjusted EBITDA attributable to non-controlling interests of \$1.0 million.

Adjusted EBITDA attributable to the Shareholders of the Company is a non-GAAP measure, refer to section “Non-GAAP Financial Measures” and “Reconciliation of Historical Results to Adjusted EBITDA and Adjusted EBITDA attributable to the Shareholders of the Company” of this MD&A for the definition and detailed calculation of this non-GAAP measure.

Income Taxes

Income tax recovery for Six Months 2023 was \$0.4 million, compared to \$3.1 million in Six Months 2022. The income tax (expense) recovery in each period reflects the mix of taxing jurisdictions in which pre-tax income and losses were recognized. The income attributable to non-controlling interests is taxed outside the Company. Further items impacting the effective tax rate include the different statutory tax rates in the taxing jurisdictions, non-deductible items and the continued nonrecognition of certain deferred tax assets in Canada.

Net Income (Loss), Comprehensive Income (Loss), and Earnings (Loss) Per Share

Net loss attributable to the Shareholders of the Company for Six Months 2023 was \$20.5 million, compared to net loss of \$16.8 million for Six Months 2022, a decrease in net income of \$3.7 million. The decrease was driven primarily by higher SG&A of \$3.6 million, share-based compensation of \$1.5 million, higher net income attributable to non-controlling interests of \$3.8 million, offset by higher gross margin of \$1.4 million, the lower amortization and finance costs of \$1.1 million, income tax expense of \$3.5 million and a reversal of an impairment of right-of-use asset of \$0.7 million, in Six Months 2022.

Comprehensive income for Six Months 2023 was \$23.1 million, compared to \$7.6 million for Six Months 2022.

Both basic and diluted loss per share was \$0.12 in Six Months 2023, compared to both basic and diluted loss per share of \$0.10 in Six Months 2022.

Financial Condition

The following table summarizes certain information with respect to WildBrain's capitalization and financial position as at December 31, 2022 and June 30, 2022:

(expressed in \$000s, except ratio data)	December 31, 2022	June 30, 2022
	\$	\$
Cash (including restricted cash)	91,278	68,734
Amounts receivable	368,777	334,450
Investment in film and television programs	171,809	163,563
Acquired and library content	93,219	92,732
Intangible assets	461,232	448,947
Other assets	111,835	110,748
Total assets	1,298,150	1,219,174
Bank indebtedness	21,221	9,087
Accounts payable, accrued and derivative liabilities	196,264	180,956
Interim production financing	94,314	84,235
Long-term debt	527,711	504,139
Lease liabilities	34,739	36,239
Deferred revenue	63,169	58,116
Other liabilities	23,574	30,999
Total liabilities	960,992	903,771
Shareholders' equity	337,158	315,403
Working capital ¹	155,412	121,628
Working capital ratio ²	1.37	1.33
Net debt ³	457,654	444,492

¹Working capital is calculated as current assets less current liabilities.

²Working capital ratio is current assets divided by current liabilities.

³Net debt includes long-term debt and bank indebtedness less cash and excludes interim production financing.

Total assets were \$1,298.2 million at December 31, 2022, an increase of \$79.0 million, compared to \$1,219.2 million at June 30, 2022. The increase was primarily driven by higher amounts receivable of \$34.3 million due to larger production and distribution deals, an increase in acquired and library content of \$0.5 million, an increase in other assets of \$1.1 million, an increase in intangible assets of \$12.3 million, driven by the addition of merchandising rights in the quarter and the weaker Canadian dollar which resulted in an upward revaluation of US dollar denominated intangible assets, and increase in investment in film and television programs of \$8.2 million.

Total liabilities were \$961.0 million at December 31, 2022, an increase of \$57.2 million, compared to \$903.8 million as at June 30, 2022. The increase was primarily due to higher long-term debt of \$23.6 million driven by the weaker Canadian dollar which resulted in an upward revaluation of our US dollar denominated term debt, and higher interim production financing of \$10.1 million, bank indebtedness of \$12.1 million, deferred revenue of \$5.1 million, and accounts payable and accrued liabilities \$15.3 million, offset by lease liabilities and other liabilities of \$1.5 million, and \$7.4 million, respectively.

Shareholders' equity was \$337.2 million as of December 31, 2022, an increase of \$21.8 million, compared to \$315.4 million at June 30, 2022.

Liquidity and Capital Resources

Summary of cash flow components:

	Three Months Ended		Six Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	\$	\$	\$	\$
Cash Inflows (Outflows) by Activity:				
Operating activities	63,112	11,259	39,788	(91)
Financing activities	(37,296)	(13,885)	(11,560)	(23,277)
Investing activities	(3,924)	(2,236)	(5,860)	(3,811)
Effect of foreign exchange rate changes on cash	(1,453)	(67)	176	766
Net cash inflows	20,439	(4,929)	22,544	(26,413)

Changes in Cash (including Restricted Cash)

Cash (including restricted cash) at December 31, 2022 was \$91.3 million, compared to \$68.7 million at June 30, 2022. The restricted cash balance of \$6.9 million at December 31, 2022 related to funds raised on the issuance of exchangeable debentures to Fine Capital (the "Exchangeable Debentures") by a newly formed subsidiary of the Company. The Exchangeable Debentures are non-recourse to the Company. Exchangeable Debentures holders have a first priority security interest over the assets of the applicable subsidiary of the Company (i.e. the borrower under the Exchangeable Debenture arrangement) and the funds are earmarked for investments in growth initiatives. For additional details, refer to the description under 'Exchangeable Debentures' below, the 'Related Party Transactions' section of this MD&A and notes 14 in the audited consolidated financial statements for the year ended June 30, 2022.

Operating Activities

During Q2 2023, cash provided by in operating activities was \$63.1 million, compared to \$11.3 million provided by operating activities in Q2 2022, an increase of \$51.9 million. The increase was driven by a working capital inflow in the current period of \$33.4 million due to increased collections on trade receivables, managing the pace of working capital needs and other receipts, compared to a working capital outflow \$19.3 million in the prior comparative period.

During Six Months 2023, cash provided by in operating activities was \$39.8 million, compared to cash used of \$0.1 million in Six Months 2022, an increase of \$39.9 million. The increase was driven by a lower working capital outflow in the Six Months 2023 of \$23.9 million due to increased collections on trade receivables, managing the pace of working capital needs and other receipts, compared to a working capital outflow of \$57.0 million in the prior comparative period.

Financing Activities

During Q2 2023, cash flows used in financing activities were outflows of \$37.3 million, compared to outflows of \$13.9 million in Q2 2022. The increase in outflows of \$23.4 million was primarily driven by higher repayment of interim production financing loans (net) of \$25.7 million, interest paid on long term debt of \$5.0 million, offset by lower distribution to non-controlling interest of \$5.7 million, compared to Q2 2022.

During Six Months 2023, cash flows used in financing activities were \$11.6 million, compared to \$23.3 million used in Six Months 2022. The decrease in cash used of \$11.7 million was primarily due to proceeds from bank indebtedness of \$12.1 million, lower distributions to non-controlling interests of \$8.6 million, offset by interest paid on long term debt of \$2.4 million, and repayment of interim production financing (net) of \$7.1 million in Six Months 2023.

Investing Activities

During Q2 2023, cash flows used in investing activities were outflows of \$3.9 million, compared with \$2.2 million in Q2 2022. The increase of \$1.7 million used was primarily related to the acquisition of certain brand representation rights in specific territories (see "Recent Transactions" below).

During Six Months 2023, cash flows used in investing activities were outflows of \$5.9 million compared to \$3.8 million used in Six Months 2022. The increase of \$2.0 million used was primarily related to the acquisition of certain brand representation rights in specific territories (see "Recent Transactions" below).

Bank Indebtedness and Long-Term Debt

Term Loan and Revolving Facility

On March 26, 2021, the Company refinanced its term facility with a seven-year US\$285.0 million (\$358.4 million) senior secured term loan facility (the "Term Loan") maturing March 26, 2028. The Term Loan has no financial maintenance covenant and bears interest at LIBOR plus 4.25%. The net proceeds from the Term Loan were used to repay the previous US\$276.5 million (\$376.8 million) Term Facility. At the same time, we entered into a five-year US\$30.0 million Revolving Facility ("Revolver") with an interest rate of prime. These facilities do not carry a financial maintenance covenant, except when amounts are drawn and outstanding on the Revolver. As of December 31, 2022, \$21.2 million (June 30, 2022 - \$9.1 million) was drawn on this facility. The Revolver matures on the earlier of March 26, 2026 or three months prior to the maturity of the Company's convertible debentures (September 30, 2024), except where converted. Under our Revolver, when amounts are drawn and outstanding at the end any fiscal quarter, we are required to comply with a leverage covenant of 6.75x, declining to 6.25x for the quarter ending September 30, 2023 and thereafter. As of December 31, 2022, our Total Net Leverage Ratio was 4.25x.

The Term Loan is repayable in equal quarterly installment payments of US\$0.7 million or 0.25% of the initial principal commencing June 30, 2021.

The Term Loan also requires repayments equal to 50% of excess cash flow (the "Excess Cash Flow Payments") (as defined in the Senior Secured Credit Agreement), commencing for the fiscal year-ended June 30, 2022, while the first lien net leverage ratio ("First Lien Leverage Ratio"), as defined in the Senior Secured Credit Agreement, is greater than 3.50 times, reducing to 25% of Excess Cash Flow while First Lien Net Leverage Ratio is at or below 3.50 times and greater than 3.00 times, with the remaining balance due on March 26, 2028. No payments were required under the Excess Cash Flow Payments calculation for the year ended June 30, 2022.

During Q4 2021, the Company entered into a 3-year term interest rate swap maturing on June 28, 2024, which secures US\$165.0 million of the Term Loan from an interest rate of LIBOR plus 4.25% to a fixed interest rate of 5.24%.

LIBOR was discontinued at the end of calendar year 2021. On October 21, 2022, the Company amended its Senior Credit Agreement to increase its Revolving Facility to US\$40.0 million for general corporate and working capital purposes and replace the LIBOR rate with the new benchmark Secured Overnight Financing Rate ("SOFR") on both its Term Loan and Revolver.

For additional information on the Term Loan, refer to the Senior Secured Credit Agreement on SEDAR at www.sedar.com.

Senior Unsecured Convertible Debentures

As of December 31, 2022, the senior unsecured convertible debentures ("Convertible Debentures") had a principal balance of \$140.0 million (June 30, 2022 - \$140.0 million), bearing interest at an annual rate of 5.875% and paid semi-annually on March 31 and September 30 of each year. The Convertible Debentures are convertible into Common Voting Shares or Variable Voting Shares (together, "Shares") of the Company at a price of \$7.729 per Share, subject to certain customary adjustments. The Convertible Debentures mature September 30, 2024.

The Convertible Debentures have a cash conversion option whereby the Company can elect to make a cash payment in lieu of issuing Common Voting Shares or Variable Voting Shares upon exercise of the conversion option feature by the holder of the Convertible Debentures. As a result, the Convertible Debentures were deemed to have no equity component at initial recognition and the estimated fair value of the embedded derivative was recorded as a derivative liability. Changes in the estimated fair value of the embedded derivative is recorded through the Company's unaudited interim condensed consolidated statement of (loss) income. As of December 31, 2022, the estimated fair value of the embedded derivative was \$4.5 million.

Exchangeable Debentures

On March 4, 2021, the Company drew the remaining US\$6.3 million (\$7.9 million) on the Exchangeable Debentures. As of December 31, 2022, the Exchangeable Debentures had a principal balance of US\$18.5 million or \$25.1 million (June 30, 2022 - US\$18.5 million, or \$23.8 million) bearing interest at an annual rate of 7.5% payable at maturity and are exchangeable for Variable Voting Shares of the Company at a conversion price of US\$1.072855 per share. The Exchangeable Debentures mature June 24, 2023.

The Exchangeable Debentures were issued by a newly formed single purpose subsidiary of the Company and non-recourse to WildBrain. As a result, the Exchangeable Debentures are excluded from the security granted to the lenders under our Senior Secured Credit Agreement; and therefore, are also excluded from the calculation of the net leverage.

Concurrently in Q4 2020, we issued to Fine Capital warrants to purchase 5,000,000 Variable Voting Shares at a price of \$1.45 per Variable Voting Share. The warrants vest immediately and expire five years from the date of closing on June 24, 2025.

In Q2 2021, we completed two acquisitions using funds from the Exchangeable Debentures for an aggregate purchase price of US\$7.0 million, which have been recognized as acquired and library content assets in the unaudited interim condensed consolidated balance sheet. These assets serve as security against the Exchangeable Debentures.

In Q1 2023, the Company acquired the rights, title and interest of a children's entertainment property using funds from the Exchangeable Debentures for an aggregate price of \$1.8 million. These assets were classified as acquired and library content in the unaudited interim condensed consolidated balance sheets. These assets serve as security against the Exchangeable Debentures.

The Exchangeable Debentures have a conversion option at a fixed US dollar conversion price for Variable Voting Shares of WildBrain, which are denominated in Canadian dollars. As a result, the Exchangeable Debentures were deemed to have no equity component at initial recognition and the estimated fair value of the embedded derivative was recorded as a derivative liability. Changes in the estimated fair value of the embedded derivative is recorded through the Company's unaudited interim condensed consolidated statement of (loss) income. As of December 31, 2022, the estimated fair value of the embedded derivative was \$29.7 million.

See section "Related Party Transactions" of this MD&A and note 7 in the audited consolidated financial statements for the year ended June 30, 2022 for additional details.

Working Capital and Liquidity

Working capital represents the Company's current assets less current liabilities, which was \$155.4 million as at December 31, 2022, compared to \$121.6 million at June 30, 2022.

All of our significant businesses are cash flow positive over the course of a year, while they have quarterly fluctuations. We frequently review our cash flows by business unit and actions are taken if and as necessary.

Technology Investments

Investments in technology, primarily in our studio and WildBrain Spark business, are principally leases of equipment, which are paid for over time from operating cash flows.

Production Investments

Productions are principally paid for with interim production credit facilities that are secured by licensing contracts receivable and film tax credits and are repaid as those receivables and tax credits are collected. When initiating new productions we typically require the significant majority of expenditures to be covered by licensing contract receivables and film tax credits, accordingly the Company's investment in excess of these receivables and tax credits is typically limited, however there could be some working capital variations depending on timing of production and collection of the underlying contracts.

Canadian Content Investments

As a Canadian broadcaster, we are required to invest in a certain amount of Canadian content which is used for programming our channels and for our distribution business. The amount required to be spent is calculated as a percentage of our revenues generated by our broadcasting business. These expenditures are funded from operating cash flows.

Acquisitions

When making other investments and acquisitions, we assess the expected returns, the risks and timing of those expected returns and consider whether to use the Company's existing funds or Revolver, the available funds from the Exchangeable Debentures, or the issuance of equity.

Based on our current revenue forecasts and expectations for Fiscal 2023, we believe that our working capital is sufficient to meet our present requirements and near-term business plans for the next 12 months. We expect foreseeable cash needs to be funded through operating cash flows, existing cash resources, the Revolver, and the Exchangeable Debentures.

Contractual Obligations¹

The following table summarizes our outstanding cash commitments as of December 31, 2022:

Payments Due by Period	Total	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years
(expressed in \$000s)	\$	\$	\$	\$	\$
Bank indebtedness	21,221	21,221	—	—	—
Accounts payable and accrued liabilities	166,566	166,566	—	—	—
Interim production financing	94,314	94,314	—	—	—
Other long-term liabilities	19,516	—	19,516	—	—
Senior unsecured convertible debentures	154,377	8,225	146,152	—	—
Exchangeable debentures	25,953	25,953	—	—	—
Term facility	462,626	20,881	39,340	38,684	363,721
Lease liabilities	32,951	11,460	15,980	3,648	1,863
Total Contractual Obligations	977,524	348,620	220,988	42,332	365,584

¹ Contractual payments in the table above include fixed rate interest payments but exclude variable rate interest payments and are not discounted.

Recent Transactions

Acquisition of Brand Representation Rights

In March 2022, we acquired certain Peanuts brand representation rights in Asia Pacific, including China, beginning July 2022. The total purchase price was \$11.2 million of which \$3.3 million was paid on March 31, 2022, and equal installments of \$0.4 million was paid monthly from April 2022 through to December 2022. The remaining \$3.7 million will be paid over the period through March 31, 2023, subject to achieving certain financial performance conditions. This investment is consistent with our strategy of consolidating representation rights under our global licensing agency, WildBrain CPLG, to grow our consumer products business.

In September 2022, the Company acquired the rights, title and interest of a children's entertainment property for an aggregate price of \$1.8 million. These assets were classified as acquired and library content in the unaudited interim condensed consolidated balance sheets.

Share Capital

As of December 31, 2022, our issued and outstanding share capital was as follows:

Common Voting Shares	27,157,642
Variable Voting Shares	148,789,116
Total Common Shares	175,946,758
Preferred Variable Voting Shares	500,000,000
Stock Options	3,717,800
Restricted Share Units	5,358,412
Performance Share Units	4,552,967
Deferred Share Units	3,185,451

Pursuant to WildBrain's articles of incorporation and the *Broadcasting Act (Canada)*, the Common Voting Shares may only be held and controlled by Canadians, and the Variable Voting Shares may only be held and controlled by non-Canadians. The dual-class share structure is required to enable the Company to comply with Canadian ownership rules as an operator of broadcast assets in Canada. The preferred variable voting shares were instituted prior to the Company's initial public offering and are maintained to ensure compliance with Canadian ownership requirements related to its business and continuing qualification for tax credits. For additional information on WildBrain's share capital, see our Fiscal 2022 AIF dated September 13, 2022 filed on www.sedar.com.

Off-Balance Sheet Arrangements

As of the date of this MD&A, we do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

Exchangeable Debentures

As part of the Exchangeable Debentures issued described under "Recent Transactions - Issuance of Exchangeable Debentures" section of this MD&A, on June 24, 2020, we issued US\$12.2 million of Exchangeable Debentures to Fine Capital, our largest shareholder, with a further commitment of US\$6.3 million, which was subsequently drawn on March 4, 2021. The Exchangeable Debentures mature on June 24, 2023 and are convertible to Variable Voting Shares at a price of US\$1.072855 per Variable Voting Share. Concurrently, we issued Fine Capital warrants to purchase 5,000,000 Variable Voting Shares at a price of \$1.45 per share. The warrants vest immediately and expire five years from the date of closing on June 24, 2025.

Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS requires Management to make estimates, judgments, and assumptions that Management believes are reasonable based upon the information available. These estimates, judgments, and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year or period. Actual results can differ from those estimates (refer to the section "Caution Regarding Forward-Looking Statements" of this MD&A for more information regarding forward-looking information). For a discussion of all of the Company's accounting policies, refer to note 3 of the audited consolidated financial statements for the year ended June 30, 2022 on www.sedar.com or WildBrain's website at www.wildbrain.com.

Significant accounting judgments and estimation uncertainty

The preparation of financial statements under IFRS require the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable. Actual results may differ materially from these estimates. The Company's significant accounting judgments and estimation uncertainty are as described in the Company's Fiscal 2022 notes to the consolidated financial statements.

Changes in Accounting Policies

There were no changes in accounting policies in Q2 2023.

Financial Instruments and Risk Management

The Company's financial instruments consist of cash and restricted cash, amounts receivable, bank indebtedness (when drawn), interim production financing, accounts payable and accrued liabilities, long-term debt, and certain items included within other liabilities. The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk, liquidity risk, and currency risk. Management monitors risk levels and reviews risk management activities as they determine to be necessary.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counter-party to a financial asset or liability fails to meet its contractual obligations, and arises primarily from the Company's cash and cash equivalents, and credit exposure to customers and partners through outstanding trade receivables and other receivables.

The maximum exposure to credit risk for cash and cash equivalents and trade receivables (excluding government and film tax credit receivables) approximate the amount recorded on the unaudited interim condensed consolidated balance sheets of \$388.8 million (June 30, 2022 - \$336.0 million). We manage credit risk on cash and cash equivalents by ensuring that the counter-parties are banks, governments and government agencies with high credit ratings.

The balance of trade amounts receivable is mainly with Canadian broadcasters and large international distribution companies. Management manages credit risk by performing a credit assessment on new customers and regularly reviewing aged accounts receivables. To determine the loss allowance for trade receivables, management assessed the lifetime expected credit losses of customers by categorizing these customers into different risk profile groups and applying provision percentages based on historical loss rates and management's experience and judgment. The loss allowance for trade receivables represents approximately 4.6% of current trade receivables which management believes is adequate. Further, long-term receivable arrangements are only granted to large international linear and digital broadcasting companies with good payment history.

To manage the risk of non-collection, we have increased our collection efforts with customers, risk-adjusted certain customers when determining a loss allowance, and in some limited cases provided customers with payment plans on past due amounts. The majority of our other customers are large Canadian and international broadcasters, or large international distribution companies, and we have very good collection histories with these clients.

Based on collections subsequent to the current quarter, and discussions with customers, we believe that the loss provision is adequate as of December 31, 2022.

Interest rate risk

The Company's interest rate risk primarily relates to its interim production financing, Revolving Facility, Term Debt Facility and cash and cash equivalents which are subject to interest rate benchmarks that fluctuate such as prime rate, LIBOR rate, bankers acceptance rates, and other applicable interest rate benchmarks.

During Q4, 2021, the Company entered into a 3-year term interest swap maturing on June 28, 2024, which secures US\$165.0 million of the Term Loan from an interest rate of LIBOR plus 4.25% to a fixed interest rate of 5.24%. Management will continue to monitor the interest rate risk closely and ensure appropriate measures are implemented.

An increase of 100 basis points in interest rates during the quarter ended December 31, 2022 would have decreased pre-tax net income by \$6.3 million (December 31, 2021 - \$5.8 million).

Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they come due. We manage liquidity by regularly preparing cash flow forecasts, and continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. A summary of the Company's financial liabilities and their contractual maturities can be found in the "Contractual Obligations" section of this MD&A.

We operate a diverse range of business lines, including animation and live-action production studios, linear and digital content distribution, consumer products licensing and representation, advertising sales and linear broadcasting. While the operating results may experience variability from period to period, operating cash flows are generally predictable based on our production and content pipeline, contract renewals, royalty agreements and associated minimum guarantees, and television subscriber fees. Significant cash outlays for investments are made after assessing return on investment and timing of cash flows.

As discussed above, all of our significant business units are cash flow positive over the course of a year, while there are fluctuations during the year. We frequently review our cash flows by business unit and actions are taken if and when necessary.

As of December 31, 2022, we had cash balances of \$84.3 million and amounts receivable of \$368.8 million. Based on our cash balances and available credit facilities, expected collection of trade and other receivables, and forecasted operating results, management believes it will be able to fulfill its financial obligations as they become due.

Under our Revolver, when amounts are drawn and outstanding at the end any fiscal quarter, we are required to comply with a leverage covenant of 6.75x, declining to 6.25x for the quarter ending September 30, 2023, and thereafter. As at December 31, 2022, our Total Net Leverage Ratio was 4.25x.

Currency risk

The Company has global operations which require holding cash and working capital balances, generating revenue and incurring costs in foreign currencies. These activities result in exposure to fluctuations in foreign currency exchange rates. We periodically enter into foreign exchange forward contracts to manage our foreign exchange risk across our portfolio of currencies which are primarily denominated in Canadian dollar, US dollar and GBP.

A 1% strengthening of Canadian dollars against US dollars at December 31, 2022 would have increased pre-tax net income by \$3.8 million (December 31, 2021 - \$3.6 million).

Risk Assessment

The Company is exposed to a number of specific and general risks that could affect the Company that each reader should carefully consider. Additional risks and uncertainties not presently known to the Company or that we do not currently anticipate will be material, may impair our business and results of operations and as a result could materially impact our business, results of operations, prospects, and financial condition. The specific and general risks include, but are not limited to the following: epidemics, pandemics or other public health crises, including the current outbreak of COVID-19, the magnitude and length of

economic disruption as a result of the worldwide COVID-19 outbreak and its impact on advertising markets and the consumer products and retail sectors including, among other things, supply chain disruptions which could materially and adversely impact the Company's business, financial condition, and performance, competition and competitor activities, product development and acceptance, the ability of the Company to acquire, develop and exploit entertainment properties, the Company's ability to source IP and creative talent who can develop IP, consumer and customer preferences, the ability of the Company to execute on its strategy, the Company's leverage and indebtedness and failure to meet covenant requirements under the senior credit facility of the Company (as and where applicable), the ability of the Company to identify and execute on production, distribution and licensing arrangements, dependence on key third party relationships and partnerships, termination or renegotiation of contracts, litigation or regulatory or arbitral action, unauthorized disclosure of confidential, proprietary or sensitive information, cybersecurity and informational technology incidents and issues, internal conflicts of interest, financial reporting and other public company regulatory obligations and potential errors therein, the ability of the Company to attract and retain talent, reliance on key personnel, risks relating to the Company's exposure to advertising revenues through YouTube and the ability of the Company to attract and realize on advertising revenues, including through YouTube and on other platforms, adverse publicity, risks related to doing business internationally, interest and foreign exchange rates fluctuations, the reliance of the Company on the Internet and other technologies to continue to conduct its business, technology changes, intellectual property infringement and other claims, the ability of the Company to exploit its content library, access to capital, maintaining effective internal controls, equity capital markets risk and market share price fluctuations, loss of Canadian status, access to government incentives, subsidies, and tax credits, loss of television licenses, the availability of acquisition and investment opportunities at acceptable valuations and the ability to execute on such opportunities, production risks, financial risks and dilution from the Company's capital requirements, labour relations, changes in the regulatory environment, general economic and market segment conditions, recessions, market factors, and catastrophic events and circumstances.

The recent invasion of Ukraine by Russia and associated political and economic repercussions (including, but not limited to, sanctions and restrictions on international payment services) subject the Company and its business to a number of known and unknown risks. The Company's decision to suspend licensing of owned content and brands in Russia, and the decision of third parties whom the Company represents in Russia to suspend licensing of their content and brands in Russia, could negatively impact revenues attributable to such commercial arrangements, however currently this is not expected to have a material impact on the company. Additionally, the Company's business and financial results may be materially and adversely impacted due to other factors arising from such situation, including, but not limited to, non-collectability of receivables, significant delays in exports or imports, supply chain interruptions in general, the potential effect of bans and other sanction programs, further boycotts on business, other political and social ramifications, impacts on financial markets and general economic effects, and patterns of consumption and service.

A discussion of the specific and general risks affecting the Company and its business is set forth under the heading "Risk Factors" in the Company's Fiscal 2022 Annual Information Form which is available on SEDAR at www.sedar.com. The descriptions of the risks in the Annual Information Form, together with the risks discussed in this MD&A, do not include all possible risks, and there may be other risks of which the Company is currently not aware or is not presently anticipating that may arise and have a material adverse effect on the Company's business, results of operations, prospects, financial condition, financial performance and cash flows.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that material information is gathered and reported to senior Management to permit timely decisions regarding public disclosure and to provide reasonable assurance that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation is recorded, processed, summarized, and reported within the time period specified in those rules.

The CEO and the CFO have also designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

In its quarterly filings dated February 7, 2023, the CEO and the CFO, after evaluating the effectiveness of the Company's disclosure controls and procedures, and internal control over financial reporting, concluded that as of December 31, 2022, both the Company's disclosure controls and procedures, and internal control over financial reporting were effective. It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected.

There were no changes in internal controls over financial reporting during the period ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Non-GAAP Financial 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, Gross Margin and Free Cash Flow.

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, as calculated below.

"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.

Reconciliation of Quarterly Results to Adjusted EBITDA and Adjusted EBITDA attributable to the Shareholders of the Company

The following table reconciles income (loss) before income taxes to Adjusted EBITDA, and to Adjusted EBITDA attributable to the Shareholders of the Company, for each three-month period ending as follows:

	Fiscal 2023		Fiscal 2022				Fiscal 2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
(expressed in \$000s)	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Income (loss) before income taxes	(2,585)	2,806	(3,842)	30,399	14,003	(10,355)	12,845	(23,308)
add back:								
Finance costs, net	12,822	8,803	7,902	2,489	10,106	9,989	9,943	12,958
Change in fair value of embedded derivatives	17,752	(6,034)	(20,251)	(2,300)	3,274	5,561	(6,593)	23,501
Foreign exchange	(8,794)	12,456	16,381	(6,237)	(1,412)	13,022	(5,436)	(97)
Amortization of P&E and intangible assets	6,034	6,274	5,235	5,848	5,626	7,270	5,733	6,002
Amortization of acquired and library content	2,410	2,349	2,564	2,562	2,553	2,562	2,789	2,851
Write-down of certain investment in film and television programs, acquired and library content, P&E, intangible assets, and goodwill	—	—	1,507	—	—	(719)	1,137	346
Share-based compensation	4,373	1,327	1,523	1,725	2,133	2,033	716	786
Reorganization, development and other (income) expenses	2,722	1,568	3,962	1,428	1,733	(842)	2,355	1,926
Adjusted EBITDA	34,734	29,549	14,981	35,914	38,016	28,521	23,489	24,965
Portion of Adjusted EBITDA attributable to non-controlling interests ¹	(8,726)	(9,679)	(3,555)	(5,764)	(10,699)	(8,664)	(4,303)	(7,758)
Adjusted EBITDA attributable to the Shareholders of the Company	26,008	19,870	11,426	30,150	27,317	19,857	19,186	17,207

¹Portion of Adjusted EBITDA attributable to non-controlling interests is calculated as net income attributable to non-controlling interests, less interest, taxes, depreciation and amortization attributable to non-controlling interests.

Reconciliation of Quarterly Results to Gross Margin

The following table reconciles revenue less direct production costs and amortization of film and television produced to gross margin, for each three-month period ending as follows:

	Fiscal 2023		Fiscal 2022				Fiscal 2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
(expressed in \$000s)	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Revenue	140,480	126,652	112,005	129,458	153,164	112,596	112,612	102,198
less: Direct production costs and amortization of film and television produced	(79,208)	(71,375)	(69,306)	(65,776)	(89,527)	(61,053)	(66,674)	(58,264)
Gross Margin	61,272	55,277	42,699	63,682	63,637	51,543	45,938	43,934

Reconciliation of Quarterly Operating Cash Flow to Free Cash Flow

The following table reconciles cash flow from operating activities to Free Cash Flow, for each three-month period ending as follows:

	Fiscal 2023		Fiscal 2022				Fiscal 2021	
(expressed in \$000s)	Q2 31-Dec	Q1 30-Sep	Q4 30-Jun	Q3 31-Mar	Q2 31-Dec	Q1 30-Sep	Q4 30-Jun	Q3 31-Mar
Cash flow provided by operating activities	63,112	(23,324)	(6,470)	39,661	11,259	(11,350)	22,688	22,052
less:								
Distributions to non-controlling interests	(5,641)	(2,378)	(4,449)	(13,006)	(11,355)	(4,799)	(5,344)	(11,091)
Change in interim production financing	(18,213)	28,292	14,084	(11,098)	7,498	8,348	6,720	(3,754)
Interest paid	(10,280)	(9,148)	(5,727)	(5,244)	(5,645)	(9,606)	(7,771)	(8,064)
Repayment of lease liabilities	(2,550)	(2,331)	(2,169)	(2,245)	(2,562)	(2,519)	(2,416)	(2,413)
Free Cash Flow	26,428	(8,889)	(4,731)	8,068	(805)	(19,926)	13,877	(3,270)

Additional Information

Additional information related to WildBrain, its business and subsidiaries, including its AIF is available on SEDAR at www.sedar.com.