

# **WildBrain Ltd.**

Unaudited Interim Condensed Consolidated  
Financial Statements  
**September 30, 2021**  
(expressed in thousands of Canadian dollars)

November 9, 2021

## **Management's Responsibility for Financial Reporting**

The accompanying unaudited interim condensed consolidated financial statements of WildBrain Ltd. (the "Company") are the responsibility of management and have been approved by the Board of Directors (the "Board"). The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the unaudited interim condensed consolidated financial statements. The Board carries out this responsibility through its Audit Committee. The Audit Committee reviews the Company's unaudited interim condensed consolidated financial statements and recommends their approval by the Board.

The Audit Committee is appointed by the Board and all of its members are independent directors. It meets with Company's management and reviews internal control and financial reporting matters to ensure that management is properly discharging its responsibilities before submitting the unaudited interim condensed consolidated financial statements to the Board for approval.

The unaudited interim condensed consolidated financial statements have been prepared by management in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board. When alternative methods of accounting exist, management has chosen those it deems most appropriate in the circumstances. The unaudited interim condensed consolidated financial statements include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the unaudited interim condensed consolidated financial statements, management must make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

(signed) *"Eric Ellenbogen"*  
Chief Executive Officer  
New York, New York

(signed) *"Aaron Ames"*  
Chief Financial Officer  
Toronto, Ontario

**WildBrain Ltd.**Unaudited Interim Condensed Consolidated Balance Sheets  
As at September 30, 2021 and June 30, 2021

(expressed in thousands of Canadian dollars)

	September 30, 2021	June 30, 2021
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	56,861	78,431
Restricted cash	13,712	13,626
Amounts receivable (note 4)	215,860	195,240
Prepaid expenses and other	6,596	6,184
Investment in film and television programs (note 5)	148,936	147,783
	<u>441,965</u>	<u>441,264</u>
Long-term amounts receivable (note 4)	53,537	51,997
Acquired and library content (note 6)	99,853	100,653
Property and equipment	41,688	47,229
Intangible assets	441,634	433,595
Goodwill	53,777	53,164
	<u>1,132,454</u>	<u>1,127,902</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	118,580	130,299
Deferred revenue	38,590	42,004
Interim production financing (note 7)	73,752	65,403
Current portion of lease liabilities	11,292	9,428
Current portion of long-term debt (note 7)	3,631	3,532
	<u>245,845</u>	<u>250,666</u>
Long-term debt (note 7)	490,733	478,862
Long-term lease liabilities	27,345	34,407
Derivative liabilities (note 13)	41,180	34,158
Other long-term liabilities	15,479	16,568
Deferred income taxes	12,403	10,328
	<u>832,985</u>	<u>824,989</u>
<b>Shareholders' Equity</b>		
Equity attributable to shareholders of the Company	55,247	68,588
Non-controlling interest	244,222	234,325
	<u>299,469</u>	<u>302,913</u>
	<u>1,132,454</u>	<u>1,127,902</u>

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

# WildBrain Ltd.

## Unaudited Interim Condensed Consolidated Statements of (Loss) Income For the three month periods ended September 30, 2021 and 2020

(expressed in thousands of Canadian dollars, except for amounts per share)

	September 30, 2021	September 30, 2020
	\$	\$
<b>Revenues</b> (note 17)	112,596	95,455
<b>Expenses</b> (note 12)		
Direct production costs and expense of film and television produced	61,053	52,204
Amortization of acquired and library content (note 6)	2,562	2,710
Amortization of property and equipment and intangible assets	7,270	5,605
Reversal of right-of-use asset impairment (note 12)	(719)	—
Selling, general and administrative	23,022	18,075
Share-based compensation (note 9)	2,033	2,598
Finance costs, net (note 11)	9,989	9,757
Change in fair value of embedded derivatives	5,561	3,669
Foreign exchange loss (gain)	13,022	(5,144)
Reorganization, development and other (income) expense (note 12)	(842)	2,688
	122,951	92,162
<b>(Loss) income before income taxes</b>	(10,355)	3,293
<b>Provision for (recovery of) income taxes</b> (note 10)		
Current	685	590
Deferred	2,315	(351)
	3,000	239
<b>Net (loss) income for the period</b>	(13,355)	3,054
Net income attributable to non-controlling interests	8,041	6,361
<b>Net loss attributable to shareholders of the Company</b>	(21,396)	(3,307)
<b>Basic loss per common share</b> (note 14)	(0.12)	(0.02)
<b>Diluted loss per common share</b> (note 14)	(0.12)	(0.02)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

# WildBrain Ltd.

## Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss For the three month periods ended September 30, 2021 and 2020

(expressed in thousands of Canadian dollars)

	September 30, 2021	September 30, 2020
	\$	\$
<b>Net (loss) income for the period</b>	(13,355)	3,054
<b>Other comprehensive income (loss)</b>		
Items that may be subsequently reclassified to the consolidated statements of (loss) income		
Foreign currency translation adjustment	12,585	(7,056)
<b>Comprehensive loss for the period</b>	<u>(770)</u>	<u>(4,002)</u>

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

**WildBrain Ltd.****Unaudited Interim Condensed Consolidated Statements of Changes in Equity  
For the three month periods ended September 30, 2021 and 2020**

(expressed in thousands of Canadian dollars)

	<b>Common shares \$</b>	<b>Contributed surplus \$</b>	<b>Accumulated other comprehensive loss \$</b>	<b>Deficit \$</b>	<b>Non- controlling interest \$</b>	<b>Total \$</b>
<b>Balance - July 1, 2020</b>	366,235	36,543	(12,080)	(309,347)	260,135	341,486
Net income (loss) for the period	—	—	—	(3,307)	6,361	3,054
Other comprehensive loss for the period	—	—	(1,561)	—	(5,495)	(7,056)
Comprehensive income (loss) for the period	—	—	(1,561)	(3,307)	866	(4,002)
Common shares issued, net of issuance costs and deferred taxes	18	(3)	—	—	—	15
Common shares purchased held in trust	(230)	(50)	—	—	—	(280)
Share-based compensation	—	2,598	—	—	—	2,598
Distributions to non-controlling interests	—	—	—	—	(4,220)	(4,220)
<b>Balance - September 30, 2020</b>	<b>366,023</b>	<b>39,088</b>	<b>(13,641)</b>	<b>(312,654)</b>	<b>256,781</b>	<b>335,597</b>
<b>Balance - July 1, 2021</b>	367,359	39,044	(21,391)	(316,424)	234,325	302,913
Net (loss) income for the period	—	—	—	(21,396)	8,041	(13,355)
Other comprehensive income for the period	—	—	5,930	—	6,655	12,585
Comprehensive income (loss) for the period	—	—	5,930	(21,396)	14,696	(770)
Common shares issued, net of issuance costs	27	(4)	—	—	—	23
Common shares sold held in trust, net	119	(50)	—	—	—	69
Share-based compensation	—	2,033	—	—	—	2,033
Distributions to non-controlling interests	—	—	—	—	(4,799)	(4,799)
<b>Balance - September 30, 2021</b>	<b>367,505</b>	<b>41,023</b>	<b>(15,461)</b>	<b>(337,820)</b>	<b>244,222</b>	<b>299,469</b>

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

# WildBrain Ltd.

## Unaudited Interim Condensed Consolidated Statements of Cash Flows For the three month periods ended September 30, 2021 and 2020

(expressed in thousands of Canadian dollars)

	September 30, 2021	September 30, 2020
<b>Cash provided by (used in)</b>	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Net (loss) income for the period	(13,355)	3,054
Charges (credits) not involving cash		
Amortization of property and equipment	4,606	3,016
Amortization of intangible assets	2,664	2,589
Amortization of acquired and library content	2,562	2,710
Accretion expense and amortization of deferred financing fees	3,124	2,576
Unrealized foreign exchange loss (gain)	11,722	(7,647)
Share-based compensation	2,033	2,598
Change in fair value of embedded derivatives	5,561	3,669
Interest income	(466)	(345)
Interest expense	7,331	7,526
Deferred tax recovery	2,315	(351)
Reversal of right-of-use asset impairment (note 12)	(719)	—
Net investment in film and television programs (note 16)	(1,002)	(760)
Net change in non-cash balances related to operations (note 16)	(37,726)	937
<b>Cash (used in) provided by operating activities</b>	<b>(11,350)</b>	<b>19,572</b>
<b>Financing activities</b>		
Common shares issued, net of withholding taxes	23	15
Common share sold (purchased) held in trust, net	69	(280)
Distributions to non-controlling interests	(4,799)	(4,220)
Repayment of bank indebtedness	—	(5,000)
Repayment of long-term debt	(908)	—
Interest paid on long-term debt	(9,585)	(9,937)
Realized foreign exchange on long term debt repayment	(21)	—
Repayment of obligations under finance leases	(2,519)	(2,305)
Proceeds from (repayment of) interim production financing, net (note 16)	8,348	(5,765)
<b>Cash used in financing activities</b>	<b>(9,392)</b>	<b>(27,492)</b>
<b>Investing activities</b>		
Acquisition of property and equipment	(1,020)	(1,035)
Acquisition of intangible assets	(555)	(451)
<b>Cash used in investing activities</b>	<b>(1,575)</b>	<b>(1,486)</b>
Effect of foreign exchange rate changes on cash	833	(671)
<b>Net change in cash and restricted cash during the period</b>	<b>(21,484)</b>	<b>(10,077)</b>
<b>Cash and restricted cash - Beginning of the period</b>	<b>92,057</b>	<b>84,526</b>
<b>Cash and restricted cash - End of the period</b>	<b>70,573</b>	<b>74,449</b>

### Supplemental information (note 16)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

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(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### 1 Nature of business

WildBrain Ltd. (the "Company" or "WildBrain"), was incorporated on February 12, 2004 under the laws of the Province of Nova Scotia, Canada, and continued on April 25, 2006 under the Canada Business Corporation Act. The Company is a public company whose common shares are traded on the Toronto Stock Exchange ("TSX") under the symbol 'WILD'.

The Company develops, produces and distributes films and television programs for domestic and international markets; licenses its brands in the domestic and international markets; broadcasts films and television programs in the domestic market; sells advertising on various ad-supported video-on-demand platforms; and manages copyrights, licensing and brands for third parties. The address of the Company's head office is 5657 Spring Garden Road, Unit 505, Halifax, Nova Scotia, B3J 3R4.

### 2 Basis of preparation

These unaudited interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of the International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, and follow the same accounting policies as those used in the Company's most recent audited annual consolidated financial statements. These unaudited interim condensed consolidated financial statements do not include all the disclosures included in the Company's audited annual consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements.

These unaudited interim condensed consolidated financial statements have been authorized for issuance by the Board of Directors on November 9, 2021.

### 3 Summary of significant accounting policies, judgments and estimation uncertainty

These unaudited interim condensed consolidated financial statements have been prepared using the same policies and methods as the annual consolidated financial statements of the Company for the year ended June 30, 2021.

#### Significant accounting judgments and estimation uncertainty

The preparation of unaudited interim condensed consolidated financial statements under IFRS requires 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.

During the third quarter of fiscal 2020, the outbreak of the coronavirus pandemic, identified as "COVID-19" and declared a global pandemic by the World Health Organization on March 11, 2020, resulted in federal and provincial governments enacting emergency measures to combat the spread of the virus. In response, many countries have required entities to limit or suspend business operations and implement travel restrictions and quarantine measures. These measures have disrupted the operating activities of many entities and have led to significant volatility in the global markets. These conditions continued to exist as at September 30, 2021. This has resulted in significant economic uncertainty, and the potential impact on the Company's future financial results is difficult to reliably measure. The Company has implemented monitoring procedures to actively manage the developing impacts from COVID-19, including but not limited to, the potential future effects on its assets, cash flow and liquidity, the impacts to the Company's operations and the value of assets and liabilities reported in these unaudited interim condensed consolidated financial statements. Additional information on the Company's credit, liquidity, and currency risks and the management of such risks can be found in note 13.



# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### 4 Amounts receivable

	September 30, 2021	June 30, 2021
	\$	\$
Trade receivables	149,382	129,614
Less: ECL allowance on trade receivables	(9,283)	(8,236)
Trade receivables, net of loss allowance	140,099	121,378
Sales tax receivable	1,167	986
Federal and provincial film tax credits and other government assistance	74,594	72,876
Short-term amounts receivable	215,860	195,240
Long-term amounts receivable	53,537	51,997
Total amounts receivable	269,397	247,237

The aging of trade receivables is as follows:

	September 30, 2021	June 30, 2021
	\$	\$
Less than 60 days	125,744	106,388
Between 60 and 90 days	1,181	2,550
Over 90 days	22,457	20,676
	149,382	129,614

A continuity of ECL allowance on trade receivables as follows:

	September 30, 2021	June 30, 2021
	\$	\$
<b>Opening balance</b>	8,236	7,720
Loss allowance on trade receivables	1,012	4,310
Receivables written off in the year	—	(3,342)
Recoveries of receivables previously provided for	—	(543)
Foreign exchange	35	91
<b>Ending balance</b>	9,283	8,236

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### 5 Investment in film and television programs

	September 30, 2021 \$	June 30, 2021 \$
<b>Development costs</b>	3,462	4,669
<b>Productions in progress</b>		
Cost, net of government and third party assistance	27,522	33,135
<b>Productions completed and released</b>		
Cost, net of government and third party assistance	682,805	663,073
Accumulated expense	(529,041)	(517,563)
Accumulated write-down of investment in film and television programs	(52,581)	(52,581)
	101,183	92,929
<b>Program and film rights - broadcasting</b>		
Cost	165,377	163,385
Accumulated expense	(142,871)	(140,598)
Accumulated write-down of program and film rights	(5,737)	(5,737)
	16,769	17,050
	148,936	147,783

All program and film rights - broadcasting relate to WildBrain Television.

The continuity of investment in film and television programs is as follows:

	September 30, 2021 \$	June 30, 2021 \$
Net opening investment in film and television programs	147,783	140,548
(Decrease) increase in development costs	(1,207)	1,908
Cost of productions (completed and released and productions in progress), net of assistance	13,967	73,165
Expense of investment in film and television programs	(11,478)	(55,387)
Write-down of investment in film and television programs	—	(7,453)
Increase of program and film rights - broadcasting	1,992	4,434
Expense of program and film rights - broadcasting	(2,273)	(10,381)
Foreign exchange	152	949
	148,936	147,783

During the period ended September 30, 2021, interest of \$263 (September 30, 2020 - \$319) was capitalized to investment in film and television programs.

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### 6 Acquired and library content

	September 30, 2021	June 30, 2021
	\$	\$
Net opening acquired and library content	100,653	109,076
Additions	—	8,918
Write-down of acquired and library content	—	(379)
Amortization	(2,562)	(11,100)
Foreign exchange	1,762	(5,862)
Net closing acquired and library content	<u>99,853</u>	<u>100,653</u>

### 7 Credit facilities

	September 30, 2021	June 30, 2021
	\$	\$
Interim production financing	73,752	65,403
Term Facility, net of unamortized issue costs of \$10,444 (June 30, 2021 - \$10,889)	350,803	341,477
Convertible debentures, net of unamortized issue costs and conversion option of \$15,179 (June 30, 2021 - \$16,248)	124,821	123,753
Exchangeable debentures, net of unamortized issue costs and conversion option of \$4,827 (June 30, 2021 - \$5,762)	18,740	17,164
Total	<u>568,116</u>	<u>547,797</u>
Amount due within 12 months	<u>(77,383)</u>	<u>(68,935)</u>
Amount due beyond 12 months	<u>490,733</u>	<u>478,862</u>

#### a) Bank indebtedness ("Revolving Facility")

On March 26, 2021, the Company entered into a five-year, US\$30 million Revolving Facility with an interest rate of LIBOR plus 4.00%. The Revolving Facility does not carry a financial maintenance covenant, except when amounts are drawn and outstanding. The new Revolving Facility matures on the earlier of March 26, 2026 or three months prior to the maturity of the Company's convertible debentures dated September 30, 2024, except where converted. As at September 30, 2021, \$nil (June 30, 2021 - \$nil) was drawn on the Revolving Facility.

#### b) Interim production financing

	September 30, 2021	June 30, 2021
	\$	\$
Interim production credit facilities	<u>73,752</u>	<u>65,403</u>

The Company has interim production credit facilities with various financial institutions and other entities, bearing interest at bank prime plus 0.5% - 1.0%, LIBOR plus 2.50% or base rate of 5.75% plus 0.5%. Assignment and direction of specific production financing, licensing contracts receivable and film tax credits receivable have been pledged as security. As at September 30, 2021, the Canadian dollar bank prime rate was 2.45% (June 30, 2021 - 2.45%).

## **WildBrain Ltd.**

### **Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021**

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(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

#### **c) Term facility**

On March 26, 2021, the Company completed the refinancing of its term facility with a seven-year US\$285,000 senior secured term loan facility (the "Term Loan") maturing March 26, 2028. The term facility has no financial maintenance covenant and bears interest at a rate of LIBOR plus 4.25%. Commencing on the fiscal quarter ending June 30, 2021, the Term Loan requires quarterly repayment equal to 0.25% of the initial principal amount. As at September 30, 2021, the Company's Term Loan had a principal balance of US\$283,575, or CAD\$361,303 (June 30, 2021 - US\$284,288, or CAD\$352,347)

During the fourth quarter of fiscal 2021, the Company entered into an interest rate swap agreement to secure US\$165,000 of total term facility from an interest rate of LIBOR plus 4.25% to a fixed interest rate of 5.24% (note 13(b)).

The Term Loan also requires repayments equal to 50% of excess cash flow (the "Excess Cash Flow Payments") (as defined in the Senior Secured Credit Agreement), commencing for the fiscal year-ended June 30, 2022, while the first lien net leverage ratio ("First Lien Leverage Ratio"), as defined in the Senior Secured Credit Agreement, is greater than 3.50 times, reducing to 25% of Excess Cash Flow while First Lien Net Leverage Ratio is at or below 3.50 times and greater than 3.00 times, with the remaining balance due on March 26, 2028. No payments were required under the Excess Cash Flow Payments calculation for the year ended June 30, 2021.

The LIBOR rate is scheduled to be discontinued at the end of calendar year 2021. As part of the refinancing of the Term Loan and Revolving Facility completed March 26, 2021, alternative replacement rates for LIBOR were included in the agreement based on the secured overnight financing rate ("SOFR"), which is a benchmark interest rate for U.S. dollar denominated loans.

#### **d) Senior unsecured convertible debentures ("Convertible Debentures")**

As at September 30, 2021, the Convertible Debentures had a principal balance of \$140,000 (June 30, 2021 - \$140,000), 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 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 unaudited interim condensed consolidated balance sheet. Changes in the estimated fair value of the embedded derivatives are recorded through the Company's unaudited interim condensed consolidated statement of (loss) income. As at September 30, 2021, the estimated fair value of the embedded derivatives was \$7,229 (June 30, 2021 - \$6,971).

#### **e) Exchangeable debentures**

As at September 30, 2021, the Company's Exchangeable Debentures had a principal balance of US\$18,497 or \$23,567 (June 30, 2021 - US\$18,497 or \$22,925) bearing interest at an annual rate of 7.5% payable at maturity and are exchangeable for Variable Voting Shares of the Company at a conversion price of US\$1.072855 per share. The Exchangeable Debentures mature June 24, 2023 and are non-recourse to the Company.

The Exchangeable Debentures were issued to certain funds managed by Fine Capital Partners, L.P., a related party of the Company. The Exchangeable Debentures were 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

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

Credit Agreement. As a result, it is also excluded from the calculation of the net leverage ratio covenant, where applicable. Proceeds from the Exchangeable Debentures are earmarked for investments in growth initiatives to drive the Company's content and brand strategy, and therefore have been classified as restricted cash in the unaudited interim condensed consolidated balance sheet.

On March 4, 2021, the Company issued the remaining US\$6,289, or \$7,795 on the Exchangeable Debenture. The conversion option represents an embedded derivative with a fixed USD conversion price for Variable Voting Shares of the Company, which are denominated in Canadian dollars. As a result, both the first and second tranche of the Exchangeable Debentures were deemed to have no equity component at initial recognition and the estimated fair value of the embedded derivatives was recorded as a derivative liability.

During the three-month period ended September 30, 2021, a change in fair value of the embedded derivative of \$5,303 was recorded (June 30, 2021 - \$3,317), and the estimated fair value of the embedded derivative as at September 30, 2021 was \$33,331 (June 30, 2021 - \$27,208).

### 8 Share capital

	September 30, 2021		June 30, 2021	
	Number #	Amount \$	Number #	Amount \$
<b>Preferred variable voting shares</b>				
Opening balance	500,000,000	—	500,000,000	—
Ending balance	500,000,000	—	500,000,000	—
<b>Common shares</b>				
Opening balance	171,855,961	367,359	170,931,774	366,235
Shares sold (purchased) held in trust, net	124,380	119	(683,433)	(1,368)
Options exercised	—	—	237,500	511
Employee share purchase plan	10,433	27	44,240	78
RSU settled	—	—	1,151,813	1,497
DSU settled	—	—	174,067	406
Ending balance	171,990,774	367,505	171,855,961	367,359

#### Preferred Variable Voting Shares ("PVVS")

500,000,000 ("PVVS"), redeemable at the option of the Company at any time at a millionth of a cent per share, no entitlement to dividends, voting

Unlimited	Common Voting Shares without nominal or par value
Unlimited	Variable Voting Shares without nominal or par value
Unlimited	Non-Voting Shares without nominal or par value

The votes attached to the PVVS as a class are automatically adjusted so that they, together with the votes attached to the common shares that are owned by Canadians, equal 55% of the votes attached to all shares in the capital of the Company. The votes attached to the PVVS as a class are, in aggregate, not less than 1% of the votes attached to all shares in the capital of the Company. The PVVS are not listed on any stock exchange.

#### Common shares

The common shares of the Company are inclusive of Common Voting Shares, Variable Voting Shares and Non-Voting Shares. As at September 30, 2021, the Company had 34,528,453 Common Voting Shares and

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

137,462,321 Variable Voting Shares issued and outstanding (June 30, 2021 - 27,748,502 and 144,107,459, respectively).

### Share trust

In the fourth quarter of 2020, the Company established an employee share trust to purchase and hold common shares of the Company to satisfy certain employee and director share-based compensation awards, including restricted share units and deferred share units. During the quarter ended September 30, 2021, the Company purchased 50,710 common shares of the Company in the open market at an average price per common share of \$3.16 or \$160 in total and sold 175,000 common shares of the Company in the open market at an average price per common share of \$2.31 or \$404 in total, which has been recorded as a reduction of shareholders' equity in the unaudited interim condensed consolidated balance sheet (June 30, 2021 - 683,433 common shares at \$2.00 per share, or \$1,368 in total).

## 9 Share-based compensation

### Omnibus equity incentive plan ("Omnibus Plan")

On December 17, 2019, the shareholders of the Company approved the adoption of the Omnibus Plan, a single umbrella plan that provides flexibility to the Company to grant equity-based incentive awards in the form of stock options, restricted share units and performance share units. The Omnibus Plan provides the aggregate maximum number of equity-awards issuable not to exceed 8.5% of the Company's total issued and outstanding Common and Variable Voting Shares. As at September 30, 2021, the total amount reserved for issuance under the Omnibus Plan was 14,619,215 (June 30, 2021 - 14,607,757).

### Options

As at September 30, 2021 and 2020, the Company had the following stock options outstanding:

	Number of options #	Weighted average exercise price per stock option \$
<b>Outstanding at June 30, 2020</b>	5,858,800	4.02
Expired	(25,000)	8.40
<b>Outstanding at September 30, 2020</b>	<u>5,833,800</u>	<u>4.01</u>
<b>Outstanding at June 30, 2021</b>	4,993,800	3.86
Forfeited	(25,000)	1.51
Expired	(25,000)	8.40
<b>Outstanding at September 30, 2021</b>	<u>4,943,800</u>	<u>3.85</u>
<b>Exercisable at September 30, 2021</b>	<u>3,531,550</u>	<u>4.62</u>

During the year period ended September 30, 2021, the Company recognized a share-based compensation expense of \$37 for the vesting of options (September 30, 2020 - \$196), with a corresponding adjustment to contributed surplus.

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

The range of exercise prices for options outstanding at September 30, 2021 is presented below.

Range of exercise prices	Number outstanding at 2021 #	Weighted average remaining contractual life years	Weighted average exercise price \$	Number outstanding at 2020 #	Weighted average exercise price \$
\$1.50 - \$3.49	2,789,500	4.36	1.66	3,089,500	1.64
\$3.50 - \$5.49	100,000	3.25	5.47	300,000	5.47
\$5.50 - \$7.49	1,586,800	2.60	6.28	1,901,800	6.36
\$7.50 - \$9.49	467,500	1.26	8.38	542,500	8.38
Total	4,943,800	3.48	3.85	5,833,800	4.01

### Performance share unit plan ("PSUs")

The following table illustrates the movements in the number of PSUs during the period.

	September 30, 2021 PSU #	September 30, 2020 PSU #
Outstanding, beginning of period	2,775,000	2,825,000
Forfeited	(50,000)	—
Outstanding, end of period	2,725,000	2,825,000

During the period ended September 30, 2021, the Company recognized share-based compensation expense on the current period awards of \$37 (September 30, 2020 - \$32) with a corresponding adjustment to contributed surplus.

### Restricted share unit plan ("RSUs")

The RSUs is a long-term employee retention program issued to certain eligible employees as part of the Omnibus Plan, which are settled through treasury and generally cliff-vest in 3 years.

## WildBrain Ltd.

### Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

The following table illustrates the movements in the number of RSUs during the period.

	September 30, 2021	September 30, 2020
	RSU	RSU
	#	#
<b>Outstanding, beginning of period</b>	3,311,548	4,333,054
Granted	2,456,603	404,552
Forfeited	(70,000)	—
Expired	(29,042)	—
<b>Outstanding, end of period</b>	<b>5,669,109</b>	<b>4,737,606</b>

During the period ended September 30, 2021, the Company recognized share-based compensation expense of \$699 (September 30, 2020 - \$1,114) with a corresponding adjustment to contributed surplus.

#### Deferred share unit plan ("DSUs")

DSUs are an incentive program for Board members of the Company, where Board members may elect to receive director fees in the form of cash or DSUs. The DSU is settled in shares purchased in the open market and cannot be issued from treasury. The DSUs vest immediately upon grant, but they cannot be exercised until the Board member departs the Company.

The following table illustrates the movements in the number of DSUs during the period.

	September 30, 2021	September 30, 2020
	DSU	DSU
	#	#
<b>Outstanding, beginning of period</b>	2,111,008	1,470,754
Granted	368,917	836,407
<b>Outstanding, end of period</b>	<b>2,479,925</b>	<b>2,307,161</b>

During the period ended September 30, 2021, the Company recognized share-based compensation expense of \$1,102 (September 30, 2020 - \$1,198) with a corresponding adjustment to contributed surplus, and included \$130 for services rendered but DSUs not yet granted.

#### Long-term incentives plan ("LTIP")

The LTIP is a long-term employee retention program whereby common shares of the Company are issued to certain eligible employees. These common shares are purchased in the open market and cannot be issued from treasury.

During the period ended September 30, 2021, the Company recognized share-based compensation expense of \$28 (September 30, 2020 - \$55) with a corresponding adjustment to contributed surplus.



# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### Employee stock purchase plan

During the period ended September 30, 2021, the Company recognized share-based compensation expense of \$4 (September 30, 2020 - \$3) with a corresponding adjustment to contributed surplus.

### 10 Income taxes

For the three-month period ended September 30, 2021, income tax expense was \$3,000 (September 30, 2020 - expense of \$239) The income tax expense in each period reflects the mix of taxing jurisdictions in which pre-tax income and losses were recognized. The income attributable to non-controlling interests is taxed outside the Company. Further items impacting the effective tax rate include the different statutory tax rates in the taxing jurisdictions, non-deductible items and the continued nonrecognition of certain deferred tax assets in Canada.

### 11 Finance costs, net

Net finance costs comprise the following:

	September 30, 2021	September 30, 2020
	\$	\$
<b>Finance costs</b>		
Interest income	(466)	(345)
Interest expense on bank indebtedness	96	125
Interest on long-term debt	7,064	7,156
Interest on completed and released productions	171	245
Amortization of deferred financing fees	652	597
Accretion on Convertible Debentures, exchangeable debentures, lease liabilities and other	2,472	1,979
	<u>9,989</u>	<u>9,757</u>

Interest income consists of accretion on long-term amounts receivable and cash interest earned on bank deposits and tax credit receivables.

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### 12 Expenses by nature and employee benefit expense

The following sets out the expenses by nature and employee benefits expense:

	September 30, 2021	September 30, 2020
	\$	\$
Direct production and new media costs	47,302	35,343
Expense of film and television programs	11,478	13,811
Expense of film and broadcast rights for broadcasting	2,273	3,050
Amortization of property and equipment and intangible assets	7,270	5,605
Amortization of acquired and library content	2,562	2,710
Reversal of right-of-use asset impairment	(719)	—
Office and administrative	4,371	5,088
Investor relations and marketing	655	562
Professional and regulatory	1,951	1,644
Reorganization, development and other (income) expenses, excluding employee benefits	(2,411)	1,605
Finance costs, net	9,989	9,757
Change in fair value of embedded derivatives	5,561	3,669
Foreign exchange loss (gain)	13,022	(5,144)
	<u>103,304</u>	<u>77,700</u>
<b>Employee benefits expense:</b>		
Salaries and employee benefits	16,045	10,781
Share-based compensation (note 9)	2,033	2,598
Termination and other benefits	1,569	1,083
	<u>19,647</u>	<u>14,462</u>
	<u>122,951</u>	<u>92,162</u>

During the three-month period ended September 30, 2021, included in reorganization, development and other (income) expenses were corporate rebranding charges of \$128, recovery of \$(4,093) in legal fees related to the litigation settlement with former employees (among others), relocation costs of \$934 (includes net lease termination costs of \$599 and \$335 of moving costs), and other costs of \$620 (September 30, 2020 - legal fees associated with a dispute with former employees of \$759, systems upgrade and process enhancement initiatives of \$183, and other fees of \$663).

During the three-month period ended September 30, 2021, included in salaries and employee benefits expenses were various government wage subsidies of \$nil (September 30, 2020 - \$1,179).

During the three-month period ended September 30, 2021, there was a reversal of a right-of-use asset impairment of \$719.

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

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(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### 13 Management of financial risks and financial instruments

The financial risks arising from the Company's operations include credit, interest rate, liquidity, currency and market risk. These risks arise from the normal course of operations. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial asset or liability fails to meet its contractual obligations, and arises primarily from the Company's cash (including restricted cash) and credit exposure to customers through its outstanding trade receivables.

The maximum exposure to credit risk for cash (including restricted cash) and trade receivables (excluding government and film tax credit receivables) approximates the amounts recorded on the unaudited interim condensed consolidated balance sheets of \$273,492 (June 30, 2021 - \$273,668). The Company manages credit risk on cash and cash equivalents by ensuring that the counterparties 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 receivable. To determine the loss allowance for trade receivables, management assessed the lifetime ECL 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 6.2% of current trade receivables, which management believes is adequate. Further, long-term receivable arrangements are only granted to large international linear and digital broadcasting companies with good payment history.

COVID-19 has increased the credit risk in 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 the Company is closely monitoring these receivables. Given that the majority of the Company's customers are large Canadian and international broadcasters, or large international distribution companies, there has not been evidence of significant deterioration in the credit quality of our 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 current quarter, and discussions with customers, the Company believes that the loss provision is adequate as at September 30, 2021.

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### b) Interest rate risk

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

During the fourth quarter of fiscal 2021, the Company entered into a 3-year term interest rate swap maturing on June 28, 2024, which secures US\$165,000 of Term Facility from an interest rate of LIBOR plus 4.25% to a fixed interest rate of 5.24%. Management will continue to monitor the interest rate risk closely and ensure appropriate measures are implemented.

### c) 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 maintaining sufficient unused capacity within its term facility, regularly preparing cash flow forecasts, continuously monitoring actual and projected cash flows, and matching the maturity profile of financial assets and liabilities.

The following table summarizes the Company's financial liabilities and their contractual maturities:

	Total	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	118,580	118,580	—	—	—
Interim production financing	73,752	73,752	—	—	—
Other long-term liabilities	15,479	—	14,318	1,161	—
Convertible Debentures	165,351	8,901	8,225	148,225	—
Exchangeable debentures	26,660	—	26,660	—	—
Term facility	455,742	18,928	35,666	35,973	365,175
Finance lease obligations	44,918	13,142	18,776	9,957	3,043
	<u>900,482</u>	<u>233,303</u>	<u>103,645</u>	<u>195,316</u>	<u>368,218</u>

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

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, operating cash flows are generally predictable based on the Company's production and content pipeline, contract renewals, royalty agreements, minimum guarantees and television subscriber fees.

As at September 30, 2021, the Company had an unrestricted cash balance of \$56,861 and amounts receivable of \$269,397. Based on the Company's cash balances and available credit facilities, expected collection of trade and other receivables and forecast operating results, management believes it will be able to fulfill its financial obligations as they become due. The extent to which COVID-19 impacts the Company's liquidity and availability of credit will depend on future developments that are uncertain, and the Company will continue to monitor this closely.

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### d) 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 dollars, US dollars and GBP.

### Fair value of financial instruments

Financial instruments recorded at fair value on the unaudited interim condensed consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Valuation based on quoted prices observed in active markets for identical assets and liabilities.
- Level 2 Valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest of the hierarchy for which a significant input has been considered in measuring fair value.

Fair value estimates are made at a specific point in time based on relevant market information. These are estimates and involve uncertainties, and matters of significant judgment and cannot be determined with precision. Changes in assumptions and estimates could significantly affect fair values.

### Financial assets and liabilities measured at fair value

	As at			
	September 30, 2021		June 30, 2021	
	Fair value hierarchy	Fair value <sup>(1)</sup>	Fair value hierarchy	Fair value <sup>(1)</sup>
		\$		\$
Embedded derivatives <sup>(2)</sup>	Level 2	(40,560)	Level 2	(34,179)
Foreign currency forwards <sup>(3)</sup>	Level 2	(384)	Level 2	262
Interest rate swap <sup>(4)</sup>	Level 2	(236)	Level 2	(241)

<sup>(1)</sup> Derivative financial instruments are initially measured at fair value on the trade date. Subsequent valuations are based on observable inputs to the valuation model.

<sup>(2)</sup> Includes embedded derivatives for Convertible Debentures and exchangeable debenture, measured using valuation models.

<sup>(3)</sup> The fair value of foreign currency contracts is determined using prevailing exchange rates.

<sup>(4)</sup> Includes a 3-year term interest rate swap agreement, maturing on June 28, 2024, entered to secure US\$165,000 of total Term Facility at an interest rate of 5.24%. The fair value is determined using the prevailing interest rates.

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

As at September 30, 2021, the Company held forward contract options with the following notional value and average contractual exchange rates:

### US dollars exchange for CAD

Less than one year	US\$22,000 to \$33,000
Weighted average rate	1.2663

The Company does not apply hedge accounting and the forward contract options are measured at fair value at each reporting date. The estimated fair value as at September 30, 2021, was a liability of \$384 (June 30, 2021 - asset of \$262), which has been included in derivative liabilities in the unaudited interim condensed consolidated balance sheet.

### Financial assets and liabilities not measured at fair value

The carrying amount of all financial instruments presented in the unaudited interim condensed consolidated financial statements approximate their fair values, except for the Convertible Debentures as follows:

As at						
September 30, 2021			June 30, 2021			
Fair value hierarchy	Fair value liability	Carrying value	Fair value hierarchy	Fair value liability	Carrying value	
	\$	\$		\$	\$	
Convertible Debentures <sup>(1)</sup>	Level 1	139,300	124,821	Level 1	138,600	123,753

<sup>(1)</sup> The fair value of the Convertible Debentures is based on market quotes as these are actively traded on the open exchange.

## 14 Earnings or loss per common share

### a) Basic

Basic earnings or loss per common share is calculated by dividing the net income (loss) attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period.

	September 30, 2021	September 30, 2020
	\$	\$
Net loss attributable to shareholders of the Company	(21,396)	(3,307)
Weighted average number of common shares outstanding (in 000's)	171,969	170,776
Basic loss per common share	<u>(0.12)</u>	<u>(0.02)</u>

### b) Diluted

During the three-month periods ended September 30, 2021 and 2020, the diluted weighted average number of common shares outstanding is the same as the basic weighted average number of common shares outstanding, as the Company had a net loss and the exercise of any potentially dilutive instruments would be anti-dilutive.

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

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(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### 15 Capital disclosures

The Company's objectives when managing capital are to provide an adequate return to shareholders, safeguard its assets, maintain a competitive cost structure and continue as a going concern in order to pursue the development, production, distribution and licensing of its film and television properties and broadcast operations. The balance of the Company's cash is being used to maximize ongoing development and reduce leverage.

The Company's capital as at September 30, 2021 and June 30, 2021 is summarized in the table below:

	<b>September 30, 2021</b>	<b>June 30, 2021</b>
	\$	\$
Total bank indebtedness and long-term debt, excluding interim production financing	494,364	482,394
Less: Cash and restricted cash	(70,573)	(92,057)
Net debt	423,791	390,337
Total shareholders' equity	299,469	302,913
	<u>723,260</u>	<u>693,250</u>

To facilitate the management of its capital structure, the Company prepares annual expenditure operating budgets that are updated as necessary depending on various factors including industry conditions and operating cash flows. These budgets are regularly reviewed by the Board of Directors.

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### 16 Unaudited interim condensed consolidated statement of cash flows - supplementary information

#### Net change in non-cash balances related to operations

	September 30, 2021	September 30, 2020
	\$	\$
Amounts receivable	(20,621)	(327)
Prepaid expenses and other	(412)	1,232
Long-term amounts receivable	(1,540)	1,338
Accounts payable and accrued liabilities	(8,768)	4,710
Deferred revenue	(3,414)	(5,216)
Tangible benefit obligation payments	(2,971)	(800)
	<u>(37,726)</u>	<u>937</u>

#### Net change in film and television programs

	September 30, 2021	September 30, 2020
	\$	\$
Development	1,207	(236)
Productions in progress	5,612	42
Productions completed and released	(19,580)	(15,923)
Film and television programs	11,478	13,811
Program and film rights - broadcasting	(1,992)	(1,504)
Film and broadcast rights - broadcasting	2,273	3,050
	<u>(1,002)</u>	<u>(760)</u>

#### Net change in interim production financing

	September 30, 2021	September 30, 2020
	\$	\$
Proceeds from interim production financing	19,822	13,472
Repayment of interim production financing	(11,474)	(19,237)
	<u>8,348</u>	<u>(5,765)</u>

#### Supplemental cash flow information

	September 30, 2021	September 30, 2020
	\$	\$
Taxes paid	273	1,060
Taxes refunded	—	(2,075)
	<u>273</u>	<u>(1,015)</u>



**WildBrain Ltd.**Notes to the Unaudited Interim Condensed Consolidated Financial Statements  
For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

**Reconciliation between the opening and closing balances on the unaudited interim condensed consolidated balance sheet arising from financing activities:**

	Term facility	Senior unsecured convertible debentures	Lease liabilities	Exchangeable debentures	Total
	\$	\$	\$	\$	\$
<b>Balance - June 30, 2021</b>	341,477	123,753	43,835	17,164	526,229
Repayments	(908)	—	(2,519)	—	(3,427)
<b>Total financing cash flow activities</b>	(908)	—	(2,519)	—	(3,427)
Amortization of deferred financing costs	371	222	—	59	652
Lease liabilities disposal/additions (net)	—	—	(2,820)	—	(2,820)
Interest paid on lease liabilities	—	—	(601)	—	(601)
Accretion expense	(25)	846	601	1,025	2,447
Foreign exchange	9,888	—	141	492	10,521
<b>Total other activities</b>	10,234	1,068	(2,679)	1,576	10,199
<b>Balance - September 30, 2021</b>	350,803	124,821	38,637	18,740	533,001

  

	Term facility	Senior unsecured convertible debentures	Lease liabilities	Exchangeable debentures	Total
	\$	\$	\$	\$	\$
<b>Balance - June 30, 2020</b>	372,280	119,731	50,826	9,995	552,832
Repayments	—	—	(2,305)	—	(2,305)
Total financing cash flow activities	—	—	(2,305)	—	(2,305)
Amortization of deferred financing costs	321	223	—	53	597
Lease liabilities additions	—	—	1,197	—	1,197
Interest portion paid on lease liabilities	—	—	(681)	—	(681)
Accretion expense	—	744	681	554	1,979
Foreign exchange	(7,992)	—	89	(259)	(8,162)
Total financing non-cash activities	(7,671)	967	1,286	348	(5,070)
<b>Balance - September 30, 2020</b>	364,609	120,698	49,807	10,343	545,457

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

### 17 Revenues and segmented information

The Company operates production entities and offices throughout Canada, the United States and Europe.

	Three months ended September 30, 2021		
	Content	Television	Consolidated
	\$	\$	\$
<b>Revenues</b>	101,445	11,151	112,596
Direct production costs and expense of film and television produced, stock-based compensation and selling, general and administrative	74,408	5,034	79,442
<b>Segment profit</b>	<u>27,037</u>	<u>6,117</u>	33,154
Corporate selling, general and administrative			6,666
Amortization of property and equipment and intangible assets			7,270
Amortization of acquired and library content			2,562
Reversal of right-of-use asset impairment			(719)
Finance costs, net			9,989
Change in fair value of embedded derivatives			5,561
Foreign exchange loss (gain)			13,022
Reorganization, development and other (income) expenses			(842)
<b>Loss before income taxes</b>			<u>(10,355)</u>

	Three months ended September 30, 2020		
	Content	Television	Consolidated
	\$	\$	\$
<b>Revenues</b>	84,052	11,403	95,455
Direct production costs and expense of film and television produced, stock-based compensation and selling, general and administrative	62,114	5,916	68,030
<b>Segment profit</b>	<u>21,938</u>	<u>5,487</u>	27,425
Corporate selling, general and administrative			4,847
Amortization of property and equipment and intangible assets			5,605
Amortization of acquired and library content			2,710
Finance costs, net			9,757
Change in fair value of embedded derivatives			3,669
Foreign exchange loss (gain)			(5,144)
Reorganization, development and other (income) expenses			2,688
<b>Income before income taxes</b>			<u>3,293</u>

# WildBrain Ltd.

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements For the period ended September 30, 2021

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(expressed in thousands of Canadian dollars unless otherwise noted, except for amounts per share)

The following table presents the Company's disaggregated revenues recognized from contracts with customers:

	<b>September 30, 2021</b>	<b>September 30, 2020</b>
	\$	\$
<b>Content</b>		
Content production and distribution	37,568	36,340
WildBrain Spark	15,406	8,882
Consumer Products	48,471	38,830
	<u>101,445</u>	<u>84,052</u>
<b>Television</b>		
Canadian Television Broadcasting	11,151	11,403
	<u>112,596</u>	<u>95,455</u>