WildBrain Ltd.

Fiscal 2022 Second Quarter Earnings Call

Event Date/Time: February 9, 2022 — 10:00 a.m. E.T.

Length: 39 minutes

(edited transcript)

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PRESENTATION

Operator

Hello, and welcome to the WildBrain's Fiscal 2022 Second Quarter Earnings Call.

Today’s conference is being recorded.

I'd now like to turn the call over to Nancy Chan-Palmateer, Director, Investor Relations at WildBrain.

You may begin the conference.

Nancy Chan-Palmateer — Director, Investor Relations, WildBrain Ltd.

Thank you, Operator, and thank you, everyone, for joining us today.

Speaking on the call today are Eric Ellenbogen, our CEO, and Aaron Ames, our CFO. Also with us and available during the question-and-answer session are Josh Scherba, our President, and Danielle Neath, our EVP of Finance and Chief Accounting Officer.

First, we have some standard cautionary statements.

The matters discussed on this call include forward-looking statements under applicable securities laws with respect to WildBrain, including, but not limited to, statements regarding investments by the Company, commercial arrangements of the Company, the business strategies and operational activities of the Company, the markets and industries in which the Company operates, and the future objectives and financial and operating performance of the Company and its assets. Such statements are based on factors and assumptions that Management believes are reasonable at the time they were made and information currently available. Forward-looking statements are subject to a number of risks and uncertainties. Actual results or events in the future could differ materially and adversely from those described in the forward-looking statements as a result of various important factors, including the risk factors set out in the Company's most recent MD&A and Annual Information Form.

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

For the question-and-answer session that will follow, we ask that each analyst keep to one question, with one follow-on, so that everyone has an opportunity to ask questions. If you'd like to ask an additional question, please rejoin the queue.

I will now turn the call over to our CEO, Eric Ellenbogen.

Eric Ellenbogen — CEO, WildBrain Ltd.

Thank you, Nancy, and thanks, everyone, for joining us today.

We delivered positive performance in the first half of Fiscal '22, with meaningful growth across our core businesses driven by great IP, and as with each of the past five successive quarters, our results today are again an improvement. However, what you're not yet seeing in our numbers are the considerable revenues which we'll be realizing from signed production deals, and that's both live-action and animation, and the consumer products upside which many of those shows will produce.

As we discussed at our analyst day in October, after two-plus years of rebuilding, we're now entering a phase of accelerated growth. I think the team has done a terrific job during this period, and we have a succession of important IP projects rolling forward, though they're at the earliest stages of their life cycles. And I'll talk a bit more about product life cycle in a minute, but first, I'd like to take a look at our newest project announcements and how the overall pipeline is shaping up.

Strong demand for our branded content continues unabated in a highly competitive market among streaming platforms, and we're producing more and more premium shows for these global services who increasingly favour exactly the kind of known IP that we own.

The latest and most notable evergreen brand activation is an all-new Degrassi series, which is going to launch exclusively in the U.S. on HBO Max. In addition, HBO Max has licensed the entire 14-season, 385-episode[1] library of the franchise's most popular installment, but not the only one, *Degrassi: The Next Generation*. [1] *Correction: number of episodes incorrectly cited as 788 on the earnings' call.*

This partnership is the largest deal in the history of the Degrassi franchise, valued at over five-times our previous deal for new Degrassi content, which was actually just a few years ago. And I should emphasize that this new content is just for the U.S., whereas our previous deal was for worldwide rights, which means that we retain in the new production global distribution rights in this new series as well as the library.

The global popularity of Degrassi is nothing less than a phenomenon. It is the longest-running teen franchise in television history having first aired in 1979. It has spawned six previous series, over 500 episodes, four TV movies. And today, Degrassi is more popular than ever, and we have the data to prove it. As a result of the extensive deals we've made with AVOD and other streaming platforms around the world, we know that more than five-times as many viewers are watching Degrassi now than ever before. And driven by a devoted and passionate fan base, Degrassi is one of the most enduring and sustainable franchises in the history of youth programming.

This deal with HBO Max illustrates perfectly, and I've been talking a lot about this, the rising value of branded IP in today's market, and it underscores the potential of WildBrain's ownership of a deep vault of other such properties.

Significant new players have entered the streaming wars in recent years, as we all know, and they're all looking for the best new shows to attract and hold subscribers. In addition to the legacy players like Netflix, Amazon Prime Video, and Hulu, we now have HBO Max, Disney+, Peacock, Apple TV+, and Paramount+. These platforms, all of them, have massive content budgets and are all looking for the highest-quality original programming they can secure.

This is a very positive environment for us. It's generating strong demand for our shows. And during just the past two-and-a-half years, in addition to Degrassi for HBO Max, we've partnered with Apple TV+ on multiple new Peanuts series and specials, as well as our entire Peanuts content library. Apple TV+, which we previously announced, is also the home for our new *Yo Gabba Gabba!* series, as well as the complete Gabba library. And over at Netflix, we're launching reboots of *Strawberry Shortcake*, *Sonic the Hedgehog*, *Jonny Jetboy*, and *Go, Dog. Go!*

And it's not really just about these reboots. We're launching new IP as well with major platforms.

We've just delivered Netflix a third season plus three new family specials for our original preschool series, *Chip & Potato*. And on the strength of that show's performance since launching in 2019, we've recently appointed JAKKS Pacific as our master toy licensee to translate that audience engagement into a toy line for the brand. *Chip & Potato* is a great example of how we're creating enduring franchises. It's about leading with content first to build affinity for a brand, and once you have that established fan base, you then follow on with consumer products.

Now we're taking a similar path in China. *Jonny Jetboy* is yet another new, original animated series we're excited about, which we're producing in partnership with Chinese streaming giant, iQIYI, and we announced this in January. It's a brand-new IP from Keith Chapman, who is, incidentally, the creator of the global kids' phenomenon *PAW Patrol*.

WildBrain, importantly, holds full distribution and licensing rights for Jonny Jetboy outside of Greater China, and we think it has great potential as a new global property. I should add that Jonny Jetboy is the first partnership for original IP signed by our dedicated team in Shanghai, who have also been very busy securing local outlets for notable WildBrain IP such as Peanuts, Strawberry Shortcake, Teletubbies, and more.

We're also constantly looking to make great additions of classic IP to our portfolio. Just last week, for example, we partnered with Jay Ward Productions, who are owners of such legendary properties as George of the Jungle, Mr. Peabody & Sherman and the Wayback Machine, Dudley Do-Right, Rocky & Bullwinkle, and Super Chicken. WildBrain will add 788 episodes of Jay Ward Productions' classic animation to its distribution library, and our two companies will create brand-new content based on the Ward portfolio.

I should say it's a property I know very well. Apart from my misspent childhood watching probably all too many of those 788 episodes, I had the pleasure of partnering with Jay Ward's daughter, Tiffany Ward, during my days as a co-founder of Classic Media. And there we produced numerous new TV series and a feature film for these brands. The Ward portfolio contains some of the most iconic properties in animation history, and we're thrilled to bring our WildBrain capabilities across production, distribution, and licensing to further perpetuate these wonderful properties.

At the risk of redundancy, it all starts with owning great IP, investing in top-notch talent for premium content production. And through WildBrain's unique capabilities across our global infrastructure, we can maximize the value of IP to build franchises from the screen to the toy shelf.

As I mentioned at the top of today's call, all of this activity is propelling us into a new phase of growth. We've done a tremendous amount of work and we now have a wide range of promising projects in our pipeline, many, if not most, with track records of great success. These properties are at the earliest days of their lifecycle, from development, to announcement, to delivery, which, of course, is when we see those activities in our reported results.

And to provide a bit more colour on this lifecycle, development of a new project can take from anywhere six to 18 months to greenlight announcement, and then production can be an additional 12 to 24 months before completion of delivery. So looking at where we are just now, two-and-a-half years after I joined the Company, we're really just starting to get the results, and it's where the revenues on initial projects begin to flow through our financials.

So it's just the tip of the iceberg. We have high visibility on multiple projects with quality partners, giving us great confidence in the stability and growth trajectory of our earnings many years to come. And I'm talking about from 2023 and beyond.

What's really nice about the position we're in now is that so much of the very heavy lifting on these projects was really a one-time build. So we have many properties to switch on, but once they get going, you're in the steady phase of growth as you're doing second, third, and hopefully more seasons, and then you're leaning into the distribution and consumer products licensing side.

So to be certain, the build is real, and to do it right takes time. But the payoff is well worth the wait, as we're building franchises with multiple high-margin profit streams for many years to come.

We'll continue to add to this portfolio of production as we move through 2022 and beyond. We'll also start to reap earnings benefit as we deliver more new content and add more profit streams to our seasoned shows via licensing partnerships.

Peanuts is probably a perfect analog of what we're building. Over the past couple of years, we virtually relaunched Peanuts with a range of exciting new content – the first in decades, I should add – and we're only just getting going with our prolific slate of content to come. And the returns on that work are just beginning to appear on our earnings, both as production revenue, and also in consumer products growth.

And speaking of consumer products, that sector was up 35%, excuse me, quarter over quarter, and a big contributor to this are the synergies and strengths of our wholly-owned licensing agency, WildBrain CPLG, and particularly for the Peanuts' business.

Other brands, including Chip & Potato, Strawberry Shortcake, and Sonic Prime, are coming up behind Peanuts, and, of course, there's so much more IP in our pipeline to switch on. With our recent expansion of CPLG's business into the North American market, building on our robust presence throughout Europe, the Middle East, and India, coupled with active licensing in China, we have a truly global representation business in driving consumer products for our own and partner brands.

CPLG is, as you know, integral to our infrastructure and plays a key role in our 360-degree approach, from development right through the toy shelf, as we build franchises and monetize IP. The IP projects we're working on now, even including the rejuvenation of Peanuts, are just getting started. The future potential is sizable, and for the first time, visible for both our own and partner brands.

With that, I'll hand the call over to Aaron Ames.

Aaron Ames — CFO, WildBrain Ltd.

Thank you, Eric.

We delivered strong results in Q2 2022, especially given the high comp to Q2 2021. This was highlighted by double-digit revenue growth in Consumer Products and at WildBrain Spark.

We're building on our core earnings base from which we expect increasing momentum next year and beyond as new IP activations are brought to market and start to contribute to our results.

Looking at the key numbers for the quarter, revenue grew 8% to $153.2 million, compared with $142.3 million in the prior year, reflecting growth at Spark and strong performance in Consumer Products.

Net income in the quarter was $4.6 million, compared to $11.3 million in Q2 2021. This was primarily due to high gross margins, lower distribution to non-controlling interest, offset by higher SG&A related to growth initiatives and a lower foreign exchange gain in the current quarter.

Free Cash Flow for Q2 2022 was negative $0.8 million, compared with Free Cash Flow of $23.5 million in Q2 2021. This was primarily due to significant growth in accounts receivable associated with the larger deals we are doing, the increased consumer products business and to timing of working capital settlements. This was a favourable development, reflecting the increasing revenue and deal flow coming through the Company which are driving returns across our business as you're already seeing in our financial results.

Adjusted EBITDA was $27.3 million in Q2 2022, compared with $29.1 million in Q2 2021, primarily driven by higher gross margins and lower distribution to non-controlling interest, offset by higher SG&A including growth initiatives. Excluding other income of $4.4 million from a litigation settlement and $1.2 million of government wage subsidies, both in Q2 2021, Adjusted EBITDA increased 16% in Q2 2022 versus the same prior-year quarter.

Now, I'll turn the call back to Eric.

Eric Ellenbogen — CEO, WildBrain Ltd.

Okay. Thank you, Aaron.

We had another strong quarter, and it's a great start to the calendar year. As promised, we're layering on more and more premium content deals, launching and relaunching IP to grow our long-term earnings base, and the strategy is already beginning to show results.

So it's still early days as we continue to leverage our 360-degree capabilities to switch on IP, and we're lining up a creative pipeline with meaningful consumer products upside and building a very large book of business for years to come. It's a sizable opportunity ahead, so as I've said before, please stay tuned.

Over to questions now.

Q & A

Operator

We'll take our first question from the line of Aravinda Galappatthige.

Your line is now open. Please go ahead.

Aravinda Galappatthige — Analyst, Canaccord Genuity, Inc.

Thanks. Good morning, and congrats on the strong quarter, gentlemen.

I wanted to start with—because, obviously, you're developing a lot of these deals, and wanted to make sure we keep track of all of them. Can you just help us with the timing, in particular, Eric, the brands that you talked about: the Yo Gabba deal, the Degrassi, the Strawberry Shortcake, Jonny Jetboy? Can you sort of help us with the timing of these deliveries so we have sort of an accurate sense of when the financial benefit would accrue?

And secondly, with respect to—I see really strong consumer products numbers yet again, particularly so in Q2, actually. Can you help us with how that flows to profitability, especially when it's driven by Peanuts? I know the 41% holding. That's known, but the other pieces, the other sort of claims against sort of that topline, can you sort of just help us work that out as we try to assess sort of the impact on EBITDA and profitability in general? Thank you.

Eric Ellenbogen — CEO, WildBrain Ltd.

Okay. Thank you, Aravinda. I'll take part of this, and I'll certainly welcome Josh to join in regarding the studio and specific delivery of content.

First of all, you're seeing nothing from Gabba or Degrassi in our numbers yet. The only exception I would say to that is on the distribution side where there's money that I alluded to, as well as views flowing through our AVOD distribution and Spark distribution of that content.

The nice part about the live-action piece is it happens pretty quickly, and we're in pre-production or production on all of those announced shows. *Jonny Jetboy* is animation, however, so we'll talk about the timing of that in a minute, but that's stuff that comes in basically in a 12-month period depending, obviously, on how many episodes are in an order, whereas lead time on animation can be as long as 24 months as the production numbers go.

That doesn't even begin to touch, though, what happens in consumer products, because, as I've said before, and it is a past practice which I have not followed, is we wait until the market is ready on consumer products. We don't lead with it. We chase with it after there's a fan base and audience engagement, and that's when it starts turning up in the numbers, and that can be something like—as we're looking at *Chip & Potato*, it's going into its third season. We've just struck a toy deal there, so there are these multiple streams that are layering, some in live-action and some in animation.

It really depends. As well as things you alluded to, to Peanuts in the second part of your question, that has always been—that's a character property that's always had character demand, just without any filmed entertainment content. I think what you're seeing right now in the strong CP numbers, particularly as it relates to Peanuts, is the effect of absolutely fantastic new content that's rolling out on a global basis, and that is creating significant new demand for Peanuts. I've talked before, and I think I did so at Investor Day, what an amazing marketing partner Apple is, and how dedicated they are to this franchise. That's led to a great deal of growth.

Let me see if Josh has anything to add to that, and then can certainly come back to you to make sure I answered everything.

Josh Scherba — President, WildBrain Ltd.

Yes. Thanks, Eric.

Just a couple more details, so specifically on Degrassi, that nothing is reflected in our numbers to date. Next quarter, you will see some distribution revenue hit as a result of this deal, but next year will be when the revenue from the new production will be reflected in our numbers.

Likewise with Gabba, we've seen some distribution numbers reflected, but really the production is very early days and won't really take full effect until next fiscal year.

Also on Strawberry, nothing reflected in our numbers related to the current production right now. That will start to build in subsequent quarters.

Aaron.

Aaron Ames — CFO, WildBrain Ltd.

Yes. On the CP question, Aravinda, as you know, and Eric mentioned it in his remarks, CPLG is a critical component of our CP strategy, because we have our own licensing agency. And so the more that we do on that business, we get our 30% margin, which improves our margin significantly, not only on Peanuts, but also on other brands, especially our own brands. So as we continue to build on our own brands, we have a massive built-in synergy that will start to really kick in next year on top of Peanuts.

Aravinda Galappatthige — Analyst, Canaccord Genuity, Inc.

Thanks. I just wanted to follow up on what Josh said. So when you talk about distribution for Degrassi and Yo Gabba hitting this year, if you take Degrassi for example, that 385-episode library, that licensing, that hits 2022, is that—Fiscal '22, is that—oh, sorry, Fiscal '23, is that correct?

Aaron Ames — CFO, WildBrain Ltd.

Yes, that's correct.

Aravinda Galappatthige — Analyst, Canaccord Genuity, Inc.

Okay, is it Fiscal ’22, or Fiscal '23? Sorry.

Aaron Ames — CFO, WildBrain Ltd.

It's Fiscal ‘22, to be clear, and then the production revenue will hit next year, next fiscal year.

Aravinda Galappatthige — Analyst, Canaccord Genuity, Inc.

Okay. Okay. Got it. Thank you, and just a quick follow-up on Spark. Obviously, it continues to grow nicely, but we’re still some ways from sort of the pre-pandemic, or let’s call it pre-Made-For-Kids time period. How do you see the shape of growth there? And maybe just touch on some of the drivers there.

Eric Ellenbogen — CEO, WildBrain Ltd.

What you're seeing in Spark, and I make this characterization in general, Aravinda, which is let's not get overly obsessed about quarter to quarter. You're seeing a layering in of all these production deals, a switching on of the IP, and Spark, in some sense, is no different. It's a content-driven platform. As it sees ebbs and flows, YouTube, Google, turns the dials in various ways around the business, optimization continues.

What I can say is this. Double-digit growth this quarter, double-digit growth next quarter and on a full-year basis, so our revenue is up year to year. It's healthy. Advertising rates are continuing to recover. We're increasing monetization of the large audience. We’re benefiting as a provider of very curated quality content, and optimizing that content, and it's a flight to quality and network scale, so we’re at least refining there.

We're seeing meaningful increases in eCPM. You're also seeing YouTube favour quality networks, favouring networks exactly like ours, because they're TV now. I mean, they're every bit on your smart TV start-up screen as television, so we can think of them not just as mobile content or as they originally started with cat videos. This is a real, real network, and we look at it as part of the mosaic of distribution platforms, but it's really about this kind of 360 engagement, for example about *Emojitown*, that's a YouTube/Spark native property, and the way we manage it, so it's about audience engagement. That's what we’re going for, and it's about those quality views, and it's just, again, part of the puzzle of content management that we have, but I can say, unequivocally, double-digit growth next quarter and full year.

Aravinda Galappatthige — Analyst, Canaccord Genuity, Inc.

Thank you. I'll pass the line.

Operator

We’ll take our next question from Dan Kurnos with The Benchmark.

Your line is now open.

Daniel Kurnos — Analyst, The Benchmark Company

Great. Thank you. Obviously, strong results, guys.

I guess the question for me at this point, Eric, is I know we're only halfway through the year here, but you have some pretty big momentum building. You're telling us that a lot of these new deals aren't in your numbers, and I know that a lot of this will fall into '23, so we'll get kind of a stepwise function, but you almost comped against your Apple deal last year. You almost met the numbers in calendar Q4, so I guess what I'm trying to get at, Eric: is there any way to kind of size how we think about the stepwise function, like where we go from here? I know you're probably reluctant to give any granular forward guidance, but I'm just trying to get a sense of how big you have currently in the pipeline, like what this is going to add, and frankly, in the back half of the year if you have this momentum, it feels like your current guidance is somewhat conservative.

Eric Ellenbogen — CEO, WildBrain Ltd.

Thank you, Dan. We like to be conservative.

Look, we're super comfortable with where we're at. We reaffirm that guidance, and there's really no reason to change. And I would just remind, we're still investing and putting money back into projects and opportunities where we see layering in for future growth.

I think I can reiterate, though, just as far as what's going to fall in Fiscal ‘22, you and your colleagues are well familiar with our requirement to accrue large library licensing deals in the quarter in which the content is delivered, so that will be showing up. And then, obviously, the pipeline, which I'm feeling really good about, that will take us into Fiscal '23. So much of that work has been done without even putting anything new on the books that we have a very, very solid platform. So I think that the trajectory is just in the right direction, and we do get a little bit of noise in the system, as you understand, when we have to accrue these very, very large deals like Peanuts, which happened last year, when these large library deals are concluded, so that's basically what I can say.

Super confident about our long-term targets. And even though we’re looking at improvements in this quarter, most of our deals and consumer products upside, they just aren't in our numbers, and that includes Peanuts, which I know this is funny to say about a property that's as old as Peanuts, but it's just getting going. If you saw what happened just in terms of our Swatch deal, and LACOSTE, and huge media spends against those properties, we’re really seeing a terrific momentum. And we’re just layering on one at a time, long-term, high-return deals, first-class partners, not rushing anything, though, and so again, I know you're looking for more granularity. I don't have it for you, but we’re sticking to our guns.

Daniel Kurnos — Analyst, The Benchmark Company

All right. Fair enough.

The Jay Ward portfolio, you want to talk about tugging at the old heart strings, Eric, super quality. Obviously, you guys have a chance to do some good stuff. This is the second quarter in a row you've announced a pretty meaningful partnership, plus you've got the China deal for *Jonny Jetboy*. I'm just curious, from your vantage point and given sort of the macro backdrop on what's going on here and your growing momentum, is this—I don't want to sort of front run your further announcements, but is this kind of the cadence we should expect to hear from you guys in terms of new partnerships? How does the pipeline look from that perspective?

Eric Ellenbogen — CEO, WildBrain Ltd.

Dan, as to the pipeline, when it comes to kind of the M&A and partnership-related deals, they kind of have their own timetable. It's nothing that we try and sync up to a quarterly announcement, so there's a really good pipeline there, and we continue to work on deals that are not only about the monetization activation of the IP library, but also acquiring other stuff. I mean, I just saw yesterday, Fox picked up *Gumby*. It's the way of the world. That consolidation continues unabated, but I have to say, it's so personally gratifying for me when Tiffany Ward was—I was the first phone call she made after the NBC Universal deal expired. And we're getting back together again, and I know that that's going to be an incredibly fruitful and fun relationship.

I should also mention, apropos of nothing, that I think the *George of the Jungle* series, *Peabody & Sherman*, and the *Rocky & Bullwinkle* series, which we made together, and one was for Netflix, the other was for Cartoon Network, another one of the shows was for Amazon, all were done, coincidentally, because of creative excellence, at our predecessor studio in Vancouver, which is now WildBrain studio, but it was a Studio B, and the animators fought for the opportunity to work on it. And I know you're looking for numbers, but that creative snowball effect of great content, great development, creative excellence, that's the stuff that delivers.

It takes time, but that's the build, so yes, the trajectory is exactly as you described, but we're not kind of deal-timing to quarters. And Degrassi was in the incubator for quite some time, and we had opportunities to move with it earlier with different creative teams, but we waited to get the exact right team on that. And we've done that with each of the properties, and we're just going to take our time on it, but what it does is just delivers this sort of steady state and a real shot at the consumer products upside, and that's what we're going for, so no change in plans.

Daniel Kurnos — Analyst, The Benchmark Company

Got it, and if I could just sneak one last one in, obviously there's upward pressure or tailwind from you on CPMs. I'm just curious in this environment, in an inflationary environment, and given the amount of crazy spend on media, especially in the kids' category, if, A, you're seeing any benefit on either episode pricing or licensing deals. And then, excuse my ignorance, but on the CP side, knowing that you don't take inventory, do you get any flow through if toy prices continue to rise due to supply chain issues?

Eric Ellenbogen — CEO, WildBrain Ltd.

Let me start with your last question first, and I'm hardly an economist, so I can't really gauge the inflationary effects of these things, but just tell you kind of what we're seeing. If wholesale prices go up, we get higher royalties, absolutely, because our licensing deals are generally pegged to the wholesale received by our licensees. So, yes, to that question for sure. It's also the case that as you sell more expensive stuff, and that would be like some of our big halo licenses, those are much chunkier fees that we get out of those licenses; fewer articles sold than mass. We love mass deals, but they help define the franchise, and that's often part of the strategy that we go into licensing with is you start upstairs and then you kind of work your way down, and it's just part of that product lifecycle.

As to whether we're seeing inflation hit the content licensing market, I haven't seen any of that going on yet. I mean, because each IP is its own thing, and I think it's more, Dan, about the competitive pressures where we have multiple buyers for properties, and they just have to bid for it, and it's just like the good old days. I don't think that that has changed at all in terms of having to bid up a price for either library content, or the rights to new production, and I think if anything there's pressure on wages. I think that the streamers and licensees understand that, and there's pretty good transparency in the industry around what things cost to make and they're going to have to come up with the difference. Speaking of which, I just got my notice from Netflix that my price went up to 20 bucks, so that just equals more acquisition budget to me.

Daniel Kurnos — Analyst, The Benchmark Company

Amazon's charging me more now too, so I hear you, but yes, that sounds like pricing power to me, Eric. That's kind of what I was getting at.

I appreciate it. Thanks for all the colour. Thanks for indulging me and keep up the momentum.

Eric Ellenbogen — CEO, WildBrain Ltd.

Not at all. Thanks for your questions, Dan.

Operator

There are no further questions at this time.

Ms. Chan-Palmateer, I'd like to turn the conference back to you for any additional closing remarks.

Nancy Chan-Palmateer — Director, Investor Relations, WildBrain Ltd.

Thanks, Operator, and thanks, everyone, for joining us today. We look forward to updating you again further on our next call in May, so thanks, everyone, and have a super day.

Operator

That concludes today's conference.