WildBrain Ltd.

Third Quarter Fiscal 2025 Earnings Call

Event Date/Time: May 15, 2025 — 10:00 a.m. E.T.

Length: 36 minutes

(Edited Transcript)

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PRESENTATION

Operator

Hello, and welcome to WildBrain's Third Quarter Fiscal 2025 Earnings Call.

Today's conference is being recorded. Note that all lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be question-and-answer session. To ask a question during that time, please press star, then the number one on your telephone keypad. If you would like to withdraw from the queue, please press star, two.

I would like to turn the call over to Kathleen Persaud, Vice President, Investor Relations at WildBrain.

Kathleen Persaud — Vice President, Investor Relations, WildBrain Ltd.

Thank you, Operator, and thank you everyone for joining us today for WildBrain's Third Quarter 2025 Earnings call. Joining me today are Josh Scherba, our President and CEO; and Nick Gawne, our CFO.

Before we begin, please note the matters discussed on this call include forward-looking statements under applicable securities laws, which reflects WildBrain's current expectations of future events. Such statements are based on a number of factors and assumptions that Management believes are reasonable at the time they were made and information currently available.

However, many of these factors and assumptions are subject to risk and uncertainty beyond WildBrain's control, which could cause actual results and events to differ materially from those that are

disclosed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, general economics, business, and political conditions.

WildBrain undertakes no obligation to update such forward-looking information, whether as a result of information, future events, or otherwise, except as expressly required by applicable law.

Please note that all currency numbers are in Canadian dollars, unless otherwise stated. After our remarks, we will open the call for questions.

I will now turn the call over to our President and CEO, Josh Scherba.

Josh Scherba — President and Chief Executive Officer, WildBrain Ltd.

Thank you, Kathleen. Thanks for joining us.

We drove sustained strength in the third quarter, fueled largely by our Global Licensing business and our owned franchises. Peanuts, Strawberry Shortcake, and Teletubbies continue to fuel our 360-degree strategy, contributing meaningfully to not only the 44 percent year-over-year growth we've reported this quarter within licensing, but across the full platform of our business.

In the last year, our key owned brands, as a percentage of continuing operations revenue have increased from just over 50 percent to over 70 percent, signaling meaningful progress in our strategy to focus on our core brands, which strengthens our profitability. This cannot be overlooked. We have evolved to a vertically integrated IP company with world class capabilities. These results reflect the deliberate steps we've taken to focus our strategy on accelerating the growth of these high potential opportunities and we are now beginning to see the results of those efforts.

We also saw a return to growth in Content Creation and Audience Engagement this quarter with production commencing on a new teen live-action series for Netflix called *Finding Her Edge* and continued production on the Peanuts feature film for Apple TV+.

Our industry-leading capabilities in FAST and AVOD remain important accelerators for our own brands and partners and we've seen a consistent rise in viewership this quarter. As I reiterated before, in a fragmented content environment, well known IP is critical to success.

Turning back to licensing for a deeper dive, Peanuts continued to demonstrate its evergreen brand appeal worldwide. Rolling out in late March, we saw the first ever global IP activation between Peanuts and Starbucks. Peanuts themed merchandise and consumables rolled out in Starbucks stores in every major market around the globe. The response was immediate and overwhelmingly positive. Merchandise sold out in the first week in the majority of markets and in some places diehard fans queued up as early as 3:00 a.m. to get limited time products.

We also drove continued growth for Strawberry Shortcake and Teletubbies this quarter. The growth of Strawberry Shortcake continues to be impressive. Similar to last quarter, revenue for the brand was up over 200 percent.

To further illustrate this momentum, if we measure Strawberry Shortcake by retail sales, it has now surpassed over US$150 million over the last 12 months and we believe we have a long runway to continue growing this brand. Strawberry Shortcake historically has done over US$800 million in retail sales and we are enacting plans across content digital-first initiatives and brand collaborations now to drive growth for the long-term and position us to realize Strawberry's full potential.

For Strawberry Shortcake, this fall, we will see the launch of new “Berry Besties” licensing program celebrating Strawberry's squad of cute friends. The program is ramping up at the Las Vegas

Global Licensing show next week and we will feature collaborations with some notable brands. We'll have more to report here soon.

In other Strawberry Shortcake news, we announced a collaboration with Sanrio's popular Hello Kitty brand this week for co-branded toys, fashion and stationery launching this September in the U.S. and Canada. This exciting brand mash-up of two timeless icons will see capsule collections, launch across specialty retailers, engaging fans with fun and unique product ranges.

Licensing partners already on board include Jazwares, Bioworld and Loungefly. The Hello Kitty partnership follows our ongoing licensing partnership with Cloudco's iconic Care Bears, which has been such a hit with fans that an expanded line of new crossover products will be coming to markets in the U.S. and Canada.

We've seen tremendous, sustained engagement from fans of Strawberry in the U.S. and Canada and we are now strategically working to expand the brand's licensing program across Latin America, the UK, Europe and APAC in the coming year.

On the Teletubbies side, our franchise and marketing teams are already generating buzz in the market for the 30th anniversary of the franchise in 2027, as they head to Las Vegas Licensing Expo next week.

Licensing is a long lead time business. So it's never too soon to start laying track for licensees and retailers to come on board for big anniversary milestones.

We've seen the success of such strategies firsthand with Peanuts in its 75th anniversary this year. In the near-term for Teletubbies, we recently announced a raft of new licensing deals, including a brand new digital game with the Sandbox, a new line of collectibles with POP MART, and multiple retail partnerships for apparel, plush, accessories and even cosmetics. This summer, fans will find a range of

apparel and accessories at U.S. retailer Five Below and we continue to see great trends with top licensees like Cakeworthy, Loungefly and Loyal Subjects.

Our other resurging franchise, Yo Gabba Gabba!, recently took to the stage for two live performances at the Coachella Festival. Thousands of fans enjoyed fun and nostalgic shows featuring the brand's characters, special musical guests from the brand's Apple TV+ series, as well as crossover kid's characters such as the Teletubbies, Strawberry Shortcake and Care Bears. The event generated more than 35 million impressions across media and connected music fans new and old with this beloved IP. In the words of our Franchise Management Team, “Yo Gabba Gabba! won Coachella”. This viral pop-up event followed our recent announcement that Jazwares has signed on to launch a robust slate of toys, costumes and accessories to the brand this year.

We're excited about the momentum of the Gabba brand and we will be announcing further licensing partnerships in the coming weeks and months. And I'd remind you of Gabba's musical legacy with five international tours, we see a significant opportunity to develop and roll out a new live tour show as we look to further extend and monetize the brand.

Across our key brands, we have laid out the building blocks of our enhanced platform to engage and monetize our IP in the digital world. We know the importance of driving engagement across AVOD, SVOD, FAST, socials and gaming and leveraging this awareness and interaction to drive licensing relationships utilizing our own global licensing platform. These strong results are the very beginning of this hard work coming to life.

As we discussed last call, licensing success begets success and that compounds value over the long-term. Across our key franchises, we continue to exceed our KPIs across watch time, social engagement and new licensee growth, setting us up for meaningful growth over the years to come.

Turning to the macro view, as with the rest of the world, we are actively assessing the potential impact of U.S. tariffs to our diverse business. While the situation is still too fluid to forecast any exact impact, I thought it would be helpful to zoom out and bring up a few key items to think about our business in general.

As far as tariffs on consumer products and goods are concerned, we are not a manufacturer ourselves and do not have the same direct supply chain impacts nor the cost structure of a manufacturer. We have the benefit of diversification across our business; that is diversification across lines of business with Content Creation, our digital businesses like AVOD and FAST and within our licensing business.

We saw the benefit of diversification in 2024 as the slowdown in content from the strikes hit our production pipeline, but we drove growth in other areas of our business. We even have the benefit of diversification within our licensing business.

In our CPLG business, we represent over 3,000 licensees on a global basis across hundreds of brands and territories. We are a global business, not overly indexed to any one geographic region.

In our largest brand Peanuts, we have the benefit of a broad mix of licensees across categories and across territories. Lastly, we have many evergreen brands such as Peanuts, Teletubbies and Strawberry Shortcake. Well known IPs tend to perform better in a downturn as we saw during the COVID time period.

Turning to Audience Engagement. We continue to see a significant opportunity in FAST where we remain the distributor with the largest number of kids channels. Minutes viewed of WildBrain content across global FAST platforms remains healthy with growth of over 50 percent year-to-date for this fiscal year versus the same period last year. Revenue in FAST was slightly down in the quarter with the timing

impact. Adjusting for timing, underlying growth was strong and we continue to be a destination for third-party brands like the recently launched Pokémon.

We saw incredible viewership on the newly launched channel, making it the largest and fastest release ever for WildBrain.

Monetization in FAST and especially in kids content has lagged, but with our market leading position we are poised to capitalize on the opportunity as advertisers recognize the attractiveness of the platform and viewership continues to scale.

Kids and families continue to be engaged on our AVOD network on YouTube. We saw solid growth in viewership on our owned brands in the quarter including Teletubbies and Strawberry Shortcake, and we continue to be a valuable partner for third-party brands such as LEGO as we discussed last quarter.

We also saw growth in the quarter from our Media Solutions team. As a reminder, WildBrain's Media Solutions is our direct ad sales team who sell advertising space on our YouTube and FAST channels. Leveraging our expansive presence across platforms and our premium broadcast quality content, our Media Solutions team empowers brands and media agencies to reach parents and families through COPPA and CARU-compliant opportunities.

They are also experts at brand integrations for our own and third-party brands on leading gaming platforms such as Roblox and Fortnite. We've made significant progress over the last several months enhancing our technology team and tools to drive higher value bespoke offerings in the AVOD and FAST ecosystem. The team has done a tremendous job driving results for top brand advertisers, and we see opportunity to grow this business for years to come.

On the Content Creation side, we saw return to growth in our production business with a new live-action series we're doing with Netflix, *Finding Her Edge*. And our production teams are also hard at work on the new animated Peanuts feature film for Apple TV+ with another Peanuts special rolling out soon, bringing us up to seven specials launched on the platform and three more in production.

As we announced back in December, we signed an agreement to sell our TV channels to IoM Media Ventures. We're pleased to have found the ideal partner in IoM, an independent Canadian owned children's studio. In April, we provided an update on the transaction after we were unable to negotiate a new carriage arrangement with Bell for the channels following a decision from the CRTC.

We have entered renegotiations with IoM regarding certain commercial aspects of the sale agreement and expect the transaction to proceed. Taking a step back, the sale of the channels is part of an overall strategic objective to simplify and streamline our business to focus on key franchises such as Peanuts, Strawberry Shortcake and Teletubbies. This strategy has not changed and we have a clear path ahead as we continue in our commitment to harnessing high growth opportunities and cash generation.

The deal with IoM will require approval from the broadcast industry regulator in Canada. After regulatory approval and closure of the transaction, we will be able to revisit our variable voting structure. For those unfamiliar under the Broadcast Act, we are currently subject to a number of restrictions on non-Canadian ownership.

Simplifying our voting structure to a single-class structure will provide strategic flexibility to WildBrain. With our unique 360-degree capabilities, our diversified brands, and a streamlined business, we are well-positioned to deliver growth and value for years to come.

With that, I'll turn it over to Nick to review our results.

Nicholas Gawne — Chief Financial Officer, WildBrain Ltd.

Thanks, Josh.

Before I start on the financials, as a reminder, in accordance with the IFRS accounting rules, we have classified Canadian Television Broadcasting or Television as held-for-sale in the quarter and presented the historical results of this business unit as discontinued operations. As with the last quarter, I'll reference results from continuing operations and results including discontinued operations and as applicable in my remarks.

Revenue from continuing operations in the third quarter was $128 million, up 42 percent year-over-year. Revenue including discontinued operations in the third quarter was $140 million, up 40 percent year-over-year. Global Licensing revenue in the quarter was $71 million, up 44 percent. It was another strong quarter for Peanuts and the growth was broad-based across multiple geographies and licensing categories.

We also saw impressive growth in our higher EBITDA margin brands, Strawberry Shortcake and Teletubbies. Both these brands have been important contributors to growth this fiscal year, with Strawberry Shortcake's revenue up triple-digit percentages and Teletubbies revenue up double-digit percentages year-to-date.

For Strawberry Shortcake particularly, we are encouraged by the broad-base of growth for the brand. As we noted last quarter for many of our licensees, we're past the “sugar rush” of minimum guarantees and we're into the sell-through phase where we have the quality, sustainable revenue.

The trajectory we're on is based on our marketing and digital content strategy to drive greater engagement through continued social media focus and YouTube and FAST content, which we then leverage to drive new licensees on the consumer product side.

As Josh noted with Strawberry Shortcake having delivered annual retail sales of US$800 million in the past, we're focused on the upside that this brand can bring us.

As we've been talking about on prior calls, the growth in global licensing is a result of Management's actions to focus the business on high potential, higher margin; higher cash generated businesses that set us up for sustainable earnings and free cash flow growth.

Content Creation and Audience Engagement revenue in the quarter was $57 million, up 40 percent year-over-year. This revenue increase in this period was driven by growth in production and Media Solutions revenues as compared to prior year offset by lower distribution YouTube and FAST revenues. As Josh mentioned, adjusting for some timing impacts, underlying growth for FAST was strong.

Revenue from Television was $12 million in the quarter. For comparability, as we had provided last quarter, supplemental information for continuing and discontinued operations can be found in the earnings release. Gross margin percentage for continuing operations in the quarter was lower, primarily from a mix shift in revenues and higher participation costs in the quarter.

SG&A in continuing operations was $27 million in the quarter, up 12 percent. Adjusting for foreign currency translation differences and non-recurring items, underlying SG&A costs were up low-single-digits as we invest in higher opportunity businesses to continue to fuel long-term growth.

Adjusted EBITDA from continuing operations was $16 million, up 18 percent. Adjusted EBITDA including discontinued operations was $26 million, up 33 percent. Net loss for continuing operations was $11 million, compared to a net loss of $16 million in the prior period.

Free cash flow in the quarter was positive $13 million, compared to negative $3 million in the third quarter of 2024. Year-to-date free cash flow was positive $67 million, compared to negative $23 million in the nine-month period in fiscal '24. Free cash flow is subject to variability arising from working

capital timing and our interim production financing payables. We remain confident that the business will maintain strong free cash flow growth in the fiscal year, highlighting again the quality of the assets we have coupled with the higher cash generation conversion and more asset-light profit streams we've been building on licensing.

Our leverage at the end of the quarter was 4.4x, down from 5.3x in the December 31 quarter. We are comfortably in compliance with all financial covenants and our commitment to reducing leverage to under 4x remains unchanged.

Turning to guidance. We reconfirm our outlook for fiscal year 2025 for revenue growth including discontinued operations of approximately 10 percent to 15 percent and Adjusted EBITDA growth including discontinued operations of approximately 5 percent to 10 percent. Last quarter, we have given incremental colour about underlying revenue growth of our continuing operations of 15 percent to 20 percent and Adjusted EBITDA growth of 12.5 percent to 17.5 percent.

With more visibility into the balance of the fiscal year, we continue to see revenue growth trending to the higher end of that range, but with the timing impact of distribution deals, which are higher margin, we now see Adjusted EBITDA from continuing operations growth of approximately 5 percent to 10 percent.

Moving on to our expectations for free cash flow. As I said, this is subject to material timing variances, but the quality of earnings we're driving this year leads us to see free cash flow as being strongly positive with a good proportion of the $67 million year-to-date holding through the fourth quarter despite some expected working capital outflows. Absent interest, our unlevered free cash flow was $30 million—$32 million in the quarter and $105 million year-to-date. That compared to $10 million

in all of fiscal '24, another proof point of our turnaround and our ability to operate and grow despite higher leverage.

Through fiscal '25, we've delivered quality EBITDA growth versus prior years and materially better cash creation. We have still much work to do, but have built a strong foundation for significant growth and cash generation for years to come.

I'll hand it over to Josh as we wrap up.

Josh Scherba — President and Chief Executive Officer, WildBrain Ltd.

Thanks, Nick.

These strong results show that our franchise focused strategy is working across the full 360-degree platform. We have evolved to a vertically integrated IP company with the unique ability to develop, distribute and monetize entertainment franchises across multiple platforms and revenue streams. This model allows us to supercharge the reach and longevity of our owned and partner brands.

Looking ahead, we will continue to double down on high growth opportunities, including for our owned IP, AVOD, FAST and Media Solutions, as well as continuing to grow our content production pipeline. We also remain focused on reducing our debt and streamlining the business with the sale of Television. Now more than ever, we are well-positioned to deliver sustainable growth and drive shareholder value.

With that, I'll open it up to questions.

Q & A

Operator

Thank you, sir. Ladies and gentlemen, a reminder to please press star,, one. Should you have any questions and if you would like to withdraw from the queue, you will need to press star, two. If you are using a speakerphone, please lift the handset first before pressing any keys. Please go ahead and press star, one now if you have any questions.

First question will be from Drew McReynolds at RBC. Please go ahead. Please go ahead, Drew, un-mute your line.

Drew McReynolds — Analyst, RBC

Yes, my apologies. Good morning, everyone. Thanks for taking my questions. Yes, I just want to clarify and it gets just to a broader question. So obviously great to see the revenue momentum. Just in terms of the flow through to Adjusted EBITDA. I think Nick, you're just trimming kind of what your fiscal 2025 would be ex-TV in terms of margin guidance, obviously with the big revenue beat, not particularly fussed with that from my perspective. But just can you speak to this as we look forward, the flow through of revenue into profitability? Obviously, you've got a revenue mix that's evolving with some higher margin and lower margin businesses. Just wondering if you can unpack that one a little bit and then I'll have just a couple others. Thank you.

Nicholas Gawne — Chief Financial Officer, WildBrain Ltd.

Sure. So as you know, the different parts of our business give off different margin and when we spoke last quarter, we were seeing EBITDA growth of 12.5 percent to 17.5 percent for continuing operations. Distribution is point of time revenue and we can be impacted by timing of distribution and

distribution is also higher margin. So we've had some margin mix shifts, which we're seeing for the balance of the year, which is therefore impacting the flow through in the way that you're seeing.

Drew McReynolds — Analyst, RBC

Okay. And with respect to content production and good to see the demand coming back overall, just can you unpack that with respect to on the proprietary pipeline, your own production, what that pipeline is looking like and then the level of third-party service revenue that you generate are both kind of coming back, maybe speak to that.

And then third just on tariffs. Thanks, Josh, for your comments on your exposure, which from a direct perspective doesn't look to be overly material. Just wondering what you are seeing in terms of end demand out there across your licensed products. And on the assumption the tariff regime becomes more coherent as we go forward, more constructive here when we think about licensed products heading into kind of holiday season. Presumably from that perspective, you're still relatively well-positioned, but wondering if you're seeing any softness in real time. Thank you.

Josh Scherba — President and Chief Executive Officer, WildBrain Ltd.

Sure. So maybe I'll speak to the tariff question first and then talk about the content slate after. Yes, I mean, no question, it's an evolving situation. We're dealing with a different set of facts as of Monday. And as I talked about, we've got a lot of diversity built into our business. But you rightly point out that we're kind of at a critical point for holiday orders and those are real time conversations that are

happening over the next few weeks, particularly based on the new set of facts that were established on Monday.

So we've reaffirmed our guidance for this year. Obviously, we've only got kind of six weeks left in the quarter in our fiscal year. So we feel good about that. And we'll monitor closely any impact that we might see at the—coming into this holiday season. But as you said, we've got a lot of diversity geographically from our licensing business, also a large range of licensees who have different manufacturing bases all over the world. So there's a lot of diversity built into our overall licensing business.

On the content slate, yes, we're pleased to see it coming back. We had anticipated growth this year and further growth into next year and that's still the plan. And our IP slate is humming along. We're in production on the Peanuts feature for Apple TV+. We continue to have more Peanuts content in the pipeline.

And your question about third-parties, yes, that business has been coming back. We continue to be in business with LEGO, who we produce a number of series for, and we're just getting started on new projects for them.

So overall, it's certainly not back to the days of 2019 or early 2020, but it is coming back and we're seeing that come through in our numbers and we expect that trend to continue.

Drew McReynolds — Analyst, RBC

Okay, that's great. Thank you both.

Operator

Thank you. Again, ladies and gentlemen, if you do have any questions, please press star, followed by one on your touchtone phone.

Next will be Dan Kurnos at Benchmark. Please go ahead.

Daniel Kurnos — Analyst, The Benchmark Company

Great. Thanks. Good morning. And let me just start by saying, Josh, Nick, that's another solid print from you guys. You guys have put up a few quarters now that are really showing momentum. And particularly in the licensing side, the growth rate accelerated over more than the delta in the comp in the quarter. So there's some clear momentum there.

I want to, Josh, just double click on the macro just for one second. Appreciate all the colour you gave in the remarks as well as the answer to the last question. Just to be clear though, on the economic side, higher prices would actually in a way—I mean, you get some offset because of the rev share, right, as opposed to lower volumes, higher prices could be sort of a net neutral depending on what happens to demand, obviously.

And then, on the guidance piece, look, obviously those of us doing the monkey models out here, it's always tricky to figure out timing with you guys, but I mean, I appreciate Nick's comments. It looks like you're pacing above the high end of your guidance on revenue. So I'm just trying to get a sense if there's any uncertainty or conservatism baked into given what's going on in the landscape.

Josh Scherba — President and Chief Executive Officer, WildBrain Ltd.

So yes, on the royalty—or sorry, on the tariff question, I mean, yes, it is a royalty business for us based on wholesale prices. And look, ultimately consumer demand will have an impact on our business. There's no question about that. But it's early to predict. But what we do know is that historically, when there's been downturn in the economy, there's been a flight to familiarity from a brand standpoint.

And we've seen Peanuts performed very well during those early days of COVID. And historically in other times of economic turbulence, it's performed well. There's a number of details that we'll only know in time, but we feel positive overall about our position.

Daniel Kurnos — Analyst, The Benchmark Company

And then—go ahead, Nick.

Nicholas Gawne — Chief Financial Officer, WildBrain Ltd.

No, I was just going to speak to the guidance point. You're right, timing is tricky to predict. And again, I kind of zoom out from that sometimes and look at the overall momentum that we're delivering in the business. So strong free cash flow growth, strong licensing growth, margin is tricky because the margin on production versus distribution versus Peanuts versus Strawberry Shortcake, they're all very different margins. So that the mix shift can impact us in any given quarter, but when you—it neutralizes over time and you come back to the momentum on the business. But as you note, we've got three strong quarters this year and things are looking positive.

Daniel Kurnos — Analyst, The Benchmark Company

Got it. That's helpful. And then Josh, maybe some more fun ones, just on the Starbucks partnership. Really appreciate the colour there. Are there other opportunities to do similar things? I know you referenced some shots on goal with Strawberry. Obviously, Peanuts is a global brand, so it's kind of easier to leverage that. And I know that you've been focusing on Ono IP but with something like a Sonic, while maybe not as profitable, perhaps, It feels like you can with the success that you're seeing in Peanuts, that you might be able to leverage some of the other global iconic brands that you have access to.

Josh Scherba — President and Chief Executive Officer, WildBrain Ltd.

Sure. So yes, the Starbucks campaign is a huge success. And I think it does speak to the unique aspects of Peanuts as a global top 10 brand that it could work in so many different locations at that scale. So whether there's a direct comp for doing that with any of our other IP, I think would be a stretch. But in terms of the—showing our ability to execute on those types of programs, and there are certainly other opportunities in that space for us to take advantage of.

But it also just—it just gives Peanuts that much more strength in today's market and relevance and does open up opportunities for further programs with Starbucks or with other global chains. So yes, it was a huge success. So a big thanks to the team for pulling it off.

Daniel Kurnos — Analyst, The Benchmark Company

And last one for me, just on Strawberry, because it's kind of important and it's really scaling. You gave the historical numbers; you gave the current run rate. Maybe just is there anything that you can give additional colour on beyond your prepared remarks on how you're kind of leaning in there and how fast we think you can kind of rescale from here?

Josh Scherba — President and Chief Executive Officer, WildBrain Ltd.

Well, I mean, look, there's not a lot more detail that I can offer, but in terms of, kind of broad sell-through, that's really encouraging for us. It's not being driven by any one specific licensee or category. It's really across all retail categories. And I would also say that socials are a leading indicator for us. We've increasingly seen a direct correlation between uptick in social engagement and sell-through at retail. And we continue to reach new heights on our socials, which we think continues to be a great lead indicator for where we're going next.

Nicholas Gawne — Chief Financial Officer, WildBrain Ltd.

Yes. Just to add—just one more thing, Dan. Teletubbies is obviously a priority for us as well. Like Strawberry, Teletubbies is a brand that's done very material retail sales in the past. It's done over US$1 billion in retail. Strawberry, as we said, was kind of over US$800 million retail annually in the past. And Josh spoke about the value of known IP.

So we're really excited to have two brands that are on a growth trajectory already. We're not having to spend huge amounts of marketing dollars to break them. The marketing dollars that we're putting in are extremely effective. So that that gives us a lot of runway for the future.

Daniel Kurnos — Analyst, The Benchmark Company

Trust me, Nick, I did not want to sell Teletubbies short. It felt like we were in different stages, but clearly you guys have a lot of runway in front of you on both brands. Anyway, appreciate the colour, guys, and congrats on another solid quarter.

Josh Scherba — President and Chief Executive Officer, WildBrain Ltd.

Thanks, Dan.

Operator

Again, a reminder to please press star, one on your telephone keypad should you have any questions.

And at this time, we have no further questions registered, which concludes our conference call for today. Thank you for attending. You may now disconnect your lines. Enjoy the rest of your day.