Spin Master Reports Q1 2025 Financial Results

TORONTO, April 30, 2025 /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 ended March 31, 2025. The Company's full Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2025 is available under the Company's profile on SEDAR+ (www.sedarplus.com) and posted on the Company's web site atwww.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 had a solid start to 2025 reflecting the power of our three creative centre approach and global appeal of our toy brands, entertainment content and digital play experiences," said Max Rangel, Spin Master's Global President & CEO. "We drove an increase in revenue while meeting profitability targets. Digital Games revenue showed renewed strength driven by higher engagement and monetization in Toca Boca World. Given the uncertainty related to the implementation of U.S. tariffs, which affects our Toys creative centre, we are moving quickly and firmly to mitigate the impact to the business from both a sourcing, pricing and cost management perspective. We remain committed to providing kids and their families with access to the joy of play across our Toys, Entertainment and Digital Games creative centres."

"We had a strong first quarter with revenue up just under 14% over last year, driven by a strong Toys and Digital Games performance," saidMark Segal, Spin Master's Chief Financial Officer. "We continued to manage our balance sheet carefully and reduced net debt by over \$70 million compared to the same quarter last year. From a capital allocation perspective, we continue to be active on our NCIB, which was renewed to March 2026. Given the uncertainty created by the implementation of U.S. tariffs on various countries where we produce toys, we are withdrawing our 2025 outlook until the environment stabilizes."

Consolidated Financial Highlights for Q1 2025 as compared to the same period in 2024

- Q1 2025 Revenue was \$359.3 million, an increase of 13.6%. Toy Revenue was\$273.7 million compared to \$226.4 million. Toy Gross Product Sales¹ were \$313.7 million, an increase of \$49.6 million or 18.8% from \$264.1 million.
- Q1 2025 Operating Loss was \$22.1 million compared to \$61.8 million. Operating Loss in the prior year included the fair value adjustment for inventories acquired, and transaction and integration costs related to the acquisition of Melissa & Doug.
- Q1 2025 Adjusted EBITDA¹ was \$21.6 million, compared to \$18.6 million, an increase of \$3.0 million. Adjusted EBITDA Margin¹ was 6.0% compared to 5.9%.
- Q1 2025 Net Loss was \$24.5 million or \$(0.24) per share compared to \$54.8 million or \$(0.53) per share. Adjusted Net Loss¹ was \$12.0 million or \$(0.12) per share compared to \$19.5 million or \$(0.19) per share.
- Q1 2025 Total Net Cost Synergies² of \$6.5 million related to the acquisition of Melissa & Doug were realized, which represents an annualized run-rate o\$21.6 million towards
 the target of \$25 million to \$30 million in Run-rate Net Cost Synergies² by the end of 2026.
- Q1 2025 Cash provided by operating activities was \$24.8 million compared to \$24.3 million.
- Q1 2025 Free Cash Flow¹ was \$(10.8) million compared to \$(0.6) million.
- Q1 2025 results were not affected by the changes to global tariff policies.
- Repurchased and cancelled 1,157,099 subordinate voting shares for \$21.7 million (C\$31.2 million) in 2025 through the Company's Normal Course Issuer Bid (the "NCIB") program. Subsequent to March 31, 2025, the Company repurchased and cancelled 363,200 subordinate voting shares for \$5.8 million.
- Subsequent to March 31, 2025, the Company declared a quarterly dividend ofC\$0.12 per outstanding subordinate voting share and multiple voting share, payable onJuly 11, 2025.

2025 Outlook

The Company has decided to withdraw its 2025 outlook previously provided on February 24, 2025 in connection with 2025 Gross Product Sales¹, 2025 Revenue and 2025 Adjusted EBITDA Margin¹, due to the current uncertainty arising from ongoing changes to global tariff policies, making it difficult to provide reliable projections.

Consolidated Financial Results as compared to the same period in 2024

(US\$ millions, except per share information)	Q1 2025	Q1 2024	\$ Change
Consolidated Results			
Revenue ⁴	359.3	316.2	43.1
Operating Loss	(22.1)	(61.8)	39.7
Operating Margin ²	(6.2) %	(19.5) %	
Adjusted Operating Loss ^{1,3}	(5.9)	(14.5)	8.6
Adjusted Operating Margin ¹	(1.6) %	(4.6) %	
Net Loss	(24.5)	(54.8)	30.3
Adjusted Net Loss ^{1,3}	(12.0)	(19.5)	7.5
Adjusted EBITDA ^{1,3,4}	21.6	18.6	3.0
Adjusted EBITDA Margin ¹	6.0 %	5.9 %	
Earnings Per Share ("EPS")			
Basic EPS	\$(0.24)	\$(0.53)	
Diluted EPS	\$(0.24)	\$(0.53)	
Adjusted Basic EPS ¹	\$(0.12)	\$(0.19)	
Adjusted Diluted EPS ¹	\$(0.12)	\$(0.19)	
Weighted average number of shares (in millions)			
Basic	102.3	104.2	
Diluted	104.5	106.3	
Selected Cash Flow Data			
Cash provided by operating activities	24.8	24.3	0.5
Cash used in investing activities	(36.6)	(980.4)	943.8
Cash (used in) provided by financing activities	(70.3)	457.2	(527.5)
Free Cash Flow ¹	(10.8)	(0.6)	(10.2)

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

Q1 2025 Operating Loss was \$22.1 million, a change of \$39.7 million from \$61.8 million, primarily driven by the decrease in Operating Loss in the Toys segment of \$40.2 million, partially offset by a decrease in Operating Income in the Entertainment & Digital Games segments. In addition, Toys Operating Loss in the prior year included \$20.6 million of fair

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

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

value adjustment for inventories acquired, and \$6.2 million of transaction and integration costs related to the acquisition of Melissa & Doug.

Q1 2025 Adjusted Operating Loss¹ was \$5.9 million, a change of \$8.6 million from \$14.5 million. The decrease in Adjusted Operating Loss¹ was mainly driven by a decrease in Toys Adjusted Operating Loss¹ of \$16.2 million, partially offset by declines in Adjusted Operating Income in Digital Games segment of \$5.7 million and Entertainment segment of \$3.0 million

Q1 2025 Adjusted EBITDA¹ was \$21.6 million compared to \$18.6 million. The increase was primarily driven by higher Adjusted Gross Profit and lower administrative and distribution costs, partially offset by increased marketing, selling and product development costs. Adjusted EBITDA Margin¹ remained relatively flat at 6.0% compared to 5.9%. The change in Adjusted EBITDA Margin¹ was driven by higher revenue resulting in operating leverage, partially offset by higher marketing expenses and lower Adjusted Gross Margih

Segmented Financial Results as compared to the same period in 2024

(US\$ millions)			Q1 2025	5				Q1 2024	ļ	
		Entertain-	Digital				Entertain-	Digital	Corporate	
	Toys	ment	Games	& Other ¹	Total	Toys	ment	Games	& Other ¹	Total
Revenue	273.7	37.8	47.8	_	359.3	226.4	43.8	46.0	_	316.2
Operating (Loss) Income	(50.6)	25.9	8.2	(5.6)	(22.1)	(90.8)	28.6	13.2	(12.8)	(61.8)
Adjusted Operating (Loss) Income ²	(40.0)	26.1	9.5	(1.5)	(5.9)	(56.2)	29.1	15.2	(2.6)	(14.5)
Adjusted EBITDA ²	(20.5)	31.7	11.9	(1.5)	21.6	(32.5)	36.4	17.3	(2.6)	18.6

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

Toys Segment Results

The following table provides a summary of the Toys segment operating results, for the three months ended March 31, 2025 and 2024:

(US\$ millions)	Q1 2025	Q1 2024	\$ Change	% Change
Preschool, Infant & Toddler and Plush	142.4	122.8	19.6	16.0 %
Activities, Games & Puzzles and Dolls & Interactive	72.5	80.5	(8.0)	(9.9) %
Wheels & Action	66.4	40.7	25.7	63.1 %
Outdoor	32.4	20.1	12.3	61.2 %
Toy Gross Product Sales ¹	313.7	264.1	49.6	18.8 %
Sales Allowances ²	(40.4)	(38.2)	(2.2)	5.8 %
Sales Allowances % of Toy Gross Product Sales	12.9 %	14.5 %		(1.6) %
Toy Net Sales	273.3	225.9	47.4	21.0 %
Toy - Other Revenue	0.4	0.5	(0.1)	(20.0) %
Toy Revenue	273.7	226.4	47.3	20.9 %
Toys Operating Loss	(50.6)	(90.8)	40.2	(44.3) %
Toys Operating Margin ³	(18.5) %	(40.1) %		21.6 %
Toys Adjusted EBITDA ¹	(20.5)	(32.5)	12.0	(36.9) %
Toys Adjusted EBITDA Margin ¹	(7.5) %	(14.4) %		6.9 %

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

- Toy Revenue increased by \$47.3 million to \$273.7 million.
- Toy Gross Product Sales¹ increased by \$49.6 million to \$313.7 million. Toy Gross Product Sales¹ increased primarily as a result of higher shipment volumes related to partner licensed brands.
- Sales Allowances increased by \$2.2 million to \$40.4 million. As a percentage of Toy Gross Product Sales¹, Sales Allowances decreased to 12.9% from 14.5% driven by lower markdowns and promotional activity and a change in geographic market mix.
- Toys Operating Loss was \$50.6 million compared to \$90.8 million. The decrease in Toys Operating Loss was driven by higher Gross Profit due to higher shipment volumes and lower distribution expenses, partially offset by higher selling and marketing expenses.
- Toys Operating Margin was (18.5)% compared to (40.1)%.
- Toys Adjusted EBITDA¹ was \$(20.5) million compared to \$(32.5) million.
- Toys Adjusted EBITDA Margin¹ was (7.5)% compared to (14.4)%. The increase in Toys Adjusted EBITDA Margin¹ was driven by higher Toy Revenue resulting in operating leverage relative to administrative and distribution expenses, partially offset by higher selling and marketing expenses and lower Adjusted Gross Margin¹.

Entertainment Segment Results

The following table provides a summary of Entertainment segment operating results, for the three months ended March 31, 2025 and 2024:

(US\$ millions)	Q1 2025	Q1 2024	\$ Change	% Change
Entertainment Revenue	37.8	43.8	(6.0)	(13.7) %
Entertainment Operating Income				
	25.9	28.6	(2.7)	(9.4) %
Entertainment Operating Margin	68.5 %	65.3 %		3.2 %
Entertainment Adjusted Operating				
Income ¹	26.1	29.1	(3.0)	(10.3) %
Entertainment Adjusted Operating Margin ¹	69.0 %	66.4 %		2.6 %

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

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

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

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

- Entertainment Revenue declined by \$6.0 million to \$37.8 million, primarily driven by lower distribution revenue.
- Entertainment Operating Income declined by \$2.7 million to \$25.9 million, primarily due to lower distribution revenue, partially offset by lower amortization due to fewer content deliveries and lower marketing expenses.
- Entertainment Operating Margin increased to 68.5% from 65.3%.
- Entertainment Adjusted Operating Income¹ declined by \$3.0 million to \$26.1 million.
- Entertainment Adjusted Operating Margin¹ increased to 69.0% from 66.4%, primarily due to lower amortization of production costs and marketing expenses, partially offset by lower distribution revenue

Digital Games Segment Results

The following table provides a summary of Digital Games segment operating results, for the three months ended March 31, 2025 and 2024:

(US\$ millions)	Q1 2025	Q1 2024	\$ Change	% Change
Digital Games Revenue	47.8	46.0	1.8	3.9 %
Digital Games Operating Income	8.2	13.2	(5.0)	(37.9) %
Digital Games Operating Margin	17.2 %	28.7 %		(11.5) %
Digital Games Adjusted Operating				
Income ¹	9.5	15.2	(5.7)	(37.5) %
Digital Games Adjusted Operating Margin ¹	19.9 %	33.0 %		(13.1) %

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

- Digital Games Revenue increased by \$1.8 million to \$47.8 million driven by growth in subscriptions across *Piknik* and *PAW Patrol Academy* and higher in-game purchases in *Toca Boca World*.
- Digital Games Operating Income declined by \$5.0 million to \$8.2 million.
- Digital Games Operating Margin decreased from 28.7% to 17.2%.
- Digital Games Adjusted Operating Income¹ declined by \$5.7 million to \$9.5 million.
- Digital Games Adjusted Operating Margin¹ decreased from 33.0% to 19.9%.
- The decline in Digital Games Operating Income, Operating Margin, Adjusted Operating Income, and Adjusted Operating Margin¹ was due to higher marketing expenses related to paid user acquisition costs across the Digital Games portfolio.

Liquidity

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

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

During the three months ended March 31, 2025, the Company repaic\$30.0 million of the Facility (2024 -\$50.0 million). As at March 31, 2025, there was\$135.0 million outstanding (December 31, 2024 - \$165.0 million) under the Facility and \$225.0 million outstanding (December 31, 2024 - \$225.0 million) under the Acquisition Facility. For the three months ended March 31, 2025, the weighted average interest rate on both the Facility and the Acquisition Facility was 5.6% (December 31, 2024 - 6.6%).

As at March 31, 2025, the Company had available liquidity of \$523.0 million, comprised of \$152.7 million in cash and \$370.3 million under the Company's credit facilities.

Cash Flows for the three months ended March 31, 2025 compared to the same period in 2024

Cash provided by operating activities was\$24.8 million, compared to \$24.3 million driven by change in movement in trade receivables, trade payables and accrued liabilities, offset by lower Net Loss, adjusted for non-cash items, lower income taxes paid and lower interest paid. Change in non-cash working capital decreased by \$24.8 million as compared to a decrease of \$70.1 million.

Cash flows used in financing activities were\$70.3 million compared to \$457.2 million, due to proceeds of \$525.0 million to finance the Melissa & Doug acquisition in the prior year, \$30.0 million repayment of the Facility compared to \$50.0 million, repurchase of shares under the Company's NCIB for\$21.4 million compared to \$5.1 million and payment of dividends of \$9.1 million compared to \$4.6 million.

Free Cash Flow¹ in 2025 was \$(10.8) million compared to \$(0.6) million, primarily due to higher investment in entertainment content development and computer software, change in movement in trade receivables, trade payables and accrued liabilities, offset by lower Net Loss, adjusted for non-cash items, lower income taxes paid and lower interest paid.

Capitalization

The Company's Board of Directors declared a dividend of C\$0.12 per outstanding subordinate voting share and multiple voting share, payable on July 11, 2025 to shareholders of record at the close of business on June 27, 2025. The dividend is designated to be an eligible dividend for purposes of section 89(1) of the Income Tax Act Canada).

The weighted average basic and diluted shares outstanding as at March 31, 2025 were 102.3 million and 104.5 million, compared to 104.2 million and 106.3 million in the prior year, respectively.

During the three months ended March 31, 2025, the Company repurchased and cancelled, through the Company's NCIB program, 1,157,099 (2024 - 333,300 shares) subordinate voting shares for \$21.7 million (2024 - \$8.4 million). Subsequent to March 31, 2025, the Company repurchased and cancelled 363,200 subordinate voting shares for \$5.8 million.

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

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, 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: future financial performance and growth expectations, as well as the drivers and trends in respect thereof; targeted run-rate net cost synergies; the Company's priorities, plans and strategies; content, digital game and product pipeline and launches, as well as their impacts; deployment of cash; dividend policy and future dividends; financial position, cash flows, liquidity and financial performance; the creation of long term shareholder value; and the timing, quantity and funding of any purchases of subordinate voting shares under the NCIB and the ASPP, and the expected facilities through which any such purchases may be made.

Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by management as of the date on which the statements are made in this Press Release, are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being incorrect. In addition to any

factors and assumptions set forth above in this Press Release, the material factors and assumptions used to develop the forward-looking information include, but are not limited to: the Company will be able to successfully integrate the acquisition, the Company will be able to successfully expand its portfolio across new channels and formats, and internationally; achieve other expected benefits through this acquisition; management's estimates and expectations in relation to future economic and business conditions and other factors in relation to the Company's financial performance in addition to the proposed transaction and resulting impact on growth in various financial metrics; the realization of the expected strategic, financial and other benefits of the proposed transaction in the timeframe anticipated; the absence of significant undisclosed costs or liabilities associated with the transactions; Melissa & Doug's business will perform in line with the industry; there are no material changes to Melissa & Doug's core customer base; Net Cost Synergies towards the target of approximately \$25 million to \$30 million in Run-rate Net Cost Synergies by the end of 2026; implementation of certain information technology systems and other typical acquisition related cost savings; the Company's dividend payments being subject to the discretion of the Board of Directors and dependent on a variety of factors and conditions existing from time to time; seasonality; ability of factories to manufacture products, including labour size and allocation, tooling, raw material and component availability, ability to shift between product mix, and customer acceptance of delayed delivery dates; the steps taken will create long term shareholder value; the expanded use of advanced technology, robotics and innovation the Company applies to its products will have a level of success consistent with its past experiences; the Company will continue to successfully secure, maintain and renew broader licenses from third parties for premiere children's properties consistent with past practices, and the success of the licenses; the expansion of sales and marketing offices in new markets will increase the sales of products in that territory; the Company will be able to successfully identify and integrate strategic acquisition and minority investment opportunities; the Company will be able to leverage its global platform to grow sales from acquired brands; the Company will be able to recognize and capitalize on opportunities earlier than its competitors; the Company will be able to continue to build and maintain strong, collaborative relationships; the Company will maintain its status as a preferred collaborator; the culture and business structure of the Company will support its growth; the current business strategies of the Company will continue to be desirable on an international platform; the Company will be able to expand its portfolio of owned branded IP and successfully license it to third parties; use of advanced technology and robotics in the Company's products will expand; the Company will be able to continue to develop and distribute entertainment content in the form of movies, TV shows and short form content; the Company will be able to continue to design, develop and launch mobile digital games to be distributed globally via app stores; access of entertainment content on mobile platforms will expand; fragmentation of the market will continue to create acquisition opportunities; the Company will be able to maintain its relationships with its employees, suppliers, retailers and license partners; the Company will continue to attract qualified personnel to support its development requirements; the Company's key personnel will continue to be involved in the Company products, mobile digital games and entertainment properties will be launched as scheduled; and the availability of cash for dividends and that the risk factors noted in this 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, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. Known and unknown risk factors, many of which are beyond the control of the Company, could cause actual results to differ materially from the forward-looking information in this Press Release. Such risks and uncertainties include, without limitation, risks outlined in the "Tariffs Uncertainty and Macroeconomic Impact" section of the most recent interim MD&A; the potential failure to realize anticipated benefits from the acquisition of Melissa & Doug; concentration of manufacturing and geopolitical risks; uncertainty and adverse changes in general economic conditions and consumer spending habits and the factors discussed in the Company's disclosure materials, including the Annual MD&A or subsequent, most recent interim MD&A and the Company's most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available under the Company's profile on SEDAR+ (www.sedarplus.com). These risk factors are not intended to represent a complete list of the factors that could affect the Company and investors are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. 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, May 1, 2025 at 9:30 a.m. (ET).

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

2025 Annual Shareholder Meeting

Spin Master's Annual Meeting of Shareholders will take place on Wednesday, May 1, 2025, at 11:00 a.m. (ET), and will be held via live audio webcast online at https://meetnow.global/M9APUQH. Shareholders and duly appointed proxyholders will have the opportunity to attend the meeting online in real time, ask questions and vote through the live webcast.

Shareholders or guests will not be able to attend this year's meeting in person. To ensure that Shareholders' votes are cast, we ask each Shareholder to vote in advance by one of the methods described in Spin Master's management information circular in respect of the meeting (available on the Company's SEDAR+ profile at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and also on the following website at www.sedarplus.com and www.sedarplus.com and www.sedarplus.com and www.sedarplus.com and www.sedarplus.c

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[®], Hatchimals[®], Bakugan[®], Kinetic Sand[®], Air Hogs[®], Melissa & Doug[®], 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 Minl[®] 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 29 offices spanning nearly 20 countries, Spin Master employs close to 3,000 team members globally.

Condensed consolidated interim statements of financial position

(In US\$ millions)	Mar 31, 2025	Mar 31, 2024	Dec 31, 2024
Assets			
Current assets			
Cash and cash equivalents	152.7	205.5	233.5
Restricted cash	_	3.1	_
Trade receivables, net	312.2	285.9	499.4
Other receivables	61.8	62.4	54.9
Inventories, net	180.0	252.1	184.7
Income tax receivable	19.2	33.2	_
Prepaid expenses and other assets	51.3	44.7	48.7
	777.2	886.9	1,021.2
Non-current assets			
Intangible assets	857.3	820.1	837.4
Goodwill	368.2	381.4	368.1
Right-of-use assets	156.3	170.4	149.5
Property, plant and equipment	59.9	65.1	60.2
Deferred income tax assets	167.8	5.2	167.1
Other assets	28.1	37.0	29.9
	1,637.6	1,635.5	1,612.2
Total assets	2,414.8	2,522.4	2,633.4

Liabilities			
Current liabilities			
Trade payables and accrued liabilities	263.2	270.2	429.5
Loans and borrowings	359.2	473.2	389.1
Provisions	26.7	28.0	24.7
Lease liabilities	22.3	33.5	22.3
Deferred revenue	27.8	12.7	22.0
-			
	699.2	817.6	887.6
Non-current liabilities			
Deferred income tax liabilities	209.3	221.9	209.9
Lease liabilities	132.8	124.1	123.0
Provisions	10.0	14.7	10.5
	352.1	360.7	343.4
Total liabilities	1,051.3	1,178.3	1,231.0
Shareholders' equity			
Share capital	769.8	783.7	765.6
Retained earnings	599.7	553.1	640.1
Contributed surplus	29.4	29.1	45.5
Accumulated other comprehensive loss	(35.4)	(21.8)	(48.8)
Total shareholders' equity	1,363.5	1,344.1	1,402.4
Total liabilities and shareholders'			
equity	2,414.8	2,522.4	2,633.4

Condensed consolidated interim statements of loss and comprehensive loss

Three	Months	Ended	Mar
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	31,	
(In US\$ millions, except earnings per share)	2025	2024
Davienus	250.2	210.0
Revenue	359.3	316.2
Cost of sales Gross Profit	164.4 194.9	159.7 156.5
Gross Profit	194.9	156.5
Expenses		
Selling, general and administrative	195.3	197.7
Depreciation and amortization	17.1	19.8
Other expense, net	0.1	1.2
Foreign exchange loss (gain), net	4.5	(0.4)
Operating Loss	(22.1)	(61.8)
Interest expense	10.3	12.8
Interest income	(0.7)	(1.3)
Loss before income tax recovery	(31.7)	(73.3)
Income tax recovery	(7.2)	(18.5)
Net Loss	(24.5)	(54.8)
Loss per share		
Basic	(0.24)	(0.53)
Diluted	(0.24)	(0.53)
Weighted average number of shares (in millions)	(0.2.)	(0.00)
Basic	102.3	104.2
Diluted	104.5	106.3
	Three Months End	led Mar
(1.1104 '11')	31,	0004
(In US\$ millions)	2025	2024
Net Loss	(24.5)	(54.8)
Items that may be subsequently reclassified to Net Loss		
Foreign currency translation gain (loss)	13.4	(7.0)
Other comprehensive income (loss)	13.4	(7.0)
Total comprehensive loss	(11.1)	(61.8)

Condensed consolidated interim statements of cash flows

Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures

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

- Toy Gross Product SalesAdjusted EBITDA
- Toys Adjusted EBITDA
- Entertainment Adjusted EBITDA
 Digital Games Adjusted EBITDA

- Adjusted Operating Income (Loss)
 Toys Adjusted Operating Income (Loss)
- Entertainment Adjusted Operating Income (Loss)
 Digital Games Adjusted Operating Income (Loss)
- Adjusted Net Income (Loss)
 Free Cash Flow

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

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

- · Adjusted EBITDA Margin
- Toys Adjusted EBITDA Margin
- Entertainment Adjusted EBITDA Margin
- Digital Games Adjusted EBITDA Margin
- Toys Adjusted Operating Margin
- Entertainment Adjusted Operating Margin
- Digital Games Adjusted Operating Margin
- Adjusted Operating Margin Adjusted Basic EPS
- Adjusted Diluted EPS
- Sales Allowances as a percentage of Toy Gross Product Sales

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

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

- Net Cost Synergies
- · Run-rate Net Cost Synergies

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

Non-GAAP Financial Measures

Toy Gross Product Sales represent Toy Revenue, excluding the impact of Sales Allowances. As Sales Allowances are generally not associated with individual products, the Company uses Toy Gross Product Sales to provide meaningful comparisons across product categories and geographical results to highlight trends in Spin Master's business. For a reconciliation of Toy Gross Product Sales to Revenue, the closest IFRS measure, refer to the revenue tables for the three months and three months ended March 31, 2025, as compared to the same period in 2024 in this Press Release.

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

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

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

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

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

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

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

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

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

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

Non-GAAP Financial Ratios

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

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

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

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

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

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

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

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

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

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

Supplementary Financial Measures

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

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

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of Operating Loss to Adjusted Operating Loss, Adjusted EBITDA, Adjusted Net Loss, and cash used in operating activities and investing activities to Free Cash Flow for the three months ended March 31, 2025 and 2024:

(in US\$ millions)	Q1 2025	Q1 2024	\$ Change	% Change
Operating Loss	(22.1)	(61.8)	39.7	(64.2) %
Adjustments:				
Transaction and integration costs ¹	7.7	16.7	(9.0)	(53.9) %
Foreign exchange loss (gain) ²	4.5	(0.4)	4.9	(1,225.0) %
Amortization of intangible assets acquireσ ^β	1.8	1.7	0.1	5.9 %
Restructuring and other related costs ⁴	1.4	3.0	(1.6)	(53.3) %
Acquisition related deferred incentive compensation ⁵	0.5	1.5	(1.0)	(66.7) %
Share based compensation ⁶	0.4	6.1	(5.7)	(93.4) %
Impairment of property, plant and equipment ⁷	0.2	0.3	(0.1)	(33.3) %
Investment loss, net ⁸	0.1	_	0.1	n.m.
Legal settlement recovery	_	(0.6)	0.6	(100.0) %
Fair value adjustment for inventories acquired ⁹	_	20.6	(20.6)	(100.0) %
Acquisition related contingent consideration ¹⁰	(0.4)	(1.6)	1.2	(75.0) %
Adjusted Operating Loss	(5.9)	(14.5)	8.6	(59.3) %
Depreciation and amortization ¹¹	27.5	33.1	(5.6)	(16.9) %
Adjusted EBITDA	21.6	18.6	3.0	16.1 %
Income tax recovery	7.2	18.5	(11.3)	(61.1) %
Interest expense	(9.6)	(11.5)	1.9	(16.5) %
Depreciation and amortization ¹¹	(27.5)	(33.1)	5.6	(16.9) %
Tax effect of normalization adjustments ¹²	(3.7)	(12.0)	8.3	(69.2) %
Adjusted Net Loss	(12.0)	(19.5)	7.5	(38.5) %
Cash provided by operating activities	24.8	24.3	0.5	2.1 %
Cash used in investing activities	(36.6)	(980.4)	943.8	(96.3) %
Add:				
Cash used in business acquisitions, asset acquisitions, portfolio investments,				
investment in associate and minority interest investments, net of investment distribution income		955.5	(954.5)	(99.9) %
Free Cash Flow	(10.8)	(0.6)	(10.2)	1,700.0 %

¹ Transaction and integration costs incurred relating to acquisitions.

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

³ Relates to the amortization of intangible assets acquired with Melissa & Doug.

⁴ Restructuring and other related costs in the current and prior period relates to the reduction in the Company's global workforce.

⁵ Deferred incentive compensation associated with acquisitions.

⁶ Related to non-cash expenses associated with long-term incentive plan and includes \$1.9 million of mark to market gain related to deferred share units ("DSUs").

⁷ Impairment of property, plant and equipment related to tooling.

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

⁹ Relates to fair value adjustment to Melissa & Doug inventory recorded as part of the acquisition on January 2, 2024.

¹⁰ Recovery associated with contingent consideration for acquisitions.

¹¹ Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$1.8 million of amortization of intangible assets acquired with Melissa & Doug.

12 Tax effect of adjustments (Footnotes 1-10). Adjustments are tax effected at the effective tax rate of the given period.

Segment Results

The Company's results from operations by reportable segment for the three months ended March 31, 2025 and 2024 are as follows:

(US\$ millions)			Q1 2025					Q1 2024		
		Entertain-	Digital	Corporate			Entertain-	Digital	Corporate	
	Toys	ment	Games	& Other ¹	Total	Toys	ment	Games	& Other ¹	Total
Revenue	273.7	37.8	47.8	_	359.3	226.4	43.8	46.0	_	316.2
Operating (Loss) Income	(50.6)	25.9	8.2	(5.6)	(22.1)	(90.8)	28.6	13.2	(12.8)	(61.8)
Adjusting items:										
Transaction and integration costs	6.3	_	_	1.4	7.7	6.2	_	_	10.5	16.7
Foreign exchange loss (gain)	_	_	_	4.5	4.5	_	_	_	(0.4)	(0.4)
Amortization of intangible assets acquired	1.8	_	_	_	1.8	1.7	_	_	_	1.7
Restructuring and other related costs	1.2	_	0.2	_	1.4	2.4	0.1	0.5	_	3.0
Acquisition related deferred incentive compensation	0.3	_	0.2	_	0.5	0.8	_	0.7	_	1.5
Share based compensation	1.7	0.2	0.4	(1.9)	0.4	4.2	0.4	0.8	0.7	6.1
Impairment of property, plant and equipment	0.2	_	_	_	0.2	0.3	_	_	_	0.3
Investment loss, net	_	_	_	0.1	0.1	_	_	_	_	_
Legal settlement recovery	_	_	_	_	_	_	_	_	(0.6)	(0.6)
Fair value adjustment for inventories acquired	_	_	_	_	_	20.6	_	_	_	20.6
Acquisition related contingent consideration	(0.9)	_	0.5	_	(0.4)	(1.6)	_	_	_	(1.6)
Adjusted Operating (Loss) Income	(40.0)	26.1	9.5	(1.5)	(5.9)	(56.2)	29.1	15.2	(2.6)	(14.5)
Adjusted Operating Margin	(14.6) %	69.0 %	19.9 %	n.m.	(1.6) %	(24.8) %	66.4 %	33.0 %	n.m.	(4.6) %
Depreciation and amortization ²	19.5	5.6	2.4	_	27.5	23.7	7.3	2.1	_	33.1
Adjusted EBITDA	(20.5)	31.7	11.9	(1.5)	21.6	(32.5)	36.4	17.3	(2.6)	18.6
Adjusted EBITDA Margin	(7.5) %	83.9 %	24.9 %	n.m.	6.0 %	(14.4) %	83.1 %	37.6 %	n.m.	5.9 %

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

SOURCE Spin Master Corp.

For further information: For further information: Sophia Bisoukis, Vice President, Investor Relations, sophiab@spinmaster.com

https://spinmaster.mediaroom.com/2025-04-30-Spin-Master-Reports-Q1-2025-Financial-Results

² Depreciation and amortization for the calculation of Adjusted EBITDA excludes \$1.8 million (Q1 2024 - \$1.7 million) of amortization of intangible assets acquired with Melissa & Doug.