



SPIN MASTER CORP.

2023 ANNUAL INFORMATION FORM

March 21, 2024

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MEANING OF CERTAIN REFERENCES

Spin Master Corp. (the “**Company**” or “**Spin Master**”) presents its consolidated financial statements in United States dollars. In this Annual Information Form, all references to “\$” are to United States dollars and all references to “C\$” are to Canadian dollars. Disclosure in this Annual Information Form is made as at December 31, 2023 unless otherwise indicated. Certain terms used in this Annual Information Form are defined under “Glossary”.

TRADEMARKS, TRADE NAMES AND SERVICE MARKS

This Annual Information Form includes trademarks, such as Spin Master™, which are protected under applicable intellectual property (“**IP**”) laws and are the property of, or licensed for use by, the Company. Solely for convenience, the Company’s trademarks and trade names referred to in this Annual Information Form may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that Spin Master will not assert, to the fullest extent under applicable law, its rights or the right of the applicable licensor to these trademarks and trade names.

FORWARD-LOOKING STATEMENTS

Certain statements, other than statements of historical fact, contained in this Annual Information Form 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 Annual Information Form. The words “plans”, “expects”, “estimated”, “anticipates”, “intend”, “focus”, “outlook”, “potential”, “seek”, “strategy”, “vision”, “goal”, “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, frequently identify forward-looking statements. Forward-looking statements include, without limitation, statements of the Company with respect to: industry trends, overall market growth rates and the Company’s growth rates; expectations regarding revenue, expenses and operations; measures of the Company’s operating performance and financial condition; the business plans and strategies, including development and acquisition opportunities and product launches and re-launches; intentions with respect to, and the ability to execute, its growth strategies; entertainment and digital games strategies and growth prospects, including the production of feature films and new entertainment series; new facilities and studios; new brands and brand expansions; expansions into new categories; securing additional broader and more significant licenses from third parties; international sales and expansion of international offices and operations; the ability of the Company to leverage its global platform; the number, features and timing of launching new products, brands and entertainment properties; expectations with respect to SMV (as defined herein); supplier’s manufacturing capacity and downstream supply of raw materials and component parts; relationships with inventors and with entertainment industry participants; relationships with employees; competitive position in the industry; anticipated trends and challenges in the Company’s business and the markets in which it operates; the Company’s exposure to liability in legal proceedings; protection of the Company’s IP rights; the Company’s sustainability, environmental and climate change goals and targets; dividends; the NCIB (as defined herein); the effects of any non-compliance with government regulations; and the exercise of certain shareholder rights.

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 Annual Information Form, 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 in this Annual Information Form, 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 (as defined herein) and achieve the expected strategic, financial and other benefits; opportunities for growth, particularly in respect of *Melissa & Doug*; 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 major entertainment 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 digital games to be distributed globally through 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, entertainment properties and digital games will be launched as scheduled; transition to electric vehicles, enhanced energy efficiency within offices and the lowering of emissions within local electricity grids; the availability of funding for dividends and purchases under the NCIB; and that the risk factors noted below in this Annual Information Form and , 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 Annual Information Form. Such factors include, without limitation, risks relating to the following, which are discussed in greater detail in the "Risk Factors" section of this Annual Information Form: creation of original products, brands and entertainment properties; industry competition; failure to market or advertise products; seasonality; failure to protect or enforce the Company's IP rights; failure to renew and maintain third-party IP licenses and failure of third-party owners to maintain or enforce IP licenses; the Company's growth strategy; general economic conditions; disruptions in manufacturing operations or supply chain, or in the business where the Company's products are sold, due to political instability, civil unrest, public health pandemic or other public health crises or natural disasters; failure to market or advertise products; seasonality; dependence on third-party manufacturers, distributors, distribution centres and logistics service providers; increases in the price of inputs, transportation or labour; failure to leverage the Company's portfolio of franchises across entertainment and media platforms; entertainment industry conditions; failure to realize the full benefit of the Company's licenses; electronic data compromises; failure of information technology; sales concentration with retailers; relationships with inventors and entertainment content collaborators; international sales growth strategy; international scope of operations; new and emerging markets; product recalls, repairs, product liability claims and the absence or cost of insurance; litigation; failure to implement new initiatives or meet product introduction schedules; delivery of raw materials, parts and components from suppliers or increase in the price of supplies; adverse geopolitical developments; global climate change and risks relating to CSR and ESG; operating procedures and product requirements; future acquisitions, mergers or dispositions; system of internal controls; tax and regulatory compliance; currency exchange rates; laws and government regulations; failure to stay competitive amongst an increasing array of technology and entertainment offerings; the increase in technologically advanced or sophisticated digital and smart technology products; dependence on the Company's key personnel; strikes or other union job actions; natural disasters or other catastrophic events; interest rates and the availability of credit; negative publicity and product reviews or leaks of information; website system failures; rapid developments in AI; increased costs relating to sustainability goals; minority investments; production and sale of private label toys; dividends; market price of Subordinate Voting Shares; and the Company's NCIB. 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. All forward-looking statements in this Annual Information Form are qualified by these cautionary statements.

THE COMPANY

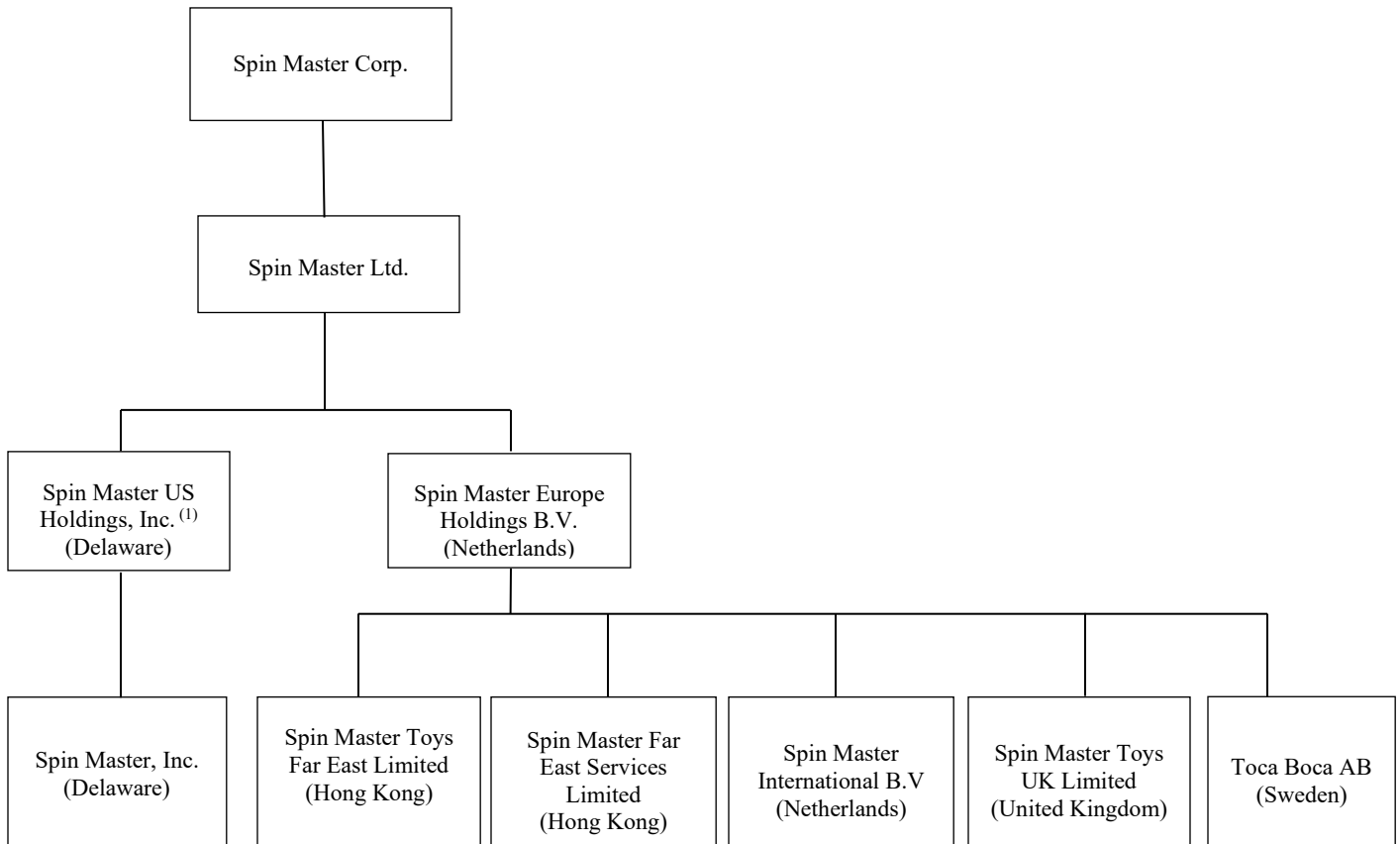
Incorporation and Office Address

The Company was formed by the amalgamation of Spin Master Corp. (formerly SML Investments Inc.), SML Investments 2008 Inc. and Varadi Bee Corp. pursuant to the filing of articles of amalgamation under the *Business Corporations Act* (Ontario) (the “**OBCA**”) on July 29, 2015. Articles of amendment were subsequently filed: (i) on July 29, 2015 to provide for the governing of the Company as a publicly-traded reporting issuer under applicable Canadian securities laws; (ii) on May 30, 2016 to increase the minimum number of directors of the Company from three to seven; (iii) on May 6, 2021 to increase the maximum number of directors from 11 to 12; and (iv) on May 5, 2022 to increase the maximum number of directors from 12 to 14. The predecessor corporation Spin Master Corp. (formerly SML Investments Inc.) was incorporated on June 9, 2004 under the OBCA, SML Investments 2008 Inc. was incorporated on April 21, 2008 under the OBCA, and Varadi Bee Corp. was incorporated on April 22, 2008 under the OBCA.

The head and registered office of the Company is 225 King Street West, Toronto, Ontario M5V 3M2.

Intercorporate Relationships

The following organizational chart indicates the intercorporate relationships of the Company, as well as its material and certain other subsidiary entities. It does not include all of the Company’s subsidiaries. The assets and revenues of excluded subsidiaries did not, individually, exceed 10 percent, or, in the aggregate, exceed 20 percent, of the consolidated assets or consolidated revenues of the Company as at December 31, 2023. The ownership of each entity in the chart below is 100% and, except as otherwise noted, the jurisdiction of incorporation or formation of each such entity is Ontario:



(1) On January 2, 2024, the Company acquired MND Holdings I Corp (Delaware), which is a wholly owned subsidiary of Spin Master US Holdings, Inc. See “Business of the Company – General Development of the Business”.

BUSINESS OF THE COMPANY

General Development of the Business

Spin Master is a leading global children's entertainment company creating exceptional play experiences through a diverse portfolio of innovative toys, entertainment franchises and digital games. Spin Master is focused on growth through continuous innovation, international sales growth, developing evergreen global entertainment properties, establishing a leading position in digital games and leveraging the Company's global platform through strategic acquisitions.

Year Ended December 31, 2021

Max Rangel joined Spin Master as Global President in January 2021 and assumed the position of Chief Executive Officer in April 2021, with Spin Master's co-founders, Ronnen Harary and Anton Rabie, continuing their strategic leadership of Spin Master in their board of director roles. Mr. Harary continues to guide the growth of the digital games creative centre and Mr. Rabie continues to provide input on Spin Master's culture globally. Both oversee Spin Master's long-term strategic vision focused on charting the company's growth and remain involved in business development and all mergers and acquisition activity.

The Company redefined its business into three creative centres comprising toys, entertainment and digital games. Chris Beardall, a toy-industry veteran with over 20 years at Spin Master, was appointed President, Toys, Jennifer Dodge, an entertainment-industry veteran, who has been with Spin Master for collectively over 10 years was appointed President, Entertainment, and Fredrik Loving, who joined Spin Master in May 2020, was appointed President, Digital Games.

Effective January 1, 2021, Spin Master simplified its product categories to align the Company's product offerings. The diversified portfolio within the toys creative centre began being presented in four product categories: (1) Boys; (2) Preschool and Girls; (3) Activities, Games & Puzzles and Plush; and (4) Outdoor. The previous Remote Control and Interactive Characters product category ceased to be presented separately, the *Hatchimals* brand was moved to the Preschool and Girls product category, all Remote Control items were moved to their related product categories and the *Meccano* brand, which was included in Boys Action and Construction product category, was moved to the Activities product category. Additionally in the fourth quarter of 2021, the Company's "Preschool and Girls" product category was renamed "Preschool and Dolls & Interactive" and the "Boys" product category was renamed "Wheels & Action".

The Company expanded its leading position within the Games & Puzzles category through acquisitions of new titles and innovative partnerships and collaborations. On January 4, 2021, the Company acquired the *Rubik's* brand, marking Spin Master's twenty-second acquisition since the company was founded in 1994 and twelfth since its initial public offering ("IPO") in 2015.

The Company's Toys creative centre launched a number of new products in 2021, including: *Purse Pets*, *Mermaid High*, *Peek a Roo*, *P.Lushes Pets*, *Air Hogs Gravior*, *Air Hogs Jump Fury*, *Orbeez #Challenge*, *Go Glam Shimmer Me Body Art*, *Kinetic Sand Sandisfactory Set*, *Aerobie Sonic Fin Football*, *SwimWays Hyper-Flate Value Spring Floats* and a new line of toys in conjunction with the debut of *PAW Patrol: The Movie*.

In addition to owned IP, as the licensee for popular franchises, the Company debuted toy lines for Universal Brand Development's *Gabby's Dollhouse*, Feld Entertainment's *Supercross*, Riot Games' *League of Legends* and Warner Bros. Consumer Products *Wizarding World*. Spin Master also entered into a new toy license agreement for Glowberry's *Brave Bunnies*, an animated preschool series.

In April 2021, Spin Master enhanced its innovation capabilities when it acquired certain assets, and welcomed an assembled workforce, to complement the Company's toy innovation and development capabilities, from a product invention and development company based in Northern California, which had been a recognized leader in the development of technologically complex toys that have mass market appeal.

Spin Master's entertainment creative centre marked a milestone in August 2021 with the release of the first feature film, *PAW Patrol: The Movie*, in association with Nickelodeon Movie and distributed by Paramount Pictures. Along with the movie, the Company's toy designers worked closely with the director and animators to deliver *PAW Patrol* toys reflective of the cinematic experience.

In June 2021, Spin Master acquired Originator Inc. in support of building the Company's play to learn offering. Originator Inc., based in San Francisco, develops and publishes entertaining education mobile apps for kids and families.

The Company also established a strategic initiative to accelerate growth in each of the Company's three creative centres through minority investments known as Spin Master Ventures ("SMV"). SMV's investment mandate is centred on medium and

long-term trends including emerging technologies, pioneering services and other areas where Spin Master's offering can be strengthened. The Company initially allocated \$100 million to SMV, funded from existing internal resources. SMV's strategy comprises making minority investments and includes both seed capital for early-stage companies, with investments in new teams and novel ideas, as well as providing growth capital to emerging business that have proven product and market fit. SMV's geographic focus is global but has been North American and Europe-centric initially. To launch the initiative, SMV made minority investments in two companies aligned with Spin Master's growth plans within the Digital Games creative centre: Nørdlight Games AB, a mobile game development company based in Stockholm; and Hoot Reading Inc., an online tutoring service that provides children with live, 1:1 reading lessons with experienced teachers.

Year Ended December 31, 2022

The Company continued to invest in converting specific markets from third-party distribution to direct sales where it provides a competitive advantage and stronger sales potential and as of January 2022 moved to a direct distribution model in Spain and opened an office in Valencia. As a result of increasing global geopolitical tensions due to the Russia/Ukraine conflict, Spin Master ceased all business operations in Russia and closed its office in the country in mid-2022.

The Company bolstered its position in the games category with the acquisition of IP from SolidRoots LLC, a family-run Oklahoma-based board gaming studio. The Company divested manufacturing assets located in Tarboro, North Carolina and certain related brands associated with its Outdoor product category, including the *Aquaria* and *Swim Noodle* products.

The Company's Toys creative centre launched a number of new products for its brands in 2022 including *Cool Maker*, *Stitch N' Style*, *Pixobitz*, *What the Fluff*, *Rubik's Phantom*, *Air Hogs Flippin Frenzy*, *Gabby's Dollhouse Cook with Cakey Kitchen*, *Monster Jam Monster Garage Playset*, *Valor Kick Scooter*, *PAW Patrol Big Truck Pups HWY HQ*, *Kinetic Sand Swirl 'N Surprise*, and *Bakugan Genesis Collection Pack*.

In addition to owned IP, Spin Master expanded its portfolio as the licensee for popular franchises under licensing agreements with Sony Interactive Entertainment's *PlayStation* brand and titles and Skydance Animation, with the first feature property "*Spellbound*", an Apple original film. The Company announced an agreement with Disney as the North American toy licensee for the new animated series *Firebuds*. Spin Master also renewed its global licensing agreement with Warner Bros. Consumer Products and DC Comics for the iconic *Batman* franchise and other DC Superheroes through to 2026.

The Company's Entertainment creative centre announced the launch of three new series. The first, an all-new animated series called "*Vida The Vet*", debuted on BBC's CBeebies, Corus Entertainment's Treehouse and StackTV in Fall 2023. The second series, "*Sago Mini Friends*", a new animated preschool series based on Spin Master's digital game *Sago Mini World*, debuted on AppleTV+ in September 2022. The Company, alongside broadcasting partner Nickelodeon, also announced the *PAW Patrol* series spin off "*Rubble & Crew*", which debuted in early 2023.

In August 2022, Spin Master expanded its digital games ecosystem with the acquisition of the remaining unowned interests in Nørdlight Games AB, a digital game studio based in Stockholm, Sweden. Spin Master initially made a minority investment in August 2021 through its strategic initiative SMV. Twelve months later, this transaction marked the first minority investment to transition into an acquisition.

In October, Toca Boca's Campus opened in Stockholm, Sweden. The 20,000 square foot global headquarters for the award-winning play studio is a modern workplace for the post-pandemic office environment with flexible community spaces, rooms designed after in-app locations, and dedicated games rooms.

In August, the Company's Board of Directors authorized and declared a quarterly dividend of C\$0.06 per outstanding Subordinate Voting Share and Multiple Voting Share of Spin Master, the first of which was paid in October in respect of the third quarter of 2022.

In 2022, the executive leadership team saw the appointment of Jason Wilson as Executive Vice-President, Chief Information Officer and Jeremy Tucker was appointed to the newly created role of Executive Vice-President, Global Chief Marketing Officer.

Year Ended December 31, 2023

The Company acquired the IP of Canadian-based 4D Brands International Inc., an innovative company in puzzle model construction. The line of 3D model construction kits, where puzzlers create replicas of well-known historical landmarks, pop culture elements and movie memorabilia include break frame model kits for franchises including Star Wars, Disney, Harry

Potter, Marvel Universe, and DC Comics. The Company also acquired the *HEXBUG* brand of toys, bolstering its robotic toy range and capabilities.

The Company commenced a Normal Course Issuer Bid (the “**NCIB**”) pursuant to which the Company was permitted, between January 9, 2023 and January 8, 2024, to repurchase up to 2,845,904 Subordinate Voting Shares, representing approximately 10% of the “public float” (within the meaning of the rules of the Toronto Stock Exchange (“**TSX**”). The Company began repurchases under the NCIB, and entered into an Automatic Share Purchase Plan agreement, in March 2023. A total of 397,700 Subordinate Voting Shares were purchased under the NCIB prior to its expiry on January 8, 2024.

In the fourth quarter of 2023, the Company closed its manufacturing facility in Calais, France, inherited through the acquisition of Meccano in 2013.

The Company’s Toy creative centre launched a number of new products in 2023 including *Cool Maker Pop Style* bracelet maker, *Hatchimals Alive* playset and figures, *Kinetic Sand Deluxe Beach Castle*, *Rubik’s Coach Cube*, *Rubik’s Re-Cube*, *Dumb Ways to Die* card game, *Rubble & Crew Bark Yard* playset, *PAW Patrol 10 Year Anniversary All Paws on Deck* gift pack and the *Gabby’s Dollhouse Gabby Cat Friend Ship*, *Batman Gotham City Guardian* and *ThunderROARus* playsets, and *Monster Jam Mystery Mudders* trucks. The Company also released new IP with *Bitzee*, a digital pet that consumers can touch.

Spin Master was awarded the global toy license for Paramount+ original *Dora*, an upcoming all-new preschool series that marks the return of the Latina heroine and the newest property in Nickelodeon’s award-winning *Dora the Explorer* franchise. Spin Master’s diverse toy collection, expected to launch in 2025, will include figures, dolls, playsets, vehicles, plush, roleplay, games and puzzles, inspired by Dora, her companion Boots and other characters and locales they explore. Spin Master also announced a new collection of developmental and early childhood learning toys with popular children’s educator and YouTube creator Ms. Rachel, set to launch in Fall 2024.

In 2023, the *PAW Patrol* franchise marked its tenth anniversary. The franchise’s first spin-off series, *Rubble & Crew*, debuted in February. In September, *PAW Patrol: The Mighty Movie*, the Company’s second feature film for the preschool franchise was released in theatres. Spin Master Entertainment, Nickelodeon Movies and Paramount Pictures announced a third *PAW Patrol* feature film and is set for theatrical release in 2026. From the Toy creative centre, a complementary collection of *PAW Patrol: The Mighty Movie* toys was released, including the *Aircraft Carrier HQ* playset. The Digital Games creative centre launched *PAW Patrol Academy*, a preschool learning app.

Spin Master Entertainment debuted a new season of the adventure series *Bakugan*, along with the release of an integrated toy line. The series featured a revamped style that was first revealed on Roblox before airing on Netflix and Disney XD in September. Spin Master Entertainment also debuted a new, fantasy-adventure children’s franchise, *Unicorn Academy*, beginning with a Netflix-original animated series. Spin Master also announced a related toy line, expansive licensed consumer product rollout planned for 2024, and a mobile digital game planned for 2025.

Spin Master and Moonbug Entertainment announced a strategic global alliance based on a shared vision of creating exceptional children’s content, products and experiences and making it accessible to audiences around the world, to leverage both companies’ capabilities and maximize audience growth across a mix of product and content, encompassing licensing, content production and targeted media placement for some of Moonbug Entertainment’s and Spin Master’s brands.

The Digital Games creative centre continued to develop the *Toca Life World* franchise and released a new preschool app subscription service bundle *Piknik*, featuring a collection of games from the Toca Boca and Sago Mini digital studios. The single membership bundle works across iOS and Android devices offering families a convenient and simplified approach to digital play time.

Since December 31, 2023

On January 2, 2024, Spin Master acquired MND Holdings I Corp, the owner of *Melissa & Doug*, a brand with early childhood product offerings (the “**Acquisition**”). The addition of *Melissa & Doug* diversifies Spin Master’s portfolio of toys. On March 21, 2024, the Company filed Form 51-102F4 – *Business Acquisition Report* in respect of the Acquisition. This business acquisition report is incorporated by reference into, and is expressly made a part of, this Annual Information Form, and is available under the Company’s SEDAR+ profile at www.sedarplus.com.

The Company continued to invest in converting specific markets from third-party distribution to direct sales where it provides a competitive advantage and stronger sales potential and as of January 2024 moved to a direct distribution model in Portugal.

The Company announced plans to celebrate the *Rubik's Cube's* 50th anniversary. The milestone year is set to include innovative product launches, collaborations and the debut of *Rubik's Match* an all-new mobile game developed by Nørdlight Games, Spin Master's Stockholm based studio.

The Company's executive leadership team included the retirement of Chris Beardall, President, Toys and the announcement of Chris Harris, Executive Vice-President, General Counsel & Corporate Secretary's retirement at the end of March 2024, and the appointment of Doug Wadleigh as President, Toys and Sachin Kanabar as Executive Vice-President, General Counsel. David Voss was appointed to the newly created role of Executive Vice-President, Toy Design & Development.

The Company renewed its NCIB pursuant to which the Company may, between March 4, 2024 and March 3, 2025, repurchase up to 2,984,559 Subordinate Voting Shares, representing approximately 10% of the "public float" (within the meaning of the rules of the TSX). The Company concurrently entered into an Automatic Share Purchase Plan agreement.

Overview of Business

Spin Master was founded in Canada in 1994 by childhood friends, Ronnen Harary and Anton Rabie, soon after graduating from Western University. Ben Varadi, a former classmate of Anton's, joined them that same year. The first product, the *Earth Buddy*, planted the seed that would springboard Spin Master into the toy industry. Spin Master has grown significantly since its inception from a small, single product toy company, and today, is a leading global children's entertainment company creating exceptional play experiences through its three creative centres: Toys; Entertainment; and Digital Games. Spin Master is a publicly traded company, listed on the TSX under the symbol "TOY".

Spin Master is best known for award-winning brands *PAW Patrol*, *Hatchimals*, *Bakugan*, *Kinetic Sand*, *Air Hogs*, *Melissa & Doug*, *Rubik's Cube* and *GUND*, and is the global toy licensee for other popular properties. Spin Master Entertainment creates and produces compelling multiplatform content, through its in-house studio and partnerships with outside creators, including the preschool success *PAW Patrol* and numerous other original shows, short-form series and feature films. The Company has an established presence in digital games anchored by the *Toca Boca* and *Sago Mini* brands, offering open-ended and creative game and educational play in digital environments. Through SMV, the Company makes minority investments globally in emerging companies and start-ups.

Spin Master focuses on activating its brands across the Toys, Entertainment and Digital Games creative centres. Spin Master markets and sells a diverse portfolio of brands and products across all 11 categories of the toy industry directly through both traditional retail stores and ecommerce platforms globally. In certain international markets where the Company does not have a direct selling presence, products are sold through third-party distributors. Products are created and developed for the Company's franchise brands or for partner licensed brands from third parties, with much of the licensed brands related to entertainment properties. Spin Master develops, produces and distributes entertainment content across various platforms globally and offers digital games which are sold as mobile applications and recurring subscriptions. Spin Master's brands and IP, encompassing toys, entertainment properties and digital games, are licensed out to third parties for a variety of promotional and merchandising uses for a wide range of consumer products which the Company does not manufacture.

Global Scale and Reach

Over the past decade plus, Spin Master has expanded its international footprint, establishing sales and distribution offices around the world, and now distributes products in over 100 countries. During this time, Spin Master has made strategic acquisitions resulting in significant growth, diversifying brand portfolios and expanding into new categories, while also providing opportunities for further innovation. Spin Master's diverse product offerings reduce the Company's dependence on any single revenue stream, thereby improving the stability of its overall revenues and earnings.

Spin Master has offices in major markets, including the U.S., Canada, Mexico, the United Kingdom (the "U.K."), France, Germany, Slovakia, the Netherlands, Italy, India, Poland, Sweden, China, Hong Kong, Australia, Japan, Vietnam and Spain. Spin Master is a significant and valued partner for major toy retailers, inventors, entertainment and digital games companies and suppliers. The Company's global scale and reach has increased the market potential of its products and are attractive attributes to potential collaborators.

Spin Master's scale and international infrastructure, combined with its diversified product capabilities, represents a valuable asset when competing for new product opportunities and licenses. The Company's broad international scale provides access to a large network of inventors, product developers and smaller regional toy companies thereby increasing its access to new ideas and opportunities. Similarly, these potential collaborators recognize the benefits of Spin Master's global reach as it results in increased shelf space, enhancing the sales potential for their products. These attributes have helped Spin Master to develop strong relationships with major entertainment companies and the Company's distribution capabilities and these strong relationships allow Spin Master to successfully compete against larger industry participants for entertainment licenses.

The breadth and diversity of Spin Master's portfolio provides the ability to effectively use its various development and marketing resources, advanced technologies and other capabilities across all of its products, brands and entertainment properties. Spin Master's scale also provides advantages in sourcing and supply chain management and provides operating leverage as its fixed costs can be spread across a larger portfolio of products.

Global, Collaborative Business Model

Spin Master's success in building strong, collaborative relationships is a key part of its culture that extends into all aspects of the Company's business. The Company has built a diverse network of collaborators around the world, which includes toy inventors and designers, major entertainment studios, local and international broadcasters, mobile platforms, engineering companies with unique technical expertise, animation studios, writers, broadcasters, directors, game developers and other toy companies.

Spin Master's history of creating breakthrough, category-defining products with global appeal, as well as its scale and scope to meet the needs of key retailers, have enabled the Company to build strong, enduring relationships with mass-market retailers such as Target, Walmart and Amazon, assisting it to secure prominent shelf space and online presence.

Toys

Best known for innovation, both from its own internal product and design teams and from its large network of inventor partnerships, Spin Master has created award-winning brands that entertain and inspire children and families. Evergreen properties like the *PAW Patrol*, *Bakugan*, *Hatchimals*, *Kinetic Sand* and *Air Hogs* brands have solidified Spin Master's position in the toy industry.

The Company creates, designs, manufactures, licenses, markets and sells a diversified portfolio of toys, games and products. In addition to owned IP, the Company has been entrusted as toy licensee for leaders in the entertainment world, currently including: Disney (*Firebuds*), Feld Entertainment (*Monster Jam*, *Supercross*), Warner Bros. Consumer Products' (*DC*, *Wizarding World*), DreamWorks Animation (*Gabby's Dollhouse*, *How to Train Your Dragon*), Riot Games (*League of Legends*) and Sony Interactive Entertainment's PlayStation brand. In 2023, the Company was awarded the global toy license for Paramount+ original *Dora*, an upcoming all-new preschool series that marks the return of the Latina heroine and the newest property in Nickelodeon's award-winning *Dora the Explorer* franchise. The Company also announced a new collection of developmental and early childhood learning toys with popular children's educator and YouTube creator Ms. Rachel, set to launch in Fall 2024.

Strategic acquisitions have been a focus for Spin Master over the past several years. Acquisitions, including the *Rubik's Cube*, *GUND*, *Cardinal Games*, *Swimways*, *Aerobie*, *Etch A Sketch*, *Perplexus*, *Meccano*, *Tech Deck* and *Marbles* brands, have played a significant role in Spin Master's growth, diversifying brand portfolios while also providing opportunities for further innovation.

On January 2, 2024, Spin Master acquired *Melissa & Doug*, a brand with early childhood product offerings of open-ended, creative, and developmental wooden toys. *Melissa & Doug* diversifies the Company's toy portfolio, bring complementary capabilities in early childhood toys and expands its presence in the earliest years of childhood play. The Company sees opportunities for growth by expanding distribution across mass and e-commerce channels, and especially through international expansion. The Company will leverage its global sales and marketing offices, as well as its network of distributors to penetrate markets in over 100 countries. *Melissa & Doug* products will be reported in the Toys segment beginning from the date of the Acquisition. Effective January 1, 2024, Spin Master has modified its product categories to: (1) Preschool, Infant & Toddler and Plush; (2) Activities, Games & Puzzles and Dolls & Interactive; (3) Wheels & Action; and (4) Outdoor. *Melissa & Doug* will be part of the category "Preschool, Infant & Toddler and Plush".

Spin Master produces innovative products, garnering industry recognition. The toy teams at Spin Master have a commitment to excellence and innovation bringing meticulous detail to each item. As a result, Spin Master's products have

received numerous awards including 130 Toy of The Year (“TOTY”) nominations with 35 wins across a variety of product categories.

Product Categories

As of December 31, 2023, Spin Master’s diversified portfolio within the Toys creative centre is organized into four product categories: (1) Wheels & Action; (2) Preschool and Dolls & Interactive; (3) Activities, Games & Puzzles and Plush; and (4) Outdoor. Toy revenue was \$1,540.9 million in 2023 (\$1,737.6 million in 2022). As noted above, effective January 1, 2024, the product categories will be modified.

Wheels & Action

The Wheels & Action category targets children of all ages, delivering high-quality products on the cutting edge of what is new, from entertainment franchises to innovative technology. Spin Master is focused on investing in owned entertainment content, expanding its product offering and partnering with world-class licenses. The key brands in this category include *Bakugan*, *Tech Deck*, *Air Hogs*, *Hex Bots*, as well as *DC*, *Monster Jam* and *League of Legends* licensed products.

Spin Master continued to build on the *Bakugan* franchise, delivering more toys that transform and inspire collectability. With the debut of a new *Bakugan* series on Netflix (U.S., Canada, Australia, Nordics and Middle East) and on Disney XD in the U.S. that introduced a revamped style, a corresponding toy line was released in 2023.

In 2023, under the *Air Hogs* brand, the *Air Hogs Zero Gravity Sprint* RC vehicle was launched. With patented wall climber technology, *Zero Gravity Sprint* scales smooth surfaces including floors, walls, and ceilings.

The *Tech Deck* brand, a line of miniature skateboard replicas called fingerboards complete with moving wheels and actual board graphics, celebrated its 25th anniversary and launched the *Tech Deck 25th Anniversary Pack* in addition to *The Berrics Transforming Park*, inspired by the invite-only indoor skatepark in Los Angeles. In 2024, *Tech Deck* is launching a new collection of officially licensed Olympic Games Paris 2024 fingerboards and skateparks.

In year four as the toy licensee for the *Batman* franchise, Spin Master debuted innovative collections for three franchise films: *The Flash*, *Blue Beetle* and *Aquaman*.

In 2023, the Company launched a 6-foot-tall *ThundeROARus Drop* playset and a new iteration on the popular *Gravedigger* RC with the *Gravedigger Trax* all terrain outdoor RC vehicle. In 2024, Spin Master will launch the *World Final Supercharge Speedway* playset, a replica of the track seen at the *Monster Jam* World Finals.

Following the 2023 acquisition of the *Hexbug* brand, Spin Master will launch the first of its innovation to the line with the *Hex Bots Wall Crawler Gecko* RC, that has life-like movement and can travel across the floor and walls.

Preschool and Dolls & Interactive: Preschool

The Preschool subcategory develops toys for children aged two to five and is driven by Spin Master Entertainment IP on linear, streaming and digital platforms as well as license agreements. Spin Master’s objectives are to drive innovation and exciting entertainment and maintain a full pipeline of new product innovation built on global entertainment franchises. The Company develops entertainment programming and toy lines in unison with a strategy to maximize integration and distribution on a global basis.

The success of *PAW Patrol* has established Spin Master as a major player in the preschool space. The *PAW Patrol* universe is constantly expanding with new story themes, characters and brand extensions across multiple platforms, retail aisles and live experiences. Rooted in action and adventure, the introduction of new themes fuels the franchise by elevating storylines, providing exciting discoveries and offering opportunities for new learnings and play experiences. Nickelodeon and Spin Master Entertainment debuted the *PAW Patrol* television series spin-off, *Rubble & Crew* in early 2023 with a corresponding toy line collection. Spin Master and Nickelodeon control the licensing of the *PAW Patrol* IP for use in non-toy categories and share the royalties.

In 2023, the *PAW Patrol* franchise’s second feature film, *PAW Patrol: The Mighty Movie* was released with a true-to-film toy collection, including the *Aircraft Carrier HQ* playset. In 2024, Spin Master will introduce a sustainable update to the *PAW Patrol* core vehicles, made from up to 80% recycled plastic.

As the global master toy licensee for DreamWorks Animations preschool series *Gabby's Dollhouse*, which debuted on Netflix in 2021, Spin Master unveiled its third year of true to show toys including *Gabby's Dollhouse Gabby Cat Friend Ship* cruise ship. In 2024, the core dollhouse will get a new look with a vibrant rainbow roof, multicolored windows and new celebration themed rooms in the *Gabby's Celebration Dollhouse*.

In 2024, Spin Master will introduce a toy collection for its newest animated preschool series *Vida the Vet*, which follows ten-year-old Vida, an animal doctor who nurtures the woodland creatives who live outside her home, including *Vida's Vet Clinic* playset with songs and phrases from the show and 10 accessories including Vida and Sunny the mouse figures.

Spin Master will also release new collection of developmental and early childhood learning toys with popular children's educator and YouTube creator Ms. Rachel, set to launch in Fall 2024 which will include plush, puzzles, playsets, roleplay, and learning aides, designed in collaboration with child development experts and taking inspiration from Ms. Rachel and her videos supporting language development and early childhood play.

Preschool and Dolls & Interactive: Dolls & Interactive

The Dolls & Interactive subcategory, targeted to children aged five to nine, is focused on innovating trends, styles and inspiring imaginative play. The focus is a combination of internally created IP tapping into popular play patterns and trends combined with strategic licensing partnerships with franchises children love. The subcategory includes products driven by innovation through the Company's robotics expertise that blend technology and compelling characters, bringing them to life for interactive and immersive experiences. Spin Master continues to expand this product category with new unboxing experiences and unique twists on classic play patterns.

Launched in 2016, the *Hatchimals* franchise became a global success, with over 150 million eggs hatched and became one of the best-selling items in Spin Master's history. The *Hatchimals* collectible line continues to evolve with new themes, forms and surprises introduced each year. In 2023, *Hatchimals Alive* was introduced across the collectibles line, which activate with water. In 2024, the *Hatchimals Alive Make a Splash* playset will be released, which when submerged in water will change color and shimmer as the eggs hatch.

Expanding on the innovation and application of advanced technologies, the Company released *Bitzee* a digital pet that you can touch. In 2024, *Bitzee Magicals* and *Bitzee Disney* digital pets will be launched featuring 45 new transformations, magical characters like a Yeti, Ghost Kitty, Rainbow Merpup and Disney characters including Mickey, Olaf and Nemo.

In August 2021, Spin Master launched *Purse Pets*, interactive fashion accessories that can be worn and played with. In 2023, the Company launched the *Purse Pets Belt Bag*, in addition to a collaboration with Disney for Minnie Mouse and Stitch as *Purse Pets*.

As global toy licensee, the Company develops *Wizarding World* products based on the *Harry Potter* and *Fantastic Beasts* films including dolls; figures and accessories; playsets; select vehicles; games; feature plush; and role play/dress. In 2023, Spin Master launched *Wizarding World Micro Magical Moments Collectibles 1.5"* scale collectibles that are short and round stylized versions of characters with 15 to collect; and *Wizarding World Interactive Dobby* with animated eye, neck, arm and ear movements plus 40 sounds and phrases from the *Harry Potter* film series.

In 2023, Spin Master Entertainment premiered a new fantasy-adventure series *Unicorn Academy* and the toy line will launch in Fall 2024, including *Rainbow Light Up Wildstar* unicorn.

Activities, Games & Puzzles and Plush: Activities

The Activities subcategory encompasses a portfolio of products and brands that integrate fun, fashion, trends and popular culture, offering year-over-year growth and stable and recurring revenue. The Company grows this category through the continued establishment of evergreen brands, fostering iconic brands status, innovation to existing items, new promotional opportunities, and diversification. The key brands in this category include *Kinetic Sand*, *Etch A Sketch*, and *Cool Maker*.

The *Kinetic Sand* brand continues to solidify its evergreen status not just in North America, but also increasingly in other markets. Its steady popularity and strong growth, paired with positive online reviews and popular social media presence, has helped establish the *Kinetic Sand* brand as a childhood activity compound in households around the world and increasing in popularity among adults. In 2023, *Kinetic Sand* introduced the *Deluxe Beach Castle* playset, with 2.5 lbs of *Kinetic Sand* and everything needed to create sandcastles all housed in a convenient box that also acts as storage. In 2024, *Kinetic Sand* will launch the *Squish Motion* playset, housed inside a convenient case, with six sand tools, a flat play space and a squish zone.

Under the *Cool Maker* portfolio, in 2023 Spin Master launched the *Cool Maker PopStyle Bracelet Maker*, a DIY friendship bracelet kit featuring an easy pop-on bead system.

Activities, Games & Puzzles and Plush: Games & Puzzles

The Games and Puzzles subcategory targets gamers of all ages, from children to adults and families, as an antidote to an increasingly technological world. The Games portfolio includes both evergreen games and new launches as products generally have longer life cycles, a wide-ranging library of innovative, owned and licensed titles, adult and children's puzzles and classic games such as chess and dominos. Acquisitions have played a key role in building Spin Master's games portfolio and will continue to be a key focus going forward. Spin Master continues to launch new games and puzzles supported by strong license franchises, as well as focusing on the global expansion of its classic games portfolio.

Popular family games, *Beat the Parents* and *Hedbanz*, continued with the addition of *Beat the Parents Disney Edition* and *Hedbanz Lightspeed* featuring a new way to play with added lights and sounds.

In kids games, *Monkey See Monkey Poo* was introduced, with sensory fun to a simple game play with monkey-inspired, banana-scented dough.

In the adult games category, Spin Master tapped into social media and what is trending with the release of *If You Know You Know* and *Dumb Ways to Die* games. In 2024, board game enthusiasts can experience social media finger pointing in real life with *T@G Someone Who* which brings the online phenomenon of getting tagged in funny or cringy memes to the physical world.

The 2021 acquisition of the *Rubik's* brand further strengthened the Company's presence in the games and puzzle category, providing a platform for further innovation of the *Rubik's* portfolio and expanded distribution through its global footprint. In 2023, Spin Master launched the *Rubik's Coach Cube*, *Rubik's Disney 100th Anniversary Cube* and *Rubik's Re-Cube*, sourced from 100% recycled ABS plastic and packaged in 100% recycled cardboard. In 2024, the Company will celebrate the 50th anniversary of the iconic toy with a year-long campaign themed "Make Your Move". The milestone year will include new launches and product collaborations, including the *50th Anniversary Retro Cube* and *Wednesday Cube* that pays homage to the character Wednesday Addams, and the debut of an all-new mobile digital game *Rubik's Match*.

Activities, Games & Puzzles and Plush: Plush

Spin Master's primary Plush offering is brought to market through the 126-year-old *GUND* brand, which targets children and adults of all ages with a wide range of core and licensed products. The Plush category's focus includes expanding global distribution, adding strong licensing partners with a continued focus on premium fabrics, new themes and animated plush. The category is organized by core, baby, interactive, and licensed plush. In 2023, Spin Master released the *GUND 125th Anniversary Benedict Bear*.

The Company has accelerated the growth of the *Baby GUND* line through a focus on both modern and traditional baby gifts, contemporary baby products and animated plush. The baby category also expanded with the addition of more giftable items including rockers, playsets, booties, and soft books and in 2023, the *Food Truck* playset was released featuring sensory elements that promote imaginative play.

In 2022, *Baby GUND* introduced its first line of sustainably soft friends sourced from 100% recycled materials. With three characters, a puppy, bunny and bear, crafted with luxe, ultra-soft recycling plush and fill and packaged in sustainable materials. New characters were added in 2023 including a duckling, lamb and bunny, as well as a collection of six soft dolls with mini versions launching in 2024.

Animated stuffed plush toys that move as they tell stories, play music, dance and play peek-a-boo continue to breakthrough for the *GUND* brand. Following *Flappy* (elephant), *Flora* (bunny), *Clappy* (Monkey), *Puddles* (golden retriever puppy), *Kissy* (penguin), and *Fox in a Box*. In 2023, *GUND* launched the interactive *Alora The Unicorn* with a shimmering silver horn that lights up with a gentle glow.

GUND also expanded on its collectible, trend plush line *P.Lushes Pets*, which merges fashionable pets with high style. Made with luxe, premium fabrics and adorned with sparking collars each *P.Lushes Pets* character has their own witty name and unique personality to match. In 2023, Spin Master launched *P.Lushes Pets Gem Stars* with 12 bejewelled characters, one for each month of the year featuring their respective gemstones as noses and *Juicy Jams* featuring the first-ever scented *P.Lushes Pets*.

Spin Master leverages its owned IP to create plush offerings which includes the *PAW Patrol: The Movie* line of plush. Spin Master continues to hold strong relationships with leading licensors including the *Sesame Street*, *Hello Kitty* and *Pusheen* brands.

Outdoor

The Outdoor category consists of four core pillars: the *SwimWays*, *Aerobie*, *Coop* and *Kelsyus* brands, offering a diverse portfolio of innovative toys, floats and sporting goods for the backyard, pool and beach. Spin Master entered the Outdoor category in 2016 following the acquisition of the *SwimWays*, *Coop* and *Kelsyus* brands, a leader in water, sand toys and accessories. In 2017, the Company acquired certain *Aerobie* assets, from a leading producer of outdoor flying disks and sports toys since 1984.

Spin Master's focus in the Outdoor category has been to leverage its global research and development ("R&D") network, introduce product innovation, build out adjacent product categories and increase the Company's global penetration with its brands by tapping into its well-established international sales, marketing and distribution pipeline, making the *SwimWays*, *Aerobie*, *Coop* and *Kelsyus* brands available globally.

The *SwimWays* products include the popular, patented *Spring Float* line of leisure products and *Learn to Swim-Swim Steps*, a safe and reliable three-step program of swim products suitable for water introduction to independent swimming. The range is complemented by pool category licenses from several popular entertainment franchises including *Frozen 2*, *Trolls 2*, *Ariel*, *Coco Melon* and *Baby Shark* together with owned IP *PAW Patrol*.

In 2023, Spin Master launched *SwimWays Floating Figures* characters which are custom balanced for upright floating so *Ariel*, *Batman*, *Joker*, *Gabby* or *Mercat (Gabby's Dollhouse)*, *Chase* or *Marshall (PAW Patrol)* keep their head above water.

Bringing a fast-growing sport in America to the backyard, pool or the beach, *SwimWays* will launch the *Hydro Paddle & Pickle Ball* set in 2024, with regulation sized pickle ball paddles.

The *Aerobie* portfolio includes the *Pro Ring*, *Superdisc* and *Sprint Ring* flying discs as well as the *Orbiter Boomerang*, a high-performance boomerang. In 2021 and through 2022, the *Sonic Fin* football was introduced, engineered for superior performance the *Sonic Fin* football features an innovative hollow gyroscopic design that creates the ultimate lift in the air. In 2023, the *Super Sonic Fin Catch* was launched, a mini version of the aerodynamic football, in addition to *Sonic Bounce Ball*, a high-density foam ball that delivers super high bounces.

Entertainment

The launch of the *Bakugan* television series in 2007 provided the catalyst for Spin Master to build upon its content development success with further shows and entertainment content. With a mandate to develop compelling "toyetic" cross-platform children's content in tandem with great toys, the Spin Master Entertainment team was formed in 2008.

Spin Master Entertainment develops evergreen, multiplatform global entertainment properties, and has a robust pipeline of properties at various stages of development with the intention of releasing one new property a year. The Company's deep understanding of play provides perspective and insight that helps to create entertainment that resonates with children, creating connections that extend beyond screen and into physical play. Designers from the Company's Toys creative centre collaborate at all stages of content development with the writers, directors and animators on the shape, design, look and feel of both characters and objects appearing in the production.

To date, Spin Master Entertainment has created numerous original shows, short-form series and feature films, including the preschool franchise *PAW Patrol*, airing in over 190 countries. The Company currently has various series airing on television, streaming and digital platforms including *PAW Patrol*, *Bakugan*, *Sago Mini Friends*, in addition to *Rubble & Crew*, *Vida the Vet* and *Unicorn Academy* which launched in 2023. In support of its approach to creating multiplatform content, Spin Master Entertainment also produces multiple short-form series for both streaming and digital services. Spin Master Entertainment has produced over 300 pieces of animated, short-form narrative content for digital platforms, both to support the launch of new IP and as a complement to already established longer format entertainment properties. Spin Master Entertainment wants to be where children are. As digital natives, children go to YouTube to find their favourite characters, and Spin Master Entertainment is investing in content that resonates across platforms including the creation of short form digital content for YouTube, as one example. The Company is focused on a seamless content experience across television and digital.

In 2023, the *PAW Patrol* franchise marked its tenth anniversary. *PAW Patrol* follows the adventures of a tech-savvy boy named Ryder and his team of pups who are ready to save the day. Airing in over 190 countries, in 30 languages, *PAW*

Patrol is consistently ranked as a top-rated preschool series. Currently in its eleventh season on Nickelodeon, *PAW Patrol*'s universal messaging resonates with children around the world and since its launch in 2013, the franchise has won numerous awards globally.

In August 2021, the franchise's first feature film, *PAW Patrol: The Movie*, was released, produced by Spin Master Entertainment in association with Nickelodeon Movies and distributed by Paramount Pictures, a second feature film for the franchise, *PAW Patrol: A Mighty Movie*, was released in theatres in September 2023, and a third feature film is expected to be released in 2026. The franchise also debuted its first television series spin off "*Rubble & Crew*" based on one of the main pups.

In September 2022, "*Sago Mini Friends*" debuted on Apple TV+. Produced by Spin Master Entertainment, the gratitude-focused series is based on the charming characters and artful designs featured in the award-winning *Sago Mini World* app. On January 26, 2024, a second season of the series was released on AppleTV+.

The *Bakugan* series made its return in 2019. The Company, together with Cartoon Network, built a multichannel content approach, encompassing television, SVOD (Subscription Video On Demand), and YouTube. A new season was launched in 2023 that introduced a revamped style, airing on Netflix (U.S., Canada, Australia, Nordics and Middle East) and on Disney XD in the U.S.

In 2023, Spin Master and Moonbug Entertainment announced a strategic global alliance based on a shared vision of creating exceptional children's content, products and experiences and making it accessible to audiences around the world, to leverage both companies' capabilities and maximize audience growth across a mix of product and content, encompassing licensing, content production and targeted media placement for some of Moonbug Entertainment's and Spin Master's brands.

The Spin Master Entertainment team, which covers all functions from creation and early-stage development to properties in production, is in Toronto, Canada. Spin Master Entertainment collaborates with several individuals and companies around the world; however, production is typically concentrated in Canada due to its favourable tax credit incentive regime, Canadian content regulations, availability of international co-production treaties and a highly skilled and experienced animation workforce. The production funding model safeguards against high capital risk associated with production financing and the Company can produce entertainment content and materially lower its cost of production by taking advantage of international broadcast license fees, upfront payments, co-productions, Canadian tax credits and other media-related funds. The Company sells the content it develops through established relationships with North American and global broadcasters in both traditional linear and SVOD channels as well as through AVOD (Advertising-based Video on Demand). Spin Master's success in developing and selling original content has increased the number of new content pitches to the Company from third-party content creators.

Entertainment revenue was \$190.1 million in 2023 (\$118.8 million in 2022).

Digital Games

The Digital Games creative centre operates a network of studios encompassing the award-winning Toca Boca, Noid, and Nørdlight Games studios based in Stockholm, Sweden, Originator a fully remote studio based in North America, and Sago Mini, located in Toronto, Canada. As the content landscape has shifted, and children's consumption habits and preferences have evolved, Spin Master has studied play patterns and the convergence between physical brands, entertainment franchises and mobile digital platforms, evolving to keep children entertained and inspired. In 2012, Spin Master launched the Company's first digital gaming app for the *Tech Deck* brand. Other successful apps connected to entertainment and toy IP followed and in 2016, Spin Master further expanded its offering in the digital space with the acquisition of leading global mobile and digital app brands *Toca Boca* and *Sago Mini*. Trusted by parents, evident by its network of millions of users, the acquisitions provided Spin Master with a strong brand presence in the mobile digital games category.

The *Toca Boca* studio creates mobile digital games with a focus on sparking children's imaginations and creating opportunities for open-ended play and self-expression (such as *Toca Life World*, which was released in 2018). In 2022, following its tenth anniversary year, a new *Toca Boca* Campus was opened in Stockholm, Sweden, a 20,000 square foot global headquarters for the Digital Games creative centre.

The *Toca Boca* brand continues to build on the popular characters introducing new digital apps and extensions and collaborations with brands such as: *Hello Kitty* (2021), *H&M* (2022) and *SpongeBob* (2023).

The Digital Games studio is developing *Toca Days*, which will expand the *Toca Life World* franchise with the Company's first social multiplayer game and is expected to launch in 2024.

The *Sago Mini* studio develops open-ended play experiences for preschoolers worldwide with the vision to make apps and play experiences that seed imagination and grow wonder, bringing thoughtful design to life. In 2022, *Sago Mini* studio collaborated with Otsimo in Turkey on a new speech app for children called *Sago Mini First Words*. Designed to be both educational and entertaining, *First Words* offers fun and engaging learning opportunities tailored to spark children’s interest while developing communication skills.

In 2023, Spin Master launched *Piknik*, a new app subscription service for preschoolers featuring a bundle of games from award-winning digital studios *Toca Boca* and *Sago Mini*. Included in the *Piknik* subscription bundle is unlimited access to a new collection of *Toca Boca* and *Sago Mini* apps for one monthly fee. *Piknik* brings families touch-screen content with a single membership that works across iOS and Android devices.

The *Sago Mini School* subscription-based curiosity-led learning app geared to children aged 3-5 launched in 2020. The curriculum, designed with leading child development and educational experts, teaches children early literacy, math, spatial skills and science through the power of play as they explore child-approved learning topics. In 2022, the newest topic added to the app is self-discovery. In *About Me*, children start in *Character Creator*, creating their own image. With the guidance of several diversity boards and committees, the *Sago Mini* team created a wide range of diverse and inclusive customization options including head coverings, wheelchairs, skin tones, birthmarks, hair textures, and more.

The *Originator* studio team used their experience within the preschool market to develop Spin Master’s first fully owned *PAW Patrol* game “*PAW Patrol Academy*” in 2023.

In 2024, Spin Master’s Digital Games creative centre will leverage the *Rubik’s Cube* IP, bringing it into the casual gaming space with the introduction of *Rubik’s Match*, a mobile game developed by Nørdlight Games. Honoring the *Rubik’s Cube* legacy of challenging and entertaining minds worldwide, the mobile game will deliver a fresh 3D take on the match-3 game genre. Designed for the problem solver and those who cherish mental gymnastics, the game combines the joy of puzzle-solving with the creative potential of building and personalization.

The Noid studio was established in 2021 in Stockholm with the aim to recruit a team which would be able to utilize Spin Master’s owned IP to create digital game experiences. The first game in development is an action/adventure mobile game based on the *Unicorn Academy* franchise, expected to launch in 2025.

Digital Games revenue was \$173.9 million in 2023 (\$163.9 million in 2022).

Product Development

Spin Master’s success is fuelled by innovation, the continued development of original products and the redesign of existing products. The Company develops ideas and designs that are internally developed, acquired from toy and game inventors and manufacturers, or developed in combination with entertainment companies based on licensed third-party entertainment content.

Spin Master competes with other companies to acquire product rights from independent toy and game inventors and works with them collaboratively to advance ideas and designs. Spin Master has deep relationships with the inventor community, which is comprised of several hundred professional creators and product developers around the world who are responsible for many of the industry’s new product ideas. The Company’s proactive approach to building strong relationships with this group is integral to its product selection and development process. The Company has a demonstrated track record of effectively collaborating with inventors, screening original products and concepts, to efficiently select new products and bring them to market quickly and profitably. Spin Master believes that its desire to innovate, its entrepreneurial culture, its speed to market and its emphasis on integrity in dealing with the inventor community and its global scale and reach have made the Company a preferred collaborator.

Rights to designs and ideas, when acquired by Spin Master, are usually exclusive and potentially perpetual in nature provided minimum sales targets are met or minimum royalties are paid. The typical inventor agreement requires Spin Master to pay the inventor a royalty on the Company’s revenue of the item and in some cases, also provide for advance royalties.

Within the Company’s dedicated global brand teams (“**Global Brand Teams**”) structure, the product selection process has been simplified as Global Brand Teams leaders, who are category experts, have a large degree of autonomy over their own product pipeline.

Spin Master manages its pipeline of products through a disciplined portfolio strategy called the “36-month brand innovation pipeline process”. The goal of this process is to ensure a robust pipeline in all Global Brand Teams with a disciplined

and rigorous planning system. The process allows the Company to have visibility on each of the Global Brand Teams, to identify gaps and take action early. Gaps can be closed through a combination of internal and external innovation, licensing and acquisitions. The process is highly disciplined and includes accountability for each Global Brand Team manager, who is responsible for the category's innovation roadmap.

Spin Master has developed a number of key processes to manage its pipeline and enhance revenue predictability. These processes include:

- Quarterly review of the Company's 36-month brand innovation pipeline: Senior executives conduct a detailed review of the pipeline on a quarterly basis during which each Global Brand Team outlines its new product developments and / or license agreements. Global Brand Teams are held accountable for tracking and managing current and future revenue. The process empowers the senior executives to manage revenue predictability and allocate resources across the Global Brand Teams to support the most exciting growth opportunities and ensure growth is measured and balanced across the portfolio.
- Development milestones: Spin Master establishes milestone checkpoints on new product development projects. Monthly approvals are implemented to ensure projects remain on time and within budget.
- Enhanced forecasting processes: Cross-functional meetings between sales, operations, finance and marketing teams are held to improve forecasting accuracy, both short-term and long-term.
- Industry analytics: Spin Master performs detailed analytics to support new product concepts. Analytics teams actively monitor toy industry trends and statistics to improve forecasting accuracy.

The Company combines in-house and external expertise in designing, engineering and manufacturing products that provide a high-quality play experience at a price point that strives to demonstrate real value to the consumer. The Company also leverages these resources to accelerate the time period from concept selection to finished product release to the market.

Spin Master has built a global network of R&D resources comprised of product designers, engineers and technicians. The Company has established seven R&D centres in Toronto; Los Angeles; Pleasanton, California; Hong Kong; Dongguan, China; Tokyo, Japan; and Stockholm, Sweden, each with advanced design capabilities and engineering teams that have mechatronic and design expertise to support the Company's ongoing robotic and animatronic development. The Company's design centres in Toronto and Dongguan, China are focused on aerospace and control system engineering. The Company's Los Angeles engineers focus on enhancing and supporting the digital to physical development cycle and products based on the science, technology, engineering and mathematics curriculum. The team in Pleasanton focuses on complex toy invention and interactive toy innovation. The Company's Hong Kong and Japan offices support high-tech design and product development. The Company's studio in Stockholm, Sweden focuses on digital ideation. Current areas of emphasis for Spin Master include the application of advanced technologies including voice-recognition, animatronic technology, visual and computer recognition, low energy Bluetooth, and first-person video, combined with mechatronic disciplines and system architecture. Together with Spin Master's internal R&D resources, the Company works closely with a global network of third-party inventors, R&D facilities, model shops and software and hardware designers.

The focus of Spin Master's global R&D network is to incorporate advanced technologies and evolving play patterns into products that can be commercialized at affordable price points. The Company's global R&D network serves as a resource to all of its Global Brand Teams, assisting each segment in the application of new and emerging technologies and play patterns to increase the value of the Company's brands and products.

Spin Master Digital Games focuses on developing platform agnostic, mobile first, gaming experiences for children of all ages, through highly skilled teams across studios in North America and Europe. The Company also engages independent third-party developers to support development. Spin Master's internal game development framework enables its network of studios to leverage operational scale of the Company.

Spin Master Entertainment develops content with a goal of creating new "hit" series and films. The Company has a story-first mindset and it aims to create content with compelling characters and resonant themes that engage and entertain children globally, wherever they consume content. The Company sources IP for new series and film from a variety of sources, including industry-leading show runners, content creators, and other talent; from existing IP such as children's books or digital series; from independent studios; and from highly creative internal teams. Spin Master options IP or develops content in-house or wholly owns the IP it develops. The Company works with a diverse mix of well established and emerging talent to develop the initial series concepts. The Company has excellent and long-established relationships with leading creative talent from

around the world. Spin Master also has deep business relationships within the children's entertainment industry, including with broadcasters, talent agents, media companies, and other third-party distributors.

Licensing

Licensing In

Spin Master produces toys, games and apps under license of trademarks and copyrights utilizing the names or likeness of characters from movies, television shows and other entertainment media, for whose rights Spin Master competes with other toy and game manufacturers. Licensing fees for these rights are generally paid as a royalty on Spin Master's revenue of the item. Licenses for the use of characters are generally exclusive for specific products or product lines in specified territories. In many instances, advance royalties and minimum guarantees are required by these license agreements.

Licensing is a valuable component of the traditional toy industry. Spin Master's licensing team is highly integrated with its product development, distribution and marketing teams and has significant relationships with key licensors, live event companies and most major studios. Spin Master's approach towards licensing arrangements continually evolves as the Company grows, but it remains cautious of significant licensing investments, especially those that require large advances and/or significant minimum guarantees.

Spin Master is a trusted brand steward, attracting a highly sought-after portfolio of licenses with, among others, Disney (*Firebuds*), Feld Entertainment (*Monster Jam*, *Supercross*), Warner Bros. Consumer Products (*DC Batman* and *Wizarding World*), Universal Brand Development (*How to Train Your Dragon* and DreamWorks Animation's (*Gabby's Dollhouse*), Riot Games (*League of Legends*), Sony Interactive Entertainment's PlayStation brand and titles and Skydance Animation (*Spellbound*).

Licensing Out

As creators, designers and manufacturers of innovative toys, digital games as well as producers of popular entertainment properties, Spin Master owns proprietary brands and entertainment content and franchises, which it licenses to third parties for a wide variety of merchandise the Company does not manufacture.

Spin Master's proprietary toy brands (*Hatchimals*, *Etch a Sketch*, *Rubik's*, *Tech Deck*, *Bakugan*), entertainment franchises (*PAW Patrol*), and digital games (*Toca Boca* and *Sago Mini*) have resonated with children, families and fans extending their potential beyond physical play and on-screen entertainment.

Spin Master initiates and drives licensee activity in the categories of apparel, accessories, back-to-school, food & beverage, gift & novelty, health & beauty, home décor, party goods, publishing (ancillary), seasonal, sporting goods and promotional partnerships. This is done directly by Spin Master in the U.S. while leveraging international licensing agents for the rest of the world. In addition, Spin Master will also allow broadcasters in specific regions to act as the Company's agent in the administration of associated merchandising programs.

Manufacturing

Spin Master's products are manufactured at third-party facilities primarily in Asia. In the fourth quarter of 2023, the Company closed its manufacturing facility in Calais, France inherited through the acquisition of Meccano in 2013, and no longer manufactures any products directly.

The Company is diversifying its global supply base to other regions, notably Mexico, Vietnam and India, in order to better manage geopolitical risk and dependence on Asia for product supply. The Company has supplier development and operational excellence processes in place to meet and exceed quality, delivery and cost targets. The manufacturing processes employed include injection moulding, blow moulding, spray painting, stamping, electronic sub-assembly, printing, cut and sew, packaging and final product assembly. Spin Master's products are manufactured from component parts and raw materials such as plastic, paper, fabric, metal and electronic components. Many of these materials are readily available from multiple sources; however, at times they may be subject to significant fluctuations in price. Spin Master generally enters into agreements with suppliers at the beginning of the Company's fiscal year, at established prices. For this reason, Spin Master is generally less affected, in the short-term, by nominal increases in the price of raw materials. However, significant increases in raw material prices may require renegotiation with Spin Master's suppliers during the year.

Spin Master believes that its suppliers' manufacturing capacity and downstream supply of raw materials and component parts are adequate to meet the anticipated demand for its products. Spin Master is constantly expanding and

developing supplier relationships to ensure available capacity is able to meet future demand. The Company's reliance on designated external sources of manufacturing could be shifted, over a period of time, to alternative sources of supply for its products, should such changes be necessary or desirable.

Retail sales of toy products are seasonal, and Spin Master's Toy revenue is concentrated in the third and fourth quarters. See "– Seasonality". This seasonality impacts the planning, manufacturing and flexibility of the supply chain. Toy companies must try to anticipate toy popularity in order to meet consumer demand and align the supply chain accordingly. Retailers have also increased inventory controls in recent years, which generally requires toy manufacturers to ship products closer to retailers' expected customer sale dates. These customer requirements mandate a responsive and flexible supply chain. Retailers' purchasing decisions are further impacted by the product life cycle of the toy sector. Break-through items can generate significant near-term demand that outpaces supply and can lead to shortages of desired products across retailers.

Quality Control

Spin Master considers the personal safety of consumers, who use its products, as the Company's top priority. Spin Master retains both in-house and third-party experts, in a wide range of technologies to best assess and eliminate risks associated with modern complex toys. Spin Master's comprehensive safety and quality control program is designed to ensure that all aspects of design and production from raw materials and components to finished products meet or exceed the most stringent regulations globally and meet Spin Master's internal standards for safety and social responsibility. Critical components and finished products are monitored by Spin Master's qualified staff, third-party manufacturers and independent, certified laboratories, to consistently achieve all design and engineering parameters established by its quality control teams. Spin Master maintains quality representatives on-site that, in addition to the manufacturer's own quality control staff, perform production-line quality control checks during and post-production before Spin Master's toys and games leave its manufacturers' premises. Spin Master's toys are also tested by the manufacturer, internally at Spin Master's in-house testing lab and certified by globally accredited third-party independent testing labs. The quality control staff receives regular training by third-party experts in order to ensure that their skills are always current and that foreseeable marketplace trends are identified early. See also "– Corporate Social Responsibility".

Customers

Spin Master has strong and long-standing relationships with its customers, which include mass and discount retailers, specialty toy and game retailers, hobby shops, department stores, drug stores, online e-retailers and distributors in select international markets. Spin Master primarily distributes its products in the U.S. through mass and discount retailers. A small number of retailers account for a larger proportion of Spin Master's Toy revenue. This includes sales through both traditional "physical stores" and online portals. While having a large amount of its business concentrated with three major retailers provides Spin Master with certain benefits, such as more efficient product distribution and decreased costs of sales and distribution, this concentration also creates additional risks to the Company. See "Risk Factors – Spin Master's sales are concentrated with a small number of retailers that do not make long-term purchase commitments. Consequently, economic difficulties or changes in the purchasing policies of those retailers could have a material adverse effect on the Company's business, financial condition and performance."

Spin Master typically introduces its original products to major customers one year prior to the commencement of retail sales for such products. In addition, the Company showcases many of its original products at the Hong Kong Toy Fair in January, the American International Toy Fair held in New York City in February and the Nuremberg Toy Fair in February. Many of these events have been cancelled due to the pandemic. As a result, Spin Master has been conducting company toy fairs and customer meetings virtually.

Spin Master's digital games are available on key mobile platforms, in certain markets where these mobile platforms are available.

Distribution Channels and Sales

Toys are primarily distributed through mass and discount retailers, toy specialty stores, direct sales channels, wholesalers, distributors, chain stores, discount stores, mail order houses, department stores and other traditional retailers as well as ecommerce sites. The toy industry retailer base has remained relatively consistent over the last few years with expansion into the value channel (e.g. dollar stores) and online sales. In addition, there has been an increase in sales from non-traditional toy sellers such as bookstores and craft retailers.

The *Melissa & Doug* existing product line has strength in its specialty channel penetration and more recently ecommerce, and has begun to expand distribution of the brand across the mass channel, which Spin Master has the capabilities to capitalize on and build incremental growth.

Spin Master utilizes all channels of distribution; however, the sale and distribution of its products can be generally categorized as follows:

- **Retailers.** Retailers sell Spin Master products to consumers through their traditional “physical store” locations or through their online platforms. Spin Master services retailers in North America directly through its sales and marketing offices in Toronto, Los Angeles, San Francisco, New York and Bentonville. Retailers in North America also purchase product directly from Spin Master’s wholly-owned subsidiary in Hong Kong. Outside of North America, Spin Master has wholly-owned subsidiaries in a number of major territories represented by local offices that carry on sales and marketing efforts for the Company directly with retailers in their respective markets. Spin Master’s international sales and marketing offices are located in London, Paris, Amsterdam, Munich, Milan, Mexico City, Warsaw, Sydney and Hong Kong. See “– Premises”.
- **Distributors.** In those countries not serviced and supported by a Spin Master sales and marketing office, Spin Master enters into distribution arrangements with third-party distributors, who purchase the Company’s products for sale to retailers in that country.
- **Consumers.** In North America, Spin Master distributes certain products directly to consumers, typically in the Activities, Games & Puzzles and Plush business segment, primarily through a direct to consumer ecommerce site and through television direct response.
- **Digital Games.** Spin Master distributes its mobile apps and additional content through distributors such as *Apple* and *Google*. Spin Master’s apps are downloaded by consumers for mobile devices from third party application storefronts. The distributor charges consumers for the in-app purchases or subscription fees. Spin Master’s distribution agreements establish the amounts that are retained by the distributor and the amounts passed through to Spin Master.
- **Entertainment.** Children’s entertainment content is available from an increasing number of sources, including regional and international television networks such as Nick Jr., Corus Television, Ceebeebies, film theatres, OTT platforms and aggregators such as Netflix, Amazon Prime Video, Disney+, HBO Max, Paramount+, Kidoodle and Hulu, online video platforms such as YouTube, standalone set-top boxes such as Apple TV, and authenticated TV Everywhere platforms on mobile devices. Spin Master distributes content to a wide variety of platforms around the world, using both internal sales teams and third-party distributors, with a strategy to maximize the number of viewers around the world.

Marketing

Spin Master develops innovative, fully integrated marketing campaigns to build awareness, create excitement and deliver strong sell-through for its products, brands and entertainment properties. The Company’s in-house marketing team is comprised of various Centres of Excellence (“COE”) in marketing, including shopper, platform, and trade marketing, paid user acquisition, digital and linear media, creative, ecommerce, experiential, influencer relations, social media, third-party collaborations, community management, customer support, and public relations. The COEs work together and directly with the Global Brand Teams to develop plans for digital games and content launches, key item launches as well as brand and franchise development both on an evergreen basis and during key marketing events. The Company’s marketing campaigns have a clearly defined focus with engaging and compelling creative content for strategic distribution across multiple touchpoints and channels – paid, owned and earned – to maximize exposure, conversion, and engagement with the target consumer.

Spin Master’s marketing efforts involve developing specific communication strategies and themes that are rooted in research and insights to reach the identified target consumer(s). This supports a strong path to purchase, and engagement, with consistency at every touchpoint. Spin Master is focused on extending messaging and content across multiple platforms to reach consumers everywhere they consume content, allowing them to connect easily with Spin Master brands, products and entertainment properties. Some of Spin Master’s entertainment content is marketed by third parties (such as broadcasters, streamers, and distributors), including the marketing of the Company’s feature films.

Internal creative teams conceptualize, develop, produce and execute the creation of content. While content production and marketing campaigns are primarily fulfilled in house, Spin Master also engages select creative and integrated agency partners to break through with innovative content delivery.

Given the increase in digital engagement, digital games, and ecommerce purchasing, Spin Master has put greater emphasis on performance marketing, paid user acquisition, YouTube pre-roll, Spin Master owned and retailer partner website content, platform marketing with Google and Apple, social media and influencer marketing to reach both children and their parents effectively and efficiently.

Creative public relations campaigns, experiential marketing and grassroots programs are developed to enhance brand and product awareness in effective and engaging ways.

The Company's marketing campaigns take a digital-first approach with extensive in-house capabilities to enable insight and speed, allowing the Company to be agile and optimize plans in real time. Spin Master incorporates sophisticated marketing mix analytics to monitor and adjust its marketing investment on a continual basis.

Seasonality

Sales of toys and other children's products are seasonal. The majority of Spin Master's Toy revenue is concentrated in the third and fourth quarters of a fiscal year with a significant portion of its net income earned and cash flows generated during the same period. Generally, in Spin Master's experience, the first quarter is the period of lowest shipments and revenues in the toy industry and therefore, the least profitable because of certain fixed costs.

Spin Master generally ships products to customers within one to three months of the date an order is received. Spin Master typically does not have any backlog within the Company due to the order lead time. However, on occasion Spin Master might experience a backlog on domestic shipments for high demand items from the end of October to the end of November. In the toy industry, orders are subject to cancellation or change at any time prior to shipment; however, Spin Master's top three customers have cancellation windows allowing for no cancellation or change within 30 days prior to shipment without triggering an associated payment to Spin Master. In recent years, a trend toward just-in-time inventory practices in the toy industry has resulted in fewer advance orders and therefore less backlog of orders.

Spin Master's Digital Games revenue tracks the engagement and play patterns of its target audience. For Spin Master's digital games that have a target audience of ages 6-12, the traditional seasonality sees peaks in both engagement and revenue during school holidays. For Spin Master's preschool offerings, there is less seasonal impact as the purchase decision is driven by the parent rather than the child.

Spin Master's merchandising and distribution revenue is 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.

Intellectual Property

Spin Master's IP rights are significant assets of the Company in that they provide brand recognition and consumer trust worldwide. Most of Spin Master's products, entertainment content and digital games are protected by trademarks, trade names, copyrights, copyrighted software code, and a number of products incorporate patented technologies or designs. Other IP is in the form of copyrighted audio-visual elements, including characters, graphics, music, story lines and interface designs. Spin Master customarily seeks U.S., Canadian and international patent, trademark or copyright protection to the extent that such protection is available, cost effective and meaningful. Spin Master vigorously protects its IP under international trademark, copyright and patent laws, and is actively engaged in enforcement of its rights against potential infringers of those rights along with other protective activities, including monitoring online channels and participating in various enforcement initiatives, education programs and legislative activity around the world. Although a number of the Company's trademarks, copyrights and patents relate to brands that are significant to Spin Master's business and operations, Spin Master does not believe it is dependent on a single IP right. Notwithstanding the foregoing, the loss of such protection for a number of significant brands might have a significant effect on the Company's business and operations. Spin Master believes its rights to these brands are adequately protected, but these rights may not be successfully asserted in the future or may be invalidated, circumvented or challenged.

Competition and Industry

Spin Master competes in the global children's entertainment industry by creating, designing, manufacturing, licensing, marketing and selling a diversified portfolio of innovative toys, games, products, entertainment properties and digital games,

which is a highly competitive industry. The Company competes with several large toy, entertainment, and game companies in its product categories, as well as many smaller U.S., Canadian and international toy and game designers, manufacturers and marketers. The industry's low barriers to entry result in opportunities for existing competitors and new entrants to develop toys, games and entertainment properties that compete with Spin Master's products. Competition is based primarily on consumer preferences, product quality and price. Competition often extends to the procurement of popular entertainment and trademark licenses as well as distribution and marketing of products and the acquisition of premium retail shelf space.

Competition is intensifying due to general trends in the toy industry, including age compression, shorter life cycles for individual toy products, growing popularity of electronic toys and video games, the increasing concentration of distribution to large discount retailers, pricing pressures of rising material and labour costs, including due to inflationary pressures, and volatility of consumer preferences and consumer discretionary spending. Spin Master's success in this competitive environment depends partially on its continuing ability to secure and develop products based on licensed content, design and develop innovative products, and to successfully market these products to leading toy retailers and consumers.

Spin Master also competes in a highly competitive entertainment industry. The volume of content being produced is increasing each year, as the number of platforms and ways to consume content continues to expand. Spin Master competes with traditional domestic media companies, and integrated multinational media companies, that both produce content and own or control distribution networks (including SVOD platforms and television channels), as well as with other independent production studios. Spin Master is also in competition with direct-to-audience content creators and children's media companies that produce and distribute short-form children's content on digital platforms such as YouTube. Spin Master's success with its entertainment properties will rely on its ability to create new and engaging content that attracts audiences and builds global fan bases, and leveraging the Company's relationships and expertise with studios, talent, digital platforms, and broadcasters.

As the content landscape has shifted and children's consumption habits and preferences have evolved, there has been a convergence between physical brands, entertainment franchises and mobile digital platforms, with increasing use of more sophisticated technology by children. Over time, advancements in media and technology have helped progress children's social interactions and created new ways for them to engage with each other, the toys, games and brands they enjoy and the world around them. These advancements are resulting in significant enhancements to traditional toys and games and a convergence of media, technology and traditional toys and games. As a result, Spin Master competes with companies that sell digital games, electronic consumer products and video games.

Spin Master operates in this evolving industry, providing traditional toy products, media content and characters, interactive experiences, digital content and digital games that will represent the future of play. While traditional toys and games continue to represent the core of the overall children's entertainment industry, Spin Master is focused on creating and developing children's products, brands, entertainment properties and digital games and leveraging technology in ways that will allow the Company to take full advantage of evolving play patterns.

Specialized Skill and Knowledge

Spin Master's management team and employees bring together an entrepreneurial creativity and innovative mindset with strong complementary skills, expertise, and experience in various aspects of toys, consumer products, brands, production, distribution, television broadcasting, programming, digital media, and digital games industries, including production, financing, sales, and marketing. For additional information concerning certain members of the management team, refer to "Directors and Officers" below.

Spin Master believes that it has strong relationships with its employees. Spin Master's work force is highly skilled and diverse. Furthermore, Spin Master supports the development of its employees through active performance management and human resources practices. Spin Master strives to provide employees with a positive working environment, while simultaneously focusing on continued improvement and increased overall productivity. Spin Master firmly supports recognizing and celebrating achievements of personal, business and organizational goals.

Employees

Spin Master is headquartered in Toronto, Canada and has employees based in the U.S., Canada, Australia, China, Czech Republic, France, Germany, Greece, Hong Kong, Hungary, India, Italy, Japan, Mexico, Netherlands, Poland, Romania, Slovakia, Spain, Sweden, Turkey, the U.K. and Vietnam. As at December 31, 2023, Spin Master employed approximately 2,400 people worldwide, with more than 1,200 located in Canada and the U.S. As of January 2, 2024, after the closing of the Acquisition, Spin Master employed approximately 3,000 people worldwide.

Premises

Spin Master's principal executive and administrative offices are leased by the Company and are located at 225 King Street West, Toronto, Ontario M5V 3M2. Spin Master has additional offices in the U.S., Canada, Mexico, the U.K., France, Germany, Slovakia, the Netherlands, Italy, India, Poland, Sweden, China, Hong Kong (including for administrative offices and showroom facilities), Australia, Spain, Vietnam and Japan.

Government Regulation

Spin Master's products sold in the U.S. are subject to the provisions of the Consumer Product Safety Act, as amended by the Consumer Product Safety Improvement Act of 2008 (as amended, the "CPSIA"), and the Federal Hazardous Substances Act ("FHSA"), and may also be subject to the requirements of the Flammable Fabrics Act, or the Food and Drug Administration statutes, and the regulations promulgated pursuant to such statutes. These statutes and the related regulations ban from the market consumer products that fail to comply with applicable product safety laws, regulations and standards.

The CPSIA and the FHSA authorize the U.S. Consumer Product Safety Commission, to exclude from the market consumer products that fail to comply with applicable product safety regulations or otherwise create a substantial risk of injury, as well as articles that contain excessive amounts of a banned hazardous substance. The U.S. Consumer Product Safety Commission may also require the recall, repurchase, replacement or repair of banned products or products that otherwise create a substantial risk of injury.

Similar consumer product safety laws exist in Canada and in many international markets, including Europe, where Spin Master's products are sold.

Spin Master maintains a quality assurance and quality control program and uses independent third-party laboratories that employ testing and other procedures to help ensure and maintain compliance with applicable product safety requirements and Spin Master's own standards. However, there can be no assurance that all of Spin Master's products are free from defects or may not be hazard-free. A product recall could have a material adverse effect on Spin Master's results of operations and financial condition, depending on the product affected by the recall and the extent of the recall efforts required. A product recall could also negatively affect Spin Master's reputation and the sale of the Company's other products.

Spin Master's advertising is subject to the Federal Trade Commission Act, The Children's Television Act of 1990, the rules and regulations promulgated by the Federal Trade Commission and the Federal Communications Commission, as well as laws of Canada and certain other countries that regulate advertising generally and advertising to children.

Spin Master's websites and other online and digital communications activity that are directed towards children are or may be subject to U.S. and foreign regulations on the collection of information from children, including the Children's Online Privacy Protection Act of 1998. In addition, Spin Master is subject to privacy-related laws and regulations, including the EU General Data Protection Regulation and the California Consumer Protection Act.

Spin Master's worldwide operations are subject to requirements of various environmental laws and regulations in the jurisdictions where those operations are located. Spin Master's operations are from time to time the subject of investigations and discussions with various federal, state, and local environmental agencies within and outside the U.S. with respect to the discharge or cleanup of hazardous waste.

Spin Master is subject to various other federal, state, provincial, local, and international laws and regulations applicable to its business. Spin Master believes that it is in substantial compliance with these laws and regulations.

Spin Master's Canadian television and film operations benefit from certain funding and tax credits for certain productions in Canada. To continue to avail itself of these benefits, the Company plans to comply with applicable regulations and directives of the *Investment Canada Act* and the Minister of Canadian Heritage.

Corporate Social Responsibility

The Company first established its Corporate Social Responsibility ("CSR") strategy and vision in 2019. Since then, the Company has made significant progress, particularly as it relates to setting and achieving targets, increased transparency and enhanced governance. The Company's CSR Vision, Reimagining Play for Future Generations captures Spin Master's desire to create magical play experiences for children and their families, while also fostering an inclusive culture, empowering children to grow and learn through play all while acting as a responsible custodian of the world these children will one day inherit. Spin Master continues to focus CSR efforts within four key areas: products, people, environment and communities.

Our Products

As a leading children's entertainment company, Spin Master is committed to producing safe, high quality and responsibly sourced products. The Company has a comprehensive approach to product safety and quality, responsible sourcing and responsible marketing. The children's toy, entertainment and digital games industries are highly regulated, and Spin Master works to ensure the highest level of product quality and safety in everything the Company produces.

All the materials used in Spin Master products are rigorously tested for safety and product integrity. The Company maintains a regularly updated restricted substances list of over a thousand substances based on global regulations and standards that provide guidance on restrictions and bans of certain materials.

With the majority of production outsourced, the Company has several measures in place to help ensure its products are sourced and manufactured in a responsible manner from suppliers who share the Company's values and commitment to business integrity. Spin Master is an active participant of the Ethical Supply Chain Program and through regular audits, as well as training and education, the program provides guidance on responsible supply chain practices, including audit process, business ethics, discrimination, disciplinary practices, employee representation, employment practices, environment and chemical safety, modern-day slavery, safety, underage labour, wages and working hours.

Spin Master has a Code of Conduct for Suppliers and Manufacturers which stipulates suppliers must have an Ethical Supply Chain Program certification and vendors must be sealed by the program or an equivalent program. In 2023, 94% of Company third-party manufacturing facilities underwent an IETP audit or equivalent.

The Company is also advancing efforts to incorporate more sustainable product materials and packaging into its products in an effort to minimize its impact on the environment. Spin Master is committed to reducing the plastic used in both its products and its packaging and has a target of reducing plastic in packaging by 50% by 2025. In addition to work to reduce plastic in packaging, the Company is actively exploring alternative materials for toy production including opportunities to incorporate recycled plastic. In 2023, Spin Master introduced 14 sustainably designed toys and games and will launch more items in 2024.

Our People

Much of Spin Master's success is driven by talented employees across the globe who are delivering on Spin Master's purpose of creating magical play experiences for children and their families. The Company invests in team members and are committed to providing an inclusive workplace experience where they feel inspired, empowered, valued and respected. Over the past year, Spin Master strengthened leadership programming, evolved and grew the Equity Diversity and Inclusion ("EDI") program with an enhanced focus on belonging, and expanded total rewards.

The Company is focused on attracting, developing and retaining the best talent, as well as creating a positive employee experience that drives collaboration, partnership and high performance. Employees are provided with robust packages that include medical, dental and vision benefits, an employee assistance program, life and disability insurance, short and long-term disability leave benefits, paid vacation and holidays, and wellness offerings.

Being open-minded and valuing differences are central to Spin Master's core values. The Company introduced a representation survey in 2021, which continues to occur annually. The results are used to help strengthen recruitment and cultivation of talent, as well as enhance the Company's total rewards and benefits programs to better meet the needs of employees. In 2023, the Company established a new committee to drive accountability for advancing Spin Master's EDI aspirations. Comprising members from across the organization, this committee's responsibilities encompass the development and implementation of training, managing internal communications, and tracking progress against Spin Master's goals. The Company achieved 99% gender pay equity in 2023 and is committed to achieving close to 100% gender pay equity moving forward.

Spin Master supports broader industry efforts to increase diverse representation in the children's entertainment space. In 2021, Spin Master introduced the Future of Play scholarship program to provide aspiring creators from equity-seeking groups in North America financial support to pursue post-secondary education in their field and be a part of the next generation of creators, inventors, designers and entrepreneurs in children's entertainment. Since the program's inception, Spin Master has provided scholarships to 24 students.

In 2023, Spin Master was recognized as one of Greater Toronto's Top 2022 Employers by Mediacorp Canada Inc., one of Canada's Best Managed Companies by Deloitte, a Certified Great Place to Work in Canada and made the Fast Company list of Best Places to Work for Innovators.

Our Environment

Spin Master is committed to minimizing the impact of its operations on the planet to ensure the Company protects the world for children and families today and for generations to come. In 2022, Spin Master set out to map pathways to reduce the Company's carbon emissions and impact on the environment. As a result, the Company set environmental targets with respect to emissions and waste reductions including:

- 70% reduction in Scope 1+2 emissions by 2030
- Net Zero Commitment for Scope 1+2 emissions by 2050
- 85% reduction in waste in owned and leased facilities by 2025
- Zero Waste in owned and leased facilities by 2035

In 2023, Spin Master purchased renewable energy credits and carbon offsets to account for 100% of Scope 1 +2 emissions, as well as some Scope 3 emissions. The Company funded multiple carbon offset programs including the Qianbei Afforestation Project in the Guizhou Province of China and the Great Bear Carbon Project, Canada's first Indigenous-led carbon offset project.

The Company focuses on eliminating waste through reducing, reusing and recycling programs. In working with TerraCycle and How2Recycle, the Company educates and provides consumers with ways to recycle previously used toys and packaging, specifically in the U.S. The Company achieved its waste reduction goal set for 2025 by the end 2023 through a combination of the sale of a manufacturing facility in Calais, France and concerted efforts to divert waste in other office locations.

Our Communities

Spin Master gives children in communities around the world the opportunity to grow, explore and learn through the power of play. Through in-kind donations, investments in educational programming, local community engagement and employee volunteerism, Spin Master helps children harness their creativity and develop their skills.

The Company positively impacted 645,000 children in 2023, sharing the love of play through toy donations and promoting creativity and skill-building through partnerships with international and local children's charities. During the year, Spin Master worked with over 142 organizations in more than 24 countries to bring the magic of play to children, collectively resulting in more than 513,000 toys donated globally.

Established in 2014, The Toy Movement is a Spin Master-led initiative with a mission to create a movement that delivers inspiration, imagination and joy to children around the world, regardless of their circumstances. In 2021, the Company introduced Child Friendly Spaces ("CFS") Play Kits, bringing activities-based toys to centres that provide a protected space for children in areas of crisis and instability. Together, these two initiatives are designed to bring comfort and reprieve to children impacted by war, poverty and natural disasters through play. In 2023, the Company donated nearly 250,000 toys through The Toy Movement and CFS Play Kits initiatives in partnership with Save the Children Canada, World Vision Canada and The Boys and Girls Clubs of America, giving greater access to the emotional and social benefits of play.

Spin Master engages employees in local philanthropy committees and volunteerism opportunities. In 2023, Spin Master employees recorded more than 6,000 hours volunteering in their communities. In addition to supporting children's charities globally, Spin Master is also a supporter of programs supporting the cultivation of future toy inventors and entrepreneurs. In conjunction with its sponsorship of Futurpreneur Canada and ongoing investment in the maintenance of toy invention programs globally, Spin Master employees volunteer their time to mentor and teach participants in these ventures.

CSR Governance

Since 2020, oversight of Spin Master's CSR has been a responsibility of the Governance and Nominating Committee (the "**G&N Committee**") of Spin Master's Board of Directors. The G&N Committee is responsible for reviewing and assessing the Company's CSR strategy and multi-year plan and related reporting for environmental and social matters, including donations and community investment and monitoring its performance on an annual basis. The G&N Committee provides updates to the Board on environmental and social issues as necessary.

In 2022, the Company established a CSR Governance Committee at the Executive Leadership Team level. This Committee includes all members of Spin Master’s Executive Leadership Team and oversees the management and measurement of CSR plans and targets. The Committee meets quarterly to review progress against the Company’s CSR plan and evaluates emerging risks and opportunities within the CSR pillars.

Additionally, Spin Master has a CSR Committee whose members drive specific initiatives related to the Company’s CSR targets and commitments. The CSR Committee is comprised of representatives, from across the Company, with expertise in a number of disciplines including Legal, Quality Assurance/Compliance, Human Resources, Finance, Product Development and Engineering, Packaging, Facilities, Design, Communications and Enterprise Risk Management. The CSR Committee is led by the Vice President of Communications and Corporate Citizenship who reports to the Executive Vice-President and Chief People Officer.

DESCRIPTION OF SHARE CAPITAL

The Company’s authorized share capital consists of an unlimited number of Subordinate Voting Shares, an unlimited number of Multiple Voting Shares and an unlimited number of Preferred Shares. As at March 21, 2024, there were outstanding 35,063,115 Subordinate Voting Shares, 68,687,887 Multiple Voting Shares and no Preferred Shares.

Subordinate Voting Shares and Multiple Voting Shares

Except as described herein, the Subordinate Voting Shares and the Multiple Voting Shares have the same rights, are equal in all respects and will be treated as if they were shares of one class only. The Subordinate Voting Shares are “restricted securities” within the meaning of such term under applicable Canadian securities laws.

Rank

The Subordinate Voting Shares and Multiple Voting Shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding up of Spin Master.

Dividends

The holders of the outstanding Subordinate Voting Shares and the outstanding Multiple Voting Shares are entitled to receive dividends out of assets legally available therefor at such times and in such amounts and form as the Board of the Company may from time to time determine without preference or distinction between Subordinate Voting Shares and Multiple Voting Shares, and subject to any preferential rights of the holders of any outstanding Preferred Shares. See “Description of Share Capital – Dividend Policy”.

Voting Rights

Subordinate Voting Shares are entitled to one vote per share and Multiple Voting Shares are entitled to 10 votes per share. Accordingly, as at March 21, 2024, holders of Subordinate Voting Shares were entitled to exercise 4.9% of all votes attached to the Voting Shares and holders of Multiple Voting Shares were entitled to exercise 95.1% of all votes attached to the Voting Shares.

Shareholder Approval Required for Certain Matters

In addition to any other voting right or power to which the holders of Subordinate Voting Shares shall be entitled by law or regulation or other provisions of the articles of the Company from time to time in effect, but subject to the provisions of articles of the Company, holders of Subordinate Voting Shares shall be entitled to vote separately as a class, in addition to any other vote of shareholders that may be required, in respect of any alteration, repeal or amendment of the articles of the Company which would adversely affect the powers, preferences or rights of the holders of Subordinate Voting Shares, including an amendment to the terms of the articles of the Company that provide that any Multiple Voting Shares sold or transferred to a person that is not Messrs. Harary, Rabie or Varadi, the estates of any of the foregoing, an immediate family member of any of the foregoing, any corporation controlled by any of the foregoing, any trust of which any of the foregoing is a trustee or any trust that has been established substantially for the benefit of such person and / or one or more members of his immediate family (each a “**Permitted Holder**”) shall be automatically converted into Subordinate Voting Shares.

Automatic Conversion of Multiple Voting Shares

A Multiple Voting Share will convert, without any further action on the part of the Company or the holder of such shares, automatically into a Subordinate Voting Share on a one-for-one basis in the event that such Multiple Voting Share is transferred to or held by any person that is not a Permitted Holder, as set out in an agreement among Messrs. Ronnen Harary, Anton Rabie and Ben Varadi (collectively, the “**Principal Shareholders**”) and their respective affiliates that own Voting Shares, and the Company (the “**Principal Shareholders Agreement**”). See “Material Contracts – Principal Shareholders Agreement”.

For the purposes of the Principal Shareholders Agreement, a “**Principal Shareholders Group**” includes the Principal Shareholder of such group and any of his affiliates (as defined in the Principal Shareholders Agreement) and any Permitted Holders of the Principal Shareholder, that beneficially own Multiple Voting Shares from time to time.

All Multiple Voting Shares will convert, without any further action on the part of the Company or the holder of such shares, automatically into Subordinate Voting Shares, on a one-for-one basis, on the earlier of the date on which (a) the Principal Shareholders Groups beneficially own, directly or indirectly and in the aggregate, less than 15% of the number of issued and outstanding Multiple Voting Shares and Subordinate Voting Shares, or (b) Mr. Harary and Mr. Rabie (collectively, the “**Majority Principals**” and individually, a “**Majority Principal**”) cease to qualify as Majority Principals, or (c) the Principal Shareholders Agreement has terminated in accordance with its terms. In addition, the Majority Principals may, in their sole discretion, require the conversion of all, but not less than all, of the Multiple Voting Shares into Subordinate Voting Shares.

Conversion

Subordinate Voting Shares cannot be converted into any other class of shares. Multiple Voting Shares may be converted into Subordinate Voting Shares on a one-for-one basis, at any time and from time to time, at the option of the holders, subject to the terms of the Principal Shareholders Agreement. Under the terms of the Principal Shareholders Agreement, holders of Multiple Voting Shares may be required to convert their Multiple Voting Shares into Subordinate Voting Shares on a one-for-one basis under certain circumstances.

Each Multiple Voting Share will automatically convert into a Subordinate Voting Share in the event of any transfer thereof, except a transfer made to a Permitted Holder.

Meetings of Shareholders

Holders of Voting Shares (collectively, “**Shareholders**”) are entitled to receive notice of any meeting of Shareholders and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote. A quorum for the transaction of business at a meeting of Shareholders shall be two persons present and each entitled to vote at the meeting who, together, hold or represent by proxy not less than 15% of the votes attaching to the outstanding Voting Shares of the Company entitled to vote at the meeting.

Pre-Emptive Rights

Holders of Subordinate Voting Shares do not have pre-emptive rights. Other than as described under “Material Contracts – Principal Shareholders Agreement – Pre-Emptive Rights”, holders of Multiple Voting Shares do not have pre-emptive rights.

Liquidation Rights

Upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of Multiple Voting Shares and Subordinate Voting Shares, without preference or distinction, will be entitled to receive rateably all of the Company’s assets remaining after payment of all debts and other liabilities, subject to the prior rights of the holders of any other prior ranking shares that may be outstanding at such time.

Subdivision, Consolidation and Issuance of Rights

No subdivision or consolidation of the Multiple Voting Shares or Subordinate Voting Shares may occur unless the shares of both classes are concurrently subdivided or consolidated and in the same manner and proportion. Other than as described in this Annual Information Form, no new rights to acquire additional shares or other securities or property of the Company will be issued to holders of Multiple Voting Shares or Subordinate Voting Shares unless the same rights are concurrently issued to the holders of shares of both classes.

Take-Over Bid Protection

Under applicable Canadian law, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, the Principal Shareholders, as the owners of all the outstanding Multiple Voting Shares, entered into a customary coattail agreement with Spin Master and Computershare Trust Company of Canada, as trustee, dated July 30, 2015 (the “**Coattail Agreement**”). The Coattail Agreement contains provisions customary for dual class, TSX-listed corporations, designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under the take-over bid provisions of applicable Canadian securities legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement do not apply to prevent a sale by any Principal Shareholder of Multiple Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares that:

- (a) offers a price per Subordinate Voting Share at least as high as the highest price per Voting Share paid or required to be paid pursuant to the take-over bid for the Multiple Voting Shares;
- (b) provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of Subordinate Voting Shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of outstanding Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- (c) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no Voting Shares are purchased pursuant to the offer for Multiple Voting Shares; and
- (d) is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, the Coattail Agreement will not prevent the sale or transfer of Multiple Voting Shares by any Principal Shareholder, or any Permitted Holder, to a Permitted Holder, provided such sale does not or would not constitute a take-over bid or, if so, is exempt or would be exempt from the formal bid requirements (as defined in applicable securities legislation). The conversion of Multiple Voting Shares into Subordinate Voting Shares, shall not, in of itself constitute a sale of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any sale of Multiple Voting Shares (including a transfer to a pledgee as security and a transfer to a Permitted Holder) by a holder of Multiple Voting Shares party to the Coattail Agreement must be conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Multiple Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with the articles of the Company.

The Coattail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action are conditional on the Company or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares has the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares and reasonable funds and indemnity have been provided to the trustee.

The Coattail Agreement may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the TSX and any other applicable securities regulatory authority in Canada and (b) the approval of at least 66²/₃% of the votes cast by holders of Subordinate Voting Shares represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to Subordinate Voting Shares held directly or indirectly by holders of Multiple Voting Shares, their affiliates and related parties and any persons who have an agreement to purchase Multiple Voting Shares on terms which would constitute a sale for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement limits the rights of any holders of Subordinate Voting Shares under applicable law.

A copy of the Coattail Agreement is available under the Company’s profile on SEDAR+ at www.sedarplus.com.

Preferred Shares

The Preferred Shares may be issued in one or more series. The Board may amend the Company's articles to fix the authorized number of Preferred Shares in, and to determine the designation of the shares of, each series and to create, define and attach rights and restrictions to the shares of each series, subject to the rights and restrictions attached to the Preferred Shares as a class. Except as required by law, the Preferred Shares will not be entitled to receive notice of, attend or vote at any meeting of the Shareholders of the Company.

The Preferred Shares are entitled to preference over the Subordinate Voting Shares and the Multiple Voting Shares with respect to the payment of dividends and the distribution of the Company's assets, whether voluntary or involuntary, or in the event of any other distribution of the Company's assets among its shareholders for the purpose of winding-up its affairs, and each series of Preferred Shares may also be given those preferences over the Subordinate Voting Shares and the Multiple Voting Shares and other series of Preferred Shares.

If the Company does not pay cumulative dividends in full with respect to a series of the Preferred Shares, as applicable, the shares of all series of the Preferred Shares will participate ratably with respect to the accumulated dividends in accordance with the amounts that would be payable on those shares if all the accumulated dividends were paid in full. If amounts payable are not paid in full on the Company's winding-up, or on the occurrence of any other event as a result of which the holders of the shares of all series of the Preferred Shares are entitled to a return of capital, the shares of all series of the Preferred Shares will participate rateably in a return of capital in respect of the Preferred Shares as a class in accordance with the amounts that would be payable on the return of capital if all amounts so payable were paid in full.

The Company may not create or issue any shares ranking senior to any outstanding series of the Preferred Shares with respect to the payment of dividends or the distribution of assets in the event of the Company's liquidation, dissolution or winding-up, whether voluntary or involuntary, or in the event of any other distribution of the Company's assets among the Company's shareholders for the purpose of winding-up the Company's affairs, without first receiving the approval of that outstanding series of the Preferred Shares given by a resolution passed at a meeting by the affirmative vote of not less than two-thirds of the votes cast at that meeting.

The holders of the Preferred Shares are not entitled as a class to receive notice of, to attend or to vote at any meeting of the Company's shareholders, except as may be specifically required by law. The rights and restrictions attached to the Preferred Shares as a class may be amended with, in addition to any approval that may then be prescribed by applicable law, the approval of the registered holders of the Preferred Shares given by a resolution passed at a meeting by the affirmative vote of not less than two-thirds of the votes cast at such meeting.

Dividend Policy

Since completion of the IPO of Subordinate Voting Shares of the Company on July 30, 2015, the following dividends have been declared on the Company's Subordinate Voting Shares and Multiple Voting Shares:

| Declaration Date | Record Date | Payment Date | Dividend Amount per Subordinate Voting Share and Multiple Voting Share |
|-------------------------|---------------------------|---------------------------|---|
| February 28, 2024 | March 29, 2024 (expected) | April 12, 2024 (expected) | C\$0.06 |
| November 1, 2023 | December 29, 2023 | January 12, 2024 | C\$0.06 |
| August 2, 2023 | September 29, 2023 | October 13, 2023 | C\$0.06 |
| March 8, 2023 | March 31, 2023 | April 14, 2023 | C\$0.06 |
| November 2, 2022 | December 30, 2022 | January 13, 2023 | C\$0.06 |
| July 27, 2022 | September 30, 2022 | October 14, 2022 | C\$0.06 |

The amount and timing of the payment of any dividends are not guaranteed and any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors and conditions existing from time to time that the Board may deem relevant, including the financial condition of the Company, general business conditions, restrictions regarding the payment of dividends to the Company by its subsidiaries in certain circumstances, financial covenants in credit agreements and regulatory requirements.

Prior Issuances of Unlisted Securities

Since the beginning of the most recently completed financial year, Spin Master has not issued any securities that are not listed or quoted on a marketplace, other than pursuant to the terms of the Company’s share-based compensation arrangements.

Market For Securities

The outstanding Multiple Voting Shares are not quoted or listed for trading on a marketplace. The outstanding Subordinate Voting Shares are listed on the TSX and trade under the symbol “TOY”.

The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Subordinate Voting Shares on the TSX:

| Period | Price (\$) | | Trading Volume |
|----------------|------------|-------|----------------|
| | High | Low | |
| 2023 | | | |
| January..... | 35.70 | 33.02 | 1,858,242 |
| February..... | 38.29 | 34.63 | 1,565,140 |
| March..... | 37.98 | 35.50 | 2,270,888 |
| April..... | 39.26 | 33.33 | 1,606,067 |
| May..... | 39.55 | 33.57 | 1,455,145 |
| June..... | 36.28 | 33.00 | 954,348 |
| July..... | 35.90 | 33.10 | 913,425 |
| August..... | 37.71 | 33.67 | 1,166,912 |
| September..... | 37.40 | 32.17 | 889,576 |
| October..... | 37.73 | 32.67 | 2,296,478 |
| November..... | 36.05 | 31.51 | 1,295,359 |
| December..... | 35.43 | 32.03 | 1,199,289 |

Source: TSX MarketData

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding each individual who is a Director or executive officer of the Company as at March 21, 2024, including each such individual’s province or state and country of residence and principal occupation during the five preceding years:

| Name | Position(s) / Title(s) with the Company | Principal Occupation(s) |
|---|---|---|
| Michael Blank..... California, U.S. (Director since 2023) | Director | Chief Operating Officer of Polygon Studios, a division of Polygon Technology, a decentralised Ethereum scaling platform that enables developers to build scalable user-friendly consumer applications. Previously, a number of senior leadership roles at Electronic Arts, a leading digital interactive entertainment company, including Senior Vice President of Player Network. Previously, a lawyer at Fasken Martineau and in-house counsel for the Canadian Broadcasting Corporation. |

| Name | Position(s) / Title(s) with the Company | Principal Occupation(s) |
|---|---|---|
| W. Edmund Clark..... Ontario, Canada (Director since 2021) | Director | Corporate director. |
| Jeffrey I. Cohen..... Ontario, Canada (Director since 2015) | Director | Managing partner at Torkin Manes LLP, a full-service Toronto law firm. |
| Reginald Fils-Aimé..... Washington, U.S. (Director since 2020) | Director | Managing Partner of Brentwood Growth Partners, a consulting practice. Previously, President and Chief Operating Officer at Nintendo of America Inc., a multinational consumer electronics and video game company, from May 2006 to April 2019. |
| Kevin Glass..... Ontario, Canada (Director since 2020) | Director | Corporate director, since January 2020. Previously, Senior Executive Vice President and Chief Financial Officer at CIBC, a banking institution, from 2011 to October 2019. |
| Ronnen Harary..... Ontario, Canada (Director since 2015) ⁽¹⁾ | Chair | Corporate director, since April 2021 and co-founder of the Company. Previously Co-Chief Executive Officer of the Company. |
| Dina R. Howell..... Florida, U.S. (Director since 2015) | Director | Corporate director. |
| Christina Miller..... New York, U.S. (Director since 2020) | Director | Corporate director, since January 2020. Previously, Chief Strategy Officer at Red Ventures, a privately held U.S. based holding company that owns and operates a portfolio of leading digital brands, from summer of 2021 to 2023; and WarnerMedia, a multinational mass media and entertainment company, from September 2005 to December 2019, including President of Kids, Young Adults and Classic division in 2019. |
| Anton Rabie..... Ontario, Canada (Director since 2015) ⁽¹⁾ | Director | Corporate director, since April 2021 and co-founder of the Company. Previously Co-Chief Executive Officer of the Company. |
| Max Rangel..... Ontario, Canada (Director since 2021) | Director, Chief Executive Officer and Global President | Chief Executive Officer, since April 2021, and Global President of the Company, since January 2021. Previously, a number of positions at SC Johnson & Sons', a manufacturer of household cleaning and other products, since 2015 including most recently SVP, President Lifestyle Brands, International Markets from March 2019 to January 2021. |
| Christi Strauss..... Minnesota, U.S. (Director since 2023) | Director | Corporate director. Previously, President and Chief Executive Officer of Cereal Partners Worldwide, a General Mills joint venture with Nestlé, from 2006 to 2012. |
| Ben Varadi..... Ontario, Canada (Director since 2015) ⁽¹⁾ | Director, Executive Vice President and Chief Creative Officer | Executive Vice President and Chief Creative Officer and co-founder of the Company. |
| Charles Winograd..... Ontario, Canada (Director since 2015) | Lead Director | Senior Managing Partner of Elm Park Capital Management, a mid-market lending limited partnership, and President of Winograd Capital Inc., an external consulting and private investment firm. |
| Mark Segal..... Ontario, Canada | Executive Vice President and Chief Financial Officer | Executive Vice President and Chief Financial Officer of the Company, since March 2015 (and from 2001 to 2011). |

| Name | Position(s) / Title(s) with the Company | Principal Occupation(s) |
|--|---|---|
| Doug Wadleigh..... California, U.S. | President, Toys | President, Toys of the Company since January 2024, previously Head of Global Toy Brands of the Company since April 2022. Previously, President and Global Chief Marketing Officer of Goliath, a privately held toys and games company, from 2020 to April 2022; and Chief Executive Officer of The Baby Box Co., a privately held, multinational, ed-tech company from 2017 to 2019. |
| Jennifer Dodge..... Ontario, Canada | President, Entertainment | President, Entertainment of the Company since January 2021 and previously Executive Vice President, Entertainment of the Company since May 2017. |
| Fredrik Loving..... Stockholm, Sweden | President, Digital Games | President, Digital Games of the Company since January 2021, previously, Executive Vice President of Digital Studios of the Company since May 2020. Previously, Executive Vice President, Digital & Interactive at Psyop, a Realtime Production, from August 2019 to April 2020; Head of Studio at Goodbye Kansas, a Realtime Production, from September 2017 to August 2019. |
| Tara Deakin Ontario, Canada | Executive Vice President and Chief People Officer | Executive Vice President and Chief People Officer of the Company since January 2020. Previously Senior Vice President, Talent Development of the Company from June 2019 to January 2020. Previously Senior Vice President of Talent at TD Bank, a banking institution, from January 2016 to April 2019. |
| Christopher Harrs Ontario, Canada | Executive Vice President and General Counsel, Corporate Secretary | Executive Vice President and General Counsel, Corporate Secretary of the Company. |
| Jeremy Tucker Ontario, Canada | Executive Vice President, Global Chief Marketing Officer | Executive Vice President, Global Chief Marketing Officer of the Company since October 2022. Previously, Chief Marketing Officer at Planet Fitness, a fitness club franchise, from November 2019 to May 2022; Vice President & Head of U.S. Marketing for Nissan North America, an automobile manufacturer, from September 2014 to April 2019; and Vice President of Strategic Marketing for The Walt Disney Company's Consumer Products Division from August 2012 to August 2014. |
| David Voss California, U.S. | Executive Vice President, Toy Design & Development | Executive Vice President, Toy Design & Development of the Company since January 2024. Previously Senior Vice President of Global Product Design, Consumer Products and Parks & Retail at Comcast NBC Universal, a media and entertainment company, from November 2018 to December 2023. |
| Jason Wilson..... Ontario, Canada | Executive Vice President and Chief Information Officer | Executive Vice President and Chief Information Officer of the Company since September 2022. Previously Chief Information Officer at Samuel, Son & Co., a metals and industrial products manufacturer, from 2015 to 2020. |

(1) Messrs. Harary, Rabie and Varadi also served as directors of predecessors to the Company.

The current term of office for each Director listed above expires at the close of the next meeting of Shareholders. As at March 21, 2024, the Directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly, 1,194,765 Subordinate Voting Shares, representing 3.4% of the issued and outstanding Subordinate Voting Shares and 68,687,887 Multiple Voting Shares, representing 100% of the issued and outstanding Multiple Voting Shares. Accordingly, as at March 21, 2024 the Directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly, 67.4% of the Company's total issued and outstanding Voting Shares and approximately 95.3% of the voting power attached to all of the Voting Shares.

Marathon Investment Holdings Ltd., a company controlled by Ronnen Harary, beneficially owns 29,233,683 Multiple Voting Shares (42.6% of the outstanding Multiple Voting Shares) and no Subordinate Voting Shares, Trumbanick Investments Ltd. a company indirectly controlled by Anton Rabie, beneficially owns 28,470,516 Multiple Voting Shares (41.4% of the outstanding Multiple Voting Shares) and no Subordinate Voting Shares, and LentilBerry Inc., a corporation indirectly controlled by Ben Varadi, beneficially owns 7,432,740 Multiple Voting Shares (10.8% of the outstanding Multiple Voting Shares) and no Subordinate Voting Shares. Pursuant to the Principal Shareholders Agreement, Messrs. Harary and Rabie also jointly control all Voting Shares held by the Principal Shareholders. See "Material Contracts – Principal Shareholders" and "Interests of Management and Others in Material Transactions".

Cease Trade Orders

To the knowledge of the Company, no Director or executive officer of the Company (nor any personal holding company of any of such individuals) is, as of the date of this Annual Information Form, or was within ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), that was issued while the individual was acting in the capacity as a director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the individual ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that individual was acting in the capacity as director, chief executive officer or chief financial officer, except for Mark Segal who was a member of the board of directors of Kew Media Group Inc. ("Kew") when: (i) a cease trade order was issued (and currently remains in effect) by the Ontario Securities Commission due to Kew's auditor's withdrawal of audit reports on certain of Kew's financial statements as a result of misrepresentations by Kew's former Chief Financial Officer; and (ii) a receiver was appointed over the assets, undertakings and properties of Kew.

Bankruptcies

Other than as described herein, to the knowledge of the Company, no Director or executive officer of the Company (nor any personal holding company of any of such individuals): (i) is, as of the date of this Annual Information Form, or has been within the ten years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that individual was acting in that capacity, or within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its.

Penalties or Sanctions

To the knowledge of the Company, no Director or executive officer of the Company (nor any personal holding company of any of such individuals) has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable holder of Voting Shares in deciding whether to vote for the proposed Director.

Advance Notice Provisions

The Company's by-laws provide for advance notice of nominations of Directors ("**Advance Notice Provisions**") in circumstances where nominations of persons for election to the Board are made by Shareholders other than (a) pursuant to the Majority Principal Nomination Rights (as defined under "Material Contracts – Principal Shareholders Agreement") or (b) by or at the direction or request of one or more Shareholders pursuant to a proposal or a requisition of the Shareholders made in accordance with applicable law and the Company's by-laws.

To be an eligible Shareholder for making nominations under the Advance Notice Provisions, the nominating Shareholder must (a) comply with the notice procedures set forth in the Advance Notice Provisions, as provided for below, and (b) at the close of business on the date of the giving of the applicable notice and on the record date for notice of the applicable Shareholder meeting, be entered in the Company's register as a holder of one or more Voting Shares carrying the right to vote at such meeting or beneficially own Voting Shares that are entitled to be voted at such meeting.

The Advance Notice Provisions fix deadlines by which an eligible Shareholder must notify the Company of nominations of individuals for election to the Board as follows: such notice must be provided to the Secretary of the Company (a) in the case of an annual meeting of Shareholders, not less than 30 days prior to the date of the annual meeting of Shareholders; provided, however, that in the event that the annual meeting of Shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") that is the earlier of the date that a notice of meeting is filed for such meeting and the date on which the first public announcement of the date of such meeting was made, notice may be given not later than the close of business on the tenth day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing Directors (whether or not called for other purposes), not later than the close of business on the fifteenth day following the Notice Date.

The Advance Notice Provisions also stipulate that certain information about any proposed nominee and the nominating Shareholder be included in such a notice in order for it to be valid. To be in proper written form, a nominating Shareholder's notice to the Directors must set forth, among other things: (a) as to each person whom the nominating Shareholder proposes to nominate for election as a Director: (i) the name, age, business address and residential address of the person; (ii) the principal occupation or employment of the person for the past five years; (iii) the status of the person as a "resident Canadian" (as defined in the OBCA); (iv) the class or series and number of shares which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (v) full particulars regarding any contract, agreement, arrangement, understanding or relationship (collectively, "**Nominee Arrangements**"), including without limitation financial, compensation and indemnity related Nominee Arrangements, between the proposed nominee or any associate or affiliate of the proposed nominee and any nominating Shareholder or any of its representatives; and (vi) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Directors pursuant to applicable securities laws; and (b) as to the nominating Shareholder giving the notice: any proxy, contract, arrangement, understanding or relationship pursuant to which such nominating Shareholder has a right to vote any shares and any other information relating to such nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Directors pursuant to applicable securities laws. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as a Director who is independent of the Company within the meaning of National Instrument 52-110 – *Audit Committees* (an "**Independent Director**") or that could be material to a reasonable Shareholder's understanding of the independence, or lack thereof, and qualification of such proposed nominee.

The chairperson of the Shareholder meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, the discretion to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Directors may, in their sole discretion, waive any requirement in the Advance Notice Provisions.

The Advance Notice Provisions are intended to: (a) facilitate orderly and efficient annual general or, where the need arises, special meetings; (b) ensure that all Shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (c) allow Shareholders to register an informed vote.

A copy of the Company's by-laws is available on SEDAR+ at www.sedarplus.com.

AUDITOR AND AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Audit Committee operates under the Charter of the Audit Committee set out at Appendix A hereto, pursuant to which the committee assists the Board in fulfilling its oversight responsibilities with respect to: financial reporting and disclosure; ensuring that an effective risk management and financial control framework has been designed, implemented and tested by management of the Company; external audit processes; helping Directors meet their responsibilities; providing better communication between Directors and external auditors; enhancing the independence of the external auditors; increasing the credibility and objectivity of financial reports; and strengthening the role of Directors by facilitating in-depth discussions among

Directors, management and the external auditors regarding significant issues involving judgment and impacting quality controls and reporting.

Composition of the Audit Committee

The Audit Committee consists of Mr. Glass (Chair), Mr. Fils-Aimé, Mr. Blank, and Mr. Winograd, each of whom is considered “independent” for purposes of audit committees and “financially literate” within the meaning of National Instrument 52-110 – *Audit Committees*.

In addition to each member’s general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

Kevin Glass is a corporate director. Mr. Glass was most recently Senior Executive Vice President and Chief Financial Officer at CIBC, a banking institution, from 2011 to October 2019. From 2009 to 2011, Mr. Glass served as Executive Vice-President, Finance Shared Services at CIBC. Prior to CIBC, Mr. Glass was Chief Financial Officer for a number of companies that included Revera Inc., Atlas Cold Storage Income Trust, and Vitran Corporation Inc. Mr. Glass is currently a director of Northland Power Inc., a power producer. Mr. Glass is a Chartered Professional Accountant (FCPA, CPA, CA), holds an MBA from the University of Toronto and a Bachelor of Commerce and Bachelor of Accountancy from the University of the Witwatersrand in South Africa.

Reginald (Reggie) Fils-Aimé is the Managing Partner of Brentwood Growth Partners, a consulting practice. He joined Nintendo of America Inc., a multinational consumer electronics and video game company, in December 2003 as Executive Vice President of Sales & Marketing. In May 2006, he was promoted to President and Chief Operating Officer where he ran the day-to-day operations and was responsible for all activities for Nintendo in the United States, Canada and Latin America. In 2016, he was appointed a member of the global Executive Officer committee for Nintendo Co., Ltd. Mr. Fils-Aimé retired from Nintendo in April 2019 and in October 2019 he was inducted into the International Video Game Hall of Fame. Prior to joining Nintendo, Mr. Fils-Aimé was Senior Vice President of Marketing at VH1, part of MTV Networks, a division of Viacom. Mr. Fils-Aimé is currently a director of Brunswick Corporation, the leader in recreational marine products. Mr. Fils-Aimé is a graduate of Cornell University with a Bachelor of Science from the Dyson School of Applied Economics and Management.

Michael Blank is the Chief Operating Officer of Polygon Studios, a division of Polygon Technology, a decentralised Ethereum scaling platform that enables developers to build scalable user-friendly consumer applications. Previously, Mr. Blank held a number of senior leadership roles at Electronic Arts, a leading digital interactive entertainment company. Mr. Blank joined EA in 2002 and was responsible for several of EA’s prominent game franchises. In March 2011, he was promoted to Vice President and GM of Origin / EA Access, launching EA’s first direct to consumer digital game platform and multi-platform gaming subscription, together becoming a \$1B+ interactive gaming business. In 2018, he was promoted to Senior Vice President of Player Network, leading global teams to fulfill the company’s strategy to connect and engage EA’s more than 300 million users. Prior to joining Electronic Arts, Mr. Blank was a lawyer at Fasken Martineau, one of Canada’s largest national full-service business law firms, and in-house counsel for the Canadian Broadcasting Corporation.

Charles Winograd is Senior Managing Partner of Elm Park Capital Management (a mid-market lending limited partnership) and is also President of Winograd Capital Inc. (an external consulting and private investment firm). From 2001 to 2008, Mr. Winograd was Chairman or President, and Chief Executive Officer of RBC Capital Markets. He was also President and Chief Operating Officer of RBC Dominion Securities from 1998 to 2001. He also served as Deputy Chairman and Director of RBC Dominion Securities from 1996 to 1998, following its acquisition of Richardson Greenshields. From 1971, Mr. Winograd held several progressively senior positions with Richardson Greenshields and predecessor companies becoming President and Chief Executive Officer in 1987 and Chairman and Chief Executive Officer in 1991. Mr. Winograd is presently on the boards of TMX Group Ltd., where he is Chairman, James Richardson and Sons Limited and KEV Group. He is also on the Board of Trustees for RioCan Real Estate Investment Trust and is a Management Advisor with RP Investment Advisors. In addition, Mr. Winograd is a director of Sinai Health System and was on the Canadian federal government’s Advisory Council for Promoting Women on Boards. Mr. Winograd is a past Chairman of the Investment Dealers Association of Canada. Mr. Winograd received a Bachelor of Arts in Economics from the University of Manitoba and a Master of Business Administration degree from the Richard Ivey School of Business at Western University. He earned a Chartered Financial Analyst designation in 1979.

Policies and Procedures for the Engagement of Non-audit Services

The Audit Committee is responsible for the pre-approval of all non-audit services to be provided to the Company or its subsidiary entities. The Audit Committee may delegate the authority to pre-approve non-audit services, provided such delegation is permitted by law. At least annually, the Audit Committee will review and confirm the independence of the auditor by obtaining statements from the auditor on relationships between the auditor and the Company, including non-audit services.

Auditor's Fees

Deloitte LLP is the Company's auditor. For the fiscal years ended December 31, 2023 and December 31, 2022, the Company was billed the following fees by Deloitte LLP:

| (US\$ millions) | Fiscal year ended December 31, 2023 | Fiscal year ended December 31, 2022 |
|---|--|--|
| Audit fees ⁽¹⁾ | \$2.2 | \$2.4 |
| Audit-related fees ⁽²⁾ | \$0.7 | \$0.7 |
| Tax fees ⁽³⁾ | \$0.4 | \$0.4 |
| Other fees ⁽⁴⁾ | \$0.1 | \$1.7 |
| Total | \$3.5 | \$5.2 |

(1) Audit fees in each of 2023 and 2022 were for the consolidated audit opinion.

(2) Audit-related fees in each of 2023 and 2022 were for various global statutory audits and other related matters.

(3) Tax fees in each of 2023 and 2022 were for tax advice and tax planning.

(4) Other fees in 2023 were in connection with the Acquisition and in 2022 were for corporate, M&A, business planning and strategy consulting, and in connection with the secondary offering.

RISK FACTORS

An investment in securities of the Company involves significant risks. Investors should carefully consider the risks described below, the other information described elsewhere in this Annual Information Form and those risks set out in the Company's management's discussion and analysis ("MD&A") for the year ended December 31, 2023 (as updated by subsequent interim MD&A) before making a decision to buy securities of the Company. If any of the following or other risks occur, the Company's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the ability of the Company to make distributions to holders of Subordinate Voting Shares could be adversely affected, the trading price of securities of the Company could decline and investors could lose all or part of their investment in such securities. These factors are also currently, and in the future may be, amplified by the global economic or geopolitical climate and additional or unforeseen circumstances, developments, or risks, including pandemics or other public health crises. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks.

If Spin Master does not create original, or enhance existing, products, brands, entertainment properties, and digital games products that satisfy consumer preferences, and anticipate, initiate and capitalize on developments in its industry, the Company's business will suffer.

Spin Master depends on its ability to innovate and sell original products, brands, entertainment properties, and digital games products and to identify changing consumer sentiments and respond to such changes on a timely basis. Spin Master also relies on its ability to identify third-party entertainment media that is likely to be popular with consumers and license rights to such media to incorporate into the Company's products. Spin Master's ability to maintain current sales, and increase sales or establish sales with new, innovative products, will depend on its ability to satisfy play preferences, enhance existing products, engineer, develop, introduce and achieve market acceptance of its original products, brands, entertainment properties, and digital games products. If the Company is unable to anticipate consumer preferences, its products, brands, entertainment properties, and digital games products may not be accepted by children, parents, or families, demand for the Company's products, brands, entertainment properties, and digital games products could decrease and Spin Master's business, financial condition and performance could be materially and adversely affected.

Spin Master's business and financial performance depend largely upon the appeal of its products, brands, entertainment properties, and digital games products. Failure to anticipate, identify and react to changes in children's interests and consumer preferences could significantly lower sales of its products, brands, entertainment properties, and digital games products and harm its revenues and profitability. This challenge is more difficult with the ever-increasing utilization of technology and digital media in entertainment offerings, and the increasing breadth of entertainment available to consumers. Evolving consumer tastes and shifting interests, coupled with changing and expanding sources of entertainment and consumer products and properties which compete for children's and families' interest and acceptance, create an environment in which some products and properties can fail to achieve consumer acceptance, and other products and properties can be popular during a certain period of time but then be rapidly replaced. The preferences and interests of children and families evolve quickly, can change from year to year and season to season and are difficult to anticipate. Significant, sudden shifts in demand are caused by consumer preferences, technologies, and trends, which are often unpredictable and can result in short consumer life cycles. Consumer acceptance is even more critical for our toy business due to the recent decline in the overall toy industry. Even the Company's successful brands and products typically have a relatively short period of high demand followed by a decrease in demand as the product matures or is superseded by newer technologies and / or brands and products. A decline in the popularity of the Company's existing products, brands, entertainment properties, and digital games products or the failure of Spin Master's original products, brands, entertainment properties, and digital games products to achieve and sustain market acceptance with retailers and consumers, could significantly lower the Company's revenues and operating margins, which would harm Spin Master's business, financial condition, and performance.

The industries in which Spin Master operates are highly competitive and the Company's inability to compete effectively may materially and adversely impact its business, financial condition, and performance.

Spin Master operates in industries characterized by intense competition. The Company competes domestically and internationally with numerous large and small companies that develop, market and sell analog toys and games, products which combine analog and digital play, digital games products, and other entertainment and consumer products, as well as with retailers who offer such products under their own private labels often at lower prices. The growing importance of digital media, and the heightened connection between digital media and consumer interest, has further increased the ability for new participants to enter Spin Master's markets, and has broadened the array of companies Spin Master competes with which can become a significant source of competition for the Company in a very short period of time. In addition to existing customers, low barriers to entry enable new competitors to quickly establish themselves with only a single popular product. New participants with a popular product idea or property can gain access to consumers and become a significant source of competition for the Company. Spin Master's competitors' products may achieve greater market acceptance than the Company's products and, in doing so, may potentially reduce the demand for the Company's products, brands or properties. Spin Master's competitors have obtained and are likely to continue to obtain licenses that overlap with the Company's licenses with respect to products, geographic areas and markets. Spin Master may not be able to obtain adequate shelf space in retail stores to support or expand its brands or products, and the Company may not be able to continue to compete effectively against current and future competitors. These existing and new competitors may be able to respond more rapidly than Spin Master to changes in consumer preferences. Spin Master's competitors' products may achieve greater market acceptance than the Company's products and potentially reduce demand for the Company's products, lower its revenues and lower its profitability.

Spin Master also faces competition in the entertainment industry. Some of the Company's competitors in the content market have interests in multiple media businesses which are often vertically integrated. Spin Master's ability to compete in this market depends on several factors, including its ability to develop high quality and popular entertainment content, adapt to new technologies and distribution platforms and achieve widespread distribution.

Some of Spin Master's competitors have longer operating histories, significantly greater financial, marketing, and other resources, greater economies of scale, more long-standing brands and products and greater name recognition. The Company may be unable to compete with them in the future. If Spin Master fails to compete, its business, financial condition and performance could be materially and adversely affected.

Failure to protect or enforce Spin Master's IP rights and claims by third parties that the Company is infringing their IP rights could materially and adversely affect Spin Master's business, financial condition and performance.

Spin Master relies on a combination of patents, copyrights, trademarks, trade secrets, confidentiality provisions and licensing arrangements to establish and protect its IP and proprietary rights. Contractual arrangements and other steps the Company has taken to protect its IP may not prevent misappropriation of its IP or deter independent third-party development of similar products. The steps Spin Master has taken may not prevent unauthorized use of its IP, particularly in foreign countries where the Company does not

hold patents or trademarks or where the laws may not protect its IP as fully as in North America. Some of Spin Master's products and product features have limited IP protection, and, therefore, the Company may not have the legal right to prevent others from reverse engineering or otherwise copying and using these features in competitive products. Monitoring the unauthorized use of the Company's IP is costly, and any dispute or other litigation, regardless of the outcome, may be costly and time consuming and may divert the Company's resources.

Additionally, Spin Master has registered various domain names relating to some of its brands and products. If the Company fails to maintain these registrations, or if a third party acquires domain names similar to the Company's and engages in a business that may be confusing to the Company's users and customers, Spin Master's revenues may decline, and it may incur additional expenses in maintaining its brands.

Spin Master periodically receives claims of infringement or otherwise becomes aware of potentially relevant patents, copyrights, trademarks, or other IP rights held by other parties. Responding to any infringement claim, regardless of its validity, may be costly and time-consuming and may divert the Company's resources. If Spin Master or its licensors are found to be infringing on the IP rights of any third-party, Spin Master or its licensors may be required to obtain a license to use those rights, which may not be obtainable on reasonable terms, if at all. The Company also may be subject to significant damages or injunctions against the development and sale of some of its products or against the use of a trademark or copyright in the sale of some of its products. Spin Master's insurance does not cover all types of IP claims and insurance levels for covered claims may not be adequate to indemnify the Company against all liability, which could materially and adversely harm its business, financial condition, and performance.

Spin Master licenses IP rights from third-party owners. The Company's may not be able to renew its licenses or licensors may seek to terminate Spin Master's license. Failure of such owners to properly maintain or enforce the IP underlying such licenses could have a material adverse effect on the Company's business, financial condition and performance.

Spin Master is a party to several licenses that give the Company rights to third-party IP that is necessary or useful to the Company's business. Spin Master's success will depend in part on the ability of its ability to license IP and the ability of its licensors to obtain, maintain and enforce its licensed IP, particularly those IP rights to which the Company has secured exclusive rights. Without protection for the IP Spin Master licenses, other companies might be able to offer substantially identical products for sale, which could have a material adverse effect on the Company's business, financial condition, and performance.

One or more of the Company's licensors may not renew its expiring licenses or allege that Spin Master has breached its license agreement with them, and accordingly seek to terminate Spin Master's license. If successful, this could result in the Company's loss of the right to use the licensed IP, which could adversely affect the Company's ability to commercialize its technologies, products, or services, as well as have a material adverse effect on its business, financial condition, and performance.

Spin Master may not be able to sustain or manage its growth strategy, which may prevent the Company from increasing its revenues.

Historically, Spin Master has experienced growth in its product lines which at times has been rapid. The Company's growth strategy calls for it to continuously develop and diversify its business by introducing original products, innovating, and refining its existing product lines and expanding into international markets, entering into additional license agreements, and acquiring other companies, which will place additional demands upon the Company's management, operational capacity and financial resources and systems. The increased demand upon management may necessitate Spin Master's recruitment and retention of qualified personnel. This can be particularly difficult when unexpected, significant, sudden shifts in demand are caused by trends. There can be no assurance that the Company will be able to recruit and retain qualified personnel or expand and manage its operations effectively and profitably. Implementation of Spin Master's growth strategy is subject to risks beyond its control, including competition, market acceptance of original products, changes in economic conditions, its ability to obtain or renew licenses on commercially reasonable terms and its ability to finance increased levels of accounts receivable and inventory necessary to support its sales growth, if any. Accordingly, there can be no assurance that the Company's growth strategy will be successful or that it will be able to achieve its targeted future sales growth. The lack of success in the Company's growth strategy may have a material and adverse effect on its business, financial condition and performance.

Uncertainty and adverse changes in general economic conditions may negatively affect consumer spending, which could have a material adverse effect on Spin Master's revenue and profitability.

Current and future conditions in the economy have an inherent degree of uncertainty. As a result, it is difficult to estimate the level of growth or contraction for the economy. It is even more challenging to estimate growth or contraction in various parts, sectors, and regions of the economy, including the many different markets in which Spin Master participates. The Company's budgeting and forecasting are dependent upon estimates of demand for its products and growth or contraction in the markets it serves. Economic uncertainty complicates reliable estimation of future income and expenditures. Adverse changes may occur because of weakening global economic conditions, tightening of consumer credit, inflation, rising interest rates and mortgage rates, falling consumer confidence, increasing unemployment, declining stock markets or other factors affecting economic conditions generally. These changes may negatively affect demand for Spin Master's products, increase exposure to retailers with whom it does business, increase the cost and decrease the availability of financing to fund Spin Master's working capital needs, or increase costs associated with manufacturing and distributing products, any of which could have a material and adverse effect on the Company's revenue and profitability.

Consumer spending habits, including spending on Spin Master products, are affected by, among other things, prevailing economic conditions, inflation, rising interest rates and mortgage rates, levels of employment, fuel prices, salaries and wages, the availability of consumer credit, foreclosures, bankruptcies, falling home prices, consumer confidence and consumer perception of economic conditions. A general economic slowdown in Canada, the U.S. and other parts of the world could decrease demand for the Company's products which would adversely affect its revenue; an uncertain economic outlook may adversely affect consumer spending habits and customer traffic, which may result in lower revenue. A prolonged global economic downturn could have a material negative impact on the Company's business, financial condition, and performance.

In addition to experiencing potentially lower revenues during times of economic difficulty, to maintain sales during such times, Spin Master may need to reduce the price of its products, increase promotional spending and/or sales allowances, offer incentives or take other steps to encourage retailer and consumer purchase of its products. Those steps may lower the Company's net revenues or increase its costs, thereby decreasing its operating margins and lowering its profitability. These challenges can be exacerbated if customers accumulate excess retail inventories over time due to their purchases of Spin Master's products exceeding sales of those products to ultimate consumers. It can then take the Company significant time, working with retailers, to reduce those excess retail inventories, and in the interim its sales of new products can be negatively impacted.

During periods of increased cost inflation, Spin Master has increased prices of certain products, and may in the future need to increase prices further in order to cover increased costs of goods sold, which may reduce demand for products. There can be no guarantee that Spin Master will be able to successfully increase prices in the future or that the price increases Spin Master has already taken will offset the entirety of additional costs it has incurred and may incur in the future. In addition, geopolitical instability (such as the ongoing conflict between Russia and Ukraine and the ongoing conflict in the Middle East involving Israel and Hamas) and related sanctions could continue to have significant ramifications on global financial markets, including volatility in the U.S. and global financial markets. The inability to adequately increase prices to offset increased costs and inflationary pressures, or otherwise mitigate the impact of these macro-economic conditions and market disruptions, may also increase costs and/or decrease profit margins.

While historically the Company's sales have been resilient to recessionary environments, there is no assurance that this historical trend will continue, or that increased inflation or price sensitivity on the part of retailers or consumers will not influence Spin Master's sales. Any reduction in discretionary spending by consumers in the face of macro-economic factors could unfavourably impact the Company's future sales and materially and adversely affect its financial performance and results of operations.

Disruptions in Spin Master's manufacturing operations or supply chain due to political instability, civil unrest, future pandemic or other public health crises, or earthquakes or other natural disasters outside of Spin Master's control, and actions taken by governments, businesses, and individuals in response to such events have adversely affected and could further adversely affect Spin Master's business, financial position, sales, and results of operations.

Spin Master's business and operations could be materially and adversely affected by political instability, civil unrest, future pandemics or other public health crises, earthquakes, natural disasters, and other natural or man-made economic, political, or environmental disruptions. Disruptions, and government responses to any disruption, could adversely affect Spin Master's business, financial position, sales, and results of operations and may vary based on the length and severity of the disruption. For example, the COVID-19 pandemic and the actions taken by governments, businesses, and individuals in response thereto affected how Spin Master and its

suppliers and partners operated their businesses, caused supply chain disruption and retail store closures, and adversely affected Spin Master's operating results. While the impact of the COVID-19 pandemic has largely subsided, the impact of any new outbreaks of COVID-19, other variants, or other public health crises on Spin Master's business and financial results will depend on future developments, which are highly uncertain and cannot be predicted.

The Company utilizes third-party manufacturers and suppliers in China, as well as in Vietnam, India, Mexico, Indonesia, Hungary, Poland and the Netherlands. The risk of political instability and civil unrest in certain of these countries, which could temporarily or permanently damage the manufacturing operations of the Company or its third-party manufacturers. Outbreaks of communicable diseases have also been known to occur in certain of these countries and around the world. Other disruptions from public health crises such as these result from, among other things, workers contracting diseases, restrictions on factory openings, restrictions on travel, restrictions on shipping and shopping, and the closure of critical infrastructure. The design, development, manufacture, distribution and sale of the Company's products has suffered and could further suffer if a significant number of the Company's employees or the employees of its third-party manufacturers, their suppliers, or of businesses where the Company's products are sold, contract communicable diseases such as these, or if the Company, the Company's third-party manufacturers, or their suppliers are adversely affected by other impacts of such diseases.

Furthermore, a catastrophic event where Spin Master or its third-party manufacturers and suppliers has important operations, such as an earthquake, tsunami, flood, typhoon, fire, power outage or other natural or manmade disaster, including as a result of climate change, could disrupt Spin Master's operations or those of its business partners and impair production or distribution of its products, damage inventory, interrupt critical functions, or otherwise affect its business negatively.

The impact of these events could further result in:

- third-party suppliers resulting in limitations on Spin Master's ability to design, develop, manufacture, and distribute products effectively, efficiently, and in a timely manner;
- delays in entertainment content releases from licensors, or changes in release plans, that can adversely impact sales of the Company's products;
- disruptions or restrictions on the ability of Spin Master's employees, suppliers, and manufacturers to work effectively, including due to illness, quarantines, government actions, and facility closures or other similar restrictions; and
- increased operational risks, including increased risks of accounts receivable collection, insolvency of retailers (particularly specialty retailers), delays in payment, and negotiations with third parties over payment terms or the ability to perform under certain contracts or licenses.

Any one of these factors, or a combination thereof, could impact Spin Master's ability to meet demand for its products or could increase the costs of its products. To the extent any of these disruptions become prolonged or recur, particularly during seasonally high periods of production or distribution, Spin Master's ability to meet demand may be materially impacted. Insurance for certain disruptions may not be available or affordable. Such disruptions in the markets in which Spin Master, its employees, consumers, customers, business partners, licensees, licensors, suppliers, and manufacturers operate, can have, and at times in the past have had, a significant negative impact on Spin Master's business, liquidity, financial position, sales, and results of operations. In addition, the contingency plans the Company has developed to help mitigate the impact of disruptions in its operations, have not and may not prevent its business, financial position, sales, and results of operations from being adversely affected by a significant disruption to its operations, suppliers or demand for the Company's products.

Spin Master's failure to market or advertise products could have a material adverse effect on the Company's business, financial condition, and performance.

Spin Master's products are marketed worldwide through a diverse spectrum of advertising and promotional programs. The Company's ability to sell products is largely dependent upon the success of these programs. If Spin Master does not market its products, sales could decline or if media or other advertising or promotional costs increase, Spin Master's costs could increase, which could have a material adverse effect on the Company's business, financial condition, and performance. Additionally, loss of television or media support related to any of the Company's products may decrease the number of products it sells and harm its business, financial condition, and performance.

Spin Master's business is subject to seasonality factors, and therefore its annual financial performance depends, in large part, on its sales relating to the holiday seasons and the timing of its product launches. As retailers become more efficient in their control of inventory levels and give shorter lead times for production, failures to predict demand and possible transportation, production or other disruptions during peak demand times may affect the Company's ability to deliver products in time to meet retailer demands.

Seasonality factors cause Spin Master's operating results to fluctuate significantly from quarter to quarter. Typically, a large percentage of the Company's Toy revenue is concentrated in the third and fourth quarters, with a large percentage of retail sales occurring during the period from September through December in anticipation of the traditional holiday season. Generally, the first quarter is the period of lowest shipments and revenues in the toy industry and therefore, the least profitable because of certain fixed costs. Further, ecommerce continues to grow significantly and accounts for a higher portion of the ultimate sales of the Company's products to consumers. Ecommerce retailers tend to hold less inventory and take inventory closer to the time of sale to consumers than traditional retailers. Spin Master's failure to predict levels of consumer demand surrounding the holiday season may result in under-producing popular products and overproducing underperforming items, which, in either case, would adversely affect the Company's business, financial condition and performance. Spin Master's results of operations may also fluctuate because of factors such as the timing of new products or new products that its competitors introduce in the marketplace, the advertising activities of its competitors and the emergence of new market entrants. In addition, due to the seasonal nature of Spin Master's business, the Company would be materially and adversely impacted, in a manner disproportionate to the impact on a company with sales spread more evenly throughout the year, by unforeseen events, such as public health crises and pandemics, terrorist attacks, wars or other conflicts, adverse weather conditions or economic shocks that harm the retail environment or consumer buying patterns during the Company's key selling season, or by events such as strikes, port delays or supply chain interruptions, that interfere with the manufacture or shipment of goods during critical months leading up to the peak purchasing season.

If Spin Master fails to meet transportation schedules, it could damage the Company's relationships with retailers, increase the Company's distribution and logistics costs or cause sales opportunities to be delayed or lost. In order to be able to deliver its merchandise on a timely basis, Spin Master needs to maintain adequate inventory levels of the desired products. If the Company's inventory forecasting and production planning processes result in Spin Master manufacturing inventory more than the levels demanded by its customers, the Company could be required to record inventory write-downs for excess and obsolete inventory, which could materially and adversely affect the Company's financial performance. If the inventory of Spin Master products held by its retailers is too high, they may not place or may reduce orders for additional products, which could unfavourably impact the Company's future sales and materially and adversely affect its financial performance.

Spin Master's dependence on third-party manufacturers, distributors, distribution centres and logistics service providers present risks to the Company's business and exposes it to risks associated with international operations.

All of Spin Master's products are manufactured by third-party manufacturers, most of which are in Asia and primarily in China, and transported, stored and distributed by third parties on its behalf. The Company's operations could be adversely affected if the Company lost its relationship with any of its third-party service providers, or if there was any material failure, inadequacy or interruption resulting from its third-party service providers due to factors beyond the Company's control. Although Spin Master's external sources of manufacturing and its distribution centres and logistics service providers can be shifted over a period to alternative sources, should such changes be necessary, the Company's operations could be disrupted, potentially for a significant period of time, while alternative sources were secured, and significant capital investments could be required to remediate the problem.

Given that all of Spin Master's products are manufactured by third-party manufacturers, public health crises, such as the COVID-19 pandemic, and other factors affecting political, social and economic activity where the Company's manufacturers are located, may affect the movement of people and products into and from those locations to the Company's major markets, including North America and Europe. Public health crises impacting the Company's third-party manufacturers, distributors, distribution centres and logistics service providers had and can have a significant negative impact on Spin Master's business.

As a result of Spin Master's dependence on third-party manufacturers, any difficulties encountered by one of the Company's third-party manufacturers that results in production delays, cost overruns or the inability to fulfill its orders on a timely basis, including political disruptions, labour difficulties and other factors beyond the Company's control, including the impacts of climate change (which have resulted in rolling blackouts in China in previous years to meet provincial climate targets), could adversely affect the Company's ability to deliver its products to its customers, which in turn could harm the Company's reputation and adversely affect its business, financial condition and performance. Similarly, Spin Master relies on third-party distribution centres and logistics service

providers to transport its products to the markets in which they are sold and on third-party distributors to distribute those products within those markets. Any disruption affecting the ability of the Company's third-party service providers to timely deliver or distribute its products to its customers could cause delays in product sales, cause customers to cancel orders, have a material adverse effect on Spin Master's revenue and profitability, and harm its reputation.

Spin Master's significant use of third-party manufacturers outside of North America also exposes the Company to risks, including:

- currency fluctuations;
- limitations on the repatriation of capital;
- potential challenges to the Company's transfer pricing determinations and other aspects of its cross-border transactions which may impact income tax expense;
- political instability, civil unrest and economic instability;
- greater difficulty enforcing IP rights and weaker laws protecting such rights;
- requirements to comply with different laws in varying jurisdictions, which laws may dictate that certain practices that are acceptable in some jurisdictions are not acceptable in others, and changes in governmental policies;
- natural disasters and greater difficulty and expense in recovering from them;
- difficulties in moving materials and products from one country to another, including port congestion, strikes and other transportation delays and interruptions;
- difficulties in controlling the quality of raw materials and components used to manufacture the Company's products, which may lead to public health and other concerns regarding its products;
- changes in international labour costs, labour strikes, disruptions or lock-outs; and
- the imposition of tariffs or other protectionist measures, or the breakdown of trade relations.

Due to Spin Master's reliance on international sourcing of manufacturing, its business, financial condition, and performance could be significantly and materially harmed if any of the risks described above were to occur.

Spin Master requires its third-party manufacturers and distributors to comply with Spin Master's code of conduct, which is designed to prevent products manufactured by or for the Company from being produced under inhumane or exploitive conditions. Spin Master's code of conduct addresses several issues, including work hours and compensation, health and safety, and abuse and discrimination. In addition, the Company requires that its products supplied by third-party manufacturers or distributors be produced or distributed in compliance with all applicable laws and regulations, including consumer and product safety laws in the markets where those products are sold. The Company has the right, both directly and using outside monitors, to monitor compliance by its third-party manufacturers and distributors with Spin Master's code of conduct and other manufacturing requirements. In addition, the Company conducts quality assurance testing on its products, including products manufactured or distributed for the Company by third parties. Notwithstanding these requirements and Spin Master's monitoring and testing of compliance with them, there remains the risk that one or more of the Company's third-party manufacturers or distributors will not comply with Spin Master's requirements and that Spin Master will not immediately discover such non-compliance. Any failure of the Company's third-party manufacturers or distributors to comply with labour, consumer, product safety or other applicable requirements in manufacturing or distributing products for the Company could result in damage to Spin Master's reputation, harm sales of its products and potentially create liability for Spin Master and its business, financial condition and performance could be materially and adversely impacted.

Significant increases in the price of commodities, transportation, or labour, if not offset by declines in other input costs, or a reduction or interruption in the delivery of raw materials, components, and finished products from Spin Master's vendors, could adversely affect Spin Master's business, financial condition, and results of operations.

Cost increases, whether resulting from rising costs of materials, transportation, services, labour, or compliance with existing or future regulatory requirements, impact the profit margins realized by Spin Master on the sale of its products. Because of market conditions, timing of pricing decisions, and other factors, there can be no assurance that Spin Master will be able to offset any of these increased costs by adjusting the prices of its products. Increases in prices of Spin Master's products may not be sustainable and could result in lower sales. Spin Master's ability to meet customer demand depends, in part, on its ability to obtain timely and adequate delivery of materials, parts, and components from its suppliers and internal manufacturing capacity. Additionally, as Spin Master cannot guarantee the stability of its major suppliers, major suppliers may stop manufacturing components at any time with little or no notice. If Spin Master is required to use alternative sources, it may be required to redesign some aspects of the affected products, which may involve delays and additional expense. Reductions or interruptions in supplies or in the delivery of finished products, whether resulting from more stringent regulatory requirements, disruptions in transportation, port delays, labour strikes or disputes, lockouts, loss or

impairment of key manufacturing facilities, discontinuity or disruptions in information technology systems, changes in trade policy, an outbreak of a severe public health crisis, natural disasters, including severe weather due to climate change or otherwise, the occurrence or threat of wars or other conflicts, or a significant increase in the price of one or more supplies (or an inability to procure sufficient supplies), such as wood, fuel or resin (which is an oil-based product used in plastics), the cost of transportation, or otherwise, have at times adversely affected and could in the future adversely affect Spin Master business, financial condition, and results of operations. Recently, the Panama Canal drought and Suez Canal attacks have, and could continue to, adversely impact the reliability and cost of the Company's export shipments to customers. Additionally, the Company is looking to reduce the amount of virgin plastic it uses and to use sustainable alternatives where available. The availability, efficacy and cost effectiveness of these materials is essential to the future of Spin Master's business, and an inability to continue to source these sustainable alternatives could in the future adversely affect Spin Master business, financial condition, and results of operations.

Failure to leverage Spin Master's portfolio of franchises effectively across entertainment and media platforms, maintain relationships with key television and motion picture studios, and entertainment and media companies could have a material adverse effect on the Company's business, financial condition, and performance.

Complementing Spin Master's product offerings with entertainment and media initiatives is an integral part of the Company's growth strategy. Spin Master invests in interactive media and other entertainment initiatives, extending the Company's brands across multiple platforms. Establishing and maintaining relationships with key broadcasters and motion picture studios, and entertainment and media companies are critical to the successful execution of these initiatives. The Company's failure to execute effectively on these initiatives could result in its inability to recoup its investment and harm the related toy brands employed in these initiatives. Such failures could have a material adverse effect on the Company's business, financial condition and performance.

Risks Related to the Entertainment Industry.

The entertainment industry involves a substantial degree of risk. Acceptance of children's entertainment programming represents a response not only to the production's artistic components, but also the quality and acceptance of other competing programs released into the marketplace at or near the same time, the availability of alternative forms of children's entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could change rapidly or without notice and cannot be predicted with certainty. There is a risk that some or all of Spin Master's programming will not be purchased or accepted by the public generally, resulting in a portion of costs not being recouped or anticipated direct and indirect profits not being realized, which could have a material and adverse effect on the Company's business, financial condition and performance. There can be no assurance that revenue from existing or future programming will replace loss of revenue associated with the cancellation or unsuccessful commercialization of any production or that Spin Master's entertainment programming will generate product sales.

The business of producing and distributing television programs is highly competitive. There are numerous suppliers of entertainment content and Spin Master faces intense competition with other producers and distributors, many of whom are substantially larger and have greater resources. Further, vertical integration of the television broadcast industry worldwide and the creation and expansion of new networks, which create a substantial portion of their own programming, has decreased access for programs produced by third-party production companies. The Company competes with other television production companies for ideas and storylines created by third parties as well as for access to animation studios, writers, producers, actors, directors, and other personnel required for a production. Spin Master may not be successful in any of these efforts which could have a material and adverse effect on its business, financial condition and performance.

Spin Master also faces competition from both regulated and unregulated players using existing or new technologies and from illegal services. The rapid deployment of new technologies, services and products have reduced the traditional lines between internet and broadcast services and further expanded the competitive landscape. The Company may also be affected by changes in customer discretionary spending patterns, which in turn are dependent on consumer confidence, disposable consumer income and general economic conditions. New or alternative media technologies and business models, such as video-on-demand, subscription-video-on-demand, high-definition television, personal video recorders, mobile television, internet protocol television, over-the-top internet-based video entertainment services, connected televisions, virtual multichannel programming distributors, audio streaming platforms, podcasting and direct-to-home satellite compete for audiences. As well, mobile devices like smartphones and tablets allow consumers to access content anywhere, anytime and are creating consumer demand for mobile, portable or free content. These technologies and business models may increase audience fragmentation. Technological developments may also disrupt traditional distribution platforms by enabling content owners to provide content directly to consumers, thus bypassing traditional content aggregators.

Distributors' decisions regarding the timing of release and promotional support of Spin Master's television programs are important in determining the success of these programs. The Company does not ultimately control the timing and way its distributors distribute the Company's television programs. Any decision by those distributors not to distribute or promote one of Spin Master's television programs or to promote competitors' programs to a greater extent than they promote Spin Master's programs could have a material and adverse effect on the Company's business, financial condition, and performance.

Production of film and television programs requires a significant amount of capital. Unforeseen events such as labour disputes, changes related to technology, special effects or other aspects of production, shortage of necessary equipment, or other unforeseen events affecting aspects of production may cause cost overruns and delay or frustrate completion of a production. Although Spin Master has historically completed its productions within budget, there can be no assurance that it will continue to do so. The Company currently maintains insurance policies covering certain of these risks. There can be no assurance that any overrun resulting from any occurrence will be adequately covered or that such insurance and completion bonds will continue to be available or, if available on terms acceptable to Spin Master. In the event of substantial budget overruns, there can be no assurance that such costs will be recouped, which could have a material and adverse effect on the Company's business, financial condition, and performance.

Financial risks exist in productions relating to tax credits. There can be no assurance that industry funding assistance programs and Federal or Provincial government tax credits which Spin Master may access in Canada and internationally from time to time, including those sponsored by various European, Australian, and Canadian governmental agencies, will not be reduced, amended, or eliminated or that Spin Master's production projects will continue to qualify for them. Any change in the policies of those countries in connection with their incentive programs could have a material and adverse effect on the Company's business, financial condition, and performance.

Spin Master may not realize the full benefit of its licenses if the licensed material has less market appeal than expected and licenses may not be profitable to the Company if sales revenue from the licensed products are not sufficient to support the minimum guaranteed royalties.

An integral part of Spin Master's business involves obtaining licenses to produce products utilizing various entertainment brands and content. As a licensee of entertainment-based properties, the Company has no guarantee that a particular brand or property will translate into a successful toy, entertainment brand or other product. Additionally, a successful brand may not continue to be successful or maintain a high level of sales. If Spin Master produces a line of products based on entertainment-based properties, the success of the entertainment series has a critical impact on the level of consumer interest in the associated products being offered by the Company. Spin Master relies on the efforts of third parties, such as licensors, film studios, content producers and distribution channels with whom the Company works, with respect to development of content and timing of media development, release dates and the ultimate consumer interest in and success of these media efforts. Spin Master does not fully control when or if any particular project will be developed or released, and the Company's licensors, media partners or other third parties may change their plans with respect to projects and release dates or cancel development all together. Lack of control can make it difficult for the Company to successfully develop and market products in conjunction with such entertainment projects, given the lengthy lead times involved in product development and successful marketing efforts. Any delay or cancellation of planned product development work, releases, or media support may decrease the number of products sold by the Company, which could harm its business. If any production or entertainment releases are delayed, it could adversely affect the Company's business, financial condition, and performance.

The license agreements into which the Company enters usually require it to pay minimum royalty guarantees that may be substantial, and in some cases may be greater than the amount it earns from sales of the licensed brands. This could result in write-offs of significant amounts, which in turn could materially and adversely impact the Company's financial condition and performance. Acquiring or renewing licenses may require the payment of minimum guaranteed royalties that Spin Master considers to be too high to be profitable, which may result in losing licenses it currently holds when they become renewable under their terms, or missing business opportunities for new licenses. If the Company is unable to acquire or maintain successful licenses on advantageous terms, its business, financial condition, and performance may be materially and adversely impacted.

Spin Master's business could be significantly harmed if its electronic data is compromised.

Spin Master maintains significant amounts of data electronically in locations around the world. This data relates to all aspects of the Company's business and contains certain customer and consumer data. The Company maintains systems and processes designed to protect this data, but notwithstanding such protective measures, there is a risk of intrusion or tampering that could compromise the integrity and privacy of this data. Cyberattacks are increasing in their frequency, sophistication, and intensity, and are becoming

increasingly difficult to detect. The risk of cyberattacks may increase as AI becomes more widespread. They are often carried out by motivated, well-resourced, skilled, and persistent actors, including nation states, organized crime groups, “hacktivists” and employees or contractors acting with malicious intent. Cyberattacks could include the deployment of harmful malware and key loggers, ransomware, a denial-of-service attack, a malicious website, the use of social engineering and other means to affect the confidentiality, integrity and availability of the Company’s technology systems and data or the compromise of the Company’s source code and games assets. Cyberattacks could also include supply chain attacks, which could cause a delay in the manufacturing of the Company’s products. Such incidents could also lead to product source codes and game distribution platform exploitation, should undetected viruses, spyware, or other malware be inserted into the Company’s products, services, or networks. In addition, Spin Master provides confidential and proprietary information to its third-party business partners in certain cases where doing so is necessary to conduct the Company’s business. While Spin Master obtains assurances from those parties that they have systems and processes in place to protect such data, and where applicable, that they will take steps to assure the protections of such data by third parties, nonetheless those partners may also be subject to data intrusion or otherwise compromise the protection of such data. While Spin Master and its third-party business partners maintain systems for preventing and detecting a breach of their respective information technology systems, Spin Master and those third parties may be unaware that a breach has occurred, may be unable to detect an ongoing breach or may be delayed in detecting a breach. Spin Master has exposure to similar security risks faced by other large companies that have data stored on their information technology systems. If Spin Master’s or any third-party service providers’ systems fail to operate effectively or are damaged, destroyed, or shut down, or there are problems with transitioning to upgraded or replacement systems, or there are security breaches in these systems, any of the aforementioned could occur as a result of natural disasters, software or equipment failures, telecommunications failures, loss or theft of equipment, acts of terrorism, circumvention of security systems, or other cyber-attacks, Spin Master could experience delays or decreases in sales, and reduced efficiency of its operations. Any compromise of the confidential data of Spin Master’s customers, its consumers or itself, or failure to prevent or mitigate the loss of this data could disrupt Spin Master’s operations and digital games business, damage its reputation, violate applicable laws and regulations, and subject the Company to additional costs and liabilities and have a material and adverse impact on its business, financial condition and performance.

Spin Master relies extensively on information technology in its operations, and any material failure in design, inadequacy, interruption, or security breach of that technology could have a material adverse impact on the Company’s business, financial condition, and performance.

Spin Master relies extensively on various information technology systems and software applications across its operations to manage many aspects of the business, including product development, management of its supply chain, sale and delivery of its products, financial reporting, collection and storage of data, and various other processes and transactions. If Spin Master does not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure, it could be subject to transaction errors, processing inefficiencies, loss of customers, business disruptions, or loss of or damage to IP through security breach. Many of these systems are managed by third-party service providers. The Company relies on such third parties to provide services on a timely and effective basis, but the Company ultimately does not control their performance. The Company is critically dependent on the integrity, security and consistent operations of these systems and related back-up systems. In addition, Spin Master’s distributors, suppliers, and other external business partners utilize their own information technology systems that are subject to similar risks to Spin Master as described above. Their failure to perform as expected or as required by contract, or a cyber-attack on them that disrupts their systems, could result in significant disruptions and costs to Spin Master’s operations or, in the case of third-party service providers, a penetration of Spin Master’s systems. These systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, malware and other security breaches, catastrophic events such as hurricanes, fires, floods, earthquakes, tornadoes, acts of war or terrorism and usage errors by employees or partners. The efficient operation and successful growth of Spin Master’s business depends on these information systems, including its ability to operate them effectively and to select and implement appropriate upgrades or new technologies and systems and adequate disaster recovery systems successfully. The failure of the information systems design, to perform as designed or Spin Master’s failure to implement and operate them effectively could disrupt the Company’s business, require significant capital investments to remediate a problem or subject the Company to liability and could have a material adverse effect on its business, financial condition, and performance.

Spin Master’s sales are concentrated with a small number of retailers that do not make long-term purchase commitments. Consequently, economic difficulties or changes in the purchasing strategies and patterns of those retailers could have a material adverse effect on the Company’s business, financial condition, and performance.

A small number of retailers account for a large proportion of Spin Master’s revenue. This concentration means that if one or more of Spin Master’s major customers were to experience difficulties in fulfilling their obligations to the Company, cease doing business

with the Company, significantly reduce the amount of their purchases from the Company, return substantial amounts of Spin Master's products, favour its competitors or new entrants, or increase their competition with Spin Master by expanding their private label product lines, or seek material financial contributions from the Company towards price reductions at the retail level, the Company's business, financial condition, and performance could suffer. In addition, increased concentration among Spin Master's customers could also negatively impact its ability to negotiate higher sales prices for its products, could result in lower margins and could reduce the number of products the Company would otherwise be able to bring to market. Retailers do not make any long-term commitments to the Company regarding purchase volumes and make all purchases by delivering one-time purchase orders. Any customer could reduce its overall purchases of the Company's products, reduce the number and variety of the Company's products that it carries, and the shelf space allotted for Spin Master's products, or otherwise seek to materially change the terms of their business relationship with Spin Master at any time. Any such change could significantly harm the Company's business, financial condition, and performance. Similarly, liquidity problems at one or more of the Company's key customers could expose the Company to losses from bad debts and negatively impact its business, financial condition, and performance. Spin Master's sales to retailers are typically made on credit without collateral. There is a risk that customers will not pay, or that payment will be delayed, because of bankruptcy or other factors beyond Spin Master's control, which could increase its exposure to losses from bad debts and increase its cost of sales. In addition, if these or other retailers were to cease doing business because of bankruptcy, or significantly reduce the number of stores they operate, it could have a material adverse effect on the Company's business, financial condition, and performance. Spin Master's credit insurance may not cover all types of claims against customers and insurance levels for covered claims may not be adequate to indemnify the Company against all liability, which could materially and adversely harm the Company's business, financial condition, and performance.

Failure to maintain existing relationships, or to develop new relationships, with inventors and entertainment content collaborators could have a material adverse effect on Spin Master's business, financial condition, and performance.

Spin Master's relationships with inventors are a critical aspect of the Company's product development. A significant portion of Spin Master's product ideas have been sourced from inventors and developed by the Company. If Spin Master fails to maintain existing relationships or to develop new relationships within the inventor community or if the Company experiences an adverse change in the perception of the Company by inventors, Spin Master may receive fewer product concepts from inventors. This would adversely impact Spin Master's ability to introduce new, innovative brands and products, which in turn would materially and adversely harm its business, financial condition and performance.

Spin Master's relationships with entertainment collaborators, including writers, content developers, broadcasters, and directors, are a critical aspect of the Company's development of its entertainment properties, brands and content. A portion of Spin Master's entertainment properties, brands and content have been sourced from external collaborators. If Spin Master fails to maintain existing relationships or to develop new relationships with entertainment collaborators or if the Company experiences an adverse change in the perception of the Company by these entertainment collaborators, Spin Master may receive fewer concepts. This would adversely impact Spin Master's ability to introduce new entertainment properties, brands, and content, which in turn would materially and adversely harm its business, financial condition, and performance.

International sales are subject to various risks and failure to implement the international growth strategy could have a material adverse effect on the Company's business, financial condition, and performance.

Spin Master currently relies on international sales of its products and expects to do so to a greater extent in the future as it continues to expand its business. The Company believes that its revenue and financial performance will depend in part upon its ability to increase sales in international markets. Implementation of Spin Master's international growth strategy is subject to risks beyond its control, and accordingly, there can be no assurance that the Company's international growth strategy will be successful. The lack of success in the Company's international growth strategy may have a material and adverse effect on its business, financial condition, and performance.

International sales are subject to various risks, including exposure to currency fluctuations; political and economic instability; increased difficulty of administering business; and the need to comply with a wide variety of international and domestic laws and regulatory requirements. There are a number of risks inherent in the Company's international activities, including: unexpected changes in Canadian, U.S. or other governmental policies concerning the import and export of goods; services and technology and other regulatory requirements; tariffs and other trade barriers; costs and risks of localizing products for foreign languages; longer accounts receivable payment cycles; limits on repatriation of earnings; the burdens of complying with a wide variety of non-Canadian or U.S. laws; and difficulties supervising and managing local personnel. The financial stability of non-Canadian or U.S. markets could also

affect Spin Master's international sales. In addition, international income may be subject to taxation by more than one jurisdiction, which could also have a material adverse effect on the Company's financial performance. Such factors may have a material adverse effect on the Company's revenues and expenses related to international sales and, consequently, business, financial condition, and performance.

Spin Master's business, financial condition, cash flows and results of operations are subject to risks arising from the international scope of its operations.

Spin Master conducts a significant portion of its business outside the United States and Canada and may, in the future, expand the portion of its business internationally and its operations into new countries, including emerging markets. Spin Master sells its products in many countries around the world. All of Spin Master's foreign operations are subject to risks inherent in conducting business abroad, including, among other things:

- difficulties in coordinating and managing foreign operations, including ensuring that foreign operations comply with foreign laws as well as Canadian and U.S. laws applicable to Canadian companies with U.S. and foreign operations, such as export and sanctions laws and the FCPA, the Canadian Corruption of Foreign Public Officials Act and other applicable worldwide anti-bribery laws;
- price and currency exchange controls;
- restrictions on the repatriation of funds;
- scarcity of hard currency, including the U.S. dollar, which may require a transfer or loan of funds to the operations in such countries, which they may not be able to repay on a timely basis;
- political and economic instability;
- ongoing uncertainties as a result of instability or changes in geopolitical conditions, including military or political conflicts, such as those caused by the ongoing conflicts between Russia and Ukraine or Israel and Hamas (the potential escalation or geographic expansion of which could heighten other risks identified elsewhere in this "Risk Factors" section);
- compliance with multiple regulatory regimes;
- compliance with economic sanctions laws and other laws that apply to Spin Master's activities in the countries where Spin Master operates;
- less established legal and regulatory regimes in certain jurisdictions, including as relates to enforcement of anti-bribery and anti-corruption laws and the reliability of the judicial systems;
- differing degrees of protection for IP;
- unexpected changes in foreign regulatory requirements, including quality standards and other certification requirements;
- new export license requirements;
- adverse changes in tariff and trade protection measures;
- differing labor regulations;
- potentially negative consequences from changes in or interpretations of tax laws;
- restrictive governmental actions;
- possible nationalization or expropriation;
- credit market uncertainty;
- restrictions on business activities and other challenges associated with pandemics, including the lingering COVID-19 pandemic, epidemics, outbreaks of an infectious disease or similar events;
- differing local practices, customs and cultures, some of which may not align or comply with Spin Master's company practices and policies or Canadian or U.S. laws and regulations;
- difficulties with licensees, contract counterparties, or other commercial partners; and
- differing local product preferences, and product and packaging regulation which may lead to increased costs.

As a result of changes to Canadian or U.S. policy, there may be changes to existing trade agreements and greater restrictions on trade generally. In addition, support for protectionism and rising anti-globalization sentiment in Canadian, the United States, and other countries may slow global growth. In particular, a protracted and wide-ranging trade conflict between the United States and China could adversely affect global economic growth. Concerns also remain around the social, political and economic impacts of the changing political landscape in Europe and elsewhere. In addition, there are growing concerns over an economic slowdown in emerging markets in light of capital outflows in favor of developed markets and expected interest rate increases. Broader geopolitical tensions remain high among the United States, Russia, China and across the Middle East.

Given the international scope of Spin Master's operations, any of the above factors, including sanctions, export controls, tariffs, trade wars and other governmental actions, could have a material adverse effect on Spin Master's business, financial condition, cash flows and results of operations and could cause the market value of Spin Master's Subordinate Voting Shares to decline. Similarly, adverse economic conditions impacting Spin Master's customers in these countries or uncertainty about global economic conditions could cause purchases of Spin Master's products to decline, which would adversely affect the Company's revenues and operating results. Moreover, Spin Master's projected revenues and operating results are based on assumptions concerning certain levels of customer spending. Any failure to attain Spin Master's projected revenues and operating results as a result of adverse economic or market conditions could have a material adverse effect on Spin Master's business, financial condition, cash flows and results of operations and could cause the market value of Spin Master's Subordinate Voting Shares to decline.

An increasing portion of Spin Master's business may come from new and emerging markets, and growing business in new and emerging markets presents additional challenges which could have a material adverse effect on the Company's business, financial condition, and performance.

Spin Master expects an increasing portion of its revenues to come from new and emerging markets. Operating in new and emerging markets, each with its own unique consumer preferences and business climates, presents additional challenges that Spin Master must meet. In addition, sales and operations in new and emerging markets are subject to other risks associated with international operations. Such risks include, but are not limited to: complications in complying with different laws in varying jurisdictions; dealing with changes in governmental policies and the evolution of laws and regulations that impact Spin Master's product offerings and related enforcement; difficulties understanding the retail climate, consumer trends, local customs and competitive conditions in foreign markets, which may be quite different from Canada and the U.S.; difficulties in moving materials and products from one country to another, including port congestion, strikes and other transportation delays and interruptions; potential challenges to Spin Master's transfer pricing determinations and other aspects of its cross border transactions; and the impact of tariffs, quotas, or other protectionist measures. Spin Master's business, financial condition and performance could be harmed if any of the risks described above are not appropriately managed, or if the Company is otherwise unsuccessful in managing its new and emerging market business.

Product recalls, post-manufacture repairs of Spin Master's products, product liability claims, absence or cost of insurance, and associated costs could harm the Company's reputation, which could have a material adverse effect on the Company's business, financial condition and performance.

Spin Master is subject to regulation by Health Canada, the U.S. Consumer Product Safety Commission, and regulatory authorities and by similar consumer protection regulatory authorities in other countries in which Spin Master sells its products. These regulatory bodies have the authority to remove from the market products that are found to be defective and present a substantial hazard or risk of serious injury or death. The Company has experienced, and may in the future experience, issues in relation to products that result in recalls, delays, withdrawals, or post-manufacture repairs or replacements of products, which could result in liability to the Company or reputational harm among the Company's customers.

Individuals have asserted claims, and may in the future assert claims, that they have sustained injuries from the Company's products, and Spin Master may be subject to lawsuits relating to these claims. There is a risk that these claims or liabilities may exceed, or fall outside of the scope of, Spin Master's insurance coverage as Spin Master does not maintain separate product recall insurance. The Company has recorded, and in the future may record, charges and incremental costs relating to recalls, withdrawals or replacements of its products, based on the Company's most recent estimates of retailer inventory returns, consumer product replacement costs, associated legal and other professional fees, and costs associated with advertising and administration of product recalls. As these current and expected future charges are based on estimates, they may increase as a result of numerous factors, many of which are beyond Spin Master's control, including the amount of products that may be returned by consumers and retailers, the number and type of legal, regulatory, or legislative proceedings relating to product recalls, withdrawals or replacements or product safety proceedings in Canada, the U.S. and elsewhere that may involve the Company, as well as regulatory or judicial orders or decrees in Canada, the U.S. and elsewhere that may require the Company to take certain actions in connection with product recalls.

Moreover, Spin Master may be unable to obtain adequate liability insurance in the future. Any of these issues could result in damage to the Company's reputation, diversion of development and management resources, reduced sales, and increased costs and could cause the Company's licensors to terminate or not renew its licenses, any of which could materially and adversely harm its business, financial condition, and performance. Product recalls, withdrawals, or replacements may also increase the competition that Spin Master faces. Some competitors may attempt to differentiate themselves by claiming that their products are produced in a manner or geographic area that is insulated from the issues that preceded recalls, withdrawals, or replacements of Spin Master's products. In

addition, to the extent that the Company's competitors choose not to implement enhanced safety and testing protocols comparable to those that the Company and its third-party manufacturers have adopted, such competitors could enjoy a cost advantage that could enable them to offer products at lower prices than Spin Master.

Additionally, product recalls relating to Spin Master's competitors' products, post-manufacture repairs of their products and product liability claims against the Company's competitors may indirectly impact the Company's product sales even if its products are not subject to the same recalls, repairs, or claims.

Unfavourable resolution of litigation matters and disputes, including those arising from recalls, withdrawals, or replacements of Spin Master's products, could have a material adverse effect on the Company's business, financial condition and performance.

Spin Master is involved from time to time in litigation and disputes, including those arising from recalls, withdrawals, or replacements of its products. Since outcomes of regulatory investigations, litigation and arbitration disputes are inherently difficult to predict, there is the risk that an unfavourable outcome in any of these matters could negatively affect the Company's business, financial condition and performance. Regardless of the outcome, litigation may result in substantial costs and expenses to Spin Master and significantly divert the attention of its management. The Company may not be able to prevail in, or achieve a favourable settlement of, pending litigation. In addition to pending litigation, future litigation, government proceedings, labour disputes or environmental matters could lead to increased costs or interruption of the Company's normal business operations.

Failure to implement new initiatives or meet product introduction schedules could have a material adverse effect on Spin Master's business, financial condition, and performance.

Spin Master has undertaken, and in the future may undertake, initiatives to increase its efficiency, reduce its costs, improve the execution of its core business, globalize and extend its brands, develop or extend entertainment properties, leverage new trends, create new brands or franchises, offer new innovative products and technologies, enhance product safety, develop its employees, improve productivity, simplify processes, maintain customer service levels, drive sales growth, capitalize on its scale advantage and improve its supply chain. These initiatives involve investment of capital and complex decision-making, as well as extensive and intensive execution, and these initiatives may not succeed or there may be a delay in the anticipated timing of the launch of new initiatives. In addition, Spin Master may anticipate introducing a specific product, product line or brand at a certain time in the future. There is no guarantee that Spin Master will be able to manufacture, source and ship new or continuing products in a timely manner and on a cost-effective basis. The risk is also exacerbated by the increasing sophistication of many of the products the Company is designing, and the brands being developed in terms of combining digital and analog technologies and providing greater innovation and product differentiation. Unforeseen delays or difficulties in the development process or significant increases in the planned cost of development for new products may cause the introduction date for products to be later than anticipated or, in some situations, may cause a product or new product introduction to be discontinued. Failure to implement any of these initiatives, or the delay of the anticipated launch, or the failure of any of these initiatives or launches to produce the results anticipated by management, could have a material adverse effect on the Company's business, financial condition and performance.

A reduction or interruption in the delivery of raw materials, parts and components from Spin Master's suppliers or a significant increase in the price of raw materials and labour could negatively impact the Company's profit margins or result in lower sales.

Spin Master's ability to meet customer demand depends in part on its ability to obtain timely and adequate delivery of materials, parts, and components from Spin Master's suppliers. The Company has experienced shortages in the past, including shortages of raw materials and components, and may encounter these problems in the future. A reduction or interruption in supplies, whether resulting from more stringent regulatory requirements, disruptions in transportation, port delays, labour strikes, lockouts, an outbreak of a severe public health crisis, severe weather due to climate change or otherwise, the occurrence of threat of wars or other conflicts, or a significant increase in the price of one or more supplies, such as wood, fuel and resin (which is a petroleum-based product), could have a material adverse effect on the Company's business, financial condition and performance. Cost increases, whether resulting from shortages of materials or rising costs of materials, transportation, services, or labour, could impact the profit margins on the sale of Spin Master's products. Due to market conditions, timing of pricing decisions and other factors, the Company may not be able to offset any of these increased costs by adjusting the prices of its products. Increases in prices of the Company's products could result in lower sales and have a material adverse effect on its financial condition and performance.

Political developments, including trade relations, and the threat or occurrence of war or terrorist activities, and/or trade actions could adversely impact Spin Master, its personnel and facilities, its customers and suppliers, retail and financial markets, and general economic conditions.

Spin Master's business is worldwide in scope and can be directly and indirectly impacted in a negative way by geopolitical tensions. Political instability, civil unrest, the deterioration of the political, economic, or social situation in a country in which Spin Master has significant sales or operations, or the breakdown of trade relations between the U.S. and a foreign country in which Spin Master has significant manufacturing facilities or other operations, could adversely affect Spin Master's business, financial condition and results of operations. For example, a change in trade status between the U.S. and a foreign country could result in a substantial increase in the import duty of toys manufactured in that foreign country and imported into the U.S. The U.S. has in the past implemented certain trade actions directed at China, including imposing increased tariffs on certain goods imported into the U.S. from China. China has also implemented various trade actions directed at the United States. Further trade actions by the United States or China could result in diverting more production to, or sourcing from, countries other than China, and could cause customers in some countries or regions, such as China, to seek domestic or non-U.S. sources for products that Spin Master sells, or to be pressured or incentivized by foreign governments not to purchase goods of U.S. or Canadian companies, all of which could harm Spin Master's future sales in these markets.

In addition, the United States, United Kingdom, and European Union, among other jurisdictions, have each imposed export controls, as well as financial and economic sanctions, currency controls, and other trade actions, on certain products, technologies, industry sectors, and parties in Russia because of the conflicts between Russia and Ukraine, which have resulted and could further result in retaliatory measures and actions by Russia. Any increased trade barriers or restrictions on global trade imposed by the U.S., or further retaliatory trade measures taken by China, Russia, or other countries in response, could adversely affect Spin Master's business, financial condition, and performance.

The occurrence of war or hostilities between countries or threat of terrorist activities, including the ongoing conflicts between Russia and Ukraine or Israel and Hamas, and the responses to and results of these activities, could adversely impact Spin Master, its personnel and facilities, its customers and suppliers, retail and financial markets, and general economic conditions.

Global climate change, evolving stakeholder regulations and expectations for corporate responsibility matters, and Spin Master's related goals present challenges to its business and reputation that could adversely affect Spin Master.

The effects of global climate change create financial, operational, and reputational risks to Spin Master's business, both directly and indirectly. There is a consensus that greenhouse gas ("GHG") emissions are linked to global climate change, and that these emissions must be reduced dramatically to avert the worst effects of climate change. Spin Master's operations may be vulnerable to the adverse effects of climate change, which are predicted to increase the frequency and severity of weather events and other natural cycles such as wildfires, heatwaves, floods, and droughts. The effects of climate change may cause disruptions in Spin Master's operations, including its supply chain and the productivity of its third-party manufacturers, increase Spin Master's production costs, impose capacity restraints, and impact the types of products that consumers purchase, including for example an increased focus on eco-friendly toys, all of which may cause Spin Master to suffer losses and additional costs to maintain or resume operations. Spin Master may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for Spin Master's products. In addition, Spin Master may incur capital expenditures, compliance costs, and other costs to comply with increasingly stringent environmental laws, enforcement policies and regulatory reporting requirements. In addition, as costs and taxes are imposed on fossil fuels, which are the inputs for resin and fuel for shipping, the cost of production will increase, which could result in increased expenses to Spin Master, which may not be offset by increased prices, if such increases cannot be passed on to consumers.

The effect of increased severity of extreme weather could affect the quality of the Company's products and its ability to distribute them in a timely fashion. For example, monsoons in South, Southeast and East Asia can cause excessive moisture, which can affect or damage products and product packaging, leading to write-offs, transport delays, and affect the Company's ability to deliver on its retail customers' quality needs. There are also certain areas, for example, the Pearl River Delta in southern China, which are major areas for toy manufacturing, but are also subject to severe flood threats from watershed floods, sea level rise and storm surges. Increased heat could cause working conditions to deteriorate for those employed in physical labour in the Company's supply chains. Increased heat has also led to blackouts and brownouts in certain parts of the world, which would also impact the ability of the Company's employees and supply chains to be productive or to access the Company's systems. Droughts or inadequate water supply in certain parts of the world could also have a negative impact on the Company's manufacturing facilities, for example in France, where the facilities are powered by nuclear energy which requires water to cool. Similarly, in areas where the Company may be

powered by hydroelectric energy, such as in Canada or in certain parts of China, inadequate water supply could lead to a lack of energy production. These could be a risk in the medium and long term for the Company.

A variety of stakeholders, including regulators, investors, advisory firms, rating agencies, and customers, are establishing laws, regulations, expectations, reporting obligations and/or assessments reflecting their expectations for corporate practices related to climate change and other corporate responsibility matters. In 2022, Spin Master announced its intention to develop and release a climate action plan. Spin Master has previously purchased offsets relating to Scope 1 and 2 GHG emissions, as well as some of the Company's Scope 3 GHG emissions. The Company has also planned for a 50% reduction in plastic packaging by 2025 and utilizing eco-friendly inks on 50% of packaging by 2025. Spin Master has subsequently established additional goals related to environmental, social, and governance ("ESG") matters, some of which is detailed in the Company's Corporate Social Responsibility reports, available on its website. Such goals are based on management's current assumptions related to scientific or technological developments, carbon markets, the workforce and hiring market, and other matters that are subject to change in the future, as well as standards for measuring progress that are still in development, and subject to a number of significant risks and uncertainties. Spin Master's efforts to be responsive to climate change, to reduce its carbon footprint, and regarding other ESG matters cannot provide assurance that Spin Master will successfully achieve its ESG goals, that related costs may not be higher than expected, that proposed regulation or deregulation related to climate change and other ESG matters will not be more aggressive than Spin Master's measures and result in higher costs (or require additional resources), or that any investments Spin Master makes in furtherance of achieving such goals will meet expectations or any applicable binding or non-binding legal standards, any one of which could have an adverse effect on Spin Master's financial condition, results of operations, or reputation.

Spin Master's failure, or perceived failure, to achieve its goals regarding climate change or other ESG matters could damage its reputation, causing investors, consumers, and other stakeholders to lose confidence in Spin Master and its brands, and negatively impact Spin Master's operations. Climate-related litigation has increased in recent years, including claims involving the failure of organizations to mitigate their impacts on climate change, the failure of organizations to adapt to climate change, and the insufficiency of disclosure around material financial risks or inaccuracy of climate-related disclosure. Additionally, as consumers and customers continue to put an increased priority on purchasing products that are sustainably manufactured and packaged, Spin Master may need to incur increased costs in order to effectively source materials that are more sustainable, as well as increased costs for additional transparency, due diligence, and reporting. If Spin Master's ESG practices do not meet, or are not viewed as meeting, investor or other stakeholder expectations and standards (which are continually evolving and may emphasize different priorities than the ones Spin Master chooses to focus on), or if Spin Master does not or appears not to achieve its ESG goals, then Spin Master's brand, reputation, and employee retention may be negatively impacted. Furthermore, if regulators disagree with the Company's ESG disclosures, for example because they believe them to be incomplete or misleading, the Company may face regulatory enforcement action, and its business or reputation could be adversely affected. There is also a risk that a significant reorientation in the market following the implementation of measures relating to ESG disclosure requirements could be adverse to the Company's business if the Company is perceived to be presenting a product or business as having green or sustainable characteristics where this is not, in fact, the case (i.e., "greenwashing"). Additionally, compliance with any new regulations or laws generally increases the Company's regulatory burden and could make compliance more difficult and expensive, thereby adversely impacting the Company's financial position.

Spin Master's operating procedures and product requirements are subject to change and may increase costs, which may materially and adversely affect its relationship with vendors and make it more difficult for it to produce, purchase and deliver products on a timely basis to meet market demands. Future conditions may require the Company to adopt further changes that may increase its costs and adversely affect the Company's relationship with vendors.

Spin Master's operating procedures and requirements for both its own manufacturing facilities and vendors, which are regularly monitored, and which are subject to change, including by implementing enhanced testing requirements and standards, impose additional costs on both Spin Master and the vendors from whom it purchases products. These changes may also delay delivery of the Company's products. Additionally, changes in industry wide product safety guidelines may affect the Company's ability to sell its inventory and may negatively impact its business. Spin Master's relationship with existing vendors may be adversely affected as a result of these changes, making it more dependent on a smaller number of vendors. Some vendors may choose not to continue to do business with the Company or not to accommodate the Company's needs to the extent that they have done so in the past. Due to the seasonal nature of Spin Master's business and the demands of its customers for deliveries with short lead times, Spin Master depends upon the cooperation of its vendors to meet market demand for its products in a timely manner. Existing and future events may require the Company to impose additional requirements on its vendors that may adversely affect the Company's relationships with those

vendors and its ability to meet market demand in a timely manner which may in turn have a material and adverse effect on the Company's business, financial condition, and performance.

Spin Master may engage in acquisitions, mergers, or dispositions, which may affect the profit, revenues, profit margins or other aspects of its business. Spin Master may not realize the anticipated benefits of future acquisitions, mergers or dispositions to the degree anticipated, or such transactions could have a material adverse impact on the Company's business, financial condition, and performance.

Acquisitions have been a part of Spin Master's growth and have enabled it to further broaden and diversify its product offerings. The Company expects that in the future it will further expand its operations, brands, and product offerings through the acquisition of additional businesses, products, or technologies. However, the Company may not be able to identify suitable acquisition targets or merger partners and the Company's ability to efficiently integrate large acquisitions may be limited by its lack of experience with them. If Spin Master can identify suitable targets or merger partners, it may not be able to acquire these targets on acceptable terms or agree to terms with merger partners. Also, Spin Master may not be able to integrate or profitably manage acquired businesses and may experience substantial expenses, delays or other operational, systems, technological, personnel or financial problems associated with the integration of acquired businesses. The need to integrate the operations, systems, technologies, products, and personnel of each acquired company, the inefficiencies and lack of control that may result if such integration is delayed or not implemented, and unforeseen difficulties and expenditures that may arise in connection with integration. The Company may also face substantial expenses, delays or other operational or financial problems if it is unable to sustain the distribution channels and other relationships currently in place at an acquired business. The businesses, products, brands, or properties the Company acquires may not achieve or maintain popularity with consumers, and other anticipated benefits may not be realized immediately or at all. Further, integration of an acquired business may divert the attention of the Company's management from its core business. Acquisitions of businesses and brands could also be adversely affected by changes in Spin Master's business strategy. In cases where Spin Master acquires businesses that have key individuals, Spin Master cannot be certain that those persons will continue to work for it after the acquisition or that they will continue to develop popular and profitable products. Loss of such individuals could materially and adversely affect the value of businesses that the Company acquires.

Acquisitions also entail numerous other risks, including but not limited to:

- unanticipated costs and legal liabilities;
- adverse effects on the Company's existing business relationships with its suppliers and customers;
- risk of entering markets in which the Company has limited or no prior experience;
- amortizing any acquired intangible assets; and
- difficulties in maintaining uniform standards, procedures, controls, and policies.

Some or all the foregoing risks could have a material adverse effect on Spin Master's business, financial condition, and performance. In addition, any businesses, products, or technologies the Company may acquire may not achieve anticipated revenues or income and the Company may not be able to achieve cost savings and other benefits that it would hope to achieve with an acquisition.

Acquisitions could also consume a substantial portion of Spin Master's available cash, could result in incurring substantial debt which may not be available on favourable terms, and could result in the Company assuming contingent liabilities. In addition, if the business, product, or technologies the Company acquires are unsuccessful it would likely result in the incurrence of a write-down of such acquired assets, that could adversely affect Spin Master's financial performance. The Company's failure to manage its acquisition strategy could have a material adverse effect on its business, financial condition, and performance.

Consistent with Spin Master's past practice and in the normal course, the Company may have outstanding non-binding letters of intent and / or conditional agreements or may otherwise be engaged in discussions with respect to possible acquisitions which may or may not be material. However, there can be no assurance that any of these letters, agreements and / or discussions will result in an acquisition and, if they do, what the final terms or timing of any acquisition would be.

If Spin Master fails to maintain an effective system of internal controls, Spin Master may not be able to report its financial results or prevent fraud, which could harm the Company's financial performance and may cause investors to lose confidence in it.

Spin Master must maintain effective internal financial controls for it to provide reliable and accurate financial reports. The Company's compliance with the internal control reporting requirements will depend on the effectiveness of its financial reporting and data systems and controls. Spin Master expects these systems and controls to become increasingly complex to the extent that its business grows,

including through acquisitions. To effectively manage such growth, the Company will need to continue to improve its operational, financial and management controls and its reporting systems and procedures. These measures may not ensure that Spin Master designs, implements, and maintains adequate controls over its financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation or operation, could harm the Company's financial performance, or cause it to fail to meet its financial reporting obligations. Inferior internal controls could also cause investors to lose confidence in the Company's reported financial information, which could have a material and adverse effect on the trading price of its stock and its access to capital.

Spin Master is subject to tax and regulatory compliance in all the jurisdictions in which it operates and may be subject to audits from time to time that could result in the assessment of additional taxes, interest and penalties.

Spin Master conducts business globally and is subject to tax and regulatory compliance in the jurisdictions in which it operates. These include those related to collection and payment of value added taxes at appropriate rates and the appropriate application of value added taxes to each of the Company's products, those designed to ensure that appropriate levels of customs duties are assessed on the importation of its products, as well as transfer pricing and other tax regulations designed to ensure that its intercompany transactions are consummated at prices that have not been manipulated to produce a desired tax result, that appropriate levels of income are reported as earned and that it is taxed appropriately on such transactions. International transfer pricing is a subjective area of taxation and generally involves a significant degree of judgment.

Spin Master may be subject to audits that are at various levels of review, assessment, or appeal in a number of jurisdictions involving various aspects of value added taxes, customs duties, transfer pricing, income taxes, withholding taxes, sales and use and other taxes and related interest and penalties in material amounts. The taxation authorities in the jurisdictions where the Company carries on business could challenge the Company's transfer pricing policies. In some circumstances, additional taxes, interest, and penalties may be assessed and deposits required to be paid in order to challenge the assessments. When applicable, the Company reserves in the consolidated financial statements an amount that it believes represents the most likely outcome of the resolution of disputes, but if it is incorrect in its assessment, it may have to pay a different amount which could potentially be material. Ultimate resolution of these matters can take several years, and the outcome is uncertain. If the taxing authorities in any of the jurisdictions in which the Company operates were to successfully challenge its transfer pricing practices or its positions regarding the payment of income taxes, customs duties, value added taxes, withholding taxes, sales and use, and other taxes, it could become subject to higher taxes and its revenue and earnings could be adversely affected.

Significant changes in currency exchange rates could have a material adverse effect on Spin Master's business, financial condition, and performance.

Spin Master's global operations means business is transacted in many different currencies and financial performance and cash flows are subject to changes in currency exchange rates and regulations. As the Company's financial results are reported in U.S. dollars, changes in the exchange rate between the U.S. dollar and local currencies in which the Company operates may have an adverse effect / beneficial impact on the Company's U.S. dollar results. Furthermore, potential significant revaluation of the Chinese yuan, which may result in an increase in the cost of producing products in China, could negatively affect Spin Master's business. Government action may restrict the Company's ability to transfer capital across borders and may also impact the fluctuation of currencies in the countries where the Company conducts business or has invested capital. Significant changes in currency exchange rates and reductions in Spin Master's ability to transfer capital across borders could have a material adverse effect on its business, financial condition and performance. Currency fluctuations may also adversely affect the Company's financial performance when it repatriates the funds it receives from these sales or other sources.

Spin Master is subject to various laws and government regulations, which, if violated, could subject Spin Master to sanctions or third-party litigation or, if changed, could lead to increased costs, changes in the Company's effective tax rate or the interruption of normal business operations that would negatively impact the Company's business, financial condition, and performance.

Spin Master operates in a highly regulated environment in the U.S., Canada, and international markets, including its products and the importation and exportation of its products. These policies or regulations may include accounting standards, taxation requirements (including changes in applicable income tax rates, new tax laws, and revised tax law interpretations), product safety and other safety standards, supply chain management (such as the Fighting Against Forced Labour and Child Labour in Supply Chains Act and similar legislation relating to modern slavery), trade restrictions, duties and tariffs (including international trade laws and regulations, export controls, and economic sanctions), and regulations regarding currency and financial matters, anticorruption standards, environmental

matters, advertising directed toward children, product content, screen time, cybersecurity and privacy and data protection, as well as other administrative and regulatory restrictions. In addition, as Spin Master enters into new areas of investment, product development, or other business activities, it will have to learn to navigate the regulatory framework surrounding those areas, which may be continuing to develop. The steps Spin Master takes to comply with these laws, regulations, and policies do not ensure that Spin Master will be in compliance in the future. Compliance with these various laws, regulations, and policies imposes significant costs on Spin Master's business, and failure to comply could result in monetary liabilities and other penalties and could lead to negative media attention and consumer dissatisfaction, which could have an adverse effect on Spin Master's business, financial condition, and results of operations.

Many foreign countries have laws that permit governmental entities to restrict or prohibit marketing or distribution of interactive entertainment software products (and similar legislation has been introduced at one time or another at the federal and state levels in the U.S., including legislation that attempts to impose additional taxes based on content). In addition, certain jurisdictions have laws that restrict or prohibit marketing or distribution of interactive entertainment software products with random digital item mechanics, which some of the Company's online games and services include, or subject such products to additional regulation and oversight, such as reporting to regulators, mandatory disclosure to consumers of item drop rates, and higher age ratings for products that contain such mechanics.

In addition, changes in laws or regulations may lead to increased costs, changes in the Company's effective tax rate, or the interruption of normal business operations that would materially and adversely impact its business, financial condition and performance. The Company believes that it takes all necessary steps to comply with these laws and regulations, but Spin Master cannot be certain that it is in full compliance or will be in the future. Failure to comply could result in sanctions or delays that could have a negative impact on the Company's business, financial condition, and performance. In addition, increases in import and excise duties and/or sales or value added taxes in the jurisdictions in which Spin Master operates could affect the affordability of Spin Master's products and, therefore, reduce demand.

In recent years, the Organisation for Economic Co-operation and Development (the "OECD"), with the support of the G20, has developed proposals to address perceived base erosion and profit shifting ("BEPS"). BEPS refers to tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to locations with low or no tax and little or no economic activity, for the purpose of reducing a multinational group's aggregate tax liability. In 2021, the OECD/G20 Inclusive Framework on BEPS published a statement updating and finalizing the key components of a "two pillar" plan for global tax reform, as agreed among a number of countries across the globe. Pillar I addresses tax nexus and the allocation of profits for tax purposes. Under Pillar II, a global minimum tax at the rate of 15% would be imposed on certain companies whose revenues exceed a threshold. In December 2022, the member states of the European Union unanimously voted to adopt the OECD's minimum tax rules and phase them into national law, and in February 2023 the OECD released technical guidance on the global minimum tax which was agreed by consensus of the BEPS 2.0 (Pillars I and II) signatory jurisdictions. Under the European Union's minimum tax directive, member states are to adopt domestic legislation implementing the minimum tax rules effective for periods beginning on or after December 31, 2023, with the "under-taxed profit rule" to take effect for periods beginning on or after December 31, 2024. Legislatures in multiple countries outside of the European Union have also drafted legislation to implement the OECD's minimum tax proposal. The Canadian Department of Finance released its own Pillar II draft legislation in 2023, but it was not substantively enacted as of December 31, 2023. As a result of these developments, the tax laws of certain countries in which Spin Master and its affiliates do business could change on a prospective or retroactive basis, and any such changes, including the adoption of the global minimum tax rules, could have a material adverse effect on Spin Master's aggregate tax liability and effective tax rate in the future.

The challenge of continuously developing and offering products and entertainment experiences that are sought after by children is compounded by the sophistication of today's children and the increasing array of technology and entertainment offerings available to them.

Children are increasingly utilizing electronic offerings such as computers, tablet devices and mobile phones and they are expanding their interests to a wider array of innovative, technology-driven entertainment products and digital and social media offerings at younger and younger ages. Spin Master's products and digital games compete with the offerings of consumer electronics companies, gaming, digital media and social media companies. To meet this challenge, the Company is designing and marketing products and digital games which incorporate increasing technology, seek to combine digital and analog play, and capitalize on evolving play patterns and increased consumption of digital and social media. With the increasing array of competitive entertainment offerings, there is no guarantee that:

- any of Spin Master's products, brands or entertainment properties will achieve popularity or continue to be popular;
- any property for which Spin Master has a significant license will achieve or sustain popularity;
- any new products or product lines Spin Master introduces, or entertainment content that it creates, will be considered interesting to consumers and achieve an adequate market acceptance; or
- any product's life cycle or sales quantities will be sufficient to permit Spin Master to profitably recover the development, manufacturing, marketing, royalties (including royalty advances and guarantees) and other costs of producing, marketing, and selling the product.

An increasing portion of Spin Master's business may come from technologically advanced or sophisticated digital and smart technology products, which present additional challenges compared to more traditional toys and games.

Spin Master expects that children will continue to be interested in product offerings incorporating sophisticated technology, such as mobile digital games, consumer electronics and social and digital media, at younger and younger ages. Spin Master also expects that parents will seek to enhance child development and learning through digital technologies and technology-based play as well as analog play.

In addition to the risks associated with Spin Master's more traditional products, sophisticated digital and smart technology products face certain additional risks. Costs associated with designing, developing, and producing digital games and technologically advanced or sophisticated products tend to be higher than for many of Spin Master's more traditional products. Heavy competition in digital entertainment products and difficult economic conditions may increase the risk of Spin Master not achieving sales sufficient to recover the increased development costs associated with these products. Designing, developing, and producing sophisticated digital games and smart technology products requires different competencies and may follow longer timelines than traditional toys and games, and any delays in the design, development or production of these products could have a significant impact on Spin Master's ability to successfully offer such products. In addition, the pace of change in product offerings and consumer tastes in the mobile digital games, and social and digital media areas is potentially even greater than for Spin Master's more traditional products. This pace of change means that the window in which a technologically advanced or sophisticated product can achieve and maintain consumer interest may be shorter than traditional toys and games. These products may also present data security and data privacy risks and be subject to certain laws, government policies or regulations not applicable to more traditional products, such as the U.S. Children's Online Privacy Protection Act of 1998, the EU General Data Protection Regulation, Canada's Personal Information Protection and Electronic Documents Act, the California Consumer Protection Act, the California Consumer Privacy Rights Act, the Virginia Consumer Data Protection Act, the Colorado Privacy Act, the Connecticut Data Privacy Rights Act, and the Utah Consumer Privacy Act contain detailed requirements regarding collecting and processing personal information, and impose certain limitations on how such information may be used, the length for which it may be stored, with whom it may be shared, and the effectiveness of consumer consent. In addition to the comprehensive U.S. state privacy laws and regulations that have or will be going into effect in 2024, similar laws are being proposed elsewhere, which impose additional obligations such as additional rights processes, new contractual requirements, opt outs for certain uses and disclosures of sensitive personal information, and opt outs from sharing personal information for targeted advertising.

Spin Master's success depends on key personnel and without them the Company may be unable to maintain and expand its business.

Spin Master's future success depends on the continued contribution of key personnel, including, executives, designers, inventors, technical, sales, marketing and in the Entertainment and Digital Games creative centres. The loss of services of any of the Company's key personnel could harm its business. Labour shortages and increased labour costs as a result of increased competition for qualified talent, higher employee turnover rates, increases in employee benefit costs, wage inflation, strikes, or other employee-related disruptions to Spin Master's workforce can negatively impact its business. In addition, changes to Spin Master's current and future work environments may not meet the needs or expectations of its employees or be perceived as less favourable compared to other companies' policies, which could negatively impact Spin Master's ability to hire and retain qualified personnel. Recruiting and retaining skilled personnel is costly and highly competitive around the world. If the Company fails to retain, hire, train and integrate qualified employees and contractors, it may not be able to maintain and expand its business.

Spin Master's business, financial condition, and performance could be adversely affected by strikes or other union job actions.

Any strike, prolonged or new, by, or lockout of, one or more of the unions that provide personnel essential to the development, production or distribution of films or television programs, such as the five-months long strike by the Writers Guild of America, which ended in September 2023, and the four-months long strike by the American actors' union SAG-AFTRA, which ended in November 2023, could delay or halt activities in the entertainment industry which may effect third-party owners for IP which the Company licenses. Halts or delays, depending on the length of time, could cause a delay or interruption in development, production and release of new films and entertainment programs, for which the Spin Master licenses the IP and delay and/or lower the revenues the Company expected to receive from entertainment related toys, games and other merchandise.

Natural disasters or other catastrophic events out of Spin Master's control may damage its operations, facilities or those of its contractors and could materially and adversely affect the Company's business, financial condition and performance.

A catastrophic event where Spin Master has operations, offices or manufacturing facilities, such as an earthquake, tsunami, flood, typhoon, fire or other natural or manmade disaster, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic could disrupt the Company's operations or those of its contractors and impair production or distribution of its products, damage inventory, interrupt critical functions, or otherwise affect its business negatively, and could materially and adversely affect the Company's business, financial condition and performance.

Increases in interest rates, the lack of availability of credit and Spin Master's inability to meet the debt covenant coverage requirements in its credit facility could negatively impact the Company's ability to conduct its business operations.

Increases in interest rates, both domestically and internationally, could negatively affect Spin Master's cost of financing its operations and investments. Adverse credit market conditions could limit the Company's ability to refinance its existing credit facility and raise additional debt that may be needed to fund the Company's operations. Additionally, Spin Master's ability to issue or borrow long-term debt and obtain seasonal financing or pay dividends could be adversely affected by factors such as an inability to meet certain debt covenant requirements and ratios. In the past, the Company's business has required and will continue to require capital expenditures and available resources to finance acquisitions. Accordingly, Spin Master's ability to maintain its current credit facility and its ability to issue or borrow long-term debt and raise seasonal financing are critical for the success of Spin Master's business. The Company's ability to conduct operations could be materially and adversely impacted should these or other adverse conditions affect the Company's sources of liquidity.

Expansion of social media platforms, resulting in negative publicity and product reviews or harmful leaks of information may negatively impact Spin Master's business, financial condition, and performance.

There has been a marked increase in the use of social media platforms and similar channels, including weblogs (blogs), social media websites and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and the accuracy of such information is not independently verified. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning Spin Master or one or more of its products or employees may be posted on such platforms at any time. Information posted may be adverse to Spin Master's interests or may be inaccurate, each of which may harm the Company's reputation and business. The harm may be immediate without affording Spin Master an opportunity for redress or correction. Ultimately, the risks associated with any such negative publicity or incorrect information cannot be eliminated and may materially and adversely impact its business, financial condition, and performance. The inappropriate use of certain social media vehicles could cause also brand damage or information leakage or could lead to legal implications from the improper collection and/or dissemination of personally identifiable information or the improper dissemination of material non-public information (including violations of applicable securities laws). In addition, negative posts, or comments about the Company and/or any of its key personnel on any social networking web site could seriously damage the Company's reputation. Further, the disclosure of non-public company sensitive information through external media channels could lead to information loss as there might not be structured processes in place to secure and protect information. If the Company's non-public sensitive information is disclosed or if its reputation or that of its key personnel is seriously damaged through social media, it could have a material adverse effect on the Company's business, financial condition, and results of operations.

System failures related to the websites that support Spin Master's internet-related products, applications, services and associated websites could harm the Company's business.

The websites, applications and services associated with Spin Master's internet-related products depend upon the reliable performance of their technological infrastructure. Customers could be inconvenienced and the Company's business may suffer if demand for access to those websites, applications or services exceeds their capacity. Any significant disruption to, or malfunction by, those websites or services, particularly malfunctions related to transaction processing, on those associated websites could result in a loss of potential or existing customers and sales.

Although Spin Master's systems have been designed to function in the event of outages or catastrophic occurrences, they remain vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses, computer denial-of-service attacks, and other events. Some of the Company's systems are not fully redundant, and its disaster recovery planning is not sufficient for all eventualities. Spin Master's systems are also subject to break-ins, sabotage, and intentional acts of vandalism. Despite any precautions the Company may take, the occurrence of a natural disaster or other unanticipated problems at the Company's hosting facilities could result in lengthy interruptions in its services. Spin Master does not carry business interruption insurance sufficient to compensate it for losses that may result from interruptions in its service because of system failures. Any unplanned disruption of the Company's systems could result in material and adverse financial impact on its business, financial condition, and performance.

Rapid developments in artificial intelligence ("AI") could adversely impact Spin Master's business.

AI capabilities are continuing to develop rapidly and are becoming more generally available, increasing the risk that AI could become disruptive to the Company's business. Failure to keep pace with the advancement of new technologies such as AI could impact the Company's competitive advantage and negatively affect the Company's business, financial condition, and results of operations.

Implementation and reliance on new technologies, including machine learning and generative AI, within the Company and through third-party providers, increase the risk that flaws in algorithms, processes, or data may result in inaccurate decisions and potentially increase the cost of operational or cybersecurity related interruptions. Leveraging these new and rapidly evolving technologies may also increase other risks such as risks relating to indirect infringement on IP or privacy and could carry social or ethical implications including unintended bias that could increase reputational risk and potentially result in regulatory fines or penalties. Future legislative action limiting or otherwise regulating the use of these technologies could also adversely impact the Company's ability to operate using them, which, in turn, could negatively affect the Company's business, financial condition and results of operations.

There is also a risk that AI could be used to infringe upon the Company's IP, impersonate the Company's people, falsely represent Spin Master's products, or be used in other ways that could result in operational or reputational harm.

Spin Master may face increased costs in achieving its sustainability goals, and any failure to achieve its goals could result in reputational damage.

Spin Master believes the long-term viability and health of the Company's own operations and its supply chain, and the significant potential for environmental improvements, are critical to its business success. The Company has set key goals and objectives in this area. Spin Master devotes resources and expenditures to help achieve these goals. It is possible that the Company will incur expenses in trying to achieve these goals with no assurance that it will be successful. Additionally, Spin Master's reputation could be damaged if it fails to achieve the sustainability goals, or if the Company or others in the industry do not act, or are perceived not to act, responsibly with respect to the production and packaging of its products.

Spin Master may be subject to risks relating to its minority investments.

Spin Master may invest in companies at different stages of development, including early-stage companies and emerging businesses, which are developing products, emerging technologies and pioneering services that will require significant additional development, testing and investment prior to any commercialization. There can be no assurance that the technologies or products these companies have under development will materialize, be capable of being produced in commercial quantities at reasonable costs or be successfully marketed, which could result in a loss of all or a substantial part of Spin Master's investment in these companies. The Company expects that its minority investments will complement its acquisition strategy, however certain minority investments may not be suitable acquisition targets. If Spin Master's minority investments are suitable acquisition targets, it may not be able to acquire these

targets on acceptable terms. Spin Master may not realize the expected returns or anticipated benefits from its minority investments to the degree anticipated.

The production and sale of private-label toys by the retailers with which Spin Master does business may result in lower purchases of the Spin Master's branded products by those customers.

In recent years, retailers have been increasing the development of their own private-label products that directly compete with the products of their other suppliers, including children's entertainment companies. Some of the retailers with whom Spin Master does business sell private-label toys designed, manufactured, and branded by the retailers themselves. The Company's customers may sell their private-label toys at prices lower than comparable toys sold by the Company, and, particularly in the event of strong sales of private-label toys, may elect to reduce their purchases of Spin Master's branded products. In some cases, retailers who sell these private-label toys are larger than Spin Master and have substantially more resources. An increase in the sale of private-label product by retailers could have a material adverse effect on the Company's business, financial condition, and performance.

The decision to pay dividends on the Subordinate Voting Shares and Multiple Voting Shares and the amount of such dividends is subject to the discretion of Spin Master's board of directors based on numerous factors and may vary from time to time.

Although the Company currently pays quarterly cash dividends on its outstanding Subordinate Voting Shares and Multiple Voting Shares, these cash dividends may be reduced or suspended. The amount of cash available to the Company to pay dividends, if any, can vary significantly from period to period for a number of reasons, including, among other things: the Company's operational and financial performance; fluctuations in market prices; the amount of cash required or retained for debt service or repayment; amounts required to fund capital expenditures and working capital requirements; access to capital markets; foreign currency exchange rates and interest rates; and the other risk factors set forth herein.

The decision whether to pay dividends and the amount of any such dividends are subject to the discretion of the board of directors of the Company, which quarterly evaluates proposed dividend payments and the solvency test requirements of the Business Corporations Act (Ontario). In addition, the level of dividends per Subordinate Voting Share and Multiple Voting Share will be affected by the number of outstanding Subordinate Voting Shares and Multiple Voting Shares and other securities that may be entitled to receive cash dividends or other payments. Dividends may be increased, reduced, or suspended depending on the Company's operational success. The market value of Subordinate Voting Shares may deteriorate if the Company is unable to meet dividend expectations in the future, and that deterioration may be material.

The market price of the Subordinate Voting Shares has been volatile.

Volatility in the Company's business can result in significant Subordinate Voting Share price and volume fluctuations. Factors such as changes in the Company's operating results, announcements by the Company's customers, competitors or other events affecting companies in the toy, entertainment or digital games industries, currency fluctuations, general market fluctuations, macro-economic conditions, and public health crises may cause the market price of the Subordinate Voting Shares to decline. In addition, if the Company's operating results do not meet the expectations of securities analysts or investors, the price of the Subordinate Voting Share could decline. Furthermore, the existence of the Company's NCIB may cause the Subordinate Voting Share price to be higher than it would be in the absence of such a program and repurchases under the NCIB expose the Company to risks resulting from a reduction in the size of its "public float", which may reduce the Company's trading volume as well as its Subordinate Voting Share price.

There can be no assurance that the Company will repurchase Subordinate Voting Shares for cancellation.

Although the Company currently has an NCIB in effect, whether the Company repurchases Subordinate Voting Shares under such NCIB for cancellation, and the amount and timing of any such repurchases, is subject to capital availability and periodic determinations by management and the board of directors that Subordinate Voting Share repurchases are in the best interest of the Company's shareholders and are in compliance with all applicable laws and agreements. Any future permitted Subordinate Voting Share repurchases, including their timing and amount, may be affected by, among other factors: the Company's views on potential future capital requirements for strategic transactions, including acquisitions; changes to applicable tax laws or corporate laws; and changes to the Company's business model. In addition, the amount the Company spends and the number of Subordinate Voting Shares the Company is able to repurchase for cancellation under any NCIB or substantial issuer bid may further be affected by a number of other factors, including the price of the Subordinate Voting Shares and blackout periods in which the Company is restricted from repurchasing Subordinate Voting Shares (other than pursuant to an automatic share repurchase plan). The Company's Subordinate

Voting Share repurchases may change from time to time, and the Company cannot provide assurance that it will repurchase any or, if commenced, continue to repurchase any Subordinate Voting Shares for cancellation in any amounts or at all. Once commenced, a reduction in or elimination of the Company's Subordinate Voting Share repurchases could have a negative effect on the price of the Subordinate Voting Shares.

MATERIAL CONTRACTS

This Annual Information Form includes a summary description of certain material agreements of the Company. The summary description discloses all attributes material to an investor in securities of the Company but is not complete and is qualified by reference to the terms of the material agreements, which have been filed under the Company's profile on SEDAR+ at www.sedarplus.com. Investors are encouraged to read the full text of such material agreements.

Except for certain contracts entered into in the ordinary course business of the Company, the following are the only contracts entered into by the Company on or after January 1, 2023 (or prior to January 1, 2023 if still in effect) that are material to the Company:

- a) the Principal Shareholders Agreement referred to under "Material Contracts – Principal Shareholders Agreement" and elsewhere in this Annual Information Form; and
- b) the Coattail Agreement referred to under "Description of Share Capital – Subordinate Voting Shares and Multiple Voting Shares – Take-Over Bid Protection".

Principal Shareholders Agreement

The Principal Shareholders Agreement contains provisions with respect to the ownership, transfer and conversion of the Multiple Voting Shares and their respective rights in certain governance matters. Certain of the provisions of the Principal Shareholders Agreement are also set out in the articles or by-laws of the Company. The Majority Principals may amend certain of the provisions of the Principal Shareholders Agreement which do not directly involve the Company, such as the voting and tender rights afforded the Majority Principals, the transfer restrictions, the rights of first offer and the drag along rights, as described below, without the consent of the Company.

Shareholder Groups and Majority Principals

The Majority Principals are Mr. Harary and Mr. Rabie. A Majority Principal (i) will cease to be a Majority Principal upon the earlier of his death or at such time that his Principal Shareholders Group owns, directly or indirectly, Voting Shares representing less than 8% of all of the outstanding Voting Shares and (ii) will not be able to act as a Majority Principal while mentally incapacitated. In the event that a Majority Principal ceases to be a Majority Principal, the remaining Majority Principal shall be vested with all of the rights and obligations of such position.

Nomination of Directors

Pursuant to the Principal Shareholders Agreement, for so long as the Principal Shareholders Groups collectively own at least 40% of the aggregate Voting Shares held by such groups on the closing of the Company's IPO, Mr. Harary and Mr. Rabie will, subject to the adjustments described below, collectively be entitled to select 80% of the Director nominees for election (the "**Majority Principal Nomination Rights**" and the right to select a Director nominee for election shall be referred to as a "**Nomination Right**").

For so long as the Majority Principals are entitled to the Majority Principal Nomination Rights, such nominees shall include: (i) the Principal Shareholders (so long as each Principal Shareholder wants to stand for election to the Board and his Principal Shareholders Group satisfies the Minimum Threshold (as defined below)), and (ii) subject to the statements below, two Director nominees that are Independent Directors.

The Majority Principal Nomination Rights shall be reduced as follows: (i) if and when the aggregate holdings of Voting Shares by the Principal Shareholders Groups falls below 40% of the aggregate Voting Shares held by such groups on the closing of the Company's IPO, the Majority Principals shall then only be entitled to 60% of the Nomination Rights and (ii) if and when the aggregate holdings of Voting Shares by the Principal Shareholders Groups falls below 20% of the aggregate Voting Shares held by such groups on the closing of the Company's IPO, the Majority Principals shall then only be entitled to 35% of the Nomination Rights. Thereafter, so long as any Multiple Voting Shares are outstanding, the Majority Principals shall be entitled to select a minimum of 35% of the Director nominees for election to the Board.

In the event that the Majority Principals cannot agree on some or all of their Director nominees (the “**Subject Nominees**”) then, each Majority Principal shall be entitled to select 50% of the Subject Nominees. In the event of an odd number of Subject Nominees, such remaining Subject Nominee shall be; (i) Mr. Varadi, or (ii) if Mr. Varadi does not wish to stand for election to the Board or Mr. Varadi’s Principal Shareholders Group does not satisfy the Minimum Threshold, then as determined by the Majority Principals, or (iii) if the Majority Principals cannot agree, then as determined by the G&N Committee.

If and when the Multiple Voting Shares are all converted to Subordinate Voting Shares then, the Majority Principal Nomination Rights shall cease, however, if a Principal Shareholders Group holds Voting Shares equal to or greater than 5% of all of the outstanding Voting Shares (the “**Minimum Threshold**”), the Company shall, if so requested by the Principal Shareholder of such Principal Shareholders Group, include the Principal Shareholder, or his nominee, in the proposed nominees put forward by management for election to the Board, provided that the Principal Shareholder, or nominee, is qualified under applicable law to so act.

Any Nomination Right not held by the Majority Principals shall rest with the G&N Committee. The requirement to nominate Independent Directors shall first be satisfied by the nominees of the G&N Committee and, if not sufficient, by the Majority Principal Nomination Rights. The selection of Director nominees by the G&N Committee shall be done in consultation with the Majority Principals. The Principal Shareholders Agreement contains mechanisms for resolving disputes with respect to these matters.

Where a vacancy occurs on the Board, the vacancy shall be filled as soon as possible by the Majority Principals (for so long as they are entitled to the Majority Principal Nomination Rights) or by the G&N Committee, in consultation with the Majority Principals, as set out above, if the vacancy is not in respect of a Nomination Right to which the Majority Principals are entitled.

Board Chair, Procedure and Committees

The Chair of the Board must be one of the Majority Principals so long as such person is a Majority Principal and a Director of the Company. If one of Mr. Harary or Mr. Rabie, whoever is then Chair of the Board, as the case may be, should cease being a Director of the Company or a Majority Principal, or resigns from the Chair position, then the other of them shall become the Chair of the Board, provided he agrees to so act. In the event that neither Mr. Harary nor Mr. Rabie is a Majority Principal and a Director of the Company, or neither of them wishes to be the Chair of the Board, then the Chair shall be appointed by the Board. The term of each Majority Principal Chair shall be two years, subject to such person’s re-election as a Director from time to time. The Chair will not have a casting vote at meetings of Directors. In addition, as long as the chair of the Board is not an Independent Director, one of the Independent Directors will be designated by the Board as the Lead Director of the Board. Decisions of the Board will be approved by majority vote, or by a written instrument signed by all Directors.

A quorum at a meeting of the Board consists of a majority of the Directors then holding office. If a meeting of Directors is adjourned for lack of quorum, it will be reconvened one week later (or at such other date, time and place as the Directors in attendance determine), and the Directors then present at the reconvened meeting will constitute a quorum.

The Majority Principals are entitled to select one member of each standing committee of the Board, other than the Audit Committee, provided that the Director selected to the G&N Committee shall not be an officer of the Company.

Voting / Tendering of Multiple Voting Shares

Under the Principal Shareholders Agreement, the Principal Shareholders Groups have provided the Majority Principals with the authority to vote or tender to a formal take-over bid their Subordinate Voting Shares, Multiple Voting Shares, any Subordinate Voting Shares into which those Multiple Voting Shares are converted, and any Multiple Voting Shares and Subordinate Voting Shares that may be subsequently acquired and held by them. All matters relating to the voting (or tendering) of the Voting Shares that are subject to the Principal Shareholders Agreement shall be in accordance with the provisions of the Principal Shareholders Agreement and otherwise as determined by the Majority Principals, acting jointly. Except as otherwise provided in the Principal Shareholders Agreement, if the Majority Principals are unable to agree, the Voting Shares that are subject to the Principal Shareholders Agreement shall be voted against the Company taking such action (or in the case of a take-over bid, not tendered). In the event that a Majority Principal ceases to be a Majority Principal, the remaining Majority Principal will be entitled to vote or tender all of the Voting Shares that are subject to the Principal Shareholders Agreement.

Issuance of Additional Multiple Voting Shares

From and after the closing of the Company's IPO, the Company may not issue additional Multiple Voting Shares, except in connection with a subdivision or consolidation of Voting Shares on a *pro rata* basis as between the Subordinate Voting Shares and the Multiple Voting Shares.

Transfer Restrictions and Sale Procedures

Transfers of Multiple Voting Shares to a Permitted Holder are permitted, provided that the transferee agrees in writing to be bound by the Principal Shareholders Agreement, and transfers, other than a transfer to a Permitted Holder of the transferor, are subject to the rights of first offer provisions in the Principal Shareholders Agreement. See “– Rights of First Offer and Drag Along”.

Pre-Emptive Rights

In the event that the Company decides to issue additional Subordinate Voting Shares or securities convertible into or exchangeable for Subordinate Voting Shares or any other voting or equity shares in the capital of the Company or an option or other right to acquire any such securities (the “**Issued Securities**”), the Principal Shareholders Agreement provides each Principal Shareholders Group with pre-emptive rights to purchase that number of Issued Securities as is necessary to maintain, after such issuance of Issued Securities, each such Principal Shareholders Group's effective *pro rata* equity ownership interest prior to the issuance of the Issued Securities. The pre-emptive right will not apply to the issuance of Subordinate Voting Shares in certain circumstances, including: (a) in respect of the exercise of options, warrants, rights or other securities issued under the Company's security-based compensation arrangements, if any; (b) in connection with a subdivision of then-outstanding Subordinate Voting Shares into a greater number of Subordinate Voting Shares, provided that an equivalent change is made to the Multiple Voting Shares; (c) the issuance of equity securities of the Company *in lieu* of cash dividends, if any; (d) the exercise by a holder of a conversion, exchange or other similar privilege pursuant to the terms of a security in respect of which such Principal Shareholders Group did not exercise, failed to exercise, or waived its pre-emptive right or in respect of which the pre-emptive right did not apply; and (e) pursuant to a shareholders' rights plan of the Company, if any; and (f) to any subsidiary of the Company or an affiliate of any of them.

If the Company proposes to offer for sale any Issued Securities, the Company will deliver a written notice to each Principal Shareholders Group offering the opportunity to subscribe for Issued Securities pursuant to the pre-emptive rights described above. In order to exercise such rights, a Principal Shareholders Group must respond within the applicable time period provided in the articles of the Company. Each Principal Shareholders Group will be entitled to subscribe for Issued Securities pursuant to the exercise of such pre-emptive rights at the same price and on the most favourable terms as such Issued Securities are to be offered to any party, excluding commissions and other transaction expenses paid by the Company.

The pre-emptive rights provided to a Principal Shareholders Group shall (i) terminate, with respect to such Principal Shareholders Group, upon the death of the Principal Shareholder of such group or upon such group ceasing to own, directly or indirectly, Voting Shares representing at least 8% of all of the issued and outstanding Voting Shares and (ii) cease to be operative, with respect to such Principal Shareholders Group, during the period that the Principal Shareholder of such group is mentally incapacitated.

Rights of First Offer and Drag Along

Any member of a Principal Shareholders Group (an “**Offeror**”) who proposes to sell to any person, other than to another member of the Offeror's Principal Shareholders Group, any of the Multiple Voting Shares (or Subordinate Voting Shares into which such Multiple Voting Shares are convertible) or Subordinate Voting Shares that the Offeror owns must give notice of the proposed sale (the “**First Offer Notice**”) to the Principal Shareholders Groups of which the Offeror is not a member (the “**Offeree Groups**”). The First Offer Notice will set out the number of Multiple Voting Shares (or Subordinate Voting Shares into which such Multiple Voting Shares are convertible) or Subordinate Voting Shares that the Offeror proposes to sell (the “**Offered Shares**”) and the price (the “**Purchase Price**”) and the other terms upon which the Offeror proposes to sell the Offered Shares. The Offered Shares may not be offered for sale together with or in conjunction with other assets and the Purchase Price must be payable in money and not in any other form of property. Upon the First Offer Notice being given, the Offeree Groups will have the right to purchase all, but not less than all, of the Offered Shares for the Purchase Price. Members of the Offeree Groups may purchase the Offered Shares in any combination in their discretion provided the member becomes a party to the Principal Shareholders Agreement if not already a party.

If at least one Offeree Group wishes to purchase all, but not less than all of the Offered Shares, the Offeree Group shall give notice of its intention to do so within ten business days of receipt of the First Offer Notice or such longer period as

provided for in the First Offer Notice. If no such notice is given, the Offeree Groups shall no longer have any right to acquire the Offered Shares, and the Offeror will have 180 days to complete a sale of the Offered Shares to one or more third parties, including a sale by way of a public offering, at a price per share no lower than 95% of the Purchase Price offered to the Offeree Groups.

The purchase rights provided to a Principal Shareholders Group pursuant to the rights of first offer provisions in the Principal Shareholders Agreement shall (i) terminate, with respect to such Principal Shareholders Group, upon the death of the Principal Shareholder of such group or upon such group ceasing to own, directly or indirectly, Voting Shares representing at least 8% of all of the issued and outstanding Voting Shares and (ii) cease to be operative, with respect to such Principal Shareholders Group, during the period that the Principal Shareholder of such group is mentally incapacitated.

If the Majority Principals decide to sell all of the Voting Shares owned, directly and indirectly, by them to an arm's length third party, they can then require the other Principal Shareholders Groups to sell their shares to such third party purchaser on the same terms.

Demand Registration Rights

If a holder of Multiple Voting Shares is entitled to sell to one or more third parties any Subordinate Voting Shares (including those issuable upon the conversion of Multiple Voting Shares) as permitted by the Principal Shareholders Agreement, such Shareholder (the "**Selling Shareholder**") may, by written notice (the "**Demand Notice**"), require the Company to prepare and file the necessary offering documents with one or more securities regulatory authorities to qualify securities of the Company for distribution in one or more jurisdictions (a "**Demand Registration**") and the Company will otherwise take all actions as may be necessary or desirable in order to effect a public offering of the Subordinate Voting Shares by the Selling Shareholder (a "**Secondary Offering**"). The amount of the Secondary Offering must be at least \$25 million. The underwriters for the Secondary Offering will be selected by the Selling Shareholder in consultation with the Company.

The Company may participate in a proposed Secondary Offering by selling Subordinate Voting Shares from treasury if the underwriters of the Secondary Offering, acting reasonably, are of the view that to do so would facilitate the offering. Notwithstanding any Demand Notice, the Company will be entitled to postpone the filing of any offering document for up to 90 days from the date of such Demand Notice if, in the good faith judgment of the Board, the requested Secondary Offering could reasonably be expected to adversely affect the Company.

In connection with a Secondary Offering, the Company will provide further rights which are customary for a Secondary Offering to the Selling Shareholder, including with regard to indemnification by the Company of the Selling Shareholder, certain expense payments and reimbursements and undertakings by the Company in connection with the Secondary Offering. All reasonable expenses incurred by the Company and the Selling Shareholder in connection with the Secondary Offering, including all registration, qualification and filing fees and underwriting fees, shall be borne by the Selling Shareholder in proportion to the amount the gross proceeds received by the Selling Shareholder bear to the total gross proceeds of the Secondary Offering, except the fees and disbursements of legal counsel which shall be borne by the respective parties participating in the Secondary Offering.

The Company shall not be obliged to effect more than three Demand Registrations in any 12-month period. Additionally, no holder of Multiple Voting Shares shall be permitted to exercise its Demand Registration rights more than once in any 180-day period.

Piggy Back Registration Rights

Holders of Multiple Voting Shares also have unlimited registration rights relating to the inclusion of their Subordinate Voting Shares (including those issuable upon the conversion of Multiple Voting Shares) in any prospectus filed by the Company, subject to the provisions of the Principal Shareholders Agreement and further subject to a reduction in the number of such Subordinate Voting Shares the Company is obligated to include if the lead underwriters participating in such transaction, acting reasonably, advise the Company that such reduction is necessary.

The Company will pay all costs and expenses in connection with each registration described above, except underwriting discounts and commissions applicable to the securities sold by the holders of Multiple Voting Shares and any legal fees of independent counsel to such holders of Multiple Voting Shares, and to indemnify such holders against certain liabilities, including liabilities under applicable securities laws.

Termination

If and when Mr. Harary and Mr. Rabie cease to qualify as Majority Principals, certain of the rights afforded the Principal Shareholders Groups, including the Majority Principal Nomination Rights, the voting and tender rights afforded the Majority Principals on behalf of the Principal Shareholders Groups, the transfer restrictions, the pre-emptive rights, the rights of first offer and drag along rights, as described above, other than the demand registration rights and piggyback registration rights, shall cease to be operative and all of the Multiple Voting Shares shall be automatically converted to Subordinate Voting Shares. The Majority Principals may terminate certain of the rights listed in the previous sentence, other than the demand registration rights and piggyback registration rights, at their discretion. The Principal Shareholders Agreement will continue in respect of all Voting Shares subject thereto notwithstanding conversions from Multiple Voting Shares to Subordinate Voting Shares, until the earliest to occur of: (a) the date that the Voting Shares subject to the Principal Shareholders Agreement constitute less than 10% of all of the outstanding Voting Shares; or (b) the dissolution or liquidation of the Company. Upon termination of the Principal Shareholders Agreement, all outstanding Multiple Voting Shares shall be automatically converted to Subordinate Voting Shares.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as noted below, no Director or executive officer of the Company, person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Subordinate Voting Shares or Multiple Voting Shares, or associate or affiliate of any of the foregoing persons or companies, has or had a material interest, direct or indirect, in any transaction occurring on or since January 1, 2021, that has materially affected or is reasonably expected to materially affect the Company:

- the provision of legal services to the Company and its subsidiaries by Torkin Manes LLP, and which is expected to continue to provide legal services to the Company in 2024, of which Mr. Jeffrey I. Cohen is a partner, pursuant to which the Company incurred fees of approximately C\$2.87 million in 2023.

LEGAL PROCEEDINGS

Spin Master currently, and from time to time, is involved in legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of the Company's business, including assertions that Spin Master may be infringing patents or other IP rights of others. Spin Master believes that the ultimate amount of liability, if any, for any pending claims of any type (either alone or combined) not otherwise described below will not materially affect its financial position or results of operations. Spin Master also believes that, if necessary, the Company would be able to obtain any required licenses or other rights to disputed IP rights on commercially reasonable terms. However, the ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on Spin Master's business because of defense costs, negative publicity, diversion of management resources and other factors. Spin Master's failure to obtain any necessary license or other rights on commercially reasonable terms, or otherwise, or litigation arising out of IP claims could materially adversely affect its business.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Voting Shares is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

EXPERTS

The Company's auditors are Deloitte LLP, located at Toronto, Ontario. Deloitte LLP has advised that it is independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including Directors' and officers' remuneration, principal holders of the Voting Shares, and Subordinate Voting Shares authorized for issuance under equity compensation plans, will be contained in the Company's management information circular for the 2024 annual meeting of Shareholders. Additional financial information is provided in the Company's audited annual consolidated financial statements and MD&A for the year ended December 31, 2023. Such documentation, as well as additional information relating to the Company, may be found under the Company's profile on SEDAR+ at www.sedarplus.com.

GLOSSARY

Certain terms used in this Annual Information Form have the following meanings:

“**Advance Notice Provisions**” has the meaning ascribed thereto under “Directors and Executive Officers — Advance Notice Provisions”;

“**Board**” means the board of directors of the Company;

“**Coattail Agreement**” has the meaning ascribed thereto under “Description of Share Capital — Subordinate Voting Shares and Multiple Voting Shares — Take-Over Bid Protection”;

“**Company**” or “**Spin Master**” means Spin Master Corp.;

“**CFS**” means Child Friendly Spaces;

“**COE**” means a Centre of Excellence of the Company;

“**CPSIA**” means the U.S. Consumer Product Safety Act, as amended by the Consumer Product Safety Improvement Act of 2008;

“**CSR**” means corporate social responsibility;

“**Demand Notice**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Demand Registration Rights”;

“**Demand Registration**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Demand Registration Rights”;

“**Directors**” means directors of the Company, and “**Director**” means any one of them;

“**EDI**” means Equity Diversity and Inclusion;

“**ESG**” means environmental, social, and governance;

“**FHSA**” means the U.S. Federal Hazardous Substances Act;

“**First Offer Notice**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Rights of First Offer and Drag Along”;

“**GHG**” means greenhouse gas;

“**Global Brand Teams**” means a global brand team of the Company;

“**G&N Committee**” means the Governance and Nominating Committee;

“**Independent Director**” has the meaning ascribed thereto under “Directors and Executive Officers — Advance Notice Provisions”;

“**IP**” means intellectual property;

“**IPO**” means the initial public offering of Subordinate Voting Shares of the Company;

“**Issued Securities**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Pre-Emptive Rights”;

“**Majority Principal Nomination Rights**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Nomination of Directors”;

“**Majority Principals**” means, collectively, Ronnen Harary and Anton Rabie, and “**Majority Principal**” means either one of them;

“**MD&A**” means the Company’s management’s discussion and analysis for the year ended December 31, 2023;

“**Minimum Threshold**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Nomination of Directors”;

“**Multiple Voting Shares**” means the multiple voting shares of the Company;

“**NCIB**” means the Company’s normal course issuer bid;

“**Nomination Right**” means the right to propose a Director nominee for election;

“**Nominee Arrangements**” has the meaning ascribed thereto under “Directors and Executive Officers — Advance Notice Provisions”;

“**Notice Date**” has the meaning ascribed thereto under “Directors and Executive Officers — Advance Notice Provisions”;

“**OBCA**” means the *Business Corporations Act* (Ontario);

“**Offered Shares**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Rights of First Offer and Drag Along”;

“**Offeree Groups**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Rights of First Offer and Drag Along”;

“**Offeror**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Rights of First Offer and Drag Along”;

“**Order**” means a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denies the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days;

“**Permitted Holder**” has the meaning ascribed thereto under “Description of Share Capital — Subordinate Voting Shares and Multiple Voting Shares — Shareholder Approval Required for Certain Matters”;

“**Preferred Shares**” means preferred shares of the Company;

“**Principal Shareholders**” means, collectively, Ronnen Harary, Anton Rabie and Ben Varadi, and “**Principal Shareholder**” means any one of them;

“**Principal Shareholders Agreement**” has the meaning ascribed thereto under “Description of Share Capital — Subordinate Voting Shares and Multiple Voting Shares — Automatic Conversion of Multiple Voting Shares”;

“**Principal Shareholders Group**” has the meaning ascribed thereto under “Description of Share Capital — Subordinate Voting Shares and Multiple Voting Shares — Automatic Conversion of Multiple Voting Shares”;

“**Purchase Price**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Rights of First Offer and Drag Along”;

“**R&D**” means research and development;

“**Secondary Offering**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Demand Registration Rights”;

“**Selling Shareholder**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Demand Registration Rights”;

“**Shareholders**” means, collectively, the holders of the Voting Shares, and “**Shareholder**” means any one of them;

“**SMV**” means Spin Master Ventures;

“**Subject Nominees**” has the meaning ascribed thereto under “Material Contracts — Principal Shareholders Agreement — Nomination of Directors”;

“**Subordinate Voting Shares**” means the subordinate voting shares of the Company;

“**TOTY**” means an American Toy Industry Association “Toy of the Year”;

“**TSX**” means the Toronto Stock Exchange;

“**U.K.**” means the United Kingdom;

“**U.S.**” means the United States of America; and

“**Voting Shares**” means, collectively, the Multiple Voting Shares and the Subordinate Voting Shares.

APPENDIX A

SPIN MASTER CORP. CHARTER OF THE AUDIT COMMITTEE

Effective Date: November 3, 2021

1. **Introduction**

This charter (the “**Charter**”) sets forth the purpose, composition, duties and responsibilities of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Spin Master Corp. (the “**Company**”).

2. **Purpose**

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been designed, implemented and tested by management of the Company;
- external audit processes;
- helping directors meet their responsibilities;
- providing better communication between directors and external auditors;
- enhancing the independence of the external auditors;
- increasing the credibility and objectivity of financial reports; and
- strengthening the role of directors by facilitating in-depth discussions among directors, management and the external auditors regarding significant issues involving judgment and impacting quality controls and reporting.

3. **Membership**

3.1 *Number of Members*

The Committee shall be composed of three or more members of the Board.

3.2 *Independence of Members*

Each member of the Committee must be independent. “Independent” shall have the meaning, as the context requires, given to it in National Instrument 52-110 *Audit Committees*, as may be amended from time to time.

3.3 *Chair*

At the time of the annual appointment of the members of the Committee, the Board may appoint a chair of the Committee. If a Committee chair is not appointed by the Board, the members of the Committee may designate a chair by majority vote of the full Committee membership. The Committee chair shall be a member of the Committee.

3.4 *Financial Literacy of Members*

At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

Further, at least one member of the Committee shall have experience as a certified public accountant, chief financial officer or corporate controller of similar experience, or demonstrably meaningful experience overseeing such functions as a senior executive officer.

3.5 *Term of Members*

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

4. Meetings

4.1 *Number of Meetings*

The Committee may meet as many times per year as necessary to carry out its responsibilities.

4.2 *Quorum*

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

4.3 *Calling of Meetings*

The Committee chair, any member of the Committee, the external auditors, the Chair of the Board, or the Global President and Chief Executive Officer or the Chief Financial Officer may call a meeting of the Committee by notifying the Company's Corporate Secretary who will notify the members of the Committee.

4.4 *Chair*

The Committee chair shall preside over all Committee meetings that he or she attends, and in the absence of the Committee chair, the members of the Committee present may appoint a chair for the meeting from among their number.

4.5 *Minutes; Reporting to the Board*

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Committee chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

4.6 *Attendance of Non-Members*

The external auditors are entitled to attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with the internal auditor, if one has been appointed, and management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.

4.7 *Meetings without Management*

As part of each meeting of the Committee, the independent directors shall hold a meeting with the external auditors of the Company and an in camera session, at which management and non-independent directors are not present, and the agenda for each Committee meeting will afford an opportunity for such a session.

4.8 *Access to Management and Books and Records*

The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company.

5. Duties & Responsibilities

The Committee has, among other things, the following responsibilities, in addition to the duties and responsibilities required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the “**Applicable Requirements**”):

5.1 *Financial Statements and Reporting*

- Assist the Board in the discharge of its oversight responsibilities relating to the Company’s financial statements and its financial reporting practices and system of internal accounting and financial controls, the corporate audit and risk assessment function, the management information systems, the annual external audit of the Company’s financial statements and the compliance by the Company with laws and regulations and its own Code of Ethics and Business Conduct related thereto.
- Review significant accounting and reporting issues, including complex or unusual material transactions and highly judgmental areas, unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks and changes in provisions, estimates or provisions included in any financial statements, and recent professional and regulatory pronouncements, and understand their impact on and presentation in the financial statements.
- Review and discuss with management and the external auditors the results of the audit, including any difficulties encountered and follow-up in that context and ensure that the external auditors are satisfied that the accounting estimates and judgments made by management’s selection of accounting principles reflect an appropriate application of generally accepted accounting principles.
- Review the annual financial statements and consider whether there is any reason to believe that they are not complete, adequate, consistent with information known to the members of the Committee, and reflect appropriate accounting principles and, if appropriate, recommend to the Board their approval and disclosure.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor’s involvement.
- Review interim financial reports with management and the external auditors before disclosure and filing with regulators, and consider whether there is any reason to believe that they are not complete and consistent with the information known to the members of the Committee and reflect appropriate accounting principles and, if appropriate, recommend to the Board their approval and disclosure.
- Review the Company’s management discussion and analysis, and other financial information including, without limitation, forward-looking information provided by the Company to any governmental body or the public and, if appropriate, recommend to the Board their approval and disclosure.
- Review the Company’s annual information form and related regulatory filings before release to the extent that same include financial information, and consider the accuracy and completeness of the financial information contained therein and, if appropriate, recommend to the Board their approval and disclosure.
- Review the Company’s press releases containing financial information including, without limitation, forward-looking information before the Company publicly discloses this information and, if appropriate, recommend to the Board their approval and disclosure.
- Review and discuss with management any litigation matters which could significantly affect the financial statements, and review the manner in which these matters are disclosed in the financial statements.
- Review and discuss any regulatory compliance issues which could significantly affect the financial statements.
- Review and discuss any corporate governance issues which could significantly affect the financial statements.
- Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.
- To the extent not previously reviewed by the Committee, review and, if appropriate, recommend to the Board the approval of all financial statements included in any prospectus, offering memoranda or other offering document and all other financial reports required by regulatory authorities and requiring approval by the Board.
- Review the statement of management’s responsibility for the financial statements as signed by the management of the

Company and included in any published document.

- Obtain explanations for communication to the Board for all significant variances between comparable reporting periods.
- Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.
- Monitor the application and update, as necessary, of the Company's disclosure policy in relation to financial information.

5.2 *Internal Control*

- Review the Company's system of internal controls.
- Require management to design, implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures.
- At least annually, consider and review with management and the Company's external auditors:
 - the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
 - any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's regulatory filings;
 - any material issues raised by any inquiry or investigation by the Company's regulators;
 - the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
 - any related significant issues and recommendations of the external auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls and procedures.
- Recommend and supervise the establishment and operation of an internal audit process.

5.3 *External Audit*

- Recommend to the Board the appointment or discharge and compensation of the Company's external auditors.
- Oversee the work of the external auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.
- Fill the role as the direct contact for the external auditors and manage the relationship between the Company and the external auditors.
- Maintain a free and open line of communication with management, the Chief Financial Officer and the external auditors.
- Resolve disagreements between the external auditors and management as to financial reporting matters brought to the Committee's attention.
- At least annually, discuss with the external auditors such matters as are required by applicable auditing standards.
- At least annually, review a summary of the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review a report prepared by the external auditors in respect of each of the interim financial statements of the Company.

- Pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company’s external auditors, that the Committee deems advisable in accordance with Applicable Requirements and policies and procedures adopted by the Board.
- At least annually, and before the external auditors issue their report on the annual financial statements: review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services; discuss any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable rules of professional conduct and other Applicable Requirements.
- At least annually, meet separately with the external auditors to discuss the access to requested information and level of cooperation from management during the performance of their work.
- On a regular basis, review and approve the Company’s hiring policies regarding partners, employees and former employees of the present and former external auditors of the Company.
- Review the qualifications and performance of the lead partner(s) of the external auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

5.4 *Risk Management*

- Oversee management’s identification and assessment of the principal risks to the operations of the Company and the establishment and management of appropriate systems to manage such risks with a view to achieving a proper balance between risks incurred and potential return to holders of securities of the Company and to the long-term viability of the Company.
- Require management to report on a quarterly basis to the Committee, and the Committee shall review such reports provided by management, on the risks inherent in the business of the Company (including, but not limited to, appropriate crisis preparedness, business continuity, information system controls, cybersecurity and information security and disaster recovery plans), the appropriate degree of risk mitigation and risk control, overall compliance with and the effectiveness of the Company’s risk management policies, and residual risks remaining after implementation of risk controls.
- Report to the Board on a quarterly basis, with respect to the principal risks faced by the Company and the steps implemented by management to manage these risks.

5.5 *Compliance*

- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters (the “**Complaints Procedures**”).
- Review the effectiveness of the Complaints Procedures and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Obtain regular updates from management and the Company’s legal counsel regarding compliance matters in respect of the Complaints Procedures.
- Review reports regarding any material communications received from regulators in relation to financial information.

5.6 *Conflicts of Interest*

- Review and approve all related party transactions involving executive officers and members of the Board or any significant shareholders of the Company, as may be necessary or desirable under the Applicable Requirements.

5.7 *Other Responsibilities*

- Review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.
- Review, and where appropriate, recommend action by the Board on matters within its responsibilities on:
 - An annual report on officers' and executives' expenses.
 - An annual report on consulting and legal fees paid by the Company.
- Perform other activities related to this Charter as requested by the Board.
- Investigate and assess any issue that raises significant concern to the Committee, with the assistance, if so required by the Committee, of the Chief Financial Officer and/or the external auditors.

6. Oversight Function

While the Committee is responsible for overseeing the Company's financial statements and financial disclosures as set forth in this Charter, the Company's management is responsible for the preparation, presentation and integrity of the Company's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company, and the Company's external auditors are responsible for auditing the Company's annual consolidated financial statements and for reviewing the Company's unaudited interim financial statements.

7. Reporting

The Committee chair shall provide a report to the Board on material matters considered by the Committee at the next regular Board meeting following the Committee's meeting. As required by the Applicable Requirements, the Committee should report annually to shareholders, describing the Committee's composition, responsibilities and any other information required by applicable law. The Committee should also review any other report the Company issues that relates to the Committee's responsibilities.

8. Delegation

The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this Charter as the Committee deems appropriate.

9. Access to Information and Authority

The Committee will be granted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve and pay any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

10. Limitation on Committee's Duties; No Rights Created

Notwithstanding the foregoing and subject to applicable law, nothing contained in this Charter is intended to require the Committee to ensure the Company's compliance with applicable laws or regulations. In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the members of the Board are subject. This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the Committee functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Articles and By-laws, it is not intended to establish any legally binding obligations.

11. Review of Charter

Periodically, the Committee shall review and assess the adequacy of this Charter to ensure compliance with any rules of regulations promulgated by any regulatory body and recommend for Board approval any modifications to this Charter as considered advisable.