

Boat Rocker Media Reports Q2 2021 Financial Results

Company Continues Material Step-Up in Performance and Output Across All Reporting Segments

TORONTO, Aug. 12, 2021 /CNW/ - Boat Rocker Media Inc. ("Boat Rocker" or the "Company") (TSX: BRMI), an independent, integrated global entertainment company, today reported its financial results for the three months ended June 30, 2021 ("second quarter" or "Q2"). The Company's unaudited interim consolidated financial statements and accompanying notes and Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2021 and 2020 are available under the Company's profile on SEDAR (www.sedar.com). All dollar amounts are expressed in Canadian currency, unless otherwise noted. Certain metrics, including those expressed on an adjusted basis, are non-IFRS measures (see "Non-IFRS Measures" below).

Selected Financial Highlights

- Total revenue of \$62.1 million in Q2 2021 vs \$51.0 million in Q2 2020, an increase of 22%, and \$114.6 million in the first half of 2021 vs. \$93.2 million in the same period of 2020, an increase of 23%.
- Improvement for the year-to-date period is driven by 30% and 29% revenue gains in the Television and Representation segments respectively.
- Net loss of \$8.8 million in Q2 2021 versus \$6.5 million in Q2 2020 and a net loss of \$13.8 million in the first half of 2021 versus \$20.4 million in the same period of 2020.
- Adjusted EBITDA of \$2.8 million in Q2 2021 versus \$3.8 million in Q2 2020 and \$1.1 million in the first half of 2021 versus an Adjusted EBITDA loss of \$0.04 million in the same period of 2020.
- Total cash at June 30, 2021 is \$110.2 million.

"We delivered solid year-over-year revenue growth from the second quarter of 2020 as we managed the ongoing recovery from COVID-19. Moving into the second half of 2021, we remain on track to deliver a material step-up in our performance over the prior year, including revenue of more than two and a half times last year" said John Young, Chief Executive Officer of Boat Rocker. "We continue to expand our scale and now have over 50 shows on our 2021 production slate. This exceptional slate, including the recent renewals of *Dino Ranch* and *Go-Big Show*, illustrates our ability to source, produce, and monetize high-quality, multi-genre content and brands and maximize their potential over multiple seasons and business lines. Combined with the ongoing demand for content and talent worldwide, we expect to see meaningful growth for Boat Rocker through 2021 and over the long term."

Selected Operational Highlights

In 2021, the Company will deliver material growth in its performance and output across its three reporting segments: Television (comprising production and distribution), Kids & Family (comprising animation and the introduction of licensing and merchandising), and Representation. The Company's 2021 production slate spans over 50 projects across its content engine, with more greenlights anticipated in the second half of the year. The slate encompasses a broad range of IP, genres, and broadcast partners, and includes the largest budget shows the Company has produced to date in each of its genres.

Other recent highlights include:

Television

- Two premium scripted shows are scheduled to premiere this fall: *American Rust*, starring Emmy-award winner Jeff Daniels, will premiere on Showtime on September 12, while *Invasion*, a large-scale sci-fi series, will premiere on Apple TV+ on October 22.
- *Beacon 23* is in pre-production. Based on the Hugh Howey bestseller, *Beacon 23* is being showrun by Zak Penn (*X-Men: The Last Stand*, *The Avengers*), and stars Lena Headey from *Game of Thrones* for AMC/Spectrum. The show is expected to deliver in 2022.
- Extreme competition reality series, *Go-Big Show*, for TBS was renewed for a second season.
- New unscripted series include *Motel Makeover* (Netflix), *Kids Tonight Show* (NBCU), *LOL: Last One Laughing Canada* (Amazon Prime), *Man vs. History* (History), and *Dark Side of the 90s* (Vice).
- *Billie Eilish: The World's a Little Blurry* nominated for 4 Emmy awards.

Kids & Family

- Breakout series *Dino Ranch* remains the #1 preschool U.S. cable show for Kids 2-5 in its time slot and was renewed for a second season by Disney. Together with partner Jazwares, the Company expects its *Dino Ranch* toy line to debut at online retailers including Walmart.com, Target.com, and Amazon this fall.
- Production continues on a raft of content including *Daniel Spellbound* (Netflix), *Love Monster* season two (HBO Max), *Get Even* season two (Netflix, CBBC), *The Loud House* season six (Nickelodeon) and *A Tale Dark & Grimm* (Netflix).

Representation

- Strong rebound in the business as clients steadily return to on-set production following COVID-related disruptions.
- Untitled Entertainment clients nominated for eight Emmy awards including Jean Smart for *Hacks* (HBO Max) and *Mare of Easttown* (HBO), Julianne Nicholson for *Mare of Easttown* (HBO), and Renée Elise Goldsberry and Leslie Odom Jr. for *Hamilton* (Disney).

COVID-19 Pandemic Update

The COVID-19 pandemic first began to impact Boat Rocker's financial results for the quarter ended June 30, 2020 as the content production industry experienced a temporary pause on live-action production. This impacted Boat Rocker's Television segment in both the scripted and unscripted production groups, as well as the Company's Representation segment as the Company's clients, mainly on-screen talent, were not able to work on live action productions. Although production had largely resumed by the end of 2020 and on-screen talent returned to work, expected delivery dates were delayed on several of the Company's series, resulting in a shift of revenue from 2020 into 2021. Some of the Company's shows that have delivered or are expected to deliver in the second half of 2021 also incurred certain COVID-related costs in excess of budgeted amounts that could not have been anticipated when the budgets were prepared and which will not be covered by the broadcasters of those series or by insurance proceeds.

Selected Financial Information

(in thousands of Canadian dollars except per share amounts) (unaudited)				
	Three months ended June 30,			
	2021	2020	% change	
Revenue				
Television	41,669	33,079	26.0	%
Kids and Family	11,843	12,946	(8.5)	%
Representation	8,576	4,978	72.3	%
Total revenue	62,088	51,003	21.7	%
Net loss	(8,819)	(6,453)	(36.7)	%
Adjusted EBITDA*	2,780	3,780	(26.5)	%
(in thousands of Canadian dollars except per share amounts) (unaudited)				
	Six months ended June 30,			

	2021	2020	% change	
Revenue				
Television	72,223	55,619	29.9	%
Kids and Family	24,310	23,619	2.9	%
Representation	18,049	13,942	29.5	%
Total revenue	114,582	93,180	23.0	%
Net loss	(13,835)	(20,385)	32.1	%
Adjusted EBITDA*	1,129	(38)	3071.1	%

* See "Non-IFRS Measures"

Financial Review

Revenue for Q2 2021 was \$62.1 million versus \$51.0 million in the second quarter of 2020, an increase of \$11.1 million or 22%, driven by increases in the Television and Representation segments. Revenue for the six months ended June 30, 2021 was \$114.6 million compared with \$93.2 million for the same period of 2020, an increase of \$21.4 million or 23%. While all segments experienced revenue increases, production revenue in the Television segment increased by \$9.2 million due to the increase in content delivered in the 2021 period over the 2020 period.

Net loss for Q2 2021 was \$8.8 million, compared with \$6.5 million in the same period of 2020, a loss of \$2.4 million, primarily driven by general and administrative costs related to public company expenses. Net loss for the six months ended June 30, 2021 was \$13.8 million, a decreased loss of \$6.6 million from the comparative period. The variance is attributable to non-cash gains recognized in 2021 with no comparable amounts in 2020.

Adjusted EBITDA for Q2 2021 was \$2.8 million compared with \$3.8 million for the same period of 2020, a decrease of \$1.0 million. The increase was driven by higher general and administrative costs, partially offset by the increase in production deliveries in 2021 period. Adjusted EBITDA for the three months ended June 30, 2021 includes the impact of \$3.8 million of costs incurred within the start-up businesses of Boat Rocker Studios, Scripted and the franchise and brand management operations. In the same period of 2020, these costs amounted to \$2.2 million.

Adjusted EBITDA for the six months ended June 30, 2021 was \$1.1 million compared to an Adjusted EBITDA loss of \$0.04 million for the same period of 2020, a favourable variance of \$1.1 million. Adjusted EBITDA is a non-IFRS measure. See "Non-IFRS Measures" below.

Total cash at June 30, 2021 was \$110.2 million, of which \$67.7 million represents Cash Available for Use*. Boat Rocker's IPO raised gross proceeds of \$170.1 million and the Company used \$90.5 million of the net proceeds from the IPO to repay all of its term debt under its corporate credit facility. The following table presents the Company's Net Cash* position as at June 30, 2021:

(in thousands of Canadian dollars)	June 30, 2021
Cash Available for Use*	67,742
Less: lease liabilities	(28,277)
Net Cash*	39,465

* Net Cash and Cash Available for Use are non-IFRS measures. See "Non-IFRS Measures" below.

Outlook

Boat Rocker is on track to deliver a material step-up in its top-line performance, reporting a 23% revenue increase in the six months ended June 30, 2021 compared to the same period last year. Revenue has increased in all three of the Company's segments, with Television and Representation each growing by approximately 30%. The Company has also delivered positive Adjusted EBITDA in the first half of 2021 and expects this to improve significantly during the second half of the year. Given the underlying strength of the business and its projected growth over 2020 results, management expects 2021 Adjusted EBITDA to be in the range consistent with the original guidance provided in the Company's IPO prospectus. Management remains focused on Adjusted EBITDA as it believes this metric is the most important measure of the Company's performance.

Live-action productions continued in Q2 2021 even as the jurisdictions in which the Company operates experienced a third wave of COVID-19. With the rise of COVID-19 variants of concern,

particularly the Delta variant, uncertainty remains and the global entertainment industry as a whole continues to experience the ongoing effects of the pandemic, including incremental costs and disrupted timelines and workflows. Additionally, as previously disclosed, a premium scripted series that was expected to be produced and delivered in 2021 was not greenlit and will not be delivered in 2021. As a result of these factors, and with the strengthening Canadian dollar, the Company now expects full-year revenue to be in the range of \$600 to \$635 million, compared with \$226.8 million in 2020, an expected increase of more than two and a half times. This change in expected revenue does not alter the Company's overall growth plans, and as discussed above, is not anticipated to affect forecasted Adjusted EBITDA results.

Moving into the second half of the year, Boat Rocker will continue to deliver exceptional content, build original brands and franchises that resonate with audiences worldwide, and expand its commercial and creative capabilities. The Company sees continued global demand for premium content. Boat Rocker remains focused on bolstering its platform and strengthening its bottom line through a unique mix of revenues across its operating segments and a strong balance sheet, which provides optionality for future growth.

Fiscal 2021 Second Quarter Conference Call

Boat Rocker management will host a conference call to discuss its fiscal second quarter financial results at 8:30 a.m. EDT on August 12, 2021. To participate in the call, dial (416) 764-8650 or (888) 664-6383 (using the conference ID 70506791). The audio webcast can be accessed at <https://www.boatrocker.com/investor-relations/events-and-presentations/default.aspx>. Listeners should access the webcast or call 10-15 minutes before the start time to ensure they are connected.

About Boat Rocker

Boat Rocker (TSX: BRMI) is the home for creative visionaries. An independent, integrated global entertainment company, Boat Rocker's purpose is to tell stories and build iconic brands across all genres and mediums. With offices around the world, Boat Rocker's creative and commercial capabilities include Scripted, Unscripted, and Kids & Family television production, distribution, brand & franchise management, a world-class animation studio, and talent management through Untitled Entertainment. A selection of Boat Rocker's projects include: *Invasion* (Apple TV+), *American Rust* (Showtime), *Orphan Black* (BBC AMERICA, CTV Sci-Fi Channel), *Dear...* (Apple TV+), *Billie Eilish: The World's a Little Blurry* (Apple TV+), *The Next Step* (BBC, Family Channel, CBC), *Daniel Spellbound* (Netflix), and *Dino Ranch* (Disney+, Disney Junior, CBC). For more information, please visit www.boatrocker.com.

Non-IFRS Measures

This press release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The intent of using non-IFRS measures is to provide investors with supplemental measures of the Company's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures, in addition to providing a greater understanding of the Company's liquidity position and available financial resources. The Company's management uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers.

Definitions and reconciliations of non-IFRS measures to the relevant reported measures can be

found in our MD&A. Such reconciliations can also be found in this press release under the heading reconciliation of non-IFRS measures. The non-IFRS measures the Company uses include: EBITDA, Adjusted EBITDA, Net Cash, Cash Available for Use, and Cash Required for Use in Productions.

EBITDA is defined as net income or loss before interest, taxes, depreciation and amortization.

Adjusted EBITDA is defined as EBITDA adjusted for amortization of non-cash program intangibles, change in fair value of financial assets, other financial liabilities and convertible debt, change in fair value of contingent consideration, share-based compensation, IPO and transaction-related costs, non-recoupable COVID-19 costs, goodwill impairment, reorganization costs, loss on debt modifications, gain on settlement of loans and borrowings and gain or loss on sale of assets. Adjusted EBITDA is used by management as a measure of the Company's profitability. For further details refer to the "Reconciliation of non-IFRS measures" section of this press release.

Net Cash is defined as Cash Available for Use less lease liabilities and is used by management as a consistent measure of the Company's liquidity position in the periods after the Company's loans and borrowings have been fully extinguished. The Company uses Net Cash as a consistent measure of the Company's liquidity position.

Cash Available for Use is defined as the total cash and cash equivalents of the Company less Cash Required for Use in Productions. Cash Available for Use funds ongoing working capital requirements, principal and interest payments on corporate demand loans as well as ongoing development and growth efforts and thus is an important liquidity measure that management uses to monitor the business on an ongoing basis.

Cash Required for Use in Productions is defined as cash required for the funding of productions in progress that is not considered by the Company to be available for other uses. The cash is not legally restricted and has not been classified as Restricted Cash on the consolidated statement of financial position. This cash has been provided by buyers and third-party IP owners that have engaged the Company to provide services, as well as banks with whom Boat Rocker has contracted to provide interim production financing. Management uses the amount of Cash Required for Use in Productions to determine the Company's Cash Available for Use.

Forward-Looking Statements

This press release may contain forward-looking information within the meaning of applicable securities laws, which reflects the Company's current expectations regarding future events. Forward-looking information is based on a number of assumptions many of which are beyond the Company's control. Such assumptions include, but are not limited to, the factors discussed under "Outlook" in the Company's final prospectus. Forward-looking information is also subject to a number of specific and general risks. A comprehensive summary of the risks and uncertainties that may affect the business of the Company is set out in the Company's Annual Information Form dated March 31, 2021 and in the Company's annual MD&A of the same date. The risks and uncertainties described therein are not the only ones Boat Rocker faces. Additional risks and uncertainties not presently known to the Company or that it currently believes to be immaterial may also materially adversely affect the Company's business, assets, liabilities, financial condition, results of operations, prospects, cash flows and the value of future trading price of the Subordinate Voting Shares. Boat Rocker does not undertake any obligation to update forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required under applicable securities laws.

Reconciliation of non-IFRS financial measures

The Company uses the non-IFRS measure Adjusted EBITDA to evaluate performance. The following tables present the reconciliation from net income (loss) to Adjusted EBITDA for the three months

and six months ended June 30, 2021 and 2020:

(Amounts in thousands CAD)	Three months ended June 30,	
	2021	2020
Net income (loss)	(8,819)	(6,453)
Amortization of property and equipment, right-of-use assets and other intangible assets	4,849	4,324
Finance costs, net	727	2,475
Income taxes	724	546
EBITDA*	(2,519)	892
Adjustments:		
Change in fair value of contingent consideration ¹	139	(89)
Change in fair value of financial assets ²	100	(75)
Change in fair value of other financial liabilities ³	1,879	1,984
Amortization of acquired program intangibles ⁴	966	718
IPO and transaction-related costs ⁵	972	81
COVID-19 related costs ⁶	851	—
Share-based compensation ⁷	239	269
Reorganization costs ⁸	153	—
Adjusted EBITDA*	—	2,780
* See "Non-IFRS Measures"		

(Amounts in thousands CAD)	Six months ended June 30,	
	2021	2020
Net income (loss)	(13,835)	(20,385)
Amortization of property and equipment, right-of-use assets and other intangible assets	9,528	9,081
Finance costs, net	3,002	5,456
Income taxes	587	(978)
EBITDA*	(718)	(6,826)
Adjustments:		
Gain on settlement of loans and borrowings ⁹	(2,334)	—
Change in fair value of convertible debt ¹⁰	(4,382)	—
Change in fair value of contingent consideration ¹¹	266	710
Change in fair value of financial assets ¹²	366	(21)
Change in fair value of other financial liabilities ¹³	1,315	3,593
Amortization of acquired program intangibles ¹⁴	1,678	1,488
IPO and transaction-related costs ¹⁵	972	284
COVID-19 related costs ¹⁶	851	—
Share-based compensation ¹⁷	2,769	542
Reorganization costs ¹⁸	346	192
Adjusted EBITDA*	—	(38)
* See "Non-IFRS Measures"		

- 1 Change in value of contingent consideration associated with acquisition of Platform One
- 2 Change in fair value of financial assets represents the non-cash (income) expense on certain financial assets held by the Company
- 3 Change in fair value of other financial liabilities represents the non-cash expenses on certain put options
- 4 Amortization of program intangibles acquired in business combinations included in production, service and distribution expense
- 5 Includes professional fees and other expenses related to transactions such as the Company's IPO, acquisitions, and special projects which are non-recurring and are not related to or are not reflective of regular business operations
- 6 Incremental non-recoupable production costs specifically incurred due to COVID-19
- 7 Includes non-cash expenses associated with share-based compensation granted to certain officers and employees
- 8 Restructuring charges primarily related to personnel costs
- 9 Non-cash gain recorded on the settlement of the Company's long term debt
- 10 Change in fair value of convertible debt represents the non-cash gain on the conversion of certain debentures issued by the Company
- 11 Change in value of contingent consideration represents the non-cash expense associated with the acquisition of Platform One
- 12 Change in fair value of financial assets represents the non-cash expense on certain financial assets held by the Company
- 13 Change in fair value of other financial liabilities represents the non-cash expenses on certain put options and the gain on settlement of a purchase price liability
- 14 Amortization of program intangibles acquired in business combinations included in production, service and distribution expense
- 15 Includes professional fees and other expenses related to transactions such as the Company's IPO, acquisitions, and special projects which are non-recurring and are not related to or are not reflective of regular business operations
- 16 Incremental non-recoupable production costs specifically incurred due to COVID-19
- 17 Includes non-cash expenses associated with share-based compensation granted to certain officers and employees
- 18 Restructuring charges primarily related to personnel costs

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