



WildBrain Ltd.

Fiscal 2026 Q1 Earnings Conference Call Transcript

Date: November 14, 2025

Time: 10:00 AM ET

Speakers: Josh Scherba
CEO

Nick Gawne
CFO

Kathleen Persaud
VP, IR

Operator:

Welcome to WildBrain's Fiscal 2026 First Quarter Earnings Conference Call.

As a reminder, all participants are in listen-only mode, and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may reach an operator by pressing star, then zero.

I would now like to turn the conference over to Kathleen Persaud, Vice President of Investor Relations. Please go ahead.

Kathleen Persaud:

Thank you everyone for joining us today for WildBrain's First Quarter 2026 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 risks and uncertainties 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, changes in general economic, business and political conditions. WildBrain undertakes no obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as explicitly required by applicable law.

Please note, 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:

Thanks for joining us. Fiscal 2026 is off to a strong start, reflecting the continued execution of our strategy to focus on our core brands in higher growth areas across Global Licensing, Content Creation and Audience Engagement. As you can see in the results announced after market yesterday, we're demonstrating the value of our strategy to focus on franchise building across content, engagement and licensing, supported by a simplified operating model. We are encouraged by the underlying strength of our business today and continue to see significant opportunities ahead to grow our profit across these core segments.

Global Licensing once again led the way, delivering strong double-digit growth in Q1 of 29% year-over-year, driven by sustained momentum across our key franchises, Peanuts, Strawberry Shortcake and Teletubbies. Demand remains broad-based across many categories and markets around the world, underscoring the strength of our 360-degree franchise strategy, the depth of our local expertise and the worldwide appeal of these evergreen properties.

At Brand Licensing Europe in October, the leading consumer products and licensing trade show in Europe, there was tremendous enthusiasm from partners and retailers for both Strawberry Shortcake and Teletubbies, which continue to benefit from refreshed creative direction and robust consumer engagement. There was huge buzz for Peanuts as well, which celebrates its 75th anniversary this year. With a healthy pipeline of new licensing deals across all key markets and the holiday selling season on the horizon, we remain increasingly confident in the sustained momentum and visibility of the Peanuts business.

Our franchise management team hosted its second annual Summit with retail partners this week in Los Angeles. Building on last year's inaugural event, attendance more than doubled and in a clear sign of the growing momentum behind our WildBrain Brands, we saw nearly as many attendees for WildBrain Brands as we did for Peanuts.

Fan engagement for Strawberry Shortcake continues to remain strong, which is translating into licensing revenue. Watch time on YouTube was up 20% and average view duration was up nearly 300% for Strawberry Shortcake in the quarter, and we continue to see social media engagement rising. Consumer demand for Strawberry merchandise continued to grow with consumer products revenue for Strawberry up 115% year-over-year with healthy diversification across licensees.

Looking at Teletubbies, revenue was up more than 20% with strong performance, particularly with our POPMART collaboration, which taps into the collectible nature of the Teletubbies and merchandise has been flying off the shelves. The licensing pipeline for Teletubbies continues to build as we're ramping up to the brand's 30th anniversary in 2027 with a global activation program designed to celebrate and amplify the strong fan affinity for these beloved characters. Similarly, watch time and average view duration on YouTube plus social media engagement were all up year-over-year.

In Peanuts, we had a strong quarter across nearly all geographies with particular strength in North America, APAC and EMEA. The 75th anniversary is continuing to drive increased awareness and engagement, and as we've said before, the success we're seeing in anniversary promotions unlocks further licensing opportunities and collaborations. The touring Blue Dragon Art exhibition, which celebrates Peanuts' 75th anniversary through immersive art, fashion and experiential installations has proven highly popular with fans in APAC, and we continue to see meaningful growth potential for Peanuts in the region.

WildBrain CPLG is also off to a great start to the year with growth across all regions and revenues from Peanuts, WildBrain Brands and third-party brands, all up year-over-year. CPLG is a unique and highly differentiated business within the licensing industry and we saw that in spades at Brand Licensing Europe. The buzz around our portfolio was palpable and the strong execution by our team continues to attract new partners. Over the past few months, WildBrain CPLG has expanded the licensing program for PLAYMOBIL, rolled out a robust international program of brand activations and cross-category partnerships for Strawberry and Teletubbies and was appointed agency rights for the highly popular Miraculous franchise and the Van Gogh Museum. This performance highlights the strength of CPLG's global infrastructure and its ability to translate brand momentum into meaningful commercial outcomes across regions and categories.

Turning to Content Creation and Audience Engagement, subsequent to the quarter we were thrilled to announce the renewal of our multi-year partnership with Apple TV for Peanuts content extending through 2030. This renewal includes a continuation of the Peanuts library deal, which will be recognized in our Q2 numbers, and a new commitment from Apple TV for more original series and specials. The renewal reaffirms the enduring demand and substantial value of the legacy content, while the commitment for new content further reinforces the long-term value of this iconic brand.

In Audience Engagement, our AVOD and FAST channels continue to grow steadily. These platforms build awareness and affinity for our brands, create incremental monetization opportunities and extend the lifecycle of our content. Owned franchises like Degrassi and Strawberry Shortcake, as well as partner brands such as Pokémon, remain consistently in front of fans worldwide, keeping them top of mind and fueling demand that carries through to consumer products licensing.

Our channels are distributed across major platforms, including Samsung, Roku and Amazon Video, ensuring our content reaches audiences wherever they're watching. WildBrain is already the global leader in FAST for kids with approximately 180 channels launched and as the FAST ecosystem matures, we are well positioned to monetize this growing opportunity across both our owned and partner IP. We are the scaled and trusted partner for platforms seeking high-quality kids and family content.

In Media Solutions, our in-house advertising and brand partnership arm, we held our first ever upfront in London this October. An upfront event is a key commercial touchpoint where platforms highlight their capabilities, and the successful event has already generated some meaningful deals with new partners. We're increasingly confident in the growth potential for this business.

Media Solutions offers a differentiated capability within WildBrain. Very few kids media companies combine global brand management and channel reach with in-house media sales and activation at this scale. The rising engagement across our digital platforms, growing pipeline of Media Solutions and the significant growth in Licensing all underscore how we are building a meaningful platform at the center of the ecosystem where today's kids and families are watching content and engaging with brands. Our scale across YouTube, FAST and AVOD not only keeps our brands front and center with global audiences, but also demonstrates the strength of our model in driving awareness, engagement and monetization.

Before I hand over to Nick, I'd like to provide a quick update on the asset review we've referenced in recent quarters.

We've been approaching this work with a clear set of objectives: to sharpen our strategic focus; enhance balance sheet flexibility; and create long-term value for shareholders. With the progress we've made simplifying the business and focusing on high-margin brand-driven growth, we continue

to actively evaluate further opportunities to simplify and unlock value for WildBrain and our stakeholders.

As we updated you in our full-year report in September, the process is continuing to advance in line with our expectations and discussions with a targeted group of interested parties are ongoing. While these conversations remain confidential, we're encouraged by the level of progress and expect to have more to report soon. We remain focused on outcomes that strengthen the Company and position us for sustained growth.

We've had a strong start to the fiscal year. We have great brands, which were on full display of Brand Licensing Europe in October, where Strawberry Shortcake and Teletubbies drew tremendous excitement from partners and retailers. We also have a strong offering in FAST and Media Solutions that positions us to capture emerging opportunities as viewing and engagement models evolve. And we continue to see positive returns from our focus on premium content capabilities, reinforcing the strength and long-term value of our Content Creation business.

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

Nick Gawne:

Thanks, Josh. As a reminder, in accordance with IFRS accounting rules, in Q2 and Q3 of 2025, we had classified Canadian Television Broadcasting as "Held for Sale" and presented the historical results of this business as Discontinued Operations. With the termination of the Television sale agreement in August, the segment no longer met the threshold for Held for Sale in Q4 of 2025 and Q1 2026, and we have reinstated the Canadian Television Broadcasting unit back into Held for Use. Television will return to Discontinued Operations in our Q2 2026 results, reflecting the cessation of the business in October 2025. All the results I'll be referencing include Television, unless I specifically refer to them as being excluding Television.

First quarter revenue was \$126 million, up 13% year-over-year. Revenue excluding Television was \$121 million, up 16% year-over-year. Global Licensing revenue in the quarter was \$81 million, up 29%. The growth in Licensing reflects management's deliberate focus on high-growth, higher-margin brands. By leveraging our expertise to drive engagement through social and digital strategies, we've expanded consumer reach, attracted new licensees and translated that momentum directly into revenue and profitability.

We also saw strong growth in WildBrain CPLG, which continues to benefit from its unique globally integrated platform that brings together brand strategy, retail expertise and best-in-class execution. The team had an exceptional reception at Brand Licensing Europe, where partners responded enthusiastically to our portfolio and the expanding opportunities across our owned and represented brands.

Revenue for the Content Creation and Audience Engagement in the year was \$40 million, down 3%. The revenue decrease in the period was driven by a reduction in content distribution revenue in the quarter, offset by stronger production revenue as compared to the prior year.

Television revenue for the quarter was \$5 million. As mentioned, Television ceased operations in October and the broadcast licenses were surrendered to the CRTC. As a result, WildBrain is no longer subject to applicable Canadian control restrictions under the Broadcasting Act.

Gross margin percentage for the first quarter was 51% compared to 47% in the prior year, driven by a mix shift towards Global Licensing.

SG&A was \$29 million, an increase of 7%, up due to the impact of translating foreign currency-denominated expenses at less favourable rates than in the prior year and also due to higher variable compensation.

Adjusted EBITDA was \$21 million, up 37%. Adjusted EBITDA, excluding Television, was \$17 million, up 53%.

Net loss in the quarter was \$33 million compared to net loss of \$11 million in the prior year.

Free cash flow in the quarter was negative \$11 million compared to positive \$5 million in the first quarter of 2025. Q1 2025 benefited from lower interest payments in that quarter, driven by the timing of our refinancing, and in addition, first quarter tends to be our lightest period for collections within our Global Licensing business. Our leverage at the end of the quarter was 4.96x, comfortably in compliance with our financial covenants.

Turning to guidance and our outlook for fiscal year '26, we reaffirm our previous guidance and expect strong growth in the core underlying business. In that core business, which excludes Television, we expect revenue growth of approximately 15% to 20% and Adjusted EBITDA growth of approximately 15% to 20%. In September, we provided incremental colour on our growth drivers. First quarter results are in line with our expectations on those drivers. Licensing continues to deliver strong momentum, while we are seeing some headwinds in content distribution as anticipated.

Within Global Licensing, we continue to expect growth across the full portfolio of our owned brands as well as growth within WildBrain CPLG. With Peanuts, we are building on our social media strategy, expanding category presence and deepening penetration in key markets. With WildBrain Brands, we expect growth in new territories, while WildBrain CPLG is expected to deliver growth both through representation of owned brands as well as third-party brands, with WildBrain Brands and CPLG contributing higher margins at EBITDA level.

As we conveyed last quarter, in order to fully capture the growth opportunity in our Global Licensing segment, we need to invest upfront, both in franchise marketing and SG&A, which acts as a light headwind for fiscal '26. However, for Peanuts, Strawberry Shortcake and Teletubbies, the data points, demand and pace of growth we've seen over the past 15 months, in addition to third-party research we've undertaken, tell us that the upside opportunity is significantly larger. The headwind today with SG&A up an expected 10% creates a tailwind for the future.

In Audience Engagement, we expect Media Solutions, our direct advertising business, to meaningfully grow. In FAST, we expect new third-party revenue opportunities as brands like Pokémon look to leverage our established presence in the market. While monetization still lags the engagement we're seeing, we're fully confident that this discrepancy will result into a significant opportunity in the future.

Traditional distribution remains constrained across the broader industry. Timing on this part of the business is always variable due to point-in-time revenue recognition. In fiscal '26, we have the benefit of some deals that slipped from '25, such as the Peanuts renewal we closed in Q2 this year.

In Content Creation, we expect continued growth driven by the Peanuts feature and episodic content for high-quality partners like LEGO. Including the Television business, we expect revenue of

approximately \$560 million to \$590 million and Adjusted EBITDA of approximately \$80 million to \$85 million.

Moving on to our expectations for free cash flow. This is subject to material timing variances. Fiscal '25 did have some timing benefits which we do not expect to repeat in this coming fiscal year. Additionally, with Television ceasing operations, we expect free cash flow to be down year-over-year.

With a more streamlined cost structure and clearer focus, we're positioning WildBrain for stronger financial performance and sustainable value creation over the long term.

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

Josh Scherba:

Thank you, Nick. As we look ahead, our priorities remain clear: driving growth in Global Licensing, advancing our premium content partnerships like Peanuts with Apple TV, and leveraging our Audience Engagement platform to build global reach for our brands and our partners. We're confident in our strategy and in the power of our IP portfolio to deliver continued growth.

With a strong start to fiscal 2026 and a focused team, WildBrain is well positioned to build momentum through the balance of the year and beyond.

With that, I'll open up to questions. Operator?

Operator:

Thank you. We will now begin the question-and-answer session. To join the question queue you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We will pause for a moment as callers join the queue.

Your first question today will come from Drew McReynolds with RBC. Please go ahead.

Drew McReynolds:

Thanks very much and good morning. I'll start with the Peanuts renewal and deal, I think, through 2030. Josh, can you just kind of comment on what's necessarily kind of new in this agreement versus kind of just the extension? I know in your opening remarks, you provided a little bit on that, but just wondering if you could provide a little bit more.

Second, on Teletubbies, could you kind of remind us—I know it's smaller, much smaller than the Strawberry Shortcake franchise at the moment, but kind of how do you see Teletubbies being kind of sized up here relative to Strawberry Shortcake as we go forward?

Then lastly, just a quick update on third-party service revenue, the extent to which kind of that volume of business has come back or what your expectation is for the rest of the year. Thank you.

Josh Scherba:

Thanks, Drew. So I'll kind of go in order here. So, starting with the Apple deal. So look, Apple has been a tremendous partner for us and for the Peanuts brand. Beyond the distribution platform that they provide and the funding of content, we've also had the added benefit of additional programs like the Snoopy watch screen savers that we've done for iOS devices. So there's additional benefits that a partner like Apple bring to the brand, and we continue to value that.

Their commitment to the classic specials for the next five years is a meaningful component of this deal. The fact that we're on our third renewal continues to demonstrate the long-term viability of these classic specials. And also a commitment to new content shows that they are valuing what we've been producing for their platform.

Overall, it's more of what we've been doing with Apple, but that's ultimately a really good thing. And I would also note that our presence on YouTube is increasing with some of the content that we've produced with Apple over the years. They've shown more flexibility in this space than they had historically. which is also a really good thing in terms of our exposure for the brand to drive further growth.

The next question I think was around Teletubbies. While we haven't been sizing that specifically, I think that we are bullish on what we can achieve on Teletubbies. I referenced the POP MART collaboration in the script. Those are really kind of collectible vinyl toys in the vein of Labubu and

those are selling extremely well, which I think is really showing the viability of the brand in the cultural zeitgeist. So I would categorize that growth as non-kids related; that's really nostalgia driven.

And as we're seeing with Strawberry and with Peanuts, the appeal of multigenerational brands is really important these days. So the opportunity to be able to do deals that tap into how adults want to remember their childhood with certain products, as well at the same time, growing a kids business. I would say on Teletubbies, that's where the biggest upside is for us. We continue to invest in new strains of content and as those roll out in the coming months and years—and when I say investing in content, we're really talking about social content and digital-first content that is intended for YouTube as well as other social platforms. We expect to grow the fandom and engagement amongst kid audiences, and that has the ability to unlock tremendous upside from a consumer product standpoint.

Drew McReynolds:

Yes, that's great, Josh. Yes, the third-party service piece?

Josh Scherba:

Yes. When you're referring to third party, are you referring to our CPLG business or the Content Creation business, kind of our studio work?

Drew McReynolds:

Yes, just the studio work.

Josh Scherba:

Sure. So look, why don't I take an opportunity to

There's no question there's been challenges in the content market over the past few years. Really, in kids and family you've had Netflix, and to some extent Apple, being the commissioners that were actually moving projects ahead. The conclusion of the merger of Skydance and Paramount and Paramount kind of taking decisive action around reinvesting in content, we think is a really positive development for the industry. We think that while there's still some uncertainty around the future of Warner Bros., that will be resolved sooner than later. We think that once this is resolved and kind of reset, we'll be bringing back a dynamic to the market that's really important, some competition.

I think one could argue that over the past few years, the lack of investment, particularly in kids and family, will demand some sort of catch-up period where there will be increased investment from these streamers.

Not that we're seeing that at this point in any meaningful way, but I would say that our pipeline of projects at the studio, we're putting up more bids today than we would have been a year ago. So while I don't think we're seeing that return to competition yet amongst the streamers, I will say that there is more activity happening, which gives us confidence in our slate for the next couple of years.

I think we spend a lot of time talking about what is now the traditional content market, including all of the streamers, and in the meantime there is this new form of content distribution and platforms that have become really meaningful, specifically non-YouTube AVOD and FAST. It's a space that we've been in really since 2019 and we've seen our engagement and viewership grow every year since we've been in the space. It's getting to a place now that it's maturing and becoming an area of profit. Specifically, Tubi mentioned in their last quarter that they achieved profitability for the first time. Tubi has been commissioning original content and they've signalled that they're going to be doing more in this space.

For us, again, we've been really encouraged by the engagement, but as Nick mentioned in the script, the monetization has lagged. Over the last year, we've been investing more and more in our Media Solutions team who have expertise at selling inventory against kids content. Kind of worth noting that there are added challenges to selling inventory against kids content. There's COPPA compliant requirements that really put some guardrails on how you can sell against this content. We've built a group of experts that know how to sell this inventory and so the goal for us is really to take on inventory from these AVOD and FAST platforms that is currently being underutilized by sales teams that aren't experts in selling against kids. We see that as an area of high consumption right now and an area of increased monetization as we move forward.

I apologize for the long-winded response, but I think it's worth kind of giving a whole picture of the current content landscape because it is expanding just beyond those handful of streamers that have been the key commissioners over the past few years.

Drew McReynolds:

Yes, Josh, yes, that's a really thorough answer. And you got my fourth question there on the monetization side. Just for clarity, when you talk about maybe taking over some of the monetization, is that all kind of through the Media Solutions piece of your business?

Josh Scherba:

Yes, that's right. We would be taking back inventory from these AVOD and FAST platforms where we'd have the ability to sell inventory. They will continue to sell inventory as well, the platforms directly, but for us to take on some of this inventory. Really, what we do is—it really becomes a value add for agencies and advertisers because we can take this inventory, which when you think about it, is really the closest analog to linear inventory, and you think about all of the money that has flowed out from Nickelodeon and Cartoon Network and services like this over the years, this is a really logical place for it to go because it looks and feels like linear television. We can take that inventory and then we combine it with our premium inventory on YouTube and that packaging of it together, we're finding as a real value add for agencies and advertisers.

Drew McReynolds:

That makes sense. Okay. Thanks very much.

Josh Scherba:

Thanks, Drew.

Operator:

Once again, if you have a question please press star and then one. Please stand by as we poll for questions.

This will conclude our question-and-answer session and today's conference call. You may now disconnect your lines. Thank you for participating and have a pleasant day.