Spin Master Reports Q3 2024 Financial Results
Q3 2024 Revenue increases 25%; Reiterates 2024 Outlook

Toronto, ON, October 30, 2024 - Spin Master Corp. (“Spin Master” or the “Company”) (TSX: TOY; www.spinmaster.com), a leading global children’s entertainment company, today announced its financial results for the three and nine months ended September 30, 2024. The Company's full Management’s Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2024 is available under the Company's profile on SEDAR+ (www.sedarplus.com) and posted on the Company’s web site at www.spinmaster.com. All financial information is presented in United States dollars ("$", "dollars" and "US$") and has been rounded to the nearest hundred thousand, except per share amounts and where otherwise indicated.

Consolidated Financial Highlights for Q3 2024 as compared to the same period in 2023

- Revenue was $885.7 million, an increase of 24.7% from $710.2 million, and includes Melissa & Doug Revenue of $155.0 million.
- Revenue by operating segment reflected an increase of 34.8% in Toys and declines of 41.5% in Entertainment and 16.8% in Digital Games.
- Toy Revenue was $810.9 million compared to $601.5 million. Toy Gross Product Sales[1] were $922.7 million, an increase of $244.1 million or 36.0% from $678.6 million, and includes Melissa & Doug Toy Gross Product Sales[1] of $182.3 million. Toy Gross Product Sales, excluding Melissa & Doug[1] were $740.4 million, an increase of $61.8 million or 9.1%.
- Operating income was $203.2 million compared to $197.2 million.
- Adjusted EBITDA[1] was $277.5 million, including Melissa & Doug Adjusted EBITDA[1] of $49.4 million, compared to $234.9 million, an increase of $42.6 million. Adjusted EBITDA Margin[1] was 31.3% compared to 33.1%. Adjusted EBITDA, excluding Melissa & Doug[1] was $228.1 million compared to $234.9 million. Included in Q3 2023 was distribution revenue of $15.6 million related to the initial delivery of *PAW Patrol: The Mighty Movie.* Excluding this distribution revenue, Adjusted EBITDA, excluding Melissa & Doug[1] increased by $8.8 million, driven by higher Toy Revenue, partially offset by fewer Entertainment content deliveries and a decrease in the Digital Games Segment. Adjusted EBITDA Margin, excluding Melissa & Doug[1] was 31.2%. Adjusted EBITDA Margin, excluding Melissa & Doug[1] and the accretive effect of *PAW Patrol: The Mighty Movie* distribution revenue in the prior year, decreased by 40 basis points. The decrease is due to a higher proportion of Adjusted EBITDA[1] contributed by the Toys Segment and a decrease in the Digital Games Segment.
- Net Income was $140.1 million or $1.32 per share (diluted) compared to $155.4 million or $1.45 per share (diluted).
- Adjusted Net Income[1] was $169.7 million or $1.60 per share (diluted) compared to $143.6 million or $1.34 per share (diluted).
- Achieved $3.1 million in Net Cost Synergies[2] and continues to expect to achieve approximately $6 million in Net Cost Synergies[2] in 2024.
- Cash provided by operating activities was $74.9 million compared to $144.3 million.
- Free Cash Flow[1] was $44.7 million compared to $118.9 million.
- Repurchased and cancelled 952,142 subordinate voting shares for $21.4 million (C$29.2 million) through the Company's Normal Course Issuer Bid (the "NCIB") program.
- Subsequent to September 30, 2024, the Company declared a quarterly dividend of C$0.12 per outstanding subordinate voting share and multiple voting share, payable on January 10, 2025.

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

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

“We are pleased with our revenue growth in third quarter, which was primarily driven by our Toys creative centre, including incremental revenue from Melissa & Doug,” said Max Rangel, Spin Master’s Global President & CEO. “Although the broader economic conditions remain a challenge, we generated toy sales growth across major markets reflecting our continued commitment to creating innovative products, powerful brands and magical play experiences. Both Entertainment and Digital Games revenue declined this quarter as a result of comparisons against the highly successful *PAW* Movie last year as well as lower in-game purchases in *Toca Boca World*. As part of our strategy of leveraging our IP across our creative centres, we launched *Rubik’s Match*, a match-3 mobile digital game. We believe we are well positioned to continue to grow market share and maintain our leadership position within the children’s entertainment industry through the execution of our long-term strategy and focus on reimagining everyday play.”

“We delivered revenue growth of 25% in the third quarter, driven by an increase in gross product sales in our Toys creative centre," said Mark Segal, Spin Master's Chief Financial Officer. "Melissa & Doug performed well, with revenue of $155 million and Adjusted EBITDA of $49 million. We are executing effectively on the integration, delivering $4.5 million in net cost synergies year to date and we are continuing to identify revenue growth opportunities. Adjusted EBITDA for the quarter was up just under $9 million comparatively, excluding Melissa & Doug and the *PAW* Movie in the prior year. We are maintaining our outlook for 2024 for both Spin Master and Melissa & Doug. We continued to execute our capital allocation strategy and by the end of Q3, we repurchased over 2 million shares under our NCIB. Over the long term, we will continue to invest to drive growth, while also managing our costs and preserving financial flexibility to maximize shareholder value."

2024 Outlook

The Company continues to expect for 2024:

- Toy Gross Product Sales, excluding Melissa & Doug[1] to be in line with 2023.
- Revenue, excluding Melissa & Doug[1], to be in line with 2023.
- Adjusted EBITDA Margin, excluding Melissa & Doug[1] and Net Cost Synergies[2] realized, to be in line with 2023.

Incrementally, the Company continues to expect for 2024:

- Melissa & Doug Toy Gross Product Sales[1] to be between $420 million to $430 million.
- Melissa & Doug Revenue to be between $370 million to $375 million.
- Melissa & Doug Adjusted EBITDA Margin[1] of approximately 19.5%.
- To achieve in addition approximately $6 million in Net Cost Synergies[2] towards the target of approximately $25 million to $30 million in Run-rate Net Cost Synergies[2] by the end of 2026.

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

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

Consolidated Financial Results as compared to the same period in 2023

Effective January 2, 2024, Melissa & Doug's operating results for the three months ended September 30, 2024 are included in the Company's consolidated results.

(US$ millions, except per share information)	Q3 2024	Q3 2023	$ Change
Consolidated Results			
Revenue[4]	$ 885.7	$ 710.2	$ 175.5
Operating Income	$ 203.2	$ 197.2	$ 6.0
Operating Margin[2]	22.9 %	27.8 %	
Adjusted Operating Income[1,3]	$ 243.4	$ 190.2	$ 53.2
Adjusted Operating Margin[1]	27.5 %	26.8 %	
Net Income	$ 140.1	$ 155.4	$ (15.3)
Adjusted Net Income[1,3]	$ 169.7	$ 143.6	$ 26.1
Adjusted EBITDA[1,3,4]	$ 277.5	$ 234.9	$ 42.6
Adjusted EBITDA Margin[1]	31.3 %	33.1 %	
Earnings Per Share ("EPS")			
Basic EPS	$ 1.36	$ 1.50	
Diluted EPS	$ 1.32	$ 1.45	
Adjusted Basic EPS[1]	$ 1.65	$ 1.39	
Adjusted Diluted EPS[1]	$ 1.60	$ 1.34	
Weighted average number of shares (in millions)			
Basic	103.0	103.6	
Diluted	105.9	107.3	
Selected Cash Flow Data			
Cash provided by operating activities	$ 74.9	$ 144.3	$ (69.4)
Cash used in investing activities	$ (30.2)	$ (25.1)	$ (5.1)
Cash used in financing activities	$ (88.5)	$ (8.4)	$ (80.1)
Free Cash Flow[1]	$ 44.7	$ 118.9	$ (74.2)

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

[2] Operating Margin is calculated as Operating Income divided by Revenue.

[3] Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details on the adjustments.

[4] Included in the operating results of the three months ended September 30, 2024 is Melissa & Doug Revenue of $155.0 million and Melissa & Doug Adjusted EBITDA[1] of $49.4 million.

The following summarizes the impact of Melissa & Doug's operating results on the three months ended September 30, 2024 consolidated results:

(US$ millions)	Q3 2024	Q3 2023
Revenue	885.7	710.2
Melissa & Doug Revenue	155.0	—
Revenue, excluding Melissa & Doug[1]	**730.7**	**710.2**
Toys Gross Product Sales[1]	922.7	678.6
Melissa & Doug Toy Gross Product Sales[1]	182.3	—
Toys Gross Product Sales, excluding Melissa & Doug[1]	**740.4**	**678.6**
Adjusted EBITDA[1]	277.5	234.9
Melissa & Doug Adjusted EBITDA[1]	49.4	—
Adjusted EBITDA, excluding Melissa & Doug[1]	**228.1**	**234.9**
Adjusted EBITDA Margin[1]	**31.3 %**	**33.1 %**
Adjusted EBITDA Margin, excluding Melissa & Doug[1]	**31.2 %**	**33.1 %**

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

Segmented Financial Results as compared to the same period in 2023

(US$ millions)	Q3 2024					Q3 2023				
	Toys	Entertainment	Digital Games	Corporate & Other[1]	Total	Toys	Entertainment	Digital Games	Corporate & Other[1]	Total
Revenue	$ 810.9	$ 37.1	$ 37.7	$ —	**$ 885.7**	$ 601.5	$ 63.4	$ 45.3	$ —	**$ 710.2**
Operating Income (Loss)	$ 183.5	$ 19.9	$ 5.1	$ (5.3)	**$ 203.2**	$ 149.0	$ 23.3	$ 13.6	$ 11.3	**197.2**
Adjusted Operating Income (Loss)[2]	$ 219.0	$ 20.9	$ 7.3	$ (3.8)	**$ 243.4**	$ 154.0	$ 24.0	$ 15.5	$ (3.3)	**$ 190.2**
Adjusted EBITDA[2]	$ 242.2	$ 30.0	$ 9.1	$ (3.8)	**$ 277.5**	$ 166.8	$ 53.8	$ 17.6	$ (3.3)	**$ 234.9**

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

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

Toys Segment Results

The following table provides a summary of the Toys segment operating results, for the three months ended September 30, 2024 and 2023:

(US$ millions)	Q3 2024	Q3 2023	$ Change	% Change
Preschool, Infant & Toddler and Plush[1]	$ 469.6	$ 301.4	$ 168.2	55.8 %
Activities, Games & Puzzles and Dolls & Interactive	$ 294.5	$ 218.7	$ 75.8	34.7 %
Wheels & Action	$ 152.9	$ 151.2	$ 1.7	1.1 %
Outdoor	$ 5.7	$ 7.3	$ (1.6)	(21.9)%
Toy Gross Product Sales[2,5]	**$ 922.7**	**$ 678.6**	**$ 244.1**	**36.0 %**
Sales Allowances[3]	$ (112.7)	$ (77.1)	$ (35.6)	46.2 %
Sales Allowances % of Toy Gross Product Sales[2]	*12.2 %*	*11.4 %*		0.8 %
Toy Net Sales	$ 810.0	$ 601.5	$ 208.5	34.7 %
Toy - Other Revenue	$ 0.9	$ —	$ 0.9	n.m.
Toy Revenue	**$ 810.9**	**$ 601.5**	$ 209.4	34.8 %
Toys Operating Income	$ 183.5	$ 149.0	$ 34.5	23.2 %
Toys Operating Margin[4]	22.6 %	24.8 %		(2.2)%
Toys Adjusted EBITDA[2]	$ 242.2	$ 166.8	$ 75.4	45.2 %
Toys Adjusted EBITDA Margin[2]	29.9 %	27.7 %		2.2 %

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

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

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

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

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

(US$ millions)	Q3 2024	Q3 2023	$ Change	% Change
Toy Revenue	810.9	601.5	209.4	34.8 %
Melissa & Doug Revenue	155.0	—	155.0	n.m.
Toy Revenue, excluding Melissa & Doug[1]	**655.9**	**601.5**	**54.4**	**9.0 %**
Toys Adjusted EBITDA[1]	242.2	166.8	75.4	45.2 %
Melissa & Doug Adjusted EBITDA[1]	49.4	—	49.4	n.m.
Toys Adjusted EBITDA, excluding Melissa & Doug[1]	**192.8**	**166.8**	**26.0**	**15.6 %**
Toys Adjusted EBITDA Margin[1]	**29.9 %**	**27.7 %**		
Toys Adjusted EBITDA Margin, excluding Melissa & Doug[1]	**29.4 %**	**27.7 %**		

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

- Toy Revenue increased by $209.4 million or 34.8% to $810.9 million.
- Toy Gross Product Sales[1] was $922.7 million, an increase of $244.1 million or 36.0% from $678.6 million, including Melissa & Doug Toy Gross Product Sales[1] of $182.3 million. Toy Gross Product Sales[1] increased primarily as a result of the inclusion of Melissa & Doug, higher shipment volume driven by enhanced product innovation and a shift of customer orders into the third quarter from the second quarter. Toy Gross Product Sales, excluding Melissa & Doug[1] was $740.4 million, an increase of $61.8 million or 9.1% from $678.6 million.
- Sales Allowances increased by $35.6 million to $112.7 million. As a percentage of Toy Gross Product Sales[1], Sales Allowances increased to 12.2% from 11.4%, due to retail trade promotions related to Melissa & Doug.
- Toys Operating income was $183.5 million compared to Toy Operating Income of $149.0 million.
- Toys Operating Margin was 22.6% compared to 24.8%.
- Toys Adjusted EBITDA Margin[1] was 29.9% compared to 27.7%. The increase in Toys Adjusted EBITDA Margin[1] was driven primarily by the higher Toy Revenue and the inclusion of Melissa & Doug, resulting in improved operating leverage.

Entertainment Segment Results

The following table provides a summary of Entertainment segment operating results, for the three months ended September 30, 2024 and 2023:

(US$ millions)	Q3 2024	Q3 2023	$ Change	% Change
Entertainment Revenue	$ 37.1	$ 63.4	$ (26.3)	(41.5)%
Entertainment Operating Income	$ 19.9	$ 23.3	$ (3.4)	(14.6)%
Entertainment Operating Margin	53.6 %	36.8 %		16.8 %
Entertainment Adjusted Operating Income[1]	$ 20.9	$ 24.0	$ (3.1)	(12.9)%
Entertainment Adjusted Operating Margin[1]	56.3 %	37.9 %		18.4 %

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

- Entertainment Revenue decreased by $26.3 million or 41.5% to $37.1 million, primarily due to fewer Entertainment content deliveries. Distribution revenue in Q3 2023 included the initial delivery of *PAW Patrol: The Mighty Movie* ($15.6 million) and the delivery of *Unicorn Academy*.
- Entertainment Operating Income decreased by $3.4 million or 14.6% to $19.9 million. Entertainment Operating Margin increased to 53.6% from 36.8%.
- Entertainment Adjusted Operating Income[1] decreased by $3.1 million or 12.9% to $20.9 million from $24.0 million, primarily due to fewer Entertainment content deliveries.
- Entertainment Adjusted Operating Margin[1] increased to 56.3% from 37.9%, primarily due to fewer Entertainment content deliveries.

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

Digital Games Segment Results

The following table provides a summary of Digital Games segment operating results, for the three months ended September 30, 2024 and 2023:

(US$ millions)	Q3 2024	Q3 2023	$ Change	% Change
Digital Games Revenue	$ 37.7	$ 45.3	$ (7.6)	(16.8)%
Digital Games Operating Income	$ 5.1	$ 13.6	$ (8.5)	(62.5)%
Digital Games Operating Margin	13.5 %	30.0 %		(16.5)%
Digital Games Adjusted Operating Income[1]	$ 7.3	$ 15.5	$ (8.2)	(52.9)%
Digital Games Adjusted Operating Margin[1]	19.4 %	34.2 %		(14.8)%

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

- Digital Games Revenue declined by $7.6 million or 16.8% to $37.7 million, due to lower in-game purchases in *Toca Boca World.* Despite continued strong consumer engagement, increased competition in the marketplace has led to lower in-game spending per user. The revenue decline in *Toca Boca World* was offset in part by growth in subscription revenue in both *Piknik* and *PAW Patrol Academy*.
- Digital Games Operating Income decreased by $8.5 million or 62.5% to $5.1 million. Digital Games Adjusted Operating Income[1] decreased by $8.2 million or 52.9% to $7.3 million from $15.5 million. Digital Games Operating Margin decreased from 30.0% to 13.5% and Digital Games Adjusted Operating Margin[1] decreased from 34.2% to 19.4%.
- The decrease in Digital Games Operating Income, Adjusted Operating Income[1], Operating Margin and Adjusted Operating Margin[1] was due to the decline in revenue and increased investments in marketing across the Digital Games portfolio.

Capitalization

The Company's Board of Directors declared a dividend of C$0.12 per outstanding subordinate voting share and multiple voting share, payable on January 10, 2025 to shareholders of record at the close of business on December 27, 2024. The dividend is designated to be an eligible dividend for purposes of section 89(1) of the *Income Tax Act* (Canada).

The weighted average basic and diluted shares outstanding as at September 30, 2024 were 103.6 million and 106.1 million, compared to 103.4 million and 105.3 million in the prior year, respectively.

During the nine months ended September 30, 2024, the Company repurchased and cancelled, through the Company's NCIB program, 2,063,723 (2023 - 397,700 shares) subordinate voting shares for $47.3 million (C$64.4 million) (2023 - $10.5 million). Subsequent to September 30, 2024, the Company repurchased and cancelled 265,900 subordinate voting shares for $6.3 million (C$8.5 million).

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

Forward-Looking Statements

Certain statements, other than statements of historical fact, contained in this Press Release constitute "forward-looking information" within the meaning of certain securities laws, including the Securities Act (Ontario), and are based on expectations, estimates and projections as of the date on which the statements are made in this Press Release. The words "plans", "expects", "projected", "estimated", "forecasts", "anticipates", "indicative", "intend", "guidance", "outlook", "potential", "prospects", "seek", "strategy", "targets" or "believes", or variations of such words and phrases or statements that certain future conditions, actions, events or results "will", "may", "could", "would", "should", "might" or "can", or negative versions thereof, "be taken", "occur", "continue" or "be achieved", and other similar expressions, identify statements containing forward-looking information. Statements of forward-looking information in this Press Release include, without limitation, statements with respect to: the acquisition of Melissa & Doug, including its expected impact on the Company's business, financial performance and creation of value; the Company's outlook for 2024; future financial performance and growth expectations, as well as the drivers and trends in respect thereof; the Company's priorities, plans and strategies; content, digital game and product pipeline and launches, as well as their impacts; deployment of cash; dividend policy and future dividends; financial position, cash flows, liquidity and financial performance, and the creation of long term shareholder value.

Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by management as of the date on which the statements are made in this Press Release, are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being incorrect. In addition to any factors and assumptions set forth above in this Press Release, the material factors and assumptions used to develop the forward-looking information include, but are not limited to: the Company will be able to successfully integrate the acquisition; the Company will be able to successfully expand its portfolio across new channels and formats, and internationally; achieve other expected benefits through this acquisition; management’s estimates and expectations in relation to future economic and business conditions and other factors in relation to the Company's financial performance in addition to the proposed transaction and resulting impact on growth in various financial metrics; the realization of the expected strategic, financial and other benefits of the proposed transaction in the timeframe anticipated; the absence of significant undisclosed costs or liabilities associated with the transactions; Melissa & Doug’s business will perform in line with the industry; there are no material changes to Melissa & Doug’s core customer base; Net Cost Synergies towards the target of approximately $25 million to $30 million in Run-rate Net Cost Synergies by the end of 2026; implementation of certain information technology systems and other typical acquisition related cost savings; the Company’s dividend payments being subject to the discretion of the Board of Directors and dependent on a variety of factors and conditions existing from time to time; seasonality; ability of factories to manufacture products, including labour size and allocation, tooling, raw material and component availability, ability to shift between product mix, and customer acceptance of delayed delivery dates; the steps taken will create long term shareholder value; the expanded use of advanced technology, robotics and innovation the Company applies to its products will have a level of success consistent with its past experiences; the Company will continue to successfully secure, maintain and renew broader licenses from third parties for premiere children's properties consistent with past practices, and the success of the licenses; the expansion of sales and marketing offices in new markets will increase the sales of products in that territory; the Company will be able to successfully identify and integrate strategic acquisition and minority investment opportunities; the Company will be able to maintain its distribution capabilities; the Company will be able to leverage its global platform to grow sales from acquired brands; the Company will be able to recognize and capitalize on opportunities earlier than its competitors; the Company will be able to continue to build and maintain strong, collaborative relationships; the Company will maintain its status as a preferred collaborator; the culture and business structure of the Company will support its growth; the current business strategies of the Company will continue to be desirable on an international platform; the Company will be able to expand its portfolio of owned branded intellectual property and successfully license it to third parties; use of advanced technology and robotics in the Company's products will expand; the Company will be able to continue to develop and distribute entertainment content in the form of movies, TV shows and short form content; the Company will be able to continue to design, develop and launch mobile digital games to be distributed globally via app stores; access of entertainment content on mobile platforms will expand; fragmentation of the market will continue to create acquisition opportunities; the Company will be able to maintain its relationships with its employees, suppliers, retailers and license partners; the Company will continue to attract qualified personnel to support its development requirements; the Company's key personnel will continue to be involved in the Company products, mobile digital games and entertainment properties will be launched as scheduled; and the availability of cash for dividends and that the risk factors noted in this Press Release, collectively, do not have a material impact on the Company.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. Known and unknown risk factors, many of which are beyond the control of the Company, could cause actual results to differ materially from the forward-looking information in this Press Release. Such risks and uncertainties include, without limitation, risks relating to the inability to successfully integrate the Melissa & Doug business; the potential failure to realize anticipated benefits from the proposed transaction; concentration of manufacturing and geopolitical risks; uncertainty and adverse changes in general economic conditions and consumer spending habits; and the factors discussed in the Company's disclosure materials, including the Annual or subsequent, most recent interim 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, including the expected performance of the Company. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

Conference call

Max Rangel, Global President and Chief Executive Officer and Mark Segal, Chief Financial Officer will host a conference call to discuss the financial results on Thursday, October 31, 2024 at 9:30 a.m. (ET).

The call-in numbers for participants are (437) 900-0527 or (888) 510-2154 . A live webcast of the call will be accessible via Spin Master's website at: http://www.spinmaster.com/events.php. Following the call, both an audio recording and transcript of the call will be archived on the same website page for 12 months.

About Spin Master

Spin Master Corp. (TSX:TOY) is a leading global children's entertainment company, creating exceptional play experiences through its three creative centres: Toys, Entertainment and Digital Games. With distribution in over 100 countries, Spin Master is best known for award-winning brands PAW Patrol®, Bakugan®, Kinetic Sand®, Air Hogs®, Melissa & Doug®, Hatchimals®, Rubik's Cube® and GUND®, and is the global toy licensee for other popular properties. Spin Master Entertainment creates and produces compelling multiplatform content, through its in-house studio and partnerships with outside creators, including the preschool franchise *PAW Patrol* and numerous other original shows, short-form series and feature films. The Company has an established presence in digital games, anchored by the Toca Boca® and Sago Mini® brands, offering open-ended and creative game and educational play in digital environments. Through Spin Master Ventures, the Company makes minority investments globally in emerging companies and start-ups. With 31 offices spanning nearly 20 countries, Spin Master employs approximately 3,000 team members globally. For more information visit spinmaster.com or follow-on Instagram, Facebook and Twitter @spinmaster.

For further information

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Spin Master Corp.

Condensed consolidated interim statements of financial position

(Unaudited, in US$ millions)	Sep 30, 2024	Dec 31, 2023
Assets		
Current assets		
Cash and cash equivalents	114.2	705.7
Trade receivables, net	643.5	414.4
Other receivables	56.5	60.0
Inventories, net	264.2	98.0
Income tax receivable	14.0	—
Prepaid expenses and other assets	46.2	40.9
	1,138.6	**1,319.0**
Non-current assets		
Intangible assets	835.3	281.3
Goodwill	381.4	165.9
Right-of-use assets	160.7	53.6
Property, plant and equipment	63.5	32.6
Deferred income tax assets	162.6	110.8
Other assets	36.5	26.5
	1,640.0	**670.7**
Total assets	**2,778.6**	**1,989.7**
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	528.6	385.4
Loans and borrowings	408.8	—
Provisions	24.7	32.1
Lease liabilities	28.3	11.4
Deferred revenue	11.2	11.0
Income tax payable	—	6.6
	1,001.6	**446.5**
Non-current liabilities		
Deferred income tax liabilities	217.6	59.1
Lease liabilities	125.9	50.7
Provisions	12.1	14.3
	355.6	**124.1**
Total liabilities	**1,357.2**	**570.6**
Shareholders' equity		
Share capital	768.0	783.4
Retained earnings	612.8	604.5
Contributed surplus	40.0	27.4
Accumulated other comprehensive income	0.6	3.8
Total shareholders' equity	**1,421.4**	**1,419.1**
Total liabilities and shareholders' equity	**2,778.6**	**1,989.7**

Spin Master Corp.

Condensed consolidated interim statements of earnings and comprehensive income

(Unaudited, in US$ millions, except earnings per share)	Q3 2024	Q3 2023	Nine Months Ended Sep 30, 2024	2023
Revenue	885.7	710.2	1,613.9	1,402.3
Cost of sales	416.4	323.3	788.5	625.9
Gross Profit	**469.3**	**386.9**	**825.4**	**776.4**
Expenses				
Selling, general and administrative	247.0	202.1	645.0	530.9
Depreciation and amortization	18.7	6.0	53.8	18.3
Other expense, net	1.6	0.8	5.0	5.2
Foreign exchange (gain) loss, net	(1.2)	(19.2)	3.2	(3.5)
Operating Income	**203.2**	**197.2**	**118.4**	**225.5**
Interest income	(1.0)	(7.2)	(3.4)	(20.4)
Interest expense	14.4	4.8	39.4	11.2
Income before income tax expense	**189.8**	**199.6**	**82.4**	**234.7**
Income tax expense	49.7	44.2	21.6	53.2
Net Income	**140.1**	**155.4**	**60.8**	**181.5**
Earnings per share				
Basic	1.36	1.50	0.59	1.75
Diluted	1.32	1.45	0.57	1.72
Weighted average number of shares (in millions)				
Basic	103.0	103.6	103.6	103.4
Diluted	105.9	107.3	106.1	105.3

(Unaudited, in US$ millions)	Q3 2024	Q3 2023	Nine Months Ended Sep 30, 2024	2023
Net Income	140.1	155.4	60.8	181.5
Items that may be subsequently reclassified to Net Income				
Foreign currency translation gain (loss)	5.7	(30.5)	(3.2)	(10.2)
Other comprehensive income (loss)	**5.7**	**(30.5)**	**(3.2)**	**(10.2)**
Total comprehensive income	**145.8**	**124.9**	**57.6**	**171.3**

Spin Master Corp.

Condensed consolidated interim statements of cash flows

(Unaudited, in US$ millions)	Nine Months Ended Sep 30, 2024	2023
Operating activities		
Net Income	60.8	181.5
Adjustments to reconcile net income to cash provided by operating activities		
Income tax expense	21.6	53.2
Interest expense	29.3	—
Interest income	(3.4)	(20.4)
Depreciation and amortization	102.5	88.4
Loss on disposal of non-current assets	0.1	1.0
Accretion expense	8.1	3.9
Amortization of Facility fee costs	1.0	0.3
Gain on investment in limited partnership, net	0.3	(0.3)
Impairment of non-current assets	2.2	3.6
Loss on minority interest and other investments	0.5	—
Unrealized foreign exchange loss, net	3.8	8.3
Share-based compensation expense	22.4	15.4
Net changes in non-cash working capital	(101.9)	(131.9)
Net change in non-cash provisions and other assets	(22.5)	(0.7)
Fair value adjustment on inventory sold	66.3	—
Income taxes paid	(50.7)	(64.1)
Income taxes received	4.1	0.6
Interest (paid) received	(19.9)	20.3
Cash provided by operating activities	**124.6**	**159.1**
Investing activities		
Investment in property, plant and equipment	(25.1)	(22.3)
Investment in intangible assets	(60.0)	(61.5)
Business acquisitions, net of cash acquired	(952.9)	(26.5)
Investment distribution income	—	0.3
Minority interest and other investments	—	(2.0)
Cash used in investing activities	**(1,038.0)**	**(112.0)**
Financing activities		
Proceeds from loans and borrowings	525.0	—
Repayment of loans and borrowings	(115.0)	—
Payment of lease liabilities	(28.4)	(11.4)
Dividends paid	(18.3)	(14.0)
Change in restricted cash	3.1	—
Repurchase of subordinate voting shares	(46.7)	(10.5)
Cash provided by (used in) financing activities	**319.7**	**(35.9)**
Effect of foreign currency exchange rate changes on cash	2.1	(4.8)
Net decrease in cash during the period	**(591.5)**	**6.4**
Cash, beginning of period	705.7	644.3
Cash, end of period	**114.2**	**650.7**

Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures

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

- Toy Gross Product Sales
- Melissa & Doug Toy Gross Product Sales
- Toy Revenue, excluding Melissa & Doug
- Revenue, excluding Melissa & Doug
- Adjusted EBITDA
- Melissa & Doug Adjusted EBITDA
- Toys Adjusted EBITDA
- Entertainment Adjusted EBITDA
- Digital Games Adjusted EBITDA
- Adjusted Operating Income (Loss)
- Toys Adjusted Operating Income (Loss)
- Entertainment Adjusted Operating Income (Loss)
- Digital Games Adjusted Operating Income (Loss)
- Adjusted Net Income (Loss)
- Free Cash Flow
- Adjusted EBITDA, excluding Melissa & Doug
- Toys Adjusted EBITDA, excluding Melissa & Doug
- Toy Gross Product Sales, excluding Melissa & Doug

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

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

- Adjusted EBITDA Margin
- Melissa & Doug Adjusted EBITDA Margin
- Toys Adjusted EBITDA Margin
- Entertainment Adjusted EBITDA Margin
- Digital Games Adjusted EBITDA Margin
- Toys Adjusted Operating Margin
- Entertainment Adjusted Operating Margin
- Digital Games Adjusted Operating Margin
- Adjusted Operating Margin
- Adjusted Basic EPS
- Adjusted Diluted EPS
- Sales Allowance as a percentage of Toy Gross Product Sales
- Adjusted EBITDA Margin, excluding Melissa & Doug
- Toys Adjusted EBITDA Margin, excluding Melissa & Doug

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

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

- Net Cost Synergies
- Run-rate Net Cost Synergies

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

Non-GAAP Financial Measures

Toy Gross Product Sales represent Toy Revenue, excluding the impact of Sales Allowances. As Sales Allowances are generally not associated with individual products, the Company uses Toy Gross Product Sales to provide meaningful comparisons across product categories and geographical results to highlight trends in Spin Master's business. For a reconciliation of Toy Gross Product Sales to Revenue, the closest IFRS measure, refer to the revenue tables for the three and nine months ended September 30, 2024, as compared to the same period in 2023 in this Press Release.

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

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

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

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

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

Toys Adjusted EBITDA is calculated as Toy Operating Income (Loss) before interest income and interest expense and depreciation and amortization (EBITDA) excluding adjustments that do not necessarily reflect the Company's underlying financial performance. These adjustments include restructuring and other related costs, foreign exchange gains or losses, share based compensation expenses, acquisition related contingent consideration, impairment of intangible assets, impairment of goodwill, investment distribution income, loss on Minority interest and other investments, acquisition related deferred incentive compensation, net unrealized gain or loss on investment, impairment of property, plant and equipment, legal settlement, transaction cost and gain on disposal of asset. Toys Adjusted EBITDA is used by management as a

measure of the Company's profitability. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Toys Operating Income (Loss), the closest IFRS measure.

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

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

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

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

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

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

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

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

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

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

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

Non-GAAP Financial Ratios

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

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

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

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

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

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

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

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

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

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

Adjusted Basic EPS is calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares outstanding during the period. Adjusted Diluted EPS is calculated by dividing Adjusted Net Income (Loss) by the weighted average number of common 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 Allowance as a percentage of Toy Gross Product Sales to identify and compare the cost of doing business with individual retailers, different geographic markets and amongst various distribution channels.

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

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

Supplementary Financial Measures

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

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

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of Operating Income to Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and cash used in operating activities and investing activities to Free Cash Flow for the three months ended September 30, 2024 and 2023:

(in US$ millions)	Q3 2024	Q3 2023	$ Change	% Change
Operating Income	**203.2**	**197.2**	**6.0**	**3.0 %**
Adjustments:				
Fair value adjustment for inventories acquired[1]	21.5	—	21.5	n.m.
Share based compensation[2]	9.3	5.1	4.2	82.4 %
Transaction and integration costs[3]	3.9	5.2	(1.3)	(25.0)%
Restructuring and other related costs[4]	2.7	0.8	1.9	237.5 %
Amortization of intangible assets acquired[5]	1.8	—	1.8	n.m.
Acquisition related deferred incentive compensation[6]	0.9	1.8	(0.9)	(50.0)%
Net unrealized loss (gain) on investment[7]	0.4	—	0.4	n.m.
Acquisition related contingent consideration[8]	0.4	—	0.4	n.m.
Legal settlement expense (recovery)	0.4	(0.7)	1.1	(157.1)%
Impairment of property, plant and equipment[9]	0.1	—	0.1	n.m.
Impairment of intangible assets[10]	—	0.2	(0.2)	(100.0)%
Net realized gain on investment[11]	—	(0.2)	0.2	(100.0)%
Foreign exchange gain[12]	(1.2)	(19.2)	18.0	(93.8)%
Adjusted Operating Income	**243.4**	**190.2**	**53.2**	**28.0 %**
Depreciation and amortization[13]	34.1	44.7	(10.6)	(23.7)%
Adjusted EBITDA	**277.5**	**234.9**	**42.6**	**18.1 %**
Income tax expense	(49.7)	(44.2)	(5.5)	12.4 %
Interest (expense) income	(13.4)	2.4	(15.8)	(658.3)%
Depreciation and amortization[12]	(34.1)	(44.7)	10.6	(23.7)%
One-time income tax recovery	—	(6.6)	6.6	(100.0)%
Tax effect of normalization adjustments[14]	(10.6)	1.8	(12.4)	(688.9)%
Adjusted Net Income	**169.7**	**143.6**	**26.1**	**18.2 %**
Cash provided by operating activities	74.9	144.3	(69.4)	(48.1)%
Cash used in investing activities	(30.2)	(25.1)	(5.1)	20.3 %
Add:				
Cash (used in) provided by business acquisitions, asset acquisitions, investment in limited partnership, investment in associate and Minority interest and other investments, net of investment distribution income	—	(0.3)	0.3	(100.0)%
Free Cash Flow	**44.7**	**118.9**	**(74.2)**	**(62.4)%**

[1] Relates to fair value adjustment to Melissa & Doug inventory recorded as part of the acquisition on January 2, 2024.
[2] Related to non-cash expenses associated with the Company's long-term incentive plan and the mark to market (gain)/loss related to DSUs.
[3] Professional fees and integration costs incurred relating to acquisitions (including Melissa & Doug), including $(1.0) million of transaction costs.
[4] Restructuring expense in the prior year primarily relates to changes in personnel.
[5] Relates to the amortization of intangible assets acquired with Melissa & Doug.
[6] Deferred incentive compensation associated with acquisitions.
[7] Net unrealized loss (gain) related to investment in limited partnership and minority interest and investments.
[8] Recovery associated with contingent consideration for acquisitions.
[9] Impairment of property plant and equipment related to tooling.
[10] Impairment of intangible assets related to content development projects.
[11] Net realized gain related to investment in limited partnership.
[12] Includes foreign exchange losses (gains) generated by the translation and settlement of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and losses (gains) related to the Company's hedging programs.
[13] Depreciation and amortization for the calculation of Adjusted EBITDA excludes $1.8 million of amortization of intangible assets acquired with Melissa & Doug.
[14] Tax effect of adjustments (Footnotes 1-11). Adjustments are tax effected at the effective tax rate of the given period.

Segment Results

The Company's results from operations by reportable segment for the three months ended September 30, 2024 and 2023 are as follows:

(US$ millions)	Q3 2024					Q3 2023				
	Toys	Entertainment	Digital Games	Corporate & Other[1]	Total	Toys	Entertainment	Digital Games	Corporate & Other[1]	Total
Revenue	**810.9**	**37.1**	**37.7**	**—**	**885.7**	**601.5**	**63.4**	**45.3**	**—**	**710.2**
Operating Income (Loss)	**183.5**	**19.9**	**5.1**	**(5.3)**	**203.2**	**149.0**	**23.3**	**13.6**	**11.3**	**197.2**
Adjusting items:										
Fair value adjustment for inventories acquired[2]	21.5	—	—	—	21.5	—	—	—	—	—
Share based compensation	6.6	0.5	1.1	1.1	9.3	3.7	0.4	0.7	0.3	5.1
Transaction and integration costs[3]	2.7	—	—	1.2	3.9	—	—	—	5.2	5.2
Restructuring and other related costs	2.0	0.1	0.6	—	2.7	0.6	0.1	0.1	—	0.8
Amortization of intangible assets acquired	1.8	—	—	—	1.8	—	—	—	—	—
Acquisition related deferred incentive compensation	0.4	—	0.5	—	0.9	0.7	—	1.1	—	1.8
Net unrealized loss on investment	—	—	—	0.4	0.4	—	—	—	—	—
Legal settlement expense (recovery)	—	0.4	—	—	0.4	—	—	—	(0.7)	(0.7)
Acquisition related contingent consideration	0.4	—	—	—	0.4	—	—	—	—	—
Impairment of property, plant and equipment	0.1	—	—	—	0.1	—	—	—	—	—
Impairment of intangible assets	—	—	—	—	—	—	0.2	—	—	0.2
Net realized gain on investment	—	—	—	—	—	—	—	—	(0.2)	(0.2)
Foreign exchange gain	—	—	—	(1.2)	(1.2)	—	—	—	(19.2)	(19.2)
Adjusted Operating Income (Loss)[4]	**219.0**	**20.9**	**7.3**	**(3.8)**	**243.4**	**154.0**	**24.0**	**15.5**	**(3.3)**	**190.2**
Adjusted Operating Margin[4]	**27.0%**	**56.3%**	**19.4%**	**n.m.**	**27.5%**	**25.6%**	**37.9%**	**34.2%**	**n.m.**	**26.8%**
Depreciation and amortization[5]	23.2	9.1	1.8	—	34.1	12.8	29.8	2.1	—	44.7
Adjusted EBITDA[4]	**242.2**	**30.0**	**9.1**	**(3.8)**	**277.5**	**166.8**	**53.8**	**17.6**	**(3.3)**	**234.9**
Adjusted EBITDA Margin[4]	**29.9%**	**80.9%**	**24.1%**	**n.m.**	**31.3%**	**27.7%**	**84.9%**	**38.9%**	**n.m.**	**33.1%**

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

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

[3] Professional fees and integration costs incurred relating to acquisitions, including $(1.0) million of transaction cost recovery for the acquisition of Melissa and Doug.

[4] Non-GAAP financial measure or ratio. See "Non-GAAP Financial Measures and Ratios".

[5] Depreciation and amortization for the calculation of adjusted EBITDA excludes $1.8 million (Q3 2023 - $nil) of amortization of intangible assets acquired with Melissa & Doug.

The following table presents a reconciliation of Melissa & Doug's Operating Income to Adjusted EBITDA for the three months ended September 30, 2024:

(US$ millions)	Q3 2024
Melissa & Doug Toy Gross Product Sales	182.3
Melissa & Doug Sales Allowance	(27.3)
Melissa & Doug Revenue	**155.0**
Melissa & Doug Operating Income	**37.4**
Depreciation and amortization	5.9
Melissa & Doug EBITDA	**43.3**
Adjustments[1]	6.1
Melissa & Doug Adjusted EBITDA	**49.4**
Melissa & Doug Adjusted EBITDA Margin	**31.9 %**

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

The following table presents a reconciliation of Revenue to Revenue, excluding Melissa & Doug, Toy Gross Product Sales to Toy Gross Product Sales, excluding Melissa & Doug, Consolidated Adjusted EBITDA to Adjusted EBITDA, excluding Melissa & Doug, Toy Revenue to Toy Revenue, excluding Melissa & Doug, and Toys Adjusted EBITDA to Toys Adjusted EBITDA, excluding Melissa & Doug for the three months ended September 30, 2024:

(US$ millions)	Q3 2024	Q3 2023	$ Change	% Change
Revenue	885.7	710.2	175.5	24.7 %
Melissa & Doug Revenue	155.0	—	155.0	n.m.
Revenue, excluding Melissa & Doug	**730.7**	**710.2**	**20.5**	**2.9 %**
Toys Gross Product Sales	922.7	678.6	244.1	36.0 %
Melissa & Doug Toy Gross Product Sales	182.3	—	182.3	n.m.
Toys Gross Product Sales, excluding Melissa & Doug	**740.4**	**678.6**	**61.8**	**9.1 %**
Adjusted EBITDA	277.5	234.9	42.6	18.1 %
Melissa & Doug Adjusted EBITDA	49.4	—	49.4	n.m.
Adjusted EBITDA, excluding Melissa & Doug	**228.1**	**234.9**	**(6.8)**	**(2.9)%**
Adjusted EBITDA Margin, excluding Melissa & Doug	**31.2 %**	**33.1 %**		
Toy Revenue	810.9	601.5	209.4	34.8 %
Melissa & Doug Revenue	155.0	—	155.0	n.m.
Toy Revenue, excluding Melissa & Doug	**655.9**	**601.5**	**54.4**	**9.0 %**
Toys Adjusted EBITDA	242.2	166.8	75.4	45.2 %
Toys Adjusted EBITDA Margin	**29.9 %**	**27.7 %**		
Toys Adjusted EBITDA, excluding Melissa & Doug	192.8	166.8	26.0	15.6 %
Toys Adjusted EBITDA Margin, excluding Melissa & Doug	**29.4 %**	**27.7 %**		

ADDENDUM

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

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

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