

Boat Rocker Media Reports First Quarter 2023 Financial Results

TORONTO, May 9, 2023 /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 March 31, 2023 ("first quarter" or "Q1"). The Company's consolidated financial statements and accompanying notes and Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2023 and 2022 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

- Revenue of \$79.8 million for Q1 2023 versus \$46.8 million for Q1 2022, an increase of 70%.
- Adjusted EBITDA¹ loss of \$2.0 million for Q1 2023 versus a loss of \$6.2 million for Q1 2022, an improvement of 67%.
- Net loss of \$9.5 million for Q1 2023 compared to a loss of \$12.3 million for Q1 2022, an improvement of \$2.8 million.
- Debt-free² with total cash at March 31, 2023 of \$70.5 million.

"The year got off to a solid start as we generated improved revenue and Adjusted EBITDA performance over the prior year period," said John Young Chief Executive Officer of Boat Rocker. "Our first quarter results reflect our typical cadence, with the expectation that Adjusted EBITDA will be biased to the second half of the year, although revenue was up sharply this quarter, largely due to the delivery of several episodes for two of our premium scripted dramas, with accelerating deliveries across the broader scripted slate as the year proceeds. As before, our primary focus remains on delivering against our robust production slate to help drive improved Adjusted EBITDA performance versus the prior year. With many of those shows having completed production and working their way through post-production, we are cautiously optimistic that a short-lived WGA strike (which commenced last week) will not meaningfully impact delivery of the current slate. That said, a prolonged labour action in the U.S. could slow the development, greenlight and production of new shows and follow-on seasons for existing IP, which could impact our results in 2023 and 2024."

¹ This is a Non-IFRS measure. For more information on non-IFRS financial measures, see "Non-IFRS Measures" and "Reconciliation of Non-IFRS Measures" below and see "Non-IFRS Financial Measures" in the Company's MD&A for the three months ended March 31, 2023.

² The Company currently has no corporate term debt, only interim production financing (including through two borrowing base facilities) in the ordinary course of operations.

Selected Operational Highlights

Boat Rocker continues to see high overall activity levels across its three reporting segments: Television, Kids and Family, and Representation. Television, in particular, saw 190% year over year revenue growth. For 2023, the Company is producing high-quality scripted, unscripted and Kids and Family titles for major buyers around the world including Netflix, Apple TV+, AMC, The ROKU Channel, Amazon Freevee, Nickelodeon and Discovery+ as well as key domestic platforms including CTV, CBC and Global. At the end of Q1 Boat Rocker had 33 shows in various stages of production.

Recent highlights include:

General

- Boat Rocker productions won a total of eight Canadian Screen Awards, which were presented

during the first week of April.

Television

- Partnered with Stephan James and Shamier Anderson's Bay Mills Studios, with whom Boat Rocker has a first-look deal, on developing a new scripted series titled Christopher Robin.
- *Slip*, created, directed by and starring Zoe Lister-Jones, premiered on The Roku Channel on April 21st and is receiving widespread critical acclaim.
- Production on season two of premium scripted drama American Rust, starring Jeff Daniels and Maura Tierney, for Amazon Freevee wrapped production in Pennsylvania.
- Pretty Baby: Brooke Shields premiered on April 3rd and was ABC News' most watched program to ever debut on Hulu.
- BS High, a new premium documentary for HBO, was accepted into the prestigious Tribeca Film Festival in New York City. The film will premiere at the festival on June 14th.
- Season two of Lost Car Rescue premiered on The History Channel and STACKTV.
- Boat Rocker's three unscripted shingles (Matador Content, Insight Productions, and Proper Television) were included in the Realscreen Global 200 list. The annual list names the world's top production companies working in non-fiction and unscripted content.

Kids & Family

- New distribution deals across the EMEA and APAC regions for season two of Dino Ranch were announced; Dino Ranch is now available to view in more than 170 countries worldwide.
- The Next Step season 8 was nominated for the 2023 Shaw Rocket Fund Kids' Choice Award. In addition, the season received three Canadian Screen Award nominations including Best Children's or Youth Fiction Program or Series.

Representation

- Five Untitled Entertainment clients were nominated for Tony Awards, with the awards set to be presented in June.
- *Downtown Owl*, a dark comedy based on the novel by Chuck Klosterman, has been slated for the Tribeca Film Festival in June. The film marks the directorial debut for Untitled client Hamish Linklater, stars Untitled client Vanessa Hudgens and was produced by Untitled in partnership with Laura Rister.
- Untitled client Abubakar Salim was cast in Season 2 of HBO's *House of the Dragon*.

Selected Financial Information

(Amounts in thousands CAD)	Three months ended March 31,		
	2023	2022	% change
Revenue			
Television	54,460	18,753	190 %
Kids and Family	15,671	19,503	(20) %
Representation	9,629	8,593	12 %
Total revenue	79,760	46,849	70 %
Net income (loss)	(9,474)	(12,332)	23 %
Adjusted EBITDA*	(2,049)	(6,161)	67 %

Financial Review

Revenue for Q1 2023 was \$79.8 million versus \$46.8 million in Q1 2022, an increase of \$32.9 million. A higher number of half hours of content were delivered in the first quarter of 2023 (50) versus the first quarter of 2022 (30). Premium scripted dramas have higher average revenue per episode than the Company's Unscripted and Kids & Family shows. In the first quarter of 2023, this included two productions where Boat Rocker owns the IP, which helped drive increased production revenue. This was offset by lower production revenue in the Kids & Family segment. Production

revenue increased in the Television segment, due in part to the mix in revenue types and timing of delivery, while distribution revenue increased due partly to continued sales of the Company's flagship *Orphan Black* title, as well as the result of increased consumer product revenue. Revenue in the Representation segment also saw a 12% increase in the first quarter of 2023 compared with the same period a year ago.

Adjusted EBITDA* for Q1 2023 was a loss of \$2.0 million compared with a loss of \$6.2 million for the same period of 2022, an improvement of \$4.1 million.

Net loss for the three months ended March 31, 2023 was \$9.5 million, compared with a net loss of \$12.3 million in the same period of 2022, an improvement of \$2.9 million.

The Company generated positive cash provided by operating activities due to increased collection from receivables and increased deferred revenue, however, Free Cash Flow* in the three months ended March 31, 2023 was negative \$12.8 million compared with negative Free Cash Flow* in three months ended March 31, 2022 of \$9.6 million, primarily due to the timing of repayments of interim production financing.

The following table presents the reconciliation from cash used in operating activities to Free Cash Flow* and Free Cash Flow Attributable to Owners of the Company for the quarters ended March 31, 2023 and 2022:

(Amounts in thousands CAD)	Three months ended March 31,			
	2023	2022	\$ change	% change
Cash provided by (used in) operating activities	\$ 19,508	\$ (32,525)	\$ 52,033	160 %
Proceeds from interim production financing	38,479	36,257	2,222	6 %
Repayments of interim production financing	(68,444)	(11,080)	(57,364)	(518) %
Repayment of lease liabilities	(1,979)	(1,801)	(178)	(10) %
Acquisition of property and equipment	(355)	(488)	133	27 %
Free Cash Flow*	\$ (12,791)	\$ (9,637)	\$ (3,154)	(33) %
Less: distributions to non-controlling interest shareholders	(2,457)	(1,489)	(968)	(65) %
Free Cash Flow Attributable to Owners of the Company*	\$ (15,248)	\$ (11,126)	\$ (4,122)	(37) %

Total cash at March 31, 2023 was \$70.5 million, of which \$24.5 million represents Cash Available for Use*. The following table presents the breakdown of cash as at March 31, 2023 and December 31, 2022:

(Amounts in thousands CAD)	March 31, 2023		December 31, 2022		\$ change	% change
Cash Available for Use*	\$	24,522	\$	31,524	\$ (7,002)	(22) %
Cash Required for Use in Productions*		45,977		54,270	(8,293)	(15) %
Total cash	\$	70,499	\$	85,794	\$ (15,295)	(18) %

*This is a Non-IFRS measure. For more information on non-IFRS financial measures, see "Non-IFRS Measures" and "Reconciliation of Non-IFRS Measures" below and see "Non-IFRS Financial Measures" in our Fourth Quarter 2022 Management's Discussion and Analysis.

Outlook

Boat Rocker expects to deliver improving financial performance again in 2023 as it anticipates delivering the balance of all episodes of the seven premium scripted shows that it commenced producing in 2022 and targets modest Adjusted EBITDA growth over the prior year. However, management is mindful of the current and near-term headwinds, including the U.S. writers guild strike that commenced last week, increasingly uncertain macroeconomic conditions, ongoing challenges in the retail industry and cost cutting from major buyers, which could impact the Company's outlook for the year. In particular, if the U.S. writers' strike is prolonged, it could moderate the Company's outlook for late 2023 and into 2024.

With pro-active cost management of general and administrative expenses and strong discipline on investment spending, Boat Rocker anticipates it will continue to invest in owned IP and grow its content library, while generating positive free cash flow and remaining debt free** in 2023.

With its multi-genre content creation engine and long track record of successfully delivering programming at all budget levels to the world's leading broadcasters and streamers, Boat Rocker believes that it is well positioned to capitalize on the sustained demand for high quality programming.

The Company's expected performance in 2023 is based on certain assumptions that are outlined in the Company's annual MD&A dated March 30, 2023 and quarterly MD&A dated May 9, 2023, and subject to certain risks as outlined in the Company's Annual Information Form for the year ended December 31, 2022.

*This is a Non-IFRS measure. For more information on non-IFRS financial measures, see "Non-IFRS Measures" and "Reconciliation of Non-IFRS Measures" below and see "Non-IFRS Financial Measures" in our Fourth Quarter 2022 Management's Discussion and Analysis.

**Other than interim production financing (including through two borrowing base facilities) in the ordinary course of operations

Fiscal 2023 First Quarter Conference Call

Boat Rocker management will host a conference call to discuss its fiscal first quarter financial results at 8:30 a.m. EDT on May 9, 2023. To participate in the call, dial (416) 764-8650 or (888) 664-6383 (using the conference ID 20727844).

To rapidly join the call without operator assistance please visit

<https://emportal.ink/41oK1b4>.

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+), *Pretty Baby: Brooke Shields* (Hulu), *Slip* (Roku), *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, Adjusted EBITDA Margin, Cash Available for Use, Cash Required for Use in Productions, Free Cash Flow and Free Cash Flow Attributable to Owners of the Company.

EBITDA is defined as net income or loss before interest, taxes, depreciation, amortization of property and equipment, right-of-use assets and other intangible assets.

Adjusted EBITDA is defined as EBITDA before certain expenses, costs, charges or benefits incurred in the period which in management's view are not indicative of continuing operations, including: amortization of non-cash program intangibles, change in fair value of other financial liabilities related to put options, certain other financial liabilities, convertible debt and contingent consideration, share-based compensation, professional and consulting fees relating to non-core operating activities, non-recoupable COVID-19 costs, goodwill impairment, reorganization costs, loss on debt modifications, gain on settlement of loans and borrowings, gain or loss on sale of assets, unrealized gain or loss on forward currency contracts, and other costs not indicative of the Company's core operating results. Adjusted EBITDA includes the gain on remeasurement of other financial liabilities as the gain is directly related to a production and is considered by management to be operational. Adjusted EBITDA is used by management as a measure of the Company's operating performance.

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.

Cash Available for Use is defined as the total cash 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 debt 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.

Free Cash Flow is defined as cash flow provided by or used in operations adjusted for proceeds and repayment of interim production financing, repayment of lease liabilities and cash used to purchase property and equipment. Free Cash Flow is a key metric used by the management that measures the Company's ability to repay debt, finance strategic business acquisitions and investments, pay dividends and repurchase shares.

Free Cash Flow Attributable to Owners of the Company is defined as Free Cash Flow less distributions made to non-controlling interests. Distributions to non-controlling interests are made out of the operating cash flows of the consolidated entities that contain the non-controlling interests, and accordingly management believes that deducting these cash outflows from Free Cash Flow is an important measure when considering Free Cash Flow available to shareholders of the Company.

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 annual MD&A dated March 30, 2023. 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 for the year ended December 31, 2022. 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 and 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 Measures

The Company uses the non-IFRS measure Adjusted EBITDA to evaluate performance. The following table presents the reconciliation from net income (loss) to Adjusted EBITDA for the three months ended March 31, 2023 and 2022:

(Amounts in thousands CAD)	Three months ended March 31,	
	2023	2022
Net income (loss)	(9,474)	(12,332)
Amortization of property and equipment, right-of-use assets and other intangible assets	3,761	4,359
Finance costs, net	1,556	1,236
Income taxes	(161)	(752)
EBITDA*	(4,318)	(7,489)
Adjustments:		
Change in fair value of unsettled forward exchange contracts ¹	(273)	(1,349)
Change in fair value of other financial liabilities ²	1,537	1,315
Amortization of acquired program intangibles ³	365	630
COVID-19 related costs ⁴	129	—
Share-based compensation ⁵	274	637
Reorganization costs ⁶	237	95
Adjusted EBITDA*	(2,049)	(6,161)

* See "Non-IFRS Measures"

¹ Change in fair value of the unrealized forward currency contracts.

² Change in fair value of other financial liabilities represents the non-cash expenses on certain put options and accretion and changes in fair value on other liabilities.

³ Amortization of program intangibles acquired in business combinations included in production, distribution and service costs.

⁴ Incremental non-recoupable production costs specifically incurred due to COVID-19.

⁵ Non-cash expenses associated with share-based compensation granted to certain officers, directors and employees.

⁶ Restructuring charges primarily related to personnel costs.

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CNW 07:00e 09-MAY-23