

## FORM 51-102F3

### MATERIAL CHANGE REPORT

**Item 1. Name and Address of Company**

WildBrain Ltd. (the “**Company**”)  
5657 Spring Garden Road, Suite 505  
Halifax, Nova Scotia  
B3J 3R4

**Item 2. Date of Material Change**

June 24, 2020

**Item 3. News Release**

Attached as Schedule “A” is a copy of the press release relating to the material change, which was disseminated on June 24, 2020 via CNW and was filed on the System for Electronic Document Analysis and Retrieval.

**Item 4. Summary of Material Change**

On June 24, 2020, the Company entered into a securities purchase agreement (the “**Purchase Agreement**”) with certain funds managed by Fine Capital Partners L.P. (collectively, “**Fine Capital**” and each such fund individually an “**Investor**”) for the purchase of up to US\$18,497,500 in exchangeable secured debentures (the “**Exchangeable Debentures**”) issued by WildBrain Holdings LLC (“**SubCo**”), a wholly-owned subsidiary of the Company (the “**Financing**”). Net proceeds from the Exchangeable Debentures will be used to fund acquisitions and other investments to drive the Company’s content and brand strategy across the Company, with a special focus on its AVOD or ad-supported video-on-demand business.

The Investors purchased an aggregate principal amount of US\$12,208,350 of Exchangeable Debentures (the “**Initial Debentures**”) at the initial closing of the Financing on June 24, 2020 (the “**Initial Closing Date**”) with the remainder (the “**Subsequent Debentures**”) to be drawn at SubCo’s discretion at any time prior to March 24, 2023. The Exchangeable Debentures bear interest at 7.5% per annum payable at maturity and are secured by a first ranking security interest in substantially all of the assets of SubCo. The Exchangeable Debentures are non-recourse to the Company and are to be excluded from the calculation of the total net leverage ratio debt covenant under the Company’s term facility.<sup>1</sup>

---

<sup>1</sup> 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 Material Change Report is a reference to the Total Net Leverage Ratio as defined in the Company’s senior secured credit agreement.

Subject to the limits described below, all or any portion of the outstanding principal amount of the Exchangeable Debentures are exchangeable by the Investors for the Company's Variable Voting Shares (the "**Variable Voting Shares**") at an initial price of US\$1.072855<sup>2</sup> per Variable Voting Share (subject to shareholder approval in the case of the Subsequent Debentures) (the "**Exchange Price**"), which represents an exchange premium of 66.7% to the 20-day volume weighted average price (the "**VWAP**") of the Company's Variable Voting Shares and common voting shares (the "**Common Voting Shares**" and together with the Variable Voting Shares, the "**Voting Shares**") on the Toronto Stock Exchange (the "**TSX**") calculated as of May 12, 2020 (the last trading day before the Company and Fine Capital entered into a binding term sheet with respect to the Financing). If the Company's shareholders do not approve the US\$1.072855 exchange price for the Subsequent Debentures, the exchange price of each Subsequent Debenture will instead be the greater of (i) US\$1.072855 and (ii) the US\$ equivalent of the market price of the Voting Shares at the time such Subsequent Debentures are issued less the maximum discount permitted by the TSX.

Concurrent with the issuance of the Initial Debentures, the Company issued to the Investors warrants to purchase an aggregate of 5,000,000 Variable Voting Shares at a price of CAD\$1.45 per Variable Voting Share (the "**Warrant Exercise Price**"), which will expire five years from the Initial Closing Date (the "**Warrants**").

In accordance with the rules of the TSX, the maximum number of Variable Voting Shares issuable to the Investors upon any exchange of the Exchangeable Debentures, redemption of the Exchangeable Debentures by the Investors on the occurrence of a change of control of the Company and exercise of the Warrants will initially be capped at 17 million, representing approximately 9.94% of the currently outstanding Voting Shares (the "**Exchange Cap**"). In accordance with the terms of the Initial Debentures, the maximum number of Variable Voting Shares issuable to the Investors upon redemption of the Exchangeable Debentures by SubCo or at maturity will initially be capped at 12 million, less the aggregate number of Variable Voting Shares issued prior to such time upon any exchange of the Exchangeable Debentures or in satisfaction of the outstanding principal amount or accrued and unpaid interest of the Exchangeable Debentures (the "**Share Repayment Cap**").

At the Company's 2020 annual shareholder meeting (the "**2020 AGM**"), the Company will seek shareholder approval to remove the Exchange Cap, and for a US\$1.072855 exchange price in respect of the Subsequent Debentures (the "**Shareholder Approval**"). If Shareholder Approval is received, there will be no limit on the amount of Variable Voting Shares issuable to the Investors upon any exchange, redemption or maturity of the Exchangeable Debentures, in satisfaction

---

<sup>2</sup> US\$1.072855 is CAD\$1.45 converted to USD at a rate of USD\$1.00=CAD\$1.3516.

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 “**Regulatory Cap**”).

**Item 5. Full Description of Material Change**

Pursuant to the Purchase Agreement, on the Initial Closing Date, the applicable parties entered into (i) the Initial Debentures, among each of the Investors and SubCo, (ii) the Warrants, among each of the Investors and the Company, (iii) an exchange and support agreement, among the Investors, the Company and SubCo (the “**Support Agreement**”), (iv) various security agreements among the Investors and SubCo in order to create the Investors’ first-ranking security interest in SubCo’s assets (the “**Security Agreements**”, and together with the Purchase Agreement, the Initial Debentures, the Warrants, and the Support Agreement, the “**Transaction Agreements**”).

The Transaction Agreements (other than the Security Agreements) are filed on SEDAR at [www.sedar.com](http://www.sedar.com). The description of the Transaction Agreements set out herein is qualified in its entirety by the full text of the Transaction Agreements. Furthermore, the Transaction Agreements are not intended to modify or supplement any factual disclosures about the Company in any public reports filed or to be filed on SEDAR by the Company. In particular, the assertions embodied in the representations, warranties, and covenants contained in the Transaction Agreements were made only for purposes of the Purchase Agreement and as of specified dates, were solely for the benefit of the parties to the Transaction Agreements, and are subject to qualifications and limitations agreed upon by the parties to the Transaction Agreements. Moreover, certain representations and warranties in the Transaction Agreements have been made for the purposes of allocating risk between the parties to the Transaction Agreements instead of establishing matters of fact. Accordingly, the representations and warranties in the Transaction Agreements may not constitute the actual state of facts about the Company, SubCo or the Investors. The representations and warranties set forth in the Transaction Agreement may also be subject to a contractual standard of materiality different from that generally applicable under securities laws. Investors should not rely on the representations, warranties, or covenants or any descriptions thereof as characterizations of the actual state of facts or the actual condition of the Company, SubCo or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Transaction Agreements, which subsequent information may or may not be fully reflected in the Company’s public disclosures.

*Purchase Agreement*

In addition to the general terms of the Purchase Agreement discussed in Item 4 above, the Purchase Agreement contains customary representations, warranties and covenants of the Company, SubCo and the Investors and sets out various conditions precedent to the issuance of any Subsequent Debentures. The parties

have agreed to indemnify each other (subject to certain limits) against certain losses resulting from breaches of their respective representations, warranties and covenants, while acknowledging that the Exchangeable Debentures are non-recourse to the Company. Pursuant to the Purchase Agreement, the Company also agreed to seek Shareholder Approval at the 2020 AGM.

### *Exchangeable Debentures*

The general terms of the Exchangeable Debentures are discussed in Item 4 above.

Starting 18 months after the Initial Closing Date, SubCo will have the right to redeem all or any portion of the outstanding principal amount of the Exchangeable Debentures at a price equal to the outstanding principal amount being redeemed plus accrued and unpaid interest at any time provided that the US\$ equivalent of the VWAP of the Voting Shares on the TSX is at least 135% of the Exchange Price of the Exchangeable Debentures. SubCo will also have the right to redeem the Exchangeable Debentures at the price noted above if the Investors fail to purchase any of the Subsequent Debentures when required by the Purchase Agreement.

Subject to the Share Repayment Cap and the Regulatory Cap and certain conditions, including the receipt of all necessary regulatory approvals, SubCo will have the right to satisfy its obligation to pay principal and interest in respect of the Exchangeable Debentures on maturity of the Exchangeable Debentures or any outstanding principal amount of the Exchangeable Debentures that is being redeemed by SubCo, plus accrued and unpaid interest thereon, by delivering Variable Voting Shares (valued at the US\$ equivalent of 95% of the VWAP of the Voting Shares on the TSX at the time the payment obligation arises) to the Investor in lieu of cash.

If there is a change of control of the Company (as defined in the Initial Debentures) prior to maturity of the Exchangeable Debentures, the Investors shall have the right to be repaid an amount in cash equal to the outstanding principal amount of the Exchangeable Debentures plus any accrued and unpaid interest thereto. Subject to the Exchange Cap, the Investors may, upon the occurrence of a change of control of the Company, elect to receive Variable Voting Shares in lieu of cash for the outstanding principal amount of the Exchangeable Debentures with such Variable Voting Shares be issued at the Exchange Price.

The Exchange Price is subject to customary anti-dilution adjustment provisions.

The Exchangeable Debentures contain customary events of default and positive and negative covenants that apply to the operations of SubCo while the Exchangeable Debentures remain outstanding. The Exchangeable Debentures include no financial covenants of SubCo.

### *Warrants*

The general terms of the Warrants are discussed in Item 4 above. The Warrants may be exercised in whole or in part for Variable Voting Shares at any time prior to the expiry of the Warrants at the election of the Investors, subject to the Exchange Cap and the Regulatory Cap.

The Warrant Exercise Price and the number of Variable Voting Shares issuable upon exercise of the Warrants are subject to customary anti-dilution adjustment provisions.

#### *Support Agreement*

Pursuant to the Support Agreement the Company has agreed to deliver to the Investors the Variable Voting Shares issuable according to the terms of the Exchangeable Debentures. The Support Agreement also contains customary covenants by the Company in favour of the Investors related to its obligations under the Support Agreement.

#### *Security Agreements*

Pursuant to the Security Agreements entered into on the Initial Closing Date, among other things, SubCo has granted to each of the Investors a first ranking security interest in substantially all of the present and after-acquired assets of SubCo as security for the obligations of SubCo pursuant to the Exchangeable Debentures.

#### **Disclosure Required Pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions***

The Company is subject to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). Fine Capital beneficially owns and controls more than 10% of the Company’s outstanding voting securities. Accordingly, the Financing constitutes a “related party transaction” under MI 61-101. Pursuant to section 5.2 of MI 61-101, a material change report that is required to be filed in connection with a related party transaction must include additional specified disclosure. Such disclosure is set out below and in the Company’s material change report dated May 22, 2020.

##### *(a) Description of the Transaction and Material Terms*

A detailed description of the Financing and its material terms, as well as summaries of each of the material agreements related to the Financing, is set out above.

##### *(b) Purpose and Business Reasons for the Transaction*

In early 2020, the Company began to explore alternative sources of financing to expand its IP portfolio and, in particular, to support its AVOD (ad-supported video-on-demand) business known as “WildBrain Spark”. This process was

accelerated by the economic downturn precipitated by the COVID-19 pandemic, which the Company believes will result in a number of attractive investment opportunities, although at the same time making it more difficult to raise capital. The Company's existing leverage and senior credit arrangements limit additional indebtedness and, alternatively, equity financing is challenging under current market conditions.

The Financing is intended to provide the Company with a pool of capital to pursue these investment opportunities. The Corporate Finance Committee (the "**Corporate Finance Committee**") of the Company's Board of Directors (the "**Board**") (which committee, at the time, was comprised entirely of independent directors who are not affiliated with Fine Capital) negotiated the terms of the Financing with Fine Capital and concluded that the Financing was the best alternative reasonably available to the Company.

*(c) Anticipated Effect of the Transaction on the Company's Business and Affairs*

The Financing will provide a minimum of US\$12,208,350 and a maximum of US\$18,497,500 of cash to SubCo, before transaction expenses. This capital will be used only by SubCo for the purposes of funding the investment opportunities described above (including follow-on investments in any assets or rights acquired) and will not be available for the Company's general working capital purposes. The Exchangeable Debentures are non-recourse to the Company.

*(d) Interest of Interested Parties in the Transaction*

Fine Capital is a "related party" of the Company (as such term is defined in MI 61-101) and an "interested party" (as such term is defined in MI 61-101) for the purposes of the Transaction.

Fine Capital currently owns, or has control or direction over 57,472,888 Variable Voting Shares, which represent approximately 33.60% of the outstanding Voting Shares and approximately 14.26% of the voting power attached to the outstanding Voting Shares. Assuming (i) the Company opts to draw down on the full US\$18,497,500 aggregate amount of Exchangeable Debentures, (ii) an exchange price of US\$1.072855 and (iii) receipt of Shareholder Approval, the maximum number of Variable Voting Shares issuable upon the exchange of the Exchangeable Debentures and on the exercise of the Warrants is 22,241,379 Variable Voting Shares (the "**Maximum Share Issuance**"). Assuming the Maximum Share Issuance, Fine Capital will hold, or have control or direction over 79,714,267 Variable Voting Shares, which would represent approximately 41.24% of the issued and outstanding Voting Shares following the issuance of such Voting Shares and approximately 16.97% of the voting power attached to the outstanding Voting Shares.

*(e) Review and Approval Process by the Board and the Corporate Finance Committee*

In early 2020, management began considering various alternatives to expand its IP portfolio and, in particular, to support its AVOD (ad-supported video-on-demand) business known as “WildBrain Spark” and identified a number of opportunities that might be pursued, subject to securing a source of financing to fund potential acquisitions and investments. At the same time management began exploring various debt and equity financing alternatives and concluded that many customary forms of financing (such as public offerings or private placements of equity or debt by the Company) would not be available on favourable terms or at all due to market conditions, the depressed trading price of the Company’s shares, constraints on incurring further indebtedness imposed by the Company’s senior credit facility and, starting in March 2020, the financial and capital markets impact of the COVID-19 pandemic.

As a result, in March 2020, management approached Fine Capital to discuss the Company’s plan to pursue potential IP related acquisitions and its need for additional financing to execute this plan. Management believed that Fine Capital might be prepared to provide the financing given its significant existing ownership position in the Company, its familiarity with the Company’s operations and strategic plans, its access to capital and the fact that Fine Capital provided a standby commitment to backstop the \$60 million rights offering that the Company completed in November 2019.

Based on these preliminary discussions, it appeared that Fine Capital would be prepared to consider providing the funding that the Company required. Over the course of March and April 2020, management and Fine Capital continued to intermittently discuss a potential financing transaction and the manner in which the transaction might be structured. At the end of April, management sent a high level proposal to Fine Capital for consideration. The proposal contemplated the issuance of a US\$20M exchangeable note to Fine Capital by a subsidiary of the Company along with warrants to purchase 5,000,000 Variable Voting Shares. Fine Capital indicated that it was prepared to negotiate a transaction on the basis of this proposal. In parallel, the Company, along with its legal and tax advisors, continued to analyze the potential transaction and began developing a binding term sheet that contained further details of the financing.

The proposal referred to above was presented to the Corporate Finance Committee on May 4, 2020 and following such date, given the importance of the potential financing, Fine Capital’s status as a significant shareholder and the application of MI 61-101, the Corporate Finance Committee assumed responsibility for all further negotiations and discussions regarding the transaction and for considering the merits of the proposed financing as well as any other alternatives more generally. In connection with its assessment and negotiation of the Financing, the Corporate Finance Committee received legal advice from Goodmans LLP and retained Original Merchant Partners (“**Origin**”) as independent financial advisor. In total, the Corporate Finance Committee met formally on five separate occasions to consider the Financing and to receive updates and advice from its advisors. The Chair of the Corporate Finance

Committee also discussed the transaction with the Company, other members of the Corporate Finance Committee and the Corporate Finance Committee's advisors on numerous occasions outside of these formal meetings.

During the first week of May 2020, the Corporate Finance Committee, together with its advisors, considered the proposed financing and potential alternatives and suggested a number of changes to the term sheet. During this period, among other things, management engaged external advisors to provide a cost of funds analysis for the proposed financing and Origin provided the Corporate Finance Committee of its analysis of the financial terms of the proposed financing as reflected in the term sheet. On May 6, 2020, the Board met and received an update on the discussions with Fine Capital from the Corporate Finance Committee and management, and the Board authorized the Corporate Finance Committee to negotiate and pursue the financing on behalf of the Company. On May 8, 2020, the draft term sheet was delivered to Fine Capital and its legal advisors, Davies Ward Phillips & Vineberg LLP.

From May 11 to May 14, 2020, the Corporate Finance Committee and Fine Capital, with the assistance of their respective legal and (in the case of the Corporate Finance Committee) financial advisors, negotiated various aspects of the term sheet. On May 8, 2020, the Corporate Finance Committee delegated to the Chair of the Corporate Finance Committee the authority to negotiate the binding term sheet on behalf of the committee. On a number of occasions, the Chair of the Corporate Finance Committee and Jonathan Witcher, on behalf of Fine Capital, had direct discussions regarding various aspects of the term sheet and the proposed transaction.

On May 12, 2020, the Corporate Finance Committee met to consider the terms of the proposed transaction. 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 and agreed to recommend that the Board approve the Financing.

In reaching its conclusion to recommend that the Board approve the Financing, the Corporate Finance Committee considered the input of its legal and financial advisors as well as, among other things, the following factors and issues: (i) the strategic value and significant return on capital expected to be generated by investment opportunities that management expects to be available to the Company; (ii) the Company's inability to finance these investment opportunities using its existing resources; (iii) the constraints on the Company's ability to raise financing due to several factors, including the depressed trading price of its shares, the constraints on its ability to incur additional indebtedness under the terms of its senior credit facility and the financial and capital markets impact of the COVID-19 pandemic; (iv) the absence of other financing alternatives that could be consummated on terms with sufficient certainty in a reasonable time period and on terms more favourable to the Company than those contemplated by

the Financing; (v) the fact that the Exchangeable Debentures are non-recourse to the Company; (vi) the Exchange Price premium to the VWAP of the Voting Shares; (vii) the cap on the number of Variable Voting Shares issuable to Fine Capital pursuant to the Exchangeable Debentures and Warrants without Shareholder Approval; (viii) SubCo's right to satisfy its obligations under the Exchangeable Debentures in certain circumstances by delivering Variable Voting Shares in lieu of cash; (ix) the relatively modest increase in Fine Capital's voting rights, even assuming the Maximum Share Issuance, as a result of the terms of the Variable Voting Shares; (x) the need to secure TSX approval for the issuance of the Exchangeable Debentures; (xi) the expected cost of capital attributable to the Financing relative to the Company's existing financing and market comparisons, (xii) the potential impact on shareholders and the Company's share price; and (xiii) the potential to reduce the total net leverage ratio under the senior credit facility of the Company through distributions of EBITDA upstream.

Also on May 12, 2020, the Board met to receive the Corporate Finance Committee's report and recommendation on the Financing. At this meeting Origin also provided its analysis of the financial terms of the Financing to the Board. Having received the unanimous recommendation of the Corporate Finance Committee, the Board 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 during, 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). The Board also delegated to the Chair of the Corporate Finance Committee the authority to negotiate and approve the definitive agreements required to implement the Financing as contemplated by the binding term sheet.

On May 13, 2020, the binding term sheet was finalized and executed by the Company and Fine Capital. The Company announced the Financing as part of its Q3 2020 earnings report issued that same day.

*(f) Summary of Formal Valuation*

The Company has not obtained a formal valuation for the Financing. As discussed below, the Company is relying on an exemption from the requirement to obtain a formal valuation.

*(g) Disclosure of Prior Valuations*

The Company and its directors and senior officers are not aware of any prior valuations in respect of the Company that relate to the subject matter of, or are otherwise relevant to, the Financing that has been made in the 24 months before the date of this material change report.

*(h) General Nature and Material Terms of Agreements with Interested Parties*

The Company entered into the Transaction Agreements on the Initial Closing Date. The general nature and material terms of these Transaction Agreements are summarized in detail above.

*(i) Formal Valuation and Minority Approval Exemptions*

MI 61-101 provides that, unless exempted, an issuer proposing to carry out a related party transaction is required to obtain a formal valuation for the related party transaction from a qualified and independent valuator and to provide security holders with a summary of such valuation. However, section 5.5(a) of MI 61-101 provides an exemption from the formal valuation requirement if, at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25% of the issuer's market capitalization (the "**Formal Valuation Exemption**").

MI 61-101 also provides that, unless exempt, a related party transaction must be approved by at least a simple majority of the votes cast by "minority" shareholders of each class of affected securities, voting separately as a class. However, section 5.7(1)(a) of MI 61-101 provides an exemption from the minority approval requirement if, at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25% of the issuer's market capitalization (the "**Minority Approval Exemption**").

The Formal Valuation Exemption and the Minority Approval Exemption are both available to the Company. Assuming the Maximum Share Issuance, neither the consideration paid for such securities nor the fair market value of such securities will exceed 25% of the Company's market capitalization. Specifically, (i) the maximum consideration payable by Fine Capital for the securities that it may acquire pursuant to the Transaction is US\$23,861,775 million, representing approximately 22.76% of the Company's market capitalization (calculated in accordance with the requirements of MI 61-101), and (ii) the fair market value of the maximum number of securities that Fine Capital will acquire pursuant to the Transaction is less than 25% of the Company's market capitalization.

**Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7. Omitted Information**

Not applicable.

**Item 8. Executive Officer**

The name and business telephone number of the officer of the Company who can answer questions regarding this material change report is as follows:

James Bishop, General Counsel and Corporate Secretary  
Tel: (902) 423-0260

**Item 9.      Date of Report**

July 3, 2020

**SCHEDULE “A”**

**(see attached)**



## WILDBRAIN COMPLETES INITIAL CLOSING OF US\$12.2 MILLION FINANCING FOR GROWTH INITIATIVES

**Funds earmarked for acquisitions and investments to drive WildBrain’s content and brand strategy, with special focus on its AVOD business, WildBrain Spark**

Halifax, NS – June 24, 2020 – WildBrain Ltd. (“WildBrain” or the “Company”) (TSX: WILD), a global leader in kids and family entertainment, has completed an initial closing of the previously announced financing with its largest shareholder, Fine Capital Partners L.P. (“**Fine Capital**”), on behalf of certain funds managed by Fine Capital. The proceeds of the financing will be denominated in US dollars – as a result, Fine Capital has agreed to purchase up to US\$18,497,500<sup>1</sup> (the US dollar equivalent of CAD\$25 million) of exchangeable secured debentures (the “**Exchangeable Debentures**”) issued by a newly formed subsidiary of the Company (“**Subco**”).

At the initial closing of the financing, Fine Capital subscribed for an aggregate principal amount of US\$12,208,350<sup>1</sup> of Exchangeable Debentures with the balance of the commitment available to be called by Subco at any time, subject to certain conditions, up until March 24, 2023. The Exchangeable Debentures issued at the initial closing will be exchangeable for Variable Voting Shares of the Company (the “**Variable Voting Shares**”) at a price of US\$1.072855<sup>1</sup> per Variable Voting Share (the US dollar equivalent of CAD\$1.45).

Concurrently, the Company has issued to Fine Capital warrants (the “**Warrants**”) to purchase 5,000,000 Variable Voting Shares at a price of CAD\$1.45 per Variable Voting Share, which expire five years from today’s date. Net proceeds from the Exchangeable Debentures will be used by Subco to fund acquisitions and other investments to drive WildBrain’s content and brand strategy across the Company, with a special focus on its ad-supported video-on-demand business (“AVOD”). The financing structure does not increase the Company’s leverage ratio for covenant purposes under its senior credit facility<sup>2</sup>.

“One of the most exciting growth opportunities in the media industry is the rise of AVOD,” said Eric Ellenbogen, CEO of WildBrain. “This capital will allow us to finance accretive investments across areas such as content, IP, and technology, especially in our AVOD business, WildBrain Spark. With four billion monthly views across over 800 channels, WildBrain Spark attracts one of the largest and most engaged global audiences in the kids and family space. We see it as a key driver of IP for our business.”

“We are pleased to increase our investment in WildBrain during this exciting period for the children’s media industry,” said Jonathan Witcher, CEO and Chief Investment Officer of Fine Capital, and a non-executive and independent director of WildBrain. “With its vast content library, powerful WildBrain Spark asset and its

**Toronto**  
207 Queens Quay W.  
Suite 550  
Toronto, ON M5J 1A7  
Canada  
t +1 416 363 8034

**Halifax**  
5657 Spring Garden Road  
Suite 505  
Halifax, NS B3J 3R4  
Canada  
t +1 902 423 0260

**Vancouver**  
380 West 5th Avenue  
Vancouver, BC V5Y 1J5  
Canada  
t +1 604 684 2363

**New York**  
352 Park Avenue So. FL 8  
New York, NY 10010  
USA  
t +1 212 293 8555

**London**  
183 Eversholt Street  
London, NW1 1BU  
United Kingdom  
t +44 (0)20 7631 3931



integrated strategy of production, distribution and licensing, WildBrain is ideally positioned to exploit the remarkable opportunity set that exists today for acquisitions, partnerships and investment across the children's media landscape."

As a condition to the closing of the financing, Mr. Whitcher was appointed to the Corporate Finance Committee of WildBrain's board of directors, effective as of today's date.

Fine Capital currently owns, or has control or direction of 57,472,888 Variable Voting Shares, which represent approximately 33.60% of the outstanding Variable Voting Shares and common voting shares of WildBrain (the "Common Voting Shares" and together with the Variable Voting Shares, the "Voting Shares") and approximately 14.26% of the voting power attached to the outstanding Voting Shares. Assuming (i) the Company opts to draw down on the full US\$18,497,500 aggregate amount of Exchangeable Debentures, (ii) an exchange price of US\$1.072855 and (iii) the receipt of shareholder approval to remove limitations on the number of Variable Voting Shares that may be issued pursuant to the terms of the financing, as is further described in the transaction documents, the maximum number of Variable Voting Shares issuable upon the exchange, redemption or maturity of the Exchangeable Debentures and exercise of the Warrants is 22,241,379 (the "Maximum Share Issuance"). Assuming the Maximum Share Issuance, Fine Capital will hold, or have control or direction over 79,714,267 Variable Voting Shares, which would represent approximately 41.24% of the issued and outstanding Voting Shares following the issuance of such Variable Voting Shares and approximately 16.97% of the voting power attached to the outstanding Voting Shares.

Additional details on the financing can be found in the Company's press release dated May 13, 2020 and the material change reports and transaction documents that have been or will be filed on SEDAR at [www.sedar.com](http://www.sedar.com).

1. *F/x exchange rate of 1.3516 CAD to USD.*
2. *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 press release 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](http://www.sedar.com).*

**For more information, please contact:**

Investor Relations: Nancy Chan-Palmateer - Director, Investor Relations, WildBrain

[nancy.chanpalmateer@wildbrain.com](mailto:nancy.chanpalmateer@wildbrain.com)

+1 416-977-7358

**Toronto**  
207 Queens Quay W.  
Suite 550  
Toronto, ON M5J 1A7  
Canada  
t +1 416 363 8034

**Halifax**  
5657 Spring Garden Road  
Suite 505  
Halifax, NS B3J 3R4  
Canada  
t +1 902 423 0260

**Vancouver**  
380 West 5th Avenue  
Vancouver, BC V5Y 1J5  
Canada  
t +1 604 684 2363

**New York**  
352 Park Avenue So. FL 8  
New York, NY 10010  
USA  
t +1 212 293 8555

**London**  
183 Eversholt Street  
London, NW1 1BU  
United Kingdom  
t +44 (0)20 7631 3931



Media: Shaun Smith - Director, Corporate & Trade Communications, WildBrain

[shaun.smith@wildbrain.com](mailto:shaun.smith@wildbrain.com)

+1 416-977-7230

## About WildBrain

At WildBrain we make great content for kids and families. With approximately 13,000 half-hours of filmed entertainment in our library - one of the world's most extensive - we are home to such brands as *Peanuts*, *Teletubbies*, *Strawberry Shortcake*, *Caillou*, *Inspector Gadget*, *Johnny Test* and *Degrassi*. Our shows are seen in more than 150 countries on over 500 telecasters and streaming platforms. Our AVOD business - *WildBrain Spark* - offers one of the largest networks of kids' channels on YouTube, with over 168 million subscribers. We also license consumer products and location-based entertainment in every major territory for our own properties as well for our clients and content partners. Our television group owns and operates four family entertainment channels that are among the most viewed in Canada. WildBrain is headquartered in Canada with offices worldwide and trades on the Toronto Stock Exchange (WILD). Visit us at [www.wildbrain.com](http://www.wildbrain.com).

## Forward-Looking Statements

This press release contains "forward-looking statements" under applicable securities laws with respect to the Company including, without limitation, statements regarding an exchangeable secured debenture financing arrangement, terms and conditions applicable to such financing, expected use of net proceeds from such financing, impact of the financing on the Company's leverage, future growth and financial and operating performance of WildBrain Spark, the markets and industries in which the Company and its subsidiaries operate, impacts of the COVID-19 situation on the Company, its business, the markets and industries in which it operates, and future financial and operating results, production capacity utilization, reorganization initiatives and expected financial impacts from such initiatives, the business strategies and operational activities of the Company and its long-term prospects. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and are based on information currently available to the Company. Actual results or events may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations, among other things, include the ability of the Company to finalize the long form agreements for the financing in a timely manner and complete the other conditions to closing, the availability of investment opportunities and at acceptable valuations, 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

**Toronto**  
207 Queens Quay W.  
Suite 550  
Toronto, ON M5J 1A7  
Canada  
t +1 416 363 8034

**Halifax**  
5657 Spring Garden Road  
Suite 505  
Halifax, NS B3J 3R4  
Canada  
t +1 902 423 0260

**Vancouver**  
380 West 5th Avenue  
Vancouver, BC V5Y 1J5  
Canada  
t +1 604 684 2363

**New York**  
352 Park Avenue So. FL 8  
New York, NY 10010  
USA  
t +1 212 293 8555

**London**  
183 Eversholt Street  
London, NW1 1BU  
United Kingdom  
t +44 (0)20 7631 3931



of the Company on the Internet and other technologies to continue to conduct its business, failure to meet covenants under the senior credit facility of the Company, the ability of the Company to execute on its business strategies and investment opportunities, the ability of the Company to realize expected operating cost savings, consumer preferences, market factors, conditions in the AVOD, entertainment and brands industries, the ability of the Company to execute on production and licensing arrangements, and risk factors discussed in materials filed with applicable securities regulatory authorities from time to time including matters discussed under “Risk Factors” in the Company’s most recent Annual Information Form and annual Management Discussion and Analysis. These forward-looking statements are made as of the date hereof, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

**Toronto**  
207 Queens Quay W.  
Suite 550  
Toronto, ON M5J 1A7  
Canada  
t +1 416 363 8034

**Halifax**  
5657 Spring Garden Road  
Suite 505  
Halifax, NS B3J 3R4  
Canada  
t +1 902 423 0260

**Vancouver**  
380 West 5th Avenue  
Vancouver, BC V5Y 1J5  
Canada  
t +1 604 684 2363

**New York**  
352 Park Avenue So. FL 8  
New York, NY 10010  
USA  
t +1 212 293 8555

**London**  
183 Eversholt Street  
London, NW1 1BU  
United Kingdom  
t +44 (0)20 7631 3931