



WildBrain

Fiscal 2026 Full Year and Fourth Quarter Earnings Call Transcript (edited)

Date: September 24th, 2026

Time: 10:00 AM ET

Speakers: **Josh Scherba**
President & CEO

Nick Gawne
CFO

Kathleen Persaud
VP, IR

Operator:

Welcome to WildBrain's Fiscal 2026 Full Year and Fourth Quarter Earnings Conference Call.

As a reminder, all participants are in a 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 Ms. Kathleen Persaud, Vice President of Investor Relations. Please go ahead, ma'am.

Kathleen Persaud:

Thank you, Operator, and thank you, everyone, for joining us today for WildBrain's fourth quarter and fiscal year 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 security 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 uncertainty beyond WildBrain's control, which could cause actual results to vary 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 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'll now turn the call over to our President and CEO, Josh Scherba.

Josh Scherba:

Thanks for joining us today.

Fiscal 2026 was a transformational year for WildBrain. We completed the sale of our interest in Peanuts, exited the Canadian television broadcasting business, and fully repaid our corporate debt. These actions simplified our business, strengthened our balance sheet, and repositioned WildBrain around three core growth platforms. Franchise and Global Licensing, Content, and the WildBrain Network, which became our new reporting segments effective in Q4.

We enter fiscal 2027 with a clearer operating model, substantial financial flexibility, and the ability to deploy capital more deliberately. Our focus has shifted from balance sheet repair and debt servicing to investing in the capabilities that we believe can create a larger, higher quality, and more scalable business.

As part of that repositioning, we have aligned our external reporting with the way we now manage the business and create value. Franchise and Global Licensing, Content, and the WildBrain Network each have a distinct mandate, but they are designed to work together to form our flywheel. Franchise and Global Licensing builds and monetizes owned and partner brands. Content develops, produces, and distributes programming that drives fandom and supports franchise growth. The WildBrain Network reaches audiences at scale while generating advertising revenue and data insights.

This flywheel creates the differentiated platform we have developed to grow and accelerate brands and those of our partners. Organizing around these three connected pillars gives us clearer accountability, brings related capabilities closer together, and provides investors with greater visibility into the underlying economics and growth drivers of the business.

Our fourth quarter results were affected by impacts arising from lower licensing agency revenues at WildBrain CPLG, reflecting timing differences and the impact of changes in certain partner relationships, as well as provisions for uncollectible trade receivables related to certain licensing customers. We also increased investment behind our own franchises to continue driving growth. At the same time, we continue to see positive momentum in Strawberry Shortcake and Teletubbies,

higher direct advertising revenue in the WildBrain network, and an expanding pipeline of content activity heading into fiscal 2027.

We are also adding new capabilities to our licensing ecosystem. Subsequent to the quarter, we announced the acquisition of Personality AI, a kid-safe, scalable, interactive character platform. This adds proprietary generative AI capabilities that can be deployed across toys, apps, games, and digital platforms, both for our own brands and for partner IP through our licensing agency.

Starting with Franchise and Global Licensing, fiscal 2026 demonstrated the strength of our own brand licensing model. Full-year segment revenue grew 27% to approximately \$88 million, supported by growth in owned brand royalties and WildBrain CPLG agency commissions. Strawberry Shortcake remained a key driver. During the year, the brand continued to expand across content, retail, licensing, and live experiences.

In the fourth quarter, owned brand royalties continued to grow, led by Strawberry Shortcake. We have continued to build a broad content and marketing pipeline around the brand. The rollout of new Strawberry Shortcake programming on the WildBrain Network is designed to keep the franchise in front of audiences, deepen fan engagement, and support future consumer products opportunities across categories and territories.

Teletubbies also continued to build momentum, particularly across Asia. In June, the first ever themed Teletubbies and In the Night Garden retail store opened in China. Called WildBrain Garden, the store is part of Magic World, one of the region's largest family entertainment centers, featuring WildBrain's brands alongside others such as Peanuts, Peppa, and Crayola. This is another example of how we can extend our brands beyond the screen and into physical experiences that support awareness, retail activity, and long-term franchise value.

As Teletubbies approaches its thirtieth anniversary, we are building a coordinated global program across content, consumer products, retail, and live experiences. Our objective is to combine global brand recognition with locally relevant execution to create durable growth across markets.

At WildBrain CPLG, the fourth quarter reflected lower agency revenue impacted by factors I've previously mentioned. We have been actively managing through the transition of client relationships over the past year by expanding our portfolio of third-party partners and building a

strong pipeline of new opportunities. While new relationships take time to onboard and scale, we remain confident in our ability to replace this business over time.

In addition, over the last several quarters, we have proactively repositioned CPLG to better capitalize on local market opportunities and unlock growth across both international and domestic markets. Building on our success in Asia Pacific and other key regions, we have expanded local capabilities and strengthened our market presence to accelerate opportunities for both owned and partner brands, most recently with the opening of a new CPLG office in Japan this summer.

This repositioning is an offensive growth initiative designed to increase our addressable market, deepen client relationships, and accelerate long-term growth. We remain confident in CPLG's long-term value as a global licensing platform and as an important route to market for WildBrain's own franchises.

We also continue to expand CPLG's existing partner brand mandate. In North America, Penguin Ventures and WildBrain CPLG announced new licensing collaborations for the world of Peter Rabbit across apparel, accessories, homeware, gifting, and digital products. Separately, Miraculous Corp expanded WildBrain CPLG's remit to lead location-based entertainment opportunities for its global hit brand, Miraculous Tales of Ladybug and Cat Noir, across EMEA and Asia Pacific. This new LBE relationship with Miraculous builds on CPLG's existing consumer products licensing relationship outside the Americas. These wins demonstrate the breadth of CPLG's capabilities across consumer products and location-based entertainment.

The acquisition of Personality AI expands our franchise flywheel into interactive character experiences, creating new ways for audiences to engage with beloved brands. Its proprietary kid-safe technology can be deployed across COPPA-compliant toys, apps, games, digital platforms, and physical experiences, giving us a scalable capability to deepen fandom and unlock new commercial opportunities for both WildBrain's brands and partner brands represented through WildBrain CPLG. Personality AI will be reported as part of our Franchise and Global Licensing segment.

Turning to Content, fourth quarter revenue of \$29 million was lower than the previous year, primarily because of lower live-action production activity and lower distribution revenue. The prior year quarter included a significant content delivery that did not repeat, and current projects were at

different points in their production cycles, impacting timing in the quarter. The underlying opportunity remains meaningful. We have a number of green lit projects across animation and live-action that are expected to support a rebound in production activity during fiscal 2027. Our integrated capabilities across development, pre-production, production, and distribution remain central both to serving third-party partners and to building our own franchises.

Our Content capabilities were also on display at the Annecy International Animation Film Festival, where our team participated in an official Work inProgress panel, presenting first look at Snoopy Unleashed for Apple Original Films, while our content sales team brought new Strawberry Shortcake programming to the MIFA market. In June, Apple also announced that WildBrain had been appointed the production studio on the new animated feature film, Little Santa, based on the best-selling children's book of the same name. Just this morning, Apple TV announced the newest Peanuts special produced by our studio, *12 Days of Snoopy* is a brand new Peanuts Holiday Special featuring an original song from John Legend, premiering this November. This is the latest production delivery in our long-term agreement with Apple TV.

In live-action, production is now underway on the second season of *Finding Her Edge* for Netflix. These activities highlight the breadth of our pipeline across premium animation, digital first franchise content, and live-action. We are also continuing to evolve our production model to improve scalability and better match resources with project demand. The goal is to preserve WildBrain's creative leadership and partner relationships while creating a more flexible delivery platform over time. We have additional initiatives underway that we expect to discuss in the coming periods.

Turning to the WildBrain Network, fourth quarter revenue increased 6% year-over-year to approximately \$12 million, driven by higher direct advertising revenue from our media solutions business. The Network now spans more than 1,000 channels across YouTube, FAST, and AVOD platforms. It gives us global audience reach, a direct source of audience insight, and a scaled platform for advertisers seeking brand-safe access to kids and families. During the year, monetization was affected by changes in our partner mix and lower revenue on certain third-party platforms. However, the fourth quarter showed encouraging progress in direct advertising with growth of over 20%.

We are investing in sales, marketing, and operating capabilities to expand media solutions and improve monetization across the network. A recent example of that progress is our exclusive direct advertising sales partnership with Miraculous Corp. Under the agreement, WildBrain Media Solutions will hold exclusive direct advertising sales rights for Miraculous Corp's intellectual property, including Miraculous Tales of Ladybug and Cat Noir. The partnership adds a globally distributed franchise to our advertiser offering and expands the publisher direct inventory available through the WildBrain Network.

We see the network as more than a distribution business. It is a strategic part of our franchise flywheel. Content builds audiences, the network creates reach and insight, and that engagement supports licensing, advertising, and distribution opportunities across the Company.

More broadly across the Company, we are investing in our technology and operating infrastructure. Our priorities include better enterprise data, modernized systems, increased automation, and more scalable operating workflows. These investments are intended to reduce complexity, improve visibility, and create a stronger foundation for growth. This is not simply a systems upgrade. We are bringing technology, data, automation, and production technology into a more unified operating model with clear strategy and accountability. The objective is to create faster, simpler workflows, scalable production capabilities, and a more disciplined foundation for technology and AI investment.

Stepping back, fiscal 2026 reset the foundation of WildBrain. We simplified the portfolio, eliminated corporate debt, established a clearer three-segment operating model, and created the financial flexibility to invest behind our strongest opportunities. Fiscal 2027 will be an investment year. We are deliberately putting capital behind franchises, content, advertising capabilities, technology, and operating infrastructure. These investments will affect near-term profitability and free cash flow, but we believe they position WildBrain for stronger revenue growth, Adjusted EBITDA expansion, and improved cash generation beyond fiscal 2027.

With that, I will turn it over to Nick to review the financial results and outlook in more detail.

Nick Gawne:

Thanks, Josh.

Before I begin, I want to clarify the presentation of our financial results. Following the closure of our Canadian Television Broadcasting business and the sale of our 41% interest in Peanuts Holdings, the historical results of those businesses are presented as discontinued operations. Peanuts-related revenue and expenses provided under post-closing arrangements from our licensing agency, content production, and content distribution services remain in continuing operations.

We have also updated our reportable segments to Franchise and Global Licensing, Content, and WildBrain Network. Alongside segment revenue, we are now also providing Adjusted EBITDA for each reportable segment. This is new incremental disclosure for investors and reflects the way management evaluates segment performance and allocates resources. Segment-Adjusted EBITDA is a non-GAAP financial measure, as defined and discussed in our MD&A. I will highlight both the fourth quarter and full year results for each segment. Comparative information has been recast to conform to the new structure. Unless I state otherwise, the figures I will discuss relate to continuing operations.

Revenue from continuing operations in the fourth quarter was \$55 million, down 29% from \$77 million in the prior year quarter. For the full year, revenue from continuing operations was \$246 million, down 10% from \$274 million in fiscal 2025. Franchise and Global Licensing revenue was \$16 million in the fourth quarter, down 16%. The decrease reflected lower licensing agency revenue at WildBrain CPLG, partly offset by continued growth in own brand royalties, led by Strawberry Shortcake. For the full year, Franchise and Global Licensing revenue was \$88 million, up 27%, driven by growth in own brand royalties and higher agency commissions at CPLG.

Content revenue was \$29 million in the fourth quarter, down 40%, reflecting lower production and distribution revenue, including the absence of a significant content delivery recognized in the prior year quarter. For the full year, Content revenue was \$115 million, down 27% from \$157 million in fiscal 2025, reflecting lower production activity and lower point-in-time distribution, music, and other revenue.

WildBrain Network revenue was \$12 million in the fourth quarter, up 6%, driven by higher direct advertising revenue. For the full year, WildBrain Network revenue was \$47 million, down 10%, reflecting lower platform advertising revenue, with direct advertising revenue broadly flat. We continue to see encouraging audience momentum across our owned IP, with watch time on

WildBrain-owned channels up 10% year-over-year and Teletubbies recording its strongest quarter ever for watch time. This audience growth reflects the strength of our owned IP as we evolve network toward the deeper, more strategic partnerships. We believe our continued investment in direct sales and broader monetization capabilities positions the network for stronger advertising growth and improved operating leverage over time.

Gross margin in the fourth quarter was \$21 million, or 39% of revenue, compared with \$32 million, or 41% in the prior year quarter. The decrease in gross margin dollars reflected lower distribution and licensing revenue, along with increased franchise marketing investment. For the full year, gross margin was \$111 million, or 45% of revenue, compared with \$110 million, or 40% in fiscal 2025. The approximately 500 basis point improvement in gross margin reflected the increased contribution from higher margin owned brand licensing revenue, which offset the impact of lower production and distribution activity.

Franchise and Global Licensing segment Adjusted EBITDA was negative \$4 million in the fourth quarter, compared to positive \$2 million in Q4 2025. The decrease reflected lower licensing agency revenue, higher franchise marketing investment, and higher SG&A. For the full year, segment Adjusted EBITDA increased to \$22 million from \$11 million, reflecting revenue growth described above, partly offset by higher staff, content, and marketing costs.

Franchise marketing investment was approximately \$1 million higher than in the prior year quarter. We are deliberately investing ahead of revenue to increase awareness in Strawberry Shortcake and Teletubbies across content, consumer products, retail, and new territories. That spending affected fourth quarter profitability and is expected to continue to affect Franchise and Global Licensing margins in fiscal 2027, with the related licensing revenue expected to develop over subsequent periods.

Content segment Adjusted EBITDA was \$2 million in the fourth quarter, compared to \$10 million in Q4 2025. For the full year, segment Adjusted EBITDA was \$8 million, compared to \$23 million. The decreases reflected lower production activity, lower high-margin distribution, and part-brand royalty revenue, and a greater mix of lower-margin production revenue.

WildBrain Network segment Adjusted EBITDA improved to approximately break-even in the fourth quarter from negative \$2 million, driven by higher advertising revenue and lower content costs,

partly offset by higher SG&A. For the full year, segment Adjusted EBITDA was negative \$2 million, compared with approximately break-even in fiscal 2025, as lower platform advertising revenue and investment in the direct advertising sales team more than offset lower content and distribution costs.

The segment results presented before corporate and other consolidation adjustments and inter-segment eliminations. In the fourth quarter, corporate costs were about \$600,000 higher. This was partly offset by approximately \$260,000 increase in the benefit from consolidation adjustments and eliminations. For the full year, corporate costs were approximately \$913,000 higher, with a benefit from eliminations and consolidation adjustments increasing approximately \$1 million.

Eliminations and consolidation adjustments contain inter-segment eliminations that net to zero at gross margin and the removal of rent charges under IFRS 16. To explain further, we load our segment Adjusted EBITDA with rent charges, which are then removed in this line.

Adjusted EBITDA from continuing operations attributable to Shareholders of the Company, which I will refer to as Adjusted EBITDA, was negative \$4 million in the fourth quarter, compared with positive \$8 million in the prior year quarter. For fiscal 2026, Adjusted EBITDA was \$21 million, down 22% from \$27 million in fiscal 2025.

Fourth quarter profitability was affected by several discrete items. First, impact arising from the wind-down of a partner relationship. Second, provisions related to certain receivable balances. Third, year-end adjustments to estimates surrounding accrued licensing income. Lastly, increased franchise marketing expenditures supporting key brand initiatives. Absent these impacts, the business performed as Management expected. We continue to make progress in own-brand licensing and direct advertising while advancing our production pipeline. Together, these trends support the fiscal 2027 outlook that I'll detail in a moment.

Net income from continuing operations attributable to Shareholders of the Company was \$5 million in the fourth quarter, compared with net income of \$6 million in the prior year quarter. For the full year, net loss was \$75 million, compared with net loss of \$122 million in fiscal 2025.

Cash used in operating activities was \$30 million in the fourth quarter, compared with \$2 million in the prior year quarter. The change primarily reflected working capital timing to productions.

Free cash flow presented on a consolidated basis was negative \$20 million in the fourth quarter, compared with negative \$17 million in the prior year quarter. The current quarter result primarily reflected production working capital outflows and the seasonality of our licensing businesses, partly offset by an increase in interim production financing.

For fiscal 2026, consolidated free cash flow was negative \$31 million, compared with positive \$50 million in 2025. The comparison was significantly affected by the Peanuts transaction. Fiscal 2026 included cash generated by Peanuts before the transaction closed in March, as well as transaction costs and interest paid before the repayment of our debt. It also included significant production and licensing working capital movements. As a result, consolidated free cash flow for fiscal 2026 is not directly indicative of the cash generation profile of the continuing businesses following the transaction. With corporate debt now repaid, future periods will no longer include interest on that former credit facility, although production financing and working capital timing will continue to create variability.

We ended the year with \$89 million of cash and cash equivalents, providing liquidity to support our fiscal 2027 investment program and broader capital allocation priorities. We also continue to execute our normal course issuer bid. As of the end of August, we had returned approximately \$3.2 million to Shareholders through share repurchases. This reflects our commitment to returning capital to Shareholders when we believe doing so creates long-term value.

Our capital allocation priorities are to invest in franchise marketing and content, technology and operating infrastructure, pursue selective acquisitions to strengthen our franchise portfolio capabilities, and return capital to Shareholders when we believe doing so creates long-term value.

For fiscal 2027, we expect revenue of \$270 million to \$295 million. At the midpoint, this represents year-over-year growth of approximately 15%, we expect Adjusted EBITDA of \$28 million to \$32 million. At the midpoint, this represents year-over-year growth of approximately 44%. Our fiscal 2027 growth is supported by the underlying trends across our three operating segments and by our visibility into contracted activity and the current pipeline. Although timing can create variability between periods, that visibility gives us confidence in the guidance ranges we have provided.

Fiscal 2027 represents an investment year for WildBrain. We expect to rebuild growth across each operating segment while making concentrated investments intended to strengthen our long-term

competitive position. Within Franchise and Global Licensing, we expect growth from own brand licensing programs, including Strawberry Shortcake and Teletubbies.

Continued investment in Content and Franchise marketing is intended to support broader consumer products programs across categories, markets, and territories. This investment is expected to reduce segment profitability in fiscal 2027 with the related licensing revenue developing over subsequent periods. The timing and amount of those returns will depend on licensee adoption, retail placement, consumer demand, and product launch timing.

At WildBrain CPLG, we are focused on expanding the roster of owned and partner brands across key regions while managing the near-term impact of changes in certain partner relationships. Within content, we expect to rebound in production revenue with a number of green-lit live-action animation projects expected to drive revenue and Adjusted EBITDA growth.

Distribution and content sales are also expected to remain important contributors to segment profitability. Within the WildBrain network, we see an opportunity to recapture advertising demand in the Kids and Family category as the broader media landscape evolves. We expect growth in total advertising revenue supported by investment in direct sales and marketing capabilities and continued monetization through third-party platforms.

SG&A is expected to grow ahead of advertising revenue in fiscal 2027, creating a near-term drag on segment profitability. As advertising revenue grows, we expect improved operating leverage and increased margin dollars in subsequent periods. Our fiscal 2027 guidance includes approximately \$30 million of planned investments. Most of these investments are expected to be reflected below EBITDA, primarily within reorganization, development, other costs and as capital expenditures with a smaller portion recognized in operating expenses and therefore reflected in Adjusted EBITDA.

These investments are concentrated in three areas. First, we are increasing investment in our own brand content and franchise marketing initiatives to support broader consumer products programs across categories, markets and territories. These costs are expected to be primarily reflected in operating expenses.

Second, we are making a multi-year investment in technology and infrastructure, including data, enterprise systems and automation and scalable operating workflows. These costs are expected to include both reorganization, development and other expenses and capitalized investments.

Third, our investment and program include leasehold improvements and other capital expenditures to support our physical infrastructure. These investments are expected to be capitalized. We expect these investments to support greater operating scalability and a more moderate rate of growth in corporate costs over time while also strengthening the foundation for long-term growth.

Operating cash flow generated by the continuing business is expected to fund the material portion of this investment with our available cash balance providing additional capacity for these initiatives, selective acquisitions and share repurchases. As a result of this planned investment program, we expect free cash flow to be negative in fiscal 2027. Importantly, before these planned investments, we would expect the continuing business to generate positive free cash flow in fiscal 2027. We believe this disciplined investment approach positions the business to deliver stronger profitability, improved cash generation and enhanced long-term Shareholder value.

As our business makes shifts towards higher-margin consumer product licensing and we scale the WildBrain Network's advertising sales capabilities, we expect improvements in Adjusted EBITDA and free cash flow generation. Following fiscal '27, we expect Adjusted EBITDA to approximately double from the midpoint of our fiscal '27 outlook by the end of fiscal '29. The expected improvement is based principally on growth in own brand licensing revenue, increased total advertising revenue within the WildBrain Network, improved operating leverage and a moderation of incremental transformation spending.

We also expect free cash flow generation to improve as Adjusted EBITDA grows and the fiscal 2027 investment program moderates. The amount and timing of free cash flow will continue to depend on working capital movements, production financing, content investment and capital expenditures.

There are, of course, risks to achieving any forward-looking outlook. However, current business momentum, the depth of our pipeline and the developing opportunities across our broader ecosystem provide us with the confidence in our ability to deliver against these expectations. We believe the opportunity ahead of WildBrain is meaningful and our priority is disciplined execution.

As always, our guidance and outlook are based on our current expectations and are subject to the risks and assumptions described in our public filings.

I will now turn it back to Josh to close.

Josh Scherba:

Thank you, Nick.

Fiscal 2026 marked a major transition for WildBrain. We monetized our interest in Peanuts, exited in television broadcasting, eliminated corporate debt and repositioned the Company around three connected growth platforms. We are entering fiscal 2027 from a position of financial and operational strength and with a disciplined investment plan.

Strawberry Shortcake and Teletubbies are building momentum. The content pipeline is expected to support a rebound in production activity. The WildBrain network is expanding its direct advertising opportunity, and Personality AI adds a new differentiated capability to our franchise ecosystem. The near-term investment is deliberate. Our objective is to build stronger franchises and more scalable operating platform and multiple pathways for long-term earnings and cash flow growth. We appreciate your continued support and interest in WildBrain.

With that, we are happy to take your 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.

The first question will come from David McFadgen with Cormark Securities. Please go ahead.

David McFadgen:

Yeah, hi. A couple of questions. You talk about making an investment of \$30 million. I was just wondering, can you break that down between what is CapEx that would be reflected in the

investing section of the cash flow statement and then what would be reflected in an operating cost of an income statement?

Nick Gawne:

We're not disclosing that at this time, David. As I said in my script notes, it's \$30 million that will be spread across. Some of it will hit within Adjusted EBITDA, the franchise marketing costs and some of the amortization related to the content costs. The majority of it sits in real development and other costs within CapEx. It's there really to drive that kind of accelerated growth that we're seeing through '28 and '29.

David McFadgen:

Okay. Sorry, I didn't get that. Do you expect the majority would be in CapEx as reflected in the investing section of the cash flow statement or the majority is going to be up in the income statement somewhere?

Nick Gawne:

Again, we're not disclosing that level of detail. IFRS has rules around what's capitalizable and what's not capitalizable, different to U.S. GAAP and so on and so forth. I think our job is to kind of try and guide people to how much we're spending and what the expected return on that. The return flows through our target to approximately double the kind of '27 EBITDA through to '29.

David McFadgen:

Okay. You talked about changes in partner relationships. CPLG, I was wondering if you could elaborate on that.

Josh Scherba:

Sure, I'll take that one, David. Thank you for the question. Yeah, we alluded to some consolidation in the business and to be specific, it's the partnership with Paramount who have obviously been going through a lot of changes and have decided to take their licensing representation business back in-house. That had an impact on us in the quarter. We've built that adjustment into our forecast for fiscal '27 and beyond.

We remain extremely optimistic about our prospects at CPLG. We've been adding additional partners. We've mentioned Miraculous. We've also been expanding some of our rights on the Dr.

Seuss franchise. As well, there's really significant geographical momentum. I just came back from Asia where I spent time with our offices in Taiwan and Seoul and in Shanghai. We're seeing real growth in that region and opportunities for us to add third-party representation properties there.

These partners do cycle out from time to time. But this had been a really long-term relationship, but consolidation in the business led to this decision by them and for them to take this work in-house. But we're adjusting and are extremely confident in our prospects.

David McFadgen:

Okay. Can you elaborate on what brands Paramount took back in-house?

Josh Scherba:

I'm not going to list them all, but we were representing a portfolio of Paramount brands, and they've taken that business back in-house.

David McFadgen:

Okay. Then you talked about uncollectible trade receivables and MD&A. I was just wondering if you could quantify that.

Nick Gawne:

Yeah, we're not quantifying that, but it was an impact in the fourth quarter over the year. It doesn't really impact the results, but we had to take some action as a result of new information we got in the queue. We'd say it's discrete. It doesn't speak to the quality of the trading business, and it doesn't speak to the quality of the investment of the license fee program we have for Strawberry and Teletubbies.

David McFadgen:

Okay. Then lastly, you talked about SG&A growth, and this was '27. What magnitude of growth are you expecting there?

Nick Gawne:

Again, I seem to be repeating myself, David. I apologize. But we're not breaking it down to that level of growth. I think I'd zoom out and say the business I joined just about three years ago; the business is pretty unrecognizable now versus what it was then. Back then, it was very much a

content investment business rather than a people business. That content business has become extremely challenged over the past five years, and we kind of navigated the business out of that challenge with a clean balance sheet and with a licensing business and a network business and a more selective studio business that we're incredibly proud of.

That network business and the licensing business are people-driven businesses rather than content-driven businesses. If you look at a cashflow profile of the business, content investment has been dramatically falling over the past five years, but we've replaced that with investment in people because the more people we have, the more licensing programs we can launch for our own brands and for partner brands in various territories.

That's why we're seeing SG&A running ahead. What you're not seeing is content amortization, moderating. Which kind of nets the impact of that SG&A. Unfortunately for us, SG&A looks very—the SG&A growth is very obvious, whereas the moderation in content amortization is not as obvious. But that's really what's driving the trend.

Josh Scherba:

I would also add, David, that that dovetails with our investment in infrastructure and systems so that our people can be more efficient moving forward. As our business grows in '28 and '29, we're not going to have to increase our headcount to scale the business because we're going to be able to operate in a much more efficient way given the investments we're making in the next 12 months.

David McFadgen:

Okay. All right. Thank you.

Operator:

Again, if you have a question, please press star, then one.

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