FINAL TRANSCRIPT

WildBrain Ltd.

First Quarter Fiscal 2025 Earnings Call

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PRESENTATION

Operator

Hello, and welcome to WildBrain's First Quarter Fiscal 2025 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, press star two.

I'd now like to turn the call over to Kathleen Persaud, Vice President, Investor Relations at WildBrain. Your line is now open.

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

Thank you, everyone, for joining us today for WildBrain's first quarter 2025 earnings call.

Joining me today are Josh Scherba, our President and CEO, and Nick Gawne, our CFO.

Before we begin, please note the matters discussed on this call include forward-looking statements under applicable securities laws, which reflect 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 expressly required by applicable law.

Please note that all currency numbers are in Canadian dollars, unless otherwise stated.

After our remarks, we will open the call for questions.

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

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

Thank you, Kathleen, and thanks for joining us today.

We have made notable progress on our journey to return our business to sustainable growth centered on our focus on key franchises and partnerships and the significant profit opportunity they present. This realignment combined with the investments made in the last few years paved the way for the robust growth in global licensing, reflecting strong performance across Peanuts as well as in WildBrain brands and our third party partners at WildBrain CPLG. Further, we saw continued strong growth in our AVOD business.

As noted on our last call, we continue to face headwinds in our content production and distribution business, though we expect production to begin to return to growth as we move through this fiscal year. In our content distribution business, we continue to leverage our massive multi-language content library and exceptional third-party production relationships, maintaining our spot as a leading global distributor of kids' content during a time when new content is scarce.

Turning to the quarter and starting with Global Licensing, the Peanuts business delivered robust growth with continued strength in the U.S., APAC and Latin America regions. In addition to Peanuts' many long-standing licensees, new key apparel, licensing and promotional partners continue to sign on and grow our market presence, highlighting the appeal of Peanuts across borders, categories and generations.

Over the last several quarters you've heard us talk about the investments we've made in APAC and the long runway for growth we knew we could unlock in the region. We've seen that growth manifest in our results over the past several quarters with this quarter being no exception as we built on our momentum to deliver strong growth.

We continue to see meaningful growth potential in APAC for Peanuts. Peanuts' 75th anniversary celebration plans for calendar 2025 are generating new licensing and promotional opportunities globally, and within APAC, we continue to add new high-quality partners for future collaborations, from our growing presence with global retailers like MINISO to location-based experiences like the recently announced Blue Dragon Art exhibition touring to five cities. There is a long runway for growth. We'll be announcing even more partnerships and activations for Peanuts 75th in the coming months, so stay tuned.

Similarly, in WildBrain brands, much of the work we've been doing over the past year to focus on our key brands and their largest opportunities is paying off. We saw licensing revenue for Strawberry Shortcake double in the first quarter versus last year. In Strawberry Shortcake, we have been activating fandom across WildBrain's full suite of capabilities. Utilizing the power of new original animated YouTube

Shorts, we've seen growth of over 600 percent in views over the past year, highlighting the impact of market leading channel management and digital content capabilities to attract and grow new audiences.

Strawberry is the number one channel for girls in FAST, with over 1.7 billion annual minutes viewed across all FAST channels. On social media, engagement continues to climb across Instagram, TikTok and Facebook. Maybe even more importantly, organic search views on YouTube for Strawberry are up an astounding 150 percent over the past year. All this engagement has translated to double-digit growth in the number of licensees for WildBrain brands over the past year, which in turn resulted in the doubling of licensing revenue for Strawberry Shortcake in the quarter.

After quarter end, we also announced a new cross-over partnership between Strawberry Shortcake and Care Bears, which is owned by Cloudco. We're co-developing a brand new animated special, which will bring the characters from both franchises on screen together for the first time ever. These two beloved iconic brands from the 1980s share a lot of values and have a multigenerational fan base. We think this is a collaboration that has excellent potential to further drive engagement and by extension, licensing revenue.

Building and launching a brand is a very deliberate and iterative process. We've discussed this before, but it's worth restating. As you get the model correct, the wins and the value compound. We've been able to reinvent Strawberry Shortcake content into different forms over the past few years, take those learnings and insights and iterate. We have really seen the refinement and approach begin to take hold over this last 18 months and we look forward to continuing to lean into what fans love, expect and want from this beloved brand as we aim to continue delivering growth in engagement and profit.

On the Teletubbies front, further activations and partnerships continue to roll out. The “House of Teletubbies” world tour launched over the summer, celebrating the colorful quartet through iconic pop-ups and events. So far there have been five activations in cities such as Bangkok, Las Vegas, Los Angeles and London, with multiple more planned for the U.S. and Asia Pacific going into 2025.

Our social media engagement strategy has not gone unnoticed. Since 2022, Teletubbies has amassed more than 1.6 million followers on TikTok and received more than 217 million impressions on Instagram. We've had recent press coverage on the “unhinged” social strategy that has not only driven engagement, but also unlocked new revenue streams through partnerships with brands like American Eagle, citizenM hotels and Marc Jacobs. We've also seen increases in global engagement on AVOD networks for Teletubbies with strong growth in network views on YouTube over the past year along with growth in the number of consumer products licensees, which has translated to strong double digit revenue growth.

In addition to the strong performance in Peanuts, Strawberry Shortcake and Teletubbies, third party partners represented by WildBrain CPLG saw growth across multiple brands. Longer tenure partners like SEGA and Hasbro and newer brands to our portfolio including Playmobil and Supercell were all contributors to the quarter, highlighting the robust nature of our portfolio.

Our team from WildBrain CPLG recently attended Brand Licensing Expo, or BLE, which is one of the licensing industry's leading trade shows. I also attended and can report that there was more buzz than ever in our booth about our brands and global capabilities. From the 75th anniversary celebration for

Peanuts to our high-quality partners like Supercell, Spin Master, Dr. Seuss, Hasbro, Playmobil and many more, the excitement around our portfolio and capabilities was real.

Turning to Content Creation and Audience Engagement, we have a strong slate in our production pipeline with high-quality partners. Projects such as the greenlit Peanuts' feature for Apple TV+, the Minecraft development project with Netflix, and our studio's outstanding past work on other series for Netflix such as *Sonic Prime* and Lego's *Ninjago* showcase our abilities and underpin the investments we've made to focus on the production of premium content, which is where streamers are prioritizing their spend.

In Audience Engagement, we saw strength in our AVOD network with average view duration up double digits in the quarter adjusting out the impact of the new YouTube Shorts. As a reminder, when we realigned our business pillars last year, we split what was formerly known as Spark across both content creation and audience engagement to better orient with the overall business. We broke out legacy Spark performance in fiscal year 2024 as part of that transition. Going forward, these results, which include our digital production business and our YouTube AVOD network, will be included within the consolidated Content Creation and Audience Engagement results.

In FAST, we remain the distributor with the largest number of kids single IP channels, and we are the "go-to" destination for kids' content with almost 150 channels launched, including an additional four new channels launched in Q1.

As we mentioned last quarter, we struck an agreement with the Pokémon Company to become the only distributor of the single IP Pokémon FAST channel in several key regions including the U.S., Canada, U.K., Australia and New Zealand. Brand owners like Pokémon increasingly turn to us in this quickly growing industry because of our brand expertise, channel management expertise, platform and industry relationships, robust infrastructure and analytic insights providing context to drive performance. These are unique capabilities that we possess and continue to build and invest around.

Why are we so excited about the FAST opportunity?

- First, FAST is a medium that more closely resembles the engagement experience of traditional TV, creating an ecosystem that brands are more familiar advertising in.
- Second, it as a platform, allows more programmatic and brand focused advertising, a format the market has been starved for in the face of linear TVs decline.
- Third, viewers are flocking there and expected to continue to grow for years to come, that's above consumption.

We see FAST as a potentially large long-term opportunity. That said, we expect the build here could take time as advertisers become more familiar and comfortable with the format. The kids’ market has always had additional considerations, more so than other genres, as we've seen on YouTube. But for all the reasons I just mentioned, we are uniquely positioned to capture the kids’ market with the combination of our assets and capabilities. The monetization in FAST and especially in kids’ content has lagged, but we believe advertisers will catch up as they recognize the attractiveness of the platform and viewership continues to scale.

Taking a quick look back, we launched our first FAST channel in 2019 and have been a leader in the space from day one. We've grown viewership on our channels from 502 million back in 2019 to 7.5 billion minutes watched in 2023. As we told you last quarter, we're on track to nearly double our FAST viewership year-over-year, approaching close to 14 billion minutes in 2024. We are utilizing our first-mover advantage and proactively enhancing our media solutions capabilities to capitalize on the growth of connected TVs and further solidify our market position in this growing industry.

Turning to our capital positioning. We've spoken about pursuing non-core asset sales. This is something we continue to explore. We set out to accomplish three objectives with this process:

- one, to simplify and focus our business;
- two, to improve our balance sheet; and
- three, to drive shareholder value.

Those objectives remain unchanged. We spent much of the last several quarters focused on addressing the short-term maturity in our debt stack, which was our primary objective, and we achieved a successful outcome.

With the refinancing completed, we remain focused on simplifying our Company and reducing our leverage over time. We have great assets, and we know their value. We have a number of open files on the non-core asset sales, and we look forward to executing on these transactions if and where they make sense. With our unique capabilities, our diversified brands and a long runway of our debt maturities, a targeted strategic non-core asset sale that further accomplishes our core objectives makes good sense.

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

Nicholas Gawne — Chief Financial Officer, WildBrain Ltd.

Thanks, Josh.

First quarter 2025 consolidated revenue was $111 million, up 5 percent. Content Creation and Audience Engagement revenue in the quarter was $41 million, down 14 percent. In Content Creation, we saw fewer productions in the studios as well as a timing impact in live action production. YouTube and AVOD networks are a critical part of our engagement strategy, and we continue to see growth in watch time. YouTube saw double digit revenue growth in the quarter and additionally we saw a contribution to growth from music licensing revenues.

Global Licensing revenue in the quarter was $63 million, up 27 percent. We saw strong growth across our global licensing businesses in Peanuts, in WildBrain CPLG and in WildBrain brands like Strawberry Shortcake and Teletubbies. As Josh mentioned earlier, we're pleased to see the strong growth in APAC where we've made a number of investments over the past several years to drive this growth.

Television revenue in the quarter was $7 million, down 17 percent.

Gross margins in the quarter were 47 percent compared with 49 percent prior year. Gross margin was down with higher content amortization and third-party participation expenses as a result of brand mix in the quarter.

SG&A expenses were $27 million, up 11 percent year-over-year although on a like for like basis, SG&A expenses were lower. If you recall, Q1 2024 benefited from a $2.8 million reversal of a bad debt expense. We also accrued more variable compensation costs in Q1 2025 than in Q1 2024. Normalizing for these items, SG&A was lower year-over-year.

As we discussed last quarter in the context of guidance, we expect SG&A to be higher year-over-year as a number of fiscal year 2024 benefits do not repeat. We are making targeted investments in high growth areas of our business while we remain hyper focused on streamlining our operating costs as we further simplify the business and achieve operating efficiencies.

Adjusted EBITDA was $15 million, down 19 percent. Net loss was $9 million in the quarter.

Moving on to capital allocation. Back in July we announced the successful completion of the refinancing of our debt. With this refinancing, we were able to repay the 2024 convertible debentures and extend our debt maturity out to 2029. Our leverage at the end of the first quarter was 5.13x.

Under the new credit agreement, the calculation of leverage is slightly different than under the prior term loan. The primary difference is that leverage under the new agreement uses gross debt rather than net debt. As a result, calculated leverage is higher in this new calculation. By way of comparison, leverage under the prior agreement would have been 4.96x versus the 5.13x we're reporting for this quarter. We are comfortably in compliance with our financial covenants.

As we've previously noted, we do expect leverage to remain elevated through fiscal year 2025 as we return to growth in our content production business. However, our commitment to reducing leverage to under 4 times remains unchanged.

Free cash flow is subject to variability with working capital timing and our interim production financing payables. Free cash flow in the quarter was positive $5 million compared to negative $25 million in the first quarter of 2024.

As we described last quarter, we see several factors which will benefit free cash flow generation in fiscal ‘25 and beyond. Licensing has lower upfront capital needs, particularly in the heritage space, where we're seeing strength in Strawberry and Teletubbies, and we're investing less of our own capital in new content as the streaming industry and our brand strategies evolve. Similarly, having invested in a number of growth areas in the past three years, we're now harvesting these investments and will continue to leverage this foundation for growth.

Turning to our outlook for fiscal year 2025. We reaffirm the guidance provided last quarter. We expect revenue growth of approximately 10 percent to 15 percent and Adjusted EBITDA growth of approximately 5 percent to 10 percent year-over-year. We provided incremental colour on the business last quarter. As a reminder, in content we expect to return to growth in the studios. The ramp-up for new orders and their corresponding spend takes time to build from a revenue standpoint as projects progress through their production cycles. Given the timing of production spends some of the projects in the studio pipeline for fiscal 2025 will not only drive the return to growth in fiscal ‘25 but also have a greater impact on earnings in fiscal ‘26.

In Audience Engagement, we expect to see continued growth in FAST and our AVOD network. On the distribution side, we have a large and attractive library. Within distribution the lag effect of the reduction in new content related to the downturn in the content production market leads to a headwind in 2025.

In Global Licensing, we've seen very strong growth in our WildBrain brands, Strawberry Shortcake and Teletubbies, and we will continue to drive these brands forward with new licensing opportunities and increased engagement.

Peanuts remains an extremely important part of our portfolio, and with the 75th anniversary in 2025, there are many opportunities to create all new partnerships and celebrations for consumers around the world.

By focusing on our key brands and opportunities that will move the needle as well as in improving our free cash flow and making great capital allocation decisions, all while maintaining a focus on controlling the cost base, we believe that we are well positioned for long-term growth.

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

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

Thanks, Nick.

Looking ahead, we have a lot of opportunities and a lot to be excited about. The focus on our owned brands remains a priority as the economics are very attractive. We are seeing the results of enhanced engagement leading to growth of new licensees, which flows through to revenue and profitability. We see a long runway for growth across our portfolio of brands.

AVOD and FAST channels are an emerging and potentially large industry opportunity, and we are very well positioned to capitalize on that growth with our full range of content and expansions to new platforms.

WildBrain CPLG remains a hugely important driver of our growth and profitability as we continue to layer on new licensees for existing owned and partner IPs as well as continuing to add new premium partner IPs.

The content slate continues to build with premium productions across high-quality partners. We see growth over this year, and we are well positioned for further growth going into fiscal 2026.

We now have a strong foundation across Content Creation, Audience Engagement and Global Licensing. Solid, sustained growth has begun to take hold of our business lines, excluding content. We are in the early innings of exploiting these large opportunities and see years of growth ahead. With the content market returning to growth this year, we are excited about our prospects to drive sustained growth for years to come.

With that, we'll now turn it over to questions. Operator?

Q & A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press star followed by the one on your touchtone phone. You will hear a prompt that your hand has been raised. Should you wish to decline from the polling process, please press star followed by the two. If you are using a speakerphone, please lift the handset before pressing any keys. One moment please for your first question.

Your first question comes from Dan Kurnos with Benchmark. Your line is now open.

Daniel Kurnos — Analyst, Benchmark Company

Great, thanks. Good morning. Josh or even Nick to a degree too, maybe just help us think about in the confines of the guidance for the year, the mix between content creation, audience engagement and global licensing. Because I will say, Josh, that we heard from Paramount this morning that they flagged a longer ramp in spinning up their own content and it feels like the industry is still sluggish and obviously your Q1 results suggest that. I know it's super lumpy. Just some timing thoughts around that would be super helpful. I am curious if on the licensing side, which was an excellent print in the quarter, if that was in line with your expectations or if there were certain things that broke your way in the quarter that helped drive that number.

Nicholas Gawne — Chief Financial Officer, WildBrain Ltd.

Okay, thanks, Dan. Let me kick that one off. When we look at fiscal ‘24, we were roughly 50:50, weighted between the front half and the back half. We think we're going to be more back half weighted this year than front half weighted, and you can see some of that in the results in Q1, which we think will maybe flow through in Q2, but we're coming back strong in the back half.

In terms of the weighting between content creation, audience engagement, the content businesses versus the licensing business. I think what's really important and what we're really pleased with is that performance of the licensing business in the first quarter, which we do expect to continue. We're seeing that somewhat softness in the content industry in the first quarter, but we're more than making up for it within our licensing business, which gives us confidence for the full year.

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

Yes. Dan, I would just add. I think that what Paramount, I didn't listen to the call, but what Paramount was referring to, we would echo to some extent that, that it is a ramp back up from the disruptions that were seen last year but we are seeing the slate fill out and we're confident that we're going to have growth this year in content and then leading into 2026 further growth. We're keeping in mind the vast majority of our content revenue is from animation and these are 18 month cycles on series and on a feature it's a 36 month cycle. The further you get into the production; the revenue grows as the amount of work increases. It's the nature of the industry ramping back up and it's also the nature of animation, which takes more time to ramp up.

Daniel Kurnos — Analyst, Benchmark Company

No, it's fair and super helpful. Josh, I think I've asked you this before, but what do you need to invest in or build out to really tap into the FAST opportunity? If FAST is still the fastest growing segment of the streaming market, I think it's going to continue to be that way. You have Netflix, which is everything behind a paywall. The other guys, which I think are realizing that better monetization and better reach equals higher dollars. Just your thoughts on I know you tempered expectations just around time to ramp that, but it's clearly an area that I think you guys can drive long tailed penetration. I'm just curious what groundwork you need to lay to get there.

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

Sure. The groundwork that has been laid and was required to gain the position we're in was to focus on it early. This is going back all the way to 2019. We put dedicated resources against it and became close partners with all the major platforms. That's led to the position where we have approximately between 50 percent and 60 percent of the dedicated kids’ channels in the U.S. market. This initial stage has just been about growing that platform and allowing, as eyeballs come onto these platforms, to be there to grow viewership. We've seen that take hold. That's Phase 1. Now, as we move into Phase 2, it's about improving monetization.

We're seeing some improvement from the platforms, but as I've noted before, the advertising around kids’ content definitely has some hurdles around it that non-kids’ content does not have. There always tends to be a lag. For us to get to this next level and as you asked to back your question about investment, we think there is an opportunity to try to take more control of monetization ourselves. We have a direct ad sales business that we built up over the past few years to better monetize our YouTube inventory. We're growing our capabilities in that area of the business to have expertise and connected TV.

Obviously, a different ecosystem there in terms of ad ops as well as some of the agency relationships that are needed. We're ensuring we have the right people in the right places to build that out. Again, patience is going to be required because this is a new platform and that takes more time to convince advertisers that it's the place to be. But we think the similarities between FAST and traditional television make it a logical place for dollars to flow. We think we're better positioned than anyone in the industry to take advantage of it.

Daniel Kurnos — Analyst, Benchmark Company

No, that makes total sense. Then just the last one for me, because I do want to stress the result you had in licensing in the quarter. You gave us directional colour both on Peanuts and other brands. Obviously, you've got the Peanuts anniversary to aim at and use as a selling point. Can Peanuts sustain whatever growth rate you saw? I know there was probably an easier comp in Q1, but can we sustain the growth rate? Do the other brands still have the same level of momentum? Do we get incremental from you guys driving better monetization with Teletubbies and Strawberry? Just how do we think about the balance of growth between Peanuts and all other going forward?

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

We feel good about the growth prospects for Peanuts, I'll start with. As we mentioned, there's 75th anniversary coming up, which is an important landmark. We've had great uptake from the retailers. Regionally, we see still significant room for growth in Asia Pacific. We also see some room for growth in Europe. We've had a couple of down years in Europe and we're starting to see some positivity from retailers on a macro sense there. Overall, we're excited about the growth profile for Peanuts in this coming year. Then as we've alluded to before, we're in production on a feature film for Apple TV+. We're excited about that being a further catalyst for Peanuts.

When it comes to Teletubbies and Strawberry, it's important to remember we're coming off a small base. As we've laid the groundwork now through engagement and we're seeing some significant revenue growth, albeit off a small base, it does give us a long runway for some really attractive returns as we go through this year and into fiscal ‘26. We're excited about the growth profile for all of our three core brands.

I think Nick has something to add.

Nicholas Gawne — Chief Financial Officer, WildBrain Ltd.

Yes, I think what's especially pleasing is how diversified that growth is because we're looking at really strong growth within CPLG both for Peanuts and its represented brands and our own brands. Double digit growth in Asia, really strong growth in the Americas, and Europe holding strong. Josh had talked a lot about Peanuts as we've been very strong in North America and on a constant currency basis growing in Japan still. Then as we talk about our own brands here, although they are strong bases, we're seeing very positive momentum. It's not a single success story in our licensing business in the first quarter. All three parts are synergized and working very well together and we expect that to continue through the year.

Daniel Kurnos — Analyst, Benchmark Company

Got it. Super helpful, guys. Thanks so much for the colour.

Operator

Your next question comes from Drew McReynolds with RBC. Your line is now open.

Drew McReynolds — Analyst, RBC Capital Markets

Yes, thanks very much. Good morning and yes, it's great, great to see the licensing momentum. Just following up on the last set of questions. With the 75th anniversary of Peanuts, obviously it's going to be a good year, and you have growth in APAC and Japan. To get to a point where the comp begins to be tough looking out into fiscal ‘26 and ‘27 on the Peanuts brand or in your view, while the growth rates may not match, you can still certainly grow off the 75th year? Then second and a little bit of follow up on the last set of questions. Great to see the broader proprietary brand portfolio take flight of the properties that you've mentioned that you own when you dive into your library underneath the hood. Are there one or two others that potentially could be relaunched through the medium term?

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

Thanks, Drew. I'll talk a little bit about Peanuts first. The 75th anniversary is calendar 2025. We haven't even really started to see the benefits of that yet. We're really talking about how we're selling into retail on that opportunity and seeing some real momentum that will take us through calendar 2025. But beyond that, again, I'd point to a couple specific opportunities that are in front of us. The movie that we're working on for Apple TV+ is going to be another really important tent pole for our licensing team to get behind.

Then regionally there's opportunity. We talked about APAC and Nick referred to Japan. I think I would call out China as well as a really meaningful opportunity. We took over rights to manage that directly about a year and a half ago now. It's been a process of ensuring that we have the right licensees on board. We're really pleased with the group of licensees that we brought on board in China, who've really been about long-term sustainable growth in the region. We're starting to see that come through in the numbers now, but we think we've got a real significant runway.

Then the other region I mentioned is Europe, as there has been softness there the last couple of years on a macro level and we're seeing some improvement at retail and so we think there's opportunity for growth there. We feel really good about sustained growth into ‘26 and ‘27 for sure.

Then in terms of other opportunities in the library, there are, but I want to emphasize that the success we're seeing right now, I think comes from our focus. When I came into the seat about a year and a half ago, that was what I was emphasizing across the organization. I think it's taking hold and we're starting to see the results. We continue to believe the largest opportunities we have in front of us are Peanuts, Strawberry and Teletubbies.

As I've mentioned before, we do have a rich portfolio of other IP, and we do. It's not like we forget about those things. We've talked about Yo Gabba Gabba! relaunching on Apple TV+ in August with the new series Yo Gabba GabbaLand! We continue to mine the library, but in terms of our emphasis it continues to be on our three large brands.

Drew McReynolds — Analyst, RBC Capital Markets

Okay, that's great context. One last one, more broader industry question just as the whole industry gets back up on its feet. We've seen some other independent content companies, albeit not necessarily pure animation, talk about some of the demand coming from the global streaming platforms just not really hitting some of the independence and what they can supply. I don't know if that's disintermediation or just a shift in what the streaming platforms want. But are you seeing any disintermediation from where you sit just more broadly?

Then in addition to that question, just on the linear broadcasting side, we're talking content and distribution. The traditional business obviously seeing accelerated pressure globally on linear broadcasters. Just wondering how that demand for content in distribution and library demand is holding up and presumably it's being offset by demand from streaming platforms, but just wanted to get your updated thoughts on that.

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

Yes, sure. Look, there's no question the industry is continuing to go through a transition here. The major studios in the U.S. are all tied to legacy linear businesses as they're trying to transition into a direct-to-consumer model. That does put pressure on what they're investing in content for legacy business models. We've seen some signs of that starting to return to normal. It's early days of that recovery, but in the meantime, we've really transitioned into AVOD and FAST in a really significant way internationally. As I mentioned in the script and on the questions Dan asked, we think that that really presents an opportunity for us to grow that business while in the meantime we continue to supply content to the streamers and traditional broadcasters.

I think the other thing that I would point out right now, which may be an opportunity over the coming year, with far less content being produced really since the strikes, there is a scarcity of new out there. Having a library of proven IP could turn out to be an opportunity for licensing of the library. Time will tell if that comes true, but we've seen that happen in the past when there's been a downturn in new production that presents opportunities.

Drew McReynolds — Analyst, RBC Capital Markets

Yes, that's great, Josh. Thanks for all that. Appreciate it.

Operator

Ladies and gentlemen, as a reminder, should you have a question, please press star one.

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.