WildBrain™

Q3 2020

Management Discussion and Analysis
of Financial Condition and Results of Operation
For the Three and Nine Months Ended March 31, 2020 and March 31, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion & Analysis ("MD&A") dated as of May 13, 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 March 31, 2020 compared to June 30, 2019, and the consolidated results of operations for the three- and nine-month periods ended March 31, 2020 compared with the corresponding periods ended March 31, 2019. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for three- and nine-month periods ended March 31, 2020. Unless otherwise noted, the financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") 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

This MD&A and the documents incorporated by reference herein, if any, contain certain "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and United States securities legislation (collectively herein referred to as "forward-looking statements"), including the "safe harbour" provisions of provincial securities legislation in Canada, the US Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended. These statements relate to future events or future performance and reflect the Company's expectations and assumptions regarding the 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" 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' growth, objectives, future plans and goals, including those related to future operating results, economic 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, statements with respect to:

- the business strategies and strategic priorities of the Company 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 the Company;
- the markets and industries, and competitive conditions in which the Company operates, including the market for content;
- the long-term prospects and opportunities of the Company and its assets;
- the Company's production pipeline;
- the financial impact of its long-term agreements with Mattel, Inc. and other strategic brand partnerships;
- the Company's reorganization, cost reduction and deleveraging initiatives and associated financial impacts;
- changes in YouTube's approach to advertising and expected results therefrom, including the impact on the financial and operating performance of WildBrain Spark;
- the impact of epidemics, pandemics or other public health crises, including the current outbreak of coronavirus ("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;
- actions the Company may have to take in response to COVID-19, and the impact of such actions taken; and
- an exchangeable secured debenture financing arrangement, terms and conditions applicable to such arrangement, expected use of proceeds from the financing and impacts on the Company.

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) the Company's ability to restructure its operations and adapt to a changing environment for content; (iv) future general economic and market conditions, including debt and equity capital markets; (v) the impact of increasing competition on the Company; and (vi) changes to the industry and changes in laws and regulations related to the industry. 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, general economic and market segment conditions, competitor activities, product capability and acceptance, international risk and currency exchange rates, technology changes, consumer preferences, the ability of the Company to execute on production and licensing arrangements, the ability of the Company to attract and realize on advertising revenues, including through YouTube and other platforms, failure to meet covenants under the senior credit facility of the Company, 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, the reliance of the Company on the Internet and other technologies to continue to conduct its business, and the ability of the Company to finalize the long form agreements for the exchangeable secured debenture financing in a timely manner and complete the other conditions to closing and the availability of investment opportunities and at acceptable valuations. In evaluating these forward-looking statements, investors and prospective investors should specifically consider various risks, uncertainties and other factors which may cause actual events, performance or results to differ materially from any forward-looking statement.

COVID-19 has negatively affected the advertising revenues of WildBrain Spark in March 2020, and it could have longer-term negative effects. WildBrain Spark generates the majority of its revenue through advertising-based video-on-demand. 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 which began in March 2020, 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") and MD&A for the year ended June 30, 2019 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 incorporated by reference herein, if any, 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 such high-profile properties as *Peanuts*, *Teletubbies, Strawberry Shortcake, Caillou, Inspector Gadget*, *Johnny Test* 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 ad-supported video-on-demand ("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 at 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; and
3. realizing royalties from consumer products based on our IP and brands.

WildBrain also operates 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. In addition, we represent 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

The Company 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 and from brands owned by partners ("Consumer Products-Owned");
2. Television - we derive revenue from operating our Family broadcast channels in Canada; and
3. Representation of internal 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 our platform of kids' AVOD channels on which we distribute both our own IP and third-party brands on YouTube and is included in Distribution revenue. Revenues are earned primarily through 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 through monthly subscriber fees or 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 and are supported by websites and apps designed to engage viewers and build customer loyalty.

Consumer Products-Represented Revenue

Consumer Products-Represented revenue is earned through our wholly-owned WildBrain CPLG agency business based in Europe. WildBrain CPLG earns commissions by connecting third-party consumer product licensor's with our owned brands or third-party brands from 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 awareness across all media platforms, and generating royalties from 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, 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 are leveraging 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' content, we are experiencing downward pressure on advertising rates in the near-term.

In January 2020, YouTube introduced new rules and policies on 'Made for Kids' content, including how that content is managed and monetized, and the features available or limited on that content. We expect these changes will create a more positive environment, and ultimately, improved monetization, as a result of the curated environment, which will reward quality content. We are ideally positioned to benefit from this change. Advertising will continue to be sold based on the content itself ("contextual advertising"). This is similar to the 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 own IP and partner's 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 advertising sales team, further mining our content library, 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 are taking appropriate measures and have implemented business-continuity plans to enable us 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 currently 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 proprietary content, as well as 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 effect 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. The current environment is creating increased demand for our expansive library.
- WildBrain Spark continues to enjoy strong audience growth with views up 36% and watch times up 71% through April versus the same period last year, averaging more than 3.5 billion views each month on our premium network. WildBrain Spark is expected to contribute to our overall EBITDA in Fiscal 2020. However, consistent with a broad pull-back in media advertising and YouTube data-collection policies implemented in January, WildBrain Spark has seen its revenue decline approximately 60% in April, compared with the same period a year ago. In response, we are adjusting in the short-term and taking mitigating actions by reducing costs to enable a break-even EBITDA position in Q4 in our AVOD business and reallocating resources to growth areas. Over the longer term, we believe 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 quality programming, 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 for free 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 expected to impact our consumer products-owned business, 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 have initiated 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 will receive 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 has 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 continue to regularly assess the COVID-19 situation and evaluate the potential impacts on our business. We continue to strongly believe in the long-term prospects and opportunities for our kids' content and brands. Our strategy remains focused on growing our business by creating content that drives brand awareness and engages audiences on all the platforms where kids and families are watching, and by selling consumer products inspired by these shows and brands.

Content Strategy - Focused on Producing Premium Content and Growing WildBrain Spark

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. To that end, our strategy is 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 more than 3.5 billion monthly views to invest in more short-form YouTube content to create and develop global brands; and
- *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 select brands that will improve profitability and generate revenue across multiple lines of business.

In Fiscal 2020, we will continue to advance our strategic priorities focused on creating premium kids' content, growing WildBrain viewership and improving cash flow and the balance sheet.

Strategic Priorities

PRIORITIES	**OBJECTIVES**
Grow Brands and Build Awareness on WildBrain Spark	- Continue to grow viewership on our AVOD network - Increase investment in digital short-form content - Use our global reach, scale and data analytics to test-market, develop and exploit IP - Pursue multiple ways to monetize our online audience - Cross-sell a full service offering with our licensing agency business to deepen customer relationships
Create Premium Kids' Content to Drive Franchise Brands	- Invest in creative talent and expand development pipeline - Greenlight production on new series with consumer products potential - Capitalize on SVOD demand for premium original content - Grow brand awareness and licensee base for Peanuts - Launch consumer products programs for new and existing brands
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 Three Months Ended March 31, 2020 ("Q3 2020")

- Consolidated revenue was $98.3 million in Q3 2020 compared to $110.0 million in Q3 2019. The decrease was mainly driven by lower Distribution revenues in Q3 2020 compared to Q3 2019 of $10.6 million, comprised of a $5.5 million decrease in WildBrain Spark and $5.1 million in Distribution excluding WildBrain Spark.
- WildBrain Spark revenue declined 37% to $9.5 million in Q3 2020, a decrease of $5.5 million compared to $14.9 million in Q3 2019. The decrease was in line with the outlook communicated in Q2 2020 due to the advertising changes on YouTube that took effect in January 2020. On a year-to-date basis, WildBrain Spark revenue increased 9% to $55.8 million compared to the comparative year-to-date period in 2019. Refer to the Strategy and Outlook section of this MD&A for more details on the changes by YouTube.
- Distribution (excluding WildBrain Spark) revenue decreased $5.1 million or 25% to $15.6 million in Q3 2020, compared to $20.7 million in Q3 2019, indicative of the fluctuations in revenue quarter-by-quarter depending on the timing of when deals close.
- Consumer Products-Owned revenue was steady at $37.7 million in Q3 2020, compared to $37.5 million in Q3 2019, despite the loss of the MetLife contract related to Peanuts that expired in December 2019. Adjusting for the decrease due to MetLife, revenue grew 10% in Q3 2020 vs. Q3 2019.
- Q3 2020 generated cash flows from operating activities of $12.9 million, a decrease of $0.8 million compared to Q3 2019, due to timing of settlement of working capital balances. Free Cash Flow[2] for Q3 2020 was negative $3.2 million, compared to negative free cash flow of $1.1 million in Q3 2019. YTD 2020 positive free cash flow of $17.8 million vs. free cash flow of $6.4 million YTD 2019. The variances period over period were driven by timing of working capital including higher tax credit collection in YTD 2020.
- As part of our previously stated reorganization initiatives, from which we expect to incur one-time cash charges in the range of $10.0 - $12.0 million, approximately $9.6 million was expensed in the first nine-months ended March 31, 2020. These initiatives are substantially completed. A portion of the $10.0 million in annual savings was redeployed to invest in key areas, including creative, our AVOD business and brands.
- During Q3 2020, we recorded a non-cash goodwill impairment charge of $184.5 million in relation to our Content Business segment 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. The COVID-19 pandemic has significantly impacted global business conditions and stock market valuations in recent months. This non-cash charge does not affect our operations, cash flows, or our ability to meet debt obligations.
- The Company's net leverage ratio[1] was 5.29x as at March 31, 2020 compared to 5.92x at June 30, 2019.
- Adjusted EBITDA attributable to WildBrain was $17.9 million in Q3 2020, compared to $20.1 million in Q3 2019, a decrease of $2.2 million or 11%. Q3 2020 Adjusted EBITDA was positively impacted by $1.9 million due to the adoption of IFRS 16. Normalizing for the impact of IFRS 16, Adjusted EBITDA decreased $4.1 million quarter-over-quarter.
- Subsequent to quarter-end, on May 13, 2020, we announced that we entered into a binding term sheet with Fine Capital Partners, L.P., on behalf of certain funds managed by it ("Fine Capital"), a related party of WildBrain, for the issuance of up to $25.0 million in exchangeable secured debentures (the "Exchangeable Debentures"). The Exchangeable Debentures will be issued by a newly-formed single purpose subsidiary of the Company, which is excluded from the security granted to the lenders under the Company's Senior Secured Credit Agreement. As a result, it is also excluded from the calculation of net leverage ratio[1]. The Exchangeable Debentures will bear interest on the outstanding principal amount at 7.5% per annum payable at maturity three years from the date of the initial closing. Upon closing, $16.5 million of the Exchangeable Debentures will be issued with the remainder drawn at our discretion. The Exchangeable Debentures are exchangeable for Variable Voting Shares of WildBrain at a price of $1.45 per share, subject to certain regulatory and stock exchange limitations. Concurrent with the issuance of the Exchangeable Debentures, the Company will issue to Fine Capital warrants to purchase 5,000,000 Variable Voting Shares at an exercise price of $1.45 per share. The warrants vest immediately and expire five years from the date of closing. The Exchangeable Debentures will be non-recourse to the Company. The closing of the Exchangeable Debentures is conditional on completion of definitive agreements, TSX approval and other customary closing conditions and regulatory approvals. The Exchangeable Debentures will be used to fund acquisitions and investments to drive our content and brand strategy with a focus on the Company’s AVOD business, WildBrain Spark. See section 'Related Party Transactions' of this MD&A and notes 15 and 20 in the unaudited interim condensed consolidated financial statements for the period ended March 31, 2020 for additional details.

[1]Net debt includes long-term debt, lease liabilities and bank indebtedness less cash, and excludes interim production financing. Net leverage ratio as discussed in this 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.

[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 three- and nine-month periods ended March 31, 2020 and 2019 has been derived from the Company's unaudited interim condensed consolidated financial statements and accompanying notes and can be found on WildBrain's website at www.wildbrain.com and on SEDAR at www.sedar.com.

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

	Three Months Ended		Nine Months Ended	
(expressed in $000s, except per share data)	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Consolidated Statements of Income Data[2]:				
Revenues	98,341	109,986	332,732	331,040
Direct production costs and expense of film and television produced	(53,942)	(62,713)	(184,446)	(192,198)
Gross margin[1]	44,399	47,273	148,286	138,842
Selling, general, and administrative	(21,664)	(20,240)	(65,156)	(58,711)
Write-down of investment in film and television programs, acquired and library content, property and equipment, intangible assets and goodwill	(187,300)	(34,199)	(194,104)	(36,154)
Amortization, finance costs and other expenses, net	(46,110)	(11,905)	(103,403)	(74,720)
(Expense) recovery for income taxes	(4,136)	7,253	(1,923)	10,484
Net loss for the period	(214,811)	(11,818)	(216,300)	(20,259)
Net income attributable to non-controlling interests	(6,896)	(6,610)	(23,679)	(18,463)
Net loss attributable to the Shareholders of the Company	(221,707)	(18,428)	(239,979)	(38,722)
Basic loss per common share	(1.30)	(0.14)	(1.58)	(0.29)
Diluted loss per common share	(1.30)	(0.14)	(1.58)	(0.29)
Weighted average common shares outstanding (in 000s)				
Basic	171,012	134,954	152,013	134,752
Diluted	171,012	134,954	152,013	134,752
Other Key Performance Measures[2]:				
Adjusted EBITDA attributable to the Shareholders of the Company[1]	17,891	20,094	63,086	59,410
Cash flow from operating activities	12,948	13,736	78,285	15,296
Free Cash Flow[1]	(3,154)	(1,053)	17,778	6,374
Proprietary half-hours of content delivered	6	15	26	53
Third-party titles with distribution rights, half-hours added to library	15	44	22	110
	As at March 31, 2020	**As at June 30, 2019**		
Consolidated Balance Sheet Data[2]:				
Total assets	1,173,726	1,318,955		
Total liabilities	816,686	818,977		
Shareholders' equity	357,040	499,978		

[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 three- and nine-month periods ended March 31, 2019 are now recognized as amortization or accretion expense in three- and nine-month periods ended March 31, 2020. 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 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]				Fiscal 2018[1,2]
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
(expressed in $000s except per share data)	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
Revenues	98,341	122,134	112,257	108,760	109,986	117,016	104,038	97,368
Gross margin[3]	44,399	54,519	49,368	47,955	47,273	48,815	42,754	42,283
Net loss attributable to the Shareholders of the Company	(221,707)	(2,258)	(16,014)	(62,772)	(18,428)	(17,944)	(2,350)	(21,614)
Adjusted EBITDA attributable to the Shareholders of the Company[3]	17,891	25,589	19,606	20,161	20,094	22,008	17,308	15,972
Weighted average common shares outstanding (in 000s)								
Basic	171,012	150,242	134,992	134,988	134,954	134,910	134,463	134,506
Diluted	171,012	150,242	134,992	134,988	134,954	134,910	134,463	134,506
Basic loss per common share	(1.30)	(0.02)	(0.12)	(0.47)	(0.14)	(0.13)	(0.02)	(0.16)
Diluted loss per common share	(1.30)	(0.02)	(0.12)	(0.47)	(0.14)	(0.13)	(0.02)	(0.16)

[1]The Company acquired an 80% stake in Peanuts on June 30, 2017. In the table above, for Q4 of Fiscal 2018, both Adjusted EBITDA attributable to the Shareholders of the Company and Net loss attributable to the Shareholders of the Company reflected our 80% ownership stake.

In Fiscal 2019, on July 23, 2018, 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 Q3 2020, both Adjusted EBITDA attributable to the Shareholders of the Company and Net income (loss) attributable to the Shareholders of the Company reflected the Company's 41% ownership stake.

[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. Fiscal 2020 financial results are presented under IFRS 16, whereas Fiscal 2019 and Fiscal 2018 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 March 31, 2020 ("Q3 2020") compared to the three months ended March 31, 2019 ("Q3 2019")

Revenues

Consolidated revenue decreased $11.6 million to $98.3 million in Q3 2020 compared to Q3 2019. Revenue by business segment was comprised of the following:

	Q3 2020	Q3 2019	Variance	
(expressed in $000s)	$	$	$	%
Distribution excluding WildBrain Spark	15,583	20,707	(5,124)	(25)%
WildBrain Spark	9,471	14,925	(5,454)	(37)%
Distribution Revenue	25,054	35,632	(10,578)	(30)%
Production Revenue	20,811	21,630	(819)	(4)%
Consumer Products-Owned	37,678	37,511	167	— %
Content Business	83,543	94,773	(11,230)	(12)%
Television	11,540	12,349	(809)	(7)%
Consumer Products-Represented	3,258	2,864	394	14 %
Total Revenue	98,341	109,986	(11,645)	(11)%

Distribution: Distribution revenue decreased $10.6 million to $25.1 million in Q3 2020 compared to Q3 2019. This decrease was due to lower Distribution excluding WildBrain Spark revenue of $5.1 million, and lower WildBrain Spark revenue of $5.5 million. The decline in Distribution excluding WildBrain Spark revenue in the quarter was due to timing of distribution deals. 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.

During Q3 2020, we added 6.0 half-hours of proprietary titles and 15.0 half-hours of third-party titles with distribution rights to the library (Q3 2019 - 15.0 and 44.0 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 decreased $0.8 million to $20.8 million in Q3 2020 compared to Q3 2019 which was partly due to the sale of the Company's rights in *This Hour Has 22 Minutes* in the prior quarter.

Consumer Products-Owned: Consumer Products-Owned revenue was relatively steady at $37.7 million in Q3 2020 compared to $37.5 million in Q3 2019, despite the loss of the MetLife contract related to Peanuts that expired in December 2019. Adjusting for the decrease due to MetLife, revenue grew 10%.

Television: Television revenue decreased $0.8 million to $11.5 million in Q3 2020 compared to Q3 2019. Subscriber revenue as a percentage of total revenue was 90%, or $10.4 million (Q3 2019 - 89%, or $11.0 million), while advertising, promotion, digital and other revenues were 10%, or $1.1 million (Q3 2019 - 11%, or $1.3 million). 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 increased $0.4 million to $3.3 million in Q3 2020 compared to $2.9 million in Q3 2019. The Company continues to make progress on expanding the portfolio of brands being represented.

Gross Margin

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

	Q3 2020		Q3 2019	
(expressed in $000s, except percentages)	Gross Margin $	Gross Margin %	Gross Margin $	Gross Margin %
Content Business	33,723	40%	37,009	39%
Television	7,418	64%	7,400	60%
Consumer Products-Represented	3,258	100%	2,864	100%
Total Gross Margin	44,399	45%	47,273	43%

Consolidated gross margin for Q3 2020 was $44.4 million, a decrease of $2.9 million compared to $47.3 million for Q3 2019. Gross margin percentage for Q3 2020 was 45% of revenue, compared to 43% in Q3 2019. The lower gross margin was primarily due to lower revenue generated in the Content Business, partly offset by higher revenue at WildBrain CPLG which yields 100% margin.

Content Business gross margins were $33.7 million in Q3 2020, a decrease of $3.3 million compared to $37.0 million in Q3 2019. Gross margin percentage for Q3 2020 was 40% of revenue, consistent with 39% of revenue for Q3 2019.

Television gross margin was steady at $7.4 million in Q3 2020 compared to Q3 2019, despite the revenue decline of $0.8 million, due to cost-reduction measures and utilizing the Company's large library to control content costs. Gross margin percentage for Q3 2020 was 64%, an increase compared to 60% in Q3 2019.

Consumer Products-Represented gross margins were $3.3 million in Q3 2020 compared to $2.9 million in Q3 2019, an increase of $0.4 million. Gross margin percentage was 100% for both Q3 2020 and Q3 2019.

Operating Expenses (Income)

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

SG&A costs for Q3 2020 were $21.7 million, compared to $20.2 million for Q3 2019, an increase of $1.4 million or 7%. Included in SG&A was share-based compensation expense of $1.2 million in Q3 2020 (Q3 2019 - $0.7 million). Adjusted for share-based compensation, SG&A of $20.5 million in Q3 2020 increased $0.9 million compared to $19.6 million in Q3 2019. The higher SG&A expenses were due to changes to senior management capabilities including the brands and direct advertising sales teams, and WildBrain Spark and Peanuts to support the growth of these key areas.

Amortization

Total amortization of acquired and library content, property and equipment ("P&E") including right-of-use assets, and intangible assets was $9.6 million for Q3 2020, compared to $9.5 million in Q3 2019.

Amortization of acquired and library content was $3.0 million in Q3 2020, compared to $3.9 million in Q3 2019, a decrease of $0.9 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 quarter.

Amortization of P&E was $3.8 million in Q3 2020, compared to $2.1 million in Q3 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 $12.0 million of right-of-use assets recognized in the current year-to-date period.

Amortization of intangible assets was $2.7 million in Q3 2020, compared to $3.5 million in Q3 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 $2.4 million in Q3 2020, compared to an expense of $1.4 million in Q3 2019, an increase of $1.1 million. Included in Q3 2020 were termination and other benefits of $1.2 million related to our reorganization initiative and corporate rebranding charges of $1.0 million (Q3 2019 - legal fees related to dispute with former employees of $1.1 million and $0.3 million development costs and other).

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

During Q3 2020, the Company recorded non-cash impairment charges of $187.3 million, comprised of goodwill impairment of $184.5 million, right-of-use assets of $2.5 million, investment in film and television programs of $0.1 million and acquired and library content of $0.2 million (Q3 2019 - impairment charge of $34.2 million, comprised of $21.0 million for investment in film and television programs, $10.7 million for acquired and library content, and $2.5 million for intangible assets).

Goodwill is tested for impairment annually as at June 30 or more frequently if events or changes in circumstances indicate they may be impaired. The goodwill impairment charge related to the Company's Content Business segment. The COVID-19 pandemic has significantly impacted global business conditions and stock market capitalizations in recent months. In light of the potential impacts of global economic uncertainties, and the impact on advertising resulting from YouTube's changes to targeted advertising, we adjusted downwards our internal forecasts of future operating results and increased the discount rate due to 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 arose due to the Company integrating certain operations in the U.K. and reducing its 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 $10.0 million in Q3 2020, comparable to the $10.2 million in Q3 2019. The decrease was due to lower average debt levels resulting from debt paydown, partially offset by higher interest rates on the Company's term facility and higher accretion expense due to the incremental lease liabilities recognized under IFRS 16.

Change in Fair Value of Embedded Derivative

The change in fair value of the embedded derivative related to the convertible debt was a gain of $1.8 million in Q3 2020, compared to a gain of $1.6 million in Q3 2019.

Foreign Exchange Gain (Loss)

The foreign exchange loss was $25.9 million in Q3 2020, compared to a foreign exchange gain of $7.5 million in Q3 2019. The loss in Q3 2020 was driven by the weakening of the Canadian dollar compared to both the US dollar and pound sterling currencies due to volatility caused by COVID-19. This resulted in an unrealized foreign exchange translation loss on the Company's US dollar denominated term debt of $33.2 million in the current quarter, partially offset by unrealized foreign exchange translation gains 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 $17.9 million in Q3 2020, compared to $20.1 million in Q3 2019, a decrease of $2.2 million or 11%. Adjusted EBITDA attributable to Shareholders of the Company was positively impacted in Q3 2020 by $1.9 million due to the adoption of IFRS 16. Normalizing for this, Adjusted EBITDA attributable to the Shareholders of the Company decreased $4.1 million in the current quarter compared to Q3 2019. The decline was primarily due to lower quarter-over-quarter gross margin of $2.9 million driven by lower revenue in the Content Business.

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 Q3 2020 was an expense of $4.1 million, compared to a recovery of $7.3 million in Q3 2019. During the current quarter, the Company recorded a deferred tax expense of $11.6 million related to the derecognition of certain deferred tax assets in Canada. The recognition of the Canadian net operating losses is dependent upon future taxable income and the ability under Canadian tax law to utilize its net operating losses. Based on the current forecast of Canadian taxable income, it is no longer probable that the losses will be utilized. The derecognition of the deferred tax asset related to the net operating losses does not constrain the Company's ability to utilize it against future income in Canada.

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

Net loss attributable to the Shareholders of the Company for Q3 2020 was $221.7 million, compared to $18.4 million for Q3 2019, an increase in net loss by $203.3 million. The higher net loss in the current quarter was primarily driven by higher non-cash impairment charges of $153.1 million due to a goodwill impairment charge taken in the current quarter of $184.5 million, and a net negative impact of non-cash foreign exchange loss of $33.5 million.

Comprehensive loss for Q3 2020 was $174.6 million, compared to comprehensive loss of $22.2 million for Q3 2019.

Basic and diluted loss per share were both $1.30 in Q3 2020, compared to a basic and diluted loss per share of $0.14 in Q3 2019.

Results for the nine months ended March 31, 2020 ("Nine Months 2020") compared to the nine months ended March 31, 2019 ("Nine Months 2019")

Revenues

Consolidated revenue increased $1.7 million to $332.7 million in Nine Months 2020 compared to Nine Months 2019. Revenue by business segment was comprised of the following:

(expressed in $000s)	Nine Months 2020 $	Nine Months 2019 $	Variance $	%
Distribution excluding WildBrain Spark	45,755	43,156	2,599	6 %
WildBrain Spark	55,808	51,083	4,725	9 %
Distribution Revenue	101,563	94,239	7,324	8 %
Production Revenue	59,819	65,955	(6,136)	(9)%
Consumer Products-Owned	125,053	121,647	3,406	3 %
Content Business	286,435	281,841	4,594	2 %
Television	35,978	39,402	(3,424)	(9)%
Consumer Products-Represented	10,319	9,797	522	5 %
Total Revenue	332,732	331,040	1,692	1 %

Distribution: Distribution revenue increased $7.3 million to $101.6 million in Nine Months 2020 compared to Nine Months 2019. This increase was comprised of an increase in WildBrain Spark revenue of $4.7 million, driven by growth in viewership, and an increase in Distribution excluding WildBrain Spark revenue of $2.6 million, benefiting from a number of large library deals in the first half of Fiscal 2020.

During Nine Months 2020, we added 26.0 half-hours of proprietary titles and 22.0 half-hours of third-party titles with distribution rights to the library (Nine Months 2019 - 53.0 and 110.0 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 decreased $6.1 million to $59.8 million in Nine Months 2020 compared to Nine Months 2019. The decline was due in part to the sale of the Company's rights in *This Hour Has 22 Minutes* in Q3 2020 along with the impact of timing of starting new projects.

Consumer Products-Owned: Consumer Products-Owned revenue was $125.1 million in Nine Months 2020, up 3% or $3.4 million compared to $121.6 million in Nine Months 2019, driven by the Peanuts franchise.

Television: Television revenue decreased $3.4 million to $36.0 million in Nine Months 2020 compared to Nine Months 2019. Subscriber revenue as a percentage of total revenue was approximately 89.0%, or $32.0 million (Nine Months 2019 - 90.0%, or $35.5 million), while advertising, promotion, digital and other revenues were 11.0%, or $4.0 million (Nine Months 2019 - 10.0%, or $4.0 million). 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 $10.3 million increased $0.5 million in Nine Months 2020 compared to Nine Months 2019. The Company continues to make progress on expanding the portfolio of brands being represented.

Gross Margin

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

	Nine Months 2020		Nine Months 2019	
(expressed in $000s, except percentages)	**Gross Margin $**	**Gross Margin %**	**Gross Margin $**	**Gross Margin %**
Content Business	114,848	40%	104,235	37%
Television	23,119	64%	24,810	63%
Consumer Products-Represented	10,319	100%	9,797	100%
Total Gross Margin	148,286	45%	138,842	42%

Consolidated gross margin for Nine Months 2020 was $148.3 million, an increase of $9.4 million compared to $138.8 million for Nine Months 2019. Gross margin percentage for Nine Months 2020 was 45% of revenue, compared to 42% in Nine Months 2019. The higher gross margin was primarily due to higher revenue generated in the Content Business, and higher revenue at WildBrain CPLG which yields 100% margin.

Content Business gross margins were $114.8 million in Nine Months 2020, an increase of $10.6 million compared to $104.2 million in Nine Months 2019. Gross margin percentage for Nine Months 2020 was 40% of revenue, compared to 37% of revenue for Nine Months 2019. The increase in gross margin percentage was primarily due to higher non-WildBrain Spark distribution business as a percentage of the total and the impact of IFRS 16.

Television gross margins decreased $1.7 million to $23.1 million in Nine Months 2020 compared to $24.8 million in Nine Months 2019, largely due to the revenue decline of $3.4 million. Gross margin percentage for Nine Months 2020 increased to 64%, compared to 63% in Nine Months 2019. Gross margin percentage increased despite the revenue decline due to cost-reduction measures and utilizing the Company's large library to control content costs.

Consumer Products-Represented gross margins were $10.3 million in Nine Months 2020, an increase compared to $9.8 million in Nine Months 2019. Gross margin percentage was 100% for both Nine Months 2020 and Nine Months 2019.

Operating Expenses (Income)

Selling, General & Administrative

SG&A costs for Nine Months 2020 were $65.2 million, compared to $58.7 million for Nine Months 2019, an increase of $6.4 million, or 11%. Included in SG&A was an expense of $3.7 million in share-based compensation in Nine Months 2020 (Nine Months 2019 - expense of $0.7 million). Adjusted for share-based compensation, SG&A increased $3.5 million to $61.5 million in Nine Months 2020, compared to $58.0 million in Nine Months 2019.The higher SG&A expenses were due to changes to senior management capabilities including the brands and direct advertising sales teams, and WildBrain Spark and Peanuts to support the growth of these key areas.

Amortization

Total amortization of acquired and library content, P&E including right-of-use assets and intangible assets was $27.1 million for Nine Months 2020, compared to $28.1 million in Nine Months 2019.

Amortization of acquired and library content was $9.0 million in Nine Months 2020, compared to $11.0 million in Nine Months 2019, a decrease of $2.0 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 quarter.

Amortization of P&E was $10.3 million in Nine Months 2020, compared to $6.1 million in Nine Months 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 $12.0 million of right-of-use assets recognized in the current year-to-date period.

Amortization of intangible assets was $7.8 million in Nine Months 2020, compared to $11.0 million in Nine Months 2019. The impairment of certain intangible assets in Q4 2019 resulted in lower amortization in the current year-to-date period.

Reorganization, Development and Other

Reorganization, development and other was an expense of $15.8 million in Nine Months 2020, compared to $4.1 million in Nine Months 2019, an increase of $11.7 million. Included in Nine Months 2020 were termination and other benefits of $9.6 million related to our reorganization initiatives, corporate rebranding charges of $2.7 million, legal fees associated with a dispute with former employees of $2.3 million, and systems upgrade and process enhancement initiatives of $1.1 million (Nine Months 2019

- legal fees related to dispute with former employees of $3.1 million, $0.7 million associated with the Company's strategic review and related activities, and $0.3 million related to development write-downs and other).

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

During Nine Months 2020, the Company recorded an impairment charge of $194.1 million, comprised of goodwill impairment of $184.5 million, a write-down for certain investments in film and television programs of $6.9 million, write-down of acquired and library content of $0.2 million, and an impairment of right-of-use assets of $2.5 million (Nine Months 2019 - impairment charge of $36.2 million, comprised of a write-down for certain investments in film and television programs of $22.6 million, write-down of acquired and library content of $11.1 million, and impairment of intangible assets of $2.5 million).

Goodwill is tested for impairment annually as at June 30 or more frequently if events or changes in circumstances indicate they may be impaired. The goodwill impairment charge related to the Company's Content Business segment. The COVID-19 pandemic has significantly impacted global business conditions and stock market capitalizations in recent months. 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 downwards our internal forecasts of future operating results and increased the discount rate due to 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 arose due to the Company integrating certain operations in the U.K. and reducing its corporate office space requirements in this area.

The write-down of investment in film and television programs and acquired and library content was 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 $39.9 million in Nine Months 2020, compared to $40.5 million in Nine Months 2019, a decrease of $0.6 million. The decrease was due to lower average debt levels resulting from debt paydown, partially offset by higher interest rates on the Company's term facility, 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 Derivative

The change in fair value of the embedded derivative related to the convertible debt was a gain of $3.7 million in Nine Months 2020, compared to a gain of $3.5 million in Nine Months 2019.

Foreign Exchange Gain (Loss)

The foreign exchange loss was $24.3 million in Nine Months 2020, compared to a foreign exchange loss of $5.5 million in Nine Months 2019. The loss in Nine Months 2020 was driven by the weakening of the Canadian dollar compared to both the US dollar and pound sterling currencies, arising from the volatility caused by COVID-19. This resulted in an unrealized foreign exchange translation loss on the Company's US dollar denominated term debt of $31.0 million for the current year-to-date period, partially offset by unrealized foreign exchange translation gains 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 $63.1 million in Nine Months 2020, compared to $59.4 million in Nine Months 2019, an increase of $3.7 million or 6%. Adjusted EBITDA attributable to Shareholders of the Company was positively impacted in Nine Months 2020 by $6.0 million due to IFRS 16 while Nine Months 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 attributable to the Shareholders of the Company decreased $1.1 million in Nine Months 2020 compared to Nine Months 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 Nine Months 2020 was an expense of $1.9 million, compared to a recovery of $10.5 million in Nine Months 2019. Included in Q3 2020 was a deferred tax expense of $15.8 million related to the derecognition of certain deferred tax assets in Canada.

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

Net loss attributable to the Shareholders of the Company for Nine Months 2020 was $240.0 million, compared to $38.7 million for Nine Months 2019, an increase in net loss of $201.3 million. The higher net loss in the current year-to-date period was primarily driven by higher non-cash impairment charges of $158.0 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 $18.8 million, higher reorganization, development and other charges of $11.7 million, and higher SG&A of $6.4 million.

Comprehensive income for Nine Months 2020 was $176.0 million, compared to comprehensive loss of $12.7 million for Nine Months 2019.

Basic and diluted loss per share were both $1.58 in Nine Months 2020, compared to a basic and diluted loss per share of $0.29 in Nine Months 2019.

Financial Condition

The following table summarizes certain information with respect to the Company's capitalization and financial position as at March 31, 2020 and June 30, 2019:

(expressed in $000s, except ratio data)	March 31, 2020	June 30, 2019
	$	$
Cash	62,221	39,999
Amounts receivable	237,499	280,028
Investment in film and television programs	151,967	148,561
Acquired and library content	115,680	118,247
Intangible assets	491,230	465,832
Other assets	115,129	266,288
Total assets	1,173,726	1,318,955
Bank indebtedness	10,000	—
Accounts payable and accrued liabilities	114,974	103,487
Interim production financing	67,550	92,448
Long-term debt	507,209	527,881
Lease liabilities	45,875	6,187
Deferred revenue	45,097	64,299
Other liabilities	25,981	24,675
Total liabilities	816,686	818,977
Shareholders' equity	357,040	499,978
Working capital[1]	196,339	190,211
Working capital ratio[2]	1.79	1.70
Net debt[3]	500,863	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, lease liabilities 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 $1,173.7 million as at March 31, 2020, a decrease of $145.2 million compared to $1,319.0 million as at June 30, 2019. The decrease in total assets was due to a decrease in other assets of $151.2 million comprised of a goodwill impairment charge of $184.5 million offset by $29.4 million in net right-of-use assets recognized, and a decrease in amounts receivable by $42.5 million due to collection of tax credits and other trade receivables. These were partially offset by higher intangible assets of $25.4 million due to foreign exchange revaluation and a higher cash balance of $22.2 million.

Total liabilities were $816.7 million as at March 31, 2020, a decrease of $2.3 million compared to $819.0 million as at June 30, 2019. The decrease in total liabilities was primarily due to an increase in bank indebtedness of $10.0 million, an increase in accounts payable and accrued liabilities of $11.5 million due to timing of payments, and an increase in additional lease liabilities arising from the adoption of IFRS 16 of $39.7 million. This was partially offset by a decrease in long-term debt by $20.7 million as the Company 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 its US-denominated term facility of $31.0 million), a decrease in interim production financing by $24.9 million using proceeds from the collection of tax credits, and a decrease in deferred revenue of $19.2 million.

Shareholders' equity was $357.0 million as at March 31, 2020, a decrease of $142.9 million compared to $500.0 million at June 30, 2019, primarily due a net loss in the current year-to-date period of $216.3 million and distributions to non-controlling interests of $27.9 million, partially offset by the Rights Offering that generated $60.0 million in gross proceeds and other comprehensive income arising from translation of foreign subsidiaries of $40.3 million.

Liquidity and Capital Resources

Summary of cash flow components:

	Three Months Ended		Nine Months Ended	
	March 31, 2020 $	March 31, 2019 $	March 31, 2020 $	March 31, 2019 $
Cash Inflows (Outflows) by Activity:				
Operating activities	12,948	13,736	78,285	15,296
Financing activities	(5,341)	(16,704)	(52,630)	(15,842)
Investing activities	(3,102)	—	(5,830)	(4,069)
Effect of foreign exchange rate changes on cash	2,711	(408)	2,397	226
Net cash inflows (outflows)	7,216	(3,376)	22,222	(4,389)

Changes in Cash

Cash at March 31, 2020 was $62.2 million as compared to $40.0 million at June 30, 2019.

Operating Activities

During Q3 2020, cash provided by operating activities was $12.9 million compared to $13.7 million in Q3 2019, a decrease of $0.8 million. The decrease was primarily due to timing of settlement of working capital balances.

During Nine Months 2020, cash provided by operating activities was $78.3 million compared to $15.3 million in Nine Months 2019, an increase of $63.0 million. The increase was driven in part by a working capital inflow in the current period of $40.9 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 $39.3 million.

Financing Activities

During Q3 2020, cash flows used in financing activities were $5.3 million compared to $16.7 million in Q3 2019, a decrease of $11.4 million. During the current quarter, we distributed $13.6 million to our non-controlling interest partners and paid $2.3 million of lease liabilities, which was partially offset by a $10.0 million draw on our revolving credit facility.

During Nine Months 2020, cash used in financing activities were $52.6 million compared to $15.8 million in Nine Months 2019, an increase in cash used by $36.8 million. During the current year-to-date period, we repaid $57.8 million of long-term debt, $24.9 million of interim production financing loans (net), $7.7 million of lease liabilities, $2.9 million of debt amendment costs, and distributed $27.9 million to our non-controlling interest partners, which was partially offset by the Rights Offering that generated $58.0 million in net proceeds and a $10.0 million draw on our revolving credit facility.

Investing Activities

During Q3 2020, cash flows of $3.1 million used in investing activities were for the acquisition of P&E and intangible assets.

During Nine Months 2020, cash flows of $5.8 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 ($39.7 million) and will expire 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 March 31, 2020, $10.0 million (June 30, 2019 - $nil) was drawn on the Revolving Facility.

Long-Term Debt

Term Facility

As at March 31, 2020, the Company's term facility ("Term Facility") had a principal balance of US $276.5 million (June 30, 2019 - US $320.0 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 an annual requirement performed at the end of each fiscal year.

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 March 31, 2020, the Total Net Leverage Ratio was 5.29x.

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 March 31, 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 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 derivatives is recorded as a financial liability and included with the debt component on the Company's consolidated balance sheet. Changes in the estimated fair value of the embedded derivatives are recorded through the Company's consolidated statement of income. As at March 31, 2020, the estimated fair value of the embedded derivative was $1.0 million.

Working Capital and Liquidity

Working capital represents the Company’s current assets less current liabilities, which was $196.3 million as at March 31, 2020, compared to $190.2 million at June 30, 2019.

During the current quarter, we withdrew $10.0 million against our Revolving Facility to ensure adequate liquidity during this period of economic uncertainty.

Based on our current revenue expectations for Fiscal 2020, 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 March 31, 2020:

Payments Due by Period	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
(expressed in $000s)	$	$	$	$	$
Bank indebtedness	10,000	10,000	—	—	—
Accounts payable and accrued liabilities	114,974	114,974	—	—	—
Interim production financing	67,550	67,550	—	—	—
Other long-term liabilities	6,617	—	6,617	—	—
Senior unsecured convertible debentures	177,024	8,225	16,450	152,349	—
Term facility	454,784	16,671	33,342	404,771	—
Lease liabilities	61,086	11,644	20,038	14,942	14,462
Total Contractual Obligations	892,035	229,064	76,447	572,062	14,462

[1]In addition to the totals above, the Company has entered into various contracts to buy broadcast rights with future commitments totaling $6.7 million. Contractual payments in the table above include fixed rate interest payments but exclude variable rate interest payments and are not discounted.

Recent Transactions

Change of Corporate Name

On December 17, 2019, shareholders approved the Company's name change from DHX Media Ltd. to WildBrain Ltd., which was previously announced on September 27, 2019.

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, the Company held a 41% interest in Peanuts, Sony held a 39% interest, and the Schulz Family held a 20% interest.

Share Capital

As at March 31, 2020, the Company's issued and outstanding share capital was as follows:

Common Voting Shares	36,727,386
Variable Voting Shares	134,316,236
Total Common Shares	171,043,622
Preferred Variable Voting Shares	500,000,000
Stock Options	5,858,800
Restricted Share Units	3,776,577
Performance Share Units	2,725,000
Deferred Share Units	837,990

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 2019 AIF dated September 23, 2019 filed on www.sedar.com.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does 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, the Company 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, the Company paid $1.5 million to Fine Capital following the closing of the Rights Offering.

Subsequent Financing

Subsequent to quarter-end, on May 13, 2020, we announced that the Company has entered into a binding term sheet with Fine Capital, the Company's largest shareholder and a related party, for the purchase of up to $25.0 million in exchangeable secured debentures (the "Exchangeable Debentures") to be issued by a newly-formed subsidiary of the Company ("Subco"). Net proceeds from the Exchangeable Debentures will be used to fund acquisitions and other investments to drive WildBrain's content and brand strategy across the Company, with a special focus on its AVOD or ad-supported video-on-demand business.

Fine Capital has agreed to purchase $16.5 million of Exchangeable Debentures at the initial closing of the financing (the "Initial Debentures") with the remainder (the "Subsequent Debentures") to be drawn at the Company's discretion prior to maturity three years from the closing date ("Maturity"). The Exchangeable Debentures will bear interest at 7.5% per annum payable at Maturity and will be secured by a first ranking security interest in all of the assets of Subco. The Exchangeable Debentures will be non-recourse to the Company and excluded from the calculation of the Total Net Leverage Ratio debt covenant under the Company's Term Facility.

Concurrent with the issuance of the Initial Debentures, the Company will issue to Fine Capital warrants to purchase 5,000,000 Variable Voting Shares (the "Shares") of WildBrain at a price of $1.45 per Share, which will expire five years from the initial closing.

Subject to the limits described below, the Exchangeable Debentures are exchangeable for Shares at an initial price of $1.45 per Share (subject to shareholder approval in the case of the Subsequent Debentures), which represents a conversion premium of 66.7% to the 20-day volume weighted average price (the "VWAP") of the Shares on the TSX calculated from May 12, 2020. If WildBrain shareholders do not approve the $1.45 exchange price for the Subsequent Debentures, the exchange price of each Subsequent Debenture will instead be the greater of (i) $1.45 and (ii) the market price of the Shares at the time such Subsequent Debentures are issued less the maximum discount permitted by the Toronto Stock Exchange (the "TSX").

Starting 18 months after the initial closing, the Company will have the right to redeem the Exchangeable Debentures at a price equal to the outstanding principal amount plus accrued and unpaid interest at any time provided that the 20-day VWAP of the Shares on the TSX is at least 135% of the exchange price of the Exchangeable Debentures.

Subject to certain conditions, including the receipt of all necessary regulatory approvals, the Company will have the right to satisfy its obligation to pay principal and interest in respect of the Exchangeable Debentures by delivering Shares (valued at 95% of the 20-day VWAP of the Shares on the TSX at the time the payment obligation arises) in lieu of cash.

In accordance with TSX requirements, the maximum number of Shares issuable to Fine Capital upon any exchange, redemption or maturity of the Exchangeable Debentures, in satisfaction of accrued and unpaid interest thereon and the exercise of the Warrants will initially be capped at 17 million (the "Exchange Cap"). At WildBrain's 2020 annual shareholder meeting (the "AGM"), the Company will seek shareholder approval to remove the Exchange Cap and for a $1.45 exchange price in respect of the Subsequent Debentures. If shareholders approve the removal of the Exchange Cap, there will be no limit on the amount of Shares issuable to Fine Capital upon any exchange, redemption or maturity of the Debentures, in satisfaction of accrued and unpaid interest thereon and the exercise of the Warrants (other than regulatory limitations on ownership pursuant to the Competition Act (Canada) and the Broadcasting Act (Canada)).

The initial closing of the financing and the issuance of the Initial Debentures is subject to the execution of definitive agreements, TSX approval and other customary closing conditions.

The terms of the financing were negotiated on behalf of the Company by the Corporate Finance Committee of WildBrain's Board of Directors, each of whom is an independent director without an interest in the financing and is independent of Fine Capital. In connection with its review, consideration and negotiation of the financing, the Corporate Finance Committee engaged Origin Merchant Partners ("Origin") as independent financial advisor and received legal advice from Goodmans LLP.

Following an evaluation of the proposed financing and consideration of alternatives the Corporate Finance Committee believed may reasonably be available to the Company, and based in part on Origin's advice, the Corporate Finance Committee unanimously concluded that the financing is in the best interests of the Company. Having received the unanimous recommendation of the Corporate Finance Committee, the Board of Directors unanimously determined that the financing is in the best interests of the Company and approved the financing (Jonathan Whitcher recused himself from the board meetings and did not participate in the deliberations and the voting on this matter due to his interest in the financing as a result of his role as Chief Executive Officer and Chief Investment Officer of Fine Capital).

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, 2019 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 2019 notes to the consolidated financial statements and updated in the Q3 2020 unaudited interim condensed 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. The Company 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.

The Company 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, the Company classified certain leases where the Company was 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 unaudited interim condensed 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.

The right-of-use assets for leases recognized as at July 1, 2019, the date of adoption, 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 the Company is 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 the Company 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, the Company re-assesses the lease term if there is a significant event or change in circumstances that is within its control and affects its 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 unaudited interim condensed consolidated statements of income

The net effect of adopting IFRS 16 on the unaudited interim condensed consolidated statements of income for the nine-months ended March 31, 2020 was a decrease of direct production costs and expense of film and television produced by $2.2 million and a decrease of selling, general and administrative expenses by $3.8 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, the Company adopted IFRIC 23, which clarified how the requirements of IAS 12, Income Taxes should be applied when there is uncertainty over income tax treatments. The Company 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 the Company's 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. The Company manages 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 unaudited interim condensed consolidated balance sheet of $236.0 million at March 31, 2020 (June 30, 2019 - $237.0 million).

The Company manages 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 resulted in an increase in credit risk in the Company's trade receivables. To manage this risk, the Company has increased its 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.

The Company is unable to predict or anticipate the full extent or duration of impact due to COVID-19 at this time. Based on collections subsequent to the quarter, and discussions with customers, the Company believes that the loss provision is adequate as at March 31, 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 nine-month period ended March 31, 2020.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages 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.

The Company operates 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 the Company's production and content pipeline, contract renewals, royalty agreements and associated minimum guarantees, and television subscriber fees.

As at March 31, 2020, the Company had cash balances of $62.2 million and amounts receivable of $237.5 million. Based on the Company's 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. The Company periodically enters into foreign exchange forward contracts to manage its foreign exchange risk across its portfolio of currencies which are primarily denominated in Canadian dollar, US dollar and GBP.

At March 31, 2020, the Company revalued its financial assets and liabilities denominated in a foreign currency at the prevailing exchange rates. A 1% change in the USD, GBP, JPY or Euro foreign exchange rates would have an approximate $6.0 million effect on net income (loss) for the nine-month period ended March 31, 2020.

Risk Assessment

The significant risks and uncertainties that affect the Company are described in the Company's Fiscal 2019 MD&A under the "Risk Assessment" section and in the Company's AIF under "Risk Factors".

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: risks related to the Company's leverage and indebtedness, the ability of the Company to acquire, develop and exploit entertainment properties, risks relating to the Company's exposure to advertising revenues through YouTube, risks related to the nature of the entertainment industry, risks related to television and film industries, risks related to doing business internationally, loss of Canadian status, competition, limited ability to exploit film and television content library, protecting and defending against intellectual property claims, fluctuating results of operations, raising additional capital, concentration risk, reliance on key personnel, market share price fluctuations, risks associated with acquisitions and joint ventures, potential for budget overruns and other production risks, management estimates in revenues and earnings, stoppage of incentive programs, financial risks and dilution resulting from the Company’s capital requirements, government incentive program, change in regulatory environment, litigation, technological change, labour relations, and exchanges rates.

In addition to the above, the following is an update in the risks or uncertainties facing the Company.

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”.

However, 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 shut-down 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.

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.

Additionally, other future catastrophic events where we have our operations, offices or production facilities, such as an earthquake, tsunami, flood, typhoon, fire, power disruption or other natural or manmade disaster, computer virus, cyber attack, terrorist attack, war, riot, civil unrest or other conflict, or an outbreak of a public health crisis including epidemics, pandemics or outbreaks of new infectious diseases or viruses, as well as related events that can result in volatility and disruption to global supply chains, operations, mobility of people, patterns of consumption and service, and the financial markets, could disrupt the Company’s operations or those of its business partners and customers, impede or impair production and distribution of its content, or otherwise affect its business negatively and could materially and adversely affect the Company’s business, financial condition, operations and results of operations.

For further details refer to the Company's Fiscal 2019 MD&A and our most recent AIF, dated and filed September 23, 2019 on www.sedar.com, WildBrain's website at www.wildbrain.com.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

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

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

In its quarterly filings dated May 13, 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 March 31, 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 three months ended March 31, 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 more 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 derivative, gain/loss on foreign exchange, development and other expenses, impairment of certain investments in film and television programs/acquired and library content/intangible assets, 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 Results to Adjusted EBITDA and Adjusted EBITDA attributable to the Shareholders of the Company

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

	Fiscal 2020[1,2,3]			Fiscal 2019[1,2,3]				Fiscal 2018[1,2,3]
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
(expressed in $000s)	**31-Mar**	**31-Dec**	**30-Sep**	**30-Jun**	**31-Mar**	**31-Dec**	**30-Sep**	**30-Jun**
Income (loss) before income taxes	(210,675)	3,528	(7,230)	(51,165)	(19,071)	(12,353)	681	(24,568)
add back:								
Finance costs, net	10,022	18,192	11,725	11,750	10,220	10,993	19,273	13,266
Change in fair value of embedded derivative	(1,833)	(3,114)	1,200	(3,685)	(1,600)	2,900	(4,800)	(2,926)
Foreign exchange	25,921	(6,867)	5,257	(6,615)	(7,542)	15,510	(2,434)	11,202
Amortization of P&E and intangible assets	6,526	5,929	5,667	5,578	5,574	6,114	5,385	6,252
Amortization of acquired and library content	3,030	2,993	2,975	3,389	3,888	3,580	3,574	3,770
Write-down of certain investment in film and television programs, acquired and library content, and impairment of intangible assets	187,300	6,804	—	68,717	34,199	1,955	—	10,102
Share-based compensation	1,172	1,634	869	613	686	(319)	374	(176)
Reorganization, development and other	2,444	5,552	7,784	(2,424)	1,365	832	1,888	2,029
Adjusted EBITDA	**23,907**	**34,651**	**28,247**	**26,158**	**27,719**	**29,212**	**23,941**	**18,951**
Portion of Adjusted EBITDA attributable to non-controlling interests	(6,016)	(9,062)	(8,641)	(5,997)	(7,625)	(7,204)	(6,633)	(2,979)
Adjusted EBITDA attributable to the Shareholders of the Company	**17,891**	**25,589**	**19,606**	**20,161**	**20,094**	**22,008**	**17,308**	**15,972**

[1]The Company acquired an 80% stake in Peanuts on June 30, 2017. During Q4 2018 both Adjusted EBITDA attributable to the Shareholders of the Company and Net income (loss) attributable to the Shareholders of the Company reflected our 80% ownership stake.

In Fiscal 2019, on July 23, 2018, 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-Q3 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 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.

For Q4 2018, net income attributable to non-controlling interests was $2.4 million, comprised of $3.0 million which was included in Adjusted EBITDA and ($0.6) 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 and Fiscal 2018 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 Results to Gross Margin

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

	Fiscal 2020			Fiscal 2019				Fiscal 2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
(expressed in $000s)	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
Revenue	98,341	122,134	112,257	108,760	109,986	117,016	104,038	97,368
less: Direct production costs and amortization of film and television produced	(53,942)	(67,615)	(62,889)	(60,805)	(62,713)	(68,201)	(61,284)	(55,085)
Gross Margin	**44,399**	**54,519**	**49,368**	**47,955**	**47,273**	**48,815**	**42,754**	**42,283**

Reconciliation of Operating Cash Flow to Free Cash Flow

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

	Fiscal 2020[1]			Fiscal 2019[1]				Fiscal 2018[1]
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
(expressed in $000s)	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
Cash flow provided by (used in) operating activities	12,948	46,634	18,703	28,531	13,736	11,585	(10,025)	8,162
less:								
Distributions to non-controlling interests	(14,719)	(13,176)	—	(6,002)	(12,730)	(7,925)	—	(2,494)
Change in interim production financing	872	(17,611)	(8,159)	(17,096)	(843)	10,871	5,833	(1,318)
Repayment of lease liabilities	(2,255)	(2,571)	(2,888)	(1,237)	(1,216)	(1,674)	(1,238)	(1,171)
Free Cash Flow	**(3,154)**	**13,276**	**7,656**	**4,196**	**(1,053)**	**12,857**	**(5,430)**	**3,179**

[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 and Fiscal 2018 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.