

Spin Master Corp.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2025

Table of contents

INTRODUCTION	1
BASIS OF PRESENTATION	1
BUSINESS OVERVIEW AND 2025 OUTLOOK	1
FINANCIAL PERFORMANCE	8
CONSOLIDATED RESULTS	8
SEGMENTED RESULTS	17
INVESTMENTS AND ACQUISITIONS	27
SELECTED QUARTERLY FINANCIAL INFORMATION	29
LIQUIDITY AND CAPITAL RESOURCES	30
CASH FLOW	31
CONTRACTUAL OBLIGATIONS & COMMITMENTS	35
OFF-BALANCE SHEET ARRANGEMENTS	35
CAPITALIZATION	35
CRITICAL ACCOUNTING ESTIMATES	37
INTERNAL CONTROL OVER FINANCIAL REPORTING	38
LIMITATIONS OF AN INTERNAL CONTROL SYSTEM	38
NON-GAAP FINANCIAL MEASURES AND RATIOS, SUPPLEMENTARY FINANCIAL MEASURES	39
FORWARD-LOOKING STATEMENTS	50

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") for Spin Master Corp. and its subsidiaries ("Spin Master" or the "Company") provides information concerning the Company's financial condition, financial performance and cash flows for the three and nine months ended September 30, 2025 ("third quarter", "the quarter", "Q3"). This MD&A should be read in conjunction with the Company's unaudited Condensed consolidated interim financial statements for the three and nine months ended September 30, 2025 ("interim financial statements"), its audited annual Consolidated financial statements and accompanying notes ("annual financial statements") and its annual MD&A for the year ended December 31, 2024 ("Annual MD&A"). Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2024, can be found under the Company's profile on the System for Electronic Data Analysis and Retrieval Plus (SEDAR+) at www.sedarplus.com.

Some of the statements in this MD&A contain forward-looking information that are based on assumptions and involve risks and uncertainties. See "Forward-Looking Statements". Actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those described in "Risks Relating to Spin Master's Business" in the Annual MD&A and elsewhere in the Annual MD&A and this MD&A.

BASIS OF PRESENTATION

The financial information included in this MD&A is derived from the financial information included in the Company's interim financial statements and accompanying notes that were prepared in accordance with IAS 34, Interim Reporting and consistent with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB). However, certain financial measures and ratios contained in this MD&A do not have any standardized meaning under IFRS® Accounting Standards ("Non-GAAP") and are discussed further in the "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures" section of this MD&A. Management believes the Non-GAAP financial measures and Non-GAAP financial ratios defined in the section noted above are important supplemental measures of operating performance and highlight trends in the business. Management believes that these measures allow for assessment of the Company's operating performance and financial condition on a basis that is consistent and comparable between reporting periods. The Company believes that investors, lenders, securities analysts and other interested parties frequently use these Non-GAAP financial measures and Non-GAAP financial ratios in the evaluation of issuers.

All financial information is presented in United States dollars ("\$", "dollars" and "US\$") and has been rounded to the nearest hundred thousand, except per share amounts and where otherwise indicated.

BUSINESS OVERVIEW

Spin Master Corp. (TSX:TOY) is a leading global children's entertainment company, creating exceptional play experiences across its three creative centres: Toys, Entertainment and Digital Games. With worldwide toy distribution, Spin Master is best known for award-winning brands including PAW Patrol®, Melissa & Doug®, Bakugan® and Rubik's® Cube, and is the global toy licensee for other iconic properties. Through its in-house entertainment studio, the company creates and produces captivating multiplatform content including powerhouse preschool franchise PAW Patrol, along with other original shows, short-form series and feature films. With an established presence in digital games anchored by Toca Boca® and Piknik™, Spin Master engages 70 million active users monthly in open-ended, creative and safe play. With 29 offices spanning nearly 20 countries, Spin Master employs more than 2,500 team members globally.

Segment information

The Company has three reportable operating segments: Toys, Entertainment and Digital Games.

Toys

The Toys segment engages in the creation, design, manufacturing, licensing, and marketing of consumer products. Spin Master's Toys segment is organized into four product categories: (1) Preschool, Infant & Toddler and Plush; (2) Activities, Games & Puzzles and Dolls & Interactive; (3) Wheels & Action; and (4) Outdoor. Products in the Toys segment are sold in three geographic regions: (1) North America; (2) Europe; and (3) Rest of World.

Entertainment

The Entertainment segment engages in the creation, development, production and distribution of multi-platform content for children and families globally. The Entertainment segment also licenses its brands for use in non-toy consumer products, including apparel and other consumer goods, publishing and live entertainment.

Digital Games

The Digital Games segment engages in the creation of digital play experiences for players globally. The Digital Games segment develops, markets and delivers digital games, which are distributed via third-party platform providers and monetized through subscriptions or in-app purchases. The Digital Games segment also generates revenue through licensing of its brands and strategic partnerships.

Corporate & Other

Corporate & Other includes certain corporate costs (such as certain employee compensation and professional services expenses), foreign exchange, acquisition related transaction costs, as well as investment income and loss.

Strategy

Spin Master's principal strategies to drive the Company's continued growth include:

	Toys	Entertainment	Digital Games
Vision	Be a global leader in Toys by creating play experiences that spark creativity and imagination in kids and families globally	Be a leading global creator of children's entertainment, igniting imaginations and deep character connections	Create exceptional digital play experiences for kids of all ages around the world
Primary Role	Provide a stable base of Revenue/Adjusted EBITDA ¹ / Free Cash Flow ¹ to build brands & innovate	Create content and build evergreen franchises that kids love, across physical and digital platforms	Create digital games and play-to-learn platforms using both new and existing intellectual property ("IP")
Key Strategic Focus	<ul style="list-style-type: none"> • Build and expand core portfolio • Drive Spin Master franchises • Build licensed partner portfolio and expand existing partnerships • Develop and introduce innovation • Expand geographic & retail footprint • Pursue strategic Mergers & Acquisitions ("M&A") and Ventures 	<ul style="list-style-type: none"> • Build new franchises • Expand <i>PAW Patrol</i> Universe • Expand Licensing & Merchandising • Pursue strategic M&A and Ventures 	<ul style="list-style-type: none"> • Invest in <i>Toca Boca World</i> • Expand and grow the <i>Piknik</i> subscription business • Leverage and explore AI opportunities • Pursue strategic M&A and Ventures
Enterprise Shared Capabilities	<ul style="list-style-type: none"> • Grow Franchise and Brand Developments • Build Consumer and Parent Data and Insights • Expand Licensing and Merchandising • Accelerate Omni-Channel Engagement and Commerce • Pursue M&A opportunities 		

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Global Tariffs Uncertainty and 2025 Outlook

Overview

In 2025, the United States ("U.S.") imposed new tariffs on imports from key global trading partners, including China, Vietnam, India, Mexico, Indonesia, the European Union, and others. The timing, extent, and enforcement of these tariffs remain uncertain, and the Company continues to monitor trade policy developments closely. A significant portion of the Company's goods are sourced from or manufactured in regions subject to these tariffs. Increases in import duties or transportation costs have led to higher product costs, necessitating pricing adjustments or margin trade-offs.

Uncertainty surrounding tariffs continues to influence consumer behaviour. Inflationary pressures reduced discretionary income, and broader economic instability has dampened overall demand. In addition, retailer order patterns have shifted from direct import orders to domestic replenishment, which impacts timing of shipments. The Company remains focused on maintaining price competitiveness and delivering strong value propositions across its portfolio to mitigate any adverse consumer reaction.

The Toys segment represented approximately 85% of the Company's Revenue in 2024, of which approximately 45% of Toy Gross Product Sales¹ was generated from geographic areas outside of the U.S. In addition, Spin Master's Entertainment and Digital Games segments, which represented approximately 15% of Revenue in 2024, are not currently subject to tariffs. To date, these sources of revenue continue to provide revenue and margin diversification amid evolving global trade dynamics.

During the third quarter of 2025, the U.S. administration reiterated its proposal to impose 100% tariffs on film productions made outside the U.S. There is significant uncertainty regarding if or how such tariffs may be implemented and the impact from the imposition of these tariffs is currently unknown.

Diversification and Strategic Response

While tariffs have led to increased costs of goods sold for Spin Master's Toys segment, the Company is evaluating all strategies to mitigate this impact, including diversifying sourcing, optimizing pricing strategies, adjusting the composition of the product lines, and evaluating different business models to lower tariffs.

Since the imposition of tariffs, the Company has sought to move production outside of China. These actions aim to preserve margins where possible, protect and potentially grow the Company's market share, and meet consumer demand. However, to the extent that cost increases due to tariffs could not be offset through operational efficiencies or other measures, the Company has passed certain costs on to its retail customers. These retailers, in turn, may pass the increased costs on to end consumers, which could negatively affect consumer demand and, ultimately, impact order volumes and sales performance.

The Company is also seeking to manage profitability and liquidity through a thorough review of its cost structure, to preserve profitability margins and cash flows.

Outlook²

On April 30, 2025, the Company withdrew its 2025 outlook previously provided on February 24, 2025 in connection with 2025 Gross Product Sales¹, 2025 Revenue and 2025 Adjusted EBITDA Margin¹, due to the current uncertainty from ongoing changes to global tariff policies, making it difficult to provide reliable projections.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Please refer to the Company's Press Release dated April 30, 2025 which can be found under the Company's profile on SEDAR+ at www.sedarplus.com.

Selected Financial Information

The following provides selected key performance metrics of the Company for the three and nine months ended September 30, 2025 and 2024, which should be read in conjunction with the interim financial statements.

Consolidated Results (US\$ millions, except per share information)	Nine Months Ended Sep 30,			
	Q3 2025	Q3 2024	2025	2024
Revenue	734.7	885.7	1,494.7	1,613.9
Operating Income	151.0	203.2	76.5	118.4
Operating Margin ¹	20.6 %	22.9 %	5.1 %	7.3 %
Adjusted Operating Income ²	162.4	243.4	155.6	252.5
Adjusted Operating Margin ²	22.1 %	27.5 %	10.4 %	15.6 %
Net Income	106.8	140.1	35.8	60.8
Adjusted Net Income ²	115.2	169.7	95.8	159.8
Adjusted EBITDA ²	195.5	277.5	245.8	349.7
Adjusted EBITDA Margin ²	26.6 %	31.3 %	16.4 %	21.7 %
Earnings Per Share ("EPS")				
Basic EPS	\$1.06	\$1.36	\$0.35	\$0.59
Diluted EPS	\$1.03	\$1.32	\$0.34	\$0.57
Adjusted Basic EPS ²	\$1.14	\$1.65	\$0.94	\$1.54
Adjusted Diluted EPS ²	\$1.11	\$1.60	\$0.92	\$1.51
Cash dividends declared per share (C\$)	\$0.12	\$0.12	\$0.36	\$0.30
Weighted average number of shares (in millions)				
Basic	100.7	103.0	101.7	103.6
Diluted	103.7	105.9	104.3	106.1
Selected Cash Flow Data				
Cash provided by operating activities	62.6	74.9	113.5	124.6
Cash used in investing activities	(42.7)	(30.2)	(122.4)	(1,038.0)
Cash (used in) provided by financing activities	(19.2)	(88.5)	(93.7)	319.7
Free Cash Flow ²	21.6	44.7	(4.4)	40.5
Selected Balance Sheet Data				
	Sep 30, 2025	Sep 30, 2024	Dec 31, 2024	
Cash	127.9	114.2	233.5	
Total assets	2,762.5	2,778.6	2,633.4	
Loans and borrowings	382.0	408.8	389.1	
Total liabilities	1,341.3	1,357.2	1,231.0	

¹ Operating Margin is calculated as Operating Income divided by Revenue.

² Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Executive Summary for Q3 2025 as compared to Q3 2024

- Revenue was \$734.7 million, a decrease of 17.0%, compared to \$885.7 million
- Operating Income was \$151.0 million, a decrease of 25.7%, compared to \$203.2 million.
- Adjusted EBITDA¹ was \$195.5 million, a decrease of \$82.0 million, compared to \$277.5 million.
- Adjusted EBITDA Margin¹ was 26.6% compared to 31.3%.
- Net Income was \$106.8 million or 1.03 per share (diluted) compared to \$140.1 million or \$1.32 per share (diluted). Adjusted Net Income¹ was \$115.2 million or \$1.11 per share (diluted) compared to \$169.7 million or \$1.60 per share (diluted).
- Cash provided by operating activities was \$62.6 million compared to \$74.9 million.
- Free Cash Flow¹ was \$21.6 million compared to \$44.7 million.
- Subsequent to September 30, 2025, the Company declared a quarterly dividend of C\$0.12 per outstanding subordinate voting share and multiple voting share, payable on January 9, 2026.

Executive Summary for the nine months ended September 30, 2025 as compared to September 30, 2024

- Revenue was \$1,494.7 million, a decrease of 7.4%, compared to \$1,613.9 million.
- Operating Income was \$76.5 million, a decrease of 35.4%, compared to \$118.4 million.
- Adjusted EBITDA¹ was \$245.8 million, a decrease of \$103.9 million, compared to \$349.7 million.
- Adjusted EBITDA Margin¹ was 16.4% compared to 21.7%.
- Net Income was \$35.8 million or \$0.34 per share (diluted) compared to \$60.8 million or \$0.57 per share (diluted). Adjusted Net Income¹ was \$95.8 million or \$0.92 per share (diluted) compared to \$159.8 million or \$1.51 per share (diluted).
- In the second quarter of 2025, the Company achieved its target of \$25 million to \$30 million in total Run-rate Net Cost Synergies² related to the acquisition of Melissa & Doug.
- Cash provided by operating activities was \$113.5 million compared to \$124.6 million.
- Free Cash Flow¹ was \$(4.4) million compared to \$40.5 million.
- Repurchased and cancelled 2,276,093 subordinate voting shares for \$40.2 million (C\$57.0 million) through the Company's Normal Course Issuer Bid (the "NCIB") program. Subsequent to September 30, 2025, the Company repurchased and cancelled 174,878 subordinate voting shares for \$2.5 million.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Supplementary financial measure. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Segmented Results

Toys

(US\$ millions)	Q3 2025	Q3 2024	Nine Months Ended Sep 30,	
			2025	2024
Toy Gross Product Sales ¹	742.7	922.7	1,427.4	1,571.5
Toy Revenue	650.4	810.9	1,246.4	1,378.2
Toys Operating Income	128.8	183.5	38.5	57.8
Toys Operating Margin ²	19.8 %	22.6 %	3.1 %	4.2 %
Toys Adjusted EBITDA ¹	156.4	242.2	135.2	230.6
Toys Adjusted EBITDA Margin ¹	24.0 %	29.9 %	10.8 %	16.7 %
Cash Flow				
Toys capital expenditures	19.5	9.6	51.0	30.9
			Sep 30,	Dec 31,
Balance Sheet			2025	2024
Moulds, dies and tools, net carrying amount			23.7	22.7

Entertainment

(US\$ millions)	Q3 2025	Q3 2024	Nine Months Ended Sep 30,	
			2025	2024
Entertainment Revenue	32.8	37.1	102.7	117.3
Entertainment Operating Income	11.9	19.9	53.5	66.3
Entertainment Operating Margin ²	36.3 %	53.6 %	52.1 %	56.5 %
Entertainment Adjusted Operating Income ¹	12.2	20.9	56.0	70.0
Entertainment Adjusted Operating Margin ¹	37.2 %	56.3 %	54.5 %	59.7 %
Cash Flow				
Entertainment capital expenditures	13.2	12.9	42.3	29.8
			Sep 30,	Dec 31,
Balance Sheet			2025	2024
Entertainment content development, net carrying amount			79.3	57.9

Digital Games

(US\$ millions)	Q3 2025	Q3 2024	Nine Months Ended Sep 30,	
			2025	2024
Digital Games Revenue	51.5	37.7	145.6	118.4
Digital Games Operating Income	15.9	5.1	8.6	22.6
Digital Games Operating Margin ²	30.9 %	13.5 %	5.9 %	19.1 %
Digital Games Adjusted Operating Income ¹	17.3	7.3	34.5	28.4
Digital Games Adjusted Operating Margin ¹	33.6 %	19.4 %	23.7 %	24.0 %
Cash Flow				
Digital Games capital expenditures	8.2	7.7	24.5	24.4
			Sep 30,	Dec 31,
Balance Sheet			2025	2024
Digital game and app development, net carrying amount			48.0	50.6
				46.3

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Operating Margin is calculated as segment Operating Income divided by segment Revenue.

FINANCIAL PERFORMANCE

Consolidated Results

The following table provides a summary of Spin Master's consolidated results for the three months ended September 30, 2025 compared to the same period in 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change	% Change
Revenue	734.7	885.7	(151.0)	(17.0) %
Cost of sales	323.6	416.4	(92.8)	(22.3) %
Gross Profit	411.1	469.3	(58.2)	(12.4) %
Selling, general and administrative expenses ("SG&A")	240.1	247.0	(6.9)	(2.8) %
Depreciation and amortization	17.6	18.7	(1.1)	(5.9) %
Other expense, net	2.0	1.6	0.4	25.0 %
Foreign exchange loss (gain), net	0.4	(1.2)	1.6	(133.3) %
Operating Income	151.0	203.2	(52.2)	(25.7) %
Interest income	(0.4)	(1.0)	0.6	(60.0) %
Interest expense	11.1	14.4	(3.3)	(22.9) %
Income before income tax expense	140.3	189.8	(49.5)	(26.1) %
Income tax expense	33.5	49.7	(16.2)	(32.6) %
Net Income	106.8	140.1	(33.3)	(23.8) %
Adjusted Gross Profit¹	411.1	490.8	(79.7)	(16.2) %
Adjusted EBITDA¹	195.5	277.5	(82.0)	(29.5) %
Adjusted Net Income¹	115.2	169.7	(54.5)	(32.1) %

The following tables provide a summary of Spin Master's consolidated results for the nine months ended September 30, 2025 compared to the same period in 2024:

(US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Revenue	1,494.7	1,613.9	(119.2)	(7.4) %
Cost of sales	678.7	788.5	(109.8)	(13.9) %
Gross Profit	816.0	825.4	(9.4)	(1.1) %
Selling, general and administrative expenses	656.4	645.0	11.4	1.8 %
Depreciation and amortization	51.6	53.8	(2.2)	(4.1) %
Other expense, net	21.2	5.0	16.2	324.0 %
Foreign exchange loss, net	10.3	3.2	7.1	221.9 %
Operating Income	76.5	118.4	(41.9)	(35.4) %
Interest income	(1.9)	(3.4)	1.5	(44.1) %
Interest expense	31.3	39.4	(8.1)	(20.6) %
Income before income tax expense	47.1	82.4	(35.3)	(42.8) %
Income tax expense	11.3	21.6	(10.3)	(47.7) %
Net Income	35.8	60.8	(25.0)	(41.1) %
Adjusted Gross Profit¹	816.0	891.7	(75.7)	(8.5) %
Adjusted EBITDA¹	245.8	349.7	(103.9)	(29.7) %
Adjusted Net Income¹	95.8	159.8	(64.0)	(40.1) %

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Revenue as compared to the same period in 2024:

The following table provides a summary of Spin Master's revenue by segment, for the three months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change	% Change
Toy Revenue	650.4	810.9	(160.5)	(19.8) %
Entertainment Revenue	32.8	37.1	(4.3)	(11.6) %
Digital Games Revenue	51.5	37.7	13.8	36.6 %
Revenue	734.7	885.7	(151.0)	(17.0)%

Revenue was \$734.7 million, a decrease of 17.0% from \$885.7 million, due to the declines of 19.8% in Toy Revenue and 11.6% in Entertainment Revenue, partially offset by an increase of 36.6% in Digital Games Revenue. Constant Currency Revenue¹ was \$729.0 million, a decrease of 17.7%.

Toy Revenue declined by \$160.5 million due to lower Toy Gross Product Sales¹, partially offset by lower Sales Allowances. The decline in Toy Gross Product Sales¹ was primarily due to global market uncertainties resulting in part from ongoing changes to tariff policies, including a continued slowdown in U.S. retailer orders.

Entertainment Revenue decreased by \$4.3 million, driven by lower on-going distribution revenue from *PAW Patrol: The Mighty Movie* and licensing & merchandising revenue.

Digital Games Revenue increased by \$13.8 million, driven by revenue generated from strategic partnerships, continued growth in subscriptions across *Piknik* and higher in-game purchases in *Toca Boca World* from continued user engagement.

The following table provides a summary of Spin Master's revenue by segment, for the nine months ended September 30, 2025 and 2024:

(US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Toy Revenue	1,246.4	1,378.2	(131.8)	(9.6) %
Entertainment Revenue	102.7	117.3	(14.6)	(12.4) %
Digital Games Revenue	145.6	118.4	27.2	23.0 %
Revenue	1,494.7	1,613.9	(119.2)	(7.4)%

Revenue was \$1,494.7 million, a decrease of 7.4% from \$1,613.9 million due to declines of 9.6% in Toy Revenue and 12.4% in Entertainment Revenue, partially offset by an increase of 23.0% in Digital Games Revenue. Constant Currency Revenue¹ was \$1,490.3 million, a decrease of 7.7%.

Toy Revenue declined by \$131.8 million due to lower Toy Gross Product Sales¹ partially offset by lower Sales Allowances. The decline in Toy Gross Product Sales¹ was primarily due to global market uncertainties resulting in part from ongoing changes to tariff policies, including a continued slowdown in U.S. retailer orders.

Entertainment Revenue decreased by \$14.6 million, primarily driven by lower distribution revenue.

Digital Games Revenue increased by \$27.2 million, driven by higher in-game purchases in *Toca Boca World* driven by higher user engagement and new content releases, continued growth in subscriptions across *Piknik* and revenue generated from strategic partnerships.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Gross Profit and Adjusted Gross Profit¹ as compared to the same period in 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change	% Change
Revenue	734.7	885.7	(151.0)	(17.0) %
Gross Profit	411.1	469.3	(58.2)	(12.4) %
Gross Margin	56.0 %	53.0 %		3.0 %
Adjustments¹:				
Fair value adjustment for inventories acquired ²	—	21.5	(21.5)	(100.0) %
Adjusted Gross Profit³	411.1	490.8	(79.7)	(16.2) %
Adjusted Gross Margin³	56.0 %	55.4 %		0.6 %

¹ These adjustments relate to items recorded within Gross Profit.

² Relates to the fair value adjustment of Melissa & Doug's inventory sold recorded as part of the acquisition on January 2, 2024.

³ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Gross Profit decreased by \$58.2 million to \$411.1 million and Gross Margin increased by 300 basis points to 56.0%.

In Q1 2024, the Company acquired \$179.6 million of inventories as part of the acquisition of Melissa & Doug, of which \$66.3 million relates to the inventory fair value adjustment, representing the difference between inventory cost and its fair value less costs of disposal. The inventory fair value adjustment is recognized as an expense in cost of sales as the related inventories are sold. For the three months ended September 30, 2024, the Company recognized \$21.5 million of the inventory fair value adjustment in cost of sales in the Toys segment, which impacted Gross Profit and Gross Margin.

Adjusted Gross Profit¹ decreased by \$79.7 million to \$411.1 million, primarily due to a decline in Toy Revenue, partially offset by an increase in Digital Games Revenue.

Adjusted Gross Margin¹ increased by 60 basis points to 56.0% compared to 55.4% for the three months ended September 30, 2025, primarily driven by revenue generated from strategic partnerships in the Digital Games segment.

(US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Revenue	1,494.7	1,613.9	(119.2)	(7.4) %
Gross Profit	816.0	825.4	(9.4)	(1.1) %
Gross Margin	54.6 %	51.1 %		3.5 %

Adjustments¹:

Fair value adjustment for inventories acquired²

— 66.3 (66.3) (100.0) %

Adjusted Gross Profit³

816.0 **891.7** **(75.7)** **(8.5) %**

Adjusted Gross Margin³

54.6 % **55.3 %** **(0.7) %**

¹ These adjustments relate to items recorded within Gross Profit.

² Relates to the fair value adjustment of Melissa & Doug's inventory sold recorded as part of the acquisition on January 2, 2024.

³ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Gross Profit decreased by \$9.4 million to \$816.0 million and Gross Margin increased by 350 basis points to 54.6%.

For the nine months ended September 30, 2024, the Company recognized \$66.3 million of the inventory fair value adjustment related to the acquisition of Melissa & Doug in cost of sales in the Toys segment.

Adjusted Gross Profit¹ decreased by \$75.7 million to \$816.0 million primarily due to declines in Toy and Entertainment Revenue, and a shift in Toy product mix, partially offset by an increase in Digital Games Revenue.

Adjusted Gross Margin¹ decreased by 70.0 basis points to 54.6% compared to 55.3%, primarily as a result of a shift in product and customer mix in the Toys segment.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

SG&A and Adjusted SG&A¹ as compared to the same period in 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change	% Change
Administrative	109.4	115.2	(5.8)	(5.0) %
Selling	54.8	52.2	2.6	5.0 %
Marketing	49.0	50.1	(1.1)	(2.2) %
Distribution	18.7	19.3	(0.6)	(3.1) %
Product development	8.2	10.2	(2.0)	(19.6) %
SG&A	240.1	247.0	(6.9)	(2.8)%
Adjustments¹:				
Restructuring and other related costs ²	(1.0)	(2.7)	1.7	(63.0) %
Share based compensation ³	(4.2)	(9.3)	5.1	(54.8) %
Transaction and integration costs ⁴	(1.1)	(4.5)	3.4	(75.6) %
Adjusted SG&A⁵	233.8	230.5	3.3	1.4 %
Revenue	734.7	885.7	(151.0)	(17.0)%
SG&A as a percentage of revenue	32.7 %	28.0 %		4.7 %
Adjusted SG&A⁵ as a percentage of revenue	31.8 %	26.0 %		5.8 %

¹ These adjustments relate to items recorded within Administrative expenses.

² Restructuring and other related costs in the current and prior period relates to the reduction in the Company's global workforce.

³ Related to non-cash expenses associated with long-term incentive plan and includes mark to market change of deferred share units ("DSUs").

⁴ Transaction and integration costs incurred relating to acquisitions.

⁵ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

SG&A decreased by \$6.9 million to \$240.1 million due to lower administrative, product development, and marketing expenses offset by higher selling costs. Adjusted SG&A¹ increased by \$3.3 million to \$233.8 million due to higher administrative and selling expenses, partially offset by lower product development and marketing expenses.

SG&A as a percentage of revenue increased to 32.7% from 28.0%. Adjusted SG&A¹ as a percentage of revenue increased to 31.8% from 26.0%. The increase was primarily driven by a decline in revenue, resulting in lower operating leverage.

Administrative expenses decreased by \$5.8 million to \$109.4 million due to lower share based compensation, transaction and integration costs, and restructuring costs, partially offset by higher personnel-related costs. Administrative expenses as a percentage of revenue increased to 14.9% from 13.0%.

Marketing expenses decreased by \$1.1 million to \$49.0 million due to lower marketing spend in the Toys segment partially offset by higher investments in the Entertainment segment. Marketing expenses as a percentage of revenue increased to 6.7% from 5.7%.

Selling expenses increased by \$2.6 million to \$54.8 million. Selling expenses as a percentage of Toy Revenue increased to 8.4% from 6.4%, primarily due to a change in product mix for partner licensed brands.

Distribution expenses decreased by \$0.6 million to \$18.7 million due to lower outbound transportation costs from lower domestic sales volumes. Distribution expenses as a percentage of Toy Revenue increased to 2.9% from 2.4%.

Product development expenses decreased by \$2.0 million to \$8.2 million due to lower development and design activities in the Toys segment.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

(US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Administrative	325.2	347.5	(22.3)	(6.4) %
Marketing	145.6	124.8	20.8	16.7 %
Selling	106.5	87.7	18.8	21.4 %
Distribution	49.2	58.2	(9.0)	(15.5) %
Product development	29.9	26.8	3.1	11.6 %
SG&A	656.4	645.0	11.4	1.8 %
Adjustments¹:				
Restructuring and other related costs ²	(14.5)	(6.2)	(8.3)	133.9 %
Share based compensation ³	(9.4)	(21.6)	12.2	(56.5) %
Transaction and integration costs ⁴	(16.0)	(25.6)	9.6	(37.5) %
Adjusted SG&A⁵	616.5	591.6	24.9	4.2 %
Revenue	1,494.7	1,613.9	(119.2)	(7.4)%
SG&A as a percentage of revenue	43.9 %	40.0 %		3.9 %
Adjusted SG&A⁵ as a percentage of revenue	41.2 %	36.7 %		4.5 %

¹ These adjustments relate to items recorded within Administrative expenses.

² Restructuring expense primarily relates to changes in personnel.

³ Related to non-cash expenses associated with long-term incentive plan, and includes \$3.1 million of mark to market gain of DSUs.

⁴ Transaction and integration costs incurred relating to acquisitions.

⁵ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

SG&A increased by \$11.4 million to \$656.4 million. Adjusted SG&A¹ increased by \$24.9 million to \$616.5 million. The increase was driven by higher marketing and selling expenses, partially offset by lower administrative expenses reflecting ongoing cost synergies related to the acquisition of Melissa & Doug and distribution expenses due to operational efficiencies.

SG&A as a percentage of revenue increased to 43.9% from 40.0%. Adjusted SG&A¹ as a percentage of revenue increased to 41.2% from 36.7%. The increase was primarily driven by a decline in revenue, resulting in lower operating leverage and higher SG&A.

Administrative expenses decreased by \$22.3 million to \$325.2 million. The decrease was primarily driven by lower personnel-related costs from the Company's global workforce reduction, share based compensation and transaction and integration costs, partially offset by higher restructuring costs. Administrative expense as a percentage of revenue increased to 21.8% from 21.5%.

Marketing expenses increased by \$20.8 million to \$145.6 million. Marketing expense as a percentage of revenue increased to 9.7% from 7.7%. The increase was primarily driven by higher spend in the Toys and Digital Games segments. In the Toys segment, the increase was due to higher investments to support key brand initiatives and retailer programs in the first half of the year. In the Digital Games segment, the increase was due to higher paid user acquisition costs across the portfolio.

Selling expenses increased by \$18.8 million to \$106.5 million due to an increase in partner licensed brands sales. Selling expenses as a percentage of Toy Revenue increased to 8.5% from 6.4% primarily due to a change in product mix for partner licensed brands.

Distribution expenses decreased by \$9.0 million to \$49.2 million due to inventory and warehouse management optimization. Distribution expenses as a percentage of Toy Revenue decreased to 3.9% from 4.2%.

Product development expenses increased by \$3.1 million to \$29.9 million due to higher development and design activities in the Toys and Digital Games segments.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Depreciation and Amortization as compared to the same period in 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change	% Change
Property, plant and equipment				
Moulds, dies and tools, included in cost of sales	5.1	5.9	(0.8)	(13.6) %
Building and leasehold improvements	1.1	1.4	(0.3)	(21.4) %
Equipment	1.1	1.5	(0.4)	(26.7) %
Computer hardware	1.1	1.6	(0.5)	(31.3) %
Equipment, included in cost of sales	0.4	0.4	—	— %
	9.0	10.8	(1.8)	(16.7)%
Intangible assets				
Entertainment content development, included in cost of sales	9.5	10.0	(0.5)	(5.0) %
Trademarks, licenses, IP & customer lists - definite life	2.7	2.6	0.1	3.8 %
Digital games and app development, included in cost of sales	2.3	1.1	1.2	109.1 %
Computer software	0.7	0.5	0.2	40.0 %
	15.2	14.2	1.0	7.0 %
Right-of-use assets				
	10.8	10.9	(0.1)	(0.9)%
Depreciation and amortization				
	34.8	35.9	(1.1)	(3.1)%
(US\$ millions)				
Included in cost of sales	17.2	17.3	(0.1)	(0.6) %
Included in expenses	17.6	18.6	(1.0)	(5.4) %
Depreciation and amortization	34.8	35.9	(1.1)	(3.1)%

For the three months ended September 30, 2025, depreciation and amortization decreased by \$1.1 million to \$34.8 million primarily as a result of lower amortization of production costs for fewer Entertainment content deliveries, as well as lower depreciation of moulds, dies and tools, computer hardware, equipment and lease hold improvements, partially offset by higher amortization of Digital game and app development assets.

(US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Property, plant and equipment				
Moulds, dies and tools, included in cost of sales	15.4	16.7	(1.3)	(7.8) %
Computer hardware	3.5	4.5	(1.0)	(22.2) %
Equipment	3.6	4.6	(1.0)	(21.7) %
Building and leasehold improvements	3.1	3.5	(0.4)	(11.4) %
Equipment, included in cost of sales	1.0	1.0	—	— %
	26.8	30.3	(3.5)	(11.6)%
Intangible assets				
Entertainment content development, included in cost of sales	21.5	27.5	(6.0)	(21.8) %
Trademarks, licenses, IP & customer lists - definite life	8.0	7.8	0.2	2.6 %
Digital games and app development, included in cost of sales	5.9	3.6	2.3	63.9 %
Computer software	1.8	1.6	0.2	12.5 %
	37.3	40.5	(3.2)	(7.9)%
Right-of-use assets				
	31.5	31.7	(0.2)	(0.6) %
Depreciation and amortization				
	95.5	102.5	(7.0)	(6.8)%

(US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Included in cost of sales	43.9	48.7	(4.8)	(9.9) %
Included in expenses	51.6	53.8	(2.2)	(4.1) %
Depreciation and amortization	95.5	102.5	(7.0)	(6.8) %

For the nine months ended September 30, 2025, depreciation and amortization decreased by \$7.0 million to \$95.5 million primarily as a result of the lower amortization of production costs due to fewer Entertainment content deliveries, as well as lower depreciation for moulds, dies and tools, computer hardware and equipment, partially offset by an increase in amortization of Digital game and app development.

Foreign Exchange Loss (Gain) as compared to the same period in 2024:

For the three months ended September 30, 2025, the Company recognized a net foreign exchange loss of \$0.4 million (comprised of realized loss of \$0.1 million and unrealized loss of \$0.3 million) as compared to a net foreign exchange gain of \$1.2 million (comprised of realized gain of \$5.6 million and unrealized loss of \$4.4 million).

For the nine months ended September 30, 2025, the Company recognized a net foreign exchange loss of \$10.3 million (comprised of realized loss of \$9.5 million and unrealized loss of \$0.8 million), compared to a net foreign exchange loss of \$3.2 million (comprised of unrealized loss of \$3.8 million and realized gain of \$0.6 million).

Operating Income and Adjusted Operating Income¹ as compared to the same period in 2024:

(in US\$ millions)	Q3 2025	Q3 2024	\$ Change	% Change
Operating Income	151.0	203.2	(52.2)	(25.7) %
Operating Margin	20.6 %	22.9 %		
Adjustments:				
Share based compensation	4.2	9.3	(5.1)	(54.8) %
Impairment of property, plant and equipment	2.1	0.1	2.0	n.m
Amortization of intangible assets acquired	1.7	1.8	(0.1)	(5.6) %
Investment loss, net	1.1	0.4	0.7	175.0 %
Transaction and integration costs	1.2	3.9	(2.7)	(69.2) %
Restructuring and other related costs	1.0	2.7	(1.7)	(63.0) %
Acquisition related deferred incentive compensation	0.7	0.9	(0.2)	(22.2) %
Foreign exchange loss (gain)	0.4	(1.2)	1.6	(133.3) %
Legal settlement recovery	—	0.4	(0.4)	(100.0) %
Fair value adjustment for inventories acquired	—	21.5	(21.5)	(100.0) %
Acquisition related deferred consideration	(0.5)	0.4	(0.9)	(225.0) %
Impairment of intangible assets	(0.5)	—	(0.5)	n.m
Adjusted Operating Income¹	162.4	243.4	(81.0)	(33.3) %
Adjusted Operating Margin¹	22.1 %	27.5 %		
Depreciation and amortization ²	33.1	34.1	(1.0)	(2.9) %
Adjusted EBITDA¹	195.5	277.5	(82.0)	(29.5) %
Adjusted EBITDA Margin¹	26.6 %	31.3 %		

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$1.7 million (Q3 2024 - \$1.8 million) of amortization of intangible assets acquired with Melissa & Doug.

For the three months ended September 30, 2025, Operating Income was \$151.0 million, a decrease of \$52.2 million, and Operating Margin was 20.6% compared to 22.9%. The decline in Operating Income was driven by the Toys and Entertainment segments, offset by the increase in Digital Games segment. The decrease in the Toys segment is due to lower Toy sales volume, higher selling expenses, partially offset by lower administrative, marketing, product development and distribution expenses. In addition, Toys Operating Income in the prior year included \$21.5 million of fair value adjustment for inventories acquired. The increase in the Digital Games segment is primarily due to revenue generated from strategic partnerships.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Adjusted Operating Income¹ for the three months ended September 30, 2025 was \$162.4 million, a decrease of \$81.0 million. Adjusted Operating Margin¹ was 22.1% compared to 27.5%. The change in Adjusted Operating Income¹ was mainly driven by lower Adjusted Gross Profit¹ in the Toys segment.

(in US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Operating Income	76.5	118.4	(41.9)	(35.4)%
Operating Margin	5.1 %	7.3 %		
Adjusting items:				
Impairment of intangible assets	18.0	1.8	16.2	900.0 %
Transaction and integration costs	16.4	26.9	(10.5)	(39.0)%
Restructuring and other related costs	14.5	6.2	8.3	133.9 %
Foreign exchange loss	10.3	3.2	7.1	221.9 %
Share based compensation	9.4	21.6	(12.2)	(56.5)%
Amortization of intangible assets acquired	5.3	5.3	—	— %
Impairment of property, plant and equipment	2.3	0.4	1.9	475.0 %
Acquisition related deferred incentive compensation	1.9	3.5	(1.6)	(45.7)%
Investment loss, net	1.4	0.8	0.6	75.0 %
Legal settlement recovery	—	(0.2)	0.2	(100.0)%
Fair value adjustment for inventories acquired	—	66.3	(66.3)	(100.0)%
Acquisition related deferred consideration	(0.4)	(1.7)	1.3	(76.5)%
Adjusted Operating Income¹	155.6	252.5	(96.9)	(38.4)%
Adjusted Operating Margin¹	10.4 %	15.6 %		
Depreciation and amortization ²	90.2	97.2	(7.0)	(7.2)%
Adjusted EBITDA¹	245.8	349.7	(103.9)	(29.7)%
Adjusted EBITDA Margin¹	16.4 %	21.7 %		

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$5.3 million of amortization of intangible assets acquired with Melissa & Doug.

For the nine months ended September 30, 2025, Operating Income was \$76.5 million, a decrease of \$41.9 million, and Operating Margin was 5.1% compared to 7.3%. The decline in Operating Income was driven by the Toys, Digital Games and Entertainment segments. The decrease in the Toys segment is due to lower Toy sales volume, higher selling and marketing expenses, partially offset by lower administrative and distribution expenses. In addition, Toys Operating Income in the prior year included \$66.3 million of fair value adjustment for inventories acquired. The decrease in the Digital Games segment is primarily due to \$17.1 million of impairment for digital game and app development assets. This impairment reflects a strategic decision to streamline the Digital Games business and concentrate investments in core areas with long-term growth potential. The decrease in the Entertainment segment is primarily driven by lower distribution revenue, partially offset by lower amortization due to fewer content deliveries and lower marketing expenses.

Adjusted Operating Income¹ for the nine months ended September 30, 2025 was \$155.6 million, a decrease of \$96.9 million. Adjusted Operating Margin¹ was 10.4% compared to 15.6%. The decrease in Adjusted Operating Income¹ was driven by decreases in the Toys, Entertainment segments, offset by increase in Digital Games segment.

Adjusted EBITDA¹ as compared to the same period in 2024:

(US\$ millions)	Adjusted EBITDA ¹				Adjusted EBITDA Margin ¹	
	Q3 2025	Q3 2024	\$ Change	% Change	Q3 2025	Q3 2024
Toys	156.4	242.2	(85.8)	(35.4)%	24.0 %	29.9 %
Entertainment	21.8	30.0	(8.2)	(27.3)%	66.5 %	80.9 %
Digital Games	20.4	9.1	11.3	124.2 %	39.6 %	24.1 %
Corporate and Other	(3.1)	(3.8)	0.7	(18.4)%	n.m.	n.m.
Adjusted EBITDA¹	195.5	277.5	(82.0)	(29.5)%	26.6 %	31.3 %

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Adjusted EBITDA¹ for the three months ended September 30, 2025 was \$195.5 million compared to \$277.5 million. The decrease was primarily driven by the Toys segment, partially offset by the Digital Games segment. Adjusted EBITDA Margin¹ was 26.6% compared to 31.3%. The decrease was primarily driven by a decline in revenue resulting in lower operating leverage.

(US\$ millions)	Adjusted EBITDA ¹ Nine Months Ended Sep 30,				Adjusted EBITDA Margin ¹ Nine Months Ended Sep 30,	
	2025	2024	\$ Change	% Change	2025	2024
Toys	135.2	230.6	(95.4)	(41.4) %	10.8 %	16.7 %
Entertainment	77.8	94.8	(17.0)	(17.9) %	75.8 %	80.8 %
Digital Games	42.9	34.3	8.6	25.1 %	29.5 %	29.0 %
Corporate and Other	(10.1)	(10.0)	(0.1)	1.0 %	n.m.	n.m.
Adjusted EBITDA¹	245.8	349.7	(103.9)	(29.7) %	16.4 %	21.7 %

Adjusted EBITDA¹ for the nine months ended September 30, 2025 was \$245.8 million compared to \$349.7 million. The decrease was primarily driven by the Toys and Entertainment segments, partially offset by the Digital Games segment. Adjusted EBITDA Margin¹ was 16.4% compared to 21.7%. The decrease was primarily driven by a decline in revenue resulting in lower operating leverage.

Interest Income and Interest Expense as compared to the same period in 2024:

Interest income includes interest earned on cash held by the Company. Interest expense includes bank fees, financing charges, interest on loans and borrowing and accretion expense and the amortization of facility fees.

For the three months ended September 30, 2025, interest expense was \$11.1 million, a decrease of \$3.3 million from \$14.4 million primarily as a result of lower loans and borrowings balance outstanding during the period. Interest income was \$0.4 million, a decrease of \$0.6 million from \$1.0 million, from lower cash balances held during the period.

For the nine months ended September 30, 2025, interest expense was \$31.3 million, a decrease of \$8.1 million from \$39.4 million primarily as a result of lower loans and borrowings balance outstanding during the period. Interest income was \$1.9 million, an increase of \$1.5 million from \$3.4 million, from higher cash balances held during the period.

Income Tax Expense as compared to the same period in 2024:

For the three months ended September 30, 2025, income tax expense was \$33.5 million compared to \$49.7 million. The effective tax rate was 23.9% compared to 26.2%. The effective tax rate decreased primarily due to one-time non-deductible expense in the prior year and the benefit of tax losses previously unrecognized.

For the nine months ended September 30, 2025, income tax expense was \$11.3 million compared to \$21.6 million. The effective tax rate was 24.1% compared to 26.2%. The effective tax rate decreased primarily due to one-time non-deductible expense in the prior year and the benefit of tax losses previously unrecognized.

Net Income and Adjusted Net Income¹ as compared to the same period in 2024:

Net Income for the three months ended September 30, 2025 was \$106.8 million or \$1.03 per share (diluted), compared to \$140.1 million or \$1.36 per share (diluted). Adjusted Net Income¹ for the three months ended September 30, 2025 was \$115.2 million or \$1.11 per share (diluted), compared to \$169.7 million or \$1.60 per share (diluted). The decline in Adjusted Net Income¹ was primarily driven by lower Adjusted Gross Profit¹, higher selling expenses, partially offset by lower product development, marketing and distribution expenses.

Net Income for the nine months ended September 30, 2025 was \$35.8 million or \$0.34 per share (diluted), an decrease of \$25.0 million from \$60.8 million or \$0.57 per share (diluted). Adjusted Net Income¹ for the nine months ended September 30, 2025 was \$95.8 million or \$0.92 per share (diluted), an decrease of \$64.0 million from \$159.8 million or \$1.51 per share (diluted). The decline in Adjusted Net Income¹ was primarily driven by lower Adjusted Gross Profit¹, higher marketing and selling expenses, partially offset by lower administrative and distribution expenses.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Segmented Results

The Company's reportable segments are: Toys, Entertainment and Digital Games. The Company's results from operations by reportable segment for the three months ended September 30, 2025 and 2024 are as follows:

(US\$ millions)	Q3 2025					Q3 2024				
	Toys	Entertain- ment	Digital Games	Corporate & Other ¹	Total	Toys	Entertain- ment	Digital Games	Corporate & Other ¹	Total
Revenue	650.4	32.8	51.5	—	734.7	810.9	37.1	37.7	—	885.7
Operating Income (Loss)	128.8	11.9	15.9	(5.6)	151.0	183.5	19.9	5.1	(5.3)	203.2
Adjusting items:										
Share based compensation	3.7	0.4	0.6	(0.5)	4.2	6.6	0.5	1.1	1.1	9.3
Impairment of property, plant and equipment	2.1	—	—	—	2.1	0.1	—	—	—	0.1
Amortization of intangible assets acquired	1.7	—	—	—	1.7	1.8	—	—	—	1.8
Transaction and integration costs	0.2	—	0.2	0.8	1.2	2.7	—	—	1.2	3.9
Investment loss, net	—	—	—	1.1	1.1	—	—	—	0.4	0.4
Restructuring and other related costs	0.3	—	—	0.7	1.0	2.0	0.1	0.6	—	2.7
Acquisition related deferred incentive compensation	0.2	—	0.5	—	0.7	0.4	—	0.5	—	0.9
Foreign exchange loss (gain)	—	—	—	0.4	0.4	—	—	—	(1.2)	(1.2)
Fair value adjustment for inventories acquired	—	—	—	—	—	21.5	—	—	—	21.5
Legal settlement expense	—	—	—	—	—	—	0.4	—	—	0.4
Acquisition related deferred consideration	(0.5)	—	—	—	(0.5)	0.4	—	—	—	0.4
Impairment of intangible assets	(0.5)	—	—	—	(0.5)	—	—	—	—	—
Adjusted Operating Income (Loss)²	136.0	12.2	17.3	(3.1)	162.4	219.0	20.9	7.3	(3.8)	243.4
Adjusted Operating Margin²	20.9%	37.2%	33.6%	n.m.	22.1%	27.0%	56.3%	19.4%	n.m.	27.5%
Depreciation and amortization ³	20.4	9.6	3.1	—	33.1	23.2	9.1	1.8	—	34.1
Adjusted EBITDA²	156.4	21.8	20.4	(3.1)	195.5	242.2	30.0	9.1	(3.8)	277.5
Adjusted EBITDA Margin²	24.0%	66.5%	39.6%	n.m.	26.6%	29.9%	80.9%	24.1%	n.m.	31.3%

¹ Corporate & Other includes certain corporate costs (such as certain employee compensation and professional services expenses), foreign exchange, acquisition related transaction costs, as well as investment income and loss.

² Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

³ Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$1.7 million (Q3 2024 - \$1.8 million) of amortization of intangible assets acquired with Melissa & Doug.

The Company's results from operations by reportable segment for the nine months ended September 30, 2025 and 2024:

(US\$ millions)		Nine Months Ended Sep 30,								
		2025				2024				
	Toys	Entertain-ment	Digital Games	Corporate & Other ¹	Total	Toys	Entertain-ment	Digital Games	Corporate & Other ¹	Total
Revenue	1,246.4	102.7	145.6	—	1,494.7	1,378.2	117.3	118.4	—	1,613.9
Operating Income (Loss)	38.5	53.5	8.6	(24.1)	76.5	57.8	66.3	22.6	(28.3)	118.4
Impairment of intangible assets	—	0.9	17.1	—	18.0	—	1.8	—	—	1.8
Transaction and integration costs	9.4	—	3.1	3.9	16.4	13.2	—	—	13.7	26.9
Restructuring and other related costs	10.8	0.8	2.2	0.7	14.5	4.9	0.2	1.1	—	6.2
Foreign exchange loss	—	—	—	10.3	10.3	—	—	—	3.2	3.2
Share based compensation	9.1	0.9	1.7	(2.3)	9.4	16.3	1.3	2.8	1.2	21.6
Amortization of intangible assets acquired ³	5.3	—	—	—	5.3	5.3	—	—	—	5.3
Impairment of property, plant and equipment	2.3	—	—	—	2.3	0.4	—	—	—	0.4
Acquisition related deferred incentive compensation	0.7	—	1.2	—	1.9	1.6	—	1.9	—	3.5
Investment loss, net	—	—	—	1.4	1.4	—	—	—	0.8	0.8
Acquisition related deferred consideration	(0.9)	—	0.5	—	(0.4)	(1.7)	—	—	—	(1.7)
Legal settlement recovery	—	—	—	—	—	—	0.4	—	(0.6)	(0.2)
Fair value adjustment for inventories acquired	—	—	—	—	—	66.3	—	—	—	66.3
Adjusted Operating Income (Loss)²	75.2	56.0	34.5	(10.1)	155.6	164.1	70.0	28.4	(10.0)	252.5
Adjusted Operating Margin²	6.0%	54.5%	23.7%	n.m.	10.4%	11.9%	59.7%	24.0%	n.m.	15.6%
Depreciation and amortization ³	60.0	21.8	8.4	—	90.2	66.5	24.8	5.9	—	97.2
Adjusted EBITDA²	135.2	77.8	42.9	(10.1)	245.8	230.6	94.8	34.3	(10.0)	349.7
Adjusted EBITDA Margin²	10.8%	75.8%	29.5%	n.m.	16.4%	16.7%	80.8%	29.0%	n.m.	21.7%

¹ Corporate & Other includes certain corporate costs (such as certain employee compensation and professional services expenses), foreign exchange, acquisition related transaction costs, as well as investment income and loss.

² Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

³ Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$5.3 million (2024 - \$5.3 million) of amortization of intangible assets acquired with Melissa & Doug.

The following table provides a summary of Toys segment operating results for the three months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change	% Change
Toy Gross Product Sales ^{1,2}	742.7	922.7	(180.0)	(19.5) %
Toy Revenue	650.4	810.9	(160.5)	(19.8) %
Toys Operating Income	128.8	183.5	(54.7)	(29.8) %
Toys Operating Margin	19.8 %	22.6 %		(2.8) %
Toys Adjusted EBITDA ¹	156.4	242.2	(85.8)	(35.4) %
Toys Adjusted EBITDA Margin ¹	24.0 %	29.9 %		(5.9) %
Selected Cash Flow Data				
Toys capital expenditures	19.5	9.6	9.9	103.1 %

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Toy Gross Product Sales represents Toy Revenue excluding Sales Allowances.

Toy Revenue declined by \$160.5 million to \$650.4 million primarily driven by a decrease in Toy Gross Product Sales¹ partially offset by lower Sales Allowances. Toy Gross Product Sales¹ declined by \$180.0 million or 19.5%, to \$742.7 million, primarily due to global market uncertainties resulting in part from ongoing changes to tariff policies, including a continued slowdown in U.S. retailer orders. Constant Currency Toy Gross Product Sales¹ was \$735.4 million, a decrease of 20.3%.

Toys Operating Income decreased by \$54.7 million to \$128.8 million. Toys Operating Margin was 19.8% compared to 22.6%. The decrease in Toys Operating Income was driven by lower Toy sales volume. In addition, Toys Operating Income in the prior year included \$21.5 million of fair value adjustment for inventories acquired.

Toys Adjusted EBITDA¹ decreased by \$85.8 million to \$156.4 million due to lower Toy Revenue. Toys Adjusted EBITDA Margin¹ was 24.0% compared to 29.9% due to a decline in Toy Revenue resulting in lower operating leverage.

Toys capital expenditures increased by \$9.9 million to \$19.5 million, mainly as a result of higher investments in leasehold improvements, computer software and intellectual property.

The following table provides a summary of the Toys segment's operating results for the nine months ended September 30, 2025 and 2024:

(US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Toy Gross Product Sales ^{1,2}	1,427.4	1,571.5	(144.1)	(9.2) %
Toy Revenue	1,246.4	1,378.2	(131.8)	(9.6) %
Toys Operating Income	38.5	57.8	(19.3)	(33.4) %
Toys Operating Margin	3.1 %	4.2 %		(1.1) %
Toys Adjusted EBITDA ¹	135.2	230.6	(95.4)	(41.4) %
Toys Adjusted EBITDA Margin ¹	10.8 %	16.7 %		(5.9) %
Selected Cash Flow and Balance Sheet Data				
Toys capital expenditures	51.0	30.9	20.1	65.0 %

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Toy Gross Product Sales represents Toy Revenue excluding Sales Allowances.

Toy Revenue decreased by \$131.8 million or 9.6% to \$1,246.4 million primarily driven by an increase in Toy Gross Product Sales¹ partially offset by lower Sales Allowances. Toy Gross Product Sales¹ decreased by \$144.1 million or 9.2% to \$1,427.4 million, primarily due to global market uncertainties resulting in part from ongoing changes to tariff policies, including a continued slowdown in U.S. retailer orders.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Toys Operating Income decreased by \$19.3 million or 33.4% to \$38.5 million. Toys Operating Margin was 3.1% compared to 4.2%. The decrease in Toys Operating Income was driven by lower Toy Revenue, higher selling and marketing expenses, partially offset by lower distribution and administrative expenses. In addition, Toys Operating Income in the prior year included \$66.3 million of fair value adjustment for inventories acquired.

Toys Adjusted EBITDA¹ decreased by \$95.4 million to \$135.2 million due to lower Toy Revenue, higher selling and marketing expenses, partially offset by lower distribution and administrative expenses. Toys Adjusted EBITDA Margin¹ was 10.8% compared to 16.7% due to a decline in Toy Revenue resulting in lower operating leverage.

Toys capital expenditures increased by \$20.1 million to \$51.0 million, mainly as a result of higher investments in computer software and moulds, dies and tools.

Toy Revenue

For the three months ended September 30, 2025 as compared to the same period in 2024:

The following table provides a summary of Spin Master's Toy Revenue, including Toy Gross Product Sales¹ by product category, for the three months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change	% Change
Preschool, Infant & Toddler and Plush	360.7	469.6	(108.9)	(23.2) %
Activities, Games & Puzzles and Dolls & Interactive	210.8	294.5	(83.7)	(28.4) %
Wheels & Action	168.2	152.9	15.3	10.0 %
Outdoor	3.0	5.7	(2.7)	(47.4) %
Toy Gross Product Sales¹	742.7	922.7	(180.0)	(19.5)%
Sales Allowances ²	(94.0)	(112.7)	18.7	(16.6) %
<i>Sales Allowances % of Toy Gross Product Sales¹</i>	<i>12.7 %</i>	<i>12.2 %</i>		0.5 %
Toy Net Sales	648.7	810.0	(161.3)	(19.9)%
Toy - Other Revenue	1.7	0.9	0.8	88.9 %
Toy Revenue	650.4	810.9		

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² The Company enters into arrangements to provide Sales Allowances requested by customers relating to cooperative advertising, contractual and negotiated discounts, volume rebates, and costs incurred by customers to sell the Company's products.

Preschool, Infant & Toddler and Plush decreased by \$108.9 million to \$360.7 million, primarily due to decreases in *Melissa & Doug*, *PAW Patrol* and *Gabby's Dollhouse*, partially offset by sales of *Dora the Explorer*.

Activities, Games & Puzzles and Dolls & Interactive decreased by \$83.7 million to \$210.8 million, primarily due to decreases in *Hatchimals*, *Punirunes*, *Rubik's*, the Games & Puzzles portfolio, *Kinetic Sand* and *Bitzee*, partially offset by sales of *Primal Hatch*.

Wheels & Action increased by \$15.3 million to \$168.2 million, primarily due to an increase in *DreamWorks Dragons*, partially offset by declines in *Tech Deck*, *Monster Jam* and *Bakugan*.

Outdoor decreased by \$2.7 million to \$3.0 million, driven by a decrease in *SwimWays*.

Sales Allowances decreased by \$18.7 million to \$94.0 million. As a percentage of Toy Gross Product Sales¹, Sales Allowances increased to 12.7% from 12.2%, due to a change in customer mix.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Revenue by Geographic Area

Toy Gross Product Sales¹ by geographical area are based on the location of the customers. The following table provides a summary of Spin Master's Toy Gross Product Sales¹ by geographic area for the three months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025		Q3 2024		Change	
	\$	% of GPS	\$	% of GPS	\$	% of GPS
North America ¹	463.0	62.3 %	604.7	65.5 %	(141.7)	(3.2) %
Europe	203.9	27.5 %	225.1	24.4 %	(21.2)	3.1 %
Rest of World ¹	75.8	10.2 %	92.9	10.1 %	(17.1)	0.1 %
International	279.7	37.7 %	318.0	34.5 %	(38.3)	3.2 %
Toy Gross Product Sales¹	742.7	100.0 %	922.7	100.0 %	(180.0)	
Sales Allowances	(94.0)	(12.7) %	(112.7)	(12.2) %	18.7	(0.5) %
Toy Net Sales	648.7		810.0		(161.3)	
Toy - Other Revenue	1.7		0.9		0.8	88.9 %
Toy Revenue	650.4		810.9		(160.5)	

¹ Includes a reclassification between North America and Rest of World in the prior year comparatives for \$75.7 million and \$81.4 million for the three and nine months ended September 30, 2024, respectively.

North America as a percentage of Toy Gross Product Sales¹ decreased to 62.3% compared to 65.5%. International sales, comprised of Europe and Rest of World, increased to 37.7% compared to 34.5%.

North America decreased by \$141.7 million to \$463.0 million. The decrease was mainly driven by *Melissa & Doug, Hatchimals, PAW Patrol, Gabby's Dollhouse, Rubik's, Kinetic Sand*, partially offset by an increase in *DreamWorks Dragons* and sales of *Dora the Explorer*.

Europe decreased by \$21.2 million to \$203.9 million. The decrease was mainly driven by declines in *PAW Patrol, Bitzee, Punirunes, Hatchimals, Tech Deck and Unicorn Academy*, partially offset by an increase in *DreamWorks Dragons* and sales of *Primal Hatch and Dora the Explorer*, and a favourable foreign exchange impact of \$6.7 million.

Rest of World decreased by \$17.1 million to \$75.8 million. The decrease was mainly driven by declines in *Hatchimals, PAW Patrol, Punirunes* and *Bitzee*, partially offset by an increase in *DreamWorks Dragons*.

For the nine months ended September 30, 2025, as compared to the same period in 2024:

The following table provides a summary of Spin Master's Toy Revenue, including Toy Gross Product Sales¹ by product category, for the nine months ended September 30, 2025 and 2024:

(US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Preschool, Infant & Toddler and Plush	688.1	757.4	(69.3)	(9.1) %
Activities, Games & Puzzles and Dolls & Interactive	371.6	504.3	(132.7)	(26.3) %
Wheels & Action	323.4	269.3	54.1	20.1 %
Outdoor	44.3	40.5	3.8	9.4 %
Toy Gross Product Sales¹	1,427.4	1,571.5	(144.1)	(9.2) %
Sales Allowances ²	(183.3)	(196.6)	13.3	(6.8) %
<i>Sales Allowances % of Toy Gross Product Sales¹</i>	<i>12.8 %</i>	<i>12.5 %</i>		<i>0.3 %</i>
Toy Net Sales	1,244.1	1,374.9	(130.8)	(9.5) %
Toy - Other Revenue	2.3	3.3	(1.0)	(30.3) %
Toy Revenue	1,246.4	1,378.2		

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² The Company enters into arrangements to provide Sales Allowances requested by customers relating to cooperative advertising, contractual and negotiated discounts, volume rebates, and costs incurred by customers to sell the Company's products.

Preschool, Infant & Toddler, Plush decreased by \$69.3 million or 9.1% to \$688.1 million, primarily driven by decreases in *Melissa & Doug, PAW Patrol* and *Gabby's Dollhouse*, partially offset by an increase in *Ms. Rachel* and sales of *Dora the Explorer*.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Activities, Games & Puzzles and Dolls & Interactive decreased by \$132.7 million or 26.3% to \$371.6 million, primarily due to decreases in *Hatchimals*, *Punirunes*, *Rubik's*, *Bitzee*, the Games & Puzzles portfolio, partially offset by sales of *Primal Hatch*.

Wheels & Action increased by \$54.1 million or 20.1% to \$323.4 million, due to increases in *Dreamworks Dragons* and *DC*, partially offset by decreases in *Tech Deck* and *Bakugan*.

Outdoor increased by \$3.8 million or 9.4% to \$44.3 million, driven by an increase in *SwimWays*.

Sales Allowances decreased by \$13.3 million to \$183.3 million. As a percentage of Toy Gross Product Sales¹, Sales Allowances increased to 12.8% compared to 12.5% due to a change in customer mix.

Revenue by Geographic Area

The following table provides a summary of Spin Master's Toy Gross Product Sales¹ by geographic area for the nine months ended September 30, 2025 and 2024:

(US\$ millions)	Nine Months Ended Sep 30,				Change	
	2025	% of GPS	2024	% of GPS	\$	% of GPS
North America ¹	890.4	62.4 %	999.2	63.6 %	(108.8)	(1.2) %
Europe	373.7	26.2 %	388.7	24.7 %	(15.0)	1.5 %
Rest of World ¹	163.3	11.4 %	183.6	11.7 %	(20.3)	(0.3) %
International	537.0	37.6 %	572.3	36.4 %	(35.3)	1.2 %
Toy Gross Product Sales²	1,427.4	100.0 %	1,571.5	100.0 %	(144.1)	
Sales Allowances	(183.3)	12.8 %	(196.6)	12.5 %	13.3	0.3 %
Toy Net Sales	1,244.1		1,374.9		(130.8)	
Toy - Other Revenue	2.3		3.3		(1.0)	n.m.
Toy Revenue	1,246.4		1,378.2		(131.8)	

¹ Includes a reclassification between North America and Rest of World in the prior year comparatives for \$75.7 million and \$81.4 million for the three and nine months ended September 30, 2024, respectively.

² Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

North America as a percentage of Toy Gross Product Sales¹ decreased to 62.4% compared to 63.6%. International sales, comprised of the Europe and Rest of World, increased to 37.6% compared to 36.4%.

North America decreased by \$108.8 million or 10.9% to \$890.4 million. The decrease was driven by *Melissa & Doug*, *Hatchimals*, *PAW Patrol*, *Gabby's Dollhouse*, *Kinetic Sand* and the Games & Puzzles portfolio, partially offset by increases in *Dreamworks Dragons* and *Ms. Rachel*.

Europe decreased by \$15.0 million or 3.9% to \$373.7 million driven by a decline in *Bitzee*, *PAW Patrol*, *Punirunes* and *Hatchimals*, partially offset by increases in *Dreamworks Dragons* and sales of *Dora the Explorer* and *Primal Hatch* and a favourable foreign exchange impact of \$8.3 million.

Rest of World decreased by \$20.3 million or 11.1% to \$163.3 million, which includes an unfavourable foreign exchange impact of \$2.7 million. The decrease was driven by declines in *PAW Patrol*, *Hatchimals*, *Gabby's Dollhouse*, *Tech Deck* and the Games & Puzzles portfolio, partially offset by an increase in *Dreamworks Dragons*.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Toys Segment Trend Analysis

(US\$ millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Toy Gross Product Sales ¹	742.7	371.0	313.7	660.0	922.7	384.7	264.1	502.3
Toy Revenue	650.4	322.3	273.7	561.7	810.9	340.9	226.4	406.8
Toys Operating Income (Loss)	128.8	(39.7)	(50.6)	31.7	183.5	(34.9)	(90.8)	(30.0)
Toys Operating Margin	19.8 %	(12.3)%	(18.5)%	5.6 %	22.6 %	(10.2)%	(40.1)%	(7.4)%
Toys Adjusted EBITDA ¹	156.4	(0.7)	(20.5)	76.2	242.2	20.9	(32.5)	19.3
Toys Adjusted EBITDA Margin ¹	24.0 %	(0.2)%	(7.5)%	13.6 %	29.9 %	6.1 %	(14.4)%	4.7 %

Selected Cash Flow and Balance Sheet Data

Toys capital expenditures	19.5	17.6	14.0	14.7	9.6	12.1	9.2	7.2
Moulds, dies and tools, net carrying amount ²	23.5	28.2	23.5	22.7	24.9	26.8	23.4	19.2

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Net carrying amount represents balance as at end of the period.

Toy Revenue seasonality factors cause the Company's operating results to fluctuate from quarter to quarter. Toy Revenue is historically concentrated in the third and fourth quarters of each fiscal year, with the proportional Toys Operating Income earned and cash flows generated during the same period.

Additionally:

- Effective Q1 2024, Melissa & Doug was included in the Toys segment. Toys Operating Margin and Toys Adjusted EBITDA Margin¹ in Q1 and Q2 2024 were lower than prior comparable periods as a result of lower operating leverage due to the seasonality of Melissa & Doug Revenue, which is more heavily weighted to the second half of the year.
- Toy Gross Product Sales¹ in Q3 2024 was higher than Q3 2023 as a result of a shift in customer orders and shipments into the second half of 2024.

Entertainment Segment Results

The following table provides a summary of the Entertainment segment's operating results for the three months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change	% Change
Entertainment Revenue	32.8	37.1	(4.3)	(11.6)%
Entertainment Operating Income	11.9	19.9	(8.0)	(40.2)%
Entertainment Operating Margin	36.3 %	53.6 %		(17.3)%
Entertainment Adjusted Operating Income ¹	12.2	20.9	(8.7)	(41.6)%
Entertainment Adjusted Operating Margin ¹	37.2 %	56.3 %		(19.1)%

Selected Cash Flow Data

Entertainment capital expenditures	13.2	12.9	0.3	2.3 %
------------------------------------	------	------	-----	-------

Selected Balance Sheet Data	Sep 30, 2025	Dec 31, 2024	\$ Change	% Change
Entertainment content development, net carrying amount	79.3	57.9	21.4	37.0 %

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Entertainment Revenue decreased by \$4.3 million to \$32.8 million, driven by lower on-going distribution revenue from PAW Patrol: The Mighty Movie and licensing & merchandising revenue.

Entertainment Operating Income declined by \$8.0 million to \$11.9 million. Entertainment Operating Margin was 36.3% compared to 53.6%.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Entertainment Adjusted Operating Income¹ declined by \$8.7 million to \$12.2 million compared to \$20.9 million. Entertainment Adjusted Operating Margin¹ was 37.2% compared to 56.3%.

The decrease in Entertainment Operating Income, Entertainment Operating Margin, Entertainment Adjusted Operating Income¹ and Entertainment Adjusted Operating Margin¹ was primarily due to lower Entertainment Revenue and increased investments in marketing.

Entertainment capital expenditures increased by \$0.3 million to \$13.2 million.

Entertainment content development, net carrying amount increased by \$21.4 million to \$79.3 million, due to content development costs capitalized for *Unicorn Academy*, *PAW Patrol: The Dino Movie* and *Vida the Vet*, offset by lower costs capitalized for *PAW Patrol: The Mighty Movie*.

The following table provides a summary of the Entertainment segment's operating results for the nine months ended September 30, 2025 and 2024:

(US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Entertainment Revenue	102.7	117.3	(14.6)	(12.4) %
Entertainment Operating Income	53.5	66.3	(12.8)	(19.3) %
Entertainment Operating Margin	52.1 %	56.5 %		(4.4) %
Entertainment Adjusted Operating Income ¹	56.0	70.0	(14.0)	(20.0) %
Entertainment Adjusted Operating Margin ¹	54.5 %	59.7 %		(5.2) %
Selected Cash Flow and Balance Sheet Data				
Entertainment capital expenditures	42.3	29.8	12.5	41.9 %

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Entertainment Revenue decreased by \$14.6 million or 12.4% to \$102.7 million, primarily driven by lower distribution revenue.

Entertainment Operating Income decreased by \$12.8 million or 19.3% to \$53.5 million, primarily driven by lower distribution revenue, partially offset by lower amortization due to fewer content deliveries and lower marketing expenses. Entertainment Operating Margin was 52.1% compared to 56.5%.

Entertainment Adjusted Operating Income¹ decreased by \$14.0 million to \$56.0 million compared to \$70.0 million. Entertainment Adjusted Operating Margin¹ was 54.5% compared to 59.7%, primarily driven by lower distribution revenue.

Entertainment capital expenditures increased by \$12.5 million to \$42.3 million, as a result of higher content development production costs capitalized for *Vida the Vet*, *PAW Patrol: The Dino Movie*, and *Unicorn Academy*, partially offset by *PAW Patrol* series.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Entertainment Segment Trend Analysis

(US\$ millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Entertainment Revenue ¹	32.8	32.1	37.8	41.3	37.1	36.4	43.8	55.2
Entertainment Operating Income	11.9	15.7	25.9	19.7	19.9	17.8	28.6	9.7
Entertainment Operating Margin	36.3 %	48.9 %	68.5 %	47.7 %	53.6 %	48.9 %	65.3 %	17.6 %
Entertainment Adjusted Operating Income ²	12.2	17.7	26.1	20.3	20.9	20.0	29.1	10.5
Entertainment Adjusted Operating Margin ²	37.2 %	55.1 %	69.0 %	49.2 %	56.3 %	54.9 %	66.4 %	19.0 %
Selected Cash Flow and Balance Sheet Data								
Entertainment capital expenditures	13.2	15.1	14.0	9.7	12.9	9.1	7.8	9.7
Entertainment content development, net carrying amount ³	79.3	75.5	67.5	57.9	53.4	48.6	49.7	48.3

¹ Q3 2023 included Entertainment Revenue associated with the initial release of *PAW Patrol: The Mighty Movie*.

² Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

³ Net carrying amount represents balance as at end of the period.

Entertainment segment results fluctuate from quarter to quarter as distribution and licensing & merchandising revenue are dependent on the number and timing of film and television programs delivered as well as the timing and level of success achieved of associated merchandise licensed in the market, which cannot be predicted with certainty.

Additionally:

- As at September 30, 2025, Entertainment content development, net carrying amount in intangibles assets increased due to the capitalized costs to produce *PAW Patrol: The Dino Movie*, *PAW Patrol* series and *Unicorn Academy*. *PAW Patrol: The Dino Movie* production will be delivered and amortized in the second half of 2026 and the *Unicorn Academy* production will be delivered and amortized starting in the second half of 2025.
- In Q4 2023, Entertainment Revenue was higher, while Operating Margin and Adjusted Operating Margin¹ were lower, as a result of content deliveries for *Unicorn Academy*, *Rubble & Crew* and *Vida the Vet*.

Digital Games Segment Results

The following table provides a summary of the Digital Games segment's operating results for the three months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change	% Change
Digital Games Revenue	51.5	37.7	13.8	36.6 %
Digital Games Operating Income	15.9	5.1	10.8	211.8 %
Digital Games Operating Margin	30.9 %	13.5 %		17.4 %
Digital Games Adjusted Operating Income ¹	17.3	7.3	10.0	137.0 %
Digital Games Adjusted Operating Margin ¹	33.6 %	19.4 %		14.2 %

Selected Cash Flow Data

Digital Games capital expenditures	8.2	7.7	0.5	6.5 %
------------------------------------	-----	-----	-----	-------

Selected Balance Sheet Data	Sep 30, 2025	Dec 31, 2024	\$ Change	% Change
Digital game and app development, net carrying amount	48.0	46.3	1.7	3.7 %

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Digital Games Revenue increased by \$13.8 million to \$51.5 million, driven by revenue generated from strategic partnerships, continued growth in subscriptions across *Piknik* and higher in-game purchases in *Toca Boca World* from continued user engagement. Constant Currency Digital Games Revenue¹ was \$50.8 million, an increase of 34.7%.

Digital Games Operating Income increased by \$10.8 million to \$15.9 million and Digital Games Operating Margin increased from 13.5% to 30.9%,

Digital Games Adjusted Operating Income¹ increased by \$10.0 million to \$17.3 million and Digital Games Adjusted Operating Margin¹ increased from 19.4% to 33.6%.

The increase in Digital Games Operating Income, Digital Games Operating Margin, Digital Games Adjusted Operating Income¹ and Digital Games Adjusted Operating Margin¹ was primarily due to revenue generated from strategic partnerships.

Digital Games capital expenditures increased by \$0.5 million to \$8.2 million.

Digital game and app development, net carrying amount increased by \$1.7 million to \$48.0 million, primarily as a result of higher app development costs capitalized for *Toca Boca World* and *Piknik*, partially offset by impairment of *Toca Boca Days*.

The following table provides a summary of the Digital Games segment's operating results for the nine months ended September 30, 2025 and 2024:

(US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Digital Games Revenue	145.6	118.4	27.2	23.0 %
Digital Games Operating Income	8.6	22.6	(14.0)	(61.9) %
Digital Games Operating Margin	5.9 %	19.1 %		(13.2) %
Digital Games Adjusted Operating Income ¹	34.5	28.4	6.1	21.5 %
Digital Games Adjusted Operating Margin ¹	23.7 %	24.0 %		(0.3) %
Selected Cash Flow and Balance Sheet Data				
Digital Games capital expenditures	24.5	24.4	0.1	0.4 %

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Digital Games Revenue increased by \$27.2 million or 23.0% to \$145.6 million, driven by higher in-game purchases in *Toca Boca World* driven by higher user engagement and new content releases, continued growth in subscriptions across *Piknik* and revenue generated from strategic partnerships.

Digital Games Operating Income decreased by \$14.0 million to \$8.6 million and Digital Games Operating Margin decreased from 19.1% to 5.9%, primarily due to \$17.1 million of impairment for digital game and app development assets. This impairment reflects a strategic decision to streamline the Digital Games business and concentrate investments in core areas with long-term growth potential.

Digital Games Adjusted Operating Income¹ increased by \$6.1 million to \$34.5 million and Digital Games Adjusted Operating Margin¹ decreased from 24.0% to 23.7%, primarily due to revenue generated from strategic partnerships, partially offset by higher marketing expenses related to paid user acquisition costs across the Digital Games portfolio to drive the increase in Digital Games Revenue.

Digital Games capital expenditures were \$24.5 million compared to \$24.4 million, an increase of \$0.1 million.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Digital Games Segment Trend Analysis

(US\$ millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Digital Games Revenue	51.5	46.3	47.8	46.1	37.7	34.7	46.0	40.6
Digital Games Operating Income (Loss)	15.9	(15.5)	8.2	(0.5)	5.1	4.3	13.2	9.7
Digital Games Operating Margin	30.9 %	(33.5)%	17.2 %	(1.1)%	13.5 %	12.4 %	28.7 %	23.9 %
Digital Games Adjusted Operating Income ¹	17.3	7.7	9.5	11.5	7.3	5.9	15.2	10.8
Digital Games Adjusted Operating Margin ¹	33.6 %	16.6 %	19.9 %	24.9 %	19.4 %	17.0 %	33.0 %	26.6 %
Selected Cash Flow and Balance Sheet Data								
Digital Games capital expenditures	8.2	8.6	7.7	8.1	7.7	8.8	7.9	6.7
Digital game and app development, net carrying amount ²	48.0	44.1	54.2	46.3	50.6	43.5	36.4	31.5

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Net carrying amount represents balance as at the end of the period.

Digital Games Revenue tracks the play patterns of its target audience. For games that have a target audience of ages 6-12, the traditional seasonality peaks in both engagement and revenue during school holidays. Digital Games Revenue is typically higher during traditional vacation periods and when new content is launched in each fiscal year, with proportionate Digital Games Operating Income and cash flows generated during the same period. Digital Games Operating Income and Digital Games Adjusted Operating Margin¹ fluctuate between quarters due to the timing of product development and personnel-related costs. Quarters with higher Digital Games Revenue will also drive operating leverage, leading to higher Operating Margins.

Additionally:

- In 2025 and 2024, Digital Games capital expenditures and development costs as well as the net carrying amount of intangibles assets increased due to the capitalized costs for the development of a number of new games including *Toca Boca Days*, *PAW Patrol Academy*, *Toca Boca World*, *Unicorn Academy*, and *Cubric*.
- In 2025 and 2024, Digital Games Operating Margin and Adjusted Operating Margin¹ were lower as a result of increased investment in paid user acquisition costs across the Digital Games portfolio.
- Digital Games Revenue from Q4 2024 to Q3 2025 were higher compared to historical quarters driven by the increase in paid user acquisition investments.
- In Q2 2025, development for *Toca Boca Days* was discontinued, reflecting a strategic decision to streamline the Digital Games business and concentrate investments in core areas with long-term growth potential, resulting in a \$17.1 million of impairment for digital game and app development assets.

Corporate & Other for the three and nine months ended September 30, 2025 as compared to the same period in 2024:

For the three months ended September 30, 2025, Operating Loss for Corporate & Other was \$5.6 million, a change of \$0.3 million, compared to \$5.3 million. Adjusted Operating Loss¹ was \$3.1 million compared to \$3.8 million.

For the nine months ended September 30, 2025, Operating Loss was \$24.1 million compared to \$28.3 million, a decrease of \$4.2 million related to decreases in transaction and integration expenses and shared based compensation, partially offset by changes in foreign exchange. Adjusted Operating Loss¹ was \$10.1 million compared to \$10.0 million.

INVESTMENTS AND ACQUISITIONS

Subsequent event

On October 8, 2025, the Company completed the acquisition of 100% of the shares of a Sweden-based digital reading and storytelling company for a preliminary total consideration of \$20.0 million. The acquisition will be reported in the Digital Games segment.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Prior year acquisition

Acquisition of MND Holdings I Corp

On January 2, 2024, the Company, through its subsidiaries, completed the acquisition of all issued and outstanding capital stock of MND Holdings I Corp ("Melissa & Doug"). Melissa & Doug is a leading brand in early childhood play with offerings of open-ended, creative, and developmental toys. Management performed an analysis under IFRS 3, Business Combinations ("IFRS 3") and has determined that the assets and processes acquired comprised a business and accounted for the transaction as a business combination using the acquisition method of accounting. The addition of Melissa & Doug complements the Company's existing offering by adding complementary early childhood products and further diversifies its portfolio across new channels and formats. This acquisition has been reported in the Toys segment within the Preschool, Infant & Toddler and Plush product category and included in the Melissa & Doug cash-generating unit ("CGU") beginning from the date of acquisition.

On January 2, 2024, cash consideration paid was \$991.7 million, which includes \$36.2 million in cash acquired, resulting in net purchase consideration of \$955.5 million. During the year ended December 31, 2024, the purchase consideration was reduced by \$2.6 million for working capital adjustments, resulting in purchase consideration of \$989.1 million. The purchase consideration was allocated to the identifiable intangible assets based on their estimated fair values of \$536.2 million (related to brands and customer relationships), tangible assets of \$501.4 million and assumed liabilities of \$263.9 million with the remaining \$215.4 million allocated to goodwill. The Company funded the acquisition with \$466.7 million cash and \$525.0 million of debt. The debt was sourced through a drawdown of \$300.0 million from the Facility and \$225.0 million from the Acquisition Facility.

The purchase price allocation is based on management's best estimates of fair value. The tables below summarize the purchase price allocation of the purchase consideration of \$989.1 million:

Assets acquired and liabilities assumed at the date of acquisition

(US\$ millions)	Fair value as at Jan 2, 2024
Assets acquired	
Assets acquired	
Cash	36.2
Restricted Cash	3.1
Inventories, net	179.6
Prepaid expenses and other assets	3.0
Trade receivables, net	104.7
Deferred income tax assets	50.5
Intangible assets	536.2
Other assets	1.2
Property, plant and equipment	37.1
Right-of-use assets	86.0
	1,037.6
Liabilities assumed	
Trade payables and accrued liabilities	39.6
Deferred income tax liabilities	161.6
Lease liabilities	61.2
Income tax payable	0.7
Provision	0.8
	263.9
Fair value of identifiable net assets acquired	
	773.7
<i>Goodwill arising on acquisition</i>	
Purchase consideration	989.1
Fair value of identifiable net assets acquired	773.7
Goodwill arising from transaction	215.4

Spin Master Ventures

Spin Master Ventures' focus is to accelerate growth by making investments in companies operating in each of the Company's three creative centres comprising Toys, Entertainment and Digital Games. As at September 30, 2025, the carrying value of investment in associate, minority interest investments, and portfolio investment was \$19.1 million.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table provides selected historical information and other data, which should be read in conjunction with the annual financial statements and current and past interim financial statements.

(in US\$ millions, except EPS)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Revenue	734.7	400.7	359.3	649.1	885.7	412.0	316.2	502.6
Operating Income (Loss)	151.0	(52.4)	(22.1)	47.1	203.2	(23.0)	(61.8)	(36.6)
Operating Margin	20.6 %	(13.1)%	(6.2)%	7.3 %	22.9 %	(5.6)%	(19.5)%	(7.3)%
Adjusted Operating Income (Loss) ¹	162.4	(0.9)	(5.9)	81.3	243.4	23.6	(14.5)	23.2
Adjusted Operating Margin ¹	22.1 %	(0.2)%	(1.6)%	12.5 %	27.5 %	5.7 %	(4.6)%	4.6 %
Net Income (Loss)	106.8	(46.5)	(24.5)	21.1	140.1	(24.5)	(54.8)	(30.1)
Basic EPS	\$1.06	\$0.46	\$0.24	\$0.21	\$1.36	\$0.24	\$0.53	\$0.29
Diluted EPS	\$1.03	\$0.46	\$0.24	\$0.20	\$1.32	\$0.24	\$0.53	\$0.29
Adjusted EBITDA ¹	195.5	28.7	21.6	113.9	277.5	53.6	18.6	64.9
Adjusted EBITDA Margin ¹	26.6 %	7.2 %	6.0 %	17.5 %	31.3 %	13.0 %	5.9 %	12.9 %
Adjusted Net Income (Loss) ¹	115.2	(7.4)	(12.0)	57.4	169.7	9.6	(19.5)	20.5
Adjusted Basic EPS ¹	\$1.14	\$0.07	\$0.12	\$0.56	\$1.65	\$0.09	\$0.19	\$0.20
Adjusted Diluted EPS ¹	\$1.11	\$0.07	\$0.12	\$0.55	\$1.60	\$0.09	\$0.19	\$0.19
Selected Balance Sheet and Cash Flow								
Cash and cash equivalents	127.9	128.0	152.7	233.5	114.2	154.6	205.5	705.7
Cash provided by operating activities	62.6	26.1	23.6	194.3	74.9	25.4	24.3	67.9
Cash used in investing activities	(42.7)	(43.1)	(36.6)	(30.5)	(30.2)	(27.4)	(980.4)	(23.3)
Free Cash Flow ¹	21.6	(15.2)	(10.8)	175.0	44.7	(3.6)	(0.6)	44.3

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

The seasonality factors outlined in the Toys, Entertainment and Digital Games segment trend analysis have the following impact on the Company's results from quarter to quarter:

- Revenue, Operating Income (Loss), Net Income (Loss), and cash flows generated are significantly affected by the seasonality factors of the Toys segment which experiences a higher concentration historically in the third and fourth quarters of each fiscal year. Melissa & Doug is included in the Toys segment effective in Q1 2024.
- Quarters with higher cash used in investing activities reflect higher capital expenditures across the operating segments as well as periods with investment or acquisition related activity.
 - In Q1 2024, the Company acquired all of the issued and outstanding capital stock in Melissa & Doug for total cash consideration of \$991.7 million, including \$36.2 million of cash acquired, which was funded with \$466.7 million in cash and \$525.0 million of debt.
- Operating Income (Loss) in 2024 included fair value adjustments for inventories acquired, amortization of intangible assets acquired, and higher transaction and integration costs due to the acquisition of Melissa & Doug on January 2, 2024.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2025, the Company held \$127.9 million of cash (September 30, 2024 - \$114.2 million, December 31, 2024 - \$233.5 million).

As at September 30, 2025, the Company's available liquidity of \$472.2 million was comprised of \$127.9 million in cash and \$344.3 million under the Company's credit facilities.

The Company has a committed unsecured revolving credit facility (the "Facility") with a borrowing capacity of \$510.0 million and contains certain financial covenants. The Facility also has an option which permits the Company to increase the total capital available by an additional \$200.0 million. On June 27, 2025, the Company entered into an agreement to amend its existing Facility, which now matures on June 27, 2030. Total financing costs of \$3.2 million, which include Facility amendment fees and related legal fees, are offset in Loans and borrowings and are being amortized over the term of the amended and restated agreement.

The Company has a non-revolving credit facility (the "Acquisition Facility") for the acquisition of Melissa & Doug with a borrowing capacity of \$225.0 million, which contains certain financial covenants. On June 27, 2025, the Company entered into an agreement to amend its existing Acquisition Facility, which now matures on June 27, 2027. The Acquisition Facility was used to fund the acquisition of Melissa & Doug. Total financing costs of \$1.2 million, which include facility arranger fees, agency fees and related legal fees, are offset in Loans and borrowings and are being amortized over the term of the Acquisition Facility.

As at September 30, 2025, there were \$5.7 million (September 30, 2024 - \$4.8 million, December 31, 2024 - \$4.8 million) in letters of credit outstanding under the Facility.

During the nine months ended September 30, 2025, the Company drew \$25.0 million and repaid \$30.0 million (2024 - \$115.0 million) of the Facility. As at September 30, 2025, there was \$160.0 million outstanding (September 30, 2024 - \$185.0 million, December 31, 2024 - \$165.0 million) under the Facility and \$225.0 million outstanding (September 30, 2024 - \$225.0 million, December 31, 2024 - \$225.0 million) under the Acquisition Facility.

For the nine months ended September 30, 2025, the weighted average interest rates on the Facility and Acquisition Facility were 5.7% and 5.6%, respectively (2024 - 6.6% and 6.6%).

The Facility and the Acquisition Facility bear interest at variable rates. As a result, the Company is exposed to interest rate cash flow risk due to fluctuations in short term rates. On March 27, 2024, the Company entered into four interest rate swaps with an aggregate notional principal of \$140.0 million, effective on April 1, 2024, maturing in four tranches until December 31, 2025. On September 3, 2025, the Company entered into an interest rate swap with a notional principal of \$35 million, effective on September 29, 2025, maturing on June 27, 2027 (refer to "Financial Instruments" for details). As at September 30, 2025, \$70.0 million of notional principal was outstanding.

The Company has an uncommitted overdraft facility agreement (the "European Facility") for €15.0 million (equivalent to \$15.9 million). The European Facility will be used, if needed, to fund working capital requirements in Europe. As at September 30, 2025, the outstanding balance was \$nil (September 30, 2024 - \$nil, December 31, 2024 - \$nil).

The Company has an uncommitted revolving credit facility to finance television and film production (the "Production Facility"). The limit of the Production Facility is C\$10.0 million (equivalent to \$7.4 million). As at September 30, 2025, the outstanding balance of the Production Facility was \$nil (September 30, 2024 - \$nil, December 31, 2024 - \$nil).

The Company's primary source of liquidity is cash flow from operations. The Company's primary working capital needs are related to inventory financing and accounts payable funding. Capital expenditures comprise of purchases for Toys tooling, Entertainment content production, Digital Games development, IT and computer software investments and to fund strategic acquisitions and minority investments. As a result of the seasonal nature of the toy industry, working capital requirements are variable throughout the year. Working capital needs typically grow through the first three quarters as inventories are built up in anticipation of peak shipments to customers in the third quarter. Toy revenue is historically concentrated in the second half of the year due to seasonal demand patterns, with a large percentage of retail sales occurring between October and December for the holiday season. The Company's cash flows from operating activities are typically at their highest levels of the year in the second half of the year.

Cash flows from operations could be negatively impacted by lower demand for the Company's products, which may result from factors such as adverse economic conditions and changes in consumer preferences, the loss of confidence by the Company's principal customers in the Company and its product lines, or by increased costs associated with manufacturing and distribution of products.

The declaration and payment of dividends on the Company's subordinate voting shares and multiple voting shares and the amount thereof are at the discretion of the Company's Board of Directors, which considers the Company's financial results, capital requirements, available cash flows, future prospects of the Company's business and other factors considered relevant from time to time. Subsequent to September 30, 2025, the Company declared a quarterly dividend of C\$0.12 per outstanding subordinate voting share and multiple voting share, payable January 9, 2026.

The Company expects that cash on hand, future operating cash flows and the amount available under its committed credit facilities are sufficient to finance capital expenditures and ongoing business requirements over the next 12 months. The Company continually assesses its liquidity needs. In addition, in order to manage its capital allocation, the Company may adjust the quantum of dividends paid to shareholders or whether dividends are paid at all, purchase shares for cancellation under its NCIB program, issue new shares or issue or repay borrowings to ensure sufficient liquidity is available to support its financial obligations, and to execute its operating and strategic plan. The Company may also adjust its capital structure considering changes in economic conditions, utilize short-term funding sources to manage its seasonal working capital requirements and long-term funding sources to manage the long-term capital investments of the business.

Short Form Base Shelf Prospectus

The Company filed a short form base shelf prospectus dated April 12, 2024, pursuant to which, for a period of 25 months thereafter, the Company (and, in the case of subordinate voting shares, shareholders of the Company) may sell subordinate voting shares, preferred shares, debt securities, subscription receipts, warrants or any combination thereof as a unit. This filing provides the Company with the flexibility to access debt and equity markets on a timely basis.

Capital and Investment Framework

Spin Master primarily uses third parties to manufacture, warehouse and distribute its products. As a result, the Company does not have to incur material investments in property, plant and equipment. The Company's capital expenditures are generally comprised of the purchase of tooling used in the manufacturing process of toys, entertainment content production and digital games development.

Over the long term, the Company plans to use its cash on hand, cash from operations and its committed credit facility to fund seasonal working capital requirements related to product sales, television shows, feature films, short-form content, Digital Games development in addition to strategic acquisitions, minority investments, and capital investments.

CASH FLOW

The following table provides a summary of Spin Master's consolidated cash flows for the three months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change
Net cash flows provided by operating activities	62.6	74.9	(12.3)
Net cash flows used in investing activities	(42.7)	(30.2)	(12.5)
Net cash flows (used in) provided by financing activities	(19.2)	(88.5)	69.3
Net decrease in cash (excluding the effect of foreign currency exchange rate changes on cash)	0.7	(43.8)	44.5
Effect of foreign currency exchange rate changes on cash	(0.8)	3.3	(4.1)
Cash, beginning of period	128.0	154.6	(26.6)
Cash, end of period	127.9	114.2	13.7

The following table provides a summary of Spin Master's consolidated cash flows for the nine months ended September 30, 2025 as compared to the same period in 2024:

(US\$ millions)	Nine Months Ended Sep 30,		
	2025	2024	\$ Change
Net cash flows provided by operating activities	113.5	124.6	(11.1)
Net cash flows used in investing activities	(122.4)	(1,038.0)	915.6
Net cash flows (used in) provided by financing activities	(93.7)	319.7	(413.4)
Net decrease in cash (excluding the effect of foreign currency exchange rate changes on cash)	(102.6)	(593.7)	491.1
Effect of foreign currency exchange rate changes on cash	(3.0)	2.1	(5.1)
Cash, beginning of period	233.5	705.7	(472.2)
Cash, end of period	127.9	114.2	13.7

Operating Activities as compared to the same period in 2024:

Cash flows provided by operating activities were \$62.6 million for the three months ended September 30, 2025 compared to \$74.9 million driven by lower Net Income, adjusted for non-cash items, partially offset by the change in non-cash working capital and lower income taxes paid. Change in non-cash working capital increased by \$119.9 million as compared to an increase of \$183.8 million, due to changes in trade receivables, partially offset by changes in trade payables and accrued liabilities.

Cash flows provided by operating activities were \$113.5 million for the nine months ended September 30, 2025 compared to \$124.6 million driven by lower Net Income, adjusted for non-cash items, partially offset by change in non-cash working capital, change in other assets and provisions and lower income tax and interests paid. Change in non-cash working capital increased by \$49.2 million as compared to an increase of \$101.9 million, due to changes in trade receivables, trade payables and accrued liabilities and deferred revenue, partially offset by prepaid expenses and inventories.

The following table provides a summary of Spin Master's net changes in non-cash working capital for the nine months ended September 30, 2025 as compared to the same period in 2024:

(US\$ millions)	Nine Months Ended Sep 30,		
	2025	2024	\$ Change
(Increase) decrease in:			
Trade receivables, net	(75.2)	(125.1)	49.9
Other receivables	(6.4)	(5.4)	(1.0)
Inventories, net ¹	(59.8)	(52.9)	(6.9)
Prepaid expenses and other assets	(8.2)	0.5	(8.7)
	(149.6)	(182.9)	33.3
Increase (decrease) in:			
Trade payables and accrued liabilities	94.1	81.3	12.8
Deferred revenue	9.2	0.2	9.0
Provisions	(2.9)	(0.5)	(2.4)
	100.4	81.0	19.4
Net changes in non-cash working capital	(49.2)	(101.9)	52.7

¹ Excludes fair value adjustment to Melissa & Doug's inventory of \$66.3 million recorded as part of the acquisition on January 2, 2024.

Net Working Capital¹

The table below outlines key financial information pertaining to the Company's Net Working Capital¹:

(US\$ millions)	Sep 30, 2025	Sep 30, 2024	\$ Change	% Change
Trade receivables, net ¹	574.0	643.5	(69.5)	(10.8) %
Other receivables ²	63.8	56.5	7.3	12.9 %
Inventories, net ³	244.4	264.2	(19.8)	(7.5) %
Prepaid expenses and other assets	58.2	46.2	12.0	26.0 %
Current assets	940.4	1,010.4	(70.0)	(6.9)%
Trade payables	286.4	312.1	(25.7)	(8.2) %
Accrued liabilities ⁴	215.2	216.5	(1.3)	(0.6) %
Deferred revenue	31.3	11.2	20.1	179.5 %
Provisions	21.0	24.7	(3.7)	(15.0) %
Current liabilities	553.9	564.5	(10.6)	(1.9)%
Net Working Capital⁵	386.5	445.9	(59.4)	(13.3)%

¹ Trade receivables are net of allowance for doubtful accounts and provisions for Sales Allowances. Refer to Note 10 of the interim financial statements.

² Other receivables include investment tax credits receivable, royalties, sales tax and other balances. Refer to Note 10 of the interim financial statements.

³ Inventories are net of write-downs. Refer to Note 11 of the interim financial statements.

⁴ Accrued liabilities are comprised of payroll related liabilities, accrued royalties, commodity tax, dividends payable, accrued liability for the automatic share purchase plan, restructuring liability and other balances.

⁵ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Net Working Capital¹ decreased by \$59.4 million to \$386.5 million at September 30, 2025 compared to September 30, 2024.

Trade receivables, net, decreased by \$69.5 million to \$574.0 million at September 30, 2025, driven by lower sales in the three months ended September 30, 2025.

Other receivables increased by \$7.3 million to \$63.8 million at September 30, 2025, driven by increases in investment tax credits receivable and sales tax receivables.

Inventories, net, decreased by \$19.8 million to \$244.4 million at September 30, 2025, due to continuing focus on optimizing inventory levels, partially offset by higher cost of inventories related to tariffs.

Trade payables and accrued liabilities decreased by \$27.0 million to \$501.6 million at September 30, 2025, driven by the timing of purchasing activity and payments.

Investing Activities as compared to the same period in 2024:

The following table provides a summary of Spin Master's consolidated cash flows used in investing activities for the three months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change
Property, plant and equipment			
Leasehold improvements	6.4	1.0	5.4
Tooling	3.2	3.4	(0.2)
Other	4.8	2.9	1.9
Total property, plant and equipment	14.4	7.3	7.1
Intangible assets			
Entertainment content and Digital game and app development	19.2	21.7	(2.5)
Computer software	4.3	1.2	3.1
Intellectual property	3.1	—	3.1
Total intangible assets	26.6	22.9	3.7
Total capital expenditures	41.0	30.2	10.8
Minority interest investments and portfolio investments, net of investment distribution income	1.7	—	1.7
Cash used in investing activities	42.7	30.2	12.5

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

Cash used in investing activities was \$42.7 million for the three months ended September 30, 2025 compared to \$30.2 million primarily as a result of the higher investment in leasehold improvements, computer software, intellectual property and office equipment, partially offset by lower investment in Entertainment content development.

The following table provides a summary of Spin Master's consolidated cash flows used in investing activities for the nine months ended September 30, 2025 as compared to the same period in 2024:

(US\$ millions)	Nine Months Ended Sep 30,		
	2025	2024	\$ Change
Property, plant and equipment			
Tooling	19.9	17.9	2.0
Leasehold improvements	8.1	1.4	6.7
Other	8.1	5.8	2.3
Total property, plant and equipment	36.1	25.1	11.0
Intangible assets			
Entertainment content and Digital Games development	62.8	56.8	6.0
Computer software	15.9	3.2	12.7
Intellectual property	3.1	—	3.1
Total intangible assets	81.8	60.0	21.8
Total capital expenditures	117.9	85.1	32.8
Business acquisitions	—	952.9	(952.9)
Minority interest investments and portfolio investments, net of investment distribution income	4.5	—	4.5
Cash used in investing activities	122.4	1,038.0	(915.6)

For the nine months ended September 30, 2025, cash used in investing activities was \$122.4 million compared to \$1,038.0 million. The decrease was primarily related to the acquisition of Melissa & Doug in the prior year, partially offset by higher investment in computer software, Entertainment content development, leasehold improvements, intellectual property and office equipment.

Financing Activities as compared to the same period in 2024:

Cash flows used in financing activities were \$19.2 million for the three months ended September 30, 2025 compared to \$88.5 million, driven by shares repurchased under the Company's NCIB for \$7.9 million (2024 - \$21.1 million), lease payments of \$2.5 million (2024 - \$11.4 million) and no repayment towards the Facility (2024 - \$50.0 million).

Cash flows used in financing activities were \$93.7 million for the nine months ended September 30, 2025 compared to cash provided by financing activities of \$319.7 million, mainly due to proceeds of \$525.0 million of debt to finance the Melissa & Doug Acquisition in the prior year compared to \$25.0 million for the nine months ended September 30, 2025. During the nine months ended September 30, 2025, the Company repaid \$30.0 million (2024 - \$115.0 million) towards the Facility, repurchased shares under the Company's NCIB for \$39.9 million (2024 - \$46.7 million), paid lease liabilities of \$22.9 million (2024 - \$28.4 million) and paid dividends of \$25.9 million (2024 - \$18.3 million).

Free Cash Flow¹ as compared to the same period in 2024:

The following table provides a reconciliation of Spin Master's consolidated Free Cash Flow¹ to cash from operating activities and cash used in investing activities for the three months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change
Cash provided by operating activities	62.6	74.9	(12.3)
Cash used in investing activities	(42.7)	(30.2)	(12.5)
Add:			
Investments ²	1.7	—	1.7
Free Cash Flow¹	21.6	44.7	(23.1)

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Includes investment in associate, portfolio investments, and minority interest investments.

Free Cash Flow¹ was \$21.6 million for the three months ended September 30, 2025 compared to \$44.7 million, a decrease of \$23.1 million. Free Cash Flow¹ decreased due to lower Net Income, adjusted for non-cash items and higher investment in leasehold improvements, computer software, intellectual property and office equipment, partially offset by lower investment in Entertainment content development, change in non-cash working capital and lower income taxes paid.

The following table provides a reconciliation of Spin Master's consolidated Free Cash Flow¹ to cash from operating activities and cash used in investing activities for the nine months ended September 30, 2025 as compared to the same period in 2024:

(US\$ millions)	Nine Months Ended Sep 30,		
	2025	2024	\$ Change
Cash flows provided by operating activities	113.5	124.6	(11.1)
Cash flows used in investing activities	(122.4)	(1,038.0)	915.6
Add:			
Business acquisitions, net of cash acquired	—	952.9	(952.9)
Investments ²	4.5	1.0	3.5
Free Cash Flow¹	(4.4)	40.5	(44.9)

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

² Includes investment in associate, portfolio investments, and minority interest investments.

For the nine months ended September 30, 2025, Free Cash Flow¹ was \$(4.4) million compared to \$40.5 million, a decrease of \$44.9 million. Free Cash Flow¹ decreased primarily due to higher investment in computer software, Entertainment content development, leasehold improvements, intellectual property and office equipment and lower Net Income, adjusted for non-cash items, partially offset by change in non-cash working capital, change in other assets and provisions and lower income tax and interests paid.

CONTRACTUAL OBLIGATIONS & COMMITMENTS

In the normal course of business, the Company enters into contractual arrangements to obtain and protect its right to create and market certain products and to ensure availability and timely delivery of future purchases of goods and services. These arrangements include commitments for future services, purchases, commitments to settle foreign currency forward contracts and royalty payments pursuant to licensing agreements. Certain of these commitments routinely contain provisions for guarantees or minimum expenditures during the terms of the contracts. Additionally, the Company routinely enters into non-cancellable lease agreements for premises and equipment, which contain minimum rental payments.

There were no significant changes to the outstanding contractual obligations identified at year end.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

CAPITALIZATION

Share Capital

As at October 29, 2025, there were 100.7 million shares outstanding comprised of 68.5 million multiple voting shares and 32.2 million subordinate voting shares.

As of October 29, 2025, pursuant to grants under the Company's Long-Term Incentive Plan, 1.4 million subordinate voting shares were issuable under outstanding Restricted Share Units, up to 1.5 million subordinate voting shares were issuable under outstanding Performance Share Units (assuming vesting at a maximum of 200% for units with an outstanding performance period) and 0.5 million subordinate voting shares were issuable under outstanding share option grants.

¹ Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures".

The following table provides a summary of dividends declared and paid.

Declaration Date	Record Date	Payment Date	Dividend per Share (C\$)	Dividends declared and paid (in US\$ millions)¹
Oct 29, 2025	Dec 24, 2025	Jan 9, 2026	0.12	—
Jul 30, 2025	Sep 26, 2025	Oct 10, 2025	0.12	8.7
Apr 30, 2025	Jun 27, 2025	Jul 11, 2025	0.12	8.9
Feb 24, 2025	Mar 28, 2025	Apr 11, 2025	0.12	8.5
Jul 30, 2024	Sep 27, 2024	Oct 11, 2024	0.12	9.1
Jul 30, 2024	Sep 27, 2024	Oct 11, 2024	0.12	9.1
May 7, 2024	Jun 28, 2024	Jul 12, 2024	0.12	9.1
Feb 28, 2024	Mar 29, 2024	Apr 12, 2024	0.06	4.6
Nov 1, 2023	Dec 29, 2023	Jan 12, 2024	0.06	4.6

¹ Dividends declared on October 29, 2025 will be accrued on record date of December 24, 2025.

During the nine months ended September 30, 2025, dividends of \$25.9 million (2024 - \$18.3 million) were paid.

Normal Course Issuer Bid

On February 28, 2024, the Company launched, and the Toronto Stock Exchange ("TSX") accepted the notice to launch, a Normal Course Issuer Bid ("NCIB"). Under this NCIB, the Company was able to repurchase (and cancel) its subordinate voting shares on the open market at its discretion and subject to compliance with applicable securities laws and the rules of the TSX. This NCIB commenced on March 4, 2024, and was scheduled to end on the earlier of March 3, 2025, and the completion of purchases under the NCIB, of up to 2,984,559 subordinate voting shares, which represented approximately 10% of the "public float" (within the meaning of the rules of the TSX) upon launch of the NCIB. As at March 31, 2025, the Company had repurchased an aggregate of 2,984,559 subordinate voting shares under this NCIB.

On March 4, 2025, the TSX accepted the Company's notice to launch a NCIB. Under this NCIB, the Company is permitted to repurchase (and cancel) its subordinate voting shares on the open market at its discretion and subject to compliance with applicable securities laws and the rules of the TSX. This NCIB commenced on March 7, 2025, and will end on the earlier of March 6, 2026, and the completion of purchases under the NCIB, of up to 2,417,522 subordinate voting shares, which represented approximately 10% of the "public float" (within the meaning of the rules of the TSX) upon launch of the NCIB.

The following table summarizes the Company's activities under the NCIBs:

(US\$ millions)	Nine Months Ended Sep 30,	
	2025	2024
Subordinate voting shares repurchased for cancellation (number of shares)	2,276,093	2,063,723
Consideration	40.2	47.3
Reduction in share capital	28.2	25.2
Premium on repurchased and cancelled shares recorded in retained earnings	12.0	22.1

During the nine months ended September 30, 2025, the Company repurchased and cancelled 2,276,093 subordinate voting shares (2024 - 2,063,723 shares) which represents 7.0% of total subordinate voting shares outstanding as at September 30, 2025 through the Company's NCIB program for \$40.2 million (C\$57.0 million) (2024 - \$47.3 million). From time to time, the Company participates in an automatic share purchase plan ("ASPP") with its designated broker to facilitate the repurchase of subordinate voting shares.

RELATED PARTY TRANSACTIONS

In the normal course of operations, the Company engaged media services of VaynerMedia LLC, a company owned by Gary Vaynerchuk, a member of the Company's Board of Directors, on terms equivalent to those that prevail in arm's length transactions.

For the three and nine months ended September 30, 2025, the related party transactions for the media company were included in marketing expenses in the Condensed consolidated interim statements of earnings and comprehensive income of the Company in the amount of \$2.0 million and \$2.2 million, respectively (2024 - \$nil).

FINANCIAL INSTRUMENTS

Foreign exchange forward contracts

The Company enters into derivative financial instruments such as foreign exchange forward contracts to manage its foreign currency risk on cash flows denominated in currencies other than the US\$.

As at September 30, 2025, the Company was committed under outstanding foreign exchange contracts representing a total net sell commitment notional value of \$38.8 million (December 31, 2024 - net sell commitment of \$110.1 million). These foreign exchange contracts have maturity dates varying from October 2025 to December 2026. For the nine months ended September 30, 2025, net realized gains on the Company's matured foreign exchange contracts were \$1.6 million (2024 - realized gains of \$3.2 million) and are included in the Condensed consolidated interim statements of earnings and comprehensive income.

These fair values are categorized within Level 2 of the fair value hierarchy.

Interest rate swaps

The interest rate swap is a derivative financial instrument. The Company's swap agreement is measured at fair value with gains and losses in fair value presented in interest expense in the Company's Condensed consolidated interim statements of earnings and comprehensive income.

The following interest rate swaps were outstanding as at September 30, 2025 and December 31, 2024:

(US\$ millions)	Sep 30, 2025			Dec 31, 2024		
	Effective date	Contract expiry	Notional value	Unrealized loss	Notional Amount	Unrealized loss
Apr 01, 2024	Sep 30, 2025		—	—	35.0	(0.1)
Apr 01, 2024	Dec 31, 2025		35.0	(0.1)	35.0	(0.2)
Sep 29, 2025	Jun 27, 2027		35.0	—	—	—
Total			70.0	(0.1)	70.0	(0.3)

These fair values are categorized within Level 2 of the fair value hierarchy.

Portfolio investments

The fair value of the portfolio investments as at September 30, 2025 is recorded in Other assets at \$6.9 million (December 31, 2024 - \$4.5 million). For the three and nine months ended September 30, 2025, the Company recognized \$nil and \$0.1 million of net unrealized loss, respectively, (2024 - \$nil and \$0.3 million) in Other expense, net in the Condensed consolidated interim statements of earnings and comprehensive income. The Company recognized \$nil and \$0.1 million of realized loss, respectively, in Other expense, net for the three and nine months ended September 30, 2025 (2024 - \$nil). These fair values are categorized within Level 3 of the fair value hierarchy.

Minority interest investments

The fair value of the minority interest investments recorded in other assets are as follows:

(US\$ millions)	Sep 30,	Sep 30,	Dec 31,
	2025	2024	2024
Minority interest investments classified as FVTOCI	3.0	3.0	3.0
Minority interest investments classified as FVTPL	6.8	6.0	6.0
Minority interest investments	9.8	9.0	9.0

These fair values are categorized within Level 3 of the fair value hierarchy.

CRITICAL ACCOUNTING ESTIMATES

The Company's accounting policies under IFRS® Accounting Standards are included in the Company's annual financial statements, as well as in the Company's annual MD&A. These accounting policies under IFRS and estimates are critical to the understanding of the business and to the results of operations.

For the nine months ended September 30, 2025, there were no material changes to the critical accounting estimates of the Company from those reported in the annual MD&A and annual financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's Internal Control over Financial Reporting ("ICFR") during the three months ended September 30, 2025 which have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

LIMITATIONS OF AN INTERNAL CONTROL SYSTEM

The Chief Executive Officer and Chief Financial Officer believe that any Disclosure Controls and Procedures or ICFR, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met and that all control issues, including instances of fraud, if any, within the Company have been prevented or detected. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. The design of any system of control is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential (future) conditions.

NON-GAAP FINANCIAL MEASURES AND RATIOS, SUPPLEMENTARY FINANCIAL MEASURES

In addition to using financial measures prescribed under IFRS, references are made in this MD&A to the following terms, each of which is a Non-GAAP financial measure:

- Adjusted EBITDA
- Toys Adjusted EBITDA
- Entertainment Adjusted EBITDA
- Digital Games Adjusted EBITDA
- Adjusted Operating Income (Loss)
- Toys Adjusted Operating Income (Loss)
- Entertainment Adjusted Operating Income (Loss)
- Digital Games Adjusted Operating Income (Loss)
- Adjusted Net Income (Loss)
- Free Cash Flow
- Toy Gross Product Sales
- Constant Currency Toy Gross Product Sales
- Constant Currency Sales Allowances
- Constant Currency Toy - Other Revenue
- Constant Currency Toy Revenue
- Constant Currency Digital Games Revenue
- Constant Currency Entertainment Revenue
- Constant Currency Revenue
- Adjusted Gross Profit
- Adjusted SG&A
- Net Working Capital

Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers.

Additionally, references are made in this MD&A to the following terms, each of which is a Non-GAAP financial ratio:

- Adjusted EBITDA Margin
- Toys Adjusted EBITDA Margin
- Entertainment Adjusted EBITDA Margin
- Digital Games Adjusted EBITDA Margin
- Adjusted Operating Margin
- Toys Adjusted Operating Margin
- Entertainment Adjusted Operating Margin
- Digital Games Adjusted Operating Margin
- Adjusted Basic EPS
- Adjusted Diluted EPS
- Sales Allowances as a percentage of Toy Gross Product Sales
- Adjusted Gross Margin
- Adjusted SG&A as a percentage of Revenue
- Percentage change in Constant Currency Toy Gross Product Sales
- Percentage change in Constant Currency Toy - Other Revenue
- Percentage change in Constant Currency Toy Revenue
- Percentage change in Constant Currency Digital Games Revenue
- Percentage change in Constant Currency Revenue
- Percentage change in Constant Currency Entertainment Revenue

Non-GAAP financial ratios are ratios or percentages that are calculated using a Non-GAAP financial measure. Non-GAAP financial ratios do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers.

References are made in this MD&A to the following terms, each of which is a supplementary financial measure:

- Run-rate Net Cost Synergies

Management believes the Non-GAAP financial measures, Non-GAAP financial ratios, and supplementary financial measures defined above are important supplemental measures of operating performance and highlight trends in the business. Management believes that these measures allow for assessment of the Company's operating performance and financial condition on a basis that is consistent and comparable between reporting periods. The Company believes that investors, lenders, securities analysts and other interested parties frequently use these Non-GAAP financial measures, Non-GAAP financial ratios, and Supplementary financial measures in the evaluation of issuers.

Non-GAAP Financial Measures

Adjusted EBITDA is calculated as Operating Income before interest income and interest expense and depreciation and amortization (EBITDA) excluding adjustments that do not necessarily reflect the Company's underlying financial performance. These adjustments include restructuring and other related costs, foreign exchange gains or losses, share based compensation expenses, acquisition related contingent consideration, impairment of intangible assets, impairment of goodwill, investment income (loss), net, acquisition related deferred incentive compensation, impairment of property, plant and equipment, legal settlement, transaction cost and gain on disposal of asset. Adjusted EBITDA is used by management as a measure of the Company's profitability. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Operating Income (Loss), the closest IFRS measure.

Toys Adjusted EBITDA is calculated as Toy Operating Income (Loss) before interest income and interest expense and depreciation and amortization (EBITDA) excluding adjustments that do not necessarily reflect the Company's underlying financial performance. These adjustments include restructuring and other related costs, foreign exchange gains or losses, share based compensation expenses, acquisition related contingent consideration, impairment of intangible assets, impairment of goodwill, investment income (loss), acquisition related deferred incentive compensation, impairment of property, plant and equipment, legal settlement, transaction cost and gain on disposal of asset. Toys Adjusted EBITDA is used by management as a measure of the Company's profitability. Refer to the "Reconciliation of Non-GAAP Financial Measures" section and "Segmented Results" section for a reconciliation of this metric to Toys Operating Income (Loss), the closest IFRS measure.

Entertainment Adjusted EBITDA is calculated as Entertainment Operating Income (Loss) before interest income and interest expense and depreciation and amortization (EBITDA) excluding adjustments that do not necessarily reflect the Company's underlying financial performance. These adjustments include restructuring and other related costs, foreign exchange gains or losses, share based compensation expenses, acquisition related contingent consideration, impairment of intangible assets, impairment of goodwill, investment income (loss), acquisition related deferred incentive compensation, impairment of property, plant and equipment, legal settlement, transaction cost and gain on disposal of asset. Entertainment Adjusted EBITDA is used by management as a measure of the Company's profitability. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below and "Segmented Results" section for a reconciliation of this metric to Entertainment Operating Income (Loss), the closest IFRS measure.

Digital Games Adjusted EBITDA is calculated as Digital Games Operating Income (Loss) before interest income and interest expense and depreciation and amortization (EBITDA) excluding adjustments that do not necessarily reflect the Company's underlying financial performance. These adjustments include restructuring and other related costs, foreign exchange gains or losses, share based compensation expenses, acquisition related contingent consideration, impairment of intangible assets, impairment of goodwill, investment income (loss), acquisition related deferred incentive compensation, impairment of property, plant and equipment, legal settlement, transaction cost and gain on disposal of asset. Digital Games Adjusted EBITDA is used by management as a measure of the Company's profitability. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below and "Segmented Results" section for a reconciliation of this metric to Digital Games Operating Income (Loss), the closest IFRS measure.

Adjusted Operating Income (Loss) is calculated as Operating Income (Loss) excluding adjustments (as defined in Adjusted EBITDA). Adjusted Operating Income (Loss) is used by management as a measure of the Company's profitability. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Operating Income (Loss), the closest IFRS measure.

Toys Adjusted Operating Income (Loss) is calculated as Toys Operating Income (Loss) excluding adjustments (as defined in Adjusted EBITDA). Toys Adjusted Operating Income (Loss) is used by management as a measure of the Company's profitability. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below and "Segmented Results" section for a reconciliation of this metric to Toys Operating Income (Loss), the closest IFRS measure.

Entertainment Adjusted Operating Income (Loss) is calculated as Entertainment Operating Income (Loss) excluding adjustments (as defined in Adjusted EBITDA). Entertainment Adjusted Operating Income (Loss) is used by management as a measure of the Company's profitability. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below and "Segmented Results" section for a reconciliation of this metric to Entertainment Operating Income (Loss), the closest IFRS measure.

Digital Games Adjusted Operating Income (Loss) is calculated as Digital Games Operating Income (Loss) excluding adjustments (as defined in Adjusted EBITDA). Digital Games Adjusted Operating Income (Loss) is used by management as a measure of the Company's profitability. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below and "Segmented Results" section for a reconciliation of this metric to Digital Games Operating Income (Loss), the closest IFRS measure.

Adjusted Net Income (Loss) is calculated as Net Income (Loss) excluding adjustments (as defined in Adjusted EBITDA), the corresponding impact these items have on income tax expense. Management uses Adjusted Net Income (Loss) to measure the underlying financial performance of the business on a consistent basis over time. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Operating Income (Loss), the closest IFRS measure.

Free Cash Flow is calculated as cash flows provided by/used in operating activities reduced by cash flows used in investing activities and adding back cash used for business acquisitions, advance paid for business acquisitions, asset acquisitions, portfolio investments, minority interest investments, proceeds from sale of manufacturing operations and net of investment distribution income. Management uses the Free Cash Flow metric to analyze the cash flows being generated by the Company's business. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for a reconciliation of this metric to Cash provided by operating activities, the closest IFRS measure.

Toy Gross Product Sales represent Toy Revenue, excluding the impact of Sales Allowances. As Sales Allowances are generally not associated with individual products, the Company uses Toy Gross Product Sales to provide meaningful comparisons across product categories and geographical results to highlight trends in Spin Master's business. For a reconciliation of Toy Gross Product Sales to Revenue, the closest IFRS measure, refer to the "Toy Revenue" section within the "Financial Performance" section for the three months and nine months ended September 30, 2025, and the "Reconciliation of Non-GAAP Financial Measures" section for the previous eight fiscal quarters.

Constant Currency Toy Gross Product Sales, Constant Currency Sales Allowances, Constant Currency Toy - Other Revenue, Constant Currency Toy Revenue, Constant Currency Entertainment Revenue, Constant Currency Digital Games Revenue, and Constant Currency Revenue represent Toy Gross Product Sales, Sales Allowances, Toy - Other Revenue, Toy Revenue, Entertainment Revenue, Digital Games Revenue, and Revenue presented excluding the impact from changes in foreign currency exchange rates, respectively. The current period and prior period results for entities reporting in currencies other than the US\$ are translated using consistent exchange rates, rather than using the actual exchange rate in effect during the respective periods. The difference between the current period and prior period results using the consistent exchange rates reflects the changes in the underlying performance results, excluding the impact from fluctuations in foreign currency exchange rates. Management uses Constant Currency Toy Gross Product Sales, Constant Currency Sales Allowances, Constant Currency Toy - Other Revenue, Constant Currency Toy Revenue, Constant Currency Entertainment Revenue, Constant Currency Digital Games Revenue, and Constant Currency Revenue to measure the underlying financial performance of the business on a consistent basis over time. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for a reconciliation of these metrics to Revenue, the closest IFRS measure.

Adjusted Gross Profit is calculated as Gross Profit adjusted for fair value adjustment for inventories acquired. Refer to the Adjusted Gross Profit table for the three and nine months ended September 30, 2025 as compared to the same period in 2024 in this MD&A. Management uses Adjusted Gross Profit to measure the underlying financial performance of the business on a consistent basis over time. Refer to the "Gross Profit" section within the "Financial Performance" section for a reconciliation of these metrics to Gross Profit, the closest IFRS measure.

Adjusted SG&A is calculated as selling, general and administrative expenses adjusted for restructuring and other related costs, share based compensation expenses, transaction and integration costs and bad debt recovery. Refer to the Adjusted SG&A table for the three and nine months ended September 30, 2025 as compared to the same period in 2024 in this MD&A. Management uses Adjusted SG&A to measure the underlying financial performance of the business on a consistent basis over time. Refer to the "Selling, General & Administrative Expenses" section within the "Financial Performance" section for a reconciliation of these metrics to selling, general & administrative expenses, the closest IFRS measure.

Net Working Capital is calculated as the difference between total current assets and total current liabilities. Refer to the Net Working Capital table for the nine months ended September 30, 2025 as compared to the same period in 2024 in this MD&A. Management uses Net Working Capital to measure the underlying financial performance of the business on a consistent basis over time. Refer to the "Cash Flow" section for a composition of this metric to total current assets and total current liabilities, the closest IFRS measures.

Non-GAAP Financial Ratios

Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by Revenue. Management uses Adjusted EBITDA Margin to evaluate the Company's performance compared to internal targets and to benchmark its performance against key competitors.

Toys Adjusted EBITDA Margin is calculated as Toys Adjusted EBITDA divided by Toy Revenue. Management uses Toys Adjusted EBITDA Margin to evaluate the Company's performance compared to internal targets and to benchmark its performance against key competitors.

Entertainment Adjusted EBITDA Margin is calculated as Entertainment Adjusted EBITDA divided by Entertainment Revenue. Management uses Entertainment Adjusted EBITDA Margin to evaluate the Company's performance compared to internal targets and to benchmark its performance against key competitors.

Digital Games Adjusted EBITDA Margin is calculated as Digital Games Adjusted EBITDA divided by Digital Games Revenue. Management uses Digital Games Adjusted EBITDA Margin to evaluate the Company's performance compared to internal targets and to benchmark its performance against key competitors.

Adjusted Operating Margin is calculated as Adjusted Operating Income (Loss) divided by Revenue. Management uses Adjusted Operating Margin to evaluate the Company's performance compared to internal targets and to benchmark its performance against key competitors.

Toys Adjusted Operating Margin is calculated as Toys Adjusted Operating Income (Loss) divided by Toy Revenue. Management uses Toys Adjusted Operating Margin to evaluate the Company's performance compared to internal targets and to benchmark its performance against key competitors.

Entertainment Adjusted Operating Margin is calculated as Entertainment Adjusted Operating Income (Loss) divided by Toy Revenue. Management uses Entertainment Adjusted Operating Margin to evaluate the Company's performance compared to internal targets and to benchmark its performance against key competitors.

Digital Games Adjusted Operating Margin is calculated as Digital Games Adjusted Operating Income (Loss) divided by Digital Games Revenue. Management uses Digital Games Adjusted Operating Margin to evaluate the Company's performance compared to internal targets and to benchmark its performance against key competitors.

Adjusted Basic EPS is calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares outstanding during the period. Adjusted Diluted EPS is calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares outstanding, assuming the conversion of all dilutive securities were exercised during the period. Management uses Adjusted Basic EPS and Adjusted Diluted EPS to measure the underlying financial performance of the business on a consistent basis over time.

Sales Allowances as a percentage of Toy Gross Product Sales is calculated by dividing Sales Allowances by Toy Gross Product Sales. Management uses Sales Allowances as a percentage of Toy Gross Product Sales to identify and compare the cost of doing business with individual retailers, different geographic markets and amongst various distribution channels.

Adjusted Gross Margin is calculated by dividing Adjusted Gross Profit by Revenue. Management uses Adjusted Gross Margin to measure the underlying financial performance of the business on a consistent basis over time.

Adjusted SG&A as a percentage of Revenue is calculated by dividing Adjusted SG&A by Revenue. Management uses Adjusted SG&A as a percentage of Revenue to measure the underlying financial performance of the business on a consistent basis over time.

Percentage change in Constant Currency Toy Gross Product Sales is calculated by dividing the change in Toy Gross Product Sales excluding the impact from changes in foreign currency exchange rates by the Toy Gross Product Sales of the comparative period. Management uses Percentage change in Constant Currency Toy Gross Product Sales to measure the underlying financial performance of the business on a consistent basis over time excluding the impact from changes in foreign currency exchange rates.

Percentage change in Constant Currency Sales Allowances is calculated by dividing the change in Sales Allowances excluding the impact from changes in foreign currency exchange rates by the Sales Allowances of the comparative period. Management uses Percentage change in Constant Currency Sales Allowances to measure the underlying financial performance of the business on a consistent basis over time excluding the impact from changes in foreign currency exchange rates.

Percentage change in Constant Currency Toy - Other Revenue is calculated by dividing the change in Toy - Other Revenue excluding the impact from changes in foreign currency exchange rates by the Toy - Other Revenue of the comparative period. Management uses Percentage change in Constant Currency Toy - Other Revenue to measure the underlying financial performance of the business on a consistent basis over time excluding the impact from changes in foreign currency exchange rates.

Percentage change in Constant Currency Toy Revenue is calculated by dividing the change in Toy Revenue excluding the impact from changes in foreign currency exchange rates by the Toy Revenue of the comparative period. Management uses Percentage change in Constant Currency Toy Revenue to measure the underlying financial performance of the business on a consistent basis over time excluding the impact from changes in foreign currency exchange rates.

Percentage change in Constant Currency Entertainment Revenue is calculated by dividing the change in Entertainment Revenue excluding the impact from changes in foreign currency exchange rates by the Entertainment Revenue of the comparative period. Management uses Percentage change in Constant Currency Entertainment Revenue to measure the underlying financial performance of the business on a consistent basis over time excluding the impact from changes in foreign currency exchange rates.

Percentage change in Constant Currency Digital Games Revenue is calculated by dividing the change in Digital Games Revenue excluding the impact from changes in foreign currency exchange rates by the Digital Games Revenue of the comparative period. Management uses Percentage change in Constant Currency Digital Games Revenue to measure the underlying financial performance of the business on a consistent basis over time excluding the impact from changes in foreign currency exchange rates.

Percentage change in Constant Currency Revenue is calculated by dividing the change in Revenue excluding the impact from changes in foreign currency exchange rates by the Revenue of the comparative period. Management uses Percentage change in Constant Currency Revenue to measure the underlying financial performance of the business on a consistent basis over time excluding the impact from changes in foreign currency exchange rates.

Supplementary Financial Measures

Run-rate Net Cost Synergies represent the expected ongoing cost savings, net of costs to achieve, attributable to the integration of Melissa & Doug.

Reconciliation of Non-GAAP Financial Measures

The following table provides reconciliations of Operating Income (Loss) to Adjusted Operating Income (Loss), Adjusted EBITDA, and Adjusted Net Income (Loss) for the previous eight fiscal quarters:

(in US\$ millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Operating Income (Loss)	151.0	(52.4)	(22.1)	47.1	203.2	(23.0)	(61.8)	(36.6)
Adjusting items:								
Share based compensation ¹	4.2	4.8	0.4	7.6	9.3	6.2	6.1	4.8
Impairment of property, plant and equipment ²	2.1	—	0.2	0.1	0.1	—	0.3	0.7
Amortization of intangible assets acquired ³	1.7	1.8	1.8	1.7	1.8	1.8	1.7	—
Transaction and integration costs ⁴	1.2	7.5	7.7	5.0	3.9	6.3	16.7	3.8
Investment loss, net ⁵	1.1	0.2	0.1	0.1	0.4	0.4	—	0.2
Restructuring and other related costs ⁶	1.0	12.1	1.4	3.9	2.7	0.5	3.0	3.8
Acquisition related deferred incentive compensation ⁷	0.7	0.7	0.5	(1.1)	0.9	1.1	1.5	1.6
Foreign exchange loss (gain) ⁸	0.4	5.4	4.5	(4.7)	(1.2)	4.8	(0.4)	18.2
Fair value adjustment for inventories acquired ⁹	—	—	—	—	21.5	24.2	20.6	—
Legal settlement expense (recovery)	—	—	—	0.6	0.4	—	(0.6)	(0.1)
Impairment of goodwill ¹⁰	—	—	—	12.9	—	—	—	25.7
Acquisition related deferred consideration ¹¹	(0.5)	0.5	(0.4)	2.6	0.4	(0.5)	(1.6)	(4.7)
Impairment of intangible assets ¹²	(0.5)	18.5	—	5.5	—	1.8	—	5.8
Adjusted Operating Income (Loss)	162.4	(0.9)	(5.9)	81.3	243.4	23.6	(14.5)	23.2
Depreciation and amortization ¹³	33.1	29.6	27.5	32.6	34.1	30.0	33.1	41.7
Adjusted EBITDA	195.5	28.7	21.6	113.9	277.5	53.6	18.6	64.9
Income tax (expense) recovery	(33.5)	15.0	7.2	(15.5)	(49.7)	9.6	18.5	3.4
Interest (expense) income	(10.7)	(9.1)	(9.6)	(10.5)	(13.4)	(11.1)	(11.5)	3.1
Depreciation and amortization	(33.1)	(29.6)	(27.5)	(32.6)	(34.1)	(30.0)	(33.1)	(41.7)
One-time income tax recovery ¹⁴	—	—	—	8.1	—	—	—	5.7
Tax effect of normalization adjustments ¹⁵	(3.0)	(12.4)	(3.7)	(6.0)	(10.6)	(12.5)	(12.0)	(14.9)
Adjusted Net Income (Loss)	115.2	(7.4)	(12.0)	57.4	169.7	9.6	(19.5)	20.5

¹ Related to non-cash expenses associated with long-term incentive plan and includes mark to market gain of DSUs in Q3 2025.

² Impairment of property, plant and equipment related to tooling.

³ Relates to the amortization of intangible assets acquired with Melissa & Doug.

⁴ Transaction and integration costs incurred relating to acquisitions, including transaction costs for the acquisition of Melissa & Doug in 2024.

⁵ Investment loss (income), net includes unrealized and realized (gain)/loss on portfolio investments and minority interest investments and share of (income)/loss from an investment in associate.

⁶ Restructuring and other related costs related to the reduction in the Company's global workforce.

⁷ Deferred incentive compensation associated with acquisitions.

⁸ Includes foreign exchange losses (gains) generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and losses (gains) related to the Company's hedging programs.

⁹ Relates to the fair value adjustment of Melissa & Doug's inventory sold recorded as part of the acquisition on January 2, 2024.

¹⁰ Impairment of goodwill associated with CGUs in prior years.

¹¹ Expense (recovery) associated with contingent consideration for acquisitions.

¹² Impairment of intangible assets in Q2 2025 primarily related to Digital game and app development projects.

¹³ Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$1.7 million of amortization of intangible assets acquired with Melissa & Doug.

¹⁴ Adjustment of one-time income tax (recovery) expense.

¹⁵ Tax effect of adjustments (Footnotes 1-12). Adjustments are tax effected at the effective tax rate of the given period.

The following table provides reconciliations of Operating Income (Loss) to Adjusted Operating (Loss) Income, and Adjusted EBITDA for the Company's reportable segments for the previous eight fiscal quarters:

Toys Segment

(US\$ millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Revenue	650.4	322.3	273.7	561.7	810.9	340.9	226.4	406.8
Operating Income (Loss)	128.8	(39.7)	(50.6)	31.7	183.5	(34.9)	(90.8)	(30.0)
Adjusting items:								
Share based compensation	3.7	3.7	1.7	5.1	6.6	5.5	4.2	3.2
Impairment of property, plant and equipment	2.1	—	0.2	0.1	0.1	—	0.3	0.7
Amortization of intangible assets acquired	1.7	1.8	1.8	1.7	1.8	1.8	1.7	—
Restructuring and other related costs	0.3	9.3	1.2	1.7	2.0	0.5	2.4	3.3
Transaction and integration costs	0.2	2.9	6.3	2.6	2.7	4.3	6.2	—
Acquisition related deferred incentive compensation	0.2	0.2	0.3	0.2	0.4	0.4	0.8	0.6
Fair value adjustment for inventories acquired	—	—	—	—	21.5	24.2	20.6	—
Impairment of goodwill	—	—	—	10.0	—	—	—	25.7
Impairment of intangible assets	(0.5)	0.5	—	—	—	—	—	5.4
Acquisition related deferred consideration	(0.5)	0.5	(0.9)	0.4	0.4	(0.5)	(1.6)	(3.5)
Adjusted Operating Income (Loss)	136.0	(20.8)	(40.0)	53.5	219.0	1.3	(56.2)	5.4
Adjusted Operating Margin	20.9 %	(6.5)%	(14.6)%	9.5 %	27.0 %	0.4 %	(24.8)%	1.3 %
Depreciation and amortization	20.4	20.1	19.5	22.7	23.2	19.6	23.7	13.9
Adjusted EBITDA	156.4	(0.7)	(20.5)	76.2	242.2	20.9	(32.5)	19.3
Adjusted EBITDA Margin	24.0 %	(0.2)%	(7.5)%	13.6 %	29.9 %	6.1 %	(14.4)%	4.7 %

Entertainment Segment

(US\$ millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Revenue	32.8	32.1	37.8	41.3	37.1	36.4	43.8	55.2
Operating Income	11.9	15.7	25.9	19.7	19.9	17.8	28.6	9.7
Adjusting items:								
Share based compensation	0.4	0.3	0.2	0.5	0.5	0.4	0.4	0.3
Impairment of intangible assets	—	0.9	—	—	—	1.8	—	0.4
Restructuring and other related costs	—	0.8	—	0.1	0.1	—	0.1	0.1
Legal settlement expense	—	—	—	—	0.4	—	—	—
Adjusted Operating Income	12.2	17.7	26.1	20.3	20.9	20.0	29.1	10.5
Adjusted Operating Margin	37.2 %	55.1 %	69.0 %	49.2 %	56.3 %	54.9 %	66.4 %	19.0 %
Depreciation and amortization	9.6	6.6	5.6	6.0	9.1	8.4	7.3	25.6
Adjusted EBITDA	21.8	24.3	31.7	26.3	30.0	28.4	36.4	36.1
Adjusted EBITDA Margin	66.5 %	75.7 %	83.9 %	63.7 %	80.9 %	78.0 %	83.1 %	65.4 %

Digital Games Segment

(US\$ millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Revenue	51.5	46.3	47.8	46.1	37.7	34.7	46.0	40.6
Operating Income (Loss)	15.9	(15.5)	8.2	(0.5)	5.1	4.3	13.2	9.7
Adjusting items:								
Transaction and integration costs	0.2	2.9	—	—	—	—	—	—
Share based compensation	0.6	0.7	0.4	0.6	1.1	0.9	0.8	0.7
Acquisition related deferred incentive compensation	0.5	0.5	0.2	(1.3)	0.5	0.7	0.7	1.0
Impairment of intangible assets	—	17.1	—	5.5	—	—	—	—
Restructuring and other related costs	—	2.0	0.2	2.1	0.6	—	0.5	0.4
Impairment of goodwill	—	—	—	2.9	—	—	—	—
Acquisition related deferred consideration	—	—	0.5	2.2	—	—	—	(1.0)
Adjusted Operating Income	17.3	7.7	9.5	11.5	7.3	5.9	15.2	10.8
Adjusted Operating Margin	33.6 %	16.6 %	19.9 %	24.9 %	19.4 %	17.0 %	33.0 %	26.6 %
Depreciation and amortization	3.1	2.9	2.4	3.9	1.8	2.0	2.1	2.2
Adjusted EBITDA	20.4	10.6	11.9	15.4	9.1	7.9	17.3	13.0
Adjusted EBITDA Margin	39.6 %	22.9 %	24.9 %	33.4 %	24.1 %	22.8 %	37.6 %	32.0 %

The following table provides reconciliations from Cash provided by (used in) operating activities and Cash used in investing activities to Free Cash Flow for the previous eight fiscal quarters:

(in US\$ millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Cash provided by operating activities	62.6	26.1	23.6	194.3	74.9	25.4	24.3	67.9
Cash used in investing activities	(42.7)	(43.1)	(36.6)	(30.5)	(30.2)	(27.4)	(980.4)	(23.3)
Add (Deduct):								
Portfolio investments ¹	0.7	1.0	1.0	1.1	—	—	—	—
Business acquisitions, net of cash acquired ²	—	—	—	—	—	(2.6)	955.5	—
Investment in associate ³	—	—	—	1.0	—	1.0	—	—
Minority interest investments ⁴	1.0	0.8	—	—	—	—	—	0.5
Proceeds from sale of manufacturing operations ⁵	—	—	—	—	—	—	—	(0.8)
Free Cash Flow	21.6	(15.2)	(10.8)	175.0	44.7	(3.6)	(0.6)	44.3

¹ Cash paid to fund capital calls relating to portfolio investments.

² Cash paid relating to acquisitions of Melissa & Doug in Q1 2024.

³ Cash paid to acquire additional interest in a Canadian children's education technology company.

⁴ Cash paid in relation to minority interest investments.

⁵ Cash received for the sale of manufacturing assets in Calais, France in Q4 2023.

The following table presents a reconciliation of Operating Income to Adjusted Operating Income¹, Adjusted EBITDA¹, and Adjusted Net Income¹, and cash from operating activities to Free Cash Flow¹ for the nine months ended September 30, 2025 and 2024:

(in US\$ millions)	Nine Months Ended Sep 30,			
	2025	2024	\$ Change	% Change
Operating Income	76.5	118.4	(41.9)	(35.4)%
Adjusting items:				
Impairment of intangible assets ¹	18.0	1.8	16.2	n.m
Transaction and integration costs ²	16.4	26.9	(10.5)	(39.0)%
Restructuring and other related costs ³	14.5	6.2	8.3	133.9 %
Foreign exchange loss ⁴	10.3	3.2	7.1	221.9 %
Share based compensation ⁵	9.4	21.6	(12.2)	(56.5)%
Amortization of intangible assets acquired ⁶	5.3	5.3	—	— %
Impairment of property, plant and equipment ⁷	2.3	0.4	1.9	475.0 %
Acquisition related deferred incentive compensation ⁸	1.9	3.5	(1.6)	(45.7)%
Investment loss, net ⁹	1.4	0.8	0.6	75.0 %
Legal settlement recovery	—	(0.2)	0.2	(100.0)%
Fair value adjustment for inventories acquired ¹⁰	—	66.3	(66.3)	(100.0)%
Acquisition related deferred consideration ¹¹	(0.4)	(1.7)	1.3	(76.5)%
Adjusted Operating Income	155.6	252.5	(96.9)	(38.4)%
Depreciation and amortization ¹²	90.2	97.2	(7.0)	(7.2)%
Adjusted EBITDA	245.8	349.7	(103.9)	(29.7)%
Income tax expense	(11.3)	(21.6)	10.3	(47.7)%
Interest expense	(29.4)	(36.0)	6.6	(18.3)%
Depreciation and amortization ¹²	(90.2)	(97.2)	7.0	(7.2)%
Tax effect of adjustments ¹³	(19.1)	(35.1)	16.0	(45.6)%
Adjusted Net Income	95.8	159.8	(64.0)	(40.1)%
Cash provided by operating activities	113.5	124.6	(11.1)	(8.9)%
Cash used in investing activities	(122.4)	(1,038.0)	915.6	(88.2)%
Add:				
Portfolio investments	2.7	—	2.7	n.m
Minority interest and other investments	1.8	—	1.8	n.m
Business acquisitions, net of cash acquired	—	952.9	(952.9)	(100.0)%
Investment in associate	—	1.0	(1.0)	(100.0)%
Free Cash Flow	(4.4)	40.5	(44.9)	(110.9)%

¹ Impairment of intangible assets primarily related to Digital game and app development projects.

² Transaction and integration costs incurred relating to acquisitions, including transaction costs for the acquisition of Melissa & Doug in 2024.

³ Restructuring and other related costs related to the reduction in the Company's global workforce.

⁴ Includes foreign exchange losses (gains) generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and losses (gains) related to the Company's hedging programs.

⁵ Related to non-cash expenses associated with long-term incentive plan and includes mark to market gain of \$3.1 million related to DSUs.

⁶ Relates to the amortization of intangible assets acquired with Melissa & Doug.

⁷ Impairment of property, plant and equipment related to tooling.

⁸ Deferred incentive compensation associated with acquisitions.

⁹ Investment loss (income), net includes unrealized and realized (gain)/loss on portfolio investments and minority interest and other investments and share of (income)/loss from an investment in associate.

¹⁰ Relates to fair value adjustment to Melissa & Doug inventory recorded as part of the acquisition on January 2, 2024.

¹¹ Remuneration expense (recovery) associated with contingent consideration for acquisitions.

¹² Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$5.3 million of amortization of intangible assets acquired with Melissa & Doug.

¹³ Tax effect of adjustments (Footnotes 1-11). Adjustments are tax effected at the effective tax rate of the given period.

The following table provides reconciliations of Toy Gross Product Sales to Revenue for the previous eight fiscal quarters:

(in US\$ millions)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Toy Gross Product Sales	742.7	371.0	313.7	660.0	922.7	384.7	264.1	502.3
Sales Allowances	(94.0)	(48.9)	(40.4)	(102.5)	(112.7)	(45.7)	(38.2)	(95.5)
Toy Net Sales	648.7	322.1	273.3	557.5	810.0	339.0	225.9	406.8
Toy - Other Revenue	1.7	0.2	0.4	4.2	0.9	2.4	0.5	—
Toy Revenue	650.4	322.3	273.7	561.7	810.9	341.4	226.4	406.8
Entertainment Revenue	32.8	32.1	37.8	41.3	37.1	36.4	43.8	55.2
Digital Games Revenue	51.5	46.3	47.8	46.1	37.7	34.7	46.0	40.6
Revenue	734.7	400.7	359.3	649.1	885.7	412.0	316.2	502.6

The following tables present reconciliations of Revenue to Constant Currency Toy Gross Product Sales, Revenue to Constant Currency Entertainment Revenue and Revenue to Constant Currency Digital Games Revenue for the three and nine months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025	Q3 2024	Nine Months Ended Sep 30,	
			2025	2024
Constant Currency Toy Gross Product Sales	735.4	923.8	1,422.0	1,570.9
Impact of foreign exchange	7.3	(1.1)	5.4	0.6
Toy Gross Product Sales	742.7	922.7	1,427.4	1,571.5
Constant Currency Sales Allowances	(91.8)	(112.8)	(181.4)	(196.4)
Impact of foreign exchange	(2.2)	0.1	(1.9)	(0.2)
Sales Allowances	(94.0)	(112.7)	(183.3)	(196.6)
Toy Net Sales	648.7	810.0	1,244.1	1,374.9
Constant Currency Toy - Other Revenue	1.7	0.9	2.3	3.3
Impact of foreign exchange	—	—	—	—
Toy - Other Revenue	1.7	0.9	2.3	3.3
Constant Currency Toy Revenue	645.3	811.9	1,242.9	1,377.8
Toy Revenue	650.4	810.9	1,246.4	1,378.2
Constant Currency Entertainment Revenue	32.9	37.1	102.8	117.3
Impact of foreign exchange	(0.1)	—	(0.1)	—
Entertainment Revenue	32.8	37.1	102.7	117.3
Constant Currency Digital Games Revenue	50.8	37.5	144.6	118.3
Impact of foreign exchange	0.7	0.2	1.0	0.1
Digital Games Revenue	51.5	37.7	145.6	118.4
Constant Currency Revenue	729.0	886.5	1,490.3	1,613.4
Impact of foreign exchange	5.7	(0.8)	4.4	0.5
Revenue	734.7	885.7	1,494.7	1,613.9

The following tables present the composition of Percentage change in Constant Currency Toy Gross Product Sales, Percentage change in Constant Currency Sales Allowances, Percentage change in Constant Currency Entertainment Revenue, Percentage change in Percentage change in Constant Currency Digital Games Revenue and Percentage change in Constant Currency Revenue for the three and nine months ended September 30, 2025 and 2024:

(US\$ millions)	Q3 2025	Q3 2024	\$ Change			% Change	
			As reported	Impact of foreign exchange	In Constant Currency	As reported	In Constant Currency
Toy Gross Product Sales	742.7	922.7	(180.0)	(7.3)	(187.3)	(19.5)%	(20.3)%
Sales Allowances	(94.0)	(112.7)	18.7	2.2	20.9	(16.6)%	(18.5)%
Toy Net Sales	648.7	810.0	(161.3)	(5.1)	(166.4)	(19.9)%	(20.5)%
Toy - Other Revenue	1.7	0.9	0.8	—	0.8	n.m.	n.m.
Toy Revenue	650.4	810.9	(160.5)	(5.1)	(165.6)	(19.8)%	(20.4)%
Entertainment Revenue	32.8	37.1	(4.3)	0.1	(4.2)	(11.6)%	(11.3)%
Digital Games Revenue	51.5	37.7	13.8	(0.7)	13.1	36.6 %	34.7 %
Revenue	734.7	885.7	(151.0)	(5.7)	(156.7)	(17.0)%	(17.7)%

Nine Months Ended Sep 30,			\$ Change			% Change	
(US\$ millions)	2025	2024	As reported	Impact of foreign exchange	In Constant Currency	As reported	In Constant Currency
Toy Gross Product Sales	1,427.4	1,571.5	(144.1)	(5.4)	(149.5)	(9.2)%	(9.5)%
Sales Allowances	(183.3)	(196.6)	13.3	1.9	15.2	(6.8)%	(7.7)%
Toy Net Sales	1,244.1	1,374.9	(130.8)	(3.5)	(134.3)	(9.5)%	(9.8)%
Toy - Other Revenue	2.3	3.3	(1.0)	—	(1.0)	n.m.	n.m.
Toy Revenue	1,246.4	1,378.2	(131.8)	(3.5)	(135.3)	(9.6)%	(9.8)%
Entertainment Revenue	102.7	117.3	(14.6)	0.1	(14.5)	(12.4)%	(12.4)%
Digital Games Revenue	145.6	118.4	27.2	(1.0)	26.2	23.0 %	22.1 %
Revenue	1,494.7	1,613.9	(119.2)	(4.4)	(123.6)	(7.4)%	(7.7)%

FORWARD-LOOKING STATEMENTS

Certain statements, other than statements of historical fact, contained in this MD&A constitute "forward-looking information" within the meaning of certain securities laws, including the Securities Act (Ontario), and are based on expectations, estimates and projections as of the date on which the statements are made in this MD&A. The words "plans", "expects", "projected", "estimated", "forecasts", "anticipates", "indicative", "intend", "guidance", "outlook", "potential", "prospects", "seek", "strategy", "targets" or "believes", or variations of such words and phrases or statements that certain future conditions, actions, events or results "will", "may", "could", "would", "should", "might" or "can", or negative versions thereof, "be taken", "occur", "continue" or "be achieved", and other similar expressions, identify statements containing forward-looking information. Statements of forward-looking information in this MD&A include, without limitation, statements under the heading "Global Tariffs Uncertainty and 2025 Outlook" and statements with respect to: future financial performance and growth expectations, as well as the drivers and trends in respect thereof; the Company's priorities, plans and strategies; content, digital game and product pipeline and launches, as well as their impacts; deployment of cash; dividend policy and future dividends; financial position, cash flows, liquidity and financial performance; the creation of long term shareholder value; and the timing, quantity and funding of any purchases of subordinate voting shares under the NCIB and the ASPP, and the expected facilities through which any such purchases may be made.

Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by management as of the date on which the statements are made in this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being incorrect. In addition to any factors and assumptions set forth above in this MD&A, the material factors and assumptions used to develop the forward-looking information include, but are not limited to: the Company will be able to successfully integrate the acquisition of Melissa & Doug; the Company will be able to successfully expand its portfolio across new channels and formats, and internationally; achieve other expected benefits through this acquisition; management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the Company's financial performance in addition to the proposed transaction and resulting impact on growth in various financial metrics; the realization of the expected strategic, financial and other benefits of the proposed transaction in the timeframe anticipated; the absence of significant undisclosed costs or liabilities associated with the transactions; Melissa & Doug's business will perform in line with the industry; there are no material changes to Melissa & Doug's core customer base; implementation of certain information technology systems and other typical acquisition related cost savings; the Company's dividend payments being subject to the discretion of the Board of Directors and dependent on a variety of factors and conditions existing from time to time; seasonality; ability of factories to manufacture products, including labour size and allocation, tooling, raw material and component availability, ability to shift between product mix, and customer acceptance of delayed delivery dates; the steps taken will create long term shareholder value; the expanded use of advanced technology, robotics and innovation the Company applies to its products will have a level of success consistent with its past experiences; the Company will continue to successfully secure, maintain and renew broader licenses from third parties for premiere children's properties consistent with past practices, and the success of the licenses; the expansion of sales and marketing offices in new markets will increase the sales of products in that territory; the Company will be able to successfully identify and integrate strategic acquisition and minority investment opportunities; the Company will be able to maintain its distribution capabilities; the Company will be able to leverage its global platform to grow sales from acquired brands; the Company will be able to recognize and capitalize on opportunities earlier than its competitors; the Company will be able to continue to build and maintain strong, collaborative relationships; the Company will maintain its status as a preferred collaborator; the culture and business structure of the Company will support its growth; the current business strategies of the Company will continue to be desirable on an international platform; the Company will be able to expand its portfolio of owned branded IP and successfully license it to third parties; use of advanced technology and robotics in the Company's products will expand; the Company will be able to continue to develop and distribute entertainment content in the form of movies, TV shows and short form content; the Company will be able to continue to design, develop and launch mobile digital games to be distributed globally via app stores; access of entertainment content on mobile platforms will expand; fragmentation of the market will continue to create acquisition opportunities; the Company will be able to maintain its relationships with its employees, suppliers, retailers and license partners; the Company will continue to attract qualified personnel to support its development requirements; the Company's key personnel will continue to be involved in the Company products, mobile digital games and entertainment properties will be launched as scheduled; and the availability of cash for dividends and that the risk factors noted in this MD&A, collectively, do not have a material impact on the Company.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. Known and unknown risk factors, many of which are beyond the control of the Company, could cause actual results to differ materially from the forward-looking information in this MD&A. Such risks and uncertainties include, without limitation, risks outlined in the "Global Tariffs Uncertainty and 2025 Outlook" section; the potential failure to realize anticipated benefits from the acquisition of Melissa & Doug; concentration of manufacturing and geopolitical risks; uncertainty and adverse changes in general economic conditions and consumer spending habits and the factors discussed in the Company's disclosure materials, including the Annual MD&A or subsequent, most recent interim MD&A and the Company's most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available under the Company's profile on SEDAR+ (www.sedarplus.com). These risk factors are not intended to represent a complete list of the factors that could affect the Company and investors are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.