



REIMAGINING
EVERYDAY PLAY

ACQUISITION OF MELISSA & DOUG



October 11, 2023

TODAY'S SPEAKERS



Max Rangel

Global President &
Chief Executive Officer



Mark Segal

EVP & Chief Financial Officer



Disclaimer

Forward-Looking Information

Certain statements, other than statements of historical fact, contained in this presentation, may 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 presentation. 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 include, without limitation, statements with respect to: the acquisition of Melissa & Doug, including the terms, cost, expected sources of funding and timing for completion thereof, the strength, complementarity and compatibility of Melissa & Doug's business with the Company's existing business; the impact of the acquisition on the Company's position in the children's entertainment industry and preschool market, diversification of the Company's portfolio across new channels and formats, expansion into new categories and internationally, projected financial results of the Company and Melissa & Doug, including expected impact on EPS and Adjusted EPS, net leverage to Adjusted EBITDA ratio, synergies (and timing thereof), revenues, leverage, balance sheet and free cash flow, the potential for future growth and innovation, further investments and/or subsequent acquisitions, future dividends and share buybacks.

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 or in respect of this presentation, 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 presentation, the material factors and assumptions used to develop the forward-looking information include but are not limited to: applicable regulatory approvals and other customary closing conditions to the acquisition will be satisfied, and consummation of the transaction will occur in a timely manner; internal cash flow projections will be as expected in order to finance, in part, the acquisition with cash on hand; the Company will be able to incur further indebtedness as expected and on an economical basis to finance, in part, the acquisition; the Company will be able to successfully integrate the acquisition; 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 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 proposed transaction; 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 broader licenses from third parties for major entertainment properties consistent with past practices; 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 intellectual property and successfully license it to third parties; use of advanced technology and robotics in the Company's products will expand; 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 and entertainment properties will be launched as scheduled; and the availability of cash for dividends and that the risk factors noted or referenced below, 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 presentation. Such risks and uncertainties include, without limitation, risks relating to the inability to successfully integrate the Melissa & Doug business upon completion of the proposed transaction; the possible delay or failure to satisfy the conditions to the closing of the proposed transaction; the risk that the proposed transaction may not be completed in a timely manner, or at all; the potential failure to obtain the regulatory approvals in a timely manner, or at all; the Company's failure to obtain adequate funding for the acquisition on acceptable terms; the occurrence of any event, change or other circumstance that could give rise to the termination of the definitive agreement; the potential failure to realize anticipated benefits from the proposed transaction; 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 or subsequent, most recent interim management's discussion and analysis 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. Financial outlook included in such forward-looking statements is provided for the purpose of providing investors with information about management's expectations and plans relating to the future, including the expected performance of the Company and Melissa & Doug and investors are cautioned that the information may not be appropriate for other purposes. 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.

AGENDA

- Introduction
- Melissa & Doug Overview
- Acquisition Rationale
- Transaction Details
- Q&A



A LEADING PRESCHOOL BRAND
OF WOODEN AND SUSTAINABLE TOYS

**Timeless open-ended play
with endless learning
possibilities**



to join Spin Master



Compelling Strategic & Financial Rationale

Compelling Strategic Logic

- ✓ Trusted brand of open-ended, creative, and developmental toys
- ✓ Highly relevant for modern parents seeking sustainable wooden toys and screen-free play
- ✓ Brings complementary capabilities and expands our presence in early childhood toys
- ✓ Long-term growth potential through innovation

Attractive Financial Returns

- ✓ Recurring, evergreen product portfolio with diverse revenue base
- ✓ Immediate growth opportunities through mass, e-comm, and international expansion
- ✓ Strategic deployment of balance sheet while preserving financial flexibility
- ✓ Immediately accretive to EPS, pre-synergies and mid-teens accretive to EPS, incl. run-rate synergies

Reimagining Everyday Play

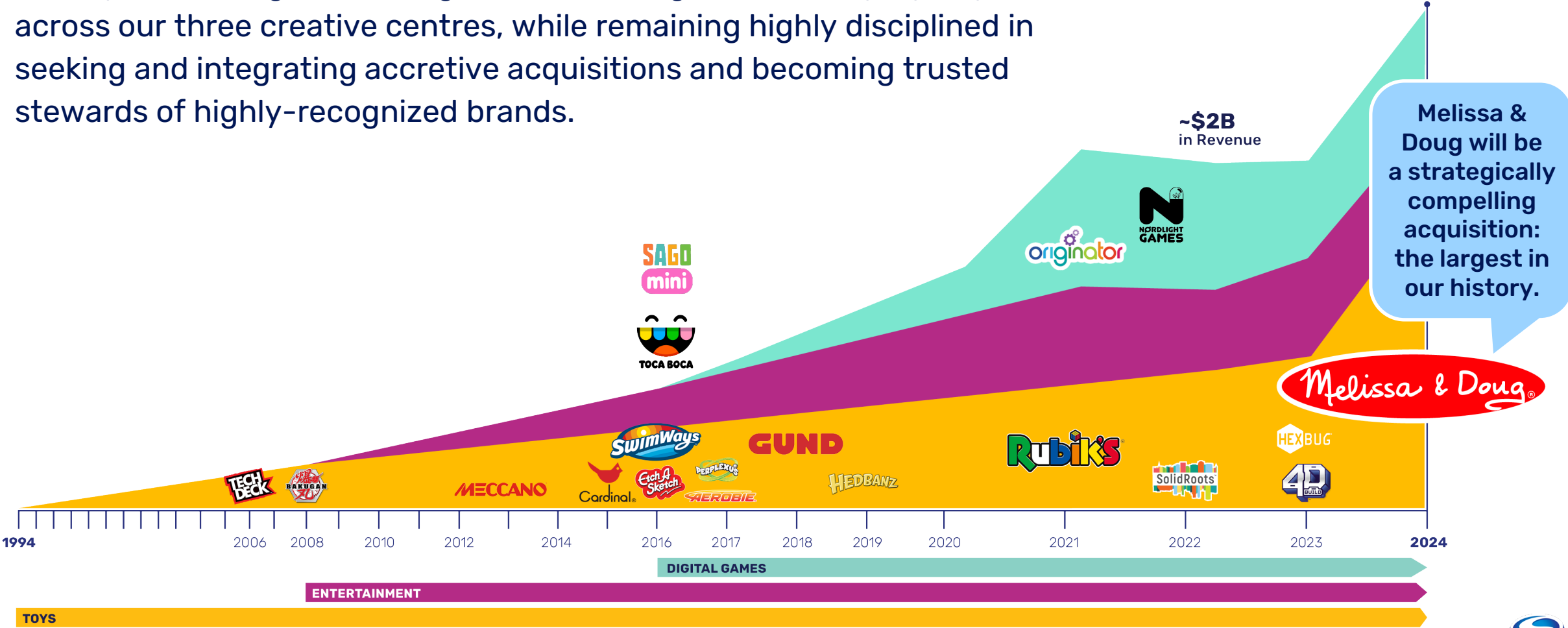


Creating Magical Play Experiences For Kids & Families



Proven Track Record Of Organic And Acquisition Growth

History of creating, innovating and monetizing intellectual property across our three creative centres, while remaining highly disciplined in seeking and integrating accretive acquisitions and becoming trusted stewards of highly-recognized brands.



Callout box: Melissa & Doug will be a strategically compelling acquisition: the largest in our history.



We Know Preschool

Today, Spin Master captures young imaginations with its outstanding lineup of Preschool toys: the entry-point to the Toy market



“The best play, discovery, and creation simply begins with imagination.”

Melissa Bernstein, Co-Founder of Melissa & Doug



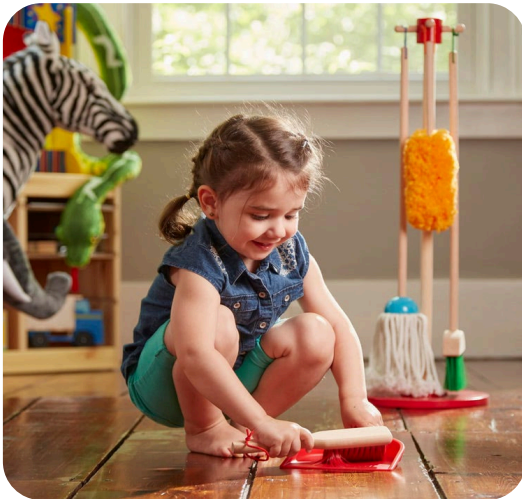
Play Powered By A Child's Imagination

Modern parents care deeply about their child's developmental potential. Open-ended play is a powerful teacher, helping to build early real-life skills.

Leading Brand With High Consumer Relevance

Highly Rated
by parents for
quality,
sustainability &
developmental play*

Highly recommended
with **strong**
consumer loyalty



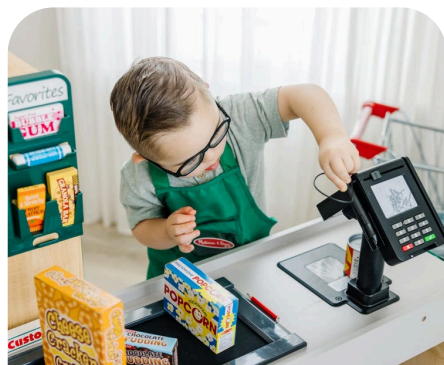
Sustained POS
performance ahead
of the market over the
past 5 years

Industry-leading
ecommerce
performance

*Source: General Population & Targeted Toy Purchaser Surveys (Total n=3000 across US, UK, AU, and FR)

Melissa & Doug® at-a-Glance

From classic wooden toys to realistic pretend play sets, Melissa & Doug products inspire creative thinking through hands-on, open-ended play



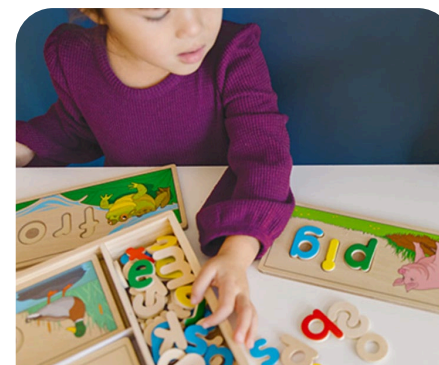
Pretend Play
(~42% of sales¹)



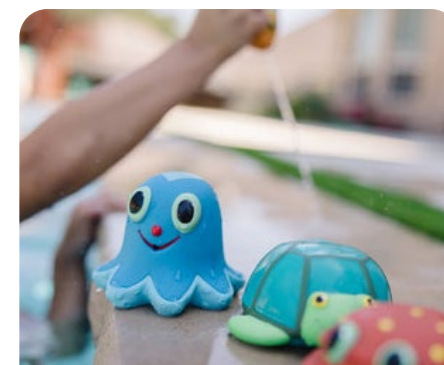
Developmental Toys
(~20% of sales¹)



Arts & Crafts
(~18% of sales¹)



Puzzles
(~7% of sales¹)



Active Play & Outdoor
(~2% of sales¹)

**A Leading Brand in
Open-Ended, Pretend Play**

~75%
of FY2022 revenue from SKUs
launched in 2017 and earlier

1. Based on FY2022 invoiced sales. 11% of sales attributed to other categories.

Trusted brand in early childhood toys with broad evergreen portfolio



Building The Future Of Early Childhood Play



Focus In Key Preschool Segments

"SHOW TO SHELF"



- **Inspired by Entertainment**
- **Begins at 2**
- **Child Relationship**
- **High Growth**



Broad Presence Across Early Childhood Segments

"LEARNING THROUGH PLAY"

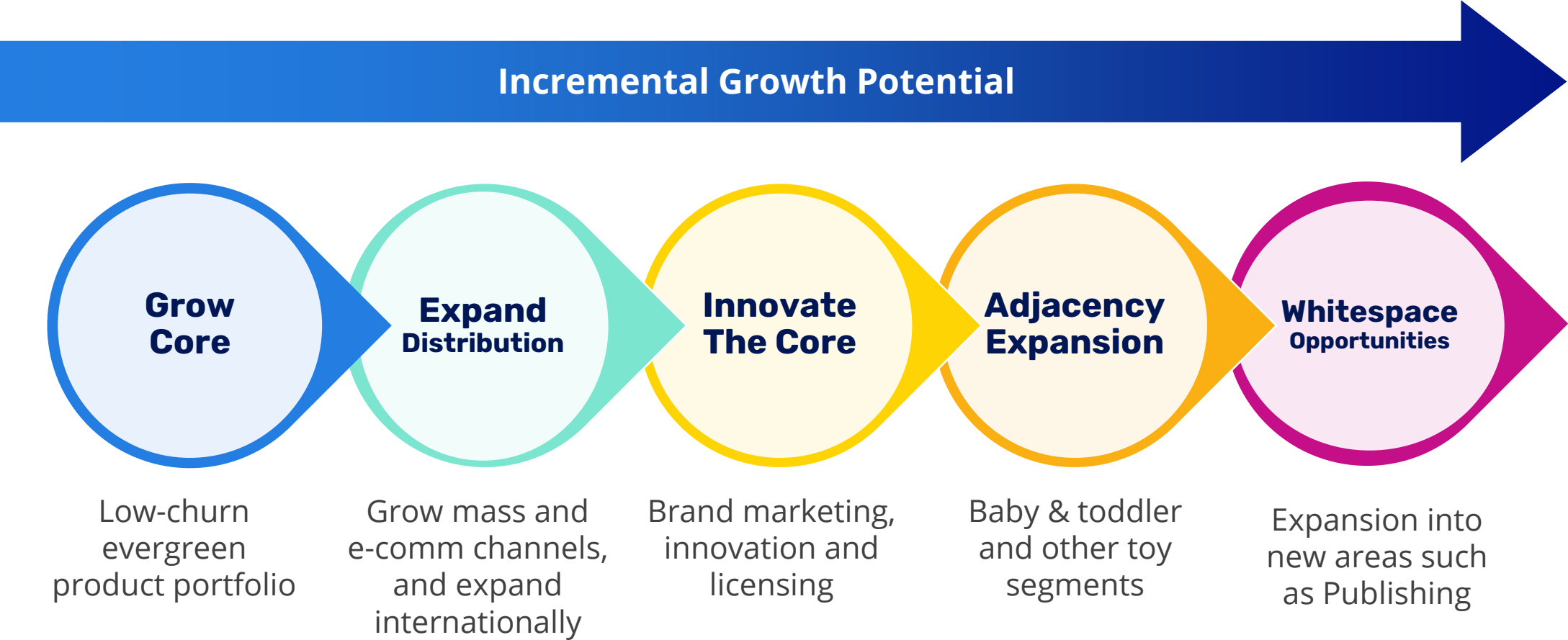


- **Open-ended & Imaginative**
- **Begins at Infant**
- **Parent Relationship**
- **Timeless & Evergreen**

With Melissa & Doug, Spin Master will expand its presence in the earliest years of childhood with a highly complementary and incremental portfolio



Spin Master Has The Capabilities To Innovate And Unlock Incremental Growth



Transaction Summary

Transaction Overview

- Spin Master to acquire Melissa & Doug for \$950 million cash
- Additional earnout consideration of up to \$150 million, contingent on achieving certain financial targets post close¹
- \$950 million purchase price⁶ represents 10.5x 2022 Adjusted EBITDA³, and 8.1x 2022 Adjusted EBITDA (inc. cost synergies)^{3;5}

Financial Metrics

- Attractive brand portfolio that generated \$489 million in revenue² in 2022
- Potential for meaningful run-rate cost synergies of \$25 million - \$30 million, expected to be achieved by 2026
- In 2024, immediately accretive to EPS⁵ pre run-rate cost synergies and mid-teens accretive to EPS⁵ including run-rate cost synergies⁴.

Financing Structure

- Spin Master intends to fund the transaction with approximately \$450 million balance sheet cash and debt financing of \$500 million⁵
- Strong pro-forma balance sheet and free cash flow generation provides significant flexibility for further investments and/or subsequent M&A
- Spin Master remains committed to quarterly dividend and opportunistic buyback program

Expected Closing

- Expected to close in the first quarter of 2024
- Subject to customary regulatory approvals and closing conditions

1. Based on 2024 and 2025 financial performance
2. Estimated IFRS revenue based on 2022 Audited Financial Statements (US GAAP)
3. Non-GAAP financial measure. See "Non-GAAP Financial Measures and Ratios" in Appendix of this presentation
4. Mid-point of run rate cost synergies range
5. Excludes transaction costs and earn out consideration
6. Excluding earn-out consideration

Transaction Financing Structure

- Transaction purchase price of **\$950 million**¹ plus additional contingent earnout consideration of up to **\$150 million**, subject to achieving certain financial targets post close⁴
 - Purchase price funded with \$450 million of cash and debt financing of \$500 million
 - Assessing credit needs in near term – in place by Close in Q1
 - Earnout expected to be funded from cash generated from ongoing operations

- ✓ **Compelling use of balance sheet capacity and <1.0x pro-forma net leverage at close**^{2;3}
- ✓ **Preserves financial flexibility for future acquisitions and other growth opportunities**
- ✓ **Commitment to dividend and capacity for opportunistic buybacks**

1. Excludes transaction costs

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

3. Net Leverage is defined as consolidated Debt (debt financing from existing and incremental credit facilities) less Cash

4. Based on 2024 and 2025 financial performance

Strong post close balance sheet with significant capacity and flexibility



Compelling Strategic & Financial Rationale

Compelling Strategic Logic

- ✓ Trusted brand of open-ended, creative, and developmental toys
- ✓ Highly relevant for modern parents seeking sustainable wooden toys and screen-free play
- ✓ Brings complementary capabilities and expands our presence in early childhood toys
- ✓ Long-term growth potential through innovation

Attractive Financial Returns

- ✓ Recurring, evergreen product portfolio with diverse revenue base
- ✓ Immediate growth opportunities through mass, e-comm, and international expansion
- ✓ Strategic deployment of balance sheet while preserving financial flexibility
- ✓ Immediately accretive to EPS, pre-synergies and mid-teens accretive to EPS, incl. run-rate synergies¹

1. Non-GAAP financial measure. See "Non-GAAP Financial Measures and Ratios" in Press Release



REIMAGINING
EVERYDAY PLAY

ACQUISITION OF MELISSA & DOUG

Q&A



October 10, 2023

Non-GAAP Financial Measures and Ratios

In addition to using financial measures prescribed under International Financial Reporting Standards ("IFRS"), references are made in this Press Release to the following terms, each of which is a non-GAAP financial measure:

- Adjusted EBITDA
- Adjusted EBITDA, pre run rate cost synergies
- Adjusted EBITDA, including run rate cost synergies

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 Press Release to the following terms, each of which is a non-GAAP financial ratio:

Net Leverage to Adjusted EBITDA of the Company: Net Leverage is calculated as consolidated Debt (debt financing from existing and incremental credit facilities) less Cash.

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.

Management believes the Non-GAAP financial measures and Non-GAAP financial ratios defined above are important supplemental measures of operating performance and a framework for considering the valuation of Melissa & Doug. 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.