

Spin Master Reports 2022 and Q4 2022 Financial Results

TORONTO, March 8, 2023 /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 months and year ended December 31, 2022. The Company's full Management's Discussion and Analysis ("MD&A") for the three months and year ended December 31, 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.

"Our commitment to reimagining everyday play across our three creative centres resulted in Constant Currency Revenue¹ growth for 2022 and propelled Spin Master to become the 4th largest toy manufacturer globally, against the backdrop of challenging economic and retail dynamics," said Max Rangel, Spin Master's Global President & CEO. "Entering into 2023 we are expanding our core toy portfolio with innovation, driving our franchises, and building our licensed partner portfolio. 2023 will be one of our biggest in terms of entertainment content releases, showcasing our diversified content pipeline including our second PAW Patrol movie, *PAW Patrol: The Mighty Movie*, our first PAW Patrol spin-off, *Rubble & Crew*, as well as the debuts of our two new animated series, *Vida the Vet* and *Unicorn Academy*. We will also introduce several new digital play experiences, including the launch of a Rubik's digital game and our first in-house PAW Patrol digital game. We expect to face continued macroeconomic headwinds and are focused on managing our operational costs, ensuring we position Spin Master to thrive." He added "from a strategic perspective, we continue to build franchises across Toys, Entertainment and Digital Games, applying our signature innovation, investing in key organizational capabilities and pursuing acquisition opportunities to attract new fans, reach new audiences and engage new players in order to further solidify our leadership in children's entertainment and deliver profitable growth now and into the future."

"We are pleased with our results in 2022, delivering Revenue growth in Constant Currency amidst a challenging macroeconomic backdrop" said Mark Segal, Spin Master's Chief Financial Officer. "Our financial discipline and focus on managing pricing and costs effectively drove strong gross and operating margins, despite challenging operating conditions in the second half of 2022. Our focus on managing working capital and generating cash flow allowed us to end the year with available liquidity in excess of \$1.1 billion. We remain in a very strong financial position with the ability to continue investing in innovation, geographic expansion and acquisitions to drive growth. Our financial framework for value creation, underpinned by our formula for growth across all our creative centres, puts us in a position financially and operationally to generate and sustain long-term, profitable growth and maximize shareholder value."

Consolidated Financial Highlights for Q4 2022 as compared to the same period in 2021

- Revenue was \$465.8 million, a decrease of 24.9% from \$620.5 million. Constant Currency Revenue¹ was \$484.2 million, a decrease of 22.0%, from \$620.5 million.
- Revenue by segment declined by 26.8% and 24.2% in Toys and Digital Games, respectively, partially offset by a 9.5% increase in Entertainment.
- Operating Loss was \$24.0 million compared to Operating Income of \$39.1 million.
- Operating Margin was (5.2)% compared to 6.3%.
- Adjusted Operating Loss¹ was \$5.5 million compared to Adjusted Operating Income¹ of \$55.3 million.
- Adjusted Operating Margin¹ was (1.2)% compared to 8.9%.
- Adjusted EBITDA¹ was \$12.4 million compared to \$78.3 million.
- Adjusted EBITDA Margin¹ was 2.7% compared to 12.6%.
- Cash used in operating activities was \$6.8 million compared to cash provided of \$230.1 million.
- Free Cash Flow¹ was \$(30.1) million compared to \$211.3 million.
- Subsequent to the year end, the Company acquired certain assets of 4D Brands International Inc. on January 17, for total purchase consideration of \$20.2 million and the *HEXBUG* brand of toys from Innovation First International, Inc., on February 1, for total purchase consideration of \$16.0 million. These acquisitions will be reported in the Activities, Games & Puzzles and Plush and Wheels & Action product categories within the Toy operating segment, respectively.
- During the fourth quarter of 2022, the Company, through Spin Master Ventures, acquired a minority interest in two privately-held entities for a total of \$3.5 million.
- Subsequent to year end, the Company declared a quarterly dividend of 0.06 CAD per outstanding subordinate voting share and multiple voting share in respect of the first quarter of 2023, payable April 14, 2023.
- In connection with efforts to effectively manage the Company's cost structure, in the first quarter of 2023, the Company committed to a planned reduction to its global workforce and also announced the intention to close its manufacturing facility in Calais, France inherited through the acquisition of Meccano in 2013. As a result, in 2023 the Company expects to incur a restructuring charge of approximately \$9.0M related to severance, employee-related costs, professional fees and closure costs.

Consolidated Financial Highlights for the Year Ended December 31, 2022 as compared to the same period in 2021

- Revenue was \$2,020.3 million, down 1.1% from \$2,042.4 million. Constant Currency Revenue¹ increased by 1.4% to \$2,071.1 million from \$2,042.4 million. Constant Currency Revenue excluding *PAW Patrol: The Movie* Distribution Revenue¹, increased by 2.7%.
- The decline in Revenue was driven by decreases in Entertainment revenue of 12.5% and Digital Games revenue of 6.2%, offset by a slight increase in Toy revenue of 0.3%.
- Operating Income was \$343.3 million compared to \$272.2 million. The increase in Operating income was primarily driven

by a favourable foreign exchange gain of \$61.4 million, as compared to \$2.9 million.

- Operating Margin was 17.0% compared to 13.3%.
- Adjusted Operating Income¹ was \$321.2 million compared to \$302.2 million.
- Adjusted Operating Margin¹ was 15.9% compared to 14.8%.
- Adjusted EBITDA¹ was \$389.4 million compared to \$414.1 million, a decrease of \$24.7 million or 6.0%. Adjusted EBITDA excluding *PAW Patrol: The Movie*¹ recognized in 2021 was up by \$1.3 million.
- Adjusted EBITDA Margin¹ was 19.3% compared to 20.3%. Adjusted EBITDA Margin, excluding *PAW Patrol: The Movie* Distribution Revenue¹ increased by 0.1% compared to 19.2%.
- Cash provided by operating activities was \$249.3 million compared to \$419.1 million.
- Free Cash Flow¹ was \$149.9 million compared to \$339.6 million.
- Unutilized liquidity of \$1,154.3 million, comprised of \$644.3 million in cash and cash equivalents and \$510.0 million available under the Company's credit facilities.
- During the year ended December 31, 2022, the Company acquired certain assets from *SolidRoots LLC*, a creator of family board games and the Company also acquired all of the remaining shares of *Nordlight Games AB*, a digital games studio in which the Company had previously acquired a minority interest.

Consolidated Financial Results as compared to the same period in 2021

(US\$ millions, except per share information)				Year Ended Dec 31		
	Q4 2022	Q4 2021	\$ Change	2022	2021	\$ Change
Consolidated Results						
Revenue	\$ 465.8	\$ 620.5	\$ (154.7)	\$ 2,020.3	\$ 2,042.4	\$ (22.1)
Constant Currency Revenue ¹	\$ 484.2		\$ (136.3)	\$ 2,071.1		\$ 28.7
Constant Currency Revenue, excluding PAW Patrol: The Movie Distribution Revenue ¹				\$ 2,071.1		\$ 54.7
Operating (Loss) Income	\$ (24.0)	\$ 39.1	\$ (63.1)	\$ 343.3	\$ 272.2	\$ 71.1
Operating Margin	(5.2) %	6.3 %		17.0 %	13.3 %	
Adjusted Operating (Loss) Income ^{1,2,3}	\$ (5.5)	\$ 55.3	\$ (60.8)	\$ 321.2	\$ 302.2	\$ 19.0
Adjusted Operating Margin ¹	(1.2) %	8.9 %		15.9 %	14.8 %	
Net (Loss) Income	\$ (13.8)	\$ 26.5	\$ (40.3)	\$ 261.3	\$ 198.6	\$ 62.7
Adjusted Net Income ^{1,2,3}	\$ —	\$ 38.7	\$ (38.7)	\$ 244.3	\$ 221.3	\$ 23.0
Adjusted EBITDA ^{1,2,3}	\$ 12.4	\$ 78.3	\$ (65.9)	\$ 389.4	\$ 414.1	\$ (24.7)
Adjusted EBITDA Margin ¹	2.7 %	12.6 %		19.3 %	20.3 %	
Earnings Per Share ("EPS")						
Basic EPS	\$ (0.13)	\$ 0.26		\$ 2.54	\$ 1.94	
Diluted EPS	\$ (0.13)	\$ 0.25		\$ 2.45	\$ 1.89	
Adjusted Basic EPS ¹	\$ —	\$ 0.38		\$ 2.37	\$ 2.16	
Adjusted Diluted EPS ¹	\$ —	\$ 0.37		\$ 2.30	\$ 2.10	
Selected Cash Flow Data						
Cash (used in) provided by operating activities	\$ (6.8)	\$ 230.1	\$ (236.9)	\$ 249.3	\$ 419.1	\$ (169.8)
Cash used in investing activities	\$ (28.2)	\$ (19.6)	\$ (8.6)	\$ (109.2)	\$ (153.2)	\$ 44.0
Free Cash Flow ¹	\$ (30.1)	\$ 211.3	\$ (241.4)	\$ 149.9	\$ 339.6	\$ (189.7)

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

² Adjustments for Q4 2022 include Foreign exchange loss of \$4.8 million (2021 - gain of \$0.7 million) due to fluctuations in foreign currency denominated monetary assets and liabilities, primarily in the Canadian dollar, as well as the Swedish krona, Great Britain pound sterling and Russian ruble, Share based compensation of \$4.7 million (2021 - \$4.0 million), Acquisition related deferred incentive compensation of \$2.2 million (2021 - \$2.6 million), Acquisition related contingent consideration of \$3.1 million (2021 - \$3.4 million) and Transaction costs of \$0.2 million (2021 - \$2.1 million). Refer to the "Reconciliation of

Non-GAAP Financial Measures" section for further details

³ Adjustments for the year ended December 31, 2022 include Foreign exchange gain of \$61.4 million (2021 - gain of \$2.9 million), comprised of an unrealized gain of \$40.3 million and realized gain of \$21.1 million), due to fluctuations in foreign currency denominated monetary assets and liabilities, primarily in the Canadian dollar, as well as the Swedish krona, Euro and Great Britain pound sterling, Share based compensation of \$17.6 million (2021 - \$15.3 million), Restructuring and other related costs of \$4.9 million (2021 - \$2.5 million) and Acquisition related deferred incentive compensation of \$10.3 million (2021 - \$6.8 million), Acquisition related to contingent consideration of \$ 2.6 million (2021 - \$2.7 million), and Transaction costs of \$1.0 million (2021 - 2.8 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)						Q4 2021				
	Toys	Entertainment	Digital Games	Corporate & Other ¹	Total	Toys	Entertainment	Digital Games	Corporate & Other ¹	Total
Revenue	\$ 396.7	\$ 31.2	\$ 37.9	\$ —	\$ 465.8	\$ 542.0	\$ 28.5	\$ 50.0	\$ —	\$ 620.5
Operating (Loss) Income	\$ (43.3)	\$ 19.1	\$ 10.1	\$ (9.9)	\$ (24.0)	\$ 14.6	\$ 12.1	\$ 17.3	\$ (4.9)	\$ 39.1
Adjusted (Loss) Operating Income²	\$ (35.5)	\$ 20.5	\$ 12.3	\$ (2.8)	\$ (5.5)	\$ 26.1	\$ 13.4	\$ 19.0	\$ (3.2)	\$ 55.3
Adjusted EBITDA²	\$ (24.4)	\$ 25.3	\$ 14.2	\$ (2.7)	\$ 12.4	\$ 40.8	\$ 19.7	\$ 21.0	\$ (3.2)	\$ 78.3

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 Investment in a limited partnership.

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 December 31, 2022 and 2021:

(US\$ millions)	Q4 2022	Q4 2021	\$ Change
Preschool and Dolls & Interactive Activities, Games & Puzzles and Plush	\$ 201.7	\$ 251.8	\$ (50.1)
Wheels & Action	\$ 160.6	\$ 206.5	\$ (45.9)
Outdoor	\$ 90.0	\$ 146.1	\$ (56.1)
	\$ 26.9	\$ 23.1	\$ 3.8
Toy Gross Product Sales¹	\$ 479.2	\$ 627.5	\$ (148.3)
<i>Constant Currency Toy Gross Product Sales¹</i>	<i>\$ 498.3</i>		<i>\$ (129.2)</i>
Sales Allowances ²	\$ (82.5)	\$ (85.5)	\$ 3.0
<i>Sales Allowances % of GPS</i>	<i>17.2 %</i>	<i>13.6 %</i>	
Toy revenue	\$ 396.7	\$ 542.0	\$ (145.3)
Operating (Loss) Income	\$ (43.3)	\$ 14.6	\$ (57.9)
Operating Margin³	(10.9) %	2.7 %	
Adjusted EBITDA¹	\$ (24.4)	\$ 40.8	\$ (65.2)
Adjusted EBITDA Margin¹	(6.2) %	7.5 %	

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

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

³ Operating Margin is calculated as segment Operating Income divided by segment Revenue.

- Toy revenue decreased by \$145.3 million or 26.8% to \$396.7 million primarily driven by a decrease in Toy Gross Product Sales¹ and an increase in Sales Allowances as a percentage of Toy Gross Product Sales¹.
- Toy Gross Product Sales¹ decreased by \$148.3 million or 23.6%, to \$479.2 million from \$627.5 million. Constant Currency

Toy Gross Product Sales¹ decreased by \$129.2 million or 20.6% to \$498.3 million, down from \$627.5 million.

- The decline in Toy Gross Product Sales¹ was as a result of lower customer orders, as consumer demand was negatively impacted by the pressures of higher inflation, which in turn reduced consumer discretionary spending, as well as the unfavorable impact of foreign exchange. Toy Gross Product Sales¹ were positively impacted by price increases implemented to mitigate inflation on product costs and ocean freight. In addition, Toy Gross Product Sales¹ in the fourth quarter of 2021 were supported by shipments due to the theatrical releases of *Paw Patrol: The Movie* and *DC Comics The Batman*.
- Sales Allowances increased by \$3.0 million or 3.5% to \$82.5 million. As a percentage of Toy Gross Product Sales¹, Sales Allowances increased by 3.6% to 17.2% from 13.6%, primarily driven by higher markdowns, as consumers were more sensitive to price.
- Operating Loss was \$(43.3) million compared to Operating Income of \$14.6 million representing a variance of \$(57.9) million.
- Operating Margin was (10.9)% compared to 2.7%. The decline is due to higher administrative and marketing expenses as a percentage of revenue driven by lower Toy revenue. 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. Adjusted EBITDA Margin¹ declined as a result of lower Operating Margin.
- Adjusted EBITDA Margin¹ was (6.2)% compared to 7.5%.

Entertainment Segment Results

The following table provides a summary of Entertainment segment operating results, for the three months ended December 31, 2022 and 2021:

(US\$ millions)	Q4 2022	Q4 2021	\$ Change
Entertainment revenue	\$ 31.2	\$ 28.5	\$ 2.7
Operating Income	\$ 19.1	\$ 12.1	\$ 7.0
Operating Margin	61.2 %	42.5 %	
Adjusted Operating Income ¹	\$ 20.5	\$ 13.4	\$ 7.1
Adjusted Operating Margin ¹	65.7 %	47.0 %	

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

- Entertainment revenue increased by \$2.7 million or 9.5% to \$31.2 million, driven by higher distribution revenue and licensing and merchandising revenue.
- Operating Margin was 61.2% compared to 42.5%.
- Adjusted Operating Margin¹ was 65.7% compared to 47.0%.
- Operating Margin and Adjusted Operating Margin¹ increased due to higher licensing and merchandising revenue as well as lower costs due to fewer content deliveries compared to prior year.

Digital Games Segment Results

The following table provides a summary of Digital Games segment operating results, for the three months ended December 31, 2022 and 2021:

(US\$ millions)	Q4 2022	Q4 2021	\$ Change
Digital Games revenue	\$ 37.9	\$ 50.0	\$ (12.1)
Operating Income	\$ 10.1	\$ 17.3	\$ (7.2)
Operating Margin	26.6 %	34.6 %	
Adjusted Operating Income ¹	\$ 12.3	\$ 19.0	\$ (6.7)
Adjusted Operating Margin ¹	32.5 %	38.0 %	

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

- Digital Games revenue decreased by \$12.1 million or 24.2% to \$37.9 million due to lower in-app revenue in *Toca Life World*. Constant Currency Digital Games Revenue¹ decreased by \$9.9 million or 19.8% to \$40.1 million, down from \$50.0 million.
- Operating Margin was 26.6% compared to 34.6%. Operating Margin decreased due to higher product development and personnel costs related to the investment in future digital games. Adjusted Operating Margin¹ was 32.5% compared to 38.0%. Adjusted Operating Margin¹ decreased due to a decrease in Operating Margin partially offset by an increase in adjustments to acquisition related deferred incentive compensation.

Outlook

The Company expects 2023 Toy Gross Product Sales¹ to be flat to slightly down compared to 2022.

The Company expects 2023 Toy Gross Product Sales¹ seasonality to return to historical averages of 30%-35% in the first half

of the year.

The Company expects 2023 Revenue, excluding *PAW Patrol: The Mighty Movie* Distribution Revenue¹ to be in line with 2022.

The Company expects 2023 Adjusted EBITDA Margin, excluding *PAW Patrol: The Mighty Movie* Distribution Revenue¹ to be flat to slightly up compared to 2022.

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

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 April 14, 2023 to shareholders of record at the close of business on March 31, 2023. The dividend is designated to be an eligible dividend for purposes of section 89(1) of the *Income Tax Act* (Canada).

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 2023; future growth expectations in 2023 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, purchases under the Normal Course Issuer Bid (the "NCIB"), 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, 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 audited financial results on Thursday, March 9, 2023 at 9:30 a.m. (ET).

The call-in numbers for participants are (647) 794-4605 or (877) 502-9276. 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®, 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 Twitter @spinmaster.

(in US\$ millions)	Dec 31, 2022	Dec 31, 2021
Assets		
Current assets		
Cash and cash equivalents	644.3	562.7
Trade receivables, net	311.0	352.4
Other receivables	49.5	38.8
Inventories, net	105.1	137.4
Prepaid expenses and other assets	22.3	19.5
Assets held for sale	—	8.9
	1,132.2	1,119.7
Non-current assets		
Intangible assets	267.2	227.2
Goodwill	179.0	173.1
Right-of-use assets	62.9	65.2
Property, plant and equipment	36.0	39.8
Deferred income tax assets	94.7	97.0
Other assets	20.5	14.7
	660.3	617.0
Total assets	1,792.5	1,736.7
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	339.4	476.4
Deferred revenue	11.5	10.9
Provisions	30.7	25.1
Income tax payable	26.4	36.2
Lease liabilities	16.3	13.3
	424.3	561.9
Non-current liabilities		
Provisions	15.1	14.0
Deferred income tax liabilities	55.7	48.7
Lease liabilities	54.9	59.7
	125.7	122.4
Total liabilities	550.0	684.3
Shareholders' equity		
Share capital	754.7	736.9
Retained earnings	468.1	216.0
Contributed surplus	40.7	40.8
Accumulated other comprehensive (loss) income	(21.0)	58.7
Total shareholders' equity	1,242.5	1,052.4

Total liabilities and shareholders' equity **1,792.5** **1,736.7**

(in US\$ millions, except earnings per share)	Q4 2022	Q4 2021	Year Ended Dec 31,	
			2022	2021
Revenue	465.8	620.5	2,020.3	2,042.4
Cost of sales	233.4	297.2	916.5	985.8
Gross profit	232.4	323.3	1,103.8	1,056.6
Expenses				
Selling, general and administrative	237.8	267.4	782.1	742.5
Depreciation and amortization	7.1	7.9	28.9	33.5
Other expense, net	6.7	9.6	10.9	11.3
Foreign exchange gain	4.8	(0.7)	(61.4)	(2.9)
Operating (Loss) Income	(24.0)	39.1	343.3	272.2
Interest income	(5.5)	(0.4)	(10.7)	(1.1)
Interest expense	3.8	3.5	13.6	11.3
(Loss) Income before income tax (recovery) expense	(22.3)	36.0	340.4	262.0
Income tax (recovery) expense	(8.5)	9.5	79.1	63.4
Net (Loss) Income	(13.8)	26.5	261.3	198.6

Earnings per share				
Basic	(0.13)	0.26	2.54	1.94
Diluted	(0.13)	0.25	2.45	1.89
Weighted average number of shares (in millions)				
Basic	102.9	102.4	102.9	102.3
Diluted	106.5	105.3	106.4	105.3

(in US\$ millions)	Q4 2022	Q4 2021	Year Ended Dec 31,	
			2022	2021
Net (Loss) Income	(13.8)	26.5	261.3	198.6
Items that may be subsequently reclassified to Net Income				
Foreign currency translation gain (loss)	21.5	(1.4)	(79.8)	(5.4)
Items that are not subsequently reclassified to Net Income				
Gain on Minority interest and other investments	—	—	0.1	—
Other comprehensive income (loss)	21.5	(1.4)	(79.7)	(5.4)
Total comprehensive income	7.7	25.1	181.6	193.2

(in US\$ millions)	Year Ended Dec 31,	
	2022	2021
Operating activities		
Net Income	261.3	198.6
Adjustments to reconcile Net Income to cash provided by operating activities		
Income tax expense	79.1	63.4
Interest income	(10.7)	(1.1)
Depreciation and amortization	68.2	111.9
Loss on disposal of non-current assets	1.5	0.2
Accretion expense	5.5	6.0
Amortization of Facility fee costs	0.4	0.4
Gain on investment in limited partnership, net of distribution income	—	(1.5)
Impairment of non-current assets	3.0	4.5
Loss on Minority interest and other investments	0.5	—
Unrealized foreign exchange gain	(40.3)	(0.4)
Share-based compensation expense	17.6	15.3
Net changes in non-cash working capital	(67.7)	49.9
Net change in provisions and other assets	1.0	9.2
Income taxes paid	(83.6)	(42.0)
Income taxes received	4.5	3.7
Interest received	9.0	1.0
Cash provided by operating activities	249.3	419.1

Investing activities		
Investment in property, plant and equipment	(30.4)	(26.4)
Investment in intangible assets	(69.0)	(53.1)
Business acquisitions, net of cash acquired	(10.6)	(70.9)
Advance paid for business acquisitions	(1.0)	—
Investment distribution income	0.1	0.6

Investment in limited partnership	(7.5)	(1.0)
Minority interest and other investments	9.2	—
Proceeds from sale of manufacturing operations		
Cash used in investing activities	(109.2)	(153.2)
Financing activities		
Payment of lease liabilities	(15.8)	(17.6)
Dividends paid	(4.6)	—
Issuance of common shares from exercise of share options	0.1	1.0
Payment of financing costs related to Facility	—	(1.7)
Cash used in financing activities	(20.3)	(18.3)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(38.2)	(5.5)
Net increase in cash and cash equivalents during the year	81.6	242.1
Cash and cash equivalents, beginning of year	562.7	320.6
Cash and cash equivalents, end of year	644.3	562.7

Non-GAAP Financial Measures and Ratios

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
- 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
- Revenue, excluding *PAW Patrol: The Mighty Movie* Distribution 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 Mighty Movie* Distribution Revenue
- 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 year ended December 31, 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.

Revenue, excluding *PAW Patrol: The Mighty Movie* Distribution Revenue is calculated as revenue excluding distribution revenue of \$17.0 million related to *PAW Patrol: The Mighty Movie*. Revenue, excluding *PAW Patrol: The Mighty 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.

Adjusted EBITDA, excluding *PAW Patrol: The Mighty Movie* Distribution Revenue is calculated as Adjusted EBITDA excluding distribution revenue of \$17.0 million related to *PAW Patrol: The Mighty Movie*. Adjusted EBITDA, excluding *PAW Patrol: The Mighty 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 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 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 (Loss) Income to Adjusted Operating (Loss) Income, Adjusted EBITDA, Adjusted Net Income, and cash from operating activities to Free Cash Flow for the three months ended December 31, 2022 and 2021:

(in US\$ millions)	Q4 2022	Q4 2021	\$ Change	% Change
Operating (Loss) Income	(24.0)	39.1	(63.1)	(161.4) %
Adjustments:				
Restructuring and other related costs ¹	(0.2)	1.4	(1.6)	(114.3) %
Foreign exchange loss (gain) ²	4.8	(0.7)	5.5	(785.7) %
Share based compensation ³	4.7	4.0	0.7	17.5 %
Impairment of goodwill ⁴	—	1.9	(1.9)	(100.0) %
Impairment of property, plant and equipment ⁵	0.9	—	0.9	n.m.
Impairment of intangible assets ⁶	1.1	1.2	(0.1)	(8.3) %
Legal settlement ⁷	1.6	—	1.6	n.m.
Acquisition related deferred incentive compensation ⁸	2.2	2.6	(0.4)	(15.4) %
Net unrealized loss on investment ⁹	0.1	0.3	(0.2)	(66.7) %
Acquisition related contingent consideration ¹⁰	3.1	3.4	(0.3)	(8.8) %
Transaction costs ¹¹	0.2	2.1	(1.9)	(90.5) %
Adjusted Operating (Loss) Income	(5.5)	55.3	(60.8)	(109.9) %
Depreciation and amortization	17.9	23.0	(5.1)	(22.2) %
Adjusted EBITDA	12.4	78.3	(65.9)	(84.2) %
Income tax expense (recovery)	8.5	(9.5)	18.0	(189.5) %
Finance costs	1.7	(3.1)	4.8	(154.8) %
Depreciation and amortization	(17.9)	(23.0)	5.1	(22.2) %
Tax effect of adjustments ¹²	(4.7)	(4.0)	(0.7)	17.5 %
Adjusted Net Income	—	38.7	(38.7)	(100.0) %
Cash (used in) provided by operating activities	(6.8)	230.1	(236.9)	(103.0) %
Cash used in investing activities	(28.2)	(19.6)	(8.6)	43.9 %
Add:				

Cash provided by business acquisitions and investment in limited partnership and Minority interest and other investments, net of investment distribution income	4.9	0.8	4.1	512.5 %
Free Cash Flow	(30.1)	211.3	(241.4)	(114.2) %

¹ Restructuring expense primarily relates to changes in personnel.

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

³ Related to non-cash expenses associated with the Company's share option expense and long-term incentive plan.

⁴ Impairment of goodwill associated with assets held for sale and one other CGU.

⁵ Impairment of property plant and equipment related to tooling.

⁶ Impairment of intangible assets related to entertainment content.

⁷ Legal settlement in the first, second and fourth quarters of 2022.

⁸ Deferred incentive compensation associated with acquisitions.

⁹ Net unrealized loss (gain) related to investment in limited partnership.

¹⁰ Expense associated with contingent consideration for acquisitions.

¹¹ Professional fees incurred relating to acquisitions and other transactions.

¹² Tax effect of adjustments (Footnotes 1-11). Adjustments are tax effected at the effective tax rate of the given period.

The following table presents a reconciliation of Operating Income to Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA, excluding *PAW Patrol: The Movie* Distribution Revenue, Adjusted Net Income, and cash from operating activities to Free Cash Flow for the year ended December 31, 2022 and 2021:

(in US\$ millions)	Year Ended Dec 31			
	2022	2021	\$ Change	% Change
Operating Income	343.3	272.2	71.1	26.1 %
Restructuring and other related costs ¹	4.9	2.5	2.4	96.0 %
Foreign exchange gain ²	(61.4)	(2.9)	(58.5)	2,017.2 %
Share based compensation ³	17.6	15.3	2.3	15.0 %
Impairment of goodwill ⁴	—	1.9	(1.9)	(100.0)
Impairment of property, plant and equipment ⁵	1.9	—	1.9	n.m.
Impairment of intangible assets ⁶	1.1	2.6	(1.5)	(57.7)
Legal settlement ⁷	(0.5)	—	(0.5)	n.m.
Acquisition related deferred incentive compensation ⁸	10.3	6.8	3.5	51.5 %
Net unrealized gain on investment ⁹	—	(0.9)	0.9	(100.0) %
Investment distribution income ¹⁰	(0.1)	(0.6)	0.5	(83.3)
Loss on Minority interest and other investments ¹¹	0.5	—	0.5	n.m.
Acquisition related contingent consideration ¹²	2.6	2.7	(0.1)	(3.7) %
Transaction costs ¹³	1.0	2.8	(1.8)	(64.3) %
Gain on disposal of asset ¹⁴	—	(0.2)	0.2	(100.0)
Adjusted Operating Income	321.2	302.2	19.0	6.3 %
Depreciation and amortization	68.2	111.9	(43.7)	(39.1) %
Adjusted EBITDA	389.4	414.1	(24.7)	(6.0) %
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	389.4	388.1	1.3	0.3 %
Distribution revenue related to <i>PAW Patrol: The Movie</i>	—	(26.0)	26.0	(100.0) %
Income tax expense	(79.1)	(63.4)	(15.7)	24.8 %
Finance costs	(2.9)	(10.2)	7.3	(71.6) %
Depreciation and amortization	(68.2)	(111.9)	43.7	(39.1) %
Tax effect of adjustments ¹⁵	5.1	(7.3)	12.4	(169.9) %
Adjusted Net Income	244.3	221.3	23.0	10.4 %
Cash provided by operating activities	249.3	419.1	(169.8)	(40.5) %
Cash used in investing activities	(109.2)	(153.2)	44.0	(28.7) %
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	9.8	73.7	(63.9)	(86.7)
Free Cash Flow	149.9	339.6	(189.7)	(55.9) %

¹ Restructuring expense primarily relates to changes in personnel.

² Includes foreign exchange (gains) losses generated by the translation and settlement of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and (gains) losses related to the Company's hedging programs. The change in the current period was due to fluctuations in foreign currency denominated

monetary assets and liabilities, primarily in the Canadian dollar, as well as the Swedish krona, Euro and Great Britain pound sterling.

³ Related to non-cash expenses associated with the Company's share option expense and long-term incentive plan.

⁴ Impairment of goodwill associated with assets held for sale and one other CGU.

⁵ Impairment of property plant and equipment related to tooling.

⁶ Impairment of intangible assets related to entertainment content.

⁷ Legal settlement in the first and second quarters of 2022.

⁸ Deferred incentive compensation associated with acquisitions.

⁹ Net unrealized gain related to investment in limited partnership.

¹⁰ Distribution income related to investment in limited partnership.

¹¹ Fair value loss on the Minority interest and other investments classified as FVTPL.

¹² Expense associated with contingent consideration for acquisitions.

¹³ Professional fees incurred relating to acquisitions and other transactions.

¹⁴ Gain on disposal of intangible asset.

¹⁵ Tax effect of adjustments (Footnotes 1-14). 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 months and year ended December 31, 2022, and 2021:

(US\$ millions)	Year Ended Dec 31,			
	Q4 2022	Q4 2021	2022	2021
Constant Currency Toy Gross Product Sales	498.3	629.0	2,030.6	1,950.1
Impact of foreign exchange	(19.1)	(1.5)	(51.8)	12.3
Toy Gross Product Sales	479.2	627.5	1,978.8	1,962.4
Sales Allowances	(82.5)	(85.5)	(241.2)	(230.6)
Toy revenue	396.7	542.0	1,737.6	1,731.8
Entertainment revenue	31.2	28.5	118.8	135.8
Constant Currency Digital Games revenue	40.1	50.7	171.9	172.5
Impact of foreign exchange	(2.2)	(0.7)	(8.0)	2.3
Digital Games revenue	37.9	50.0	163.9	174.8
Constant Currency Revenue	484.2	622.1	2,071.1	2,025.2
Impact of foreign exchange	(18.4)	(1.6)	(50.8)	17.2
Revenue	465.8	620.5	2,020.3	2,042.4

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 months and year ended December 31, 2022 and 2021:

(US\$ millions)	Q4 2022	Q4 2021	\$ Change			% Change	
			As reported	Impact of foreign exchange	In Constant Currency	As reported	In Constant Currency
Toy Gross Product Sales	\$ 479.2	\$ 627.5	\$ (148.3)	\$ 19.1	\$ (129.2)	(23.6) %	(20.6) %
Digital Games revenue	\$ 37.9	\$ 50.0	\$ (12.1)	\$ 2.2	\$ (9.9)	(24.2) %	(19.8) %
Revenue	\$ 465.8	\$ 620.5	\$ (154.7)	\$ 18.4	\$ (136.3)	(24.9) %	(22.0) %

(US\$ millions)	Year Ended Dec 31,		\$ Change			% Change	
	2022	2021	As reported	Impact of foreign exchange	In Constant Currency	As reported	In Constant Currency
Toy Gross Product Sales	\$ 1,978.8	\$ 1,962.4	\$ 16.4	\$ 51.8	\$ 68.2	0.8 %	3.5 %
Digital Games revenue	\$ 163.9	\$ 174.8	\$ (10.9)	\$ 8.0	\$ (2.9)	(6.2) %	(1.7) %
Revenue	\$ 2,020.3	\$ 2,042.4	\$ (22.1)	\$ 50.8	\$ 28.7	(1.1) %	1.4 %
Revenue excluding <i>PAW Patrol: The Movie</i> Distribution Revenue	\$ 2,020.3	\$ 2,016.4	\$ 3.9	\$ 50.8	\$ 54.7	0.2 %	2.7 %

Segment Results

The Company's results from operations by reportable segment for the three months ended December 31, 2022 and 2021 are as follows:

(US\$ millions)										
Q4 2022						Q4 2021				
	Toys	Entertainment	Digital Games	Corporate & Other	Total	Toys	Entertainment	Digital Games	Corporate & Other	Total
Revenue	396.7	31.2	37.9	—	465.8	542.0	28.5	50.0	—	620.5
Operating (Loss) Income	(43.3)	19.1	10.1	(9.9)	(24.0)	14.6	12.1	17.3	(4.9)	39.1
Restructuring and other related (recovery) costs	(0.2)	—	—	—	(0.2)	1.2	—	0.2	—	1.4
Foreign exchange loss (gain)	—	—	—	4.8	4.8	—	—	—	(0.7)	(0.7)
Share based compensation	3.3	0.3	0.7	0.4	4.7	3.5	0.1	0.4	—	4.0
Impairment of goodwill	—	—	—	—	—	1.9	—	—	—	1.9
Impairment of property, plant and equipment	0.9	—	—	—	0.9	—	—	—	—	—
Impairment of intangible assets	—	1.1	—	—	1.1	—	1.2	—	—	1.2
Legal settlement	—	—	—	1.6	1.6	—	—	—	—	—
Acquisition related deferred incentive compensation	0.7	—	1.5	—	2.2	1.5	—	1.1	—	2.6
Net unrealized loss on investment	—	—	—	0.1	0.1	—	—	—	0.3	0.3
Acquisition related contingent consideration	3.1	—	—	—	3.1	3.4	—	—	—	3.4
Transaction costs	—	—	—	0.2	0.2	—	—	—	2.1	2.1
Adjusted Operating (Loss) Income	(35.5)	20.5	12.3	(2.8)	(5.5)	26.1	13.4	19.0	(3.2)	55.3
Depreciation and amortization	11.1	4.8	1.9	0.1	17.9	14.7	6.3	2.0	—	23.0
Adjusted EBITDA	(24.4)	25.3	14.2	(2.7)	12.4	40.8	19.7	21.0	(3.2)	78.3
Adjusted EBITDA Margin	(6.2) %	81.1 %	37.5 %	n.m.	2.7 %	7.5 %	69.1 %	42.0 %	n.m.	12.6 %

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			
	Toys	Entertainment	Digital Games	Corporate & 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			
	Toys	Entertainment	Digital Games	Corporate & 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				
	Toys	Entertainment	Digital Games	Corporate & 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.

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<https://spinmaster.mediaroom.com/2023-03-08-Spin-Master-Reports-2022-and-Q4-2022-Financial-Results>