FINAL TRANSCRIPT

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PRESENTATION

Operator

Hello and welcome to WildBrain's Fiscal 2023 Q3 Earnings Call. Today's conference is being recorded. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. To ask a question during that time, please press star, then one on your telephone keypad. If you would like to withdraw your question from the queue, press star, then two.

I'd now like to turn the call over to Kathleen Persaud, Vice President, Investor Relations at WildBrain. You may begin your conference.

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

Thank you, everyone, for joining us today for WildBrain's Third Quarter 2023 earnings call. Joining me today are Josh Scherba, our President and CEO, and Aaron Ames, our CFO. Also with us and available during the question-and-answer session is Danielle Neath, our EVP of Finance and Chief Accounting Officer.

Before we begin, please note that matters discussed on this call include forward-looking statements under applicable securities laws with respect to WildBrain, including, but not limited to, statements regarding investments and acquisitions by the Company, commercial arrangements of the Company, the business strategies and operational activities of the Company, the markets and industries in which the Company operates, and the future growth, objectives, and financial and operating performance of the Company and the value of its assets. Such statements are based on factors and assumptions that management believes are reasonable at the time they were made and information currently available.

Forward-looking statements are subject to number of risks and uncertainties. Actual results or events in the future could differ materially and adversely from those described in the forward-looking statements as a result of various important factors, including the risk factors set out in the Company's most recent MD&A and Annual Information Form, which are available on the Investor Relations section of our website at wildbrain.com.

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 & Chief Executive Officer, WildBrain Ltd.

Thanks, Kathleen, and thanks to everyone for joining us today.

I want to start by saying how thrilled and honoured I am to have been appointed WildBrain's President and CEO. I've been with the Company since its founding in 2006 and I've held many roles over that time, spanning all aspects of the global organization. WildBrain is a truly special company within the entertainment industry, with a deep vault of beloved IP and a total unique and powerful commercial offering to monetize our own and partner brands.

At WildBrain, our mission is quite simple: We create exceptional entertainment experiences that captivate and delight fans new and old. In doing so, we cultivate and grow love for our own and partner brands with kids and families around the world, and we do this through the wonder of storytelling. As President and CEO, I'm excited to continue this work and further advance WildBrain's position as a leader in content creation, audience engagement and global licensing.

Before I touch on what my vision of our future looks like, I'd like to take a moment to thank Eric Ellenbogen for his important leadership over the past several years. Eric helped transformed WildBrain, working with the management team and our Board to set the Company on a renewed path of sustainable growth and positioning it for a successful future. During this time, he and I worked closely together, elevating the Company's commitment to creative excellence and expanding its global reach by implementing a unified 360-degree strategy across the organization, rebranding the Company and assembling a top management team. I look forward to building further on this foundation as we move into the next phase of growth for the Company. On behalf of the entire Company and the Board, I'd like to thank Eric for his vision and valuable contributions.

So, last quarter we talked about the inflection of our growth in two phases. Phase one was all about the content activation, production and rollout, and that laid the foundation of the transformation we've undertaken over the past three years. We've invested in our creative, building out our team and processes, and we're seeing returns of those investments both in quality of our output, as underscored by a significant increase in award nominations for our shows since 2019, and also evidenced by the partners we're now attracting.

Phase two is about accelerating the monetization of our key franchises across the full 360-degree spectrum of our businesses using our capabilities in content creation, audience engagement, and global licensing. And we do this all with IP at the centre. For our own IP, such as Peanuts, Teletubbies and Strawberry Shortcake, but also for our partner IP, such as *Sonic Prime*, our hit Netflix series co-produced with SEGA.

We've always taken a content-led approach to igniting and monetizing brands. While it all starts in our business with strong IP, getting the content right creatively is vital. Great characters and story lay the runway for a successful audience engagement, which in turn drives global licensing. In our industry, to have success in toys and other consumer products, you need audiences to love your characters and stories, and to grow that love you need to engage audiences wherever, whenever and however they want. It's a virtuous cycle and, when it's done right, it generates more and more demand for our content, which in turn generates additional opportunities for audience engagement and licensing.

As we've said previously, no other independent company in the entertainment industry offers this full suite of capabilities under one roof to ignite IP. The 360 flywheel is a comprehensive infrastructure that provides capabilities to monetize IP through every stage of the cycle. At our studios, we develop and produce exceptional content. Through our global distribution capabilities, including a world-leading YouTube network, WildBrain Spark, and our traditional distribution business, we deliver the content to screens to engage audiences worldwide. We further amplify that engagement using social media, promotional activations and live appearances to help fans celebrate and grow their love for our brands. And finally, through our global licensing agency, WildBrain CPLG, we leverage opportunities for consumer products, live experiences, retail activations and more in over 90 countries, providing fans with avenues to embrace our brands off screen in their own lives.

With the investments in our infrastructure now behind us, we will apply a highly-focused and disciplined approach to leveraging that infrastructure to accelerate our growth over the long term and monetize key franchises. In the coming months I will be working closely with our senior management team, as well as with the Board and Jim Fielding, who has been appointed Strategic Advisor, to aid us as we dive into the next stage of growth.

For those of you who don't know Jim, he's been a familiar face here at WildBrain for years. He first came on board as a consultant working with our Peanuts brand, where he developed the current growth strategy. Jim's experience with top-tier companies like Disney, DreamWorks, and 20th Century Fox, and his expertise in the retail and licensing field made him an ideal fit. Since he's come in-house, Jim formed our Strategic Marketing Group to set franchise strategy and social engagement and on the back of those efforts we're seeing traction on our own brands in just a short period of time.

In Strawberry Shortcake, for example, in less than three months, our social media engagement has grown double digits. This growing popularity for both Strawberry Shortcake and Teletubbies is leading to new licensing opportunities and we'll be announcing some of those partnerships in the coming weeks. Jim has quickly made an impact and we will continue to leverage his deep brand experience to elevate our owned and partner brands. We look forward to providing updates on those developments and more over the coming quarters.

One recent development that I do, however, want to touch on now is our agreement to acquire House of Cool, announced in March. House of Cool is a leader in pre-production capabilities for premium animated content, including series, specials, and feature films. Pre-production is a critical first stage of any project, setting the looks and tone of the production. Adding House of Cool's talent and capabilities further sets us apart as the premier animation partner and allows us to accelerate our growth in content creation.

The House of Cool team has worked on over 20 theatrical films, including *Despicable Me*, *The Peanuts Movie* and franchises like Angry Birds and Ice Age. They have also worked on numerous high-profile series, including *What If…?* for Marvel Studios, *Gravity Falls* for Disney, *Trollhunters* for DreamWorks and Netflix, and *Pretzel and the Puppies* for Apple TV+.

I've known the co-founders, Wes Lui and Ricardo Curtis, for years and the fit for House of Cool and WildBrain was ideal. As Ricardo said in our announcement, House of Cool has been a fiercely independent operator for the last two decades and it would require something special for them to join another studio. Thankfully, WildBrain is that special. With Ricardo and Wes and their creative team now combined with our in-house talent, WildBrain has greatly enhanced our capabilities for premium content. The animation industry has been shifting to meet streamers' move towards storytelling for the whole family. *Sonic Prime* is a great example of that, a serialized complex story that appeals across multiple age demographics. The House of Cool acquisition helps us to take our storytelling to the next level while also adding the capability to do features, setting us up as the top provider for premium animated content.

In the last year we've seen some notable shifts in our industry across both content and consumer products. We believe WildBrain is uniquely positioned to adapt to those shifts over the long term. We are diversified in our revenue base with approximately 40% of our revenue from Content and approximately 40% from Consumer Products. We are not singularly tied to sector-specific impacts. We are also diversified across our portfolio of brands, with both owned and third-party brands, with properties like Peanuts, Teletubbies, Strawberry Shortcake and Sonic Prime we have plenty of opportunity to grow.

Within our services, we strive to be a premier partner to brands. With our global infrastructure and expertise in global licensing, combined with the data and insights we can harness for audience engagement, we are a unique partner for companies. Companies like SEGA and PLAYMOBIL come to us for our ability to extend and amplify their brands because we can provide turn-key solutions.

Unique is a word that may be overused, but I cannot think of a more fitting adjective for how I see WildBrain in today's media and entertainment landscape. With our capabilities and our assets, the future is bright for WildBrain. Our strategy is in place, the foundation is built, and I'm excited to lead WildBrain on the next phase of growth to unlock its value and drive even greater value for our shareholders.

With that, I'll turn it over to Aaron to review the results in the quarter and our outlook.

Aaron Ames — Chief Financial Officer, WildBrain Ltd.

Thanks, Josh.

Third quarter consolidated revenue was $141 million, reflecting an increase of 9% year-over-year. Content Production and Distribution revenue was up 24%, benefitting from live-action production. Consumer Products revenue of $51 million was consistent with the prior year. While the overall macro retail environment is still facing some of the inventory reduction headwinds we discussed last quarter, we nonetheless saw strength in both our owned and third-party brands. With our expansion into APAC, we expect to see accelerated growth in fiscal year 2024 and beyond. Spark revenue was down 15% due to the soft advertising market. I reiterate the real value of Spark is in the engagement it brings to our owned and partner brands, which propels consumer products, as well as the insights it provides to all aspects of our business. Lastly, television revenue was $9 million in the quarter.

Gross margin dollars were up 6% year-over-year with strong revenue and gross margins were down about 100 basis points from more live-action productions in the quarter. We recorded net income of $19 million compared to net income of $21 million in the year-ago period, primarily driven by higher finance costs and a write-down of our film library, offset by higher gross margin dollars and an income tax recovery. As we discussed in the past two quarters, we have been moderating our SG&A spend and are beginning to realize the returns on those investments.

Free Cash Flow in the quarter was negative $4.6 million, compared with positive Free Cash Flow of $8.1 million in the prior year quarter. Free Cash Flow for Q3 reflected the timing of working capital settlements. Year-to-date Free Cash Flow is positive $13 million. Our leverage at the end of the quarter was 4.59x. The leverage may fluctuate from quarter to quarter, but overall we expect it to continue to trend down gradually over time through EBITDA growth and Free Cash Flow generation. Adjusted EBITDA increased 9% year-over-year.

Turning to guidance, we continue to expect revenue of approximately $525 million to $575 million and Adjusted EBITDA of approximately $95 million to $105 million. We expect to end the year with positive

Free Cash Flow. With the continuation of top-line growth and efficiently managing our expenses, we remain confident in our outlook for the year.

I'll turn it back to Josh now.

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

Thanks, Aaron.

We're in an advantageous position in the industry with our capabilities across content creation, audience engagement, and global licensing. Our portfolio of owned and third-party partner IP allows us to truly ignite brands through the power of storytelling. We have an exceptional leadership team aligned to meet our goals and, as I look over the next 12 to 18 months, I see several opportunities for growth. With Peanuts, we will continue to grow and we have a long runway in Asia Pacific with our recent expansion in that territory. In Sonic Prime, the velocity of deals in our licensing pipeline has continued to increase as we gain traction with licensees. And lastly, we will grow our partnerships with powerful global brands like SEGA and PLAYMOBIL, who are attracted to the ecosystem we've built.

Lastly, I'd like to thank our entire team for their continued hard work and commitment to the future by focusing on creativity, entrepreneurship, accountability, inclusivity and collaboration. We will continue to build on our strong foundation for long-term sustained growth.

With that, let's open the call to questions.

Q & A

Operator

Thank you. At this time, if you'd like to ask a question, please press star, then one on your telephone keypad. If you would like to withdraw from the queue, press star, then two. Please stand by while we compile the Q&A roster.

First question, we have Aravinda Galappatthige with Canaccord Genuity. Please go ahead.

Aravinda Galappatthige — Analyst, Canaccord Genuity

Congratulations, Josh, on your promotion to CEO. I wanted to touch on the consumer product side. I think understandably it's flattened a little bit because of sort of the macro picture, which you referred to with what's going on with retailers, but I know that you've been pushing and I think you made comments around gaining more traction from the non-Peanuts brands; specifically, you talked about Strawberry Shortcake and Teletubbies. Can you maybe just talk to the path forward in that direction? How material can sort of be merchandising revenues on those brands grow? And can it sort of, perhaps, take the concentration away from Peanuts? Is that something that can be achieved over the next year or two? Maybe I'll start there.

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

Thanks, Aravinda. So look, the cycle that ultimately leads to revenue for consumer products, it starts with audience engagement, and we've been focused on creating different forms of content around Strawberry and Teletubbies over these past couple of years and we're seeing really positive signs in the engagement of that content. We've also been increasing our activity around social media and we've seen some really encouraging signs in that area as well. But these things take time and we're going to make sure that we do it in the way that's sustainable and give us long-term growth on both of those brands.

So, as we look out, as we talk about future quarters, there will be deals announced, but it's going to take time to get to a place where we have that significant revenue from those brands. But it really is a tremendous opportunity when we look at upside. We have this platform that's been built that supports a global Top 10 brand in Peanuts and to be able to leverage that on other events is truly a luxury and we're going to take advantage of it.

Aravinda Galappatthige — Analyst, Canaccord Genuity

Okay. Thank you. And then I was wondering, now that you're in your role as CEO, would you kind of maybe consider perhaps more activity on the M&A side? I mean we obviously saw the House of Cool acquisition. I know that the balance sheet represents some limitations there, but when you look at the space there are, obviously, companies in the space are quite cheap. Some have been cashed up. I'm not sure about, sort of, the full universe of private companies. What's your view on perhaps being more transactional going forward, or is your focus predominantly organic at this point?

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

We will continue to look for strategic opportunities out there. I think that House of Cool fit that perfectly. They're exactly where we're going with premium content. The world-class pre-production capabilities—they're not easy to replicate or find out there in the world. And to bring in a talent like Ricardo and the creative organization that he has built, it's a really unique opportunity that came along and really builds out our overall strategy in the area of content creation and, again, adds to really how unique we are on the global landscape. So look, if House of Cools kind of grew on trees, we'd be out there actively looking for them every day, but they don't. But it doesn't mean that we're not going to continue to search for things that can be really strategic for us in where we're going with the vision for the Company.

Aravinda Galappatthige — Analyst, Canaccord Genuity

Great. And just one last question, maybe for Aaron or Danielle. The Adjusted EBITDA attributable to non-controlling interest was sort of unusually small. We, obviously, kind of use that as a gauge to get a sense of how, sort of, Peanuts did. Were there any kind of one-time items, like extraordinary, that occurred in Q3 there?

Danielle Neath — Executive Vice President, Finance & Chief Accounting Officer, WildBrain Ltd.

So, on the income statement there was lower non-controlling interest expense as there were non-EBITDA items in there such as interest accretion and foreign exchange revaluation. But if you refer to page 25 of the MD&A, you can see the Adjusted EBITDA portion, which is up about $600,000 over the same quarter last year, so 6.4% for the quarter.

Aravinda Galappatthige — Analyst, Canaccord Genuity

Okay. Thank you. I'll take a closer look at that. I'll pass the line.

Operator

Thank you. Next question we have Drew McReynolds with RBC. Please go ahead.

Drew McReynolds — Analyst, RBC Capital Markets

Thanks very much. Good morning and congratulations, Josh. Two for me. First, maybe for you, Josh, just in your opening remarks you talked about just the evolving content cycle over the last 12–18 months, and I think we're kind of well aware of what's shifting out there, but just more specifically to WildBrain and kids and animation, wondering if you could just, kind of, dive deeper into some of those shifts.

And secondly, a while ago the Company did put out fiscal 2024 targets and I think, since then, certainly a lot has evolved. Just wondering whether those are still more or less intact and, if it is all going to be updated, just, kind of, what kind of timeframe we'd be looking at to get some update there. Thank you.

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

Thanks, Drew. So let me start with the content landscape. So yeah, really looking back, it was—I guess it was April of 2022—the, quote-unquote "Netflix Correction" happened. And so we've been living through this kind of new, kind of rationalized cost world for the streamers since then. And it's certainly had, I would say, a delay in some of the green-light decisions that they've been making. And so I think we really view that as more of a timing issue than anything else.

But at the same time there's been some trends that actually go in WildBrain's favour. The first is this kind of flight to quality and known IP. That's a benefit to us. And also I would say this trend that Netflix has been going for, which is shared viewing, family viewing, looking to create experiences that have kids put their personal iPad viewing down and actually watch things together as a family. This is something that is really considered a hit for Netflix with what we've done on *Sonic Prime*. It's that multilevel storytelling that works not only for kids but for parents. And on Sonic, I know we've got a real even split of adult accounts as we do for kid accounts. And that was also part of the reason for building out more of that expertise in the House of Cool acquisition. Their background in feature film and as well as working on *Trollhunters*, which was really the first series for Netflix to do this, has been extremely well received in the industry. And so you combine all of those things, and while there could be some pressure on timing, we feel like we're really well-positioned for this next phase with the streamers.

And on your second question, it is my first day in the role, so it's going to take us a few minutes to get back to you on how we're landing for fiscal 2024. We're of course going to do a bottoms-up budget and we'll be working through that process in the coming weeks. But long term, I'm extremely bullish on the growth of this company.

Drew McReynolds — Analyst, RBC Capital Markets

Understood. Thanks very much.

Operator

Thank you. Next question comes from Tim Casey with BMO. Please go ahead.

Tim Casey — Analyst, BMO Capital Markets

Thanks. Can we get some more perspective and insight as to why the Board has elected to change CEOs without really any communication to the street or perspective on targets? Like, why the change so abruptly and suddenly? Thanks.

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

Thanks, Tim. So, the last few years Eric has done a great job leading us through this transformation. We've kind of see this transformation in phases and that first phase was about building out our creative capabilities, extending our global licensing reach to new territories, and so really it was a foundation. And that was phase one. And the board made the decision that, for this next phase, which is really going to be about execution and focus, that this structure would be better suited for this next phase. So, this is—I really think it's a signal to where we are in terms of the phasing and growth of the Company.

Tim Casey — Analyst, BMO Capital Markets

Thank you.

Operator

Thank you. Next question we have David McFadgen with Cormark.

David McFadgen — Analyst, Cormark Securities

Hi. I noticed that you guys took a write-down on some of the programming in the quarter. I just wonder if you can tell us which shows that is attributed to. And also it seems to be an ongoing thing, so have you thought about, meaning an ongoing thing is the cost of being business, have you thought about actually taking that off the EBITDA, when you report your EBITDA it's net of these write-downs that seem like they are almost every quarter?

Danielle Neath — Executive Vice President, Finance & Chief Accounting Officer, WildBrain Ltd.

Yeah, so we do have a regular quarterly accounting process to check for impairment, so it did highlight a few select titles where the revenue consumption has come in a bit lower than expected. So there was the $6 million of non-cash impairment charge for the quarter. That was against investment in film as well as a portion against acquired library. We've disclosed that split in the financials for users to adjust in their models accordingly. And we don't disclose the titles, because those are still available for sale and we're still expecting some revenue on those titles, it's just adjusting downward on the net book value.

David McFadgen — Analyst, Cormark Securities

Okay. All right, thanks.

Operator

Thank you. Next question we have Adam Shine with National Bank Financial. Please go ahead.

Adam Shine — Analyst, National Bank Financial

Thanks a lot. Maybe just going back, Josh, to Tim's question. So I appreciate the comment in terms of the Board feeling that new team to drive things forward, but I think it was last August that Eric signed a new three-year contract, so maybe you could just talk a little bit about what has transpired in less than the past 12 months. And then maybe a couple of follow-ups please.

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

Sure. Thanks, Adam. So, when Eric re-upped, one of his KPIs was succession, and so this is part of the succession plan. And the timing—from a Board perspective, it was appropriate to be now as we enter this next phase. And I guess, again, I want to reiterate how excited I am about this opportunity. My experience kind of spans all aspects of the Company from an operational standpoint and as we move into this next stage of execution I'm really confident in the ability for our team to be able to get us there.

Adam Shine — Analyst, National Bank Financial

Okay. I should congratulate you also. I apologize for not doing so, Josh. If I go back to David's question, maybe Danielle, it's actually been a while, I think, since you last did an impairment. Like I don't think we've seen anything in the last several quarters. Am I wrong? It's been a while.

Danielle Neath — Executive Vice President, Finance & Chief Accounting Officer, WildBrain Ltd.

Yeah, no, that's correct. I think Q2 last year we had one but, again, we follow our quarterly process and they do come up from time to time.

Adam Shine — Analyst, National Bank Financial

Okay. And then, maybe for Josh or Aaron, we're looking at consumer products that are relatively flattish for the year, maybe down a percent year to date. The retailer inventory destocking dynamic does continue likely through these coming months. I think a lot of what we've seen and heard in recent weeks from quarterly reporting from others that a lot of this destocking should run its course by the end of June. Could you help us at all in terms of whether you think there's a resuscitation that you could see in your Q4? It does seem to stay soft against a relatively easy comp.

Aaron Ames — Chief Financial Officer, WildBrain Ltd.

For Q4, the inventory restocking will continue on for a little bit longer, a couple of quarters, so we do expect that to occur; however, on the other side, with consumer products and CPLG's performance, we're seeing good performance there, so there are some opportunities there. But again, those occur in a gradual way, so I don't see a massive change in the next couple of quarters. But 2024—we're very bullish on 2024 and beyond, because, as these new properties come online and the opportunity presented by APAC, definitely in the long term we're going to see a nice uplift.

Adam Shine — Analyst, National Bank Financial

Okay. I'll leave it there. Thanks.

Operator

Again, ladies and gentlemen, if you wish to ask a question, please press star, then one.

Next question we have Dan Kurnos with Benchmark. Please go ahead.

Dan Kurnos — Analyst, Benchmark Company

Great, thanks. Good morning. Josh. First, congratulations. I think maybe let me try to ask some of the prior questions in maybe a different way. I think you've kind of outlined the reasoning why the change here. I think maybe, since you've obviously been with the Company forever and have sort of been on the calls prior with Eric, is there any philosophical difference between, sort of, what you bring to the table as in, you know, you mentioned IP was at the heart, still is at the heart. Eric was obviously incredible at generating incremental brand and brand growth, partnerships, et cetera. And I know you worked on a lot of that stuff too. Now it's about focusing on profitability, improving the monetization of that portfolio, seeking alternative ways to use what you've got. Is that kind of the way that you're trying to frame the difference or do you view this more as sort of a continuation of the processes that were put in place in the last three years?

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

Thanks, Dan. I would say that, you know, Eric and I were very much aligned on strategy, so this is a continuation and it's the next stage of what we've been building on. Again, I bring it back to these core capabilities that we have. Our ability in content creation to make content that can work for premium streamers, that can attract families to watch together, and then what we do on YouTube with digital-first content that is native to that platform and engages kids, through to what we do in all forms of audience engagement around social activations and our YouTube network, along with this global licensing footprint we've built, it's a totally unique combination of capabilities that we have. And we're leveraging this to grow Peanuts, but we've got this amazing opportunity to do that with other brands. And so the pieces are all in place. This next level is really about execution.

I would also say that, having been with the Company, as you say, forever—your words not mine, but it has been a while—I really value the culture here. And we have a culture of entrepreneurialism, of creativity and inclusivity that I'm going to continue to foster and encourage. And I believe that we've got a moment to really focus together and be all about execution and really bringing to fruition what's been built over many, many years and realize the potential for it.

Dan Kurnos — Analyst, Benchmark Company

Okay. That's helpful. On House of Cool, we have the purchase price, which is mostly stock, two-thirds stock, one-third cash with, I think, an incremental earn-out. How do we just think about either the contribution or the economics or payback period around that deal rather, you know, is it more just a capabilities and long-term scale play or do you expect some kind of more immediate payoff from the deal?

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

So it's highly strategic and it definitely builds out our capabilities in the space, which is really important. So it goes beyond just the financial contribution that House of Cool would directly make to the Company. But I'll highlight a couple of other areas. So certainly they work on projects from top studios in the world, which can also actually offer an opportunity, because they don't do production services, to be partnering where they can do pre-production and then Vancouver could be doing production. So that's another interesting alignment. And then I would also point to their expertise in features, which is not a space we're currently in, as an opportunity for us to be growing as well.

And in terms of structure of the deal, I mean, this really made sense for them, because they believe in what we're building at WildBrain. And to take a deal that was heavy in equity made a lot of sense for them and it made a lot of sense for us and it's all part of what is going to be a long-term arrangement with them.

Dan Kurnos — Analyst, Benchmark Company

Got it. No, that makes sense. Do you have any view on, kind of, how the Hollywood writers' strike will have an impact either in your favour, if you have production capabilities that maybe others can fulfill or, alternatively, on, sort of, demand for other episodes? Just help us think through kind of that dynamic, understanding I think the last one lasted 100 days, but we're still a ways away from the fall season.

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

Yeah, so, there isn't much in terms of a direct impact on us. Animation is largely excluded from it and certainly the majority of our productions are Canadian-based, so it doesn't have an impact on our existing slate. There were a couple of live-action projects in development that will be pushed out a bit, but nothing that was in our plan.

In terms of opportunities, we'll have to see how this plays out. Historically, when these strikes have gone on for an extended period of time, it has offered up opportunities for global distribution. You know, as the supply dwindles and service providers are looking for content that's fresh, it has benefited companies like ours in the past, but it's too early to say, because it really depends on how long it goes.

Dan Kurnos — Analyst, Benchmark Company

Okay. And last one, sorry to ask a bunch, but we know Paramount just launched a DTC store, which—I think it was fascinating, although I'm not sure that they should be doing anything right now with their cash burn. But we're starting to see some of the streamers expand more into kind of those avenues because they recognize the value in sort of CP or CPG in pushing that. Just help us think through other additional ways or growth areas that are developing from some of those avenues that you're exploring at this point?

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

Yeah. So direct-to-consumer, obviously, continues to grow and it's something that we think a lot about at CPLG and what we're doing with Peanuts as well. And as being the owner of IP and brands, that certainly presents itself as a go-forward opportunity. And I think, again, what's unique about us is the layering-on of our audience engagement, so our YouTube Network and our social activations that really fire this engagement, and then with the opportunity growing in direct-to-consumer, there is a real link there between that engagement and then actually it leading to purchase. So yeah, there's certainly an opportunity there we're monitoring closely.

Dan Kurnos — Analyst, Benchmark Company

Thanks for sticking with me on your first day, Josh. I appreciate it. Congrats again.

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

Thank you very much.

Operator

Thank you. This concludes today's conference call. Thank you all for participating. You may now disconnect.