

Spin Master Reports Q3 2022 Financial Results

TORONTO, Nov. 2, 2022 /CNW/ - 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, 2022. The Company's full Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2022 is available under the Company's profile on SEDAR (www.sedar.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.

"We remain committed to our long-term growth strategy through the development of innovative toys, engaging, multiplatform entertainment content and creative, open-ended digital game experiences," said Max Rangel, Spin Master's Global President & CEO. "While our year-to-date growth has outpaced the toy industry globally, our revenue this quarter was affected by the pull forward of toy shipments into the second quarter, and by the challenging macroeconomic factors affecting consumers. Our team is excited to bring our magical experiences to children and their families this holiday season and we firmly believe that the power of our innovative toy portfolio, diversified entertainment pipeline and suite of digital games will drive solid results. As we look forward to 2023 and beyond, we will continue to allocate capital to grow the business over the long term by leveraging the strength, diversity and depth of our innovative brands, entertainment franchises and digital games, as well as M&A, to maximize shareholder value."

"As expected, revenue growth in the third quarter was a difficult comparison due to the shift of customer shipments into the second quarter this year, a decline in digital games revenue and from *PAW Patrol: The Movie* Distribution Revenue recognized in the prior year. Despite this revenue decline, gross margin across our creative centres was up," said Mark Segal, Spin Master's Chief Financial Officer. "We will continue to balance investments designed to deliver on our long-term strategy while also effectively managing our costs. Despite our lowered expectations for the year, we remain confident in our ability to execute with high levels of operational discipline and navigate retailer and consumer dynamics to deliver profitable growth for 2022. Our balance sheet and liquidity position remains very strong and we are pleased to announce a quarterly dividend, following our inaugural dividend last quarter."

Consolidated Financial Highlights for Q3 2022 as compared to the same period in 2021

- Revenue was \$624.0 million, a decrease of 12.7% from \$714.5 million. Constant Currency Revenue¹ was \$643.7 million, a decrease of 9.9%, from \$714.5 million.
 - Excluding *PAW Patrol: The Movie* Distribution Revenue in the prior year, Constant Currency Revenue¹, decreased by 6.5%.
- Revenue by segment declined by 9.1%, 30.1%, 35.7% in Toys, Entertainment and Digital Games, respectively.
- Operating Income was \$187.4 million compared to \$179.5 million.
- Operating Margin was 30.0% compared to 25.1%.
- Adjusted Operating Income¹ was \$151.8 million compared to \$175.6 million.
- Adjusted Operating Margin¹ was 24.3% compared to 24.6%.
- Adjusted EBITDA¹ was \$167.6 million compared to \$217.3 million. Excluding \$26.0 million of *PAW Patrol: The Movie* Distribution Revenue, Adjusted EBITDA¹ in the prior year was \$191.3 million.
- Adjusted EBITDA Margin¹ was 26.9% compared to 30.4%. Excluding *PAW Patrol: The Movie* Distribution Revenue, Adjusted EBITDA Margin¹ in the prior year was 27.8%.
- Cash provided by operating activities was \$207.4 million compared to \$85.8 million.
- Free Cash Flow¹ was \$175.3 million compared to \$65.8 million.
- Unutilized liquidity of \$1,184.5 million, comprised of \$674.9 million in cash and cash equivalents and \$509.6 million under the Company's credit facilities.
- During the quarter, the Company acquired certain assets from SolidRoots LLC, a creator of family board games. This acquisition is expected to complement the Company's existing board games offering and has been reported in the Toys segment.
- During the quarter, the Company completed the acquisition of Nördlight Games AB, a digital game studio based in Sweden, which was initially a minority investment through the Spin Master Ventures initiative in 2021. This acquisition supports the Company's plans to grow revenue and penetration within the Company's Digital Games segment.
- Subsequent to quarter end, the Company declared a quarterly dividend of C\$0.06 per outstanding subordinate voting share and multiple voting share in respect of the fourth quarter of 2022.
- Company updates 2022 full year guidance.

Consolidated Financial Highlights for the Nine Months Ended September 30, 2022 as compared to the same period in 2021

- Revenue was \$1,554.5 million, an increase of 9.3% from \$1,421.9 million. Constant Currency Revenue¹ increased by 11.7% to \$1,588.0 million from \$1,421.9 million.
 - Excluding *PAW Patrol: The Movie* Distribution Revenue in the prior year, Constant Currency Revenue¹, increased by 13.8%.
- The increase in Revenue was driven by growth in Toy revenue of 12.7% and Digital Games revenue of 1.0%, offset by a decrease in Entertainment revenue of 18.4% primarily due to lower distribution revenue related to *PAW Patrol: The Movie* of \$26.0 million, delivered in the prior year, offset by higher licensing and merchandising revenue in the current year.
- Operating Income was \$367.3 million compared to \$233.1 million.
- Operating Margin was 23.6% compared to 16.4%.
- Adjusted Operating Income¹ was \$326.7 million compared to \$246.9 million.
- Adjusted Operating Margin¹ was 21.0% compared to 17.4%.
- Adjusted EBITDA¹ was \$377.0 million compared to \$335.8 million. Excluding \$26.0 million of *PAW Patrol: The Movie* Distribution Revenue, Adjusted EBITDA¹ in the prior year was \$309.8 million.
- Adjusted EBITDA Margin¹ was 24.3% compared to 23.6%. Excluding *PAW Patrol: The Movie* Distribution Revenue, Adjusted EBITDA Margin¹ in the prior period was 22.2%.
- Cash provided by operating activities was \$256.1 million compared to \$189.0 million.
- Free Cash Flow¹ was \$180.0 million compared to \$128.3 million.

Consolidated Financial Results as compared to the same period in 2021

(US\$ millions, except per share information)			Nine Months Ended Sep 30		
	Q3 2022	Q3 2021	\$ Change	2022	2021
					\$ Change

Consolidated Results						
Revenue	\$ 624.0	\$ 714.5	\$ (90.5)	\$ 1,554.5	\$ 1,421.9	\$ 132.6
Operating Income	\$ 187.4	\$ 179.5	\$ 7.9	\$ 367.3	\$ 233.1	\$ 134.2
Operating Margin	30.0 %	25.1 %		23.6 %	16.4 %	
Adjusted Operating Income ^{1,2,3}	\$ 151.8	\$ 175.6	\$ (23.8)	\$ 326.7	\$ 246.9	\$ 79.8
Adjusted Operating Margin ¹	24.3 %	24.6 %		21.0 %	17.4 %	
Net Income	\$ 141.4	\$ 135.4	\$ 6.0	\$ 275.1	\$ 172.1	\$ 103.0
Adjusted Net Income ^{1,2,3}	\$ 114.4	\$ 132.6	\$ (18.2)	\$ 244.3	\$ 182.6	\$ 61.7
Adjusted EBITDA ^{1,2,3}	\$ 167.6	\$ 217.3	\$ (49.7)	\$ 377.0	\$ 335.8	\$ 41.2
Adjusted EBITDA Margin ¹	26.9 %	30.4 %		24.3 %	23.6 %	
Earnings Per Share ("EPS")						
Basic EPS	\$ 1.37	\$ 1.32		\$ 2.67	\$ 1.68	
Diluted EPS	\$ 1.33	\$ 1.29		\$ 2.59	\$ 1.64	
Adjusted Basic EPS ¹	\$ 1.11	\$ 1.30		\$ 2.37	\$ 1.78	
Adjusted Diluted EPS ¹	\$ 1.08	\$ 1.26		\$ 2.30	\$ 1.74	
Cash Flow Data						
Cash provided by operating activities	\$ 207.4	\$ 85.8	\$ 121.6	\$ 256.1	\$ 189.0	\$ 67.1
Cash used in investing activities	\$ (42.3)	\$ (22.7)	\$ (19.6)	\$ (81.0)	\$ (133.6)	\$ 52.6
Free Cash Flow ¹	\$ 175.3	\$ 65.8	\$ 109.5	\$ 180.0	\$ 128.3	\$ 51.7

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

² Adjustments for Q3 2022 include Foreign exchange gain of \$43.5 million (2021 - gain of \$10.8 million) due to fluctuations in currency exchange rates primarily in the Canadian dollar, as well as, Swedish krona, Euro and Great Britain pound sterling, Share based compensation of \$4.3 million (2021 - \$4.1 million), Restructuring and other related costs of \$nil (2021 - \$0.4 million), Acquisition related deferred incentive compensation of \$2.8 million (2021 - \$2.7 million), Acquisition related contingent consideration of \$0.5 million (2021 - \$nil) and Transaction costs of \$0.3 million (2021 - \$0.1 million). Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details.

³ Adjustments for the nine months ended September 30, 2022 include Foreign exchange gain of \$66.2 million (2021 - gain of \$2.2 million) due to fluctuations in currency exchange rates, primarily in the Canadian dollar, as well as, Swedish krona, Euro and Great Britain pound sterling, Share based compensation of \$12.9 million (2021 - \$11.3 million), Restructuring and other related costs of \$5.1 million (2021 - \$1.1 million) and Acquisition related deferred incentive compensation of \$8.1 million (2021 - \$4.2 million). Refer to the "Reconciliation of Non-GAAP Financial Measures" section for further details.

Segmented Financial Results as compared to the same period in 2021

(US\$ millions)	Q3 2022					Q3 2021				
	Toys	Entertainment	Digital Games	Corporate & Other ¹	Total	Toys	Entertainment	Digital Games	Corporate & Other ¹	Total
Revenue	\$ 552.4	\$ 37.0	\$ 34.6	\$ —	\$ 624.0	\$ 607.8	\$ 52.9	\$ 53.8	\$ —	\$ 714.5
Operating Income	\$ 109.4	\$ 28.9	\$ 8.2	\$ 40.9	\$ 187.4	\$ 128.0	\$ 18.2	\$ 24.2	\$ 9.1	\$ 179.5
Adjusted Operating Income ²	\$ 115.3	\$ 29.2	\$ 10.0	\$ (2.7)	\$ 151.8	\$ 133.1	\$ 18.3	\$ 26.0	\$ (1.8)	\$ 175.6
Adjusted EBITDA ²	\$ 126.9	\$ 31.7	\$ 11.7	\$ (2.7)	\$ 167.6	\$ 146.5	\$ 45.2	\$ 27.4	\$ (1.8)	\$ 217.3

¹ Corporate & Other includes certain corporate costs, foreign exchange and merger and acquisition-related costs, as well as fair value gains and losses and distribution income on Minority interest and other investments.

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

Toys Segment Results

The following table provides a summary of Toys segment operating results, for the three months ended September 30, 2022 and 2021:

(US\$ millions)	Q3 2022	Q3 2021	\$ Change
Preschool and Dolls & Interactive ¹	\$ 284.7	\$ 311.0	\$ (26.3)
Activities, Games & Puzzles and Plush	\$ 175.6	\$ 195.8	\$ (20.2)
Wheels & Action ¹	\$ 145.3	\$ 153.8	\$ (8.5)
Outdoor ²	\$ 12.1	\$ 20.6	\$ (8.5)
Toy Gross Product Sales ³	\$ 617.7	\$ 681.2	\$ (63.5)
Sales Allowances ⁴	\$ (65.3)	\$ (73.4)	\$ 8.1
Toy revenue	\$ 552.4	\$ 607.8	\$ (55.4)
Operating Income	\$ 109.4	\$ 128.0	\$ (18.6)
Operating Margin⁵	19.8 %	21.1 %	
Adjusted EBITDA³	\$ 126.9	\$ 146.5	\$ (19.6)
Adjusted EBITDA Margin³	23.0 %	24.1 %	

¹ Effective Q4 2021, the "Preschool and Girls" product category was renamed "Preschool and Dolls & Interactive", and the "Boys" product category was renamed "Wheels & Action".

² Outdoor includes \$2.9 million in Q3 2021 related to certain brands associated with divestiture of manufacturing assets in Q1 2022.

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

⁴ 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.

⁵ Operating Margin is calculated as segment Operating Income divided by segment Revenue.

- Toy revenue decreased by \$55.4 million or 9.1% to \$552.4 million.
- Toy Gross Product Sales decreased by \$63.5 million or 9.3%, to \$617.7 million from \$681.2 million. Constant Currency Toy Gross Product Sales¹ decreased by \$40.7 million or 6.0% to \$640.5 million, down from \$681.2 million.
- The decline in Toy revenue and Toy Gross Product Sales was driven by the acceleration of customer shipments in the second quarter due to anticipated global logistics and supply chain issues.
- Operating Margin was 19.8% compared to 21.1%.
- Adjusted EBITDA Margin¹ was 23.0% compared to 24.1%.
- The decrease in Operating Margin and Adjusted EBITDA Margin¹ was driven by higher administrative and marketing expenses as a percentage of revenue, due to lower revenue in the current quarter. This was partially offset by improved gross margin from changes in product mix and price increases implemented to offset inflation on product costs and ocean freight.

Entertainment Segment Results

The following table provides a summary of Entertainment segment operating results, for the three months ended September 30, 2022 and 2021:

(US\$ millions)	Q3 2022	Q3 2021	\$ Change
Entertainment revenue ¹	\$ 37.0	\$ 52.9	\$ (15.9)
Operating Income	\$ 28.9	\$ 18.2	\$ 10.7
Operating Margin	78.1 %	34.4 %	
Adjusted Operating Income ²	\$ 29.2	\$ 18.3	\$ 10.9
Adjusted Operating Margin ²	78.9 %	34.6 %	

¹ Entertainment revenue includes \$26.0 million in Q3 2021 related to revenue for *PAW Patrol: The Movie*.

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

- Entertainment revenue decreased by \$15.9 million or 30.1% to \$37.0 million, primarily due to lower distribution revenue related to *PAW Patrol: The Movie* of \$26.0 million, delivered in the prior year, offset by higher licensing and merchandising revenue in the current year.
- Operating Margin was 78.1% compared to 34.4%. Excluding *PAW Patrol: The Movie* in the prior period, Operating Margin was 56.5%.
- Adjusted Operating Margin¹ was 78.9% compared to 34.6%. Excluding *PAW Patrol: The Movie* in the prior period, Adjusted Operating Margin was 56.9%.
- The increase in Operating Margin and Adjusted Operating Margin¹ was driven primarily by the dilutive effect of *PAW Patrol: The Movie* (distribution revenue less amortization of content development costs) in the prior year, as well as higher licensing and merchandising revenue in the current year.

Digital Games Segment Results

The following table provides a summary of Digital Games segment operating results, for the three months ended September 30, 2022 and 2021:

(US\$ millions)	Q3 2022	Q3 2021	\$ Change
Digital Games revenue	\$ 34.6	\$ 53.8	\$ (19.2)
Operating Income	\$ 8.2	\$ 24.2	\$ (16.0)
Operating Margin	23.7 %	45.0 %	
Adjusted Operating Income ¹	\$ 10.0	\$ 26.0	\$ (16.0)
Adjusted Operating Margin ¹	28.9 %	48.3 %	

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

- Digital Games revenue decreased by \$19.2 million or 35.7% to \$34.6 million due to lower in-app purchases in *Toca Life World*. Constant Currency Digital Games Revenue¹ decreased by \$17.6 million or 32.7% to \$36.2 million, down from \$53.8 million.
- Operating Margin was 23.7% compared to 45.0%. Adjusted Operating Margin¹ was 28.9% compared to 48.3%. The decreases to Operating Margin and Adjusted Operating Margin were due to lower revenue from in-app purchases in *Toca Life World*, higher product development and personnel costs related to the investment in future products.

Outlook

The Company now expects 2022 Toy Gross Product Sales, in constant currency¹, to increase low single digits compared to 2021, as compared to low double digits announced on July 27, 2022.

The Company now expects 2022 Revenue, in constant currency¹, to increase low single digits compared to 2021 Revenue, excluding *PAW Patrol: The Movie* Distribution Revenue¹ of \$26.0 million, as compared to low double digits announced on July 27, 2022.

The Company now expects 2022 Adjusted EBITDA Margin¹ to be slightly below 2021 Adjusted EBITDA Margin, excluding *PAW Patrol: The Movie* Distribution Revenue¹ of \$26.0 million. Previous guidance announced on July 27, 2022 expected 2022 Adjusted EBITDA Margin¹ to be in line with 2021 Adjusted EBITDA Margin, excluding *PAW Patrol: The Movie* Distribution Revenue¹.

The Company expects 2023 Toy Gross Product Sales seasonality to return to historical averages of 30%-35% in the first half of the year.

Dividend Declared

The Company's Board of Directors declared a dividend of C\$0.06 per outstanding subordinate voting share and multiple voting share, payable on January 13, 2023 to shareholders of record at the close of business on December 30, 2022. The dividend is designated to be an eligible dividend for purposes of section 89(1) of the *Income Tax Act* (Canada).

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

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

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 Company's outlook for 2022; future growth expectations in 2022 and beyond; the Company's dividend policy; drivers and trends for such growth and financial performance; the successful execution of its strategies for growth; the integration of and benefits from acquisitions; financial position, cash flows 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's dividend payments being subject to the discretion of the Board of Directors and dependent on a variety of factors and conditions existing from time to time; seasonality; ability of factories to manufacture products, including labour size and allocation, tooling, raw material and component availability, ability to shift between product mix, and customer acceptance of delayed delivery dates; the steps taken will create long term shareholder value; the expanded use of advanced technology, robotics and innovation the Company applies to its products will have a level of success consistent with its past experiences; the Company will continue to successfully secure broader licenses from third parties for major entertainment properties consistent with past practices; the expansion of sales and marketing offices in new markets will increase the sales of products in that territory; the Company will be able to successfully identify and integrate strategic acquisition and minority investment opportunities; the Company will be able to maintain its distribution capabilities; the Company will be able to leverage its global platform to grow sales from acquired brands; the Company will be able to recognize and capitalize on opportunities earlier than its competitors; the Company will be able to continue to build and maintain strong, collaborative relationships; the Company will maintain its status as a preferred collaborator; the culture and business structure of the Company will support its growth; the current business strategies of the Company will continue to be desirable on an international platform; the Company will be able to expand its portfolio of owned branded intellectual property and successfully license it to third parties; use of advanced technology and robotics in the Company's products will expand; access of entertainment content on mobile platforms will expand; fragmentation of the market will continue to create acquisition opportunities; the Company will be able to maintain its relationships with its employees, suppliers, retailers and license partners; the Company will continue to attract qualified personnel to support its development requirements; and the Company's key personnel will continue to be involved in the Company products and entertainment properties will be launched as scheduled 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, the magnitude and length of economic disruption as a result of the COVID-19 pandemic; 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.sedar.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 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, November 3, 2022, at 9:30 a.m. (ET).

The call-in numbers for participants are (647) 792-1240 or (800) 437-2398. 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.

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®, 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 over 30 offices in close to 20 countries, Spin Master employs more than 2,000 team members globally. For more information visit spinmaster.com or follow on Instagram, Facebook and

For further information

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Spin Master Corp.**Condensed consolidated interim statements of financial position**

(Unaudited, in US\$ millions)	Sep 30, 2022	Dec 31, 2021
Assets		
Current assets		
Cash and cash equivalents	674.9	562.7
Trade receivables	255.1	327.9
Other receivables	85.7	66.7
Inventories	178.5	137.4
Prepaid expenses and other assets	20.2	16.1
Assets held for sale	—	8.9
	1,214.4	1,119.7
Non-current assets		
Intangible assets	257.6	227.2
Goodwill	169.8	173.1
Right-of-use assets	63.0	65.2
	35.9	39.8
Property, plant and equipment		
Deferred income tax assets	91.1	97.0
Other assets	16.9	14.7
	634.3	617.0
Total assets	1,848.7	1,736.7
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	380.4	476.4
Deferred revenue	10.5	10.9
Provisions and contingent liabilities	27.4	25.1
Income tax payable	56.2	36.2
Lease liabilities	13.1	13.3
	487.6	561.9
Non-current liabilities		
Provisions and contingent liabilities	16.9	14.0
Deferred income tax liabilities	51.6	48.7
Lease liabilities	57.9	59.7
	126.4	122.4
Total liabilities	614.0	684.3
Shareholders' equity		
Share capital	754.7	736.9
Retained earnings	486.5	216.0
Contributed surplus	36.0	40.8
Accumulated other comprehensive (loss) income	(42.5)	58.7
Total shareholders' equity	1,234.7	1,052.4
Total liabilities and shareholders' equity	1,848.7	1,736.7

Spin Master Corp.**Condensed consolidated interim statements of earnings and comprehensive income**

(Unaudited, in US\$ millions, except earnings per share)	Q3 2022	Q3 2021	Nine Months Ended Sep 30, 2022	2021
Revenue	624.0	714.5	1,554.5	1,421.9
Cost of sales	273.6	348.5	683.1	688.6
Gross profit	350.4	366.0	871.4	733.3
Expenses				
Selling, general and administrative	195.3	187.1	544.3	475.1
Depreciation and amortization	7.1	8.0	21.8	25.6
Other expense, net	4.1	2.2	4.2	1.7
Foreign exchange gain	(43.5)	(10.8)	(66.2)	(2.2)
Operating income	187.4	179.5	367.3	233.1
Finance costs	0.4	2.3	4.6	7.1
Income before income tax expense	187.0	177.2	362.7	226.0
Income tax expense	45.6	41.8	87.6	53.9

Net Income	141.4	135.4	275.1	172.1
Earnings per share				
Basic	1.37	1.32	2.67	1.68
Diluted	1.33	1.29	2.59	1.64
Weighted average number of shares (in millions)				
Basic	102.9	102.3	102.9	102.3
Diluted	106.3	105.2	106.3	105.2

(Unaudited, in US\$ millions)	Nine Months Ended Sep 30,			
	Q3 2022	Q3 2021	2022	2021
Net Income	141.4	135.4	275.1	172.1
Items that may be subsequently reclassified to Net Income				
Foreign currency translation loss	(70.8)	(18.4)	(101.3)	(4.0)
Items that are not subsequently reclassified to Net Income				
Gain on Minority interest and other investments	—	—	0.1	—
Other comprehensive loss	(70.8)	(18.4)	(101.2)	(4.0)
Total comprehensive income	70.6	117.0	173.9	168.1

Spin Master Corp.

Condensed consolidated interim statements of cash flows

(Unaudited, in US\$ millions)	Nine Months Ended Sep 30,	
	2022	2021
Operating activities		
Net Income	275.1	172.1
Adjustments to reconcile Net Income to cash provided by operating activities		
Income tax expense	87.6	53.9
Interest income	(5.2)	(0.7)
Depreciation and amortization	50.3	88.9
Loss on disposal of non-current assets	1.2	0.9
Accretion expense	4.1	4.4
Amortization of Facility fee costs	0.3	0.3
Gain on investment in limited partnership, net of distribution income	(0.2)	(1.8)
Impairment of non-current assets	1.0	1.4
Loss on Minority interest and other investments	0.5	—
Unrealized foreign exchange (gain) loss	(57.7)	0.3
Share-based compensation expense	12.9	11.3
Net changes in non-cash working capital	(65.8)	(117.4)
Net change in provisions, contingent liabilities, and other assets	6.1	6.2
Income taxes paid	(62.0)	(33.6)
Income taxes received	3.9	2.1
Interest received	4.0	0.7
Cash provided by operating activities	256.1	189.0
Investing activities		
Investment in property, plant and equipment	(22.9)	(23.2)
Investment in intangible assets	(53.2)	(37.5)
Business acquisitions, net of cash acquired	(10.2)	(70.2)
Investment distribution income	0.1	0.6
Investment in limited partnership	—	(0.9)
Minority interest and other investments	(4.0)	(2.4)
Proceeds from sale of manufacturing operations	9.2	—
Cash used in investing activities	(81.0)	(133.6)
Financing activities		
Payment of lease liabilities	(11.9)	(13.5)
Issuance of common shares from exercise of share options	0.1	—
Payment of financing costs related to Facility	—	(1.3)
Cash used in financing activities	(11.8)	(14.8)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(51.1)	(0.7)
Net increase in cash and cash equivalents during the period	112.2	39.9
Cash and cash equivalents, beginning of period	562.7	320.6
Cash and cash equivalents, end of period	674.9	360.5

Non-GAAP Financial Measures and Ratios

In addition to using financial measures prescribed under 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
- Revenue, excluding *PAW Patrol: The Movie* Distribution Revenue
- Adjusted EBITDA, excluding *PAW Patrol: The Movie* Distribution Revenue
- Constant Currency Toy Gross Product Sales
- Constant Currency Digital Games Revenue
- Constant Currency Revenue, excluding *PAW Patrol: The Movie* Distribution Revenue
- Constant Currency Revenue
- Adjusted EBITDA
- Adjusted Operating Income (Loss)
- Adjusted Net Income (Loss)
- Free Cash Flow

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:

- Percentage change in Constant Currency Toy Gross Product Sales
- Percentage change in Constant Currency Digital Games Revenue
- Percentage change in Constant Currency Revenue
- Percentage change in Constant Currency Revenue, excluding *PAW Patrol: The Movie* Distribution Revenue
- Adjusted EBITDA Margin
- Adjusted Operating Margin
- Adjusted Basic EPS
- Adjusted Diluted EPS
- Adjusted EBITDA Margin, excluding *PAW Patrol: The Movie* Distribution 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 and Non-GAAP financial ratios in the evaluation of issuers.

Non-GAAP Financial Measures

Toy Gross Product Sales represent Toy revenues, 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 category 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, 2022, as compared to the same period in 2021 in this Press Release.

Constant Currency Toy Gross Product Sales, Constant Currency Digital Games Revenue, Constant Currency Revenue, excluding *PAW Patrol: The Movie* Distribution Revenue and Constant Currency Revenue represent Toy Gross Product Sales, Digital Games revenue, Revenue, excluding *PAW Patrol: The Movie* Distribution 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 dollar 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 Digital Games Revenue, Constant Currency Revenue, excluding *PAW Patrol: The Movie* Distribution 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 EBITDA is calculated as Net Income (Loss) before finance costs, income tax expense (recovery) 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 on investment, impairment of property, plant and equipment, legal settlement, transaction costs, gain on disposal of asset and bad debt 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.

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.

Adjusted Net Income (Loss) is calculated as Net Income 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 and investment in limited partnership and Minority interest and other investments, net of investment distribution income. Management uses the Free Cash Flow metric to analyze the cash flows being generated by the Company's business. In the third quarter of 2021, the calculation of this metric was revised to include the impact of investment distribution income as Management believes this composition to be relevant to investors, lenders, securities analysts and other interested parties of the Company. 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.

Revenue, excluding *PAW Patrol: The Movie* Distribution Revenue is calculated as revenue excluding distribution revenue of \$26.0 million related to *PAW Patrol: The Movie* recognized in 2021. Revenue, excluding *PAW Patrol: The Movie* Distribution Revenue is used 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 this metric to Revenue, the closest IFRS measure.

Adjusted EBITDA, excluding *PAW Patrol: The Movie* Distribution Revenue is calculated as Adjusted EBITDA excluding distribution revenue of \$26.0 million related to *PAW Patrol: The Movie* recognized in 2021. Adjusted EBITDA, excluding *PAW Patrol: The Movie* Distribution Revenue is used by management as a measure of the Company's profitability on a consistent basis over time. Refer to the "Reconciliation of Non-GAAP Financial Measures" section below for a reconciliation of this metric to Net Income, the closest IFRS measure.

Non-GAAP Financial Ratios

Sales Allowance as a percentage of Toy Gross Product Sales is calculated by dividing Sales Allowance by Toy Gross Product Sales. Management uses Sales Allowance as 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.

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 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.

Percentage change in Constant Currency Revenue, excluding *PAW Patrol: The Movie* Distribution Revenue is calculated by dividing the change in Revenue, excluding *PAW Patrol: The Movie* Distribution Revenue excluding the impact from changes in foreign currency exchange rates by the Revenue of the comparative period. Management uses Constant Currency Revenue, excluding *PAW Patrol: The Movie* Distribution 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.

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.

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.

Adjusted Basic EPS is calculated by dividing Adjusted Net Income 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.

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

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of Operating Income to Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA, excluding *PAW Patrol: The Movie* Distribution Revenue and Adjusted Net Income, and cash from operating activities to Free Cash Flow for the three months ended September 30, 2022 and 2021:

(in US\$ millions)	Q3 2022	Q3 2021	\$ Change	% Change
Operating Income	187.4	179.5	7.9	4.4 %
Restructuring and other related costs ¹	—	0.4	(0.4)	(100.0) %
Foreign exchange gain ²	(43.5)	(10.8)	(32.7)	302.8 %
Share based compensation ³	4.3	4.1	0.2	4.9 %
Impairment of property, plant and equipment ⁴	1.0	—	1.0	n.m.
Acquisition related deferred incentive compensation ⁵	2.8	2.7	0.1	3.7
Investment distribution income ⁶	—	(0.2)	0.2	(100.0)
Acquisition related contingent consideration ⁷	(0.5)	—	(0.5)	n.m.
Transaction costs ⁸	0.3	0.1	0.2	200.0
Gain on disposal of asset ⁹	—	(0.2)	0.2	(100.0)
Adjusted Operating Income	151.8	175.6	(23.8)	(13.6) %
Depreciation and amortization	15.8	41.7	(25.9)	(62.1) %
Adjusted EBITDA	167.6	217.3	(49.7)	(22.9) %
Distribution revenue related to <i>PAW Patrol: The Movie</i>	—	(26.0)	26.0	(100.0) %
Adjusted EBITDA, excluding <i>PAW Patrol: The Movie</i> Distribution Revenue	167.6	191.3	(23.7)	(12.4) %
Distribution revenue related to <i>PAW Patrol the Movie</i>	—	26.0	(26.0)	(100.0) %

Income tax expense	(45.6)	(41.8)	(3.8)	9.1 %
Finance costs	(0.4)	(2.3)	1.9	(82.6) %
Depreciation and amortization	(15.8)	(41.7)	25.9	(62.1) %
Tax effect of adjustments ¹⁰	8.6	1.1	7.5	681.8 %
Adjusted Net Income	114.4	132.6	(18.2)	(13.7) %
Cash provided by operating activities	207.4	85.8	121.6	141.7 %
Cash used in investing activities	(42.3)	(22.7)	(19.6)	86.3 %
Add:				
Cash provided by business acquisitions and investment in limited partnership and Minority interest and other investments, net of investment distribution income	10.2	2.7	7.5	277.8 %
Free Cash Flow	175.3	65.8	109.5	166.4 %

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

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

³ Restructuring expense primarily relates to changes in personnel.

⁴ Includes foreign exchange (gains) losses generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and (gains) losses related to the Company's hedging programs. The change in the current period was due to fluctuations in currency exchange rates primarily in the Canadian dollar, as well as, Swedish krona, Euro and Great Britain pound sterling.

⁵ Related to non-cash expenses associated with subordinate voting shares granted to equity participants at the time of the Company's initial public offering, share option expense and long-term incentive plan.

⁶ Impairment of property plant and equipment related to machinery.

⁷ Deferred incentive compensation associated with acquisitions.

⁸ Distribution income related to investment in limited partnership.

⁹ Expense associated with contingent consideration for acquisitions.

¹⁰ Professional fees incurred relating to acquisitions and other transactions.

The following table presents a reconciliation of Operating Income to Adjusted Operating Income and Adjusted Net Income, and cash from operating activities to Free Cash Flow for the nine months ended September 30, 2022 and 2021:

(in US\$ millions)	Nine Months Ended Sep 30			
	2022	2021	\$ Change	% Change
Operating Income	367.3	233.1	134.2	57.6 %
Restructuring and other related costs ¹	5.1	1.1	4.0	363.6 %
Foreign exchange gain ²	(66.2)	(2.2)	(64.0)	2,909.1 %
Share based compensation ³	12.9	11.3	1.6	14.2 %
Impairment of property, plant and equipment ⁴	1.0	—	1.0	n.m.
Impairment of intangible assets ⁵	—	1.4	(1.4)	(100.0)
Legal settlement ⁶	(2.1)	—	(2.1)	n.m.
Acquisition related deferred incentive compensation ⁷	8.1	4.2	3.9	92.9 %
Net unrealized gain on investment ⁸	(0.1)	(1.2)	1.1	(91.7) %
Investment distribution income ⁹	(0.1)	(0.6)	0.5	(83.3)
Loss on Minority interest and other investments ¹⁰	0.5	—	0.5	n.m.
Acquisition related contingent consideration ¹¹	(0.5)	(0.7)	0.2	(28.6) %
Transaction costs ¹²	0.8	0.7	0.1	14.3 %
Gain on disposal of asset ¹³	—	(0.2)	0.2	(100.0)
Adjusted Operating Income	326.7	246.9	79.8	32.3 %
Depreciation and amortization	50.3	88.9	(38.6)	(43.4) %
Adjusted EBITDA	377.0	335.8	41.2	12.3 %
Distribution revenue related to <i>PAW Patrol: The Movie</i>	—	(26.0)	26.0	(100.0) %
Adjusted EBITDA, excluding PAW Patrol: The Movie Distribution Revenue	377.0	309.8	67.2	21.7 %
Distribution revenue related to <i>PAW Patrol: The Movie</i>	—	26.0	(26.0)	(100.0) %
Income tax expense	(87.6)	(53.9)	(33.7)	62.5 %
Finance costs	(4.6)	(7.1)	2.5	(35.2) %
Depreciation and amortization	(50.3)	(88.9)	38.6	(43.4) %
Tax effect of adjustments ¹⁴	9.8	(3.3)	13.1	(397.0) %
Adjusted Net Income	244.3	182.6	61.7	33.8 %
Cash provided by operating activities	256.1	189.0	67.1	35.5 %
Cash used in investing activities	(81.0)	(133.6)	52.6	(39.4) %
Add:				
Cash used for business acquisitions, investment in limited partnership and Minority interest and other investments and trademark license agreement, net of investment distribution income	4.9	72.9	(68.0)	(93.3)
Free Cash Flow	180.0	128.3	51.7	40.3 %

¹ Restructuring expense primarily relates to changes in personnel.

² Includes foreign exchange (gains) losses generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and (gains) losses related to the Company's hedging programs. The change in the current period was due to fluctuations in currency exchange rates, primarily in the Canadian dollar, as well as, Swedish krona, Euro and Great Britain pound sterling.

³ Related to non-cash expenses associated with subordinate voting shares granted to equity participants at the time of the Company's initial public offering, share option expense and long-term incentive plan.

⁴ Impairment of property plant and equipment related to tooling.

⁵ Impairment of intangible assets related to entertainment content and app development.

⁶ Legal settlement in the first and second quarters of 2022.

⁷ Deferred incentive compensation associated with acquisitions.

⁸ Net unrealized gain related to investment in limited partnership.

⁹ Distribution income related to investment in limited partnership.

¹⁰ Fair value loss on the Minority interest and other investments classified as FVTPL.

¹¹ Expense associated with contingent consideration for acquisitions.

¹² Professional fees incurred relating to acquisitions and other transactions.

¹³ Gain on disposal of intangible asset.

¹⁴ Tax effect of adjustments (Footnotes 1-13). Adjustments are tax effected at the effective tax rate of the given period.

The following tables present reconciliations of Revenue to Constant Currency Toy Gross Product Sales, Revenue to Constant Currency Digital Games revenue and Revenue to Constant Currency Revenue for the three and nine months ended September 30, 2022, and 2021:

Nine Months Ended Sep 30,				
(US\$ millions)	Q3 2022	Q3 2021	2022	2021
Constant Currency Toy Gross Product Sales	640.5	677.7	1,533.2	1,321.2
Impact of foreign exchange	(22.8)	3.5	(33.6)	13.7
Toy Gross Product Sales	617.7	681.2	1,499.6	1,334.9
Sales Allowances	(65.3)	(73.4)	(158.7)	(145.1)
Toy revenue	552.4	607.8	1,340.9	1,189.8
Entertainment revenue	37.0	52.9	87.6	107.3
Digital Games revenue	34.6	53.8	126.0	124.8
Revenue	624.0	714.5	1,554.5	1,421.9

Nine Months Ended Sep 30,				
(US\$ millions)	Q3 2022	Q3 2021	2022	2021
Constant Currency Digital Games Revenue	36.2	53.1	131.9	121.8
Impact of foreign exchange	(1.6)	0.7	(5.9)	3.0
Digital Games revenue	34.6	53.8	126.0	124.8

Nine Months Ended Sep 30,				
(US\$ millions)	Q3 2022	Q3 2021	2022	2021
Constant Currency Revenue	643.7	709.9	1,588.0	1,403.1
Impact of foreign exchange	(19.7)	4.6	(33.5)	18.8
Revenue	624.0	714.5	1,554.5	1,421.9

The following tables present the composition of Percentage change in Constant Currency Toy Gross Product Sales, Percentage change in Constant Currency Digital Games Revenue, Percentage change in Constant Currency Revenue and Percentage change in Constant Currency Revenue, excluding *PAW Patrol: The Movie* Distribution Revenue for the three and nine months ended September 30, 2022 and 2021:

				\$ Change			% Change				
				As	Impact of	In	As	In			
(US\$ millions)	Q3 2022	Q3 2021		reported	foreign exchange	Constant Currency	reported	Constant Currency			
Toy Gross Product Sales	\$ 617.7	\$ 681.2		\$ (63.5)	\$ 22.8	\$ (40.7)	(9.3) %	(6.0) %			
Digital Games revenue	\$ 34.6	\$ 53.8		\$ (19.2)	\$ 1.6	\$ (17.6)	(35.7) %	(32.7) %			
Revenue	\$ 624.0	\$ 714.5		\$ (90.5)	\$ 19.7	\$ (70.8)	(12.7) %	(9.9) %			
Revenue excluding PAW Patrol: The Movie Distribution Revenue				\$ 624.0	\$ 688.5		\$ (64.5)	\$ 19.7	\$ (44.8)	(9.4) %	(6.5) %
Nine Months Ended Sep 30,				\$ Change			% Change				
				As	Impact of	In	As	In			
(US\$ millions)	2022	2021		reported	foreign exchange	Constant Currency	reported	Constant Currency			
Toy Gross Product Sales	\$ 1,499.6	\$ 1,334.9		\$ 164.7	\$ 33.6	\$ 198.3	12.3 %	14.9 %			
Digital Games revenue	\$ 126.0	\$ 124.8		\$ 1.2	\$ 5.9	\$ 7.1	1.0 %	5.7 %			
Revenue	\$ 1,554.5	\$ 1,421.9		\$ 132.6	\$ 33.5	\$ 166.1	9.3 %	11.7 %			
Revenue excluding PAW Patrol: The Movie Distribution Revenue				\$ 1,554.5	\$ 1,395.9		\$ 158.6	\$ 33.5	\$ 192.1	11.4 %	13.8 %

Segment Results

The Company's results from operations by reportable segment for the three months ended September 30, 2022 and 2021 are as follows:

(US\$ millions)	Q3 2022					Q3 2021				
	Toys	Entertainment	Digital Games	Corporate & Other	Total	Toys	Entertainment	Digital Games	Corporate & Other	Total
Revenue	552.4	37.0	34.6	—	624.0	607.8	52.9	53.8	—	714.5
Operating Income	109.4	28.9	8.2	40.9	187.4	128.0	18.2	24.2	9.1	179.5
Restructuring and other related costs	(0.1)	—	0.1	—	—	0.4	—	—	—	0.4
Foreign exchange gain	—	—	—	(43.5)	(43.5)	—	—	—	(10.8)	(10.8)
Share based compensation	3.0	0.3	0.5	0.5	4.3	3.4	0.1	0.6	—	4.1
Impairment of property, plant and equipment	1.0	—	—	—	1.0	—	—	—	—	—
Acquisition related deferred incentive compensation	1.6	—	1.2	—	2.8	1.5	—	1.2	—	2.7
Investment distribution income	—	—	—	—	—	—	—	—	(0.2)	(0.2)
Acquisition related contingent consideration	0.4	—	—	(0.9)	(0.5)	—	—	—	—	—
Transaction costs	—	—	—	0.3	0.3	—	—	—	0.1	0.1
Gain on disposal of asset	—	—	—	—	—	(0.2)	—	—	—	(0.2)
Adjusted Operating Income	115.3	29.2	10.0	(2.7)	151.8	133.1	18.3	26.0	(1.8)	175.6
Depreciation and amortization	11.6	2.5	1.7	—	15.8	13.4	26.9	1.4	—	41.7
Adjusted EBITDA	126.9	31.7	11.7	(2.7)	167.6	146.5	45.2	27.4	(1.8)	217.3

ADDENDUM

Effective January 1, 2022, the Company revised its reportable operating segments to align with its current business structure and how the Company's new CODM reviews operations and makes decisions. The following table presents 2021 segments in the same format that the Company presents its operating segments in 2022.

(US\$ millions)	Year Ended December 31, 2021				
	Toys	Entertainment	Digital Games	Corporate & Other	Total
Revenue	1,731.8	135.8	174.8	—	2,042.4
Operating Income	159.0	53.4	67.5	(7.7)	272.2
Restructuring and other related costs	2.3	—	0.2	—	2.5
Foreign exchange gain	—	—	—	(2.9)	(2.9)
Share based compensation	13.4	0.4	1.5	—	15.3
Impairment of goodwill	1.9	—	—	—	1.9
Impairment of intangible assets	—	2.1	0.5	—	2.6
Acquisition related deferred incentive compensation	4.3	—	2.5	—	6.8
Net unrealized gain on investment	—	—	—	(0.9)	(0.9)
Investment distribution income	—	—	—	(0.6)	(0.6)
Acquisition related contingent consideration	2.7	—	—	—	2.7
Transaction costs	—	—	—	2.8	2.8
Gain on disposal of asset	(0.2)	—	—	—	(0.2)
Adjusted Operating Income	183.4	55.9	72.2	(9.3)	302.2
Depreciation and amortization	56.3	48.2	7.4	—	111.9
Adjusted EBITDA	239.7	104.1	79.6	(9.3)	414.1

(US\$ millions)	Q1 2021				
	Toys	Entertainment	Digital Games	Corporate & Other	Total
Revenue	255.6	26.9	34.1	—	316.6
Operating Income	(12.1)	10.6	13.2	(5.0)	6.7
Restructuring and other related costs	0.7	—	—	—	0.7
Foreign exchange loss	—	—	—	3.7	3.7
Share based compensation	2.8	0.1	0.3	—	3.2
Impairment of intangible assets	—	0.9	—	—	0.9
Net unrealized gain on investment	—	—	—	(0.9)	(0.9)
Acquisition related contingent consideration	(0.7)	—	—	—	(0.7)
Adjusted Operating Income	(9.3)	11.6	13.5	(2.2)	13.6
Depreciation and amortization	14.4	6.6	2.1	—	23.1
Adjusted EBITDA	5.1	18.2	15.6	(2.2)	36.7

(US\$ millions)	Q2 2021				
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			Digital	Corporate &	
	Toys	Entertainment	Games	Other	Total
Revenue	326.4	27.5	36.9	—	390.8
Operating Income	28.5	12.5	12.8	(6.9)	46.9
Foreign exchange loss	—	—	—	4.9	4.9
Share based compensation	3.7	0.1	0.2	—	4.0
Impairment of intangible assets	—	—	0.5	—	0.5
Acquisition related deferred incentive compensation	1.3	—	0.2	—	1.5
Net unrealized gain on investment	—	—	—	(0.3)	(0.3)
Investment distribution income	—	—	—	(0.4)	(0.4)
Transaction costs	—	—	—	0.6	0.6
Adjusted Operating Income	33.5	12.6	13.7	(2.1)	57.7
Depreciation and amortization	13.8	8.4	1.9	—	24.1
Adjusted EBITDA	47.3	21.0	15.6	(2.1)	81.8

(US\$ millions)		Q3 2021			
			Digital	Corporate &	
	Toys	Entertainment	Games	Other	Total
Revenue	607.8	52.9	53.8	—	714.5
Operating Income	128.0	18.2	24.2	9.1	179.5
Restructuring and other related costs	0.4	—	—	—	0.4
Foreign exchange gain	—	—	—	(10.8)	(10.8)
Share based compensation	3.4	0.1	0.6	—	4.1
Acquisition related deferred incentive compensation	1.5	—	1.2	—	2.7
Investment distribution income	—	—	—	(0.2)	(0.2)
Transaction costs	—	—	—	0.1	0.1
Gain on disposal of asset	(0.2)	—	—	—	(0.2)
Adjusted Operating Income	133.1	18.3	26.0	(1.8)	175.6
Depreciation and amortization	13.4	26.9	1.4	—	41.7
Adjusted EBITDA	146.5	45.2	27.4	(1.8)	217.3

(US\$ millions)		Q4 2021			
			Digital	Corporate &	
	Toys	Entertainment	Games	Other	Total
Revenue	542.0	28.5	50.0	—	620.5
Operating Income	14.6	12.1	17.3	(4.9)	39.1
Restructuring and other related costs	1.2	—	0.2	—	1.4
Foreign exchange gain	—	—	—	(0.7)	(0.7)
Share based compensation	3.5	0.1	0.4	—	4.0
Impairment of goodwill	1.9	—	—	—	1.9
Impairment of intangible assets	—	1.2	—	—	1.2
Acquisition related deferred incentive compensation	1.5	—	1.1	—	2.6
Net unrealized loss on investment	—	—	—	0.3	0.3
Acquisition related contingent consideration	3.4	—	—	—	3.4
Transaction costs	—	—	—	2.1	2.1
Adjusted Operating Income	26.1	13.4	19.0	(3.2)	55.3
Depreciation and amortization	14.7	6.3	2.0	—	23.0
Adjusted EBITDA	40.8	19.7	21.0	(3.2)	78.3

SOURCE Spin Master Corp.

<https://spinmaster.mediaroom.com/2022-11-02-Spin-Master-Reports-Q3-2022-Financial-Results>