

Spin Master Reports Q4 2024 and 2024 Financial Results

2024 Revenue exceeds \$2.2 billion, Up 18.8%

Toronto, ON, February 24, 2025 - Spin Master Corp. ("Spin Master" or the "Company") (TSX: TOY; www.spinmaster.com), a leading global children's entertainment company, today announced its financial results for the three months and year ended December 31, 2024. The Company's full Management's Discussion and Analysis ("MD&A") for the three months and year ended December 31, 2024 is available under the Company's profile on SEDAR+ (www.sedarplus.com) and posted on the Company's web site at www.spinmaster.com. All financial information is presented in United States dollars ("\$", "dollars" and "US\$") and has been rounded to the nearest hundred thousand, except per share amounts and where otherwise indicated.

"I'm proud of our team's relentless commitment to creating magical play experiences by launching excitement and innovation in the toy category, enhancing customization and value in digital games and producing engaging entertainment content that resonates with audiences globally," said Max Rangel, Spin Master's Global President & CEO. "These collective efforts helped us achieve our 2024 Gross Product Sales and Revenue expectations. We are pleased with the progress we have made in integrating Melissa & Doug, which had a strong year, generating growth with new product launches and expanded distribution. Looking forward, we are excited about our formula for growth across all our creative centres, including innovation and licenses within Toys, a positive trajectory in Digital Games driven by *Toca Boca World* and *Piknik* and our strong Entertainment content pipeline, all in support of our goal of igniting kids' imaginations and driving and sustaining long-term, profitable growth in order to maximize shareholder value."

"We were pleased with our revenue performance with growth of 29% for the fourth quarter and just under 19% for the full year" said Mark Segal, Spin Master's Chief Financial Officer. "We achieved over \$10 million in Net Cost Synergies for the year related to the Melissa & Doug integration, which represents an annualized run-rate of \$14 million against our target of \$25 - \$30 million run-rate by the end of 2026. We generated \$215 million in adjusted free cash flow in 2024, reinforcing the cash generative power of our underlying businesses. Our disciplined and holistic approach to capital allocation continues to be a key driver of shareholder value. We remain committed to a balanced approach - continuing to look for opportunities to invest strategically in high-return growth opportunities while also returning capital to shareholders through dividends and share repurchases. We repurchased over 2.3 million shares under our NCIB in 2024. Looking ahead, our financial framework for value creation puts us in a solid position financially and operationally to generate long-term growth."

Consolidated Financial Highlights for Q4 2024 and 2024 as compared to the same periods in 2023

- **Q4 2024 Revenue** was \$649.1 million, an increase of 29.1%, and includes Melissa & Doug Revenue of \$136.0 million. **2024 Revenue** was \$2,263.0 million, an increase of 18.8%, and includes Melissa & Doug Revenue of \$374.7 million.
- **Q4 2024 and 2024 Operating Income** was \$47.1 million compared to Operating Loss of \$36.6 million, and \$165.5 million compared to \$188.9 million, respectively.
- **Q4 2024 Adjusted EBITDA¹** was \$113.9 million, an increase of \$49.0 million, and includes Melissa & Doug Adjusted EBITDA¹ of \$40.9 million. **Adjusted EBITDA Margin¹** was 17.5% compared to 12.9%. Adjusted EBITDA, excluding Melissa & Doug¹ was \$73.0 million compared to \$64.9 million.
- **2024 Adjusted EBITDA¹** was \$463.6 million, an increase of \$44.8 million, and includes Melissa & Doug Adjusted EBITDA¹ of \$74.1 million. 2023 Adjusted EBITDA¹ included \$15.6 million related to the initial delivery of *PAW Patrol: The Mighty Movie*. Excluding the revenue from the *PAW Patrol: The Mighty Movie* in 2023, 2024 Adjusted EBITDA¹ increased by \$60.4 million. **Adjusted EBITDA Margin¹** was 20.5% compared to 22.0%. Adjusted EBITDA Margin, excluding Melissa & Doug¹ was 20.6%. Adjusted EBITDA Margin, excluding *PAW Patrol: The Mighty Movie* Revenue¹ in 2023 was 21.3%.
- **Q4 2024 Net Income** was \$21.1 million or \$0.20 per share (diluted) compared to Net Loss of \$30.1 million or \$(0.29) per share. **Adjusted Net Income¹** was \$57.4 million or \$0.55 per share (diluted) compared to \$20.5 million or \$0.19 per share (diluted).
- **2024 Net Income** was \$81.9 million or \$0.77 per share (diluted) compared to \$151.4 million or \$1.43 per share (diluted). **Adjusted Net Income¹** was \$217.2 million or \$2.05 per share (diluted) compared to \$225.2 million or \$2.13 per share (diluted).
- Realized \$10.9 million in total Net Cost Synergies² in 2024, which represents an annualized run-rate of \$14 million towards the target of \$25 million to \$30 million in Run-rate Net Cost Synergies² by the end of 2026.
- Cash provided by operating activities in Q4 2024 and 2024 was \$203.4 million compared to \$67.9 million, and \$328.0 million compared to \$227.0 million, respectively.

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

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

- **Q4 2024 and 2024 Free Cash Flow¹** was \$175.0 million compared to \$44.3 million, and \$215.5 million compared to \$122.9 million, respectively.
- Repurchased and cancelled 2,370,960 subordinate voting shares for \$54.5 million (C\$74.2 million) in 2024 through the Company's Normal Course Issuer Bid (the "NCIB") program. Subsequent to December 31, 2024, the Company repurchased and cancelled 30,100 subordinate voting shares for \$0.6 million.
- Subsequent to December 31, 2024, the Company declared a quarterly dividend of C\$0.12 per outstanding subordinate voting share and multiple voting share, payable on April 11, 2025.

2025 Outlook

The Company expects for 2025:

- Toy Gross Product Sales¹ to increase 4% to 5% compared to 2024
- Toy Gross Product Sales¹ seasonality to be approximately 31% to 33% in the first half.
- Revenue to increase 4% to 6% compared to 2024.
- Adjusted EBITDA Margin¹ of 20.0% to 21.0% as compared to 20.5% in 2024.

The Company's Outlook for 2025 includes Melissa & Doug.

Consolidated Financial Results as compared to the same period in 2023

Effective January 2, 2024, Melissa & Doug's operating results for the three months and year ended December 31, 2024 are included in the Company's consolidated results.

(US\$ millions, except per share information)				Year Ended Dec 31		
	Q4 2024	Q4 2023	\$ Change	2024	2023	\$ Change
Consolidated Results						
Revenue ⁴	\$ 649.1	\$ 502.6	\$ 146.5	\$ 2,263.0	\$ 1,904.9	\$ 358.1
Operating Income (Loss)	\$ 47.1	\$ (36.6)	\$ 83.7	\$ 165.5	\$ 188.9	\$ (23.4)
Operating Margin ²	7.3 %	(7.3)%		7.3 %	9.9 %	
Adjusted Operating Income ^{1,3}	\$ 81.3	\$ 23.2	\$ 58.1	\$ 333.8	\$ 288.7	\$ 45.1
Adjusted Operating Margin ¹	12.5 %	4.6 %		14.8 %	15.2 %	
Net Income (Loss)	\$ 21.1	\$ (30.1)	\$ 51.2	\$ 81.9	\$ 151.4	\$ (69.5)
Adjusted Net Income ^{1,3}	\$ 57.4	\$ 20.5	\$ 36.9	\$ 217.2	\$ 225.2	\$ (8.0)
Adjusted EBITDA ^{1,3,4}	\$ 113.9	\$ 64.9	\$ 49.0	\$ 463.6	\$ 418.8	\$ 44.8
Adjusted EBITDA Margin ¹	17.5 %	12.9 %		20.5 %	22.0 %	
Earnings Per Share ("EPS")						
Basic EPS	\$ 0.21	\$ (0.29)		\$ 0.79	\$ 1.46	
Diluted EPS	\$ 0.20	\$ (0.29)		\$ 0.77	\$ 1.43	
Adjusted Basic EPS ¹	\$ 0.56	\$ 0.20		\$ 2.10	\$ 2.18	
Adjusted Diluted EPS ¹	\$ 0.55	\$ 0.19		\$ 2.05	\$ 2.13	
Weighted average number of shares (in millions)						
Basic	102.4	103.7		103.3	103.5	
Diluted	105.2	106.2		105.8	105.7	
Selected Cash Flow Data						
Cash provided by operating activities	\$ 203.4	\$ 67.9	\$ 135.5	\$ 328.0	\$ 227.0	\$ 101.0
Cash used in investing activities	\$ (30.5)	\$ (23.3)	\$ (7.2)	\$ (1,068.5)	\$ (135.3)	\$ (933.2)
Cash (used in) provided by financing activities	\$ (49.5)	\$ (8.2)	\$ (41.3)	\$ 270.2	\$ (44.1)	\$ 314.3
Free Cash Flow ¹	\$ 175.0	\$ 44.3	\$ 130.7	\$ 215.5	\$ 122.9	\$ 92.6

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

² Operating Margin is calculated as Operating Income (Loss) divided by Revenue.

³ Adjustments in 2024 include fair value adjustment for inventories acquired of \$66.3 million and transaction and integration costs of \$31.9 million. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details on the adjustments.

⁴ Included in the operating results of the three months and year ended December 31, 2024 is Melissa & Doug Revenue of \$136.0 million and \$374.7 million and Melissa & Doug Adjusted EBITDA¹ of \$40.9 million and \$74.1 million, respectively.

2024 Revenue was \$2,263.0 million, an increase of 18.8% from \$1,904.9 million, and includes Melissa & Doug Revenue of \$374.7 million. Revenue increased by 25.9% in Toys, and declined by 16.6% in Entertainment and 5.4% in Digital Games.

2024 Operating Income was \$165.5 million, a decrease of \$23.4 million from \$188.9 million, primarily driven by a decline in Operating Income of \$27.0 million from Digital Games, partially offset by an increase of \$8.0 million in Entertainment.

2024 Adjusted Operating Income¹ was \$333.8 million, an increase of \$45.1 million from \$288.7 million, primarily driven by an increase in Toys Adjusted Operating Income¹ of \$56.1 million, partially offset by a decrease in Digital Games Adjusted Operating Income¹ of \$18.2 million.

2024 Adjusted EBITDA¹ was \$463.6 million compared to \$418.8 million in 2023. 2023 Adjusted EBITDA¹ included \$15.6 million related to the initial delivery of *PAW Patrol: The Mighty Movie*. Excluding the revenue from the *PAW Patrol: The Mighty Movie* in 2023, 2024 Adjusted EBITDA¹ increased by \$60.4 million. The increase was primarily driven by the inclusion of Melissa & Doug, partially offset by lower Gross Profit due to lower Revenue in Entertainment and Digital Games and increased marketing across the Digital Games portfolio.

The following summarizes the impact of Melissa & Doug's operating results on the three months and year ended December 31, 2024 consolidated results:

(US\$ millions)	Q4 2024	Q4 2023	Year Ended Dec 31,	
			2024	2023
Revenue	649.1	502.6	2,263.0	1,904.9
Melissa & Doug Revenue	136.0	—	374.7	—
Revenue, excluding Melissa & Doug¹	513.1	502.6	1,888.3	1,904.9
Toy Gross Product Sales ¹	660.0	502.3	2,231.5	1,787.2
Melissa & Doug Toy Gross Product Sales ¹	152.6	—	433.3	—
Toy Gross Product Sales, excluding Melissa & Doug¹	507.4	502.3	1,798.2	1,787.2
Adjusted EBITDA ¹	113.9	64.9	463.6	418.8
Melissa & Doug Adjusted EBITDA ¹	40.9	—	74.1	—
Adjusted EBITDA, excluding Melissa & Doug¹	73.0	64.9	389.5	418.8
Adjusted EBITDA Margin¹	17.5 %	12.9 %	20.5 %	22.0 %
Adjusted EBITDA Margin, excluding PAW Patrol: The Mighty Movie Revenue¹	17.5 %	12.9 %	20.5 %	21.3 %
Melissa & Doug Adjusted EBITDA Margin¹	30.1 %	— %	19.8 %	— %
Adjusted EBITDA Margin, excluding Melissa & Doug¹	14.2 %	12.9 %	20.6 %	22.0 %

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

Segmented Financial Results as compared to the same period in 2023

(US\$ millions)	Q4 2024					Q4 2023				
	Toys	Entertainment	Digital Games	Corporate & Other ¹	Total	Toys	Entertainment	Digital Games	Corporate & Other ¹	Total
Revenue	\$ 561.7	\$ 41.3	\$ 46.1	\$ —	\$ 649.1	\$ 406.8	\$ 55.2	\$ 40.6	\$ —	\$ 502.6
Operating Income (Loss)	\$ 31.7	\$ 19.7	\$ (0.5)	\$ (3.8)	\$ 47.1	\$ (30.0)	\$ 9.7	\$ 9.7	\$ (26.0)	\$ (36.6)
Adjusted Operating Income (Loss) ²	\$ 53.5	\$ 20.3	\$ 11.5	\$ (4.0)	\$ 81.3	\$ 5.4	\$ 10.5	\$ 10.8	\$ (3.5)	\$ 23.2
Adjusted EBITDA ²	\$ 76.2	\$ 26.3	\$ 15.4	\$ (4.0)	\$ 113.9	\$ 19.3	\$ 36.1	\$ 13.0	\$ (3.5)	\$ 64.9

¹ Corporate & Other includes certain corporate costs, foreign exchange, transaction and integration costs, and investment income (loss), net.

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

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

Toys Segment Results

The following table provides a summary of the Toys segment operating results, for the three months ended December 31, 2024 and 2023:

(US\$ millions)	Q4 2024	Q4 2023	\$ Change	% Change
Preschool, Infant & Toddler and Plush ¹	\$ 345.7	\$ 169.3	\$ 176.4	104.2 %
Activities, Games & Puzzles and Dolls & Interactive	\$ 206.2	\$ 196.0	\$ 10.2	5.2 %
Wheels & Action	\$ 91.7	\$ 113.3	\$ (21.6)	(19.1)%
Outdoor	\$ 16.4	\$ 23.7	\$ (7.3)	(30.8)%
Toy Gross Product Sales^{2,5}	\$ 660.0	\$ 502.3	\$ 157.7	31.4 %
Sales Allowances ³	\$ (102.5)	\$ (95.5)	\$ (7.0)	7.3 %
<i>Sales Allowances % of Toy Gross Product Sales²</i>	<i>15.5 %</i>	<i>19.0 %</i>		<i>(3.5)%</i>
Toy Net Sales	\$ 557.5	\$ 406.8	\$ 150.7	37.0 %
Toy - Other Revenue	\$ 4.2	\$ —	\$ 4.2	n.m.
Toy Revenue	\$ 561.7	\$ 406.8	\$ 154.9	38.1 %
Toys Operating Income (Loss)	\$ 31.7	\$ (30.0)	\$ 61.7	(205.7)%
Toys Operating Margin⁴	5.6 %	(7.4)%		13.0 %
Toys Adjusted EBITDA²	\$ 76.2	\$ 19.3	\$ 56.9	294.8 %
Toys Adjusted EBITDA Margin²	13.6 %	4.7 %		8.9 %

¹ Melissa & Doug is included within the Preschool, Infant & Toddler and Plush product categories beginning from the date of acquisition.

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

³ The Company enters arrangements to provide sales allowances requested by customers relating to cooperative advertising, contractual and negotiated promotional discounts, volume rebates, markdowns, and costs incurred by customers to sell the Company's products.

⁴ Operating Margin is calculated as segment Operating Income divided by segment Revenue.

⁵ Effective January 1, 2024, the Company has changed its product categories to align with the Company's product offerings going forward. Prior year comparative information has been updated to conform with the current disclosure. Refer to "Addendum" section for more details.

(US\$ millions)	Q4 2024	Q4 2023	\$ Change	% Change
Toy Revenue	561.7	406.8	154.9	38.1 %
Melissa & Doug Revenue	136.0	—	136.0	n.m.
Toy Revenue, excluding Melissa & Doug¹	425.7	406.8	18.9	4.6 %
Toys Adjusted EBITDA ¹	76.2	19.3	56.9	294.8 %
Melissa & Doug Adjusted EBITDA ¹	40.9	—	40.9	n.m.
Toys Adjusted EBITDA, excluding Melissa & Doug¹	35.3	19.3	16.0	82.9 %
Toys Adjusted EBITDA Margin¹	13.6 %	4.7 %		
Toys Adjusted EBITDA Margin, excluding Melissa & Doug¹	8.3 %	4.7 %		

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

- Toy Revenue increased by \$154.9 million or 38.1% to \$561.7 million.
- Toy Gross Product Sales¹ increased by \$157.7 million or 31.4% to \$660.0 million, including Melissa & Doug Toy Gross Product Sales¹ of \$152.6 million. Toy Gross Product Sales¹ increased primarily as a result of the inclusion of Melissa & Doug. Toy Gross Product Sales, excluding Melissa & Doug¹ increased by \$5.1 million or 1.0% to \$507.4 million.
- Sales Allowances increased by \$7.0 million to \$102.5 million. As a percentage of Toy Gross Product Sales¹, Sales Allowances decreased to 15.5% from 19.0% due to lower markdowns and promotional activity and a change in geographic market mix.
- Toys Operating Income was \$31.7 million compared to Toy Operating Loss of \$30.0 million. The increase in Toys Operating Income was driven by lower impairment of goodwill. In addition, the increase was driven by the inclusion of Melissa & Doug and higher Gross Profit due to lower Sales Allowances as a percentage of Toy Gross Product Sales¹.
- Toys Operating Margin was 5.6% compared to (7.4)%.
- Toys Adjusted EBITDA¹ was \$76.2 million compared to \$19.3 million.

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

- Toys Adjusted EBITDA Margin¹ was 13.6% compared to 4.7%. The increase in Toys Adjusted EBITDA Margin¹ was driven by the inclusion of Melissa & Doug, lower Sales Allowances as a percentage of Toy Gross Product Sales¹ and lower marketing and distribution expenses relative to Toy Revenue. The seasonality of Melissa & Doug's revenue is more heavily weighted to the second half of the year, which resulted in improved operating leverage.

Entertainment Segment Results

The following table provides a summary of Entertainment segment operating results, for the three months ended December 31, 2024 and 2023:

(US\$ millions)	Q4 2024	Q4 2023	\$ Change	% Change
Entertainment Revenue	\$ 41.3	\$ 55.2	\$ (13.9)	(25.2)%
Entertainment Operating Income	\$ 19.7	\$ 9.7	\$ 10.0	103.1 %
Entertainment Operating Margin	47.7 %	17.6 %		30.1 %
Entertainment Adjusted Operating Income ¹	\$ 20.3	\$ 10.5	\$ 9.8	93.3 %
Entertainment Adjusted Operating Margin ¹	49.2 %	19.0 %		30.2 %

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

- Entertainment Revenue decreased by \$13.9 million or 25.2% to \$41.3 million, due to fewer Entertainment content deliveries, including *Unicorn Academy* delivered in 2023.
- Entertainment Operating Income increased by \$10.0 million or 103.1% to \$19.7 million, due to lower amortization of production costs and brand promotion costs, primarily related to *Unicorn Academy* delivered in 2023.
- Entertainment Operating Margin increased to 47.7% from 17.6%.
- Entertainment Adjusted Operating Income¹ increased by \$9.8 million or 93.3% to \$20.3 million from \$10.5 million.
- Entertainment Adjusted Operating Margin¹ increased to 49.2% from 19.0%, due to fewer Entertainment content deliveries, including *Unicorn Academy* delivered in the prior year and lower marketing expenses.

Digital Games Segment Results

The following table provides a summary of Digital Games segment operating results, for the three months ended December 31, 2024 and 2023:

(US\$ millions)	Q4 2024	Q4 2023	\$ Change	% Change
Digital Games Revenue	\$ 46.1	\$ 40.6	\$ 5.5	13.5 %
Digital Games Operating (Loss) Income	\$ (0.5)	\$ 9.7	\$ (10.2)	(105.2)%
Digital Games Operating Margin	(1.1)%	23.9 %		(25.0)%
Digital Games Adjusted Operating Income ¹	\$ 11.5	\$ 10.8	\$ 0.7	6.5 %
Digital Games Adjusted Operating Margin ¹	24.9 %	26.6 %		(1.7)%

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

- Digital Games Revenue increased by \$5.5 million or 13.5% to \$46.1 million, due to growth in subscriptions across *Piknik* and *PAW Patrol Academy* and revenue generated from strategic partnerships.
- Digital Games Operating Income declined by \$10.2 million to Operating Loss of \$0.5 million. The decrease was primarily due to impairment of app development intangible assets and goodwill, acquisition related contingent consideration, and restructuring costs.
- Digital Games Operating Margin decreased from 23.9% to (1.1)%.
- Digital Games Adjusted Operating Income¹ remained relatively flat at \$11.5 million, due to an increase in Digital Games Revenue offset by increased investments in marketing across the Digital Games portfolio.
- Digital Games Adjusted Operating Margin¹ decreased from 26.6% to 24.9%. The decline in Digital Games Adjusted Operating Margin¹ was due to increased marketing across the Digital Games portfolio, partially offset by an increase in Digital Games Revenue.

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

Liquidity

The Company has an unsecured revolving credit facility (the "Facility") with a borrowing capacity of \$510.0 million which matures on September 28, 2026, and contains certain financial covenants.

The Company has a non-revolving credit facility (the "Acquisition Facility") for the acquisition of Melissa & Doug, with a borrowing capacity of \$225.0 million which matures on September 30, 2025, and contains certain financial covenants.

During the year ended December 31, 2024, the Company repaid \$135.0 million of the Facility. As at December 31, 2024, there was \$165.0 million outstanding (December 31, 2023 - \$nil) under the Facility and \$225.0 million outstanding (December 31, 2023 - \$nil) under the Acquisition Facility. For the year ended December 31, 2024, the weighted average interest rate on both the Facility and the Acquisition Facility was 6.6% (December 31, 2023 - 0%).

As at December 31, 2024, the Company had available liquidity of \$583.3 million, comprised of \$233.5 million in Cash, of which \$7.7 million was in a geographic region which is subject to certain limitations, and \$349.8 million under the Company's credit facilities.

Cash Flows for the year ended December 31, 2024 compared to the same period in 2023

Cash provided by operating activities in 2024 was \$328.0 million, compared to \$227.0 million driven by change in non-cash working capital and lower income taxes paid, partially offset by higher interest paid and lower Net Income, adjusted for non-cash items. Change in non-cash working capital decreased by \$24.9 million as compared to a decrease of \$105.1 million.

Cash provided by financing activities in 2024 was \$270.2 million compared to cash used in financing activities of \$44.1 million, including proceeds of \$525.0 million of debt to finance the acquisition of Melissa & Doug, partially offset by debt repayments of \$135.0 million, the repurchase and cancellation of 2,370,960 subordinate voting shares for \$54.5 million (C\$74.2 million) through the Company's Normal Course Issuer Bid ("NCIB") program and payment of \$27.5 million in dividends.

Free Cash Flow¹ in 2024 was \$215.5 million compared to \$122.9 million, primarily due to change in non-cash working capital and lower income taxes paid, partially offset by higher interest paid and lower Net Income, adjusted for non-cash items.

Capitalization

The Company's Board of Directors declared a dividend of C\$0.12 per outstanding subordinate voting share and multiple voting share, payable on Apr 11, 2025 to shareholders of record at the close of business on Mar 28, 2025. The dividend is designated to be an eligible dividend for purposes of section 89(1) of the *Income Tax Act* (Canada).

The weighted average basic and diluted shares outstanding as at December 31, 2024 were 103.3 million and 105.8 million, compared to 103.5 million and 105.7 million in the prior year, respectively.

During the year ended December 31, 2024, the Company repurchased and cancelled, through the Company's NCIB program, 2,370,960 (2023 - 397,700 shares) subordinate voting shares for \$54.5 million (2023 - \$10.5 million). Subsequent to December 31, 2024, the Company repurchased and cancelled 30,100 subordinate voting shares for \$0.6 million.

Forward-Looking Statements

Certain statements, other than statements of historical fact, contained in this Press Release 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 Press Release. The words "plans", "expects", "projected", "estimated", "forecasts", "anticipates", "indicative", "intend", "guidance", "outlook", "potential", "prospects", "seek", "strategy", "focus", "targets" or "believes", or variations of such words and phrases or statements that certain future conditions, actions, events or results "will", "may", "could", "would", "should", "might" or "can", or negative versions thereof, "be taken", "occur", "continue" or "be achieved", and other similar expressions, identify statements containing forward-looking information. Statements of forward-looking information in this Press Release include, without limitation, statements with respect to: the acquisition of Melissa & Doug, including its expected impact on the Company's business, financial performance and creation of value; the Company's outlook for 2025; future financial performance and growth expectations, as well as the drivers and trends in respect thereof; the Company's priorities, plans and strategies; content, digital game and product pipeline and launches, as well as their impacts; deployment of cash; dividend policy and future dividends; financial position, cash flows, liquidity and financial performance, and the creation of long term shareholder value.

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 Press Release, are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being incorrect. In addition to any factors and assumptions set forth above in this Press Release, 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; the Company will be able to successfully expand its portfolio across new channels and formats, and internationally; achieve other expected benefits through this acquisition; management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the Company's financial performance in addition to the resulting impact on growth of the acquisition of Melissa & Doug, which was completed in January 2024 (the "Acquisition"), in various financial metrics; the realization of the expected strategic, financial and other benefits of the Acquisition in the timeframe anticipated; the absence of significant undisclosed costs or liabilities associated with the Acquisition; Melissa & Doug's business will perform in line with the industry; there are no material changes to Melissa & Doug's core customer base; Net Cost Synergies towards the target of approximately \$25 million to \$30 million in Run-rate Net Cost Synergies by the end of 2026; implementation of certain information technology systems and other typical acquisition related cost savings; the Company's dividend payments being subject to the discretion of the Board of Directors and dependent on a variety of factors and conditions existing from time to time; seasonality; ability of factories to manufacture products, including labour size and allocation, tooling, raw material and component availability, ability to shift between product mix, and customer acceptance of delayed delivery dates; the steps taken will create long term shareholder value; the expanded use of advanced technology, robotics and innovation the Company applies to its products will have a level of success consistent with its past experiences; the Company will continue to successfully secure, maintain and renew broader licenses from third parties for premiere children's properties consistent with past practices, and the success of the licenses; the expansion of sales and marketing offices in new markets will increase the sales of products in that territory; the Company will be able to successfully identify and integrate strategic acquisition and minority investment opportunities; the Company will be able to maintain its distribution capabilities; the Company will be able to leverage its global platform to grow sales from acquired brands; the Company will be able to recognize and capitalize on opportunities earlier than its competitors; the Company will be able to continue to build and maintain strong, collaborative relationships; the Company will maintain its status as a preferred collaborator; the culture and business structure of the Company will support its growth; the current business strategies of the Company will continue to be desirable on an international platform; the Company will be able to expand its portfolio of owned branded intellectual property and successfully license it to third parties; use of advanced technology and robotics in the Company's products will expand; the Company will be able to continue to develop and distribute entertainment content in the form of movies, TV shows and short form content; the Company will be able to continue to design, develop and launch mobile digital games to be distributed globally via app stores; access of entertainment content on mobile platforms will expand; fragmentation of the market will continue to create acquisition opportunities; the Company will be able to maintain its relationships with its employees, suppliers, retailers and license partners; the Company will continue to attract qualified personnel to support its development requirements; the Company's key personnel will continue to be involved in the Company's products; mobile digital games and entertainment properties will be launched as scheduled; and the availability of cash for dividends and that the risk factors noted in this Press Release, 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 Press Release. Such risks and uncertainties include, without limitation, risks relating to the inability to successfully integrate the Melissa & Doug business; the potential failure to realize anticipated benefits from the Acquisition; concentration of manufacturing and geopolitical risks; uncertainty and adverse changes in general economic conditions and consumer spending habits; and the factors discussed in the Company's

disclosure materials, including the Annual or subsequent, most recent interim MD&A and the Company's most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available under the Company's profile on SEDAR+ (www.sedarplus.com). These risk factors are not intended to represent a complete list of the factors that could affect the Company and investors are cautioned to consider these and other factors, uncertainties and potential events carefully and not 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, including the expected performance of the Company. 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.

Conference call

Max Rangel, Global President and Chief Executive Officer and Mark Segal, Chief Financial Officer will host a conference call to discuss the financial results on Tuesday, February 25, 2025 at 9:30 a.m. (ET).

The call-in numbers for participants are (416) 945-7677 or 1 (888) 699-1199 . A live webcast of the call will be accessible via Spin Master's website at: <http://www.spinmaster.com/events.php>. Following the call, both an audio recording and transcript of the call will be archived on the same website page for 12 months.

About Spin Master

Spin Master Corp. (TSX:TOY) 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 focused on growth through continuous innovation and 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. With distribution in over 100 countries, Spin Master is best known for award-winning brands PAW Patrol®, Bakugan®, Kinetic Sand®, Air Hogs®, Melissa & Doug®, Hatchimals®, 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 franchise *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 Spin Master Ventures ("SMV"), the Company makes minority investments globally in emerging companies and start-ups. With 29 offices spanning nearly 20 countries, Spin Master employs approximately 3,000 team members globally. For more information visit spinmaster.com or follow-on Instagram, Facebook and Twitter @spinmaster.

For further information

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Spin Master Corp.

Consolidated statements of financial position

	Dec 31, 2024	Dec 31, 2023
(In US\$ millions)		
Assets		
Current assets		
Cash and cash equivalents	233.5	705.7
Trade receivables, net	499.4	414.4
Other receivables	54.9	60.0
Inventories, net	184.7	98.0
Prepaid expenses and other assets	48.7	40.9
	1,021.2	1,319.0
Non-current assets		
Intangible assets	837.4	281.3
Goodwill	368.1	165.9
Right-of-use assets	149.5	53.6
Property, plant and equipment	60.2	32.6
Deferred income tax assets	167.1	110.8
Other assets	29.9	26.5
	1,612.2	670.7
Total assets	2,633.4	1,989.7
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	429.5	385.4
Loans and borrowings	389.1	—
Provisions	24.7	32.1
Lease liabilities	22.3	11.4
Deferred revenue	22.0	11.0
Income tax payable	—	6.6
	887.6	446.5
Non-current liabilities		
Deferred income tax liabilities	209.9	59.1
Lease liabilities	123.0	50.7
Provisions	10.5	14.3
	343.4	124.1
Total liabilities	1,231.0	570.6
Shareholders' equity		
Share capital	765.6	783.4
Retained earnings (Restated)	640.1	604.5
Contributed surplus	45.5	27.4
Accumulated other comprehensive (loss) income (Restated)	(48.8)	3.8
Total shareholders' equity	1,402.4	1,419.1
Total liabilities and shareholders' equity	2,633.4	1,989.7

Spin Master Corp.

Consolidated statements of earnings and comprehensive earnings

(In US\$ millions, except earnings per share)	Year Ended Dec 31,	
	2024	2023
Revenue	2,263.0	1,904.9
Cost of sales	1,072.1	866.5
Gross Profit	1,190.9	1,038.4
Expenses		
Selling, general and administrative	931.9	775.7
Depreciation and amortization	72.7	25.4
Other expense, net	22.3	33.7
Foreign exchange (gain) loss, net	(1.5)	14.7
Operating Income	165.5	188.9
Interest expense	50.5	15.1
Interest income	(4.0)	(27.4)
Income before income tax expense	119.0	201.2
Income tax expense	37.1	49.8
Net Income	81.9	151.4
Earnings per share		
Basic	0.79	1.46
Diluted	0.77	1.43
Weighted average number of shares (in millions)		
Basic	103.3	103.5
Diluted	105.8	105.7
(In US\$ millions)	Year Ended Dec 31,	
	2024	2023
Net Income	81.9	151.4
Items that may be subsequently reclassified to Net Income		
Foreign currency translation (loss) gain	(34.0)	24.8
Other comprehensive (loss) income	(34.0)	24.8
Total comprehensive income	47.9	176.2

Spin Master Corp.

Consolidated statements of cash flows

Year Ended Dec 31,

(in US\$ millions)	2024	2023
Operating activities		
Net Income	81.9	151.4
Adjustments to reconcile net income to cash provided by operating activities		
Income tax expense	37.1	49.8
Interest expense	38.4	—
Interest income	(4.0)	(27.4)
Depreciation and amortization	136.8	130.1
Loss on disposal of non-current assets	1.3	1.1
Accretion expense	10.6	5.1
Amortization of facility fee costs	1.2	0.5
Loss (gain) on portfolio investments, net	0.3	(0.4)
Impairment of non-current assets	20.7	35.8
Loss on minority interest investments	0.5	—
Unrealized foreign exchange (gain) loss, net	(8.4)	26.1
Share-based compensation expense	29.3	20.1
Net changes in non-cash working capital	24.9	(105.1)
Net change in non-cash provisions and other assets	(21.0)	(2.1)
Fair value adjustment on inventory sold	66.3	—
Income taxes paid	(66.7)	(93.6)
Income taxes received	4.3	7.8
Interest (paid) received	(25.5)	27.8
Cash provided by operating activities	328.0	227.0
Investing activities		
Investment in property, plant and equipment	(34.0)	(28.0)
Investment in intangible assets	(83.6)	(79.4)
Business acquisitions, net of cash acquired	(952.9)	(26.5)
Investment distribution income	—	0.3
Minority interest investments	—	(2.5)
Change in restricted cash	3.1	—
Proceeds from sale of non-current assets	—	0.8
Cash used in investing activities	(1,068.5)	(135.3)
Financing activities		
Proceeds from loans and borrowings	525.0	—
Repayment of loans and borrowings	(135.0)	—
Payment of lease liabilities	(37.8)	(14.9)
Dividends paid	(27.5)	(18.4)
Repurchase of subordinate voting shares	(54.5)	(10.5)
Cash provided by (used in) financing activities	270.2	(44.1)
Effect of foreign currency exchange rate changes on cash	(1.9)	13.8
Net (decrease) increase in cash during the year	(472.2)	61.4
Cash, beginning of the year	705.7	644.3
Cash, end of the year	233.5	705.7

Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures

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

- Toy Gross Product Sales
- Melissa & Doug Toy Gross Product Sales
- Toy Revenue, excluding Melissa & Doug
- Revenue, excluding Melissa & Doug
- Adjusted EBITDA
- Melissa & Doug Adjusted EBITDA
- Toys Adjusted EBITDA
- Entertainment Adjusted EBITDA
- Digital Games Adjusted EBITDA
- Adjusted Operating Income (Loss)
- Toys Adjusted Operating Income (Loss)
- Entertainment Adjusted Operating Income (Loss)
- Digital Games Adjusted Operating Income (Loss)
- Adjusted Net Income (Loss)
- Free Cash Flow
- Adjusted EBITDA, excluding Melissa & Doug
- Toys Adjusted EBITDA, excluding Melissa & Doug
- Toy Gross Product Sales, excluding Melissa & Doug
- Adjusted EBITDA, excluding *PAW Patrol: The Mighty Movie* Revenue

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

Additionally, references are made in this Press Release to the following terms, each of which is a non-GAAP financial ratio:

- Adjusted EBITDA Margin
- Melissa & Doug Adjusted EBITDA Margin
- Toys Adjusted EBITDA Margin
- Entertainment Adjusted EBITDA Margin
- Digital Games Adjusted EBITDA Margin
- Toys Adjusted Operating Margin
- Entertainment Adjusted Operating Margin
- Digital Games Adjusted Operating Margin
- Adjusted Operating Margin
- Adjusted Basic EPS
- Adjusted Diluted EPS
- Sales Allowances as a percentage of Toy Gross Product Sales
- Adjusted EBITDA Margin, excluding Melissa & Doug
- Toys Adjusted EBITDA Margin, excluding Melissa & Doug
- Adjusted EBITDA Margin, excluding *PAW Patrol: The Mighty Movie* Revenue

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

References are made in this Press Release to the following terms, each of which is a supplementary financial measure:

- Net Cost Synergies
- Run-rate Net Cost Synergies

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

Non-GAAP Financial Measures

Toy Gross Product Sales represent Toy Revenue, excluding the impact of Sales Allowances. As Sales Allowances are generally not associated with individual products, the Company uses Toy Gross Product Sales to provide meaningful comparisons across product categories and geographical results to highlight trends in Spin Master's business. For a reconciliation of Toy Gross Product Sales to Revenue, the closest IFRS measure, refer to the revenue tables for the three months and year ended December 31, 2024, as compared to the same period in 2023 in this Press Release.

Melissa & Doug Toy Gross Product Sales represent Toy Revenue contributed by Melissa & Doug, excluding the impact of Sales Allowances, to measure the underlying financial performance of the business on a consistent basis over time. For a reconciliation of Melissa & Doug Toy Gross Product Sales to Melissa & Doug Revenue, the closest IFRS measure, refer to "Reconciliation of Non-GAAP Financial Measures" section.

Toy Revenue, excluding Melissa & Doug represents Toy Revenue, excluding Melissa & Doug Toy Revenue, to measure the underlying financial performance of the business on a consistent basis over time. Refer to "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Toy Revenue, the closest IFRS measure.

Revenue, excluding Melissa & Doug is calculated as revenue excluding Melissa & Doug Revenue, to measure the underlying financial performance of the business on a consistent basis over time. Refer to "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Revenue, the closest IFRS measure.

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

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

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

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

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

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

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

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

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

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

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

Adjusted EBITDA, excluding Melissa & Doug is calculated as Adjusted EBITDA excluding Melissa & Doug Adjusted EBITDA. Adjusted EBITDA, excluding Melissa & Doug is used by management as a measure of the Company's profitability on a consistent basis over time. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Operating Income (Loss), the closest IFRS measure.

Toys Adjusted EBITDA, excluding Melissa & Doug is calculated as Toys Adjusted EBITDA excluding Melissa & Doug Adjusted EBITDA. Toys Adjusted EBITDA, excluding Melissa & Doug is used by management as a measure of the Company's profitability on a consistent basis over time. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Toys Operating Income (Loss), the closest IFRS measure.

Toy Gross Product Sales, excluding Melissa & Doug represent Toy Revenue, excluding Melissa & Doug Toy Gross Product Sales and the impact of Sales Allowances, to measure the underlying financial performance of the business on a consistent basis.

Adjusted EBITDA, excluding *PAW Patrol: The Mighty Movie* Revenue is calculated as Adjusted EBITDA excluding revenue from the initial delivery of *PAW Patrol: The Mighty Movie*. Adjusted EBITDA, excluding *PAW Patrol: The Mighty Movie* Revenue is used by management as a measure of the Company's profitability on a consistent basis over time. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Net Income, the closest IFRS measure.

Non-GAAP Financial Ratios

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

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

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

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

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

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

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

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

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

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

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

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

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

Adjusted EBITDA Margin, excluding *PAW Patrol: The Mighty Movie* Revenue is calculated as Adjusted EBITDA excluding *PAW Patrol: The Mighty Movie* Revenue divided by Revenue, excluding *PAW Patrol: The Mighty Movie* Revenue. Management uses Adjusted EBITDA Margin excluding *PAW Patrol: The Mighty Movie* Revenue to evaluate the Company's performance compared to internal targets and to benchmark its performance against key competitors on a consistent basis over time.

Supplementary Financial Measures

Net Cost Synergies represent cost savings, net of costs to achieve, attributable to the integration of Melissa & Doug.

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

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of Operating Income to Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and cash used in operating activities and investing activities to Free Cash Flow for the three months ended December 31, 2024 and 2023:

(in US\$ millions)	Q4 2024	Q4 2023	\$ Change	% Change
Operating Income	47.1	(36.6)	83.7	(228.7)%
Adjustments:				
Impairment of goodwill ¹	12.9	25.7	(12.8)	(49.8)%
Share based compensation ²	7.6	4.8	2.8	58.3 %
Impairment of intangible assets ³	5.5	5.8	(0.3)	(5.2)%
Transaction and integration costs ⁴	5.0	3.8	1.2	31.6 %
Restructuring and other related costs ⁵	3.9	3.8	0.1	2.6 %
Acquisition related contingent consideration ⁶	2.6	(4.7)	7.3	(155.3)
Amortization of intangible assets acquired ⁷	1.7	—	1.7	n.m.
Legal settlement expense (recovery)	0.6	(0.1)	0.7	(700.0)%
Investment loss, net ⁸	0.1	0.2	(0.1)	(50.0)%
Impairment of property, plant and equipment ⁹	0.1	0.7	(0.6)	(85.7)%
Acquisition related deferred incentive compensation ¹⁰	(1.1)	1.6	(2.7)	(168.8)%
Foreign exchange (gain) loss ¹¹	(4.7)	18.2	(22.9)	(125.8)%
Adjusted Operating Income	81.3	23.2	58.1	250.4 %
Depreciation and amortization ¹²	32.6	41.7	(9.1)	(21.8)%
Adjusted EBITDA	113.9	64.9	49.0	75.5 %
Income tax (expense) recovery	(15.5)	3.4	(18.9)	(555.9)%
Interest (expense) income	(10.5)	3.1	(13.6)	(438.7)%
Depreciation and amortization ¹²	(32.6)	(41.7)	9.1	(21.8)%
One-time income tax expense ¹³	8.1	5.7	2.4	42.1 %
Tax effect of normalization adjustments ¹⁴	(6.0)	(14.9)	8.9	(59.7)%
Adjusted Net Income	57.4	20.5	36.9	180.0 %
Cash provided by operating activities	203.4	67.9	135.5	199.6 %
Cash used in investing activities	(30.5)	(23.3)	(7.2)	30.9 %
Add:				
Cash used in (provided by) business acquisitions, asset acquisitions, portfolio investments, investment in associate and Minority interest investments, net of investment distribution income	2.1	(0.3)	2.4	(800.0)%
Free Cash Flow	175.0	44.3	130.7	295.0 %

¹ Impairment of goodwill associated with the Outdoor cash generating unit ("CGU") and Digital Games CGU.

² Related to non-cash expenses associated with the Company's long-term incentive plan and the mark to market (gain)/loss related to DSUs.

³ Impairment of intangible assets related to Digital game and app development projects.

⁴ Transaction and integration costs incurred relating to acquisitions (including Melissa & Doug), including \$0.1 million (Q4 2023 - \$3.2 million) of transaction costs.

⁵ Restructuring expense primarily relates to changes in personnel.

⁶ Recovery associated with contingent consideration for acquisitions.

⁷ Relates to the amortization of intangible assets acquired with Melissa & Doug.

⁸ Investment loss (income), net includes unrealized and realized (gain)/loss on portfolio investments and minority interest investments and share of (income)/loss from an investment in associate.

⁹ Impairment of property plant and equipment related to tooling.

¹⁰ Deferred incentive compensation associated with acquisitions.

¹¹ Includes foreign exchange losses (gains) generated by the translation and settlement of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and losses (gains) related to the Company's hedging programs.

¹² Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$1.7 million of amortization of intangible assets acquired with Melissa & Doug.

¹³ Adjustment for one-time income tax expense in Q4 2024.

¹⁴ Tax effect of adjustments (Footnotes 1-11). Adjustments are tax effected at the effective tax rate of the given period.

The following table presents a reconciliation of Operating Income to Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and cash from operating activities to Free Cash Flow for the year ended December 31, 2024 and 2023:

(in US\$ millions)	Year Ended Dec 31			
	2024	2023	\$ Change	% Change
Operating Income	165.5	188.9	(23.4)	(12.4)%
Adjustments:				
Fair value adjustment for inventories acquired ¹	66.3	—	66.3	n.m.
Transaction and integration costs ²	31.9	11.1	20.8	187.4 %
Share based compensation ³	29.2	20.1	9.1	45.3 %
Impairment of goodwill ⁴	12.9	26.7	(13.8)	(51.7)
Restructuring and other related costs ⁵	10.1	18.1	(8.0)	(44.2)%
Impairment of intangible assets ⁶	7.3	8.2	(0.9)	(11.0)
Amortization of intangible assets acquired ⁷	7.0	—	7.0	n.m.
Acquisition related deferred incentive compensation ⁸	2.4	7.6	(5.2)	(68.4)%
Investment loss (income), net ⁹	0.9	(0.2)	1.1	(550.0)
Acquisition related contingent consideration ¹⁰	0.9	(6.8)	7.7	(113.2)%
Impairment of property, plant and equipment ¹¹	0.5	0.9	(0.4)	(44.4)
Legal settlement recovery	0.4	(0.6)	1.0	(166.7)%
Foreign exchange (gain) loss ¹²	(1.5)	14.7	(16.2)	(110.2)%
Adjusted Operating Income	333.8	288.7	45.1	15.6 %
Depreciation and amortization ¹³	129.8	130.1	(0.3)	(0.2)%
Adjusted EBITDA	463.6	418.8	44.8	10.7 %
Revenue related to <i>PAW Patrol: The Mighty Movie</i>	—	(15.6)	15.6	(100.0)%
Adjusted EBITDA, excluding PAW Patrol: The Mighty Movie Revenue	463.6	403.2	60.4	15.0 %
Revenue related to <i>PAW Patrol: The Mighty Movie</i>	—	15.6	(15.6)	(100.0)%
Income tax expense	(37.1)	(49.8)	12.7	(25.5)%
Interest (expense) income	(46.5)	12.3	(58.8)	(478.0)%
Depreciation and amortization ¹⁴	(129.8)	(130.1)	0.3	(0.2)%
One-time income tax expense (recovery) ¹⁴	8.1	(0.9)	9.0	n.m.
Tax effect of adjustments ¹⁵	(41.1)	(25.1)	(16.0)	63.7 %
Adjusted Net Income	217.2	225.2	(8.0)	(3.6)%
Cash provided by operating activities	328.0	227.0	101.0	44.5 %
Cash used in investing activities	(1,068.5)	(135.3)	(933.2)	689.7 %
Add:				
Cash (used in) provided by business acquisitions, asset acquisitions, investment in limited partnership, investment in associate and Minority interest investments, net of investment distribution income	956.0	31.2	924.8	2,964.1 %
Free Cash Flow	215.5	122.9	92.6	75.3 %

¹ Relates to fair value adjustment to Melissa & Doug inventory recorded as part of the acquisition on January 2, 2024.

² Transaction and integration costs incurred relating to acquisitions (including Melissa & Doug), including \$9.1 million (2023 - \$10.1 million) of transaction costs.

³ Related to non-cash expenses associated with the Company's long-term incentive plan and the mark to market (gain)/loss related to DSUs.

⁴ Impairment of goodwill associated with the Outdoor CGU and Digital Games CGU.

⁵ Restructuring expense primarily relates to changes in personnel.

⁶ Impairment of intangible assets related to Digital game and app development projects and Entertainment content development projects.

⁷ Relates to the amortization of intangible assets acquired with Melissa & Doug.

⁸ Related to non-cash expenses associated with the Company's share option expense and long-term incentive plan.

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

¹⁰ Expense associated with contingent consideration for acquisitions.

¹¹ Impairment of property, plant and equipment related to tooling.

¹² Includes foreign exchange (gains) losses generated by the translation and settlement of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and losses (gains) related to the Company's hedging programs.

¹³ Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$7.0 million of amortization of intangible assets acquired with Melissa & Doug.

¹⁴ Adjustment for one-time income tax expense in 2024.

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

Segment Results

The Company's results from operations by reportable segment for the three months ended December 31, 2024 and 2023 are as follows:

(US\$ millions)	Q4 2024					Q4 2023				
	Toys	Entertainment	Digital Games	Corporate & Other ¹	Total	Toys	Entertainment	Digital Games	Corporate & Other ¹	Total
Revenue	561.7	41.3	46.1	—	649.1	406.8	55.2	40.6	—	502.6
Operating Income (Loss)	31.7	19.7	(0.5)	(3.8)	47.1	(30.0)	9.7	9.7	(26.0)	(36.6)
Adjusting items:										
Impairment of goodwill	10.0	—	2.9	—	12.9	25.7	—	—	—	25.7
Share based compensation	5.1	0.5	0.6	1.4	7.6	3.2	0.3	0.7	0.6	4.8
Impairment of intangible assets	—	—	5.5	—	5.5	5.4	0.4	—	—	5.8
Transaction and integration costs ²	2.6	—	—	2.4	5.0	—	—	—	3.8	3.8
Restructuring and other related costs	1.7	0.1	2.1	—	3.9	3.3	0.1	0.4	—	3.8
Acquisition related contingent consideration	0.4	—	2.2	—	2.6	(3.5)	—	(1.0)	(0.2)	(4.7)
Amortization of intangible assets acquired	1.7	—	—	—	1.7	—	—	—	—	—
Legal settlement expense (recovery)	—	—	—	0.6	0.6	—	—	—	(0.1)	(0.1)
Investment loss, net	—	—	—	0.1	0.1	—	—	—	0.2	0.2
Impairment of property, plant and equipment	0.1	—	—	—	0.1	0.7	—	—	—	0.7
Acquisition related deferred incentive compensation	0.2	—	(1.3)	—	(1.1)	0.6	—	1.0	—	1.6
Foreign exchange (gain) loss	—	—	—	(4.7)	(4.7)	—	—	—	18.2	18.2
Adjusted Operating Income (Loss)	53.5	20.3	11.5	(4.0)	81.3	5.4	10.5	10.8	(3.5)	23.2
Adjusted Operating Margin	9.5%	49.2%	24.9%	n.m.	12.5%	1.3%	19.0%	26.6%	n.m.	4.6%
Depreciation and amortization ³	22.7	6.0	3.9	—	32.6	13.9	25.6	2.2	—	41.7
Adjusted EBITDA	76.2	26.3	15.4	(4.0)	113.9	19.3	36.1	13.0	(3.5)	64.9
Adjusted EBITDA Margin	13.6%	63.7%	33.4%	n.m.	17.5%	4.7%	65.4%	32.0%	n.m.	12.9%

¹ Corporate & Other includes certain corporate costs, foreign exchange and merger and acquisition-related costs, as well as fair value gains and losses.

² Transaction and integration costs incurred relating to acquisitions, including \$0.1 million (Q4 2023 - \$3.2 million) of transaction cost for the acquisition of Melissa and Doug.

³ Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$1.7 million (Q4 2023 - \$nil) of amortization of intangible assets acquired with Melissa & Doug.

The following table presents a reconciliation of Melissa & Doug Operating Income to Adjusted EBITDA for the three months and year ended December 31, 2024:

(US\$ millions)	Q4 2024	YTD Q4 2024
Melissa & Doug Toy Gross Product Sales	152.6	433.3
Melissa & Doug Sales Allowance	(16.6)	(58.6)
Melissa & Doug Revenue	136.0	374.7
Melissa & Doug Operating Income	33.6	35.4
Depreciation and amortization	6.7	25.9
Melissa & Doug EBITDA	40.3	61.3
Adjustments ¹	0.6	12.8
Melissa & Doug Adjusted EBITDA	40.9	74.1
Melissa & Doug Adjusted EBITDA Margin	30.1 %	19.8 %

¹ Includes foreign exchange (gain) loss, restructuring and other related costs, and transaction and integration costs.

The following table presents a reconciliation of Revenue to Revenue, excluding Melissa & Doug, Toy Gross Product Sales to Toy Gross Product Sales, excluding Melissa & Doug, Consolidated Adjusted EBITDA to Adjusted EBITDA, excluding Melissa & Doug, Toy Revenue to Toy Revenue, excluding Melissa & Doug, and Toys Adjusted EBITDA to Toys Adjusted EBITDA, excluding Melissa & Doug for the three months and year ended December 31, 2024:

(US\$ millions)	Q4 2024	Q4 2023	\$ Change	% Change
Revenue	649.1	502.6	146.5	29.1 %
Melissa & Doug Revenue	136.0	—	136.0	n.m.
Revenue, excluding Melissa & Doug	513.1	502.6	10.5	2.1 %
Toy Gross Product Sales	660.0	502.3	157.7	31.4 %
Melissa & Doug Toy Gross Product Sales	152.6	—	152.6	n.m.
Toy Gross Product Sales, excluding Melissa & Doug	507.4	502.3	5.1	1.0 %
Adjusted EBITDA	113.9	64.9	49.0	75.5 %
Melissa & Doug Adjusted EBITDA	40.9	—	40.9	n.m.
Adjusted EBITDA, excluding Melissa & Doug	73.0	64.9	8.1	12.5 %
Adjusted EBITDA Margin, excluding Melissa & Doug	14.2 %	12.9 %		
Toy Revenue	561.7	406.8	154.9	38.1 %
Melissa & Doug Revenue	136.0	—	136.0	n.m.
Toy Revenue, excluding Melissa & Doug	425.7	406.8	18.9	4.6 %
Toys Adjusted EBITDA	76.2	19.3	56.9	294.8 %
Toys Adjusted EBITDA Margin	13.6 %	4.7 %		
Toys Adjusted EBITDA, excluding Melissa & Doug	35.3	19.3	16.0	82.9 %
Toys Adjusted EBITDA Margin, excluding Melissa & Doug	8.3 %	4.7 %		

(US\$ millions)	Year Ended Dec 31,		\$ Change	% Change
	2024	2023		
Revenue	2,263.0	1,904.9	358.1	18.8 %
Melissa & Doug Revenue	374.7	—	374.7	n.m.
Revenue, excluding Melissa & Doug	1,888.3	1,904.9	(16.6)	(0.9)%
Toy Gross Product Sales	2,231.5	1,787.2	444.3	24.9 %
Melissa & Doug Toy Gross Product Sales	433.3	—	433.3	n.m.
Toy Gross Product Sales, excluding Melissa & Doug	1,798.2	1,787.2	11.0	0.6 %
Adjusted EBITDA	463.6	418.8	44.8	10.7 %
Melissa & Doug Adjusted EBITDA	74.1	—	74.1	n.m.
Adjusted EBITDA, excluding Melissa & Doug	389.5	418.8	(29.3)	(7.0)%
Adjusted EBITDA Margin, excluding Melissa & Doug	20.6 %	22.0 %		
Toy Revenue	1,939.9	1,540.9	399.0	25.9 %
Melissa & Doug Revenue	374.7	—	374.7	n.m.
Toy Revenue, excluding Melissa & Doug	1,565.2	1,540.9	24.3	1.6 %
Toys Adjusted EBITDA	306.8	212.4	94.4	44.4 %
Toys Adjusted EBITDA Margin	15.8 %	13.8 %		
Toys Adjusted EBITDA, excluding Melissa & Doug	232.7	212.4	20.3	9.6 %
Toys Adjusted EBITDA Margin, excluding Melissa & Doug	14.9 %	13.8 %		

ADDENDUM

Effective January 1, 2024, Spin Master has changed its product categories to align with the Company's product offerings going forward. The following table restates 2023 Toy Gross Product Sales¹ in the same format that the Company presents Toy Gross Product Sales¹ in 2024:

(US\$ millions)	Q1 2023		Q2 2023		Q3 2023		Q4 2023		Total
Preschool, Infant & Toddler and Plush	\$	82.6	\$	164.9	\$	301.4	\$	169.3	\$ 718.2
Activities, Games & Puzzles and Dolls & Interactive	\$	62.6	\$	109.7	\$	218.7	\$	196.0	\$ 587.0
Wheels & Action	\$	43.7	\$	101.1	\$	151.2	\$	113.3	\$ 409.3
Outdoor	\$	27.4	\$	14.3	\$	7.3	\$	23.7	\$ 72.7
Toy Gross Product Sales¹	\$	216.3	\$	390.0	\$	678.6	\$	502.3	\$ 1,787.2

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