# WildBrain Investor Day Presentation

October 5, 2021 | Edited Transcript

**Nancy:** - Hello, I'm Nancy Chan-Palmateer, Director of Investor Relations at WildBrain. It's my pleasure to welcome you to WildBrain's Investor Day 2021. Here on our live webcast today are Eric Ellenbogen, our CEO; Aaron Ames, our CFO; and Josh Scherba, our president.

For the question-answer portion that will follow, analyst and institutional investors may submit questions in the online chat field. We'll address as many as possible at the conclusion of the presentation. Before we get started, I want to remind you that statements made in today's presentation may contain forward-looking information.

I refer you to slide two for more details about forward-looking information contained in today's presentation, including important underlying factors and assumptions on which the information is based and risks regarding those forward-looking statements.

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

With that, I'll now turn it over to our CEO, Eric Ellenbogen.

**Eric Ellenbogen:** Thank you, Nancy. Good morning and welcome. I'm here to say that I couldn't be more excited and energized by the progress that we've made over the past two years, the team that we put together, and, above all, the platform that we built. When I joined the company a little over two years ago in September 2019, I made a commitment to return our business to sustained and significant growth.

I was clear with our board and our shareholders that such a transformation would require time and patience as we set about completely reorganizing our team, our processes, and our culture, and all the more so with the unforeseen challenges of the pandemic. While we did the heavy lifting, we would be internally focused, refraining from all but essential and material communications with our investors. We would, of course, be completely transparent. However, unlike past practice, there would be no company promoting announcements. For my part, I didn't participate in a single media banking conference.

Finally, I said that we would ultimately come to investors only when we had something to say. We're here today because we've got a lot to say.

You're not going to have to wait until the end of our presentation to hear the conclusion, so I'll start by answering two fundamental questions. Why WildBrain and why now? WildBrain today is the largest independent and vertically integrated kids' and family media company.

With the infrastructure, leadership, talent, data, marketing, global reach, and perhaps most importantly, the assets, by which I mean big-branded IP, both our own IP and increasingly partner brands, brought to us by their owners who understand the power of our industry-leading platform.

We have a burgeoning development and production pipeline destined for both the world's largest SVOD networks and, uniquely, our own digital-first Spark network, which, measured in terms of views, is now bigger and, I'd argue, more effective in reaching kids than the likes of Nickelodeon and PBS.

For the very first time, that pipeline has given us the financial stability and earnings visibility to plan for future growth.

Today, we are committed to these value propositions. We are a leader in the space and a top choice for partners. We're committed to creativity and excellence and inclusivity and to maximizing the value of our IP to achieve sustainable growth.

So for the first time, we're sharing these financial objectives. Let me be clear. These are base targets built off of already-contracted-for or well-vetted IP deals in our pipeline. There remains substantial upside to these objectives driven by consumer products, the performance of our Spark network, forthcoming third-party content partnerships, and the further mining of our vast IP library.

Much of today's presentation will be spent showing you why we're so excited because the base expectations are just that: the base.

We're squarely focused on building or rebuilding evergreen franchises with meaningful consumer products upside while, at the same time, driving better monetization across our Spark digital network, with that network serving importantly to amplify and to engage audiences with our brands.

I feel confident that what we're building should enable at least the doubling of our core content business over just the next few years. To be clear though, we're not just aiming for a 15% to 20% CAGR.

From the conclusions, back to today's agenda. We're here to share the strength of our assets and unique platform and the depth and excellence of our team and talent, all in a way that I hope you'll find somewhat entertaining.

We'll wrap up with Aaron filling in the detail regarding our EBITDA build to 2024, and the core drivers and context around what we see is the vast consumer product opportunities that can take us well above our base plan.

Now, to our 360-degree approach. By the way, that would be our very own Inspector Gadget on screen.

By 360, I mean the mobilization of every single part of our vertically integrated company and its business units for excellence and service and the exploitation and monetization of IP. There are few, if any, companies of our scale with the assets and capabilities to do this well. Among the studio distributors, I'd have to say none do it better than Disney.

Let's start with a brief highlights reel.

**[Video start]**

[music]

**Strawberry Shortcake:** Places, everyone.

Excuse me. Whoops, coming through.

**Announcer:** Start your engines.

**Speaker 2:** Ready? Now.

**Chip:** Woo, let's go.

[music]

**Charlie Brown:** Pew, pew.

**All:** Strawberry Shortcake.

**Strawberry Shortcake:** I can't wait to get started.

**Chip:** Hugs and kisses.

**Pupcake:** Nothing can stop us now.

[music]

**Strawberry Shortcake:** I'm new here, but I'm pretty sure this is exactly where I belong.

**DJ Lance Rock:** Yo Gabba Gabba!

**[Video end]**

**Eric:** Here's what I found when I came to the company and you've seen some of it. Incredible branded IP assets acquired at considerable cost that were either underexploited or frankly mis-exploited that should be generating a lot more EBITDA than they are today.

What wasn't being done was to systematically turn these assets to account, engaging and integrating every part of the company, which were, unfortunately, often working at cross-purposes, and filling in those management, talent, and capability gaps to realize that full potential. That's exactly what we set about doing.

We enhanced the team, repositioned the assets, investing deeply in creative, integrated the divisions, restructured our approach, and built an industry-leading platform, which can deliver growth and value for years to come.

That's the 360 of it all.

Fortuitously, there are extremely favorable tailwinds, which are accelerating our growth and creating huge upside. We are perfectly positioned to maximize on where our industry is going today.

First, branded IP matters more than it ever has in an increasingly competitive market that offers a plethora of choices and distribution channels. Second, the kids' content market is now clearly bifurcating between premium subscription networks and advertising-supported digital channels, and we serve both of those. More than just serving those markets, we own the #1 kids' and family AVOD network, something you'll be hearing much more about.

Here's what we've got to work with. The world's largest independent library of kids' content outside of the major studio distributors. For the brands we don't own directly, we hold varying partnership interests, exploitation rights, and profit participations.

When properly managed, great IP can, of course, be reimagined over and over again to unlock enormous value. On this slide, you can see some examples of successful IP turnarounds from other companies.

I've been fortunate for my entire career to do this since the 1980s from *Saturday Night Live* to Classic Media to DreamWorks and NBCUniversal.

The successful playbook hasn't changed that much really. Start out with great leadership, build up financial management, focus on the hits, invest deeply in creative, maximize distribution revenues, and then reap the upside across all the ancillaries like consumer products and location-based entertainment.

What I'd have to say has been the biggest change and most impactful one over the years has been the erosion of distribution middlemen, enabling brand owners like WildBrain to directly reach audiences through digital channels.

We've taken the proven playbook and added technology and data insights gleaned from our leading AVOD channel business, WildBrain Spark, to deliver exactly the content kids want wherever, whenever, and however they want it.

Here's where we are today, a 360-degree kids' and family entertainment company, unlocking the value and long-term earnings power of our assets at the very time branded IP like ours is being revalued upwards.

The newest element of our business, which is making a world of difference, is data collection and the insights it yields. There is simply no other independent kids' company getting the feedback that we get from our Spark business.

Somewhat less obvious are the insights that we gain through our global licensing agency, CPLG. For example, we are one of the biggest licensors to every major fashion retailer in the world like H&M, Uniqlo, and Zara. We know not only what's on trend but also what's coming next, which informs what we do in all the other areas of our company. Our IP portfolio, combined with data and insights, inform how we go to market across all of our business units.

Here's the team that makes it all happen, representing decades of experience at both entrepreneurial companies and the biggies like DreamWorks, Disney, Fox, Warner, Marvel, NBCU, Mattel, and Hasbro.

I mentioned earlier the bifurcation of content between premium and digital-first platforms. Our properties are on virtually every one of them on both sides of the equation and, most prominently, on our very own WildBrain Spark network.

Today's mantra is being “always on,” discoverable anywhere and everywhere content is consumed, and then harvesting the revenue from every one of those places.

Here's how we do it. We start with our vault of famous IP and increasingly, partner brands too, then we bring in top-tier creative talent. We gain data insights from our Spark network and through audience research. We build and refine our brand plans and then we develop and produce at our own studios. We market and distribute across every conceivable platform and we convert the new-found brand affinity into consumer and experiential products.

Creativity and talent are at the core of everything we do at WildBrain.

I can't emphasize that enough. We've invested considerably in attracting the best artists, writers, producers, and directors who have been responsible for such hits as *Frozen*, *The Simpsons*, *SpongeBob*, and even *My Little Pony.*

That talent hasn't gone unrecognized for the work they've done at WildBrain. We're delivering better and better creative, judged not only by audience delivery and number of shows in our studios, but also by industry accolades, award nominations, and wins.

For example, in 2019, we had five nominations and wins such as Emmys. By 2020, that number was 13.

Most of that talent is under our Vancouver-based premium animation studio, which has grown from over 640 animators, artists, and staff just two years ago to 950 today, and with expected growth to over 1,100 this year.

We are leaders in technology and artistry and we also enjoy considerable cost advantages due to government incentive programs.

Our Spark AVOD network has nothing less than amazing reach and engagement with its worldwide kids’ audience. Despite the proliferation of new channels and social media and gaming platforms – make no mistake, we produce for and distribute across all of them – YouTube, which powers our Spark network, is unequaled for content discovery and brand amplification.

Look, it's hardly original with me, but I've always said that dollars follow eyeballs. We're just starting to realize the rewards of our incredible audience delivery.

Back to our branded IP, which is where it all starts. From our vaults, we continue to bring to the fore previously proven properties combined with some of the best partner brands in the world who seek us out for our 360-degree capabilities.

Here again, WildBrain stands alone as the only kids and family media company with a wholly-owned licensing agency with the global scale of CPLG. Across 16 offices, our resources, clients, market intel, licensees, and retail relationships are second to none.

CPLG gives us an unmatched competitive advantage and unlocking the huge consumer products upside of any one of our successful IPs.

Now, let's have a look at a video to hear from the management team on how our 360-degree strategy all fits together.

**[Video start]**

**Josh Scherba:** There is a lot happening in the world of kids' entertainment. On the one hand, we have streamers that have global scale. At the same time, kids are consuming more content than ever on YouTube. WildBrain is really uniquely positioned to be a central player in both and, in fact, already are a central player in both.

**Michael Riley:** What's great about the opportunity at WildBrain is the incredible portfolio of brands from classic brands with huge equity like *Strawberry Shortcake*, *Teletubbies*, *Inspector Gadget*, and *Yo Gabba Gabba!* We get to work on a bunch of new IP, which is always fun. What's also a great opportunity is we're really a one-stop-shop from development, production, distribution, and licensing. It's all under one roof and that's very rare.

**Deirdre Brennan:** We've been building something really unique, not just what we do but how we do it. The foundations can only be strong if you connect with the people that you work with. I think we're really starting to see the benefits of that aligned effort.

**Stephanie Betts:** We have all of the pieces to build huge, successful franchises. It's also an incredibly exciting time in the business. No longer do we have to live in sort of cookie cutter boxes of what makes up a series for children. Now, we can look at doing mini-series that are almost feature-quality. We have a healthy development budget to go after top-tier talent that we know not only will execute an incredible show, but that talent will attract other talent.

**Logan McPherson:** Sonic has provided an amazing opportunity for us on the 3D side. It has allowed us to sort of reevaluate our 3D pipeline and really examine where the value-add is in that. We've added a number of new software packages and methodologies to the pipeline. We're able to provide a really cinematic look that is honestly making it feel like a Marvel movie when we get into the action sequences.

**Deirdre:** We've reshaped the role of distribution. The evolving distribution landscape requires an innovative approach. We have an incredible opportunity to connect to and grow audiences across all forms of video-on-demand, linear and transactional platforms, but it's not always about the omni-platform path. It requires a strategic and tailored mix, depending on the genre and the property.

**Kate Smith:** Great brands are built through great content and great storytelling, but the kids' environment evolves really fast. As a kids' content company, we were really quick to recognize the power of AVOD platforms and helping to build brands.

**Matt Rennie:** Spark is the biggest aggregator of premium kids' content on YouTube with our own vast library and more than 50 premium partners for the likes of Warner, Mattel, and eOne. We reach a staggering audience.

**Kate:** Engaging that audience helps us generate three things: digital advertising revenue, brand awareness for the IP that we manage, and data and insights. All of this helps us attract new partners.

**Matt:** Central to that mission is our approach to data and insight and how it underpins our production and distribution activity. That means all of our content is hyper-optimized for digital audiences. We're building out a data platform that is going to enable us to leverage this data at scale. It's just hugely exciting and it's going to be completely unique in the industry.

**Deirdre:** Our ongoing success in the distribution space delivers the global reach we need.

**Maarten Weck:** The consumer products within the 360-degree strategy is the last piece of the puzzle. It all starts with giving birth through an IP with regards to content and with regards to making sure that that content actually reaches our consumers. That then translates to products in people's hands.

**Jasen Wright:** Whether it may be apparel, toys, consumer electronics, beauty experiences, it allows us to really look at different ways for us to take that consumer on a journey and finish that journey for the product, but here in North America.

**Maarten:** Well, the biggest priorities for us at WildBrain CPLG are really to unlock, let's say, the cross-selling between our different business units. We really work by the ethos of think globally while act locally. Therefore, we have an extensive office network across the globe.

**Jasen:** I think in our space, there is no other company that offers and has the capabilities that we have in-house. We're able to really fully service our own WildBrain IP, but also third-party IP. That's part of the reason that we have success with companies approaching us and wanting to do really unique things with us, whether it's co-creating IP or creating new consumer product experiences for their brands.

**Michael:** In June, we celebrated Teletubbies diversity message with a big promotional moment in New York City during Pride Month. I have to tell you, fans went absolutely bonkers. It was like rock stars. Fans were crying. They were dancing in the streets with the Teletubbies. A real career highlight for me, I mean, bar none.

**Jianbo Wei:** We launched the WildBrain China operation in Shanghai since the second half of last year. As we began to engage local partners to license our programs to digital platforms, I think people's interest has been growing. At the same time, we are beginning to introduce our brands to the local market and we are closing deals to license these brands to local partners as well.

Teletubbies is one of the top brands in China. All those young kids who watched the Teletubbies back 15 years ago are now growing up to be young adults and even young parents, and that they are very happy introducing Teletubby programs and the brand to their kids. When we are sharing them that this brand is coming back to the market, many people are very passionate and they are excited. The business is starting to grow. We are seeing a very positive momentum here.

**Deirdre:** I'm grateful for the experiences I've had, but I think the greatest strength that WildBrain has now is our ability to learn and adapt just like the kids that we work for.

**Josh:** We really have the pieces in place to be able to execute really on this 360-degree vision that combines our world-class IP with cutting-edge exploitation in a world where things are changing really quickly.

[music]

**[Video end]**

**Eric:** Before I turn the presentation over to Josh Scherba, who you saw at the top of the video, I'd like to take you inside the world of Peanuts, one of the world's top-10 character brands and the jewel in WildBrain's IP crown.

We are bringing Peanuts to amazing new heights through the unique combination of capabilities that I've been sharing with you today. Even in the year of the pandemic, our Fiscal 2021, we took the business from $158 million to $194 million in revenue. That's up over 20% and, really, it's just the beginning for an evergreen property that's nearly 75 years old, which makes me feel so young.

When we acquired Peanuts in July 2018, we knew that to grow the brand and to assure its enduring and greater value would require establishing a connection with a new generation of kids.

While the appeal of Peanuts among those who grew up with the comic strip and holiday TV specials was quite well-established, there had been no new Peanuts TV content for a decade. By not being where kids consume content today, Peanuts risked becoming eclipsed by competitive properties.

The world of Peanuts that Charles Schulz created is a beacon for creative talent. That is exactly where we started, by attracting the best writers and artists in our business.

We conceived a comprehensive, multi-year output plan for the highest quality Peanuts content ever produced and sought out a global partner at the very leading edge of digital media.

That partner, of course, is Apple TV+ and I'll talk more about them in a moment.

Our first show was *Snoopy in Space*, which premiered in November 2019, and proved to be so popular among all audiences, not just kids, that Apple came back to us and ordered more episodes, plus multiple additional series, and a slate of family specials fulfilling our multi-year output plan.

All of our new Peanuts content released to date has been exceptionally well-received by critics and fans alike with a rarely achieved 100% Rotten Tomato score for *The Snoopy Show*, our newest series.

While we can't disclose the financial magnitude of the Apple deal, I will say it is the largest deal in the history of WildBrain. It is a major long-term, multi-pronged partnership to produce the most ambitious new content catalog in the history of the *Peanuts* franchise.

There was, of course, no better partner for our Peanuts plans than Apple and their new global Apple TV+ streaming service. With over one billion active iPhone users, not only is Apple the world's most valuable company, but it's also the world's greatest marketing company.

What they've done to market our new Peanuts content has been nothing short of exceptional. It's the kind of star treatment that Hollywood blockbusters get, even billboards on LA's Sunset Boulevard. The ability to access integrated marketing opportunities across the Apple ecosystem from in-store Peanuts-themed events to a global takeover of apple.com have all validated while we have the perfect long-term partnership for the brand.

Our new content for Apple TV+ represents a singular opportunity for the expansion of our business in China. While Peanuts and Snoopy, in particular, have significant awareness in China, purely as a character property, audiences there have almost never seen any Peanuts content. We are now actively distributing the new content across multiple streaming platforms in China and feel sure that this broad exposure will fuel myriad opportunities all the way from increased apparel sales to theme parks.

What we produce for Apple TV+ isn't the only Peanuts content we create and distribute. We recently launched a campaign of pro-social, short-form Peanuts videos produced at our Vancouver studios and blanketed across AVOD under the management of our WildBrain Spark division.

This is just another example of our ability to move from an idea to worldwide distribution in a single bound. The results in January are impressive. 130 million views and 617 million impressions from just one campaign. I can tell you, given that response, we've got a lot more in the works.

WildBrain CPLG is already the premier licensing agency across Europe and the Middle East, now elevated to new heights by our exclusive representation of Peanuts across all these territories. Upon our acquisition of Peanuts, consumer products licensing outside of the US was highly fractionalized among multiple agents, often representing the property in just one country.

Over the past 24 months, however, we've consolidated representation of Peanuts consumer products and those rights under CPLG across Europe and the Middle East. This approach is yielding greater consistency, collaboration, and efficiency, not to mention market intelligence, and it's already produced double-digit revenue growth in the region.

We're extremely encouraged with the content rollout so far, our multi-year studio pipeline, and the unflagging commitment of Apple TV+ to the entire Peanuts enterprise.

I mentioned earlier that in our last fiscal year, we catapulted Peanuts revenue by more than 20%. We think that's just the beginning for the renaissance of Peanuts.

We'll continue unlocking value for years to come through the continuation of our premium content strategy, synergies with our CPLG licensing agency as they manage EMEA as a whole, as well as a build-out for those under-indexing territories.

There'll be exploitation of untapped licensing opportunities, including toys, commercial tie-ups, and location-based entertainment, and finally, by augmenting activity and markets like China and India.

We have implemented WildBrain's 360-degree execution strategy first and foremost with Peanuts, our most valuable IP franchise.

Enough from me. Let's see and hear from the management team behind Peanuts in this video.

**[Video start]**

[music]

**Melissa Menta:** Well, I don't think there's any other brands like Peanuts. I know it's in the top-10 brands, but in my opinion, it is the number one brand that everyone in the world likes and you don't have to like anything else. You just have to be a human.

[music]

**Melissa:** How we've changed, how we work around with WildBrain is I really think that centers around the new deal with Apple TV+.

**Josh:** Apple TV+ is our partner on all things Peanuts and we couldn't be happier. Apple's the greatest marketing company in the world and they're putting that might behind the Peanuts brand is really unparalleled for the brand and unparalleled for us as a company.

**Stephanie:** One of the first things under our content strategy for Peanuts was to start developing *Snoopy in Space*. We've had a partnership with NASA for years and it felt like the first natural place to go with content. We wanted to first develop a series that parents could trust because there's an educational value to *Snoopy in Space*. We also love Apple because they understand that they are in the franchise business with Peanuts and it is a meaningful contributor to their success too. We are looking at a five-year content strategy that we're building out again from pre-school up to family content and we're building it together.

**Josh:** This is the most comprehensive content strategy that there's ever been in the history of Peanuts.

**Logan:** The creative team that we assembled on *The Snoopy Show* has really allowed us to elevate our game in a number of areas. We've improved our rigs. The animation quality has gone through the roof. It's really inspired the animation teams to also work at that level of excellence themselves. Peanuts itself is a recruiting juggernaut. People all over the world want to work on this content. What we've done is provided them an opportunity to do that at the highest possible level.

**Melissa:** I have definitely seen a heightened interest in Peanuts. I do believe it's because of the new content. Then, of course, we have something called a Space Act Agreement with NASA, which is something that I really think we can brag about. In the last several years, it's just been an amazing evolution for everybody who works on the brand.

**Tim Erickson:** We work back with multiple divisions within WildBrain to unlock the potential and to tell new stories and create emotional connections with fans all around the world. We have an amazing partnership with WildBrain Studios. In addition to that, we have a strategic partnership with WildBrain CPLG and really work with them hand in hand on developing strategies specific to different territories on how we can unlock the potential for the brand with consumers there.

**Maarten:** When we worked on Peanuts four or five years ago, we saw that the marketplace didn't embrace the property as fully as they do now. I think unlocking that together with WildBrain and Peanuts has been a great exercise. Let's say that this goes from just having general licenses in certain markets, but especially looking at halo collaborations with great design brands and all kinds of different products and the marketplace is loving it.

**Jianbo:** Our team is also sharing all the content and the programs and the brands with the local content partners. A lot of the platforms are very passionate and excited. We are discussing deals to land these quality programs on some of these top digital video platforms. Over time, I think that this is going to increase the value in the consumer products business for the Peanuts brand.

**Melissa:** Peanuts Worldwide is currently working on an initiative called *Take Care with Peanuts*. It's, basically, take care of yourself, take care of others, and take care of the earth. We went to the content team at WildBrain. They helped us put together short-form content that we can share to the world. Then we were able to go to Spark and talk to them about how can we amplify this content and get it out to everyone.

**Tim:** One of the things that we're beginning to gear up for now is the 75th anniversary of Peanuts. It really gives us an opportunity to celebrate the brand to multi-generations and allow those different generations to experience the brand together. I really look forward to being able to continue the legacy that started so many years ago and telling new stories and creating new emotional connections all around the world.

[music]

**[Video end]**

**Eric:** Inspirational. We'd now like to turn our attention to our AVOD network, WildBrain Spark. For that, I'll hand the discussion to our president, Josh Scherba.

**Josh:** Thanks, Eric. Before I dive in, I just like to echo your enthusiasm for just how much progress we've made over the past few years. A big part of this progress has been as a result of WildBrain Spark. I'm now going to walk you through how this network is driving our business.

Spark is the #1 kids' and family AVOD network, harnessing the power of YouTube in delivering unparalleled reach, engagement, and user intelligence in kids' entertainment across the globe.

Despite the popularity of every new entrant in the video-on-demand and social media space, YouTube remains the most popular way kids discover and consume content today.

Remarkably, the same kids that spend hours on YouTube will pivot seamlessly and equally engaged among Netflix, Disney+, Nickelodeon, and TikTok to discover and enjoy the content they want to see.

At WildBrain, we're experts across the entire spectrum of these platforms and a leader in AVOD channels.

This slide shows just the tip of the iceberg of well-known brands on our network that keep viewers engaged in our universe. We have over 600 titles on the network across over 30 languages. This scale makes us truly unique in the YouTube landscape. It also provides deep data, insights, and analytics about what kids love to watch, which helps us drive further engagement.

Looking back at the origins of WildBrain Spark should provide some perspective on how and why we were able to build such a strong platform. See, back when we started in 2013, our network was a simple form of distribution and monetization of our own library of some 13,000 half-hours on YouTube. No other platform could absorb that scale of content. The size of the library enabled us to quickly build scale and, in turn, become a leader in optimization and content discovery.

This attracted partners from across the kids' media industry to our network. This allowed us to continue to grow our viewership, which increased insights which attracted more partners. Our learned expertise in optimization and content discovery have now become a magnet for IP owners around the world looking to leverage YouTube for their IP.

Today, our platform drives four key areas.

First is brand monetization. Our scale presents a tremendous opportunity to grow revenue for kids' IP. Second is brand awareness. We build affinity and engagement, which are keys to driving consumer products. Third, brand discovery. Our ability to identify emerging IP can present early partnership opportunities as well as insights into what's working across the platform. Finally, data insights. This allows us to identify viewing patterns across our network and drives our audience-led iterative approach to content production.

How is this different than the past? Well, let's look at the original launch of Teletubbies as an example of how brands launched in the old linear world.

Think back to the late '90s. Streaming platforms didn't exist. Broadcast television dominated distribution. Amazon was busy selling books and little else. Back then, 365 episodes of Teletubbies were produced with guaranteed linear distribution by the BBC.

That led to global distribution with other broadcasters around the world, which, in turn, led to global toy and licensing deals and then to bricks and mortar buying at retail. All of this culminating in a multi-billion-dollar juggernaut IP.

That's how it used to be. Today, I can tell you that every piece of that old chain is being disrupted all the way from broadcast to the toy shelf. In the old world, audience scale was reached via one linear channel per territory.

While this was highly valuable, it is impossible to replicate in the new digital world.

Today, content producers go straight to the consumer through streaming platforms, and especially through AVOD platforms such as YouTube.

Today, if your new kids' IP does not have a presence on YouTube, you're not reaching the audience where they're watching and you're not generating consumer products engagement.

Today, through our WildBrain Spark network on YouTube, we reach a larger audience in the US than most of the biggest kids' cable networks.

This network scale is achieved through hundreds of channels, each managed for optimization on the platform. Content and brands are available on multiple channels on the network. For example, we have dedicated brand channels like Caillou in multiple languages, but Caillou is also available as part of our themed preschool channels alongside other brands.

This combination of dedicated and curated channels allows us to deliver much more dynamic and engaging audience reach at scale.

Our network scale is global and distinct from the old world of territorial linear distribution.

To illustrate, across the country shown in red on this map, WildBrain Spark has generated 7.6 billion views in just the last 60 days. In any one country, there have been no fewer than one million views.

Unlike the old linear world, we also benefit from rich proprietary data and insights from all of these views.

As audience continues to migrate to digital, WildBrain Spark offers a compelling solution. One, a high-quality audience scale. Two, a consistent and active audience. Three, safe and purposeful content. Four, our time-tested IP.

Here's a fascinating trend that our research has uncovered. Families are watching WildBrain Spark together on the big TV screen in their living rooms just like they watch traditional linear television.

That's right. Our AVOD network is replicating the TV experience. 38% of WildBrain Spark's watch time is on connected TVs. Not only that, 73% of connected TV watch time on WildBrain is for 30 minutes or longer. All of this while we know 75% of parents are watching AVOD content with their children every week. Those valuable co-views are highly attractive to advertisers.

WildBrain Spark is reaching families at home directly competing with linear television on the very screen that linear once owned.

All of this is underpinned by our investment in proprietary and patent-pending data science. Our unique data tools – driven by AI and machine learning – give us advantages in optimizing AVOD distribution, creating digital-first content, generating audience insights for brands, and proprietary media planning tools.

Every month, our data science teams process millions of data points from the viewing across our AVOD distribution network. We know where, when, and how our content is viewed. We're experts in understanding how viewers seek out content and what works best to attract their attention. Those insights drive how we promote content and how we organize it on AVOD platforms. Most importantly, it's all COPPA-compliant.

These insights inform our digital production, telling us not only what our audience wants to watch, but also how they'd like to engage with it, including preferred formats, length, duration, and view. This allows us to optimize distribution leading to higher engagement and longer watch times.

Here's an example. *Boy & Dragon* is an original series developed and produced by WildBrain Spark. On this project, we implemented audience-led insights that drove everything from length and format to story themes and all the way down to the detail of what the click-through image would be before producing the episodes. These techniques in combination led to stand-out performance for the series on the platform. This is an early example of how applying insights through our production improves performance. We are just getting started with this approach and are excited about what is to come.

The combination of WildBrain Spark's scale, insights, and services serve as a magnet for IP owners looking to harness the power of YouTube for their brands. This in turn deepens the offering on our network, amplifying its power to attract other partners.

We're now partnering with consumer products companies to build new business models that combine our expertise in content creation and data insights to drive consumer product sales at retail.

I'll be speaking more about these partnerships with emoji and Moose in a few minutes.

The unrivaled expertise and capability Spark offers in the world of AVOD is what attracts world-class IP partners to our platform. WildBrain Spark is essential to the 360-degree strategy across WildBrain. It’s power to amplify brands through its scale and its unique data insights will fuel growth, both on proprietary IP and partnered IP.

At Spark, we're continuing to reinvest in digital content and tech to keep enhancing our understanding of our platform to drive engagement.

We're very early in our life cycle, however, we know there's significant value in creating a better experience for our end consumer on Google's platform. Here are some companies who've built significant value by doing just that. Key to all these companies' success was their ability to reach scale with good products and to continually reinvest to improve and grow that product through insights they collected to optimize the platform for what the consumer wants.

WildBrain Spark is a unique platform with multiple revenue drivers that we're just beginning to unlock. This combination of services makes us a valuable partner to third-party IP owners and is the key to unlocking massive growth within our own IP at WildBrain.

We are now going to shift gears and take a look at how we are activating our Strawberry Shortcake brand.

Our relaunch of Strawberry Shortcake is centered around an “always on” approach that reaches kids wherever they are today. While connected through characters and storytelling, our activation plan includes a high-frequency series of short episodes on YouTube, premium CG specials for SVOD, and a game on Roblox.

We're uniquely qualified to unlock the value of our known IP with our 360-degree platform. We're making full utilization of our powerful ecosystem coming together with each of our assets to reactivate Strawberry Shortcake.

Next to Peanuts, Strawberry has the longest history of consumer product success in our library. We own 100% of Strawberry, and with over $4 billion in global retail sales through its lifetime, restoring the brand to its former success and beyond represents a tremendous opportunity for us as a company.

High brand awareness and loyal fans across social around the globe, give us a strong base from which to reactivate. In addition, the age of the brand means that kids who grew up with Strawberry now have kids of their own. All of this gives us confidence that this is the right time to relaunch.

Given the size of the opportunity, we've taken a methodical approach to developing this relaunch. This included extensive research and focus testing as we developed a plan. One key point that surfaced during our early focus testing is that while Strawberry is extremely well known as a brand, she wasn't as well-known as a character. This presented us with a real opportunity to develop her in a way that would feel relevant to kids, and especially girls, in 2021 and beyond.

To do this, we engaged top-tier talent in Mike Vogel. He's one of the creative forces behind the success of My Little Pony. Mike led the content development process through character and story, all the while collaborating closely with WildBrain Spark to ensure we were mindful of all insights for a digital-first audience. He also worked closely with our brand and licensing teams, who looked for ways the content could ensure future consumer product success.

Our digital-first distribution strategy on Strawberry leverages our strength in AVOD. It allows for greater control over marketing moments to amplify the brand. It provides powerful data insights into what is working and where we need to correct course as we rollout content. By layering premium specials for SVOD on top of this strategy, we will drive more exposure than a traditional launch. Our ability to produce and distribute effectively in both AVOD and SVOD plays to the unique strengths of WildBrain as a company.

Our distribution strategy will also include leveraging our full library of Strawberry Shortcake content. Combining the back catalog along with the new content will create compelling combinations for linear SVOD and AVOD partners alike.

On the consumer product side, we are pleased to have Moose Toys on board as the master toy partner for the brand. Moose, of course, is the company behind the hit Shopkins brand. In collaboration with Moose, our global licensing platform, WildBrain CPLG, will be prioritizing Strawberry Shortcake. We will be leveraging our extensive insights and relationships around the world to drive sales.

Our brand team in collaboration with our experts at WildBrain CPLG have put together a cross-category plan to connect with kids today. This will begin with gaming in 2021, and then onto toys and other categories in 2022.

Our “always on” strategy combines multiple streams of content and marketing activations to drive awareness and engagement. As you can see, this will be a steady and consistent build, leading into the global toy launch next fall, and continuing into 2023 and beyond.

We're building long-term value in Strawberry. From content creation to a digital-first distribution strategy aided by data and insights, we will be amplifying Strawberry in a way unprecedented in its 40-year history. The resulting growth and engagement and affinity will enable us to leverage our global consumer products capabilities, rounding out our 360-degree approach.

We see Strawberry Shortcake having significant upside potential at retail. We've listed here some comparable brands and what they've achieved annually at retail. It's worth noting that Strawberry Shortcake itself achieved $500 million a year at retail in the early '80s. We're confident that we're on the road to restoring her to her former glory.

Now, we're going to watch a video to tell us a little bit more about the relaunch.

**[Video start]**

**Strawberry:** Every aspiring baker knows that to get discovered there's only one place to go. We're here.

**Michael Riley:** Strawberry Shortcake has a long legacy. She has blossomed into a full franchise from cartoons to toys to apparel, and it really over its lifetime blossomed into over a $4 billion franchise.

**Stephanie Betts:** With Strawberry Shortcake, it's a blank slate, and it really started as a greeting card. It was like what resonated with moms essentially that grew up loving Strawberry Shortcake. That was where we started in rethinking Strawberry. We hired Mike Vogel, who's an incredible showrunner, he has years of experience on incredibly successful franchises. We knew he was really best-in-class to help us reimagine what we were going to do with the franchise.

**Mike Vogel:** A successful brand starts with the creative storytelling. It starts with the characters, the world. It starts with what they want. That's what gives you that emotional connection. For Strawberry Shortcake, we really honed in on the fact that her love of baking is her dream to bake the world a better place. For us, Strawberry Shortcake is really a show about following your dreams. The themes in them are universal to people of all ages.

**Stephanie:** We all remember the shows that we grew up on and the toys that we loved playing with. There was that immediate emotional connection to that content, to that toy. Once you've built that in, you have a trust with a child that hopefully resonates for generations to come.

**Mike:** We're starting with short-form content on YouTube. This allows us to do a bunch of bite-size adventures. Once people get to know her better, we're going to move her and the characters up into these specials that we're going to be doing on streaming platforms that are going to give us a chance to really dive deeper into the world and the characters. Once you've got that as your face, you can take those characters, the world they live in, everything about them, and expand it out to all the other pieces of the brand.

**Blueberry Muffin:** I have a good feeling about you.

**Kate Smith:** It's given us a chance to work more closely with many of the different business units. We've been helping the brands team to map out what the distribution strategy looks like across YouTube and YouTube Kids.

**Matt Rennie:** We understand what works on these platforms, how content should be structured, how the storytelling should go, how our characters work, what thumbnails will be clicked on, and what countries you should promote a brand in. We apply the same rigor to monetization.

**Deirdre Brennan:** The new content for Strawberry is fantastic and I know the audience is going to love it, but from my side of the business, it's about maximizing the value of all the rights and all the iterations of Strawberry that we have in WildBrain. It's great, isn't it, the audience now accepts Strawberry in all her forms? Our role is to bring that to audience in as many places as possible.

**Michael:** We, as a whole, have been working on this for quite a while to make sure that we have all the pieces in place. We have the caliber and the experience of the brand team; we have disciplined brand planning, so we know where we're headed, we have a 360-degree structure in place. Lastly, we are investing very deeply into the success of Strawberry Shortcake.

**Kathleen Warner:** We really develop business plans for all of the IP that is WildBrain owned. We create these three to five-year plans and we work across the different business units to make sure we're all aligned. We have so many marketing activations coming for Strawberry Shortcake. We are launching our first Roblox game. It is a massive platform for kids, and then obviously, lots of interaction on social media and working with family influencers. Next year, we are thrilled that we are partnering with top-tier produce partners to have a complete grocery takeover. Obviously, we're very excited about the Strawberry Shortcake launch.

**Strawberry:** Okay, Custard, we've got this.

**Tanya Mann:** From the get-go, we knew this brand was built to be driven through the toy category. We worked very closely with CPLG, our licensing agent, as well as the content team and build a pitch that included the storyline, the characters in the content, as well as the brand DNA aspects to the toy innovation and ideas that really were thought starters to what the toy line could look like.

**Maarten Weck:** The opportunity with Strawberry Shortcake is vast. Let's say we have seen historically that territories like France and Brazil have been massive on this property. Everybody is really, really excited about the new look, and about the feel of the show, and the innovative approach the content team have taken around the new series. The fact that multi-generations gravitate towards the property is something which reduces the risk for our licensees and retailers. Therefore, currently, a lot of retailers and licensees are gravitating massively towards this known IP side of the business.

**Jasen Wright:** I think for Strawberry Shortcake here in the US, you have a brand that has been around for a while and has had a number of generations touch it and experience it and have that connection with it. You've had consumers and retailers really continue to yearn for it. Now being able to launch in the US with new content, new partnerships, new licensing consumer products opportunities, now we're able to respond to that demand. It's only just getting started.

**Strawberry:** You'll help me?

**Lime Chiffon:** What are new berry buddies for?

**Stephanie:** I think Strawberry Shortcake is a great example of a project where we have truly held hands on what is a 360 strategy on it. The wonderful thing about where we are right now as a company is that we are truly being given the resources and the runway to make great things happen.

**Strawberry:** I'm pretty sure this is exactly where I belong.

**[Video end]**

**Josh:** Transitioning from Strawberry, I'd like to now spend a little bit of time talking about our partnerships with top third-party brands.

The ecosystem we've built creates a lot of different entry points for IP owners. It gives us the ability, not just to be a service provider but a true partner, harnessing our 360-degree capabilities to amplify third-party brands. What we've been able to bring together on Strawberry Shortcake and on Peanuts is why we're the optimal partner for all kids IP. Meaning our own IP and partner brands. IP owners see this. They see what we can do, and they want to work with us.

We are a partner of choice because of our one-stop-shop capabilities. No other independent media company can bring together the combined power of premium content, digital audience delivery, and licensing all under one roof.

As an example, SEGA approached us to partner on creating a new Sonic series. Together, we developed a creatively ambitious 24-episode series we are calling *Sonic Prime*.

The series has been commissioned by Netflix as the largest CG production in our history and will debut on the streamer next year. Under this partnership, we share with SEGA on all revenue streams, including licensing and consumer products.

CPLG is representing Sonic Prime in most of the world, adding to their successful representation of the classic Sonic brand across EMEA. With hit feature films from Paramount delighting audiences, new games, and a 30th anniversary this year, Sonic is more popular than ever. We're thrilled to be partnered on Sonic in what is truly an exciting time for the brand.

Another major partnership is with DreamWorks on *Go*, *Dog*. *Go*! This reimagined brand based on the popular children's book was developed by our teams working alongside DreamWorks, produced at our studio in Vancouver, and launched as a top-10 kids' series globally on Netflix.

These content-led partnerships are not only for global streamers.

For example, we've partnered with the emoji company on a new IP called *emojitown* for a digital-led series that we've launched on YouTube.

The creative team at WildBrain Spark developed and produced the series, utilizing our insight-driven production techniques. WildBrain CPLG represents emoji across all of EMEA and *emojitown* worldwide. We're really pleased with the early results of *emojitown*, which attracted 33 million views in just the first three months. No, that's not a typo. Those views are 7,700% above forecast.

As referenced earlier, Moose Toys approached us to partner on their largest global boy brand to date*,* Akedo. We're producing and debuting a digital-led series on our AVOD network to drive engagement. We're managing global distribution and licensing rights and share in all revenue streams. Consumer products for the brand have just hit retail in the US with very positive early results.

I'd like to now talk a little bit about the upside potential of WildBrain's deep vault of known IP.

We're firing on all cylinders. Peanuts and Strawberry Shortcake demonstrate our unique 360-degree strategy and the enormous value we can unlock. We have over 500 titles in our library, and we're positioned to utilize that approach to switch on our IP. Let's have a look at some examples.

Through new digital-led marketing and content, including a new album of Teletubbies music and videos, we see an opportunity to expand the preschool audience for Teletubbies. At the same time, we're utilizing marketing efforts to elevate Teletubbies into an adult pop culture brand targeting the Gen Z audience who were the original devoted fans when the brand first launched. We're excited by the early results of these activities on social media and elsewhere.

Johnny Test is a great example of how enduring library value can breathe new life into a brand. Netflix were so impressed by the viewership of the library on their platform that they commissioned two brand new seasons from us. The first of which premiered this summer, which was six years after the most recent series.

As recently announced, we're thrilled to also be bringing Yo Gabba Gabba! back through a new partnership with Apple TV+.

With music at the core of this preschool series, there's no better partner in the world than Apple. We'll be producing 20 new half-hour episodes, and in time, we'll be looking to revive a live touring show, which at its height had sold-out shows across 60 cities.

Caillou continues to generate significant audiences. Our recent rights consolidation has shown immediate returns across our AVOD network and has set up for additional activity in the US. We have since licensed the show's entire back catalog to Warner Media's Cartoon Network, as well as multiple seasons of new Caillou shorts made by WildBrain Spark. In addition, we have now also green-lit five new CG-animated Caillou specials.

Degrassi, the four-decade-old teen franchise is now attracting more than five times the viewership on AVOD than it did when it ran in first-run broadcast. We believe this presents a tremendous opportunity to create the next iteration of the brand for today's teen audience.

A personal favorite of my childhood, Inspector Gadget is a classic character that continues to connect with audiences and represents additional opportunity for us well into the future.

We'll continue to work with premium partners and are excited by the opportunity at our core. We own a lot of meaningful IP that will reinvent time and time again. We're just getting started!

The strength of our IP has been attracting top-tier creative talent to the company. Driven by this continually improving network of world-class artists, directors, writers, and creators, we are actively developing and producing new series from our digital-first and premium production studios. Our slate of brand-new IP is the strongest it has ever been.

Now I'll turn it over to our CFO, Aaron Ames, for looking at some financial slides. Thank you, Aaron.

**Aaron Ames:** Thanks, Josh. Good morning, everyone. That's a hard act to follow, but I'll do the best I can.

As Eric and Josh have been discussing, over the past few years, we've been focused and working hard to build the foundation to deliver sustained and significant growth. During that time, we have built a franchise brands management team. We've built our creative engine, created a huge pipeline of production for owned and third-party brands, built a direct ad sales team, and a commercial team at WildBrain Spark, built a sales team for content and licensing from the ground up in China.

We've also transitioned agency agreements for our largest brand, Peanuts, to our in-house agency WildBrain CPLG, and we've been rounding out our rights in own brands.

On top of this, we've also put our financial house in order by paying down debt, refinancing our debt, removing covenants from our senior debt, and instituting improved financial controls, as well as installing robust financial systems, all allowing us to invest aggressively against our growth initiatives.

What's key here is that we've not only given our business units the tools to measure and manage their businesses but we've also broken down silos to facilitate collaboration across business lines.

As an example, we implemented a cross-functional content investment group. This group reviews proposed content projects to ensure the investment will benefit the entire organization's business performance. I have to tell you, these decisions used to happen in a vacuum and business units would be handed something long after it was already made and told to go sell it when it was far too late to do anything about it.

A perfect example of our new direction is how all our business units pulled together to work on the Strawberry Shortcake brand launch. This included an integrated approach to brand management that extended across new content creation, digital AVOD distribution through WildBrain Spark, and CPLG working on licensing activities.

This 360-degree cross-business approach is the model we're implementing across all our key IP initiatives. Our whole team is now driven by a holistic approach with one goal, to maximize the lifetime value of our IP across the organization.

We've also made investments in systems such as automating manual tasks like royalty reporting in our consumer products business, but even more importantly, this investment gave us the ability to collect and use data to make the best business decisions.

As just one example of this, we now collect and retain SKU data on how many yellow sweatshirts sell in Spain. You can imagine how valuable this type of data is to us as a brand owner today, and in the future, if we are transitioning to a new licensee. Today, data is critical to making good decisions, and it's what turns a good licensor into a great one.

All of these changes have transformed WildBrain into a rapidly growing business with highly visible future profit streams while at the same time lowering our risk profile. We do this by creating what we call a portfolio of contracted revenue opportunities tied to each new brand activation. This is both for own brands such as Peanuts and Strawberry Shortcake, and also for partner brands like Sonic and emoji. Most importantly, we are positioning each brand to maximize their long tail of profit opportunities, principally in licensing, which can lead to material upside in our results well above what we have modeled.

We will continue to grow our base earnings as we layer on more and more owned and partner brand activations, where we can bring our unique capabilities to bear. We are bringing real value and capabilities to our partners and helping them grow their franchises and build value.

To give you some context, these results contemplate continued moderate decline at broadcast and a more than doubling of our core IP and digital content businesses. We'll continue to grow our base earnings as we layer on more and more owned and partner brand activations.

This has the obvious benefit of attractive IRRs and high-visibility earnings growth, but also continues to de-risk our business and creates a recurring nature to our results as we move into the outer years.

Importantly, our future growth is supported by the quality of the partners we're working with, including Apple TV+ for Peanuts and Yo Gabba Gabba!; SEGA and Netflix for Sonic; Moose Toys for Strawberry Shortcake and Akedo, and the emoji company for emojitown. These are truly world-class organizations, and they are coming to us to bring these brands to life for consumers and to build their franchises.

I want to illustrate to you just how we're improving both the visibility and the durability of our business.

A single property launch has good economics but can lead to lumpiness. By layering in a portfolio of launches, we're generating predictable, less volatile profit streams that will deliver growth. This deliberate layering of brand launches has dramatically increased our visibility, both to our short-term and to our medium-term results.

Of course, it's important to understand that from announcement of a launch, it takes 6 to 12 months to show up in our financial results.

For example, our Peanuts deal with Apple has just begun and will continue to build, contributing more meaningfully to results in Fiscal 2023, Fiscal 2024 and beyond.

Our Sonic deal with Netflix will appear in Fiscal 2023 for content, with consumer products contribution following in fiscal 2024.

Similarly, for our Yo Gabba Gabba! deal with Apple, we will see content contribution starting early in Fiscal 2023, followed by consumer products starting in Fiscal 2024.

As we continue to advance into our new structure, layering on more and more projects will be significantly reducing volatility and have prescribed growth with great visibility.

There are several ways we're working to both grow our base objectives while also positioning ourselves to enjoy the value of a few breakout hits. These include switching on more owned IP, activating partner IP, several Spark monetization initiatives, and of course, consumer products opportunities. This portfolio approach can result in significant potential upside because of the power of multiple brands in the portfolio really increasing our high-quality shots on goal.

Here are a few comparable brands illustrating the potential size of the opportunity we're deliberately pursuing. Any one of which can provide meaningful upside to our plan.

We're working on igniting our highly popular brands from our vault that have massive historical performance. These are highly recognizable and beloved brands that set us up very well to tap into the vast toy and licensing opportunities that are out there.

I want to show you an illustration of the economics to WildBrain of just one hit at retail. On the left is the profit contribution from a wholly-owned IP. On the right is an example of the contribution from a partner brand such as Sonic, emoji, or Akedo.

We've made investments to target opportunities in a way we were never able to before.

These investments were necessary to position us to unlock incredible opportunities across each of our brands. These investments centered on our largest market opportunities and were targeted to build resources behind creative, brand marketing, WildBrain Spark and direct ad sales, global licensing in China.

Now that our foundation has been built, these incremental investments have peaked and will level off dramatically next year and we will begin to show significant operating leverage. As you can see, these one-time investments allow us to scale and improve EBITDA margin to 22% adjusting for one-time spend.

Not only does our platform deliver significant value to our own brands and to third-party brands, but it also allows for highly accretive bolt-on M&A as we leverage our existing infrastructure.

Our platform is already delivering improved performance from acquisitions. We're targeting unleveraged returns on acquisitions of at least 30%. It's basically paid over three years. As an example, on the recent Caillou rights purchase, we're already achieving a 35% IRR and see opportunity for further improvement.

We are so excited by the platform we've built and we're seeing strong early results. All of this gives us confidence in our plan and our ability to execute against the incremental growth opportunities.

With that, I'll hand it back to Eric for his closing remarks.

**Eric:** Thanks, Aaron. What we've tried to share today is a fuller picture of where we are as a company, which is the product of a decade of acquisitions and the last two years of hard work, completely rebuilding the company to deliver on the promise of our great IP assets and capabilities.

We have put in place the tested, integrated infrastructure and leadership to unlock the enormous value of our own IP and that of our partners. Indeed, we're already well underway with some of the premier brands.

In sum, here again, is how we're doing it. A regular cadence of proprietary IP franchise launches followed by deliberate development with top creatives, comprehensive brand plans, and consumer testing.

Selective third-party IP partnerships, where we act as co-financiers, and then we produce, distribute, and merchandise worldwide. Our partnership with SEGA for the forthcoming *Sonic Prime* is the latest example.

Finally, by harvesting ad dollars from the massive views and engagement on our Spark AVOD network, augmented by proprietary data insight tools and emerging ad tech, and by producing digital-first content.

If we've succeeded with our presentation today, it should be obvious that all of these initiatives are highly interrelated and self-reinforcing.

The emergence of highly competitive streaming platforms with their insatiable appetite for content, and particularly premium branded content, is a powerful tailwind for WildBrain. It's no secret that kids' content may be the most powerful magnet for SVOD services, and highly effective at subscriber retention.

Furthermore, multiple market dynamics, such as demand for new animation and fragmentation of viewing choices that make it hard to consistently reach kids, all play to our strengths of vertical integration, from IP ownership to production, and all the way through to proprietary distribution.

I've often observed that WildBrain is the last unattached electron of scale in the kid's media space set against a rapidly consolidating industry that is completely revaluing IP assets upwards.

The trend and precedent transactions from small to large are recent and plentiful and just keep coming. Within the last 18 months, the Roald Dahl catalog to Netflix. Hello Sunshine to a SPAC; eOne, the home of Peppa Pig, to Hasbro; MGM to Amazon. The Warner's Discovery combination preceded by Discovery's roll-up of the Scripps Networks.

Now you can see why I was so excited to join WildBrain, given the opportunity to manage a collection of IP assets that is second to none, and all set against market conditions and dynamics that have never, ever been better for kids and family entertainment.

I couldn't be happier with the progress that we've made. We're up and running with the 360 infrastructure, resources and leadership required to unlock the enormous value of our assets.

Here you'll see, we could not be more highly staked in the outcome. 48% of the equity of WildBrain is held by management and directors, and the balance between just two shareholders.

I should add that before I signed on at WildBrain, I asked our largest shareholder, Fine Capital, whether they would commit to back the investments I saw as essential to effect our turnaround. Indeed, they've done just that since 2019 with $85 million between growth capital and backstopping a rights offering.

There is no question in my mind that the component parts of WildBrain well exceed our current valuation. There are myriad precedent transactions around library sales, and those values can continue to increase with each and every roll-up.

WildBrain Spark is in my estimation, a completely misunderstood asset. Like our digital media peers, we are laser-focused on growing audience reach and engagement, and we see huge value in the insights platform and user base we're building at Spark.

We are unique in our strengths and assets, with huge optionality, and we're just starting to switch on each IP and realize the synergy among all of these assets.

We are the only independent kids' media company of scale in this market and able to pull all the IP franchise levers in-house to monetize across the IP value chain under one roof.

That wraps up our presentation for today. Nancy, over to you for Q&A.

**Nancy:** Thank you, Eric. We're now going to transition to the Q&A session.

We have some time for some questions. We ask that each analyst or institutional investor to keep to one question and related to our presentation today. Please submit your question now via the online chat field.

We've received a lot of questions and we'll try to get through as many of them as possible. There are some overlaps across a lot of these, which we'll try to help to address, but if we don't get to your question, do feel free to contact us directly.

For our first question. If the Peanuts and Apple deal is the biggest content agreement in WildBrain's history, why aren't we seeing the financial results?

**Eric:** Perhaps Josh, if you'll take this question.

**Josh:** We obviously can't speak to any of the specifics around the finances of the deal due to non-disclosure agreements, but what I would say is that we are still in the early phases of this overall partnership. To date, the content that's been released on Apple TV+ is *Snoopy in Space* and a partial season of the *Snoopy Show*, and it really represents a relatively small percentage of the overall content we're going to be producing for Apple TV+.

We've got plenty in the works, from specials to new series to major projects. All of these will begin to I think be reflected more in Fiscal '23 and '24 and beyond. We talked a little bit about it in our presentation, but we're also really excited about what this new content can ultimately do for our consumer products business. I think we're starting to see some of the benefits of the Apple marketing activations, and as Apple TV+ continues to grow as a platform and we have more content out in the world that's being engaged with, we believe that will contribute to some meaningful upside in consumer products as well.

**Nancy:** Thank you. Our next question is, what makes your IP so durable and valuable? Don't kids want something new?

**Eric:** They do want something new, but what's old is new again. With 13,000 half-hours in our library, I'm not going to tell you that all of them are valuable, no more so than every movie in, say, the MGM library should be a sequel or a remake, but you probably can't say that about James Bond, which is a franchise that's I think something like 60 years old, and judging by the latest results, as important as ever.

We think about reinvention in a couple of ways. First, we think about where a title has enjoyed a very long run on linear television. That's a pretty good litmus test, and I'd say a proxy for those long runs for high ratings and a lot of fans. Now what we're seeing is those long-running series placed on WildBrain Spark and we now get the data and insights around the engagement, which we can use to evaluate future potential.

Second, I would say that a good history of consumer product sales and other ancillary revenues are another indicator. We talked about Peanuts, nearly 75 years old, which most kids, thanks to Apple TV+, are now seeing for the very first time.

Third, we like classic content that today's parents enjoyed when they were kids. Believe it or not, and I think Josh referenced this, the generation that grew up on Teletubbies are now having kids of their own, and the moms who love Strawberry Shortcake are now sharing that with their kids, and we're counting on that. The great part about our business, the kids' content business, is that we get a brand new audience every year.

**Nancy:** To our next question. You say WildBrain Spark is unique, but what's the real opportunity here?

**Eric:** I'll take that. Look, the opportunity could be massive. As I mentioned in my presentation, Spark has more audience reach and engagement than virtually all of the kids' cable networks like Nickelodeon or Cartoon, but the bigger differentiator is the massive proprietary data.

By the way, I noticed that my Canadian colleagues call it "dahta" and I call data "dayta" but it's the same. Look, there's a good reason to believe that even moderate successes will build a very attractive asset. I would say that like everything at WildBrain, we have a collection of great assets, a huge amount of data insights that have only begun to be codified or commercialized. Like in the past, I think that the company and I started the presentation this way, was running for quarterly results.

That just meant that we're dramatically under-invested in product and the very infrastructure that we've been dedicating resources to now. At Spark, we need to invest and build out our core tech platform, software tools, we've got insight monitors and we've been in catch-up mode for the last two years but look, we're just beginning to commercialize our assets, ad tech, and insights.

For example, we just added a Chief Marketing Officer, which is a newly created position to drive revenue across media sales, and things like social commerce, digital marketing, and he's initially focused on harnessing our massive global audience. I only expect that momentum to build this year and beyond.

**Nancy:** Another question on Spark, what do you think is the long-term margin on Spark? Is it a profitable business?

**Eric:** That sounds like a question for Aaron.

**Aaron:** This is a high-growth business for us. We're really focused on the growth and we're plowing excess profits back into development, into tech, and to people, because that opportunity is massive. On top of that, we're still generating EBITDA albeit modest but really, what we're focused on is a margin for the company as a whole, which is why we talked about the 360 approach. We've already shown that the margin for the company as a whole, net of investments in Fiscal '22, is expected to be 22%.

**Eric:** If I may add, Aaron, it's about data and data engagement and mass audience delivery. Look, the more that we can grow our quality and engaged viewership, the more powerful our insights platform becomes. This, in turn, enhances our content offering and increases our opportunity to maximize engagement. I've been saying over and over again, eyeballs equal value, and not just in advertising dollars, but in what products we can sell to that audience.

You have to take a look at the engaged audience we have in order to accomplish that. We know for sure this can translate into tremendous margin once you have an engaged audience at scale. That's what data companies do and that's what we're building. Absolutely, we could slow some of this investment, margins would expand for sure but that would be at the cost I think of much higher and significant profits in the future.

**Nancy:** Turning to our next question, what are the key milestones you look for to see if a property is succeeding?

**Eric:** Josh, why don't you address that for us? Thanks.

**Josh:** Sure. I think we think about degrees of success, for sure. First and foremost, when we deliver a series, we're looking for it to connect with an audience, we want the audience to enjoy the entertainment value of our product. That's the baseline of what we're looking for for success and in and of itself, that's a good business for us.

There's a healthy ROI on those series that we produce but really, when we think about meaningful upside and what we potentially bring with our 360-degree capabilities, it's how do we create that deeper engagement, that affinity that then goes from it just being a show into really a brand or a franchise that kids and families want to be part of their lives in a bigger way than just the show and ultimately, that can lead to consumer product success.

We feel good about our slate in terms of the number of whatever sports analogy you want to use, whether it's at-bats or shots on goal. We think we've got some real opportunities for us ahead to build that level of affinity, but it all starts with making great shows.

**Eric:** That would be at-bats in the US, shots on goal in Canada. Look, let me add Peppa Pig, contrary to what folks might think, was not an immediate hit. Maybe it was an overnight success that was years in the making and had to be reworked. It took a long time to realize its full potential. Look, we're building a full-on portfolio approach where we have many at-bats or shots on goal as you prefer, and that could lead to breakouts in the coming years.

At the beginning, it's drip, drip, then a flood of revenue, and we are about building franchises, which makes it sustainable and repeatable and that's how it works. I feel sure that our portfolio approach and the totally unique assets that we have to bring brands to today's kids will create successful outcomes for years and years to come.

**Nancy:** Our next question is why hasn't there been more growth shown up in the results?

**Eric:** Aaron.

**Aaron:** Thanks. As we've said, it does take a few quarters for new deals to kick in. From an announcement of a launch, it could take 6 to 12 months to show up from a production perspective and then another year following that to work through and start to begin on a consumer product side. Those deals they've just begun and as we showed in our numbers, those will start to show up in '23 and '24 and beyond from a consumer products perspective.

**Eric:** As you said, we're just at the beginning, I think Josh shared this as well of our deliveries to Apple TV+ in Peanuts, it's just a few series. We're actually just beginning with second series and we have a prolific slate in the works, more original series, multiple specials, major projects. There is definitely a delay. It will show in '23, '24, and beyond.

I would say that what we're really counting on and we see is the success of the new content with Apple's incredible marketing engine. It's remarkable. I saw advertisements on bus shelters in New York City. It is leading to improve consumer products performance. We are seeing it in the numbers and a robust and growing pipeline of new licensing opportunities that we're going to exploit.

I would say, similarly, when you look at Sonic, that's going to be Fiscal '23 for the content piece and '24 as we roll out consumer products. By the way, though, that business already has a lot of traction in consumer products. This is not a new property, it's a famous one with a huge amount of popularity. I think that as it is with Peanuts, as it will be with Sonic, it's going to drive a lot of new engagement. As we continue to layer on more and more deals, launch more IP, bring it to market, we're building these streams while simultaneously increasing the profitability of consumer product success across multiple brands.

**Nancy:** Our next question is, how has your business pipeline changed?

**Eric:** Look, in the past, and it's the recent past, prior to my arrival, the company was chasing quarterly results. I said at the beginning, I was shutting down those sorts of communications and becoming entirely internally focused. At that time, unfortunately, the quickest route to EBITDA was in low-value service work. Here you're constantly chasing the next deal. You're out with your order book and you're never ever building any long-term value.

Now the big difference is we are leading with our incredible portfolio of our own IP. It's also not like a one-off, we're taking a full 360 approach on those selected franchises and we're signing higher quality multi-year, multi-faceted partnerships. What we've been talking about here today, that play across our entire business. We're thinking long-term and positioning high-return licensing opportunities.

It's long-term deals where we get revenue across multiple revenue streams, production, and distribution, AVOD, consumer products for our own, and the partner IP that we're fortunate to have.

I see these as holistic deals and partnerships. That's what we're doing with Peanuts, Sonic Prime, latest one Yo Gabba Gabba!, which we're really excited about because it has a big location-based entertainment and enduring potential, emojitown, and Kato.

Our focus now is quality deals that support and build enduring brand franchises. That's where we're going. We're leveraging premium originals that use our library, tap that deep vault to drive larger overall deal value. It's a portfolio approach. You talked about that, Aaron, where we have multiple at-bats that could lead to breakouts, not all of them, but there will be. That's the huge opportunity that we're going for. That is the big payback.

**Nancy:** Our next question is, can you walk me through a timeline of a content deal?

**Eric:** Josh heads that area. Josh, if you'd respond to that?

**Josh:** Sure. Maybe I'll refer specifically to animation. When we announce we've typically greenlit the production, and a standard production cycle for us is around 18 months from the moment we greenlight to when we start to deliver finished episodes. It's best to think about that really as a ramp-up process. From day one, it's a smaller pre-production team that's working on the content. Over time, we add more departments and the headcount grows. As a result, the spending and revenue increases as we move through production. Generally, yes, thinking about animation and 18-month cycles from when we announce to when we deliver is a helpful guide.

**Eric:** Thanks, Josh.

**Nancy:** Looking at our next question, circling back to your sum-of-the-part analysis, why do you think the company isn't fairly valued?

**Eric:** Whoever asked that, one of my favorite questions. You needn't look around very far, what's happening to IP and it is ludicrous to me, having done this for 40 short years, that our assets are trading at these levels. Another thing that's misunderstood is how to look at Spark. We think the value here really eludes the investment community.

Looking at this as an EBITDA game, at Spark, it's not. We generate EBITDA. We convert to EBITDA, but we reinvest those dollars. I talked about how that had been starved for so long. It's about reach, engagement, eyeballs, data, and insights that those provide. Like other digital media companies, and there are myriad examples. We are laser-focused on growing audience reach, audience engagement. That's what we do at Spark. Therefore, revenue growth and revenue multiples applied to digital media companies, in my view, are the more appropriate metric for Spark.

**Nancy:** Looking at our next question, it's asked why not just sell the company?

**Eric:** [chuckles] Well, we are a public company. Look, our goal is to build the top kids' entertainment company in the world. I'm excited because we put it together now. We have the talent, we've got the assets to accomplish that. We're undervalued. We're obviously aware of the global market and the consolidation backdrop, we see it every day, pick up the journal, and that I know for sure because I've done it. That favors our assets and WildBrain is the only pure-play kids' and family company of scale. It is unique.

We think the best way to build value is to continue to turn those assets to account, grow our global footprint for content and engagement, and continue to use that to grow our insights platform. Frankly, to have days like this where we can really explain what we're doing to investors and analysts and our counterparts.

**Nancy:** The next one is what should we track to measure success against your strategy, around your IP, around Spark?

**Eric:** Well, I meant a couple of things. Well, Josh, why don't you take this one again?

**Josh:** Sure. I think there's a couple of things to keep an eye out for. First is continued activation of our own IP from our library. Secondly, I would look for additional partnerships with meaningful IP. We've talked about some of the valuable partners we have. Our platform continues to become that much more attractive to partners, so I would keep an eye out for that.

Ultimately, in both of these cases, whether it's activating our own IP or with a partner, it is this 360-degree strategy where we're really utilizing the strength of each business unit. You could really think about it as margin aggregation across the company when we bring all of the pieces together and are pulling in one direction. Those would be a couple of things that I would keep an eye out for.

**Nancy:** Our next question is, how large is your third-party partner IP pipeline, whether that's in Spark or on the premium side?

**Eric:** I can take that. Look, we have so many different entry points for IP owners to work with WildBrain. You've seen a lot of them today. They have come from every part of the company, Spark, CPLG, the studio, these are deep and trusted relationships that we have, and we've proven it out for those partners. The cumulative is a pipeline of opportunity that is very, very large but I have to say when we switch the system on, this 360 that we built, the operating leverage that we've achieved, we're going to do it very selectively. It's got to be the right deal and the right IP.

We have to balance that as well because there isn't unlimited capacity against activating those things in our own portfolio and always looking at margin aggregation at each link in the chain. We are fully focused on holistic partnerships that drive revenue across our business units, but we love those long-term profit share opportunities. I think observers sometimes get hung up on this idea that you got to own the copyright certificate. To me, having the economic equivalent in long-term distribution rights, representation agreements, in perpetuity is a very long time. That can be achieved through commercial agreements just as well as it can through copyright ownership.

**Nancy:** Our next question is how does WildBrain stand out in the cacophony of content where many players are actually using the same or very similar playbooks like Mattel, Hasbro, Disney?

**Eric:** Look, we've talked about this. It's creative excellence, it's world-class IP, it is owned reach like we have at Spark and the proprietary data that we receive, and it is that data that informs the content. Now, I just want to say, because it otherwise sounds like mad science, which it's not, that everything can be reverse engineered. I want to be very clear about the emphasis on creative. It informs creative, but it is not creative. We share that data with our writers and our producers and our directors.

It's the exact same thing as when a movie gets audience research and screenings and the director is sitting in the audience and seeing how the audience reacts. That's the antediluvian version of what we're doing today, but we actually have numerical insights and AI and all these other things that are informing our choices today and to be sure when you look at, in particular, the big SVOD services, they are data-driven companies.

They are absolutely data-driven companies and that's how the recommendation engines work, that's often how casting choices are made like seeing the most popular stars. Again, I think it's a new take on old insights that were had in other ways, but at a level of sophistication and access, frankly, that we never had because of the disintermediation of distribution. We didn't know who our consumers were and now we do.

**Nancy:** Our next question is, what is the difference between an emoji deal on Spark and a Sonic deal?

**Eric:** Josh, would you like to address that?

**Josh:** Yes, sure. What I would say is that the spirit of the partnership is actually quite similar between the two deals where we're jointly sharing in all revenue streams. Really, our goal is to build affinity and engagement for the IP. The approach is different. With Sonic, we're going premium content first with a large commission from Netflix. We'll see more revenue on the production side as opposed to the digital-first approach that we're taking with emoji. Generally, we're looking for similar goals.

**Nancy:** Looking at our next question, can you help us understand your proprietary tech? What enabled you to develop these tools and why are they valuable?

**Josh:** Again, it comes back to the insights that we're able to gather from all of the viewership that happens across our network. It's then building tools that can optimize our content based on how the content is viewed as well as utilizing these insights to better inform our production process where we're really, as I spoke about earlier in the presentation, an example like *Boy & Dragon* of how we're able to use these best in class insights about length and format even down to the detail of what thumbnail we know kids are going to want to click through to because of the themes associated with it, and then backward engineering into creating content that increases performance.

All of these things together really give us a unique advantage and one we're just scratching the surface of.

**Nancy:** Looking at our next question, what are your targets for margin? Where should long-term margins settle?

**Eric:** That sounds like another question with your name on it, Aaron.

**Aaron:** Thanks, Eric. We're a creative company. There's always going to be a core development cost that it'll always be there. We needed to add resources to maximize our commercial potential. Those are the hires that we built in the brand and our brand team, the commercial hires that we did at Spark. We needed to make those investments, but margins are going to continue to improve as we've built that foundation now. That's why we're forecasting margin expansion in Fiscal '22, adjusting for the one-time spend and that's why we're showing that it's going to improve to 22%.

**Eric:** Which is great. I would just add to that those excess profits are being rolled right back into the business. We believe in it deeply and we mentioned some of these. It's creative, it's brand marketing, into Spark, global licensing, building on our China team. These are people investments along with products and services that we buy at the company, but these are people investments. These incremental investments as I look at our LRP peak in about Fiscal '22 and I think fair to say level off from there. There was a lot of catch-up investment that we have to do in Spark. We're coming out of that now and I feel pretty good about it.

We're going to continue to show improvement as we layer in more and more new deals and revenue on that platform. Look, licensing grows and that is going to have a-- It's great margin. It is a terrific margin business. I always like to point out, we don't have any warehouses, we don't have any inventory. It's a virtual business and licensing is 100% incremental margin. Don't make a mistake, infrastructure, and everybody's had to be patient, takes a long time to build, but done correctly, it compounds for a very, very long time.

**Nancy:** Our next question is can you tell us a bit more about the monetization initiatives at Spark?

**Eric:** Josh, you want to address that as well?

**Josh:** Sure. I would point to a couple of specifics. First of all, is our direct ad sales efforts. We've been talking about that for several quarters now and that team is building out. We continue to see real potential in that area of monetization for Spark. Second, I would point to digital production that continues to grow year on year. We're seeing more potential for Spark in that way.

Then, finally, I would point to these partnership deals that we've entered into, like Akedo and emoji, where as we build affinity and engagement and we have Wildbrain CPLG pulling and pushing for consumer product success. I think that's the other area that we could really see some improved monetization.

**Eric:** I would add to what Josh said by saying these are early days, we are still learning. The nature of these businesses are highly iterative. We learn more and more each day from the insights that we take away from that platform. That is the nature of a digital business and it's the beauty of it.

**Nancy:** Our next question is, what is WildBrain's vision for working with Roblox?

**Eric:** Look, it is a massive platform. The kids are there. We've talked today about the competitive and diversionary platforms, the growth of TikTok, a huge platform, but the discovery platform, the engagement platform, is and remains YouTube. It's how kids find out about it and we run the #1 kids YouTube platform. To me, it feels like really early days for Spark. It's just taken off.

We've made the critical investments that are necessary in order to power that platform. There have been obvious changes. I've talked about these in some of our quarterly calls about YouTube policies and data collection and so forth that have affected the business, but we've corrected for many of those. We were clearly hit in the pandemic by reversals in the advertising market, but all of that's turning around, and so we feel very, very good about where we are today.

**Nancy:** Next question is, what about cash conversion? How does that evolve?

**Eric:** Aaron?

**Aaron:** Sure. Look, the model for cash conversion has totally changed and benefits us a lot today as opposed to four years ago. I would say, three or four years ago, before the SVODs were really working so closely with us, we had to cobble together the cost for a production, put it through our studio, then try to sell it in other markets throughout the world. The cost was paid for, or most of the cost was paid for, but we still had to go out there and do all the sales and that would take time.

Today, with the SVODs, they're paying for those costs. We're recognizing on a percentage of completion basis, including our significant margin over the course of production, and then we still retain some territories, and we get back the rights as well, so we can sell it again. We get that benefit in earlier days today, so that helps cash flow a lot.

The other thing is, we're continuing to shift to more of a consumer products approach. We spent some money to go and build those processes and systems, and the people that we need to do that work, but we have significant partnerships, and we own a lot of IP, which is different than other companies, we own our IP. It's what Eric just said because we own a lot of IP, or we have these joint ventures--

**Eric:** That are effectively ownership, I mean economically it's the same deal.

**Aaron:** We get the benefit of the consumer products potential. That is what is significantly improving our cash flow profile going forward.

**Eric:** For sure. I mean, we've seen it as we showed in the Peanuts business that the initial burst of content and marketing coming out of Apple TV+, it was like a Saturn rocket on the business, I mean, and this is during the pandemic, where retail was shut down, and we were up 20%. As markets normalize, I can only imagine and more content comes through the pipe and more marketing. I can only imagine where that business is going, and we're pretty excited about it.

**Aaron:** That's exactly what showed the power of everlasting IP that people know because during the whole pandemic people--

**Eric:** [crosstalk] worn out, it was disruptive, and consumers, but also retailers, e-retailers as well, they go to comfort food, and Peanuts is very much that.

**Nancy:** Okay, next question. Any plans for the TV business?

**Eric:** Well, we'll switch back to Canada, Josh.

**Josh:** [chuckles] Well, I would say TV isn't core to us these days. It's still a great asset. It generates meaningful EBITDA, and the conversion to cash from EBITDA has always been and continues to be really strong. We're able to leverage our library to help fill out some of the needs for the channel. From that standpoint, it's a good fit with us, but the health of that business continues to be strong.

**Nancy:** This will be our last question. Can you give us a bit more granularity on Strawberry Shortcake? Any guidance on how much revenue you can generate from that property?

**Eric:** Right, there's that guidance word. [chuckles] I'm not going to get into that granularity. When I came to the company and, Aaron, you'll remember this. They, then DHX, was ready to push it right into the market and follow the same pattern of produce it, distribute it, license it, move on to the next. We took it back into workshop and testing and development and thinking about that audience and the competitive space. I was surprised our company had never done any audience testing. Never.

I think our expectations are modest and reasonable. We're assuming a slow and steady build, but make no mistake, we are switched on everywhere kids are and I'm particularly excited because this is going to be our first Roblox game. We're getting a lot of experience in that market. With Strawberry, it's part of a portfolio approach. It's Sonic, it's Yo Gabba Gabba!, it's all of those properties and more that you're going to be hearing about soon because those have been in the development pipeline. It is the activation of our library IP. There are more partner deals to come.

Each property rolls out at its own time, often with different partners that are appropriate to the IP and the audience that we're trying to reach. There's a layering effect and again, lots of at-bats, that is what we're producing. The optionality value of these is enormous and if we achieve even a percentage and I talked earlier about how do we find the right IP and which ones do we advance to the fore?

There are criteria and when you have the huge market presence of a Teletubbies or a Strawberry Shortcake with tremendous operating history, and deep affection. The Teletubbies are a household brand. Everybody sees them, they know exactly who they are. Our job then is to convert that love and familiarity into revenue and to do it for a sustaining period of time. It's not onto the next, these are enduring businesses.

**Nancy:** Actually we do have time for one more. Are you still confident in your leverage target?

**Eric:** Well, that's clearly not a question for me.

**Aaron:** Thanks, Eric. I'm extremely confident in the leverage target. Simply put, you take the debt on our books, you net it with cash, that gets you about $390 million of net debt and then you divide that by what our guidance was this year. The simple math shows that we're in great shape. What's nice is we have more visibility than we've ever had given all the deals that have been done and the pipeline that we have today and as we talked about, our cash generation is improving and we expect it to continue to improve.

As we continue to leverage to layer on more and more new deals and new contracts, it'll just get better. I'm feeling very good about the leverage and I expect it will just get better as more contracts come on board.

**Nancy:** Well, thank you. That's all the time we have today and certainly, if there are any questions that we weren't able to address today, please do reach out directly and we'd be happy to respond. This does conclude our Q&A session.

Thanks, everyone, for your time today. We look forward to updating you at our next quarterly earnings call so have a great day.

[music]

**[02:03:08] [END OF AUDIO]**