Fiscal 2020

Management Discussion and Analysis
of Financial Condition and Results of Operation
For the Three-Months and 12-Months Ended June 30, 2020 and June 30, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion & Analysis ("MD&A") dated as of September 22, 2020 presents an analysis of the consolidated financial condition of WildBrain Ltd. (formerly, DHX Media Ltd.) and its subsidiaries (together referred to as "WildBrain", the "Company", "we", "our" or "us") as at June 30, 2020 compared to June 30, 2019, and the consolidated results of operations for the three-month period and year ended June 30, 2020 compared with the corresponding periods ended June 30, 2019. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended June 30, 2020. Unless otherwise noted, the financial information reported herein has been 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 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 and strategic priorities of WildBrain and its subsidiaries;
- management's financial targets and priorities, and the future financial and operating performance and goals of the Company and its subsidiaries;
- 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 for content;
- 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;
- WildBrain's production pipeline;
- the positioning and ability of the Company to monetize its library, content and other business lines;
- the growth of the WildBrain Spark business;
- changes in YouTube's approach to advertising and expected results therefrom, including the impact on the financial and operating performance of WildBrain Spark;
- the growth and proliferation of digital / non-linear distribution of media content;
- the future market and demand for content;
- the outlook for English kids television in Canada;
- use of proceeds from an exchangeable debenture financing;

- the impact of epidemics, pandemics or other public health crises, including the current outbreak of COVID-19, which could have a significant and ongoing negative impact on the Company, its employees, its business and results of operations, including but not limited to consumer-products, studio productions and advertising; and
- further actions the Company may have to take in response to COVID-19, and the impact of such actions taken.

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, (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 preferences, (vii) the ability of the Company to execute on acquisition and other growth opportunities and realize the expected benefits therefrom, (viii) changes in the markets and industries in which the Company operates and the ability of the Company to adapt to such changes, and (ix) changes to YouTube and in advertising markets. 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.

A number of known and unknown risks, uncertainties and other factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements, including, but not limited to, 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, among other things, the Company's leverage and indebtedness and failure to meet covenant requirements under the senior credit facility of the Company, competition and competitor activities, product development and acceptance, the ability of the Company to acquire, develop and exploit entertainment properties, consumer preferences, the ability of the Company to execute on its strategy, the ability of the Company to execute on production and licensing arrangements, 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, risks related to doing business internationally and currency exchange rates, 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, loss of television licences, 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, 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.

Beginning March 2020, COVID-19 began negatively affecting the advertising revenues of WildBrain Spark and this pandemic could have longer-term negative effects. WildBrain Spark generates the majority of its revenue through advertising-based video-on-demand ("AVOD"). The adverse impact of the new rules and policies on 'Made for Kids' content introduced by YouTube in January 2020, coupled with the subsequent impact of COVID-19 on the global advertising industry, has resulted in a significant decline in the current operating results of WildBrain Spark and for the foreseeable future. The Company has taken pro-active measures to cut costs and manage near-term headwinds, however a prolonged period of such market conditions may require the Company to take further actions. See section 'Risk Assessment' of this MD&A for additional details on the impact of COVID-19 to the operations of the Company.

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, 2020 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 *Peanuts*, *Teletubbies, Strawberry Shortcake, Caillou, Inspector Gadget*, *Johnny Test, Chip and Potato* and *Degrassi*. 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 consists largely of animated series, which can be easily dubbed into multiple languages. Such content does not lose relevance as easily as other genres and therefore can be licensed into numerous markets over and over again for many years.

On December 18, 2019, the Company changed its name from DHX Media Ltd. to WildBrain Ltd. and all of our business segments have been rebranded with the pre-fix WildBrain. Our AVOD business, formerly known as WildBrain, has been renamed to WildBrain Spark.

As one of the world's foremost producers of children's series, WildBrain owns the world's largest independent library of children's content of approximately 13,000 half-hours. We monetize our content and related intellectual property ("IP") mainly by:

1. producing for, and distributing shows to over 500 broadcasters and streaming services worldwide;
2. generating AVOD revenue through our wholly-owned subsidiary, WildBrain Spark, which operates one of the largest networks of children's channels on YouTube;
3. realizing royalties from sales of consumer products based on our owned IP and brands;
4. owning and operating the Family suite of linear specialty channels in Canada, which has been a trusted broadcaster for over 25 years and provides stable cash flow that serves to fund and facilitate new content for our library; and
5. representing third-party lifestyle and entertainment brands around the world through our wholly-owned licensing agency business, WildBrain CPLG. We are also realizing operational synergies by using WildBrain CPLG as the agent for a number of our owned brands.

Revenue Model

WildBrain operates through the following three reportable segments:

1. Production and Distribution of Content (the "Content Business") - we derive revenue from our owned IP or use of our production studios, which includes the production of our own proprietary content ("Proprietary Production"); third-party service work ("Service"); distribution of proprietary and third-party titles across linear and streaming platforms including digital distribution on YouTube through our WildBrain Spark's network ("Distribution"); and licensing royalties from our owned IP ("Consumer Products-Owned");
2. Television - we derive revenue from operating our Family broadcast channels in Canada; and
3. Representation of owned and third-party brands ("Consumer Products-Represented").

Proprietary Production and Service Revenue (together, "Production Revenue")

Proprietary Production revenue is generated by licensing the initial broadcast or streaming rights for our proprietary titles to linear broadcast or subscription video-on-demand ("SVOD") networks.

Service revenue is earned when producing animation or live-action programs for third parties. Service work does not typically result in the ownership of IP, however may include production revenue generated from our strategic partnerships such as with Mattel.

Distribution Revenue

Distribution revenue is derived from licensing shows from our content library, which is comprised of internally-produced and acquired library titles, and third-party produced titles for which we hold distribution rights. Typically, we are able to distribute a title into linear broadcast channels across different geographic jurisdictions, and digital platforms (e.g. Netflix, Apple, Amazon, and home entertainment).

WildBrain Spark revenue is generated from our platform of kids and family AVOD channels on which we distribute both our own content and content of third-party brands on YouTube and is included in Distribution revenue. Revenues are earned primarily through third party advertising on the WildBrain Spark platform.

Consumer Products-Owned Revenue

Consumer Products-Owned revenue is earned from generating licensing royalties on our proprietary brands (among others, *Peanuts*, *Strawberry Shortcake, Teletubbies*, *Yo Gabba Gabba!*, *Caillou*, *Johnny Test*, and *In the Night Garden),* including 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 Mattel.

Television Revenue

Television revenue is earned primarily through monthly subscriber fees as well as advertising, promotion and other revenues through our owned broadcast channels including Family Channel, Family Jr, Télémagino, and Family CHRGD. 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 streamed.

Consumer Products-Represented Revenue

Consumer Products-Represented revenue is earned through our wholly-owned WildBrain CPLG agency business. WildBrain CPLG earns commissions by connecting third-party consumer product licensors with our owned brands or third-party brands from lifestyle brand owners, film studios and other independent IP owners.

Strategy and Outlook

As a content producer, distributor and IP owner, WildBrain is focused on the multiple ways in which we can monetize our content and build brands by producing and distributing shows and creating consumer awareness across all media platforms, and generating royalties from the sale of consumer products based on our shows and brands.

Evolving Market for Content

As the market for content expands and evolves, major streaming platforms, such as Netflix, Amazon Prime, Hulu and Apple, are investing in larger-budget, premium original shows, often based on established brands. At the same time, YouTube has emerged as one of the most popular destinations for short-form kids' entertainment.

To capitalize on these two significant segments of the market, we leverage our position as the owner of both the world's largest independent library of children's content, comprised of approximately 13,000 half-hours, and of WildBrain Spark, our market-leading AVOD network of kids' videos on YouTube, in order to address the growing markets for premium content and short-form content, respectively.

As the market transitions from a linear broadcast centric market to one increasingly influenced by AVOD and major SVOD platforms, we are experiencing greater volatility in our Distribution business. In the near-term, we expect this uncertainty to continue; however longer term, we believe we are well positioned to take advantage of increasing demand for content.

WildBrain Spark's viewership continues to grow, however as a result of changes made by YouTube in January 2020 to eliminate targeted advertising on kids and family content (also referred to as "Made for Kids"), we are experiencing downward pressure on advertising rates in the near-term.

In January 2020, YouTube introduced new rules and policies for 'Made for Kids' content, including how that content is managed and monetized, and the features available, or limited, on that content as a result of the curated environment. We expect these changes will create a more positive environment, and ultimately, improved monetization, which will reward quality content. We are ideally positioned to benefit from this change. Advertising will be sold based on the content itself and the demographic that enjoy this content ("contextual advertising"). This is similar to the contextual advertising model for linear TV in which we have considerable experience.

Furthermore, the global advertising industry has been significantly impacted by the COVID-19 pandemic, and we began to see advertising revenue decline further in our AVOD business in the latter part of March 2020. Based on industry estimates, we anticipate these market conditions for advertising to extend into our Fiscal 2021. See "Business Update and Protection Measures in Response to COVID-19" section below for more discussion on our business.

We continue to believe in the significant long-term potential of WildBrain Spark and are taking actions to evolve and grow our business. 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. We continue to focus on growing views and pursuing numerous initiatives to unlock the value of our large user base. These include, building our own direct ad sales team to sell to agencies and advertisers offering placement in our kid-safe, curated content, further mining our content library, using our data analytics and insights on what kids like to watch, growing our network with new third-party brands, growing owned brands, and expanding into new revenue areas and platforms to drive future growth.

Business Update and Protection Measures in Response to COVID-19

In response to the global COVID-19 crisis, we have implemented business-continuity plans to keep our people safe while managing our global operations. These have included temporarily closing all of our offices and facilities and implementing work-from-home measures for all our employees across our global organization. Fortunately, we are able to conduct much of our business remotely and have been able to keep our global team connected and productive.

Premium Content Production Continues:

- We were able to expeditiously transition our animation studio of approximately 700 team members to work-at-home solutions. The studio is operating at over 95% productivity and is expected to deliver our shows on budget and with minimal delays.
- Our current production slate remains healthy, with a robust pipeline. Production is ongoing on new WildBrain content, for partners such as LEGO, DreamWorks, Netflix, Mattel and Apple TV+.

Content Distribution Across All Media Platforms:

- Our Canadian Television channel business continues to deliver consistent cash flow. We do not expect the advertising impacts, arising from current economic uncertainties due to COVID-19, to have a material impact on our channel business, which derives approximately 90% of its revenue from subscriber fees.
- Revenue in our Distribution (excluding WildBrain Spark) business fluctuates quarter to quarter based on when deals are closed and timing of content deliveries.
- WildBrain Spark continues to enjoy strong audience growth with views up 24% and watch times up 55% in Q4 2020, versus the same period last year, averaging approximately four billion views each month. WildBrain Spark contributed to our overall EBITDA in Fiscal 2020. However, consistent with a broad pull-back in media advertising due to the global pandemic starting in March and the changes to YouTube data-collection policies implemented in January, WildBrain Spark has seen its revenue decline approximately 64% in Q4 2020, compared with the same period a year ago. In response, we are taking mitigating actions in the short term by reducing costs and reallocating resources to growth areas including investing in a direct ad sales team and expanding our data insights team. Over the longer term, we are in a favourable position to capitalize on the growing trends of viewership and advertising moving online, given our network scale, global reach and service offering of kid-safe, premium programming, data analytics and custom content to support advertisers and their brands.

Consumer Products Driven by Peanuts Franchise:

- Our first new original Peanuts series, Snoopy in Space, is currently streaming on Apple TV+, extending the Peanuts brand to a new generation of kids and families.
- While current disruptions in the global retail sector caused by COVID-19 are impacting our consumer products-owned business in the short-term, as market demand recovers, we expect the resilient Peanuts franchise - a top-10 character brand at retail - to perform well, supported by our new content rolling out on Apple TV+.

Business Protection Measures:

We implemented a further $2.0 million in quarterly operating expense savings to safeguard our financial position and preserve cash, including:

- Implementation across the global organization of a temporary 20% reduction in salaries for senior management, who have received restricted share units in lieu;
- Temporarily reducing salaries at WildBrain Spark as well as furloughing some employees as part of the UK government's funding support during the coronavirus crisis;
- Board of Directors agreed to receive deferred share units in lieu of all cash fees;
- Suspending new non-critical employee hiring;
- Suspending and terminating consulting agreements;
- Suspending travel and non-critical spending; and
- Evaluating and applying for government programs where applicable.

We regularly assess the COVID-19 situation and evaluate the potential impacts on our business. We continue to believe in the long-term prospects and opportunities for our kids' content and brands. Our strategy remains focused on creating content that drives brand awareness and engages audiences on all the platforms where kids and families are watching, monetizing our billions' of views on our AVOD platforms including growing direct ad sales, and by selling consumer products inspired by these shows and brands.

Content Strategy

Building content-driven brands is at the heart of WildBrain's business. Management is committed to returning to growth by executing on a disciplined strategy aimed at generating attractive returns on invested capital, improving cash flow and driving organic growth. Our strategy has focused on building brands guided by the following key priorities:

- *Grow Brands and Build Awareness on WildBrain Spark* - Leveraging the scale of WildBrain Spark's network and global reach of approximately four billion monthly views by investing in digital short-form content, using our data insights to create and develop global brands and building out our own direct advertising sales team;
- *Create Premium Kids' Content to Drive Franchise Brands* - Prioritize new content development on premium, original long-form series to meet rising demand from major streaming platforms for exclusive programming; develop and expand global franchise brands supported by new premium content to drive consumer products royalties.

To this end, we are focusing on a targeted production slate and key brands that will improve profitability and generate revenue across multiple lines of business.

Looking ahead to Fiscal 2021, we will continue to advance our strategic priorities of creating premium kids' content with a focus on growing key brands, monetizing our large audience on WildBrain Spark viewership and improving cash flow and the balance sheet.

Fiscal 2021 Strategic Priorities

PRIORITIES	**OBJECTIVES**
Monetizing our Large Audience on WildBrain Spark	- Grow viewership on our AVOD network - Invest in digital short-form content - Use our global reach, scale and data analytics to test-market, develop and exploit IP - Partner with content and brand owners - Continue to build out our direct ad sales team - Cross-sell a full service offering together with our licensing agency business to deepen customer relationships
Grow Key Brands	- Invest in creative talent and expand development pipeline - Reinvigorate and launch key brands by developing sustainable audiences and greater affinity for the brands through tentpole events, social media and digital platforms, including leveraging WildBrain Spark - Greenlight production on new series of owned IP with consumer products potential - Capitalize on SVOD demand for premium original content - Grow brand awareness and licensee base for Peanuts - Deepen relationships with core partners by cross-selling services across business units
Improve Cash Flow and Balance Sheet	- Rationalize overhead expenses and create operating efficiencies - Apply excess cash flow to debt repayment and invest in creative, our AVOD business and brands - Explore targeted partnerships to best monetize our assets globally

Financial Highlights for the Year Ended June 30, 2020 ("Fiscal 2020")

- Consolidated revenue was $425.6 million in Fiscal 2020 compared to $439.8 million in Fiscal 2019, a decrease of $14.2 million. The decrease was mainly driven by lower WildBrain Spark revenues in Fiscal 2020 compared to Fiscal 2019 of $6.7 million, and lower Consumer Products-Owned revenue of $6.2 million.
- WildBrain Spark revenue declined 10% to $62.3 million in Fiscal 2020 compared to $69.0 million in Fiscal 2019. The decrease was due to the advertising changes on YouTube that took effect in January 2020 as well as the adverse impact of COVID-19 on the global advertising industry beginning in March 2020. Refer to the Strategy and Outlook section of this MD&A for more details on the changes by YouTube.
- Consumer Products-Owned revenue declined 4% to $154.0 million in Fiscal 2020 compared to $160.3 million in Fiscal 2019 due to the current disruption in the global retail sector caused by the COVID-19 pandemic.
- Distribution (excluding WildBrain Spark) revenue of $59.2 million in Fiscal 2020 remained steady compared to $59.8 million in Fiscal 2019.
- Production revenue of $86.1 million in Fiscal 2020 increased $2.1 million compared to $84.0 million in Fiscal 2019 as a number of new productions for Peanuts, among other proprietary titles, began to ramp up.
- Fiscal 2020 generated cash flows from operating activities of $96.1 million, an increase of $52.3 million compared to Fiscal 2019, due to a more focused investment strategy related to our content production requiring less cash outlay, the collection of tax credits and other trade receivables, and the timing of payments. Free cash flow[2] for Fiscal 2020 increased to $27.1 million, compared to free cash flow of $10.4 million in Fiscal 2019.
- During Q4 2020, we completed our previously stated reorganization initiatives and expensed approximately $10.9 million in one-time costs for Fiscal 2020. This resulted in an annual estimated savings of $10.0 million, a portion of which were redeployed to invest in key growth areas, including creative, our AVOD business and brands.
- The Company's net leverage ratio[1] was 5.40x as at June 30, 2020 compared to 5.92x at June 30, 2019.
- Net loss attributable to WildBrain was $236.0 million in Fiscal 2020 compared to $101.5 million in Fiscal 2019, primarily due to a non-cash goodwill impairment charge for $184.5 million taken in Q3 2020.
- Adjusted EBITDA attributable to WildBrain was $81.8 million in Fiscal 2020, compared to $79.6 million in Fiscal 2019, an increase of $2.2 million or 3%. Fiscal 2020 Adjusted EBITDA was positively impacted by $8.0 million due to the adoption of IFRS 16 while Fiscal 2019 included an incremental $1.3 million related to a higher ownership stake in Peanuts for part of the first quarter in Fiscal 2019. Normalizing for these items, Adjusted EBITDA decreased $4.5 million year-over-year.
- On June 24, 2020, we completed a financing with Fine Capital Partners, L.P., our largest shareholder and a related party to WildBrain, whereby they would purchase up to US$18.5 million ($25.0 million) in exchangeable debentures ("Exchangeable Debentures") issued by a newly formed subsidiary of the Company. The net proceeds will be used to fund investments across the Company, especially in our AVOD business. The financing structure does not increase our net leverage ratio[1] for covenant purposes under our term facility ("Term Facility").

  Fine Capital has subscribed for an initial US$12.2 million ($16.5 million) with the remainder to be drawn at our discretion prior to maturity on June 24, 2023 ("Maturity"). The initial Exchangeable Debentures are convertible to Variable Voting Shares of WildBrain at a price of US$1.072855 per Variable Voting Share ($1.45 per Variable Voting Share). Concurrently, 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. See sections 'Liquidity and Capital Resources' and 'Related Party Transactions' of this MD&A and notes 12 and 18 in the audited consolidated financial statements for the year ended June 30, 2020 for additional details.

[1]Net debt includes long-term debt and bank indebtedness less cash, and excludes interim production financing. Net leverage ratio as discussed in this MD&A is a reference to the Total Net Leverage Ratio as defined in the Company's Senior Secured Credit Agreement available on SEDAR at www.sedar.com. The adoption of IFRS 16 in Q1 2020 added $34.2 million in new lease liabilities, which did not have any impact on the calculation of the Total Net Leverage Ratio as per the terms of the Senior Secured Credit Agreement.

[2]Free Cash Flow defined as operating cash flow less distributions to non-controlling interests, changes in interim production financing, and repayments of 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 years ended June 30, 2020 ("Fiscal 2020"), June 30, 2019 ("Fiscal 2019") and June 30, 2018 ("Fiscal 2018") has been derived from our audited 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.

(expressed in $000s, except per share data)	**Fiscal 2020**	**Fiscal 2019**	**Fiscal 2018**
Consolidated Statements of Income Data[2]:			
Revenues	425,634	439,800	434,416
Direct production costs and expense of film and television produced	(237,789)	(253,003)	(244,244)
Gross margin[1]	187,845	186,797	190,172
Selling, general, and administrative	(83,098)	(81,121)	(86,200)
Write-down of investment in film and television programs, acquired and library content, property and equipment, intangible assets and goodwill	(196,122)	(104,871)	(12,027)
Amortization, finance and other expenses, net	(115,710)	(82,713)	(97,202)
Provision (recovery) for income taxes	(1,706)	3,706	(1,491)
Net loss	(208,791)	(78,202)	(6,748)
Net income attributable to non-controlling interests	(27,175)	(23,292)	(7,312)
Net loss attributable to the Shareholders of the Company	(235,966)	(101,494)	(14,060)
Basic loss per common share	(1.51)	(0.75)	(0.10)
Diluted loss per common share	(1.51)	(0.75)	(0.10)
Weighted average common shares outstanding (in 000s)			
Basic	156,748	134,828	134,506
Diluted	156,748	134,828	134,506
Other Key Performance Measures[2]:			
Adjusted EBITDA attributable to the Shareholders of the Company	81,752	79,571	97,485
Cash flow from operating activities	96,135	43,827	13,364
Free Cash Flow[1]	27,061	10,440	(12,727)
Proprietary half-hours of content delivered	49	55	103
Third-party titles with distribution rights, half-hours added to library	25	113	125
	As at June 30, 2020	**As at June 30, 2019**	**As at June 30, 2018**
Consolidated Balance Sheet Data[2]:			
Total assets	1,146,301	1,318,955	1,476,792
Total liabilities	804,815	818,977	1,076,000
Shareholders' equity	341,486	499,978	400,792

[1]Gross 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.

[2]On July 1, 2019, the Company adopted IFRS 16 using the modified retrospective method, with no restatement of prior comparative figures and no adjustment to opening retained earnings at July 1, 2019. Certain lease payments previously classified in direct production costs or SG&A in the comparative Fiscal 2019 and Fiscal 2018 financial results are now recognized as amortization or accretion expense in the Fiscal 2020 results. Refer to "Changes in Accounting Policies" section in this MD&A for additional details on the impact of the new accounting standard.

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 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 Christmas season.

	Fiscal 2020[1,2]				Fiscal 2019[1,2]			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
(expressed in $000s except per share data)	**30-Jun**	**31-Mar**	**31-Dec**	**30-Sep**	**30-Jun**	**31-Mar**	**31-Dec**	**30-Sep**
Revenues	92,902	98,341	122,134	112,257	108,760	109,986	117,016	104,038
Gross margin[3]	39,559	44,399	54,519	49,368	47,955	47,273	48,815	42,754
Net income (loss) attributable to the Shareholders of the Company	4,013	(221,707)	(2,258)	(16,014)	(62,772)	(18,428)	(17,944)	(2,350)
Adjusted EBITDA attributable to the Shareholders of the Company[3]	18,666	17,891	25,589	19,606	20,161	20,094	22,008	17,308
Weighted average common shares outstanding (in 000s)								
Basic	171,058	171,012	150,242	134,992	134,988	134,954	134,910	134,463
Diluted	171,592	171,012	150,242	134,992	134,988	134,954	134,910	134,463
Basic earnings (loss) per common share	0.02	(1.30)	(0.02)	(0.12)	(0.47)	(0.14)	(0.13)	(0.02)
Diluted earnings (loss) per common share	0.02	(1.30)	(0.02)	(0.12)	(0.47)	(0.14)	(0.13)	(0.02)

[1]The Company acquired an 80% stake in Peanuts on June 30, 2017. On July 23, 2018 in Fiscal 2019, we sold a 39% stake in Peanuts, resulting in a post-sale ownership of 41% in Peanuts by the Company. As a result, for Q1 2019 both Adjusted EBITDA attributable to the Shareholders of the Company and Net income (loss) attributable to the Shareholders of the Company included 23 days of 80% of the operating results of Peanuts, and 69 days of 41% of the operating results of Peanuts. For Q2 2019 through to Q4 2019, both metrics included 41% of the operating results of Peanuts.

In Q1 2020 through to Q4 2020, both Adjusted EBITDA attributable to the Shareholders of the Company and Net income (loss) attributable to the Shareholders of the Company reflected WildBrain's 41% ownership stake.

[2]On July 1, 2019, we adopted IFRS 16 using the modified retrospective method, with no restatement of prior comparative figures and no adjustment to opening retained earnings at July 1, 2019. Fiscal 2020 financial results are presented under IFRS 16, whereas Fiscal 2019 financial operating results are presented under the previous accounting standard IAS 17, *Leases* and have not been restated. Refer to "Changes in Accounting Policies" section in this MD&A for additional details on the impact of the new accounting standard.

[3]Gross 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 June 30, 2020 ("Q4 2020") compared to the three months ended June 30, 2019 ("Q4 2019")

Revenues

Consolidated revenue decreased $15.9 million to $92.9 million in Q4 2020 compared to Q4 2019. Revenue by business segment was comprised of the following:

	Q4 2020	Q4 2019	Variance	
(expressed in $000s)	$	$	$	%
Distribution excluding WildBrain Spark	13,395	16,641	(3,246)	(20)%
WildBrain Spark	6,470	17,913	(11,443)	(64)%
Distribution Revenue	19,865	34,554	(14,689)	(43)%
Production Revenue	26,255	18,011	8,244	46 %
Consumer Products-Owned	28,993	38,605	(9,612)	(25)%
Content Business	75,113	91,170	(16,057)	(18)%
Television	13,548	13,067	481	4 %
Consumer Products-Represented	4,241	4,523	(282)	(6)%
Total Revenue	92,902	108,760	(15,858)	(15)%

Distribution: Distribution revenue decreased $14.7 million to $19.9 million in Q4 2020 compared to Q4 2019. This decrease was due to lower WildBrain Spark revenue of $11.4 million, and lower Distribution excluding WildBrain Spark revenue of $3.2 million. The decline in WildBrain Spark revenue was due to the advertising changes made by YouTube that took effect in January 2020 as well as the adverse impact of COVID-19 on the global advertising industry beginning in March 2020. The decline in Distribution excluding WildBrain Spark revenue reflected the fluctuations in revenue quarter-by-quarter due to timing of distribution deals.

During Q4 2020, we added 23.0 half-hours of proprietary titles and 3.0 half-hours of third-party titles with distribution rights to the library (Q4 2019 - 2.0 and 3.0 half-hours, respectively). Third-party titles with distribution rights generally arise as a result of operational synergies associated with owning linear television channels.

Production: Production revenue is comprised of revenue generated on our proprietary content, and production service work performed for third-parties. Production revenue increased $8.2 million to $26.3 million in Q4 2020 compared to Q4 2019 driven primarily by the ramp up on premium proprietary projects including new content for *Peanuts*, *Go, Dog. Go!* and *Johnny Test*, which generate steady revenue throughout their production, as revenue on these projects is recognized on percentage of completion basis.

Consumer Products-Owned: Consumer Products-Owned revenue decreased $9.6 million to $29.0 million in Q4 2020 compared to $38.6 million in Q4 2019, which was due in part to the loss of the Metlife contract related to Peanuts that expired in December 2019 resulting in lower revenue of $3.6 million in Q4 2020 compared to Q4 2019, and the adverse effects of COVID-19 on the global retail market.

Television: Television revenue increased $0.5 million to $13.5 million in Q4 2020 compared to Q4 2019, which was due to a $2.0 million equity recoupment earned in the current quarter arising from a previous investment made in a new series for our Family Channel. Subscriber revenue as a percentage of total revenue was 74%, or $10.0 million (Q4 2019 - 92%, or $12.0 million), while advertising, promotion, digital and other revenues were 26%, or $3.6 million (Q4 2019 - 8%, or $1.1 million), which included the $2.0 million equity recoupment. The decrease in subscriber revenue was driven by contract renewals at lower rates and subscriber erosion in line with the broader linear TV market.

Consumer Products-Represented: Consumer Products-Represented revenue decreased $0.3 million to $4.2 million in Q4 2020 compared to $4.5 million in Q4 2019.

Gross Margin

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

(expressed in $000s, except percentages)	Q4 2020 Gross Margin $	Q4 2020 Gross Margin %	Q4 2019 Gross Margin $	Q4 2019 Gross Margin %
Content Business	25,729	34%	34,257	38%
Television	9,589	71%	9,175	70%
Consumer Products-Represented	4,241	100%	4,523	100%
Total Gross Margin	39,559	43%	47,955	44%

Consolidated gross margin for Q4 2020 was $39.6 million, a decrease of $8.4 million compared to $48.0 million for Q4 2019. Gross margin percentage for Q4 2020 was 43% of revenue, compared to 44% in Q4 2019.

Content Business gross margins were $25.7 million in Q4 2020, a decrease of $8.5 million compared to $34.3 million in Q4 2019. The decline in gross margin was due to lower Distribution and Consumer Products-Owned revenue, partially offset by higher Production revenue. Gross margin percentage for Q4 2020 was 34% of revenue, compared with 38% of revenue for Q4 2019. The decline in gross margin percentage was primarily driven by the decline in Distribution revenues, which incurs largely fixed costs associated with the amortization of investment in film asset.

Television gross margin increased to $9.6 million in Q4 2020 compared to $9.2 million in Q4 2019, driven by the $2.0 million equity recoupment recorded in the current quarter. We continue to implement cost-reduction measures and utilize our large library to control content costs. Gross margin percentage for Q4 2020 was 71%, compared to 70% in Q4 2019.

Consumer Products-Represented gross margins were $4.2 million in Q4 2020 compared to $4.5 million in Q4 2019. Gross margin percentage was 100% for both Q4 2020 and Q4 2019.

Operating Expenses (Income)

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

SG&A costs for Q4 2020 were $17.9 million, compared to $22.4 million for Q4 2019, a decrease of $4.5 million or 20%. Included in SG&A was equity-settled share-based compensation expense of $1.7 million in Q4 2020 (Q4 2019 - $0.6 million). Adjusted for share-based compensation, SG&A of $16.2 million in Q4 2020 decreased $5.6 million or 26% compared to $21.8 million in Q4 2019, reflecting the mitigating actions that we have taken to safeguard our financial position during the pandemic. Lower SG&A expenses were primarily due to government and other wage subsidies received or receivable of $2.3 million for COVID-19, the favorable impact of adopting IFRS 16 which reclassified $1.1 million of premise and equipment lease costs to amortization and accretion expense compared to SG&A in Q4 2019, lower travel and entertainment costs of $0.8 million, salary reductions of $0.4 million, and share-based compensation awards paid in lieu of cash director fees of $0.3 million.

Amortization

Total amortization of acquired and library content, property and equipment ("P&E") including right-of-use assets, and intangible assets was $9.1 million for Q4 2020, compared to $9.0 million in Q4 2019.

Amortization of acquired and library content was $3.1 million in Q4 2020, compared to $3.4 million in Q4 2019, a decrease of $0.3 million.

Amortization of P&E was $3.7 million in Q4 2020, compared to $2.3 million in Q4 2019. The increase was primarily due to amortization on $26.5 million of right-of-use assets recognized on July 1, 2019 on adoption of IFRS 16, and an additional $19.5 million of right-of-use assets recognized in the current fiscal year.

Amortization of intangible assets was $2.4 million in Q4 2020, compared to $3.3 million in Q4 2019. The impairment of certain intangible assets in Q4 2019 resulted in lower amortization in the current quarter.

Reorganization, Development and Other

Reorganization, development and other was an expense of $2.2 million in Q4 2020, compared to a recovery of $2.4 million in Q4 2019. Included in Q4 2020 were termination and other benefits of $1.3 million related to our reorganization initiative and legal fees related to a dispute with former employees of $0.9 million (Q4 2019 - gain on sale of assets of $5.1 million, partially offset by termination benefits of $1.0 million, development write-downs of $0.5 million, legal fees associated with a dispute with former employees of $0.5 million, and other fees of $0.7 million).

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

During Q4 2020, we recorded non-cash impairment charges of $2.0 million, comprised of investment in film and television programs of $1.1 million and right-of-use assets of $1.0 million (Q4 2019 - impairment charge of $68.7 million, comprised of $65.2 million for intangible assets, $1.9 million for acquired and library content, and $1.6 million for investment in film and television programs).

The write-down of investment in film and television programs and acquired and library content were primarily related to weaker than expected revenue performance and current market conditions for select investment in film titles.

Finance Costs, net

Net finance costs were $9.5 million in Q4 2020, a decrease of $2.3 million compared to $11.8 million in Q4 2019. The decrease was primarily due to lower average debt levels resulting from debt paydown, partially offset by higher accretion expense due to the incremental lease liabilities recognized under IFRS 16.

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 $1.8 million in Q4 2020, compared to a gain of $3.7 million in Q4 2019.

Foreign Exchange Gain (Loss)

The foreign exchange gain was $10.3 million in Q4 2020, compared to a foreign exchange gain of $6.6 million in Q4 2019. The gain in Q4 2020 was driven by the strengthening of the Canadian dollar compared to both the US dollar and pound sterling currencies. This resulted in an unrealized foreign exchange translation gain on our US dollar denominated term debt of $15.5 million in the current quarter, partially offset by unrealized foreign exchange translation losses on the Company's positive net working capital balances denominated in US dollar and pound sterling currencies.

Adjusted EBITDA Attributable to the Shareholders of the Company

Adjusted EBITDA attributable to the Shareholders of the Company was $18.7 million in Q4 2020, compared to $20.2 million in Q4 2019, a decrease of $1.5 million or 7%. Adjusted EBITDA attributable to Shareholders of the Company was positively impacted in Q4 2020 by $2.0 million due to the adoption of IFRS 16. Normalizing for this, Adjusted EBITDA attributable to the Shareholders of the Company decreased $3.4 million in the current quarter compared to Q4 2019. The decline was primarily due to lower quarter-over-quarter gross margin of $8.4 million driven by lower revenue in the Content Business, partially offset by lower SG&A of $4.5 million in the quarter which included the benefit of $2.3 million in government and other wage subsidies for COVID-19.

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 for Q4 2020 was a recovery of $0.2 million, compared to an expense of $6.8 million in Q4 2019. The lower than expected recovery in Q4 2020 related to the timing of derecognition of certain deferred tax assets related predominantly to Canadian tax loss carry forwards.

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

Net income attributable to the Shareholders of the Company for Q4 2020 was $4.0 million, compared to a net loss of $62.8 million for Q4 2019, an increase in net income of $66.8 million. The higher net income in the current quarter was primarily driven by lower non-cash impairment charges of $66.7 million due to an intangible asset impairment charge taken in Q4 2019 of $65.2 million, a higher non-cash foreign exchange gain of $3.6 million, lower SG&A of $4.5 million, partially offset by lower gross margin of $8.4 million.

Comprehensive loss for Q4 2020 was $13.7 million, compared to comprehensive loss of $71.3 million for Q4 2019.

Basic earnings per share was $0.02 in Q4 2020 compared to a basic loss per share of $0.47 in Q4 2019. Diluted earnings per share was $0.02 in Q4 2020 compared to diluted loss per share of $0.47 in Q4 2019.

Results for the year ended June 30, 2020 ("Fiscal 2020") compared to the year ended June 30, 2019 ("Fiscal 2019")

Revenues

Consolidated revenue decreased $14.2 million to $425.6 million in Fiscal 2020 compared to Fiscal 2019. Revenue by business segment was comprised of the following:

(expressed in $000s)	Fiscal 2020 $	Fiscal 2019 $	Variance $	 %
Distribution excluding WildBrain Spark	59,150	59,797	(647)	(1)%
WildBrain Spark	62,278	68,996	(6,718)	(10)%
Distribution Revenue	121,428	128,793	(7,365)	(6)%
Production Revenue	86,074	83,966	2,108	3 %
Consumer Products-Owned	154,046	160,252	(6,206)	(4)%
Content Business	361,548	373,011	(11,463)	(3)%
Television	49,526	52,469	(2,943)	(6)%
Consumer Products-Represented	14,560	14,320	240	2 %
Total Revenue	425,634	439,800	(14,166)	(3)%

Distribution: Distribution revenue decreased $7.4 million to $121.4 million in Fiscal 2020 compared to Fiscal 2019. This decrease was primarily driven by a decline in WildBrain Spark revenue of $6.7 million, due to the advertising changes made by YouTube that took effect in January as well as the adverse impact of COVID-19 on the global advertising industry beginning in March 2020.

During Fiscal 2020, we added 49.0 half-hours of proprietary titles and 25.0 half-hours of third-party titles with distribution rights to the library (Fiscal 2019 - 55.0 and 113.0 half-hours, respectively). Third-party titles with distribution rights largely arise as a result of operational synergies associated with owning linear television channels.

Production: Production revenue is comprised of revenue generated on our proprietary content and production service work performed for third-parties. Production revenue increased $2.1 million to $86.1 million in Fiscal 2020 compared to $84.0 million in Fiscal 2019, primarily driven by premium proprietary projects including new content for *Peanuts*, *Go, Dog. Go!* and *Johnny Test* that are ramping up to full run rate and generate steady revenue throughout their production due to percentage of completion accounting.

Consumer Products-Owned: Consumer Products-Owned revenue was $154.0 million in Fiscal 2020, down 4% or $6.2 million compared to $160.3 million in Fiscal 2019. The decrease was due to the loss of the Metlife contract related to Peanuts that expired in December 2019, which reduced revenue by $7.4 million in Fiscal 2020 compared to Fiscal 2019, and lower revenues in the second half of Fiscal 2020 resulting from the adverse effects of COVID-19 on the global retail market starting in March 2020, partly offset by higher revenues earned in the first half of Fiscal 2020.

Television: Television revenue decreased $2.9 million to $49.5 million in Fiscal 2020 compared to Fiscal 2019. Subscriber revenue as a percentage of total revenue was approximately 85.0%, or $42.0 million (Fiscal 2019 - 90.0%, or $47.4 million), while advertising, promotion, digital and other revenues were 15.0%, or $7.6 million (Fiscal 2019 - 10.0%, or $5.0 million). Included in other revenues was a $2.0 million equity recoupment earned in Q4 2020 arising from a previous investment made in a new series for the Family Channel. The decrease in subscriber revenue was driven by contract renewals at lower rates and subscriber erosion in line with the broader linear TV market.

Consumer Products-Represented: Consumer Products-Represented revenue of $14.6 million increased $0.2 million in Fiscal 2020 compared to Fiscal 2019.

Gross Margin

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

(expressed in $000s, except percentages)	Fiscal 2020 Gross Margin $	Fiscal 2020 Gross Margin %	Fiscal 2019 Gross Margin $	Fiscal 2019 Gross Margin %
Content Business	140,577	39%	138,492	37%
Television	32,708	66%	33,985	65%
Consumer Products-Represented	14,560	100%	14,320	100%
Total Gross Margin	187,845	44%	186,797	42%

Consolidated gross margin for Fiscal 2020 was $187.8 million, an increase of $1.0 million compared to $186.8 million for Fiscal 2019. Gross margin percentage for Fiscal 2020 was 44% of revenue, compared to 42% in Fiscal 2019. The higher gross margin was primarily due to higher revenue generated in the Content Business which generates higher margin, and higher revenue at WildBrain CPLG which yields 100% margin.

Content Business gross margins were $140.6 million in Fiscal 2020, an increase of $2.1 million compared to $138.5 million in Fiscal 2019. Gross margin percentage for Fiscal 2020 was 39% of revenue, compared to 37% of revenue for Fiscal 2019. The increase in gross margin percentage was due to the positive impact of IFRS 16 as well as growth in Production revenue being generated from a growing slate of higher margin, proprietary projects.

Television gross margins decreased $1.3 million to $32.7 million in Fiscal 2020 compared to $34.0 million in Fiscal 2019, due to the revenue decline of $2.9 million, partly offset by the $2.0 million equity recoupment recognized in Q4 2020. Gross margin percentage for Fiscal 2020 increased to 66%, compared to 65% in Fiscal 2019. Gross margin percentage increased slightly despite the lower revenue due to cost-reduction measures, utilizing of our large library to control content costs and the equity recoupment.

Consumer Products-Represented gross margins were $14.6 million in Fiscal 2020, an increase of $0.2 million compared to $14.3 million in Fiscal 2019. Gross margin percentage was 100% for both Fiscal 2020 and Fiscal 2019.

Operating Expenses (Income)

Selling, General & Administrative

SG&A costs for Fiscal 2020 were $83.1 million, compared to $81.1 million for Fiscal 2019, an increase of $2.0 million, or 2%. Included in SG&A was an expense of $5.4 million in share-based compensation in Fiscal 2020 (Fiscal 2019 - $1.4 million expense). Adjusted for share-based compensation, SG&A decreased $2.1 million to $77.7 million in Fiscal 2020, compared to $79.8 million in Fiscal 2019.The lower SG&A expenses were due to government wage subsidies received or receivable in Q4 2020 of $2.3 million and the favorable impact of adopting IFRS 16 which reclassified $4.9 million of premise and equipment lease costs to amortization and accretion expense compared to SG&A in Fiscal 2019. These were partially offset by higher costs associated with senior management changes to enhance our capabilities in key areas including brands and direct advertising sales teams as well as in WildBrain Spark and Peanuts to support their growth.

Amortization

Total amortization of acquired and library content, P&E including right-of-use assets and intangible assets was $36.3 million for Fiscal 2020, compared to $37.1 million in Fiscal 2019.

Amortization of acquired and library content was $12.1 million in Fiscal 2020, compared to $14.4 million in Fiscal 2019, a decrease of $2.3 million as certain acquired and library content assets were impaired in the second half of Fiscal 2019, resulting in lower amortization expense in the current year.

Amortization of P&E was $14.0 million in Fiscal 2020, compared to $8.3 million in Fiscal 2019. The increase was primarily due to amortization on $26.5 million of right-of-use assets recognized on July 1, 2019 on adoption of IFRS 16, and additional $19.5 million of right-of-use assets recognized in Fiscal 2020.

Amortization of intangible assets was $10.1 million in Fiscal 2020, compared to $14.3 million in Fiscal 2019. The lower amortization was due to the impairment of certain intangible assets in Q4 2019.

Reorganization, Development and Other

Reorganization, development and other was an expense of $18.0 million in Fiscal 2020, compared to $1.7 million in Fiscal 2019, an increase of $16.3 million. Included in Fiscal 2020 were termination and other benefits of $10.9 million related to our reorganization initiatives, legal fees associated with a dispute with former employees of $3.2 million, corporate rebranding charges of $2.1 million, and systems upgrade and process enhancement initiatives of $1.5 million (Fiscal 2019 - termination payments of $3.0 million, legal fees related to dispute with former employees of $2.6 million, development write-downs of $0.9 million, and other fees of $1.5 million, partially offset by a gain on sale of assets of $6.3 million).

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

During Fiscal 2020, we recorded an impairment charge of $196.1 million, comprised of goodwill impairment of $184.5 million, a write-down for certain investments in film and television programs of $8.0 million, an impairment of right-of-use assets of $3.4 million, and write-down of acquired and library content of $0.2 million (Fiscal 2019 - impairment charge of $104.9 million, comprised of an impairment of intangible assets of $67.7 million, a write-down for certain investments in film and television programs of $24.2 million, and write-down of acquired and library content of $12.9 million).

The $184.5 million non-cash goodwill impairment was recorded in Q3 2020 and related to our Content Business segment. The goodwill impairment charge arose from the significant impact of the COVID-19 pandemic on global business conditions and stock market capitalizations in Q3 2020, which have continued into the fourth quarter. In light of the potential impacts of global economic uncertainties, as well as the impact on advertising revenue from YouTube's changes to targeted advertising, we adjusted downward our internal forecasts of future operating results and increased the discount rate due to the uncertainty around the negative impact of COVID-19 on our weighted average cost of capital, which resulted in the non-cash goodwill impairment charge .

The right-of-use asset impairment charge primarily arose from integrating certain of our operations in the U.K. and reducing our corporate office space requirements in this area.

The write-down of investment in film and television programs and acquired and library content were primarily related to weaker than expected revenue performance and current market conditions for select investment in film titles.

Finance Costs, net

Net finance costs were $49.4 million in Fiscal 2020, compared to $52.2 million in Fiscal 2019, a decrease of $2.8 million. The decrease was due to lower average debt levels resulting from debt paydown, partially offset by higher accretion expense due to the incremental lease liabilities recognized under IFRS 16 and a higher loss on modification of long-term debt and write-down of unamortized issue costs.

Change in Fair Value of Embedded Derivatives

The change in fair value of embedded derivatives related to our convertible and exchangeable debentures was a gain of $2.0 million in Fiscal 2020, compared to a gain of $7.2 million in Fiscal 2019.

Foreign Exchange Gain (Loss)

The foreign exchange loss was $14.0 million in Fiscal 2020, compared to a foreign exchange gain of $1.1 million in Fiscal 2019. The loss in Fiscal 2020 was driven by the weakening of the Canadian dollar compared to both the US dollar and pound sterling currencies, partly arising from the volatility caused by COVID-19. This resulted in an unrealized foreign exchange translation loss on our US dollar denominated term debt of $15.8 million in Fiscal 2020, partially offset by unrealized foreign exchange translation gains on our positive net working capital balances denominated in US dollar and pound sterling currencies.

Adjusted EBITDA Attributable to the Shareholders of the Company

Adjusted EBITDA attributable to the Shareholders of the Company was $81.8 million in Fiscal 2020, compared to $79.6 million in Fiscal 2019, an increase of $2.2 million or 3%. Adjusted EBITDA attributable to Shareholders of the Company was positively impacted in Fiscal 2020 by $8.0 million due to the adoption of IFRS 16 while Fiscal 2019 included an incremental $1.3 million related to a higher ownership stake in Peanuts for part of Q1 2019. Normalizing for these items, Adjusted EBITDA attributable to the Shareholders of the Company decreased $4.5 million in Fiscal 2020 compared to Fiscal 2019.

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 for Fiscal 2020 was an expense of $1.7 million, compared to a recovery of $3.7 million in Fiscal 2019. Despite the pre-tax loss of $205.4 million in Fiscal 2020, the goodwill impairment charge of $184.5 million was not tax deductible and therefore not included in the income tax expense. In addition, included in income tax expense was a $15.5 million charge taken for the derecognition of certain deferred tax assets predominantly related to Canadian tax loss carry forwards, although these tax losses remain available for use in the future.

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

Net loss attributable to the Shareholders of the Company for Fiscal 2020 was $236.0 million, compared to $101.5 million for Fiscal 2019, an increase in net loss of $134.5 million. The higher net loss in Fiscal 2020 was primarily driven by higher non-cash impairment charges of $91.3 million due to a goodwill impairment of $184.5 million taken in Q3 2020, a net negative impact of non-cash foreign exchange loss of $15.1 million, higher reorganization, development and other charges of $16.3 million, and a lower gain on change in fair value of embedded derivatives of $5.2 million.

Comprehensive loss for Fiscal 2020 was $189.7 million, compared to $84.0 million for Fiscal 2019.

Basic and diluted loss per share was $1.51 in Fiscal 2020, compared to a basic and diluted loss per share of $0.75 in Fiscal 2019.

Financial Condition

The following table summarizes certain information with respect to WildBrain's capitalization and financial position as at June 30, 2020 and June 30, 2019:

(expressed in $000s, except ratio data)	June 30, 2020	June 30, 2019
	$	$
Cash (including restricted cash)	84,526	39,999
Amounts receivable	221,252	280,028
Investment in film and television programs	140,548	148,561
Acquired and library content	109,076	118,247
Intangible assets	472,531	465,832
Other assets	118,368	266,288
Total assets	1,146,301	1,318,955
Bank indebtedness	10,000	—
Accounts payable and accrued liabilities	98,927	103,487
Interim production financing	66,688	92,448
Long-term debt	502,006	523,126
Lease liabilities	50,826	6,187
Deferred revenue	48,371	64,299
Other liabilities	27,997	29,430
Total liabilities	804,815	818,977
Shareholders' equity	341,486	499,978
Working capital[1]	200,810	190,211
Working capital ratio[2]	1.86	1.70
Net debt[3]	427,480	494,069

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

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

[3]Net debt includes long-term debt and bank indebtedness less cash, and excludes interim production financing. Net leverage ratio as discussed in this MD&A is a reference to the Total Net Leverage Ratio as defined in the Company's Senior Secured Credit Agreement available on SEDAR at www.sedar.com. The adoption of IFRS 16 in Q1 2020 added $34.2 million in new lease liabilities, which will not have any impact on the calculation of the Total Net Leverage Ratio as per the terms of the Senior Secured Credit Agreement.

Total assets were $1,146.3 million as at June 30, 2020, a decrease of $172.7 million compared to $1,319.0 million as at June 30, 2019. The decrease was due to a decrease in other assets of $147.9 million comprised of a goodwill impairment charge of $184.5 million taken in Q3 2020, offset by $33.0 million in net right-of-use assets recognized, and a decrease in amounts receivable by $58.8 million due to collection of tax credits and other trade receivables. These were partially offset by higher cash on hand including restricted cash of $44.5 million.

Total liabilities were $804.8 million as at June 30, 2020, a decrease of $14.2 million compared to $819.0 million as at June 30, 2019. The decrease was primarily due to a decrease in interim production financing by $25.8 million which were repaid from the proceeds on collection of tax credits, a decrease in long-term debt by $21.1 million as we repaid a portion of the Term Facility using proceeds from a rights offering ("Rights Offering") completed in Q2 2020 (the reduction in long-term debt was partly offset by a foreign exchange revaluation loss on our US-denominated term facility of $15.8 million), and a decrease in deferred revenue of $15.9 million. These decreases were partially offset by an increase in additional lease liabilities arising from the adoption of IFRS 16 of $44.6 million and an increase in bank indebtedness of $10.0 million.

Shareholders' equity was $341.5 million as at June 30, 2020, a decrease of $158.5 million compared to $500.0 million at June 30, 2019, primarily due to a net loss in Fiscal 2020 of $208.8 million and distributions to non-controlling interests of $35.2 million, partially offset by the Rights Offering that generated $60.0 million in gross proceeds ($58.0 million in net proceeds), and other comprehensive income arising from translation of foreign subsidiaries of $19.1 million.

Liquidity and Capital Resources

Summary of cash flow components:

	Three Months Ended		Year Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	$	$	$	$
Cash Inflows (Outflows) by Activity:				
Operating activities	17,850	28,531	96,135	43,827
Financing activities	7,068	(38,787)	(45,562)	(54,629)
Investing activities	(1,634)	8,466	(7,464)	4,397
Effect of foreign exchange rate changes on cash	(979)	(372)	1,418	(146)
Net cash inflows (outflows)	22,305	(2,162)	44,527	(6,551)

Changes in Cash (including Restricted Cash)

Cash (including restricted cash) at June 30, 2020 was $84.5 million as compared to $40.0 million at June 30, 2019. $16.6 million in restricted cash arose from funds raised on the issuance of Exchangeable Debentures to Fine Capital by a newly formed subsidiary of the Company. The Exchangeable Debentures are non-recourse to the Company and the funds are not for working capital but are earmarked for investments in growth initiatives. See the ‘Exchangeable Debentures' description below, 'Related Party Transactions' section of this MD&A and notes 12 and 18 in the audited consolidated financial statements for the year ended June 30, 2020 for additional details.

Operating Activities

During Q4 2020, cash provided by operating activities was $17.9 million compared to $28.5 million in Q4 2019, a decrease of $10.7 million. The decrease was primarily due to timing of settlement of working capital balances.

During Fiscal 2020, cash provided by operating activities was $96.1 million compared to $43.8 million in Fiscal 2019, an increase of $52.3 million. The increase was driven primarily by a working capital inflow in the current fiscal year of $38.5 million due in part to the collection of tax credits and other trade receivables, timing of payments and other receipts, and a more focused investment strategy related to our content production requiring less cash outlay, compared to a working capital outflow in the prior comparative period of $31.1 million.

Financing Activities

During Q4 2020, cash flows provided by financing activities were $7.1 million compared to cash flows used in financing activities of $38.8 million in Q4 2019, an increase of $45.9 million. During the current quarter, we raised $16.5 million from the issuance of Exchangeable Debentures, partially offset by the distribution of $5.4 million to our non-controlling interest partners and payment of $2.1 million of lease liabilities.

During Fiscal 2020, cash used in financing activities were $45.6 million compared to $54.6 million in Fiscal 2019, a reduction in cash used of $9.1 million. During the current fiscal year, we repaid $57.8 million of long-term debt, $25.8 million of interim production financing loans (net), $9.9 million of lease liabilities, $3.6 million of debt amendment and issue costs, and distributed $33.3 million to our non-controlling interest partners, which was partially offset by the Rights Offering that generated $58.0 million in net proceeds, the issuance of $16.5 million of Exchangeable Debentures, and a $10.0 million draw on our revolving credit facility.

Investing Activities

During Q4 2020, cash flows of $1.6 million used in investing activities were for the acquisition of P&E and intangible assets.

During Fiscal 2020, cash flows of $7.5 million used in investing activities were for the acquisition of P&E and intangible assets.

Bank Indebtedness

The revolving facility ("Revolving Facility") has a maximum available balance of US$30.0 million ($40.9 million) and expires on June 30, 2022. The Revolving Facility may be drawn down by way of either $USD base rate, $CAD prime rate, $CAD bankers' acceptance, or $USD and £GBP LIBOR advances (the "Drawdown Rate") and bears interest at floating rates ranging from the Drawdown Rate + 2.50% to the Drawdown Rate + 3.75%. As at June 30, 2020, $10.0 million (June 30, 2019 - $nil) was drawn on the Revolving Facility.

Long-Term Debt

Term Facility

As at June 30, 2020, the Company's term facility ("Term Facility") had a principal balance of US$276.5 million ($376.8 million) (June 30, 2019 - US$320.0 million ($418.9 million)), bearing interest at floating rates of either $USD base rate + 3.25% or $USD LIBOR + 4.25% and will mature on December 29, 2023.

During Q2 2020, we repaid $50.2 million (US$37.8 million) against our Term Facility using a portion of proceeds from the Rights Offering.

The Term Facility is repayable in equal quarterly installment payments of US$1.2 million or 0.25% of the initial principal commencing September 30, 2017. As a result of principal repayments made in Fiscal 2019, the Company is not required to make any further installment payments through to maturity.

The Term Facility 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, 2018, 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 December 29, 2023. In Q1 2020, the Company repaid $7.6 million as a result of the Fiscal 2019 Excess Cash Flow Payment. The Excess Cash Flow Payments calculation is performed annually at the end of each fiscal year. No payments were required under the Excess Cash Flow Payments calculation for the year ended June 30, 2020.

The LIBOR rate is scheduled to be discontinued at the end of calendar year 2021. We are currently in discussion with our creditors to assess the impact of the change, however it is expected that the alternative interest rate will be established giving due consideration to the then prevailing market convention for determining interest rates for syndicated loans denominated in US dollars.

The Senior Secured Credit Facilities require that the Company comply with a Total Net Leverage Ratio covenant as defined in the Senior Secured Credit Agreement. On November 22, 2019, we amended the Senior Secured Credit Agreement which fixed the net leverage ratio covenant requirement at 6.75x with no step downs.

At June 30, 2020, the Total Net Leverage Ratio was 5.40x.

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

Senior Unsecured Convertible Debentures

As at June 30, 2020, the senior unsecured convertible debentures ("Convertible Debentures") had a principal balance of $140.0 million (June 30, 2019 - $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 on 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 consolidated statement of income. As at June 30, 2020, the estimated fair value of the embedded derivative was $6.7 million.

Exchangeable Debentures

On June 24, 2020, we completed a financing with Fine Capital, our largest shareholder and a related party to WildBrain, whereby they would purchase up to US$18.5 million ($25.0 million). The net proceeds will be used to fund accretive growth investments across the Company, especially in our AVOD business. 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 ratio covenant.

Fine Capital has subscribed for an initial US$12.2 million ($16.5 million) with the remainder to be drawn at our discretion prior to maturity on June 24, 2023 ("Maturity"). The Exchangeable Debentures bear interest at 7.5% payable at Maturity and are convertible to Variable Voting Shares of WildBrain at a price of US$1.072855 per Variable Voting Shares ($1.45 per Variable Voting Shares).

Concurrently, 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. The fair value of the warrants was determined to be $2.2 million using the Black-Scholes valuation model.

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. The initial fair value of the embedded derivative was estimated to be $3.9 million and changes in the estimated fair value of the embedded derivative is recorded through the Company's consolidated statement of income. As at June 30, 2020, the estimated fair value of the embedded derivative was $4.7 million.

As at June 30, 2020, the Exchangeable Debentures had a principal balance of US$12.2 million ($16.6 million).

See section 'Related Party Transactions' of this MD&A and notes 12 and 18 in the audited consolidated financial statements for the year ended June 30, 2020 for additional details.

Working Capital and Liquidity

Working capital represents the Company's current assets less current liabilities, which was $200.8 million as at June 30, 2020, compared to $190.2 million at June 30, 2019.

Based on our current revenue forecasts and expectations for Fiscal 2021, we believe that our working capital is sufficient to meet our present requirements and near-term business plans. We expect foreseeable cash needs to be funded through existing cash resources, the Revolving Facility and operating cash flows.

Contractual Obligations[1]

The following table summarizes our outstanding cash commitments as of June 30, 2020:

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	10,000	10,000	—	—	—
Accounts payable and accrued liabilities	98,927	98,927	—	—	—
Interim production financing	66,688	66,688	—	—	—
Other long-term liabilities	2,647	—	2,647	—	—
Senior unsecured convertible debentures	174,973	8,225	16,450	150,298	—
Exchangeable debentures	20,381	—	20,381	—	—
Term facility	432,871	16,014	32,028	384,829	—
Lease liabilities	58,885	11,542	19,875	14,589	12,879
Total Contractual Obligations	865,372	211,396	91,381	549,716	12,879

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

Recent Transactions

Issuance of Exchangeable Debentures

On June 24, 2020, we issued US$12.2 million ($16.5 million) of Exchangeable Debentures to Fine Capital, a related party of WildBrain, with a further commitment of US$6.3 million ($8.5 million) subject to certain conditions being met. The Exchangeable Debentures mature on June 24, 2023 and are convertible to Variable Voting Shares of WildBrain 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. The net proceeds will be used to fund acquisition and investments across the Company, with a special focus on our AVOD business, WildBrain Spark.

Change of Corporate Name

On December 17, 2019, shareholders approved the Company's name change from DHX Media Ltd. to WildBrain Ltd.

NASDAQ Delisting and Suspension of U.S. Filing Obligations

On December 24, 2019, we voluntarily delisted our Common and Variable Voting Shares from NASDAQ and ceased trading on that U.S. stock exchange. Following the NASDAQ delisting, the Company filed the forms required to voluntarily deregister its shares in the U.S. and terminate its public reporting obligations with the Securities Exchange Commission.

WildBrain's Common and Variable Voting Shares continue to trade on the TSX under the ticker symbol 'WILD', and the Company's financial statements, press releases and other information will continue to be available on SEDAR at www.sedar.com and on its website at www.wildbrain.com.

Rights Offering

On November 22, 2019, we completed a Rights Offering, issuing an aggregate of 35,928,144 Common and Variable shares of the Company at a price of $1.67 per Common and Variable Voting Share for gross proceeds of $60.0 million. Concurrent with the closing of the Rights Offering, we used a portion of the proceeds to repay $50.2 million (US$37.8 million) against our Term Facility and amended certain terms of our Senior Secured Credit Agreement which included fixing the Total Net Leverage Ratio covenant requirement to 6.75x with no step downs, and an increase to the term loan interest rate from USD LIBOR + 3.75% to USD LIBOR + 4.25%.

Sale of Building in Toronto

On May 13, 2019, we sold a building in Toronto, Ontario for gross proceeds of $12.0 million. The net proceeds from the sale were used to pay down a portion of our term debt.

Sale of Halifax Animation Studio

On November 7, 2018, we sold our animation studio in Halifax, Nova Scotia in order to streamline operations and consolidate our animation production into one studio in Vancouver. The sale did not include any IP held by WildBrain.

Sale of a Minority Interest in Peanuts

On July 23, 2018, we completed the sale of a non-controlling interest in the Peanuts subsidiary to Sony Music Entertainment (Japan) Inc. ("Sony"). Sony acquired 49% of our 80% interest in Peanuts for gross proceeds of $234.6 million and net proceeds of $214.1 million.

Subsequent to the sale, we held a 41% interest in Peanuts, Sony held a 39% interest, and the Schulz Family held a 20% interest.

Share Capital

As at June 30, 2020, our issued and outstanding share capital was as follows:

Common Voting Shares	27,887,163
Variable Voting Shares	143,044,611
Total Common Shares	170,931,774
Preferred Variable Voting Shares	500,000,000
Stock Options	5,858,800
Restricted Share Units	4,333,054
Performance Share Units	2,825,000
Deferred Share Units	1,165,148

On November 6, 2019, 100.0 million Preferred Variable Voting Shares ("PVV Shares") were transferred to the Company's Chief Financial Officer, Aaron Ames ("Ames"). Concurrent with the transfer, Ames entered into a shareholders agreement (the "PVV Shareholder Agreement") with the Company, whereby Ames: (i) agreed not to transfer the PVV Shares, in whole or in part, except with the prior written approval of the Board; (ii) granted to the Company the unilateral right to compel the transfer of the PVV Shares, at any time and from time to time, in whole or in part, to a person designated by the Board; and (iii) granted to the Company a power of attorney to effect any transfers contemplated by the PVV Shareholder Agreement. The Board will not approve or compel a transfer without first obtaining the approval of the TSX and the PVV Shareholder Agreement cannot be amended, waived or terminated unless approved by the TSX.

On December 4, 2019, an additional 400.0 million PVV Shares were issued to Ames. The additional PVV Shares were issued in order to ensure that the Company complies with Canadian ownership and control requirements under the Broadcasting Act (Canada). The additional PVV Shares will have no impact on voting or economic rights of shareholders.

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. The PVV 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 2020 AIF dated September 22, 2020 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

Rights Offering

As part of the Rights Offering described under "Recent Transactions - Rights Offering" section of this MD&A, we entered into a standby purchase agreement with Fine Capital, as investment manager on behalf of certain of the funds it manages, whereby Fine Capital would acquire any residual Common and Variable Voting Shares that are not taken up by holders of subscription rights, and would be paid a cash fee equal to $1.5 million upon completion of the Rights Offering. Fine Capital is a significant shareholder of WildBrain. In addition, Jonathan Whitcher is on the Board of Directors of WildBrain and is also the Chief Executive Officer and Chief Investment Officer at Fine Capital. During Q2 2020, we paid $1.5 million to Fine Capital following the closing of the Rights Offering.

Exchangeable Debentures

On June 24, 2020, we issued US$12.2 million of Exchangeable Debentures to Fine Capital, with a further commitment of US $6.3 million ($8.5 million) subject to certain conditions being met. 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 page 1 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, 2020 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 2020 notes to the consolidated financial statements.

Changes in Accounting Policies

New and amended standards adopted

i) *IFRS 16, Leases ("IFRS 16")*

Effective July 1, 2019, the Company adopted IFRS 16 which introduced a single accounting model and eliminated the existing distinction between operating and finance leases for lessees. The standard required a lessee to recognize right-of-use assets and lease liabilities on the balance sheet for all leases, with limited exceptions. We adopted IFRS 16 using the modified retrospective method, which resulted in no restatement to prior reporting periods presented and no adjustment to opening retained earnings as at July 1, 2019. Existing finance leases under the previous standard continued to be classified as finance leases under IFRS 16.

We elected to apply the following practical expedients on adoption:

- Consider contracts determined to be leases under IAS 17, *Leases* ("IAS 17") as leases under IFRS 16;
- Measure all right-of-use assets and lease liabilities, regardless of commencement date, using discount rates as at July 1, 2019;
- Retain prior assessment of onerous lease contracts under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, rather than re-performing an impairment review;
- Exclude initial direct costs from the measurement of the right-of-use asset on the date of initial application;
- Continue to treat certain leases with a remaining term of 12 months or less from July 1, 2019, and low-value leases using the previous method of accounting under IAS 17 (i.e. expense when incurred); and
- Elect, by class of underlying asset, whether to separate non-lease components from lease components.

Impact of Adoption of IFRS 16

The following table summarizes the transition adjustment required to adopt IFRS 16 as at July 1, 2019:

	Carrying amount under IAS 17 as at June 30, 2019	Transitional adjustments	Carrying amount under IFRS 16 as at July 1, 2019
Property and equipment	19,352	26,534	45,886
Long-term amounts receivable	14,318	2,146	16,464
Accounts payable and accrued liabilities	(103,487)	560	(102,927)
Current portion of lease liabilities	(3,115)	(7,516)	(10,631)
Other long-term liabilities	(8,269)	4,927	(3,342)
Long-term lease liabilities	(3,072)	(26,651)	(29,723)

The Company has lease contracts consisting of premises and equipment. Prior to the adoption of IFRS 16, we classified certain leases where we were the lessee at the inception date as an operating lease under IAS 17. For these operating leases, the payments were recognized either through direct production costs and expense of film and television produced or selling, general and administrative expense in the consolidated statement of income (loss) on a straight-line basis over the lease term, and no corresponding asset or liability was recognized.

Upon adoption of IFRS 16, the Company recognized for the first time right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for certain low-value and short-term leases.

As at July 1, 2019 on the date of adoption, the right-of-use assets for leases were recognized at an amount equal to the initial value of the lease liability, reduced by any deferred lease inducements which were previously classified in accounts payable and accrued liabilities and other long-term liabilities. The initial value of the lease liability was calculated based on the present value of the remaining lease payments at that date, discounted at the Company's incremental borrowing rate as at July 1, 2019, which ranged from 3.89% to 5.39%. Property taxes, common area maintenance charges and other operating expenses were considered non-lease components and excluded from the initial value of the lease liability.

For leases that were previously classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and lease obligation as at July 1, 2019 were set equal to the carrying amount of the property and equipment and lease obligations under IAS 17 immediately before the adoption.

For premise leases where we are a lessor and substantially all the risks and rewards incidental to the ownership of the underlying asset were transferred, these leases were classified as finance leases and we recognized a receivable equal to its net investment in the lease, discounted at the Company's incremental borrowing rate as at July 1, 2019.

The following table presents a reconciliation of operating lease commitments as previously disclosed in the Company's annual consolidated financial statements for June 30, 2019, to lease liabilities as at July 1, 2019:

Operating lease commitments as previously disclosed under IAS 17	40,473
Less: effects of discounting	(6,306)
Lease liabilities recognized on transition	34,167
Add: Lease liabilities previously recorded under IAS 17	6,187
Lease liability balance on transition at July 1, 2019	40,354

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, we re-assesses the lease term if there is a significant event or change in circumstances that is within our control and affects our ability to exercise the option to renew, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Impact on the consolidated statements of income

The net effect of adopting IFRS 16 on the audited consolidated statements of income for the year ended June 30, 2020 was a decrease of direct production costs and expense of film and television produced by $3.0 million and a decrease of selling, general and administrative expenses by $4.9 million. The increase in amortization and financing costs did not result in a significant net impact on net income. IFRS 16 did not impact the Company's cash flows.

ii) IFRIC 23, Uncertainty over Income Tax Treatment ("IFRIC 23")

Effective July 1, 2019, we adopted IFRIC 23, which clarified how the requirements of IAS 12, Income Taxes should be applied when there is uncertainty over income tax treatments. We elected to adopt this new interpretation retrospectively with the cumulative effect of initially applying this interpretation recognised at the date of initial application, which is July 1, 2019. The adoption of this interpretation did not require an adjustment on transition and did not result in a material impact on our consolidated financial statements.

Financial Instruments and Risk Management

The Company's financial instruments consist of cash and cash equivalents, 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. We manage credit risk, interest rate risk, liquidity risk and currency risk.

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 through its outstanding trade receivables.

The maximum exposure to credit risk for cash and cash equivalents and trade receivables approximate the amount recorded on the consolidated balance sheet of $239,827 at June 30, 2020 (June 30, 2019 - $237.0 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 5.7% 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.

COVID-19 has increased the credit risk in our trade receivables. To manage this risk, 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. Certain customers of the consumer-products segment, in particular Peanuts, are licensees who have been impacted by the closure of retailers during the pandemic and we are closely monitoring these receivables. The majority of our other customers are large Canadian and international broadcasters, or large international distribution companies, and we have not seen a significant deterioration in the credit quality of these customers and trade receivables to date.

We are unable to predict or anticipate the full extent or duration of the impact due to COVID-19 at this time. Based on collections subsequent to the quarter, and discussions with customers, we believe that the loss provision is adequate as at June 30, 2020.

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.

A 1% (100 bps) fluctuation in the interest rate on the Company's variable rate debt instruments would have an approximate $4.0 million to $5.0 million effect on net income (loss) for the year ended June 30, 2020.

Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall 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 production studio services, linear and digital content distribution, consumer products licensing, consumer products representation, and television broadcasting. While the operating results may experience variability from period to period, the 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.

As at June 30, 2020, we had cash balances of $67.9 million and amounts receivable of $221.3 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.

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.

At June 30, 2020, the Company revalued its financial assets and liabilities denominated in a foreign currency at the prevailing exchange rates. A 1% change in US dollars would impact net income (loss) for the year ended June 30, 2020 by $4.2 million, and 1% change in other currencies would not result in a significant impact.

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: the Company’s leverage and indebtedness and failure to meet covenant requirements under the senior credit facility of the Company, competition and competitor activities, product development and acceptance, the ability of the Company to acquire, develop and exploit entertainment properties, consumer preferences, the ability of the Company to execute on its strategy, the ability of the Company to execute on production and licensing arrangements, 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, risks related to doing business internationally and currency exchange rates, 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, 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, and catastrophic events and circumstances.

The Company is closely monitoring the COVID-19 situation and has taken several measures in response which are described in more detail above under "Strategy and Outlook".

During fiscal 2020, the COVID-19 outbreak and its impacts on the global advertising industry negatively affected the advertising revenues of WildBrain Spark, which generates the majority of its revenue through AVOD. The impact of COVID-19 on the global advertising and other industries, including the retail and consumer products sector, could have longer term negative effects. It is presently difficult to fully assess and anticipate the impacts of the COVID-19 outbreak, given the many remaining unknowns. These include the full duration and severity of the outbreak in Canada and abroad. COVID-19 is altering business and consumer activity in affected areas and beyond. The transmission of COVID-19 and efforts to contain its spread have recently resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, reductions and other changes, and quarantines, temporary shutdown of non-essential services, extreme fluctuations in foreign exchange rates and financial and commodity markets, as well as considerable general concern and uncertainty. Additional measures may be implemented by one or more governments in jurisdictions where the Company operates. Labour shortages due to illness, Company or government-imposed isolation programs, or restrictions on the movement of personnel or possible supply chain disruptions could result in a reduction or cessation of all or a portion of the Company's operations. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 outbreak and the actions required to contain the spread of the COVID-19 virus or remedy its impact, among others.

The actual and threatened spread of COVID-19 globally could have a material adverse effect on the regional economies in which we operate, continue to negatively impact stock and other financial markets, including the trading price of our shares, drive increased costs from our efforts to mitigate the impact of the COVID-19 outbreak on our business, result in losses on our holdings of cash and investments due to failures of financial institutions and other parties, result in a higher rate of losses on our accounts receivable due to credit defaults, limit the ability of the Company to pursue business opportunities and transactions, and cause disruptions to our supply chain. Potential impacts include, but are not limited to, loss of revenues due to suspension of operations or decline in customer demand, disruption to supply chains and human resources that impact production or operating costs, a deterioration of customer receivables and estimate of expected credit loss, and an impairment of financial and non-financial assets. Additionally, the Company's commencement of production of slated live-action television programs has been delayed as a result of concerns around COVID-19. It is difficult to predict how long these conditions will persist.

Depending on the duration and severity of the current COVID-19 pandemic, it may also have the effect of heightening many of the other risks described in our other disclosure documents, including, but not limited to, risks relating to our leverage and debt obligations (including servicing thereof), complying with the covenants contained in the agreements that govern our existing indebtedness, restricted access to capital and increased borrowing costs, liquidity risk, exposure to advertising revenue, including through YouTube and other platforms, our ability to maintain adequate internal controls in the event that our employees are restricted from accessing our regular offices for a significant period of time, our ability to acquire or develop products and rights to entertainment properties, and increased reliance on information technology systems, applications and information repositories.

Any of these developments, and others, could have a material adverse effect on our business, financial condition, operations and results of operations. In addition, because of the severity and global nature of the COVID-19 pandemic, it is possible that estimates in the Company's consolidated financial statements will change in the near-term and the effect of any such changes could be material, which could result in, among other things, the impairment of financial and non-financial assets and higher estimated credit losses on accounts receivable balances.

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 2020 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 annual filings dated September 22, 2020, 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 at June 30, 2020, both the Company's disclosure controls and procedures, and internal control over financial reporting were operating effectively. 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 year ended June 30, 2020 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, and Gross Margin.

Investors are cautioned that these non-GAAP financial measures should not be construed as an alternative measure to net income or loss or other measures as determined in accordance with GAAP, or as an indicator of the Company's financial performance or a measure of liquidity and cash flows.

"**Adjusted EBITDA**" means earnings (loss) before net finance costs, income taxes, amortization of property & equipment and right-of-use and intangible assets, amortization of acquired and library content, equity-settled share-based compensation expense, changes in fair value of embedded derivatives, gain/loss on foreign exchange, reorganization, development and other expenses, impairment of certain investments in film and television programs/acquired and library content/P&E/intangible assets/goodwill, and also includes adjustments for other identified charges, as specified in the accompanying tables. Adjusted EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP; accordingly, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Management believes that certain lenders, investors and analysts use Adjusted EBITDA to measure a company's ability to service debt and meet other payment obligations, and as a common valuation measurement in the media and entertainment industry. Further, certain of our debt covenants use Adjusted EBITDA in the calculation. The most comparable GAAP measure is earnings before income taxes.

"**Adjusted EBITDA attributable to the Shareholders of the Company**" means Adjusted EBITDA excluding the portion of Adjusted EBITDA attributable to non-controlling interests.

"**Gross Margin**" means revenue less direct production costs and expense of film and television produced. Gross Margin is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP; accordingly, Gross Margin may not be comparable to similar measures presented by other issuers. Management believes Gross Margin is a useful measure of profitability before considering operating and other expenses, and can be used to assess the Company's ability to generate positive net earnings and cash flows. The most comparable GAAP measure is gross profit.

"**Free Cash Flow**" means operating cash flow less distributions to non-controlling interests, changes in interim production financing, and repayments of 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.

Reconciliation of Quarterly and Annual 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 and fiscal year ending as follows:

	Fiscal 2020[1,2,3]				**Fiscal 2019**[1,2,3]				**Fiscal 2020**[1,2,3]	**Fiscal 2019**[1,2,3]
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**		
(expressed in $000s)	**30-Jun**	**31-Mar**	**31-Dec**	**30-Sep**	**30-Jun**	**31-Mar**	**31-Dec**	**30-Sep**		
Income (loss) before income taxes	7,292	(210,675)	3,528	(7,230)	(51,165)	(19,071)	(12,353)	681	(207,085)	(81,908)
add back:										
Finance costs, net	9,465	10,022	18,192	11,725	11,750	10,220	10,993	19,273	49,404	52,236
Change in fair value of embedded derivatives	1,792	(1,833)	(3,114)	1,200	(3,685)	(1,600)	2,900	(4,800)	(1,955)	(7,185)
Foreign exchange	(10,264)	25,921	(6,867)	5,257	(6,615)	(7,542)	15,510	(2,434)	14,047	(1,081)
Amortization of P&E and intangible assets	6,049	6,526	5,929	5,667	5,578	5,574	6,114	5,385	24,171	22,651
Amortization of acquired and library content	3,084	3,030	2,993	2,975	3,389	3,888	3,580	3,574	12,082	14,431
Write-down of certain investment in film and television programs, acquired and library content, P&E, intangible assets, and goodwill	2,018	187,300	6,804	—	68,717	34,199	1,955	—	196,122	104,871
Share-based compensation	1,729	1,172	1,634	869	613	686	(319)	374	5,404	1,354
Reorganization, development and other	2,181	2,444	5,552	7,784	(2,424)	1,365	832	1,888	17,961	1,661
Adjusted EBITDA	**23,346**	**23,907**	**34,651**	**28,247**	**26,158**	**27,719**	**29,212**	**23,941**	**110,151**	**107,030**
Portion of Adjusted EBITDA attributable to non-controlling interests	(4,680)	(6,016)	(9,062)	(8,641)	(5,997)	(7,625)	(7,204)	(6,633)	(28,399)	(27,459)
Adjusted EBITDA attributable to the Shareholders of the Company	**18,666**	**17,891**	**25,589**	**19,606**	**20,161**	**20,094**	**22,008**	**17,308**	**81,752**	**79,571**

[1]The Company acquired an 80% stake in Peanuts on June 30, 2017. On July 23, 2018 in Fiscal 2019, we sold a 39% stake in Peanuts, resulting in a post-sale ownership of 41% in Peanuts by the Company. As a result, for Q1 2019 both Adjusted EBITDA attributable to the Shareholders of the Company and Net income (loss) attributable to the Shareholders of the Company included 23 days of 80% of the operating results of Peanuts, and 69 days of 41% of the operating results of Peanuts. For Q2 2019 through to Q4 2019, both metrics included 41% of the operating results of Peanuts.

In Q1 2020 through to Q4 2020, both Adjusted EBITDA attributable to the Shareholders of the Company and Net loss attributable to the Shareholders of the Company reflected our 41% ownership stake.

[2]For Q4 2020, net income attributable to non-controlling interests was $3.5 million, comprised of $4.7 million which was included in Adjusted EBITDA and $1.2 million of which is not included in Adjusted EBITDA. For Q3 2020, net income attributable to non-controlling interests was $6.9 million, comprised of $6.0 million which was included in Adjusted EBITDA and $0.9 million of which is not included in Adjusted EBITDA. For Q2 2020, net income attributable to non-controlling interests was $8.1 million, comprised of $9.1 million which was included in Adjusted EBITDA and ($1.0) million of which was not included in Adjusted EBITDA. For Q1 2020, net income attributable to non-controlling interests was $8.7 million, comprised of $8.6 million which was included in Adjusted EBITDA and $0.1 million of which was not included in Adjusted EBITDA.

For Q4 2019, net income attributable to non-controlling interests was $3.8 million, comprised of $5.0 million which was included in Adjusted EBITDA and ($1.2) million of which is not included in Adjusted EBITDA. For Q3 2019, net income attributable to non-controlling interests was $6.6 million, comprised of $7.6 million which was included in Adjusted EBITDA and ($1.0) million of which is not included in Adjusted EBITDA. For Q2 2019, net income attributable to non-controlling interests was $6.2 million, comprised of $7.2 million which was included in Adjusted EBITDA and ($1.0) million of which is not included in Adjusted EBITDA. For Q1 2019, net income attributable to non-controlling interests was $5.7 million, comprised of $6.6 million which was included in Adjusted EBITDA and ($0.9) million of which is not included in Adjusted EBITDA.

[3]On July 1, 2019, the Company adopted IFRS 16 using the modified retrospective method, with no restatement of prior comparative figures and no adjustment to opening retained earnings at July 1, 2019. As such, Fiscal 2020 financial results are presented under IFRS 16, whereas Fiscal 2019 financial operating results are presented under the previous accounting standard IAS 17. Refer to "Changes in Accounting Policies" section in this MD&A for additional details on the impact of the new accounting standard.

Reconciliation of Quarterly and Annual 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 and fiscal year ending as follows:

	Fiscal 2020				**Fiscal 2019**				**Fiscal 2020**	**Fiscal 2019**
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**		
(expressed in $000s)	**30-Jun**	**31-Mar**	**31-Dec**	**30-Sep**	**30-Jun**	**31-Mar**	**31-Dec**	**30-Sep**		
Revenue	92,902	98,341	122,134	112,257	108,760	109,986	117,016	104,038	425,634	439,800
less: Direct production costs and amortization of film and television produced	(53,343)	(53,942)	(67,615)	(62,889)	(60,805)	(62,713)	(68,201)	(61,284)	(237,789)	(253,003)
Gross Margin	**39,559**	**44,399**	**54,519**	**49,368**	**47,955**	**47,273**	**48,815**	**42,754**	***187,845***	***186,797***

Reconciliation of Quarterly and Annual 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 and fiscal year ending as follows:

	Fiscal 2020[1]				**Fiscal 2019[1]**				**Fiscal 2020[1]**	**Fiscal 2019[1]**
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**		
(expressed in $000s)	**30-Jun**	**31-Mar**	**31-Dec**	**30-Sep**	**30-Jun**	**31-Mar**	**31-Dec**	**30-Sep**		
Cash flow provided by (used in) operating activities	17,850	12,948	46,634	18,703	28,531	13,736	11,585	(10,025)	96,135	43,827
less:										
Distributions to non-controlling interests	(5,565)	(14,719)	(13,176)	—	(6,002)	(12,730)	(7,925)	—	(33,460)	(26,657)
Change in interim production financing	(862)	872	(17,611)	(8,159)	(17,096)	(843)	10,871	5,833	(25,760)	(1,235)
Repayment of lease liabilities	(2,140)	(2,255)	(2,571)	(2,888)	(1,367)	(1,216)	(1,674)	(1,238)	(9,854)	(5,495)
Free Cash Flow	**9,283**	**(3,154)**	**13,276**	**7,656**	**4,066**	**(1,053)**	**12,857**	**(5,430)**	**27,061**	**10,440**

[1]On July 1, 2019, the Company adopted IFRS 16 using the modified retrospective method, with no restatement of prior comparative figures and no adjustment to opening retained earnings at July 1, 2019. As such, Fiscal 2020 financial results are presented under IFRS 16, whereas Fiscal 2019 financial operating results are presented under the previous accounting standard IAS 17. The payment of certain lease liabilities was previously classified within cash flows used in operating activities under IAS 17 that beginning July 1, 2019 are now classified in repayment of lease liabilities included within financing activities. Refer to "Changes in Accounting Policies" section in this MD&A for additional details on the impact of the new accounting standard.

Additional Information

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