

Spin Master Corp.

Management's Discussion and Analysis

For the three and six months ended June 30, 2026

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INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") for Spin Master Corp. and its subsidiaries ("Spin Master" or the "Company") provides information concerning the Company's financial condition, financial performance and cash flows for the three and six months ended June 30, 2026 ("second quarter", "the quarter", "Q2"). This MD&A should be read in conjunction with the Company's unaudited Condensed consolidated interim financial statements for the three and six months ended June 30, 2026 ("interim financial statements"), its audited annual Consolidated financial statements and accompanying notes ("annual financial statements") and its annual MD&A for the year ended December 31, 2025 ("Annual MD&A"). Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2025, can be found under the Company's profile on the System for Electronic Data Analysis and Retrieval Plus (SEDAR+) at www.sedarplus.com.

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

BASIS OF PRESENTATION

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

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

BUSINESS OVERVIEW

Spin Master Corp. (TSX:TOY) is a leading global children's entertainment company, creating exceptional play experiences across its three creative centres: Toys, Entertainment and Digital Games. With worldwide toy distribution, Spin Master is best known for award-winning brands including PAW Patrol®, Melissa & Doug®, Bakugan® and Rubik's® Cube, and is the global toy licensee for other iconic properties. Through its in-house entertainment studio, the company creates and produces captivating multiplatform content including powerhouse preschool franchise PAW Patrol, along with other original shows, short-form series and feature films. With an established presence in digital games anchored by Toca Boca® and Piknik™, Spin Master engages close to 60 million active users monthly in open-ended, creative and safe play. With 29 offices spanning nearly 20 countries, Spin Master employs close to 2,500 team members globally.

Segment information

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

Toys

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

Entertainment

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

Digital Games

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

Corporate & Other

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

Strategy

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

	Toys	Entertainment	Digital Games
Vision	Be a global leader in Toys by creating play experiences that spark creativity and imagination in kids and families globally	Be a leading global creator of children's entertainment, igniting imaginations and deep character connections	Create exceptional digital play experiences for kids of all ages around the world
Primary Role	Provide a stable base of Revenue/Adjusted EBITDA ¹ / Free Cash Flow ¹ to build brands & innovate	Create content and build evergreen franchises that kids love, across physical and digital platforms	Create digital games and play-to-learn platforms using both new and existing intellectual property ("IP")
Key Strategic Focus	- Expand leadership position in major categories - Create new categories by developing and introducing innovation - Expand into high growth categories - Build licensed partner portfolio and expand existing partnerships - Expand geographic & retail footprint - Pursue Mergers & Acquisitions ("M&A")	- Build <i>PAW Patrol</i> universe, develop new content and expand distribution - Create new IP and build new franchises - Expand Licensing & Merchandising	- Invest in <i>Toca Boca World</i> - Expand and grow the <i>Piknik</i> subscription business - Leverage and explore AI opportunities - Pursue M&A
Enterprise Shared Capabilities	- Grow Franchise and Brand Developments - Build Consumer and Parent Data and Insights - Expand Licensing and Merchandising - Accelerate Omni-Channel Engagement and Commerce - Pursue M&A opportunities		

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

Selected Financial Information

The following provides selected key performance metrics of the Company for the three and six months ended June 30, 2026 and 2025, which should be read in conjunction with the interim financial statements.

Consolidated Results (US\$ millions, except per share information)	Six Months Ended Jun 30,			
	Q2 2026	Q2 2025	2026	2025
Revenue	436.4	400.7	764.9	760.0
Operating Income (Loss)	45.7	(52.4)	11.4	(74.5)
Operating Margin ¹	10.5 %	(13.1)%	1.5 %	(9.8)%
Adjusted Operating Income (Loss) ²	19.2	(0.9)	(4.6)	(6.8)
Adjusted Operating Margin ²	4.4 %	(0.2)%	(0.6)%	(0.9)%
Net Income (Loss)	29.7	(46.5)	(2.3)	(71.0)
Adjusted Net Income (Loss) ²	8.6	(7.4)	(15.5)	(19.4)
Adjusted EBITDA ²	51.6	28.7	68.8	50.3
Adjusted EBITDA Margin ²	11.8 %	7.2 %	9.0 %	6.6 %

Earnings Per Share ("EPS")

Basic EPS	\$0.30	\$(0.46)	\$(0.02)	\$(0.70)
Diluted EPS	\$0.29	\$(0.46)	\$(0.02)	\$(0.70)
Adjusted Basic EPS ²	\$0.09	\$(0.07)	\$(0.15)	\$(0.19)
Adjusted Diluted EPS ²	\$0.08	\$(0.07)	\$(0.15)	\$(0.19)
Cash dividends declared per share (C\$)	\$0.12	\$0.12	\$0.24	\$0.24

Weighted average number of shares (in millions)

Basic	100.5	101.6	100.4	101.9
Diluted	103.6	104.5	103.0	104.5

Selected Cash Flow Data

Cash provided by operating activities	57.8	26.1	160.7	50.9
Cash used in investing activities	(38.6)	(43.1)	(71.0)	(79.7)
Cash used in financing activities	(81.0)	(4.2)	(145.5)	(74.5)
Free Cash Flow ²	19.2	(15.2)	90.3	(26.0)

Selected Balance Sheet Data

	Jun 30, 2026	Jun 30, 2025	Dec 31, 2025
Cash	48.5	128.0	104.6
Total assets	2,226.1	2,517.4	2,403.3
Loans and borrowings	167.9	382.2	264.1
Total liabilities	1,040.7	1,184.7	1,179.7

¹ Operating Margin is calculated as Operating Income (Loss) divided by Revenue.

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

Executive Summary for Q2 2026 as compared to Q2 2025

- Revenue was \$436.4 million, an increase of 8.9%, compared to \$400.7 million
- Operating Income was \$45.7 million, compared to Operating Loss of \$52.4 million.
- Net Income was \$29.7 million or \$0.29 per share (diluted) compared to Net Loss of \$46.5 million or \$(0.46) per share.
- Adjusted Net Income¹ was \$8.6 million or \$0.08 per share (diluted) compared to Adjusted Net Loss¹ of \$7.4 million or \$(0.07) per share.
- Adjusted EBITDA¹ was \$51.6 million, an increase of \$22.9 million, compared to \$28.7 million.
- Adjusted EBITDA Margin¹ was 11.8% compared to 7.2%.
- Cash provided by operating activities was \$57.8 million compared to \$26.1 million.
- Free Cash Flow¹ was \$19.2 million compared to \$(15.2) million.
- Subsequent to June 30, 2026, the Company declared a quarterly dividend of C\$0.12 per outstanding subordinate voting share and multiple voting share, payable on October 9, 2026.

Executive Summary for the six months ended June 30, 2026 as compared to June 30, 2025

- Revenue was \$764.9 million, an increase of 0.6%, compared to \$760.0 million.
- Operating Income was \$11.4 million, compared to Operating Loss of \$74.5 million.
- Net Loss was \$2.3 million or \$(0.02) per share compared to \$71.0 million or \$(0.70) per share.
- Adjusted Net Loss¹ was \$15.5 million or \$(0.15) per share compared to \$19.4 million or \$(0.19) per share.
- Adjusted EBITDA¹ was \$68.8 million, an increase of \$18.5 million, compared to \$50.3 million.
- Adjusted EBITDA Margin¹ was 9.0% compared to 6.6%.
- Cash provided by operating activities was \$160.7 million compared to \$50.9 million.
- Free Cash Flow¹ was \$90.3 million compared to \$(26.0) million.
- Repurchased and cancelled 1,109,488 subordinate voting shares for \$15.2 million (C\$21.1 million) through the Company's Normal Course Issuer Bid ("NCIB") program. Subsequent to June 30, 2026, the Company repurchased and cancelled 95,681 subordinate voting shares for \$1.5 million.

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

Segmented Results

Toys

(US\$ millions)	Q2 2026	Q2 2025	Six Months Ended Jun 30,	
			2026	2025
Toy Gross Product Sales ¹	413.7	371.0	689.3	684.7
Toy Revenue	361.1	322.3	602.0	596.0
Toys Operating Income (Loss)	34.3	(39.7)	(14.4)	(90.3)
Toys Operating Margin ²	9.5 %	(12.3)%	(2.4)%	(15.2)%
Toys Adjusted EBITDA ¹	24.0	(0.7)	5.0	(21.2)
Toys Adjusted EBITDA Margin ¹	6.6 %	(0.2)%	0.8 %	(3.6)%
Cash Flow				
Toys capital expenditures	17.3	17.6	28.5	31.5
		Jun 30,	Jun 30,	Dec 31,
Balance Sheet		2026	2025	2025
Moulds, dies and tools, net carrying amount		25.4	28.2	23.8

Entertainment

(US\$ millions)	Q2 2026	Q2 2025	Six Months Ended Jun 30,	
			2026	2025
Entertainment Revenue	31.2	32.1	72.0	69.9
Entertainment Operating Income	15.5	15.7	28.7	41.6
Entertainment Operating Margin ²	49.7 %	48.9 %	39.9 %	59.5 %
Entertainment Adjusted Operating Income ¹	15.8	17.7	30.1	43.8
Entertainment Adjusted Operating Margin ¹	50.6 %	55.1 %	41.8 %	62.7 %
Cash Flow				
Entertainment capital expenditures	13.1	15.1	27.1	29.1
		Jun 30,	Jun 30,	Dec 31,
Balance Sheet		2026	2025	2025
Entertainment content development, net carrying amount		75.4	75.5	75.3

Digital Games

(US\$ millions)	Q2 2026	Q2 2025	Six Months Ended Jun 30,	
			2026	2025
Digital Games Revenue	44.1	46.3	90.9	94.1
Digital Games Operating Income (Loss)	6.2	(15.5)	11.1	(7.3)
Digital Games Operating Margin ²	14.1 %	(33.5)%	12.2 %	(7.8)%
Digital Games Adjusted Operating Income ¹	7.6	7.7	14.1	17.2
Digital Games Adjusted Operating Margin ¹	17.2 %	16.6 %	15.5 %	18.3 %
Cash Flow				
Digital Games capital expenditures	8.2	8.6	14.8	16.3
		Jun 30,	Jun 30,	Dec 31,
Balance Sheet		2026	2025	2025
Digital game and app development, net carrying amount		46.7	44.1	41.8

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

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

FINANCIAL PERFORMANCE

Consolidated Results

The following table provides a summary of Spin Master's consolidated results for the three months ended June 30, 2026 compared to the same period in 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change	% Change
Revenue	436.4	400.7	35.7	8.9 %
Cost of sales	167.9	190.7	(22.8)	(12.0) %
Gross Profit	268.5	210.0	58.5	27.9 %
Selling, general and administrative expenses ("SG&A")	206.5	221.0	(14.5)	(6.6) %
Depreciation and amortization	16.0	16.9	(0.9)	(5.3) %
Other expense, net	1.9	19.1	(17.2)	(90.1) %
Foreign exchange (gain) loss, net	(1.6)	5.4	(7.0)	(129.6) %
Operating Income (Loss)	45.7	(52.4)	98.1	(187.2)%
Interest income	(1.7)	(0.8)	(0.9)	112.5 %
Interest expense	8.1	9.9	(1.8)	(18.2) %
Income (Loss) before income tax expense (recovery)	39.3	(61.5)	100.8	(163.9)%
Income tax expense (recovery)	9.6	(15.0)	24.6	(164.0) %
Net Income (Loss)	29.7	(46.5)	76.2	(163.9)%
Adjusted EBITDA¹	51.6	28.7	22.9	79.8 %
Adjusted Net Income (Loss)¹	8.6	(7.4)	16.0	(216.2) %

The following tables provide a summary of Spin Master's consolidated results for the six months ended June 30, 2026 compared to the same period in 2025:

(US\$ millions)	Six Months Ended Jun 30,			
	2026	2025	\$ Change	% Change
Revenue	764.9	760.0	4.9	0.6 %
Cost of sales	323.2	355.1	(31.9)	(9.0) %
Gross Profit	441.7	404.9	36.8	9.1 %
Selling, general and administrative expenses	401.2	416.3	(15.1)	(3.6) %
Depreciation and amortization	32.9	34.0	(1.1)	(3.2) %
Other expense, net	2.8	19.2	(16.4)	(85.4) %
Foreign exchange (gain) loss, net	(6.6)	9.9	(16.5)	(166.7) %
Operating Income (Loss)	11.4	(74.5)	85.9	(115.3)%
Interest income	(2.2)	(1.5)	(0.7)	46.7 %
Interest expense	16.6	20.2	(3.6)	(17.8) %
Loss before income tax recovery	(3.0)	(93.2)	90.2	(96.8)%
Income tax recovery	(0.7)	(22.2)	21.5	(96.8) %
Net loss	(2.3)	(71.0)	68.7	(96.8)%
Adjusted EBITDA¹	68.8	50.3	18.5	36.8 %
Adjusted Net Loss¹	(15.5)	(19.4)	3.9	(20.1) %

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

Revenue as compared to the same period in 2025:

The following table provides a summary of Spin Master's revenue by segment, for the three months ended June 30, 2026 and 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change	% Change
Toy Revenue	361.1	322.3	38.8	12.0 %
Entertainment Revenue	31.2	32.1	(0.9)	(2.8) %
Digital Games Revenue	44.1	46.3	(2.2)	(4.8) %
Revenue	436.4	400.7	35.7	8.9 %

Revenue was \$436.4 million, an increase of 8.9% from \$400.7 million, due to a 12.0% increase in Toy Revenue, partially offset by declines of 4.8% in Digital Games Revenue and 2.8% in Entertainment Revenue. Constant Currency Revenue¹ was \$434.1 million, an increase of 8.3%.

Toy Revenue increased by \$38.8 million due to higher Toy Gross Product Sales¹, primarily driven by shipments ahead of the upcoming theatrical release of *PAW Patrol: The Dino Movie*. In addition, Toy Gross Product Sales¹ in the prior year was impacted by a slowdown in U.S. retailer orders due to global tariff policies.

Entertainment Revenue decreased by \$0.9 million, primarily driven by lower ongoing distribution revenue from *PAW Patrol: The Mighty Movie*.

Digital Games Revenue decreased by \$2.2 million, driven by lower in-game purchases in *Toca Boca World*, partially offset by revenue generated from strategic distribution partnerships.

The following table provides a summary of Spin Master's revenue by segment, for the six months ended June 30, 2026 and 2025:

(US\$ millions)	Six Months Ended Jun 30,			
	2026	2025	\$ Change	% Change
Toy Revenue	602.0	596.0	6.0	1.0 %
Entertainment Revenue	72.0	69.9	2.1	3.0 %
Digital Games Revenue	90.9	94.1	(3.2)	(3.4) %
Revenue	764.9	760.0	4.9	0.6 %

Revenue was \$764.9 million, an increase of 0.6% from \$760.0 million due to increases of 1.0% in Toy Revenue and 3.0% in Entertainment Revenue, partially offset by a decline of 3.4% in Digital Games Revenue.

Toy Revenue increased \$6.0 million due to higher Toy Gross Product Sales¹. The increase in Toy Gross Product Sales¹ was primarily driven by shipments ahead of the upcoming theatrical release of *PAW Patrol: The Dino Movie*, partially offset by timing of customer orders, which were accelerated into the first half of the prior year in anticipation of United States tariff announcements.

Entertainment Revenue increased by \$2.1 million, primarily driven by an increase in distribution revenue from the delivery of a new chapter of *Unicorn Academy* in the current year, partially offset by lower ongoing distribution revenue primarily from *PAW Patrol: The Mighty Movie*.

Digital Games Revenue decreased by \$3.2 million, driven by lower in-game purchases in *Toca Boca World*, partially offset by revenue generated from strategic distribution partnerships.

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

Gross Profit as compared to the same period in 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change	% Change
Revenue	436.4	400.7	35.7	8.9 %
Gross Profit	268.5	210.0	58.5	27.9 %
Gross Margin	61.5 %	52.4 %		9.1 %

Gross Profit increased by \$58.5 million to \$268.5 million. Gross Profit includes the International Emergency Economic Powers Act tariff refund ("Tariff Refund") of \$37.9 million in the current year. Excluding the impact of the Tariff Refund, the increase in Gross Profit was primarily driven by the Toys segment, partially offset by a decline in the Entertainment segment. The increase in the Toys segment was primarily due to higher sales volume. The decline in the Entertainment segment was primarily driven by lower ongoing distribution revenue and the delivery of *Vida the Vet* in the current year (distribution revenue less amortization of production costs).

Gross Margin increased by 910 basis points to 61.5% compared to 52.4%. Gross Margin includes the Tariff Refund of \$37.9 million in the current year. Excluding the impact of the Tariff Refund, the increase was primarily driven by the Toys segment as a result of a shift in product mix and lower Sales Allowance due to a change in geographic mix.

Six Months Ended Jun 30,

(US\$ millions)	2026	2025	\$ Change	% Change
Revenue	764.9	760.0	4.9	0.6 %
Gross Profit	441.7	404.9	36.8	9.1 %
Gross Margin	57.7 %	53.3 %		4.4 %

Gross Profit increased by \$36.8 million to \$441.7 million. Gross Profit includes the Tariff Refund of \$37.9 million in the current year. Excluding the impact of the Tariff Refund, the increase in Gross Profit was driven by the Toys segment, partially offset by declines in the Entertainment and Digital Games segments. The increase in the Toys segment was primarily due to a shift in product mix. The decline in the Entertainment segment was primarily driven by the delivery of a new chapter of *Unicorn Academy* and *Vida the Vet* in the current year (distribution revenue less amortization of production costs) and lower ongoing distribution revenue. The decrease in the Digital Games segment was primarily driven by lower Digital Games Revenue and higher amortization expense related to *Toca Boca World* and *Piknik*.

Gross Margin increased by 440 basis points to 57.7%. Gross Margin includes the Tariff Refund of \$37.9 million in the current year. Excluding the impact of the Tariff Refund, the change in Gross Margin was primarily driven by a decline in the Entertainment segment, partially offset by an increase in the Toys segment. The decline in the Entertainment segment was primarily due to the delivery of a new chapter of *Unicorn Academy* and *Vida the Vet* in the current year (distribution revenue less amortization of production costs) and lower ongoing distribution revenue. The increase in the Toys segment was primarily due to a shift in product mix.

SG&A and Adjusted SG&A¹ as compared to the same period in 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change	% Change
Administrative	105.7	113.5	(7.8)	(6.9) %
Marketing	42.0	53.6	(11.6)	(21.6) %
Selling	33.9	27.5	6.4	23.3 %
Distribution	13.3	15.3	(2.0)	(13.1) %
Product development	11.6	11.1	0.5	4.5 %
SG&A	206.5	221.0	(14.5)	(6.6)%
Adjustments¹:				
Transaction and integration costs ²	(0.9)	(7.5)	6.6	(88.0) %
Restructuring and other related costs ³	(3.0)	(12.1)	9.1	(75.2) %
Share based compensation ⁴	(6.1)	(4.8)	(1.3)	27.1 %
Adjusted SG&A⁵	196.5	196.6	(0.1)	(0.1)%
Revenue	436.4	400.7	35.7	8.9 %
SG&A as a percentage of revenue	47.3 %	55.2 %		(7.9)%
Adjusted SG&A as a percentage of revenue⁵	45.0 %	49.1 %		(4.1)%

¹ These adjustments relate to items recorded within Administrative expenses.

² Transaction and integration costs related to acquisitions.

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

⁴ Related to non-cash expenses associated with long-term incentive plan and includes mark to market change of deferred share units ("DSUs").

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

SG&A decreased by \$14.5 million to \$206.5 million. Adjusted SG&A¹ was relatively flat at \$196.5 million.

SG&A as a percentage of revenue decreased to 47.3% from 55.2%. Adjusted SG&A as a percentage of revenue¹ decreased to 45.0% from 49.1%, primarily driven by an increase in Toy Revenue resulting in operating leverage.

Administrative expenses decreased by \$7.8 million to \$105.7 million, primarily due to lower restructuring costs and transaction and integration costs, partially offset by higher share based compensation expense. Administrative expenses as a percentage of revenue decreased to 24.2% from 28.3%.

Marketing expenses decreased by \$11.6 million to \$42.0 million, primarily driven by a shift in timing of marketing spend in the Toys segment into the second half of the year. Prior year included higher investments to support key brand initiatives and retailer programs. Marketing expenses as a percentage of revenue decreased to 9.6% from 13.4%.

Selling expenses increased by \$6.4 million to \$33.9 million, primarily due to a change in product mix. Selling expenses as a percentage of revenue increased to 7.8% from 6.9%.

Distribution expenses decreased by \$2.0 million to \$13.3 million, primarily due to warehouse optimization and lower proportion of domestic sales. Distribution expenses as a percentage of Toy Revenue decreased to 3.7% from 4.8%.

Product development expenses was relatively flat at \$11.6 million.

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

(US\$ millions)	Six Months Ended Jun 30,			
	2026	2025	\$ Change	% Change
Administrative	213.6	215.8	(2.2)	(1.0) %
Marketing	85.1	96.6	(11.5)	(11.9) %
Selling	55.9	51.7	4.2	8.1 %
Distribution	26.8	30.5	(3.7)	(12.1) %
Product development	19.8	21.7	(1.9)	(8.8) %
SG&A	401.2	416.3	(15.1)	(3.6) %
Adjustments¹:				
Transaction and integration costs ²	(2.8)	(14.9)	12.1	(81.2) %
Restructuring and other related costs ³	(6.3)	(13.5)	7.2	(53.3) %
Share based compensation ⁴	(13.5)	(5.2)	(8.3)	159.6 %
Adjusted SG&A⁵	378.6	382.7	(4.1)	(1.1) %
Revenue	764.9	760.0	4.9	0.6 %
SG&A as a percentage of revenue	52.5 %	54.8 %		(2.3) %
Adjusted SG&A⁵ as a percentage of revenue	49.5 %	50.4 %		(0.9) %

¹ These adjustments relate to items recorded within Administrative expenses.

² Transaction and integration costs incurred relating to acquisitions.

³ Restructuring expense primarily relates to changes in personnel.

⁴ Related to non-cash expenses associated with long-term incentive plan, and includes \$1.7 million of mark to market loss of DSUs.

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

SG&A decreased by \$15.1 million to \$401.2 million. Adjusted SG&A¹ decreased by \$4.1 million to \$378.6 million. The decrease was primarily driven by lower marketing, distribution, and administrative expenses, partially offset by higher selling expenses.

SG&A as a percentage of revenue decreased to 52.5% from 54.8%. Adjusted SG&A as a percentage of revenue¹ decreased to 49.5% from 50.4%. The decrease was primarily driven by an increase in Toy Revenue resulting in operating leverage as well as lower marketing and administrative expenses, partially offset by higher selling expenses.

Administrative expenses decreased by \$2.2 million to \$213.6 million. The decrease was primarily driven by lower transaction and integration, and restructuring costs, partially offset by higher share based compensation and personnel-related costs. Administrative expense as a percentage of revenue decreased to 27.9% from 28.4%.

Marketing expenses decreased by \$11.5 million to \$85.1 million. Marketing expense as a percentage of revenue decreased to 11.1% from 12.7%. The decrease was primarily due to a shift in timing of marketing spend in the Toys segment to the second half of the year. Prior year included increased investments in the Toys segment to support key brand initiatives and retailer programs.

Selling expenses increased by \$4.2 million to \$55.9 million, primarily due to a change in product mix. Selling expenses as a percentage of revenue increased to 7.3% from 6.8%.

Distribution expenses decreased by \$3.7 million to \$26.8 million due to warehouse optimization. Distribution expenses as a percentage of Toy Revenue decreased to 4.5% from 5.1%.

Product development expenses decreased by \$1.9 million to \$19.8 million due to lower development and design activities in the Toys segment.

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

Depreciation and Amortization as compared to the same period in 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change	% Change
Property, plant and equipment				
Moulds, dies and tools, included in cost of sales	6.3	5.5	0.8	14.5 %
Building and leasehold improvements	1.4	1.0	0.4	40.0 %
Equipment	0.8	1.2	(0.4)	(33.3) %
Computer hardware	1.7	1.2	0.5	41.7 %
Equipment, included in cost of sales	0.3	0.3	—	— %
	10.5	9.2	1.3	14.1 %
Intangible assets				
Entertainment content development, included in cost of sales	8.3	6.5	1.8	27.7 %
Trademarks, licenses, IP & customer lists - definite life	2.8	2.7	0.1	3.7 %
Digital games and app development, included in cost of sales	3.0	2.0	1.0	50.0 %
Computer software	1.3	0.5	0.8	160.0 %
	15.4	11.8	3.6	30.5 %
Right-of-use assets	8.2	10.3	(2.1)	(20.4) %
Depreciation and amortization	34.1	31.4	2.7	8.6 %

(US\$ millions)	Q2 2026	Q2 2025	\$ Change	% Change
Included in cost of sales	18.1	14.5	3.6	24.8 %
Included in expenses	16.0	16.9	(0.9)	(5.3) %
Depreciation and amortization	34.1	31.4	2.7	8.6 %

For the three months ended June 30, 2026, depreciation and amortization increased by \$2.7 million to \$34.1 million, primarily due to increased amortization of production costs from the delivery of *Vida the Vet*, higher amortization of Digital game and app development assets and computer software, as well as higher depreciation of moulds, dies and tools, partially offset by lower depreciation of right-of-use assets.

	Six Months Ended Jun 30,			
(US\$ millions)	2026	2025	\$ Change	% Change
Property, plant and equipment				
Moulds, dies and tools, included in cost of sales	12.0	10.3	1.7	16.5 %
Computer hardware	3.1	2.4	0.7	29.2 %
Equipment	1.4	2.5	(1.1)	(44.0) %
Building and leasehold improvements	2.6	2.0	0.6	30.0 %
Equipment, included in cost of sales	0.6	0.6	—	— %
	19.7	17.8	1.9	10.7 %
Intangible assets				
Entertainment content development, included in cost of sales	25.3	12.0	13.3	110.8 %
Trademarks, licenses, IP & customer lists - definite life	5.5	5.3	0.2	3.8 %
Digital games and app development, included in cost of sales	5.9	3.6	2.3	63.9 %
Computer software	2.8	1.1	1.7	154.5 %
	39.5	22.1	17.4	78.7 %
Right-of-use assets	17.7	20.7	(3.0)	(14.5) %
Depreciation and amortization	76.9	60.7	16.2	26.7 %

(US\$ millions)	Six Months Ended Jun 30,			
	2026	2025	\$ Change	% Change
Included in cost of sales	44.0	26.7	17.3	64.8 %
Included in expenses	32.9	34.0	(1.1)	(3.2) %
Depreciation and amortization	76.9	60.7	16.2	26.7 %

For the six months ended June 30, 2026, depreciation and amortization increased by \$16.2 million to \$76.9 million primarily as a result of the higher amortization of production costs from the delivery of a new chapter of *Unicorn Academy* and *Vida the Vet*, increased amortization of Digital game and app development and computer software, partially offset by lower depreciation of right-of-use assets.

Foreign Exchange (Gain) Loss as compared to the same period in 2025:

For the three months ended June 30, 2026, the Company recognized a net foreign exchange gain of \$1.6 million (comprised of unrealized gain of \$3.8 million and realized loss of \$2.2 million) as compared to a net foreign exchange loss of \$5.4 million (comprised of unrealized gain of \$3.8 million and realized loss of \$9.2 million).

For the six months ended June 30, 2026, the Company recognized a net foreign exchange gain of \$6.6 million (comprised of realized loss of \$5.1 million and unrealized gain of \$11.7 million), compared to a net foreign exchange loss of \$9.9 million (comprised of unrealized loss of \$0.5 million and realized loss of \$9.4 million).

Operating Loss and Adjusted Operating Loss¹ as compared to the same period in 2025:

(in US\$ millions)	Six Months Ended Jun 30,			
	Q2 2026	Q2 2025	2026	2025
Operating Income (Loss)	45.7	(52.4)	11.4	(74.5)
Operating Margin	10.5 %	(13.1)%	1.5 %	(9.8)%
Adjustments:				
Share based compensation	6.1	4.8	13.5	5.2
Restructuring and other related costs	3.0	12.1	6.3	13.5
Transaction and integration costs	0.9	7.5	2.8	15.2
Amortization of intangible assets acquired	1.7	1.8	3.5	3.6
Acquisition related deferred incentive compensation	0.6	0.7	1.2	1.2
Acquisition related deferred consideration	0.7	0.5	0.8	0.1
Investment loss, net	—	0.2	0.4	0.3
Impairment of intangible assets	—	18.5	—	18.5
Impairment of property, plant and equipment	—	—	—	0.2
Foreign exchange (gain) loss	(1.6)	5.4	(6.6)	9.9
Tariff Refund	(37.9)	—	(37.9)	—
Total Adjustments	(26.5)	51.5	(16.0)	67.7
Adjusted Operating Income (Loss)¹	19.2	(0.9)	(4.6)	(6.8)
Adjusted Operating Margin¹	4.4 %	(0.2)%	(0.6)%	(0.9)%
Depreciation and amortization ²	32.4	29.6	73.4	57.1
Adjusted EBITDA¹	51.6	28.7	68.8	50.3
Adjusted EBITDA Margin¹	11.8 %	7.2 %	9.0 %	6.6 %

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

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

For the three months ended June 30, 2026, Operating Income was \$45.7 million compared to Operating Loss of \$52.4 million, and Operating Margin was 10.5% compared to (13.1)%. The change in Operating Income was primarily driven by higher Gross Profit due to the Tariff Refund and higher sales volume in the Toys segment, prior year's impairment of intangible assets, lower SG&A expenses and the change in foreign exchange.

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

Adjusted Operating Income¹ for the three months ended June 30, 2026 was \$19.2 million, compared to Adjusted Operating Loss¹ of \$0.9 million. Adjusted Operating Margin¹ was 4.4% compared to (0.2)%. The change in Adjusted Operating Income¹ was primarily driven by the Toys segment, partially offset by the Entertainment segment. The change in the Toys segment was primarily driven by higher gross profit and a shift in timing of marketing spend, partially offset by higher selling expenses. The decrease in the Entertainment segment was primarily due to lower ongoing distribution revenue and the delivery of *Vida the Vet* in the current year (distribution revenue less amortization of production costs), partially offset by lower marketing expenses.

For the six months ended June 30, 2026, Operating Income was \$11.4 million, compared to Operating Loss of \$74.5 million, and Operating Margin was 1.5% compared to (9.8)%. The change in Operating Income was primarily driven by higher Gross Profit due to the Tariff Refund, prior year's impairment of intangible assets, the change in foreign exchange, and lower SG&A expenses.

Adjusted Operating Loss¹ for the six months ended June 30, 2026 was \$4.6 million, a decrease of \$2.2 million. Adjusted Operating Margin¹ was (0.6)% compared to (0.9)%. Adjusted Operating Loss¹ decreased primarily driven by the Toys segment, partially offset by the change in Adjusted Operating Income¹ in the Entertainment and Digital Games segments as well as higher consulting expenses in Corporate & Other. The decrease in the Toys segment was primarily driven by higher Gross Profit driven by a shift in product mix, lower marketing and product development, partially offset by higher selling expenses. The change in the Entertainment segment was primarily driven by lower ongoing distribution revenue and the delivery of a new chapter of *Unicorn Academy* and *Vida the Vet* in the current year (distribution revenue less amortization of product costs). The change in the Digital Games segment was primarily due to lower Digital Games Revenue, higher amortization expense related to *Toca Boca World* and *Piknik*, partially offset by lower administrative and marketing expenses.

Adjusted EBITDA¹ as compared to the same period in 2025:

(US\$ millions)	Adjusted EBITDA ¹				Adjusted EBITDA Margin ¹	
	Q2 2026	Q2 2025	\$ Change	% Change	Q2 2026	Q2 2025
Toys	24.0	(0.7)	24.7	n.m.	6.6 %	(0.2) %
Entertainment	24.4	24.3	0.1	0.4 %	78.2 %	75.7 %
Digital Games	11.4	10.6	0.8	7.5 %	25.9 %	22.9 %
Corporate and Other	(8.2)	(5.5)	(2.7)	49.1 %	n.m.	n.m.
Adjusted EBITDA¹	51.6	28.7	22.9	79.8 %	11.8 %	7.2 %

Adjusted EBITDA¹ for the three months ended June 30, 2026 increased by \$22.9 million to \$51.6 million. The increase was primarily driven by higher Gross Profit from the Toys segment and a shift in timing of marketing spend, partially offset by higher administrative (net of adjustments) and selling expenses. Adjusted EBITDA Margin¹ was 11.8% compared to 7.2%. The increase was primarily driven by the increase in revenue resulting in operating leverage, partially offset by higher proportion of Adjusted EBITDA¹ from the Toys segment.

(US\$ millions)	Adjusted EBITDA ¹ Six Months Ended Jun 30,				Adjusted EBITDA Margin ¹ Six Months Ended Jun 30,	
	2026	2025	\$ Change	% Change	2026	2025
Toys	5.0	(21.2)	26.2	(123.6) %	0.8 %	(3.6) %
Entertainment	56.1	56.0	0.1	0.2 %	77.9 %	80.1 %
Digital Games	21.7	22.5	(0.8)	(3.6) %	23.9 %	23.9 %
Corporate and Other	(14.0)	(7.0)	(7.0)	100.0 %	n.m.	n.m.
Adjusted EBITDA¹	68.8	50.3	18.5	36.8 %	9.0 %	6.6 %

Adjusted EBITDA¹ for the six months ended June 30, 2026 was \$68.8 million compared to \$50.3 million. The increase was primarily driven by higher Gross Profit from the Toys segment, a shift in timing of marketing spend, partially offset by higher administrative expenses (net of adjustments) and selling expenses. Adjusted EBITDA Margin¹ was 9.0% compared to 6.6%. The increase was primarily driven by lower marketing expenses and higher Gross Margin in the Toys segment.

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

Interest Income and Interest Expense as compared to the same period in 2025:

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

For the three months ended June 30, 2026, interest expense was \$8.1 million, a decrease of \$1.8 million, primarily as a result of lower loans and borrowings balance outstanding during the period. Interest income was \$1.7 million, an increase of \$0.9 million due to interest received from the Tariff Refund, partially offset by lower cash balances held during the period.

For the six months ended June 30, 2026, interest expense was \$16.6 million, a decrease of \$3.6 million from \$20.2 million primarily as a result of lower loans and borrowings balance outstanding during the period. Interest income was \$2.2 million, an increase of \$0.7 million from \$1.5 million, due to interest received from the Tariff Refund, partially offset by lower cash balances held during the period.

Income Tax Expense (Recovery) as compared to the same period in 2025:

For the three months ended June 30, 2026, income tax expense was \$9.6 million on income before income tax expense of \$39.3 million compared to income tax recovery of \$15.0 million on loss before income tax recovery of \$61.5 million. The effective tax rate was 24.5% for the three months ended June 30, 2026 compared to 24.4%.

For the six months ended June 30, 2026, income tax recovery was \$0.7 million on loss before income tax recovery of \$3.0 million compared to \$22.2 million on loss before income tax recovery of \$93.2 million. The effective tax rate was 24.2% for the six months ended June 30, 2026 compared to 23.8%.

Net Loss and Adjusted Net Loss¹ as compared to the same period in 2025:

Net Income for the three months ended June 30, 2026 was \$29.7 million or \$0.29 per share (diluted), compared to Net Loss of \$46.5 million or \$(0.46) per share. Net Income in the current year includes the Tariff Refund of \$37.9 million and related interest income of \$1.4 million.

Adjusted Net Income¹ for the three months ended June 30, 2026 was \$8.6 million or \$0.08 per share (diluted), compared to Adjusted Net Loss¹ \$7.4 million or \$(0.07) per share. The change in Adjusted Net Income¹ was primarily driven by higher Gross Profit.

Net Loss for the six months ended June 30, 2026 was \$2.3 million or \$(0.02) per share, compared to \$71.0 million or \$(0.70) per share. Net Loss in the current year includes the Tariff Refund of \$37.9 million and related interest income of \$1.4 million.

Adjusted Net Loss¹ for the six months ended June 30, 2026 was \$15.5 million or \$(0.15) per share, a decrease of \$3.9 million from \$19.4 million or \$(0.19) per share. The decline in Adjusted Net Loss¹ was primarily driven by lower Adjusted SG&A¹, partially offset by higher depreciation and amortization expenses.

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

Segmented Results

The Company's reportable segments are: Toys, Entertainment and Digital Games. The Company's results from operations by reportable segment for the three months ended June 30, 2026 and 2025 are as follows:

(US\$ millions)						Q2 2026					Q2 2025				
	Toys	Entertain- ment	Digital Games	Corporate & Other ¹	Total	Toys	Entertain- ment	Digital Games	Corporate & Other ¹	Total	Toys	Entertain- ment	Digital Games	Corporate & Other ¹	Total
Revenue	361.1	31.2	44.1	—	436.4	322.3	32.1	46.3	—	400.7					
Operating Income (Loss)	34.3	15.5	6.2	(10.3)	45.7	(39.7)	15.7	(15.5)	(12.9)	(52.4)					
Adjusting items:															
Share based compensation	2.3	0.2	0.4	3.2	6.1	3.7	0.3	0.7	0.1	4.8					
Restructuring and other related costs	2.4	0.1	0.5	—	3.0	9.3	0.8	2.0	—	12.1					
Amortization of intangible assets acquired	1.7	—	—	—	1.7	1.8	—	—	—	1.8					
Transaction and integration costs	0.4	—	—	0.5	0.9	2.9	—	2.9	1.7	7.5					
Acquisition related deferred consideration	0.7	—	—	—	0.7	0.5	—	—	—	0.5					
Acquisition related deferred incentive compensation	0.1	—	0.5	—	0.6	0.2	—	0.5	—	0.7					
Impairment of intangible assets	—	—	—	—	—	0.5	0.9	17.1	—	18.5					
Investment loss, net	—	—	—	—	—	—	—	—	0.2	0.2					
Foreign exchange (gain) loss	—	—	—	(1.6)	(1.6)	—	—	—	5.4	5.4					
Tariff Refund	(37.9)	—	—	—	(37.9)	—	—	—	—	—					
Total Adjustments	(30.3)	0.3	1.4	2.1	(26.5)	18.9	2.0	23.2	7.4	51.5					
Adjusted Operating Income (Loss)²	4.0	15.8	7.6	(8.2)	19.2	(20.8)	17.7	7.7	(5.5)	(0.9)					
Adjusted Operating Margin²	1.1%	50.6%	17.2%	n.m.	4.4%	(6.5)%	55.1%	16.6%	n.m.	(0.2)%					
Depreciation and amortization ³	20.0	8.6	3.8	—	32.4	20.1	6.6	2.9	—	29.6					
Adjusted EBITDA²	24.0	24.4	11.4	(8.2)	51.6	(0.7)	24.3	10.6	(5.5)	28.7					
Adjusted EBITDA Margin²	6.6%	78.2%	25.9%	n.m.	11.8%	(0.2)%	75.7%	22.9%	n.m.	7.2%					

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

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

³ Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$1.7 million (Q2 2025 - \$1.8 million) of amortization of intangible assets acquired with Melissa & Doug.

The Company's results from operations by reportable segment for the six months ended June 30, 2026 and 2025:

(US\$ millions)		Six Months Ended Jun 30,									
		2026					2025				
	Toys	Entertain-ment	Digital Games	Corporate & Other ¹	Total		Toys	Entertain-ment	Digital Games	Corporate & Other ¹	Total
Revenue	602.0	72.0	90.9	—	764.9		596.0	69.9	94.1	—	760.0
Operating (Loss) Income	(14.4)	28.7	11.1	(14.0)	11.4		(90.3)	41.6	(7.3)	(18.5)	(74.5)
Share based compensation	6.6	0.7	1.1	5.1	13.5		5.4	0.5	1.1	(1.8)	5.2
Restructuring and other related costs	4.7	0.7	0.9	—	6.3		10.5	0.8	2.2	—	13.5
Amortization of intangible assets acquired ³	3.5	—	—	—	3.5		3.6	—	—	—	3.6
Transaction and integration costs	1.7	—	—	1.1	2.8		9.2	—	2.9	3.1	15.2
Acquisition related deferred incentive compensation	0.2	—	1.0	—	1.2		0.5	—	0.7	—	1.2
Acquisition related deferred consideration	0.8	—	—	—	0.8		(0.4)	—	0.5	—	0.1
Investment loss, net	—	—	—	0.4	0.4		—	—	—	0.3	0.3
Impairment of intangible assets	—	—	—	—	—		0.5	0.9	17.1	—	18.5
Impairment of property, plant and equipment	—	—	—	—	—		0.2	—	—	—	0.2
Foreign exchange (gain) loss	—	—	—	(6.6)	(6.6)		—	—	—	9.9	9.9
Tariff Refund	(37.9)	—	—	—	(37.9)		—	—	—	—	—
Adjusted Operating (Loss) Income²	(34.8)	30.1	14.1	(14.0)	(4.6)		(60.8)	43.8	17.2	(7.0)	(6.8)
Adjusted Operating Margin²	(5.8)%	41.8%	15.5%	n.m.	(0.6)%		(10.2)%	62.7%	18.3%	n.m.	(0.9)%
Depreciation and amortization ³	39.8	26.0	7.6	—	73.4		39.6	12.2	5.3	—	57.1
Adjusted EBITDA²	5.0	56.1	21.7	(14.0)	68.8		(21.2)	56.0	22.5	(7.0)	50.3
Adjusted EBITDA Margin²	0.8%	77.9%	23.9%	n.m.	9.0%		(3.6)%	80.1%	23.9%	n.m.	6.6%

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

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

³ Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$3.5 million (2025 - \$3.6 million) of amortization of intangible assets acquired with Melissa & Doug.

Toys Segment Results

The following table provides a summary of Toys segment operating results for the three months ended June 30, 2026 and 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change	% Change
Toy Gross Product Sales ^{1, 2}	413.7	371.0	42.7	11.5 %
Toy Revenue	361.1	322.3	38.8	12.0 %
Toys Operating Income (Loss)	34.3	(39.7)	74.0	(186.4) %
Toys Operating Margin	9.5 %	(12.3) %		21.8 %
Toys Adjusted EBITDA ¹	24.0	(0.7)	24.7	n.m.
Toys Adjusted EBITDA Margin ¹	6.6 %	(0.2) %		6.8 %
Selected Cash Flow Data				
Toys capital expenditures	17.3	17.6	(0.3)	(1.7) %

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

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

Toy Revenue increased by \$38.8 million to \$361.1 million due to higher Toy Gross Product Sales¹, primarily driven by shipments ahead of the upcoming theatrical release of *PAW Patrol: The Dino Movie*. In addition, Toy Gross Product Sales¹ in the prior year was impacted by a slowdown in U.S. retailer orders due to global tariff policies. Constant Currency Toy Revenue¹ was \$359.1 million, an increase of 11.4%

Toys Operating Income was \$34.3 million compared to Toys Operating Loss of \$39.7 million, primarily driven by the Tariff Refund of \$37.9 million in the current year, higher Toy Revenue and a shift in timing of marketing spend compared to the prior year, partially offset by higher selling expenses. Toys Operating Margin was 9.5% compared to (12.3)%.

Toys Adjusted EBITDA¹ was \$24.0 million compared to \$(0.7) million, primarily driven by higher Toy Revenue, lower marketing expenses, partially offset by higher administrative and selling expenses. Toys Adjusted EBITDA Margin¹ was 6.6% compared to (0.2)%, primarily driven by operating leverage due to higher Toy Revenue as well as higher Gross Margin driven by a shift in product mix and lower Sales Allowances.

Toys capital expenditures decreased by \$0.3 million to \$17.3 million.

The following table provides a summary of the Toys segment's operating results for the six months ended June 30, 2026 and 2025:

(US\$ millions)	Six Months Ended Jun 30,			
	2026	2025	\$ Change	% Change
Toy Gross Product Sales ^{1, 2}	689.3	684.7	4.6	0.7 %
Toy Revenue	602.0	596.0	6.0	1.0 %
Toys Operating Loss	(14.4)	(90.3)	75.9	(84.1) %
Toys Operating Margin	(2.4) %	(15.2) %		12.8 %
Toys Adjusted EBITDA ¹	5.0	(21.2)	26.2	(123.6) %
Toys Adjusted EBITDA Margin ¹	0.8 %	(3.6) %		4.4 %
Selected Cash Flow and Balance Sheet Data				
Toys capital expenditures	28.5	31.5	(3.0)	(9.5) %

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

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

Toy Revenue increased by \$6.0 million due to higher Toy Gross Product Sales¹. The increase in Toy Gross Product Sales¹ was primarily driven by shipments ahead of the upcoming theatrical release of *PAW Patrol: The Dino Movie*, partially offset by timing of customer orders, which were accelerated into the first half of the prior year in anticipation of United States tariff announcements.

Toys Operating Loss decreased by \$75.9 million to \$14.4 million, primarily driven by the Tariff Refund of \$37.9 million in the current year, lower marketing and administrative expenses, as well as higher Gross Profit due to a shift in product mix, partially offset by higher selling expenses. Toys Operating Margin was (2.4)% compared to (15.2)%.

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

Toys Adjusted EBITDA¹ increased by \$26.2 million to \$5.0 million due to higher Gross Profit driven by a shift in product mix, lower marketing and product development, partially offset by higher selling expenses. Marketing expense decreased due to a shift in timing of marketing spend. Selling expenses increased due to a change in product mix.

Toys Adjusted EBITDA Margin¹ was 0.8% compared to (3.6)%, due to lower marketing expenses and higher Gross Margin due a shift in product mix.

Toys capital expenditures decreased by \$3.0 million to \$28.5 million, as a result of lower investments in leasehold improvements and moulds, dies and tools, partially offset by higher investments in computer software.

Toy Revenue

For the three months ended June 30, 2026 as compared to the same period in 2025:

The following table provides a summary of Spin Master's Toy Revenue, including Toy Gross Product Sales¹ by product category, for the three months ended June 30, 2026 and 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change	% Change
Preschool, Infant & Toddler and Plush	209.6	185.0	24.6	13.3 %
Activities, Games & Puzzles and Dolls & Interactive	106.1	88.3	17.8	20.2 %
Wheels & Action	86.1	88.8	(2.7)	(3.0) %
Outdoor	11.9	8.9	3.0	33.7 %
Toy Gross Product Sales¹	413.7	371.0	42.7	11.5 %
Sales Allowances ²	(53.0)	(48.9)	(4.1)	8.4 %
<i>Sales Allowances % of Toy Gross Product Sales¹</i>	<i>12.8 %</i>	<i>13.2 %</i>		(0.4) %
Toy Net Sales	360.7	322.1	38.6	12.0 %
Toy - Other Revenue	0.4	0.2	0.2	100.0 %
Toy Revenue	361.1	322.3		

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

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

Preschool, Infant & Toddler and Plush increased by \$24.6 million to \$209.6 million, primarily due to increases in *PAW Patrol* and *GUND*, partially offset by declines in *Melissa & Doug* and *Dora the Explorer*.

Activities, Games & Puzzles and Dolls & Interactive increased by \$17.8 million to \$106.1 million, primarily due to increases in *4D Puzzles*, *Primal Hatch*, *Cool Maker* and *CrystaLynx*, as well as sales of *Magic Jellykins*, partially offset by declines in *Bitzee* and *Hatchimals*.

Wheels & Action decreased by \$2.7 million to \$86.1 million, primarily due to decreases in *DreamWorks Dragons* and *DC*, partially offset by an increase in *Monster Jam* and sales of *Hatchin' Yoshi*.

Outdoor increased by \$3.0 million to \$11.9 million, driven by an increase in *SwimWays*.

Sales Allowances increased by \$4.1 million to \$53.0 million. As a percentage of Toy Gross Product Sales¹, Sales Allowances decreased to 12.8% from 13.2% primarily driven by a change in geographic and customer mix.

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

Revenue by Geographic Area

Toy Gross Product Sales¹ by geographical area are based on the location of the customers. The following table provides a summary of Spin Master's Toy Gross Product Sales¹ by geographic area for the three months ended June 30, 2026 and 2025:

(US\$ millions)	Q2 2026		Q2 2025		Change	
	\$	% of GPS	\$	% of GPS	\$	% of GPS
North America ¹	267.4	64.6 %	219.0	59.0 %	48.4	5.6 %
Europe ²	92.8	22.4 %	102.4	27.6 %	(9.6)	(5.2) %
Rest of World ^{1,2}	53.5	12.9 %	49.6	13.4 %	3.9	(0.5) %
International	146.3	35.3 %	152.0	41.0 %	(5.7)	(5.7) %
Toy Gross Product Sales³	413.7	99.9 %	371.0	100.0 %	42.7	
Sales Allowances	(53.0)	(12.8) %	(48.9)	(13.2) %	(4.1)	0.4 %
Toy Net Sales	360.7		322.1		38.6	
Toy - Other Revenue	0.4		0.2		0.2	100.0 %
Toy Revenue	361.1		322.3		38.8	

¹ Includes a reclassification between North America and Rest of World in the prior year comparatives for \$2.3 million for the three months ended June 30, 2025.

² Includes a reclassification between Europe and Rest of World in the prior year comparatives for \$5.3 million for the three months ended June 30, 2025.

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

North America as a percentage of Toy Gross Product Sales¹ increased to 64.6% compared to 59.0%. International sales, comprised of Europe and Rest of World, decreased to 35.3% compared to 41.0%.

North America increased by \$48.4 million to \$267.4 million. The increase was primarily driven by *Monster Jam*, *PAW Patrol*, *GUND*, *4D Puzzles*, *Primal Hatch*, and sales of *Hatchin' Yoshi*, partially offset by *Melissa & Doug*, *Dreamworks Dragons* and *DC*.

Europe decreased by \$9.6 million to \$92.8 million, primarily driven by declines in *Dreamworks Dragons*, *DC* and *Gabby's Dollhouse*, partially offset by *PAW Patrol*.

Rest of World increased by \$3.9 million to \$53.5 million. The increase was primarily driven by *PAW Patrol* and a favourable foreign exchange impact of \$1.9 million, partially offset by a decline in *Dreamworks Dragons*.

Toy Revenue

For the six months ended June 30, 2026, as compared to the same period in 2025:

The following table provides a summary of Spin Master's Toy Revenue, including Toy Gross Product Sales¹ by product category, for the six months ended June 30, 2026 and 2025:

(US\$ millions)	Six Months Ended Jun 30,			
	2026	2025	\$ Change	% Change
Preschool, Infant & Toddler and Plush	334.9	327.4	7.5	2.3 %
Activities, Games & Puzzles and Dolls & Interactive	185.3	160.8	24.5	15.2 %
Wheels & Action	134.4	155.2	(20.8)	(13.4) %
Outdoor	34.7	41.3	(6.6)	(16.0) %
Toy Gross Product Sales¹	689.3	684.7	4.6	0.7 %
Sales Allowances ²	(90.0)	(89.3)	(0.7)	0.8 %
<i>Sales Allowances % of Toy Gross Product Sales¹</i>	13.1 %	13.0 %		0.1 %
Toy Net Sales	599.3	595.4	3.9	0.7 %
Toy - Other Revenue	2.7	0.6	2.1	350.0 %
Toy Revenue	602.0	596.0		

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

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

Preschool, Infant & Toddler, Plush increased by \$7.5 million or 2.3% to \$334.9 million, primarily driven by increases in *PAW Patrol* and *GUND*, partially offset by declines in *Melissa & Doug*, *Ms. Rachel* and *Dora the Explorer*.

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

Activities, Games & Puzzles and Dolls & Interactive increased by \$24.5 million or 15.2% to \$185.3 million, primarily due to increases in *Primal Hatch*, *4D Puzzles*, *CrystalLynx*, *Cool Maker*, sales of *Magic Jellykins*, partially offset by declines in *Hatchimals*, *Unicorn Academy*, and *Wizarding World*.

Wheels & Action decreased by \$20.8 million or 13.4% to \$134.4 million, due to decreases in *Dreamworks Dragons* and *DC*, partially offset by sales of *Hatchin' Yoshi* and an increase in *Monster Jam*.

Outdoor decreased by \$6.6 million or 16.0% to \$34.7 million, driven by a decline in *SwimWays*.

Sales Allowances was relatively flat at \$90.0 million. As a percentage of Toy Gross Product Sales¹, Sales Allowances was relatively flat at 13.1%.

Revenue by Geographic Area

The following table provides a summary of Spin Master's Toy Gross Product Sales¹ by geographic area for the six months ended June 30, 2026 and 2025:

(US\$ millions)	Six Months Ended Jun 30,				Change	
	2026	% of GPS	2025	% of GPS	\$	% Change
North America	437.4	63.5 %	427.4	62.4 %	10.0	2.3 %
Europe ¹	164.2	23.8 %	176.8	25.8 %	(12.6)	(7.1)%
Rest of World ¹	87.7	12.7 %	80.5	11.8 %	7.2	8.9 %
International	251.9	36.5 %	257.3	37.6 %	(5.4)	(2.1)%
Toy Gross Product Sales²	689.3	100.0 %	684.7	100.0 %	4.6	0.7 %
Sales Allowances	(90.0)	13.1 %	(89.3)	13.0 %	(0.7)	0.8 %
Toy Net Sales	599.3		595.4		3.9	
Toy - Other Revenue	2.7		0.6		2.1	
Toy Revenue	602.0		596.0		6.0	

¹ Includes a reclassification between Europe and Rest of World in the prior year comparatives for \$7.0 million for the six months ended June 30, 2025.

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

North America as a percentage of Toy Gross Product Sales¹ increased to 63.5% compared to 62.4%. International sales, comprised of the Europe and Rest of World, decreased to 36.5% compared to 37.6%.

North America increased by \$10.0 million or 2.3% to \$437.4 million, primarily driven by increases in *Monster Jam* and *PAW Patrol* as well as sales of *Hatchin' Yoshi*, partially offset by declines in *Melissa & Doug*, *Dreamworks Dragons* and *DC*.

Europe decreased by \$12.6 million or 7.1% to \$164.2 million, which includes a favourable foreign exchange impact of \$5.8 million. The decrease was primarily driven by declines in *DC* and *Dreamworks Dragons*, partially offset by an increase in *PAW Patrol* and sales of *Hatchin' Yoshi*.

Rest of World increased by \$7.2 million or 0.9% to \$87.7 million, which includes a favourable foreign exchange impact of \$3.9 million. The increase was primarily driven by *PAW Patrol*, *Melissa & Doug*, and sales of *Hatchin' Yoshi*, partially offset by *DC* and *Dreamworks Dragons*.

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

Toys Segment Trend Analysis

(US\$ millions)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Toy Gross Product Sales ¹	413.7	275.6	627.4	742.7	371.0	313.7	660.0	922.7
Toy Revenue	361.1	240.9	522.3	650.4	322.3	273.7	561.7	810.9
Toys Operating Income (Loss)	34.3	(48.7)	(171.0)	128.8	(39.7)	(50.6)	31.7	183.5
Toys Operating Margin	9.5 %	(20.2)%	(32.7)%	19.8 %	(12.3)%	(18.5)%	5.6 %	22.6 %
Toys Adjusted EBITDA ¹	24.0	(19.0)	61.6	156.4	(0.7)	(20.5)	76.2	242.2
Toys Adjusted EBITDA Margin ¹	6.6 %	(7.9)%	11.8 %	24.0 %	(0.2)%	(7.5)%	13.6 %	29.9 %

Selected Cash Flow and Balance Sheet Data

Toys capital expenditures	17.3	11.2	44.9	19.5	17.6	14.0	14.7	9.6
Moulds, dies and tools, net carrying amount ²	25.4	21.1	23.7	23.5	28.2	23.5	22.7	24.9

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

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

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

Additionally:

- Toy Gross Product Sales¹ in Q3 2024 was higher as a result of a shift in customer orders and shipments from the first half into the second half of 2024.
- Toys Operating Loss in Q4 2025 included non-cash impairment of goodwill and intangible assets primarily related to Melissa & Doug.
- Toys capital expenditures in Q4 2025 was higher due to investments in leasehold improvements, partially paid by proceeds from lease incentives of \$15.2 million.
- Toys Operating Income in Q2 2026 included the Tariff Refund of \$37.9 million.

Entertainment Segment Results

The following table provides a summary of the Entertainment segment's operating results for the three months ended June 30, 2026 and 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change	% Change
Entertainment Revenue	31.2	32.1	(0.9)	(2.8)%
Entertainment Operating Income	15.5	15.7	(0.2)	(1.3)%
Entertainment Operating Margin	49.7 %	48.9 %		0.8 %
Entertainment Adjusted Operating Income ¹	15.8	17.7	(1.9)	(10.7)%
Entertainment Adjusted Operating Margin ¹	50.6 %	55.1 %		(4.5)%

Selected Cash Flow Data

Entertainment capital expenditures	13.1	15.1	(2.0)	(13.2)%
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	Jun 30, 2026	Dec 31, 2025	\$ Change	% Change
Entertainment content development, net carrying amount	75.4	75.3	0.1	0.1 %

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

Entertainment Revenue decreased by \$0.9 million to \$31.2 million, primarily driven by lower ongoing distribution revenue from *PAW Patrol: The Mighty Movie*.

Entertainment Operating Income was relatively flat at \$15.5 million. Entertainment Operating Margin was 49.7% compared to 48.9%.

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

Entertainment Adjusted Operating Income¹ declined by \$1.9 million to \$15.8 million compared to \$17.7 million, primarily due to lower ongoing distribution revenue and the delivery of *Vida the Vet* in the current year (distribution revenue less amortization of production costs), partially offset by lower marketing expenses. Entertainment Adjusted Operating Margin¹ was 50.6% compared to 55.1%, primarily due to the dilutive effect of the delivery of *Vida the Vet* in the current year and lower ongoing distribution revenue.

Entertainment capital expenditures decreased by \$2.0 million to \$13.1 million, as a result of lower content development production costs capitalized for *Unicorn Academy*, *Vida the Vet* and *PAW Patrol: The Dino Movie*, partially offset by higher content development production costs capitalized for the animated, four-quadrant original film and the *PAW Patrol* Series.

The following table provides a summary of the Entertainment segment's operating results for the six months ended June 30, 2026 and 2025:

(US\$ millions)	Six Months Ended Jun 30,			
	2026	2025	\$ Change	% Change
Entertainment Revenue	72.0	69.9	2.1	3.0 %
Entertainment Operating Income	28.7	41.6	(12.9)	(31.0) %
Entertainment Operating Margin	39.9 %	59.5 %		(19.6) %
Entertainment Adjusted Operating Income ¹	30.1	43.8	(13.7)	(31.3) %
Entertainment Adjusted Operating Margin ¹	41.8 %	62.7 %		(20.9) %
Selected Cash Flow and Balance Sheet Data				
Entertainment capital expenditures	27.1	29.1	(2.0)	(6.9) %

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

Entertainment Revenue increased by \$2.1 million or 3.0% to \$72.0 million, primarily driven by an increase in distribution revenue from the delivery of a new chapter of *Unicorn Academy* in the current year, partially offset by lower ongoing distribution revenue primarily from *PAW Patrol: The Mighty Movie*.

Entertainment Operating Income decreased by \$12.9 million or 31.0% to \$28.7 million, primarily driven by lower ongoing distribution revenue and the delivery of a new chapter of *Unicorn Academy* and *Vida the Vet* in the current year (distribution revenue less amortization of product costs). Entertainment Operating Margin was 39.9% compared to 59.5%.

Entertainment Adjusted Operating Income¹ decreased by \$13.7 million to \$30.1 million compared to \$43.8 million. Entertainment Adjusted Operating Margin¹ was 41.8% compared to 62.7%, primarily driven by lower distribution revenue and the dilutive effect of higher volume of content deliveries in the current year.

Entertainment capital expenditures decreased by \$2.0 million to \$27.1 million, as a result of lower content development production costs capitalized for *Vida the Vet*, *Unicorn Academy*, and *PAW Patrol: The Dino Movie*, partially offset by higher content development production costs capitalized for the animated, four-quadrant original film and the *PAW Patrol* Series.

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

Entertainment Segment Trend Analysis

(US\$ millions)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Entertainment Revenue	31.2	40.8	42.5	32.8	32.1	37.8	41.3	37.1
Entertainment Operating Income	15.5	13.2	14.3	11.9	15.7	25.9	19.7	19.9
Entertainment Operating Margin	49.7 %	32.4 %	33.6 %	36.3 %	48.9 %	68.5 %	47.7 %	53.6 %
Entertainment Adjusted Operating Income ¹	15.8	14.3	14.2	12.3	17.7	26.1	20.3	20.9
Entertainment Adjusted Operating Margin ¹	50.6 %	35.0 %	33.4 %	37.2 %	55.1 %	69.0 %	49.2 %	56.3 %

Selected Cash Flow and Balance Sheet Data

Entertainment capital expenditures	13.1	14.0	14.6	13.2	15.1	14.0	9.7	12.9
Entertainment content development, net carrying amount ²	75.4	71.1	75.3	79.3	75.5	67.5	57.9	53.4

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

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

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

Additionally:

- As at September 30, 2025, Entertainment content development, net carrying amount in intangibles assets increased due to the capitalized costs to produce *PAW Patrol: The Dino Movie*, *PAW Patrol* series and *Unicorn Academy*. *PAW Patrol: The Dino Movie* will be delivered and amortized starting in the second half of 2026 and the *Unicorn Academy* series was delivered and amortized starting in Q4 2025.

Digital Games Segment Results

The following table provides a summary of the Digital Games segment's operating results for the three months ended June 30, 2026 and 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change	% Change
Digital Games Revenue	44.1	46.3	(2.2)	(4.8)%
Digital Games Operating Income (Loss)	6.2	(15.5)	21.7	(140.0)%
Digital Games Operating Margin	14.1 %	(33.5)%		47.6 %
Digital Games Adjusted Operating Income ¹	7.6	7.7	(0.1)	(1.3)%
Digital Games Adjusted Operating Margin ¹	17.2 %	16.6 %		0.6 %

Selected Cash Flow Data

Digital Games capital expenditures	8.2	8.6	(0.4)	(4.7)%
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	Jun 30, 2026	Dec 31, 2025	\$ Change	% Change
Digital game and app development, net carrying amount	46.7	41.8	4.9	11.7 %

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

Digital Games Revenue declined by \$2.2 million to \$44.1 million, driven by lower in-game purchases in *Toca Boca World*, partially offset by revenue generated from strategic distribution partnerships. Constant Currency Digital Games Revenue¹ was \$43.8 million, a decrease of 5.4%.

Digital Games Operating Income was \$6.2 million, compared to a loss of \$15.5 million. The change was primarily driven by \$17.1 million of prior year's impairment for digital game and app development assets and a decrease in administrative expenses. Digital Games Operating Margin was 14.1% compared to (33.5)%.

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

Digital Games Adjusted Operating Income¹ was relatively flat at \$7.6 million. Digital Games Adjusted Operating Margin¹ increased from 16.6% to 17.2%, primarily driven by revenue generated from strategic distribution partnership and lower administrative expenses.

Digital Games capital expenditures was relatively flat at \$8.2 million.

Digital game and app development, net carrying amount increased by \$4.9 million to \$46.7 million, primarily as a result of higher app development costs capitalized for *Toca Boca World* and *PAW Patrol: The Game*.

The following table provides a summary of the Digital Games segment's operating results for the six months ended June 30, 2026 and 2025:

(US\$ millions)	Six Months Ended Jun 30,			
	2026	2025	\$ Change	% Change
Digital Games Revenue	90.9	94.1	(3.2)	(3.4) %
Digital Games Operating Income (Loss)	11.1	(7.3)	18.4	(252.1) %
Digital Games Operating Margin	12.2 %	(7.8)%		20.0 %
Digital Games Adjusted Operating Income ¹	14.1	17.2	(3.1)	(18.0) %
Digital Games Adjusted Operating Margin ¹	15.5 %	18.3 %		(2.8) %
Selected Cash Flow and Balance Sheet Data				
Digital Games capital expenditures	14.8	16.3	(1.5)	(9.2) %

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

Digital Games Revenue declined by \$3.2 million or 3.4% to \$90.9 million, driven by lower in-game purchases in *Toca Boca World*, partially offset by revenue generated from strategic distribution partnerships.

Digital Games Operating Income was \$11.1 million, compared to Digital Games Operating Loss of \$7.3 million and Digital Games Operating Margin increased from (7.8)% to 12.2%, primarily due to impairment for digital game and app development assets in the prior year and lower administrative and marketing expenses, partially offset by lower Digital Games Revenue.

Digital Games Adjusted Operating Income¹ decreased by \$3.1 million to \$14.1 million and Digital Games Adjusted Operating Margin¹ decreased from 18.3% to 15.5%, primarily due to lower Digital Games Revenue, higher amortization expense related to *Toca Boca World* and *Piknik*, partially offset by lower administrative and marketing expenses.

Digital Games capital expenditures were \$14.8 million compared to \$16.3 million, a decrease of \$1.5 million, primarily driven by lower app development costs capitalized for *Toca Boca World*, partially offset by higher app development costs capitalized for *PAW Patrol: The Game*.

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

Digital Games Segment Trend Analysis

(US\$ millions)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Digital Games Revenue	44.1	46.8	53.4	51.5	46.3	47.8	46.1	37.7
Digital Games Operating Income (Loss)	6.2	4.9	3.0	15.9	(15.5)	8.2	(0.5)	5.1
Digital Games Operating Margin	14.1 %	10.5 %	5.6 %	30.9 %	(33.5)%	17.2 %	(1.1)%	13.5 %
Digital Games Adjusted Operating Income ¹	7.6	6.5	14.4	17.2	7.7	9.5	11.5	7.3
Digital Games Adjusted Operating Margin ¹	17.2 %	13.9 %	27.0 %	33.6 %	16.6 %	19.9 %	24.9 %	19.4 %

Selected Cash Flow and Balance Sheet Data

Digital Games capital expenditures	8.2	6.6	6.9	8.2	8.6	7.7	8.1	7.7
Digital game and app development, net carrying amount ²	46.7	43.0	41.8	48.0	44.1	54.2	46.3	50.6

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

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

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

Additionally:

- Digital Games Revenue from Q4 2024 to Q1 2026 was higher compared to historical quarters driven by the increase in paid user acquisition investments and revenue generated from strategic distribution partnerships.
- In Q2 2025, development for *Toca Boca Days* was discontinued, and in Q4 2025, development for *Cubric* and *Unicorn Academy* were discontinued, as part of a strategic decision to streamline the Digital Games business and concentrate investments in core areas with long-term growth potential. This resulted in a \$17.1 million and \$10.7 million of impairment for digital game and app development assets in Q2 2025 and Q4 2025, respectively.

Corporate & Other for the three and six months ended June 30, 2026 as compared to the same period in 2025:

For the three months ended June 30, 2026, Operating Loss for Corporate & Other was \$10.3 million compared to \$12.9 million, a change of \$2.6 million primarily related to changes in foreign exchange, partially offset by an increase in share based compensation. Adjusted Operating Loss¹ was \$8.2 million compared to \$5.5 million, primarily driven by higher personnel-related costs.

For the six months ended June 30, 2026, Operating Loss was \$14.0 million compared to \$18.5 million, a change of \$4.5 million, primarily related to changes in foreign exchange, a decrease in transaction and integration expenses, partially offset by an increase in share based compensation. Adjusted Operating Loss¹ was \$14.0 million compared to \$7.0 million, primarily driven by higher consulting expenses.

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

INVESTMENTS AND ACQUISITIONS

Spin Master Ventures

Spin Master Ventures' focus is to accelerate growth by making investments in companies operating in each of the Company's three creative centres comprising Toys, Entertainment and Digital Games. As at June 30, 2026, the carrying value of investment in associate, minority interest investments, and portfolio investment was \$17.2 million.

Prior year acquisition

Acquisition of Lylli AB

On October 8, 2025, the Company completed the acquisition of 100% of the shares of Lylli AB ("Lylli"), a Sweden-based digital reading and storytelling company. Management performed an analysis under IFRS 3, Business Combinations ("IFRS 3") and has determined that the assets and processes acquired comprised a business and therefore, accounted for the transaction as a business combination using the acquisition method of accounting. The acquired business has been reported in the Digital Games segment and included in the Digital Games cash-generating unit ("CGU") beginning from the date of acquisition.

The purchase consideration of \$12.7 million is comprised of cash consideration. As of March 31, 2026, the purchase consideration was reduced by \$3.3 million, reflecting an adjustment to the fair value of the contingent consideration and goodwill.

The total purchase consideration of \$12.7 million has been allocated as follows: \$4.8 million to intangible assets with the remainder of \$7.9 million allocated to goodwill.

The Company incurred \$0.2 million in transaction related costs which were included in administrative expenses in the Condensed consolidated interim statements of earnings and comprehensive earnings.

The preliminary purchase price allocation is based on management's best estimates of fair value. The actual allocation to certain identifiable net assets could vary as the purchase price allocation is finalized. The Company has one year to finalize the fair value of intangible assets, deferred income tax assets and goodwill. The tables below summarize the purchase price allocation of the purchase consideration of \$12.7 million:

Assets acquired at the date of acquisition

(US\$ millions)	Fair value as at Oct 8, 2025
Assets acquired	
Intangible assets	4.8
Fair value of identifiable net assets acquired	4.8

Goodwill arising on acquisition

Purchase consideration	12.7
Fair value of identifiable net assets acquired	4.8
Goodwill arising from transaction	7.9

Goodwill arose on the acquisition as the consideration paid effectively included amounts for the benefit of expected revenue growth and future market development. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets. As at the date of acquisition, \$7.9 million of goodwill is not expected to be deductible for income tax purposes.

Net cash outflow on acquisition

Cash consideration	12.7
Net cash outflow on acquisition	12.7

SELECTED QUARTERLY FINANCIAL INFORMATION

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

(in US\$ millions, except EPS)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Revenue	436.4	328.5	618.2	734.7	400.7	359.3	649.1	885.7
Operating Income (Loss)	45.7	(34.3)	(163.7)	151.0	(52.4)	(22.1)	47.1	203.2
Operating Margin	10.5 %	(10.4)%	(26.5)%	20.6 %	(13.1)%	(6.2)%	7.3 %	22.9 %
Adjusted Operating Income (Loss) ¹	19.2	(23.8)	66.4	162.4	(0.9)	(5.9)	81.3	243.4
Adjusted Operating Margin ¹	4.4 %	(7.2)%	10.7 %	22.1 %	(0.2)%	(1.6)%	12.5 %	27.5 %
Net Income (Loss)	29.7	(32.0)	(184.3)	106.8	(46.5)	(24.5)	21.1	140.1
Basic EPS	\$0.30	\$(0.32)	\$(1.85)	\$1.06	\$(0.46)	\$(0.24)	\$0.21	\$1.36
Diluted EPS	\$0.29	\$(0.32)	\$(1.85)	\$1.03	\$(0.46)	\$(0.24)	\$0.20	\$1.32
Adjusted EBITDA ¹	51.6	17.2	111.3	195.5	28.7	21.6	113.9	277.5
Adjusted EBITDA Margin ¹	11.8 %	5.2 %	18.0 %	26.6 %	7.2 %	6.0 %	17.5 %	31.3 %
Adjusted Net Income (Loss) ¹	8.6	(24.1)	42.3	115.2	(7.4)	(12.0)	57.4	169.7
Adjusted Basic EPS ¹	\$0.09	\$(0.24)	\$0.43	\$1.14	\$(0.07)	\$(0.12)	\$0.56	\$1.65
Adjusted Diluted EPS ¹	\$0.08	\$(0.24)	\$0.41	\$1.11	\$(0.07)	\$(0.12)	\$0.55	\$1.60
Selected Balance Sheet and Cash Flow								
Cash	48.5	110.9	104.6	127.9	128.0	152.7	233.5	114.2
Cash provided by operating activities	57.8	102.9	194.3	62.6	26.1	24.8	203.4	74.9
Cash used in investing activities	(38.6)	(32.4)	(79.3)	(42.7)	(43.1)	(36.6)	(30.5)	(30.2)
Free Cash Flow ¹	19.2	71.1	128.0	21.6	(15.2)	(10.8)	175.0	44.7

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

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

- Revenue, Operating Income (Loss), Net Income (Loss), and cash flows generated are significantly affected by the seasonality factors of the Toys segment which experiences a higher concentration historically in the third and fourth quarters of each fiscal year.
- Quarters with higher cash used in investing activities reflect higher capital expenditures across the operating segments as well as periods with investment or acquisition related activity.
 - In Q4 2025, the Company acquired all of the issued and outstanding capital stock in Lylli for total cash consideration of \$12.7 million.
- Operating Income in Q3 2024 included fair value adjustments for inventories acquired, amortization of intangible assets acquired, and higher transaction and integration costs due to the acquisition of Melissa & Doug on January 2, 2024.
- Operating Loss in Q4 2025 included goodwill impairment of \$215.4 million related to the Melissa & Doug CGU.
- Operating Income in Q2 2026 included Tariff Refund of \$37.9 million.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2026, the Company held \$48.5 million of cash (December 31, 2025 - \$104.6 million).

As at June 30, 2026, the Company's available liquidity of \$627.3 million was comprised of \$48.5 million in cash and \$578.8 million under the Company's committed credit facilities.

The Company has a committed unsecured revolving credit facility (the "Facility") with a borrowing capacity of \$510.0 million and contains certain financial covenants. The Facility also has an option which permits the Company to increase the total capital available by an additional \$200.0 million. On May 26, 2026, the Company entered into an agreement to amend its existing Facility, which now matures on May 26, 2031. The amendment also introduced an additional three-year revolver tranche with a borrowing capacity of \$225.0 million that matures on May 26, 2029. This new tranche was used to settle the \$225.0 million non-revolving credit facility ("Acquisition Facility") that was originally entered into on November 20, 2023 to fund the acquisition of Melissa & Doug, which was cancelled on May 26, 2026. Total financing costs of \$4.0 million, which include Facility amendment fees and related legal fees, are offset in Loans and borrowings and are being amortized over the term of the amended and restated agreement.

As at June 30, 2026, there were \$5.6 million (December 31, 2025 - \$5.7 million) in letters of credit outstanding under the Facility.

As at June 30, 2026, there was \$150.0 million outstanding (December 31, 2025 - \$42.0 million) under the Facility and no amount outstanding (December 31, 2025 - \$225.0 million) under the Acquisition Facility, and \$20.6 million of bank overdraft outstanding (December 31, 2025 - \$nil). During the six months ended June 30, 2026, the Company drew \$50.0 million (2025 - \$25.0 million) and \$20.6 million (2025 - \$nil) on the Facility and bank overdraft, respectively, and repaid \$167.0 million (2025 - \$30.0 million) against the Facility.

For the six months ended June 30, 2026, the weighted average interest rates on the Facility and Acquisition Facility were 5.5% and 5.2%, respectively (2025 - 5.9% and 5.6%).

The Facility bears interest at variable rates. As a result, the Company is exposed to interest rate cash flow risk due to fluctuations in short term rates. The Company has the following outstanding interest rate swaps (refer to "Financial Instruments" for details):

(US\$ millions)		Jun 30, 2026	Dec 31, 2025
Effective date	Contract expiry	Notional value	Notional Amount
Sep 29, 2025	Jun 27, 2027	35.0	35.0
Dec 31, 2025	Dec 31, 2027	15.0	15.0
Dec 31, 2025	Dec 31, 2028	10.0	10.0
Dec 31, 2025	Dec 31, 2029	10.0	10.0
Total		70.0	70.0

On May 27, 2026, the Company entered into a committed unsecured overdraft facility agreement (the "North American Facility") with a borrowing capacity of \$20.0 million. The North American Facility will be used, if needed, to fund working capital requirements in North America. As at June 30, 2026, the outstanding balance was \$nil.

The Company has an uncommitted overdraft facility agreement (the "European Facility") for €15.0 million (equivalent to \$17.1 million). The European Facility will be used, if needed, to fund working capital requirements in Europe. As at June 30, 2026, the outstanding balance was \$nil (December 31, 2025 - \$nil).

On May 1, 2026, the Company cancelled the uncommitted revolving credit facility to finance television and film production.

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

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

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

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

Capital and Investment Framework

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

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

CASH FLOW

The following table provides a summary of Spin Master's consolidated cash flows for the three months ended June 30, 2026 and 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change
Net cash flows provided by operating activities	57.8	26.1	31.7
Net cash flows used in investing activities	(38.6)	(43.1)	4.5
Net cash flows used in financing activities	(81.0)	(4.2)	(76.8)
Net decrease in cash (excluding the effect of foreign currency exchange rate changes on cash)	(61.8)	(21.2)	(40.6)
Effect of foreign currency exchange rate changes on cash	(0.6)	(3.5)	2.9
Cash, beginning of period	110.9	152.7	(41.8)
Cash, end of period	48.5	128.0	(79.5)

The following table provides a summary of Spin Master's consolidated cash flows for the six months ended June 30, 2026 as compared to the same period in 2025:

(US\$ millions)	Six Months Ended Jun 30,		
	2026	2025	\$ Change
Net cash flows provided by operating activities	160.7	50.9	109.8
Net cash flows used in investing activities	(71.0)	(79.7)	8.7
Net cash flows used in financing activities	(145.5)	(74.5)	(71.0)
Net decrease in cash (excluding the effect of foreign currency exchange rate changes on cash)	(55.8)	(103.3)	47.5
Effect of foreign currency exchange rate changes on cash	(0.3)	(2.2)	1.9
Cash, beginning of period	104.6	233.5	(128.9)
Cash, end of period	48.5	128.0	(79.5)

Operating Activities as compared to the same period in 2025:

Cash flows provided by operating activities were \$57.8 million for the three months ended June 30, 2026 compared to \$26.1 million driven by change in net income, adjusted for non-cash items, partially offset by changes in non-cash working capital. Changes in non-cash working capital increased by \$6.3 million as compared to a decrease of \$45.9 million.

Cash flows provided by operating activities were \$160.7 million for the six months ended June 30, 2026 compared to \$50.9 million driven by lower Net Loss, adjusted for non-cash items, changes in non-cash working capital and higher income taxes received, partially offset by changes in non-cash provisions and other assets. Changes in non-cash working capital increased by \$108.6 million as compared to an increase of \$70.7 million.

The following table provides a summary of Spin Master's net changes in non-cash working capital for the six months ended June 30, 2026 as compared to the same period in 2025:

(US\$ millions)	Six Months Ended Jun 30,		\$ Change
	2026	2025	
(Increase) decrease in:			
Trade receivables, net	168.0	142.6	25.4
Other receivables	4.1	(3.6)	7.7
Inventories, net	(37.6)	(40.3)	2.7
Prepaid expenses and other assets	(4.4)	(15.3)	10.9
	130.1	83.4	46.7
Increase (decrease) in:			
Trade payables and accrued liabilities	(36.2)	(24.9)	(11.3)
Deferred revenue	5.8	13.2	(7.4)
Provisions	5.5	(1.0)	6.5
	(24.9)	(12.7)	(12.2)
Net changes in non-cash working capital	105.2	70.7	34.5

Net Working Capital¹

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

(US\$ millions)	Jun 30,	Jun 30,	\$ Change	% Change
	2026	2025		
Trade receivables, net ¹	340.7	355.9	(15.2)	(4.3) %
Other receivables ²	64.6	61.9	2.7	4.4 %
Inventories, net ³	187.3	225.0	(37.7)	(16.8) %
Prepaid expenses and other assets	48.8	65.7	(16.9)	(25.7) %
Current assets	641.4	708.5	(67.1)	(9.5)%
Trade payables	221.0	214.7	6.3	2.9 %
Accrued liabilities ⁴	172.5	161.0	11.5	7.1 %
Deferred revenue	37.2	35.2	2.0	5.7 %
Provisions	25.9	21.6	4.3	19.9 %
Current liabilities	456.6	432.5	24.1	5.6 %
Net Working Capital⁵	184.8	276.0	(91.2)	(33.0)%

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

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

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

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

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

Net Working Capital¹ decreased by \$91.2 million to \$184.8 million at June 30, 2026 compared to June 30, 2025.

Trade receivables, net, decreased by \$15.2 million to \$340.7 million at June 30, 2026, driven by lower ongoing distribution revenue and timing of Entertainment content development productions at June 30, 2026 compared to June 30, 2025.

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

Other receivables increased by \$2.7 million to \$64.6 million at June 30, 2026, driven by receivables from the sale of a certain trademark.

Inventories, net, decreased by \$37.7 million to \$187.3 million at June 30, 2026, due to continuing focus on optimizing inventory levels and lower cost of inventories related to tariff and freight costs.

Trade payables and accrued liabilities increased by \$17.8 million to \$393.5 million at June 30, 2026, driven by the timing of payments and purchasing activity.

Investing Activities as compared to the same period in 2025:

The following table provides a summary of Spin Master's consolidated cash flows used in investing activities for the three months ended June 30, 2026 and 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change
Property, plant and equipment			
Land, building and leasehold improvements	(0.5)	1.2	(1.7)
Moulds, dies and tools	11.3	10.4	0.9
Equipment	0.2	0.7	(0.5)
Computer hardware	1.0	0.7	0.3
Total property, plant and equipment	12.0	13.0	(1.0)
Intangible assets			
Entertainment content and Digital game and app development	20.2	22.3	(2.1)
Computer software	6.4	6.0	0.4
Total intangible assets	26.6	28.3	(1.7)
Total capital expenditures	38.6	41.3	(2.7)
Minority interest investments and portfolio investments, net of investment distribution income	—	1.8	(1.8)
Cash used in investing activities	38.6	43.1	(4.5)

Cash used in investing activities was \$38.6 million for the three months ended June 30, 2026 compared to \$43.1 million primarily as a result of lower investments in Entertainment content development and leasehold improvements, partially offset by higher investments in moulds, dies and tools.

The following table provides a summary of Spin Master's consolidated cash flows used in investing activities for the six months ended June 30, 2026 as compared to the same period in 2025:

(US\$ millions)	Six Months Ended Jun 30,		\$ Change
	2026	2025	
Property, plant and equipment			
Moulds, dies and tools	14.6	16.7	(2.1)
Land, building and leasehold improvements	(0.3)	1.7	(2.0)
Equipment	1.2	1.7	(0.5)
Computer hardware	2.0	1.6	0.4
Total property, plant and equipment	17.5	21.7	(4.2)
Intangible assets			
Entertainment content and Digital Games development	38.3	43.6	(5.3)
Computer software	14.6	11.6	3.0
Total intangible assets	52.9	55.2	(2.3)
Total capital expenditures	70.4	76.9	(6.5)
Minority interest investments and portfolio investments, net of investment distribution income	0.6	2.8	(2.2)
Cash used in investing activities	71.0	79.7	(8.7)

For the six months ended June 30, 2026, cash used in investing activities was \$71.0 million compared to \$79.7 million primarily as a result of lower investment in Entertainment content development, moulds, dies and tools and leasehold improvements, partially offset by higher investment in computer software.

Financing Activities as compared to the same period in 2025:

Cash flows used in financing activities were \$81.0 million compared to \$4.2 million, driven by repayment of \$75.0 million towards the Facility (2025 - \$nil), lease payments of \$8.1 million (2025 - \$10.6 million) and shares repurchased under the Company's NCIB for \$9.3 million (2025 - \$10.6 million), partially offset by \$20.6 million drawn from the bank overdraft (2025 - \$nil) and \$nil drawn against the Facility (2025 - \$25.0 million).

Cash flows used in financing activities were \$145.5 million for the six months ended June 30, 2026 compared to cash provided by financing activities of \$74.5 million, driven by repayment of \$167.0 million towards the Facility (2025 - \$30.0 million), lease payments of \$16.1 million (2025 - \$20.4 million) and shares repurchased under the Company's NCIB for \$15.0 million (2025 - \$32.0 million), partially offset by proceeds of \$50.0 million from the Facility (2025 - \$25.0 million) and proceeds of \$20.6 million from bank overdraft (2025 - \$nil).

Free Cash Flow¹ as compared to the same period in 2025:

The following table provides a reconciliation of Spin Master's consolidated Free Cash Flow¹ to cash from operating activities and cash used in investing activities for the three months ended June 30, 2026 and 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change
Cash provided by operating activities	57.8	26.1	31.7
Cash used in investing activities	(38.6)	(43.1)	4.5
Add:			
Investments ²	—	1.8	(1.8)
Free Cash Flow¹	19.2	(15.2)	34.4

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

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

Free Cash Flow¹ was \$19.2 million for the three months ended June 30, 2026 compared to \$(15.2) million, an increase of \$34.4 million. Free Cash Flow¹ increased due to higher net income, adjusted for non-cash items, partially offset by changes in non-cash working capital.

The following table provides a reconciliation of Spin Master's consolidated Free Cash Flow¹ to cash from operating activities and cash used in investing activities for the six months ended June 30, 2026 as compared to the same period in 2025:

(US\$ millions)	Six Months Ended Jun 30,		\$ Change
	2026	2025	
Cash flows provided by operating activities	160.7	50.9	109.8
Cash flows used in investing activities	(71.0)	(79.7)	8.7
Add:			
Investments ²	0.6	2.8	(2.2)
Free Cash Flow¹	90.3	(26.0)	116.3

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

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

For the six months ended June 30, 2026, Free Cash Flow¹ was \$90.3 million compared to \$(26.0) million, an increase of \$116.3 million. Free Cash Flow¹ increased primarily due to lower Net Loss, adjusted for non-cash items, changes in non-cash working capital, higher income taxes received and lower investment in capital expenditures, partially offset by changes in non-cash provisions and other assets.

2026 Outlook

For the full year 2026, the Company continues to expect:

- Revenue: stable to low single digit percentage growth compared to 2025.
- Adjusted EBITDA¹: mid to high single digit percentage growth compared to 2025.

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

CONTRACTUAL OBLIGATIONS & COMMITMENTS

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

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

OFF-BALANCE SHEET ARRANGEMENTS

During the three months ended June 30, 2026, the Company entered into an agreement to sell certain trade receivables on a non-recourse basis up to a limit of \$100.0 million to enhance liquidity and support operating cash flows. Under the agreement, receivables are sold at a discount, with the associated fees recognized in interest expense.

Upon the sale of the receivables, the Company receives cash proceeds but retains servicing responsibilities on behalf of the third-party financial institution. The Company does not retain credit risk or other significant exposure to the transferred receivables. As the Company transfers substantially all the risks and rewards of ownership upon the sale of the receivables, the program meets the derecognition requirements under IFRS 9, Financial Instruments. Consequently, these proceeds are classified as cash flows from operating activities in the Condensed consolidated interim statements of cash flows.

For the three and six months ended June 30, 2026, the Company received total cash proceeds from the sale of trade receivables of \$7.1 million equal to their carrying value, which were derecognized from the Condensed consolidated interim statements of financial position. As at June 30, 2026, the outstanding amount of trade receivable derecognized from the Condensed consolidated interim statements of financial position, but which the Company continued to service was \$5.8 million.

CAPITALIZATION

Share Capital

As at July 29, 2026, there were 100.0 million shares outstanding comprised of 68.5 million multiple voting shares and 31.5 million subordinate voting shares.

As of July 29, 2026, pursuant to grants under the Company's Long-Term Incentive Plan, 1.4 million subordinate voting shares were issuable under outstanding Restricted Share Units, up to 1.5 million subordinate voting shares were issuable under outstanding Performance Share Units (assuming vesting at a maximum of 200% for units with an outstanding performance period) and 0.5 million subordinate voting shares were issuable under outstanding share option grants.

The following table provides a summary of dividends declared and paid for the six months ended June 30, 2026 and 2025.

Declaration Date	Record Date	Payment Date	Dividend per Share (C\$)	Dividends declared and accrued (in US\$ millions)
Jul 29, 2026	Sep 25, 2026	Oct 9, 2026	0.12	—
Apr 29, 2026	Jun 26, 2026	Jul 10, 2026	0.12	8.9
Mar 4, 2026	Mar 27, 2026	Apr 10, 2026	0.12	8.9
Oct 29, 2025	Dec 24, 2025	Jan 9, 2026	0.12	8.8
Jul 30, 2025	Sep 26, 2025	Oct 10, 2025	0.12	8.7
Apr 30, 2025	Jun 27, 2025	Jul 11, 2025	0.12	8.9
Feb 24, 2025	Mar 28, 2025	Apr 11, 2025	0.12	8.5
Oct 30, 2024	Dec 27, 2024	Jan 10, 2025	0.12	9.1

During the six months ended June 30, 2026, dividends of \$17.2 million (2025 - \$17.1 million) were paid.

Normal Course Issuer Bid

On March 4, 2025, the TSX accepted the Company's notice to launch an NCIB. Under this NCIB, the Company was permitted to repurchase (and cancel) its subordinate voting shares on the open market at its discretion and subject to compliance with applicable securities laws and the rules of the TSX. This NCIB commenced on March 7, 2025, and ended on the earlier of March 6, 2026, and the completion of purchases under the NCIB, of up to 2,417,522 subordinate voting shares, which represented approximately 10% of the "public float" (within the meaning of the rules of the TSX) upon launch of the NCIB. As at March 31, 2026, the Company repurchased an aggregate of 2,417,522 subordinate voting shares under this NCIB.

On March 5, 2026, the TSX accepted the Company's notice to launch a NCIB. Under this NCIB, the Company is permitted to repurchase (and cancel) its subordinate voting shares on the open market at its discretion and subject to compliance with applicable securities laws and the rules of the TSX. This NCIB commenced on March 7, 2026, and will end on the earlier of March 6, 2027, and the completion of purchases under the NCIB, of up to 2,633,813 subordinate voting shares, which represented approximately 10% of the "public float" (within the meaning of the rules of the TSX) upon launch of the NCIB.

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

(US\$ millions)	Six Months Ended Jun 30,	
	2026	2025
Subordinate voting shares repurchased for cancellation (number of shares)	1,109,488	1,793,731
Consideration	15.2	32.2
Reduction in share capital	14.2	22.1
Premium on repurchased and cancelled shares recorded in retained earnings	1.0	10.1

During the six months ended June 30, 2026, the Company repurchased and cancelled 1,109,488 subordinate voting shares (2025 - 1,793,731 shares) which represents 3.5% of total subordinate voting shares outstanding as at June 30, 2026 through the Company's NCIB program for \$15.2 million (C\$21.1 million) (2025 - \$32.2 million). From time to time, the Company gives instructions under an automatic share purchase plan with its designated broker to facilitate the repurchase of subordinate voting shares.

FINANCIAL INSTRUMENTS

Foreign exchange forward contracts

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

As at June 30, 2026, the Company was committed under outstanding foreign exchange contracts representing a total net sell commitment notional value of \$62.9 million (December 31, 2025 - net sell commitment of \$78.7 million). These foreign exchange contracts have maturity dates varying from July 2026 to December 2027. For the six months ended June 30, 2026, net realized gains on the Company's matured foreign exchange contracts were \$3.6 million (2025 - realized gains of \$1.1 million) and are included in the Condensed consolidated interim statements of earnings and comprehensive earnings.

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

Interest rate swaps

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

The following interest rate swaps were outstanding as at June 30, 2026 and December 31, 2025:

(US\$ millions)		Jun 30, 2026		Dec 31, 2025	
Effective date	Contract expiry	Notional value	Unrealized gain	Notional Amount	Unrealized loss
Sep 29, 2025	Jun 27, 2027	35.0	0.2	35.0	(0.1)
Dec 31, 2025	Dec 31, 2027	15.0	0.1	15.0	—
Dec 31, 2025	Dec 31, 2028	10.0	0.1	10.0	—
Dec 31, 2025	Dec 31, 2029	10.0	0.1	10.0	—
Total		70.0	0.5	70.0	(0.1)

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

Portfolio investments

The fair value of the portfolio investments as at June 30, 2026 is recorded in Other assets at \$7.3 million (December 31, 2025 - \$7.2 million). For the three and six months ended June 30, 2026, the Company recognized \$0.5 million of net unrealized loss (2025 - \$0.1 million) in Other expense, net in the Condensed consolidated interim statements of earnings and comprehensive earnings. The Company did not recognize any distribution income in Other expense, net for the six months ended June 30, 2026 (2025 - \$nil). These fair values are categorized within Level 3 of the fair value hierarchy.

Minority interest investments

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

(US\$ millions)	Jun 30, 2026	Jun 30, 2025	Dec 31, 2025
Minority interest investments classified as FVTOCI	—	3.0	—
Minority interest investments classified as FVTPL	6.8	6.8	6.8
Minority interest investments	6.8	9.8	6.8

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

CRITICAL ACCOUNTING ESTIMATES

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

For the six months ended June 30, 2026, there were no material changes to the critical accounting estimates of the Company from those reported in the Annual MD&A and annual financial statements.

CHANGES IN ACCOUNTING POLICIES

Standards, Amendments and Interpretations Issued and Adopted

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments

Effective January 1, 2026, the Company adopted the IASB issued amendments to IFRS 9 and IFRS 7. The amendments relate to derecognition of financial liabilities when settling through an electronic payment system and assessment of contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. The amendments also require additional disclosures for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income ("FVTOCI"). The adoption of this standard did not have any impact on these Condensed consolidated interim financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

Effective January 1, 2026, the Company adopted the IASB issued IFRS Accounting Standards Annual Improvements - Volume 11, and accompanying guidance. The adoption of this standard did not have any impact on these Condensed consolidated interim financial statements.

RELATED PARTY TRANSACTIONS

In the normal course of operations, the Company engaged the services of Torkin Manes LLP, a law firm, on terms equivalent to those that prevail in arm's length transactions. Jeffrey I. Cohen, a member of the Company's Board of Directors, and John Glen Eddie, the Company's General Counsel, are partners of Torkin Manes LLP.

In the prior year, the Company also engaged the services of a media company, whose owner, Gary Vaynerchuk, is a member of the Company's Board of Directors on terms equivalent to those that prevail in arm's length transactions.

For the three and six months ended June 30, 2026, related party transactions were included in administrative and marketing expenses in the Condensed consolidated interim statements of earnings and comprehensive earnings of the Company as follows:

(US\$ millions)	Q2 2026	Q2 2025	Six Months Ended Jun 30,	
			2026	2025
Torkin Manes LLP (included in administrative expenses)	0.5	0.5	0.8	0.5
Vayner Media LLC (included in marketing expenses)	—	0.2	—	0.2
Total	0.5	0.7	0.8	0.7

As at June 30, 2026, amounts payable to Torkin Manes LLP and Vayner Media LLC was \$0.4 million and \$nil (December 31, 2025 - \$0.4 million and \$0.3 million), respectively.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's Internal Control over Financial Reporting ("ICFR") during the three months ended June 30, 2026 which have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

LIMITATIONS OF AN INTERNAL CONTROL SYSTEM

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

NON-GAAP FINANCIAL MEASURES AND RATIOS

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

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

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

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

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

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

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

Non-GAAP Financial Measures

Adjusted EBITDA is calculated as Operating Income before interest income and interest expense and depreciation and amortization (EBITDA) excluding adjustments that do not necessarily reflect the Company's underlying financial performance. These adjustments include restructuring and other related costs, foreign exchange gains or losses, share based compensation expenses, acquisition related contingent consideration, impairment of intangible assets, impairment of goodwill, investment income (loss), net, acquisition related deferred incentive compensation, impairment of property, plant and equipment, legal settlement, transaction and integration cost, gain on disposal of asset, and Tariff Refund. The impact of the Tariff Refund was excluded in Q2 2026 as it is a non-recurring recovery. Adjusted EBITDA is used by management as a measure of the Company's profitability. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Operating Income (Loss), the closest IFRS measure.

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

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

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

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

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

"Segmented Results" section for a reconciliation of this metric to Toys Operating Income (Loss), the closest IFRS measure.

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

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

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

Free Cash Flow is calculated as cash flows provided by/used in operating activities reduced by cash flows used in investing activities and adding back cash used for business acquisitions, advance paid for business acquisitions, asset acquisitions, portfolio investments, minority interest investments, proceeds from sale of manufacturing operations and net of investment distribution income. Management uses the Free Cash Flow metric to analyze the cash flows being generated by the Company's business after accounting for operational and capital expenditures. It measures the Company's ability to generate discretionary cash, which can be used to pay dividends, repurchase shares, repay loans and borrowings, and fund business acquisitions. Refer to the "Reconciliation of Non-GAAP Financial Measures" section for a reconciliation of this metric to Cash provided by operating activities, the closest IFRS measure.

Toy Gross Product Sales represent Toy Revenue, excluding the impact of Sales Allowances. As Sales Allowances are generally not associated with individual products, the Company uses Toy Gross Product Sales to provide meaningful comparisons across product categories and geographical results to highlight trends in Spin Master's business. For a reconciliation of Toy Gross Product Sales to Revenue, the closest IFRS measure, refer to the "Toy Revenue" section within the "Financial Performance" section for the three months and six months ended June 30, 2026, and the "Reconciliation of Non-GAAP Financial Measures" section for the previous eight fiscal quarters.

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

Adjusted SG&A is calculated as selling, general and administrative expenses adjusted for restructuring and other related costs, share based compensation expenses, transaction and integration costs and bad debt recovery. Refer to the Adjusted SG&A table for the three and six months ended June 30, 2026 as compared to the same period in 2025 in this MD&A. Management uses Adjusted SG&A to measure the underlying financial performance of the business on a consistent basis over time. Refer to the "Selling, General & Administrative Expenses" section within the "Financial Performance" section for a reconciliation of these metrics to selling, general & administrative expenses, the closest IFRS measure.

Net Working Capital is calculated as the difference between total current assets and total current liabilities. Refer to the Net Working Capital table for the six months ended June 30, 2026 as compared to the same period in 2025 in this MD&A. Management uses Net Working Capital to measure the underlying financial performance of the business on a consistent basis over time. Refer to the Net Working Capital section within the "Cash Flow" section for a composition of this metric to total current assets and total current liabilities, the closest IFRS measures.

Non-GAAP Financial Ratios

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

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

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

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

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

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

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

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

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

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

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

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

Percentage change in Constant Currency Sales Allowances is calculated by dividing the change in Sales Allowances excluding the impact from changes in foreign currency exchange rates by the Sales Allowances of the comparative period. Management uses Percentage change in Constant Currency Sales Allowances to measure the underlying

financial performance of the business on a consistent basis over time excluding the impact from changes in foreign currency exchange rates.

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

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

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

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

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

Reconciliation of Non-GAAP Financial Measures

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

(in US\$ millions)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Operating Income (Loss)	45.7	(34.3)	(163.7)	151.0	(52.4)	(22.1)	47.1	203.2
Adjusting items:								
Share based compensation ¹	6.1	7.4	(1.1)	4.2	4.8	0.4	7.6	9.3
Restructuring and other related costs ²	3.0	3.3	0.2	1.0	12.1	1.4	3.9	2.7
Transaction and integration costs ³	0.9	1.9	5.1	1.2	7.5	7.7	5.0	3.9
Amortization of intangible assets acquired ⁴	1.7	1.8	1.7	1.7	1.8	1.8	1.7	1.8
Acquisition related deferred consideration ⁵	0.7	0.1	(1.2)	(0.5)	0.5	(0.4)	2.6	0.4
Acquisition related deferred incentive compensation ⁶	0.6	0.6	0.7	0.7	0.7	0.5	(1.1)	0.9
Investment loss, net ⁷	—	0.4	0.2	1.1	0.2	0.1	0.1	0.4
Impairment of intangible assets ⁸	—	—	13.5	(0.5)	18.5	—	5.5	—
Impairment of property, plant and equipment ⁹	—	—	1.0	2.1	—	0.2	0.1	0.1
Fair value adjustment for inventories acquired ¹⁰	—	—	—	—	—	—	—	21.5
Legal settlement expense	—	—	—	—	—	—	0.6	0.4
Impairment of goodwill ¹¹	—	—	215.6	—	—	—	12.9	—
Gain on sale of asset ¹²	—	—	(9.8)	—	—	—	—	—
Foreign exchange (gain) loss ¹³	(1.6)	(5.0)	4.2	0.4	5.4	4.5	(4.7)	(1.2)
Tariff refund ¹⁴	(37.9)	—	—	—	—	—	—	—
Adjusted Operating Income (Loss)	19.2	(23.8)	66.4	162.4	(0.9)	(5.9)	81.3	243.4
Depreciation and amortization ¹⁵	32.4	41.0	44.9	33.1	29.6	27.5	32.6	34.1
Adjusted EBITDA	51.6	17.2	111.3	195.5	28.7	21.6	113.9	277.5
Income tax (expense) recovery	(9.6)	10.3	(10.0)	(33.5)	15.0	7.2	(15.5)	(49.7)
Interest expense ¹⁶	(7.8)	(8.0)	(10.6)	(10.7)	(9.1)	(9.6)	(10.5)	(13.4)
Depreciation and amortization	(32.4)	(41.0)	(44.9)	(33.1)	(29.6)	(27.5)	(32.6)	(34.1)
One-time income tax recovery ¹⁷	—	—	—	—	—	—	8.1	—
Tax effect of normalization adjustments ¹⁸	6.8	(2.6)	(3.5)	(3.0)	(12.4)	(3.7)	(6.0)	(10.6)
Adjusted Net Income (Loss)	8.6	(24.1)	42.3	115.2	(7.4)	(12.0)	57.4	169.7

¹ Related to non-cash expenses associated with long-term incentive plan and includes mark to market loss of DSUs in Q2 2026.

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

³ Transaction and integration costs incurred relating to acquisitions, including transaction costs for the acquisition of Melissa & Doug in 2024.

⁴ Relates to the amortization of intangible assets acquired with Melissa & Doug.

⁵ Expense (recovery) associated with contingent consideration for acquisitions.

⁶ Deferred incentive compensation associated with acquisitions.

⁷ 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.

⁸ Impairment of intangible assets in 2025 primarily related to Digital game and app development projects.

⁹ Impairment of property, plant and equipment in 2025 related to tooling.

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

¹¹ Impairment of goodwill in 2025 primarily related to the Melissa & Doug CGU.

¹² Gain on disposal of intangible asset in 2025.

¹³ Includes foreign exchange losses (gains) generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and losses (gains) related to the Company's hedging programs.

¹⁴ Tariff Refund of \$37.9 million received in Q2 2026.

¹⁵ Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$1.7 million of amortization of intangible assets acquired with Melissa & Doug.

¹⁶ Excludes interest income received related to Tariff Refund of \$1.4 million.

¹⁷ Adjustment of one-time income tax (recovery) expense.

¹⁸ Tax effect of adjustments (Footnotes 1-14,16). Adjustments are tax effected at the effective tax rate of the given period.

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

Toys Segment

(US\$ millions)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Revenue	361.1	240.9	522.3	650.4	322.3	273.7	561.7	810.9
Operating Income (Loss)	34.3	(48.7)	(171.0)	128.8	(39.7)	(50.6)	31.7	183.5
Adjusting items:								
Restructuring and other related costs	2.4	2.3	—	0.3	9.3	1.2	1.7	2.0
Share based compensation	2.3	4.3	(0.8)	3.7	3.7	1.7	5.1	6.6
Amortization of intangible assets acquired	1.7	1.8	1.7	1.7	1.8	1.8	1.7	1.8
Acquisition related deferred consideration	0.7	0.1	(1.2)	(0.5)	0.5	(0.9)	0.4	0.4
Transaction and integration costs	0.4	1.3	2.4	0.2	2.9	6.3	2.6	2.7
Acquisition related deferred incentive compensation	0.1	0.1	0.1	0.2	0.2	0.3	0.2	0.4
Impairment of property, plant and equipment	—	—	1.0	2.1	—	0.2	0.1	0.1
Impairment of intangible assets	—	—	2.4	(0.5)	0.5	—	—	—
Fair value adjustment for inventories acquired	—	—	—	—	—	—	—	21.5
Impairment of goodwill	—	—	215.6	—	—	—	10.0	—
Gain on disposal of asset	—	—	(9.8)	—	—	—	—	—
Tariff refund	(37.9)	—	—	—	—	—	—	—
Adjusted Operating Income (Loss)	4.0	(38.8)	40.4	136.0	(20.8)	(40.0)	53.5	219.0
Adjusted Operating Margin	1.1 %	(16.1)%	7.7 %	20.9 %	(6.5)%	(14.6)%	9.5 %	27.0 %
Depreciation and amortization	20.0	19.8	21.2	20.4	20.1	19.5	22.7	23.2
Adjusted EBITDA	24.0	(19.0)	61.6	156.4	(0.7)	(20.5)	76.2	242.2
Adjusted EBITDA Margin	6.6 %	(7.9)%	11.8 %	24.0 %	(0.2)%	(7.5)%	13.6 %	29.9 %

Entertainment Segment

(US\$ millions)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Revenue	31.2	40.8	42.5	32.8	32.1	37.8	41.3	37.1
Operating Income	15.5	13.2	14.3	11.9	15.7	25.9	19.7	19.9
Adjusting items:								
Share based compensation	0.2	0.5	(0.4)	0.4	0.3	0.2	0.5	0.5
Restructuring and other related costs	0.1	0.6	(0.1)	—	0.8	—	0.1	0.1
Impairment of intangible assets	—	—	0.4	—	0.9	—	—	—
Legal settlement expense	—	—	—	—	—	—	—	0.4
Adjusted Operating Income	15.8	14.3	14.2	12.3	17.7	26.1	20.3	20.9
Adjusted Operating Margin	50.6 %	35.0 %	33.4 %	37.2 %	55.1 %	69.0 %	49.2 %	56.3 %
Depreciation and amortization	8.6	17.4	19.3	9.6	6.6	5.6	6.0	9.1
Adjusted EBITDA	24.4	31.7	33.5	21.9	24.3	31.7	26.3	30.0
Adjusted EBITDA Margin	78.2 %	77.7 %	78.8 %	66.5 %	75.7 %	83.9 %	63.7 %	80.9 %

Digital Games Segment

(US\$ millions)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Revenue	44.1	46.8	53.4	51.5	46.3	47.8	46.1	37.7
Operating Income (Loss)	6.2	4.9	3.0	15.9	(15.5)	8.2	(0.5)	5.1
Adjusting items:								
Acquisition related deferred incentive compensation	0.5	0.5	0.6	0.5	0.5	0.2	(1.3)	0.5
Restructuring and other related costs	0.5	0.4	0.3	—	2.0	0.2	2.1	0.6
Share based compensation	0.4	0.7	(0.3)	0.6	0.7	0.4	0.6	1.1
Transaction and integration costs	—	—	0.1	0.2	2.9	—	—	—
Impairment of goodwill	—	—	—	—	—	—	2.9	—
Acquisition related deferred consideration	—	—	—	—	—	0.5	2.2	—
Impairment of intangible assets	—	—	10.7	—	17.1	—	5.5	—
Adjusted Operating Income	7.6	6.5	14.4	17.2	7.7	9.5	11.5	7.3
Adjusted Operating Margin	17.2 %	13.9 %	27.0 %	33.6 %	16.6 %	19.9 %	24.9 %	19.4 %
Depreciation and amortization	3.8	3.8	4.4	3.1	2.9	2.4	3.9	1.8
Adjusted EBITDA	11.4	10.3	18.8	20.3	10.6	11.9	15.4	9.1
Adjusted EBITDA Margin	25.9 %	22.0 %	35.2 %	39.6 %	22.9 %	24.9 %	33.4 %	24.1 %

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

(in US\$ millions)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Cash provided by operating activities	57.8	102.9	194.3	62.6	26.1	24.8	203.4	74.9
Cash used in investing activities	(38.6)	(32.4)	(79.3)	(42.7)	(43.1)	(36.6)	(30.5)	(30.2)
Add (Deduct):								
Business acquisitions, net of cash acquired ¹	—	—	12.7	—	—	—	—	—
Portfolio investments ²	—	0.6	0.3	0.7	1.0	1.0	1.1	—
Minority interest investments ³	—	—	—	1.0	0.8	—	—	—
Investment in associate ⁴	—	—	—	—	—	—	1.0	—
Free Cash Flow	19.2	71.1	128.0	21.6	(15.2)	(10.8)	175.0	44.7

¹ Cash paid relating to acquisitions of Lylli in Q4 2025.

² Cash paid to fund capital calls relating to portfolio investments.

³ Cash paid in relation to minority interest investments.

⁴ Cash paid to acquire additional interest in a Canadian children's education technology company.

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

(in US\$ millions)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Toy Gross Product Sales	413.7	275.6	627.4	742.7	371.0	313.7	660.0	922.7
Sales Allowances	(53.0)	(37.0)	(107.3)	(94.0)	(48.9)	(40.4)	(102.5)	(112.7)
Toy Net Sales	360.7	238.6	520.1	648.7	322.1	273.3	557.5	810.0
Toy - Other Revenue	0.4	2.3	2.2	1.7	0.2	0.4	4.2	0.9
Toy Revenue	361.1	240.9	522.3	650.4	322.3	273.7	561.7	810.9
Entertainment Revenue	31.2	40.8	42.5	32.8	32.1	37.8	41.3	37.1
Digital Games Revenue	44.1	46.8	53.4	51.5	46.3	47.8	46.1	37.7
Revenue	436.4	328.5	618.2	734.7	400.7	359.3	649.1	885.7

The following tables present the composition of Percentage change in Constant Currency Toy Gross Product Sales, Percentage change in Constant Currency Sales Allowances, Percentage change in Constant Currency Entertainment Revenue, Percentage change in Percentage change in Constant Currency Digital Games Revenue and Percentage change in Constant Currency Revenue for the three and six months ended June 30, 2026 and 2025:

(US\$ millions)	Q2 2026	Q2 2025	\$ Change			% Change	
			As reported	Impact of foreign exchange	In Constant Currency	As reported	In Constant Currency
Toy Gross Product Sales	413.7	371.0	42.7	(2.8)	39.9	11.5 %	10.8 %
Sales Allowances	(53.0)	(48.9)	(4.1)	0.8	(3.3)	8.4 %	6.7 %
Toy Net Sales	360.7	322.1	38.6	(2.0)	36.6	12.0 %	11.4 %
Toy - Other Revenue	0.4	0.2	0.2	—	0.2	n.m.	n.m.
Toy Revenue	361.1	322.3	38.8	(2.0)	36.8	12.0 %	11.4 %
Entertainment Revenue	31.2	32.1	(0.9)	—	(0.9)	(2.8) %	(2.8) %
Digital Games Revenue	44.1	46.3	(2.2)	(0.3)	(2.5)	(4.8) %	(5.4) %
Revenue	436.4	400.7	35.7	(2.3)	33.4	8.9 %	8.3 %

Six Months Ended Jun 30,			\$ Change			% Change	
(US\$ millions)	2026	2025	As reported	Impact of foreign exchange	In Constant Currency	As reported	In Constant Currency
Toy Gross Product Sales	689.3	684.7	4.6	(9.8)	(5.2)	0.7 %	(0.8) %
Sales Allowances	(90.0)	(89.3)	(0.7)	2.7	2.0	0.8 %	(2.2) %
Toy Net Sales	599.3	595.4	3.9	(7.1)	(3.2)	0.7 %	(0.5) %
Toy - Other Revenue	2.7	0.6	2.1	—	2.1	n.m.	n.m.
Toy Revenue	602.0	596.0	6.0	(7.1)	(1.1)	1.0 %	(0.2) %
Entertainment Revenue	72.0	69.9	2.1	(0.1)	2.0	3.0 %	2.9 %
Digital Games Revenue	90.9	94.1	(3.2)	(1.9)	(5.1)	(3.4) %	(5.4) %
Revenue	764.9	760.0	4.9	(9.1)	(4.2)	0.6 %	(0.6) %

FORWARD-LOOKING STATEMENTS

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

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

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

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The forward-looking statements contained herein are made as of July 29, 2026 and 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.