Spin Master Reports Q2 2025 Financial Results

TORONTO, July 31, 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 and six months ended June 30, 2025. The Company's full Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2025 is available under the Company's profile on SEDAR+ (www.sedarplus.com) and posted on the Company's web site at www.spinmaster.com. All financial information is presented in United States dollars ("$", "dollars" and "US$") and has been rounded to the nearest hundred thousand, except per share amounts and where otherwise indicated.

"Our second quarter results underscore our commitment to building a diversified, resilient portfolio across Toys, Entertainment, and Digital Games," said Christina Miller, Spin Master's Chief Executive Officer. "While we experienced revenue pressure due to a shift in retailer ordering patterns driven by global tariffs, strong double-digit growth in our Digital Games segment helped to offset some of that impact in the quarter. Looking ahead, we are positioning Spin Master to navigate broader macroeconomic headwinds by remaining sharply focused on the consumer, accelerating innovation, scaling our global franchise brands, and unlocking new opportunities through our creative centres — laying the foundation for long-term, sustainable growth."

"We are pleased with our top-line performance, particularly in light of the challenging macroeconomic environment," said Jonathan Roiter, Spin Master's Chief Financial Officer. "We maintained and gained market share across the majority of our Toy revenue base, while also continuing to grow Digital Games, driven by our refocused strategy anchoring our efforts in our *Toca Boca World* and *Piknik* digital platforms. Profitability was impacted by a lower revenue base and ongoing strategic investments. From a structural cost perspective, we achieved our targeted run-rate cost synergies related to Melissa & Doug, as well as made meaningful progress against our tariff mitigation plan, positioning us well to navigate through the temporary macroeconomic uncertainties."

Consolidated Financial Highlights for Q2 2025 as compared to the same period in 2024

- **Q2 2025 Revenue** was $400.7 million, a decrease of 2.7%, primarily driven by a decrease in Toy Revenue, partially offset by an increase in Digital Games Revenue.
- **Q2 2025 Operating Loss** was $52.4 million compared to $23.0 million.
- **Q2 2025 Net Loss** was $46.5 million or $(0.46) per share compared to $24.5 million or $(0.24) per share. **Adjusted Net Loss**[1] was $7.4 million or $(0.07) per share compared to Adjusted Net Income of $9.6 million or $0.09 per share (diluted).
- **Q2 2025 Adjusted EBITDA**[1] was $28.7 million, compared to $53.6 million, a decrease of $24.9 million. **Adjusted EBITDA Margin**[1] was 7.2% compared to 13.0%.
- **Q2 2025 Total Net Cost Synergies**[2] of $5.6 million related to the acquisition of Melissa & Doug were realized which represent annualized Run-rate Net Cost Synergies[2] of $26.5 million, achieving the target of $25 million to $30 million ahead of plan.
- **Q2 2025 Cash provided by operating activities** was $26.1 million compared to $25.4 million.
- **Q2 2025 Free Cash Flow**[1] was $(15.2) million compared to $(3.6) million.
- Repurchased and cancelled 636,632 subordinate voting shares for $10.5 million (C$14.8 million) in Q2 2025 through the Company's Normal Course Issuer Bid (the "NCIB") program. Subsequent to June 30, 2025, the Company repurchased and cancelled 110,188 subordinate voting shares for $2.0 million.
- Subsequent to June 30, 2025, the Company declared a quarterly dividend of C$0.12 per outstanding subordinate voting share and multiple voting share, payable on October 10, 2025.

Consolidated Financial Results as compared to the same period in 2024

				Six Months Ended Jun 30,		
(US$ millions, except per share information)	**Q2 2025**	**Q2 2024**	**$ Change**	**2025**	**2024**	**$ Change**
Consolidated Results						
Revenue	400.7	412.0	(11.3)	760.0	728.2	31.8
Operating Loss	(52.4)	(23.0)	(29.4)	(74.5)	(84.8)	10.3
Operating Margin[2]	(13.1) %	(5.6) %		(9.8) %	(11.6) %	
Adjusted Operating (Loss) Income[1,3]	(0.9)	23.6	(24.5)	(6.8)	9.1	(15.9)
Adjusted Operating Margin[1]	(0.2) %	5.7 %		(0.9) %	1.2 %	
Net Loss	(46.5)	(24.5)	(22.0)	(71.0)	(79.3)	8.3

Adjusted Net (Loss) Income[1,3]	(7.4)	9.6	(17.0)	(19.4)	(9.9)	(9.5)
Adjusted EBITDA[1,3]	28.7	53.6	(24.9)	50.3	72.2	(21.9)
Adjusted EBITDA Margin[1]	7.2 %	13.0 %		6.6 %	9.9 %	
Earnings Per Share ("EPS")						
Basic EPS	$(0.46)	$(0.24)		$(0.70)	$(0.76)	
Diluted EPS	$(0.46)	$(0.24)		$(0.70)	$(0.76)	
Adjusted Basic EPS[1]	$(0.07)	$0.09		$(0.19)	$(0.10)	
Adjusted Diluted EPS[1]	$(0.07)	$0.09		$(0.19)	$(0.10)	
Weighted average number of shares (in millions)						
Basic	101.6	103.9		101.9	103.8	
Diluted	104.5	106.0		104.5	106.0	
Selected Cash Flow Data						
Cash provided by operating activities	26.1	25.4	0.7	50.9	49.7	1.2
Cash used in investing activities	(43.1)	(27.4)	(15.7)	(79.7)	(1,007.8)	928.1
Cash (used in) provided by financing activities	(4.2)	(49.0)	44.8	(74.5)	408.2	(482.7)
Free Cash Flow[1]	(15.2)	(3.6)	(11.6)	(26.0)	(4.2)	(21.8)

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

[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.*

Q2 2025 Operating Loss was $52.4 million, a change of $29.4 million from $23.0 million, primarily driven by the declines of $19.8 million in the Digital Games segment as result of impairment for digital game and app development assets, reflecting a strategic decision to streamline the Digital Games business and concentrate investments in core areas with long-term growth potential, $4.8 million in the Toys segment, and $2.1 million in the Entertainment segment.

Q2 2025 Adjusted Operating Loss1 was $0.9 million, a change of $24.5 million from Adjusted Operating Income[1] of $23.6 million. The change was mainly driven by an increase in Adjusted Operating Loss[1] of $22.1 million in the Toys segment, a decline in Adjusted Operating Income[1] of $2.3 million in the Entertainment segment, partially offset by an increase in Adjusted Operating Income[1] in Digital Games segment of $1.8 million.

Q2 2025 Adjusted EBITDA[1] was $28.7 million compared to $53.6 million. The decrease was primarily driven by the Toys segment, with lower Toy Revenue due to a decrease in Toy Gross Product Sales[1] and an increase in Sales Allowances. During the quarter, the decline in Toys Gross Product Sales[1] was primarily attributable to a temporary slowdown in U.S. retailer orders early in the second quarter due to broader market uncertainty resulting from ongoing changes to global tariff policies. In addition, Adjusted EBITDA[1] was impacted by higher investments in marketing to support key brand initiatives and retailer programs and higher selling expenses due to royalties arising from an increase in partner licensed brands sales. This decline was partially offset by the Digital Games segment, which delivered revenue growth driven by continued user engagement and new content releases. Additionally, Adjusted EBITDA[1] improved from lower distribution expenses due to operational efficiencies and administrative expenses from ongoing cost synergies related to the acquisition of Melissa & Doug.

Adjusted EBITDA Margin[1] was 7.2% compared to 13.0%. The decline was primarily driven by the Toys segment due to a shift in product mix, higher Sales Allowances, marketing and selling expenses. The decline was partially offset by lower distribution expenses due to operational efficiencies and administrative expenses from ongoing cost synergies related to the acquisition of Melissa & Doug.

Segmented Financial Results as compared to the same period in 2024

(US$ millions)	**Q2 2025**					**Q2 2024**				
	Toys	**Entertain-ment**	**Digital Games**	**Corporate & Other[1]**	**Total**	**Toys**	**Entertain-ment**	**Digital Games**	**Corporate & Other[1]**	**Total**
Revenue	322.3	32.1	46.3	—	**400.7**	340.9	36.4	34.7	—	**412.0**
Operating (Loss) Income	(39.7)	15.7	(15.5)	(12.9)	**(52.4)**	(34.9)	17.8	4.3	(10.2)	**(23.0)**

Adjusted Operating (Loss) Income[2]	(20.8)	17.7	7.7	(5.5)	**(0.9)**	1.3	20.0	5.9	(3.6)	**23.6**
Adjusted EBITDA[2]	(0.7)	24.3	10.6	(5.5)	**28.7**	20.9	28.4	7.9	(3.6)	**53.6**

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

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

Toys Segment Results

The following table provides a summary of the Toys segment operating results, for the three months ended June 30, 2025 and 2024:

(US$ millions)	**Q2 2025**	**Q2 2024**	**$ Change**	**% Change**
Preschool, Infant & Toddler and Plush	185.0	165.0	20.0	12.1 %
Activities, Games & Puzzles and Dolls & Interactive	88.3	129.3	(41.0)	(31.7) %
Wheels & Action	88.8	75.7	13.1	17.3 %
Outdoor	8.9	14.7	(5.8)	(39.5) %
Toy Gross Product Sales[1]	**371.0**	**384.7**	**(13.7)**	**(3.6) %**
Sales Allowances[2]	(48.9)	(45.7)	(3.2)	7.0 %
Sales Allowances % of Toy Gross Product Sales[1]	*13.2 %*	*11.9 %*		1.3 %
Toy Net Sales	**322.1**	**339.0**	**(16.9)**	**(5.0) %**
Toy - Other Revenue	0.2	1.9	(1.7)	(89.5) %
Toy Revenue	**322.3**	**340.9**	**(18.6)**	**(5.5) %**
Toys Operating Loss	(39.7)	(34.9)	(4.8)	13.8 %
Toys Operating Margin[3]	(12.3) %	(10.2) %		(2.1) %
Toys Adjusted EBITDA[1]	(0.7)	20.9	(21.6)	(103.3) %
Toys Adjusted EBITDA Margin[1]	(0.2) %	6.1 %		(6.3) %

1 *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.*

- Toy Revenue declined by $18.6 million to $322.3 million.
- Toy Gross Product Sales1 decreased by $13.7 million to $371.0 million, primarily attributable to a temporary slowdown in U.S. retailer orders due to broader market uncertainty early in the second quarter resulting from ongoing changes to global tariff policies.
- Sales Allowances increased by $3.2 million to $48.9 million. As a percentage of Toy Gross Product Sales[1], Sales Allowances increased to 13.2% from 11.9% driven by a change in customer mix and higher markdowns.
- Toys Operating Loss was $39.7 million compared to $34.9 million. The increase in Toys Operating Loss was driven by lower Gross Profit due to lower sales volume, higher selling and marketing expenses, partially offset by lower distribution and administrative expenses.
- Toys Operating Margin was (12.3)% compared to (10.2)%.
- Toys Adjusted EBITDA[1] was $(0.7) million compared to $20.9 million.
- Toys Adjusted EBITDA Margin[1] was (0.2)% compared to 6.1%. The decrease in Toys Adjusted EBITDA Margin[1] was driven by a change in product mix, higher Sales Allowances, higher selling expenses due to royalties arising from an increase in partner licensed brands sales and higher investments in marketing to support key brand initiatives and retailer programs, partially offset by lower administrative expenses from ongoing cost synergies related to the acquisition of Melissa & Doug and lower distribution expenses due to operational efficiencies.

Entertainment Segment Results

The following table provides a summary of Entertainment segment operating results, for the three months ended June 30, 2025 and 2024:

(US$ millions)	Q2 2025	Q2 2024	$ Change	% Change
Entertainment Revenue	32.1	36.4	(4.3)	(11.8) %
Entertainment Operating Income	15.7	17.8	(2.1)	(11.8) %
Entertainment Operating Margin	48.9 %	48.9 %		— %
Entertainment Adjusted Operating Income[1]	17.7	20.0	(2.3)	(11.5) %
Entertainment Adjusted Operating Margin[1]	55.1 %	54.9 %		0.2 %

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

- Entertainment Revenue declined by $4.3 million to $32.1 million, primarily driven by lower distribution and licensing & merchandising revenue.
- Entertainment Operating Income declined by $2.1 million to $15.7 million, primarily due to lower Entertainment Revenue.
- Entertainment Operating Margin was flat at 48.9%.
- Entertainment Adjusted Operating Income[1] declined by $2.3 million to $17.7 million.
- Entertainment Adjusted Operating Margin[1] was relatively flat at 55.1% compared to 54.9%.

Digital Games Segment Results

The following table provides a summary of Digital Games segment operating results, for the three months ended June 30, 2025 and 2024:

(US$ millions)	Q2 2025	Q2 2024	$ Change	% Change
Digital Games Revenue	46.3	34.7	11.6	33.4 %
Digital Games Operating (Loss) Income	(15.5)	4.3	(19.8)	(460.5) %
Digital Games Operating Margin	(33.5) %	12.4 %		(45.9) %
Digital Games Adjusted Operating Income[1]	7.7	5.9	1.8	30.5 %
Digital Games Adjusted Operating Margin[1]	16.6 %	17.0 %		(0.4) %

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

- Digital Games Revenue increased by $11.6 million to $46.3 million driven by higher in-game purchases in *Toca Boca World* and continued growth in subscriptions across *Piknik*.
- Digital Games Operating Loss was $15.5 million, compared to Operating Income of $4.3 million, primarily due to $17.1 million of impairment for digital game and app development assets. This impairment reflects a strategic decision to streamline the Digital Games business and concentrate investments in core areas with long-term growth potential.
- Digital Games Operating Margin decreased from 12.4% to (33.5)%.
- Digital Games Adjusted Operating Income1 increased by $1.8 million to $7.7 million.
- Digital Games Adjusted Operating Margin[1] decreased from 17.0% to 16.6%, primarily due to higher marketing expenses related to paid user acquisition costs across the Digital Games portfolio to drive the increase in Digital Games Revenue.

Liquidity

The Company has an unsecured revolving credit facility (the "Facility") with a borrowing capacity of $510.0 million and contains certain financial covenants. On June 27, 2025, the Company entered into an agreement to amend its existing Facility, which now matures on June 27, 2030.

The Company has a non-revolving credit facility (the "Acquisition Facility") for the acquisition of Melissa & Doug, with a borrowing capacity of $225.0 million and contains certain financial covenants. On June 27, 2025, the Company entered into an agreement to amend its existing Acquisition Facility, which now matures on June 27, 2027.

During the six months ended June 30, 2025, the Company drew $25.0 million (2024 - $300.0 million) and repaid $30.0 million (2024 - $65.0 million) against the Facility. As at June 30, 2025, there was $160.0 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 six months ended June 30, 2025, the weighted average interest rates on the Facility and Acquisition Facility were 5.9% and 5.6%, respectively (2024 - 6.6% and 6.6%).

As at June 30, 2025, the Company had available liquidity of $473.2 million, comprised of $128.0 million in cash and $345.3 million under the Company's credit facilities.

Cash Flows for Q2 2025 as compared to the same period in 2024

Cash flows provided by operating activities were $26.1 million compared to $25.4 million driven by the change in non-cash working capital and lower income taxes paid, offset by lower Net Loss, adjusted for non-cash items. Change in non-cash working capital decreased by $45.9 million as compared to a decrease of $11.8 million, due to changes in trade payables and accrued liabilities, partially offset by changes in trade receivables and prepaid expenses.

Cash flows used in financing activities were $4.2 million compared to $49.0 million, due to proceeds of $25.0 million from the Facility, no repayment (2024 - $15.0 million) towards the Facility and repurchase of shares under the Company's NCIB for $10.6 million (2024 - $20.5 million), partially offset by higher dividends payment of $8.0 million (2024 - $4.6 million).

Free Cash Flow1 in 2025 was $(15.2) million compared to $(3.6) million, due to higher investment in computer software and Entertainment content development.

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 October 10, 2025 to shareholders of record at the close of business on September 26, 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 June 30, 2025 were 101.9 million and 104.5 million, compared to 103.8 million and 106.0 million in the prior year, respectively.

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[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, 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: 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 automatic share purchase plan, 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 maintain its distribution capabilities; the Company will be able to leverage its global platform to grow sales from acquired brands; the Company will be able to recognize and capitalize on opportunities earlier than its competitors; the Company will be able to continue to build and maintain strong, collaborative relationships; the Company will maintain its status as a preferred collaborator; the culture and business structure of the Company will support its growth; the current business strategies of the Company will continue to be desirable on an international platform; the Company will be able to expand its portfolio of owned branded IP and successfully license it to third parties; use of advanced technology and robotics in the Company's products will expand; the Company will be able to continue to develop and distribute entertainment content in the form of movies, TV shows and short form content; the Company will be able to continue to design, develop and launch mobile digital games to be distributed globally via app stores;access of entertainment content on mobile platforms will expand; fragmentation of the market will continue to create acquisition opportunities; the Company will be able to maintain its relationships with its employees, suppliers, retailers and license partners; the Company will continue to attract qualified personnel to support its development requirements; the Company's key personnel will continue to be involved in the Company products, mobile digital games and entertainment properties will be launched as scheduled; and the availability of cash for dividends and that the risk factors noted in this Press Release, collectively, do not have a material impact on the Company.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. Known and unknown risk factors, many of which are beyond the control of the Company, could cause actual results to differ materially from the forward-looking information in this Press Release. Such risks and uncertainties include, without limitation, risks outlined in the "Global Tariffs Uncertainty and 2025 Outlook" 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

Christina Miller, Chief Executive Officer andJonathan Roiter, Executive Vice President & Chief Financial Officer, will host a conference call to discuss the financial results on Thursday, July 31, 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.

About Spin Master

Spin Master Corp. (TSX:TOY) is a leading global children's entertainment company, creating exceptional play experiences across its three creative centres: Toys, Entertainment and Digital Games. With worldwide toy distribution, Spin Master is best known for award-winning brands including PAW Patrol®, Melissa & Doug®, Bakugan® and Rubik's® Cube, and is the global toy licensee for other iconic properties. Through its in-house entertainment studio, the company creates and produces captivating multiplatform content including powerhouse preschool franchise PAW Patrol, along with other original shows, short-form series and feature films. With an established presence in digital games anchored by Toca Boca® and Piknik™, Spin Master engages 70 million active users monthly in open-ended, creative and safe play. With 29 offices spanning nearly 20 countries, Spin Master employs more than 2,500 team members globally.

Condensed consolidated interim statements of financial position

(In US$ millions)	Jun 30, 2025	Jun 30, 2024	Dec 31, 2024
Assets			
Current assets			

Cash and cash equivalents	128.0	154.6	233.5
Restricted cash	—	3.1	—
Trade receivables, net	355.9	315.7	499.4
Other receivables	61.9	57.8	54.9
Inventories, net	225.0	275.4	184.7
Income tax receivable	46.0	68.4	—
Prepaid expenses and other assets	65.7	39.2	48.7
	882.5	**914.2**	**1,021.2**
Non-current assets			
Intangible assets	858.5	825.0	837.4
Goodwill	368.6	378.7	368.1
Right-of-use assets	147.3	168.6	149.5
Property, plant and equipment	63.7	66.3	60.2
Deferred income tax assets	168.3	160.1	167.1
Other assets	28.5	36.4	29.9
	1,634.9	**1,635.1**	**1,612.2**
Total assets	**2,517.4**	**2,549.3**	**2,633.4**
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	375.7	364.4	429.5
Loans and borrowings	382.2	458.4	389.1
Provisions	21.6	23.9	24.7
Lease liabilities	22.4	32.2	22.3
Deferred revenue	35.2	13.7	22.0
	837.1	**892.6**	**887.6**
Non-current liabilities			
Deferred income tax liabilities	209.7	225.1	209.9
Lease liabilities	126.9	127.6	123.0
Provisions	11.0	11.5	10.5
	347.6	**364.2**	**343.4**
Total liabilities	**1,184.7**	**1,256.8**	**1,231.0**
Shareholders' equity			
Share capital	762.3	776.6	765.6
Retained earnings	544.7	505.6	640.1
Contributed surplus	34.1	34.0	45.5
Accumulated other comprehensive loss	(8.4)	(23.7)	(48.8)
Total shareholders' equity	**1,332.7**	**1,292.5**	**1,402.4**
Total liabilities and shareholders' equity	**2,517.4**	**2,549.3**	**2,633.4**

Condensed consolidated interim statements of loss and comprehensive loss

			Six Months Ended Jun 30,	
(In US$ millions, except earnings per share)	**Q2 2025**	**Q2 2024**	**2025**	**2024**
Revenue	400.7	412.0	760.0	728.2
Cost of sales	190.7	212.4	355.1	372.1
Gross Profit	**210.0**	**199.6**	**404.9**	**356.1**
Expenses				
Selling, general and administrative	221.0	200.3	416.3	398.0
Depreciation and amortization	16.9	15.3	34.0	35.1
Other expense, net	19.1	2.2	19.2	3.4
Foreign exchange loss, net	5.4	4.8	9.9	4.4
Operating Loss	**(52.4)**	**(23.0)**	**(74.5)**	**(84.8)**
Interest expense	9.9	12.2	20.2	25.0

Interest income	(0.8)	(1.1)	(1.5)	(2.4)
Loss before income tax recovery	**(61.5)**	**(34.1)**	**(93.2)**	**(107.4)**
Income tax recovery	(15.0)	(9.6)	(22.2)	(28.1)
Net Loss	**(46.5)**	**(24.5)**	**(71.0)**	**(79.3)**
Loss per share				
Basic	(0.46)	(0.24)	(0.70)	(0.76)
Diluted	(0.46)	(0.24)	(0.70)	(0.76)
Weighted average number of shares (in millions)				
Basic	101.6	103.9	101.9	103.8
Diluted	104.5	106.0	104.5	106.0

			Six Months Ended Jun 30,	
(In US$ millions)	**Q2 2025**	**Q2 2024**	**2025**	**2024**
Net Loss	(46.5)	(24.5)	(71.0)	(79.3)
Items that may be subsequently reclassified to Net Loss				
Foreign currency translation gain (loss)	27.0	(1.9)	40.4	(8.9)
Other comprehensive income (loss)	**27.0**	**(1.9)**	**40.4**	**(8.9)**
Total comprehensive loss	**(19.5)**	**(26.4)**	**(30.6)**	**(88.2)**

Condensed consolidated interim statements of cash flows

	Six Months Ended Jun 30,	
(Unaudited, in US$ millions)	**2025**	**2024**
Operating activities		
Net Loss	(71.0)	(79.3)
Adjustments to reconcile net loss to cash provided by operating activities		
Income tax recovery	(22.2)	(28.1)
Interest expense	14.4	18.9
Interest income	(1.5)	(2.4)
Depreciation and amortization	60.7	66.6
Loss on disposal of non-current assets	0.9	0.3
Accretion expense	5.2	5.4
Amortization of facility fee costs	0.3	0.7
Loss on portfolio investments, net	0.2	0.3
Impairment of non-current assets	18.7	2.1
Unrealized foreign exchange loss (gain), net	0.5	(0.7)
Share-based compensation expense	7.4	13.5
Fair value adjustment on inventory sold	—	44.7
Net changes in non-cash working capital	70.7	81.9
Net change in non-cash provisions and other assets	(0.3)	(23.0)
Income taxes paid	(24.5)	(41.8)
Income taxes received	0.4	3.7
Interest paid	(10.5)	(15.8)
Interest received	1.5	2.7
Cash provided by operating activities	**50.9**	**49.7**
Investing activities		
Investment in property, plant and equipment	(21.7)	(17.8)
Investment in intangible assets	(55.2)	(37.1)
Business acquisitions, net of cash acquired	—	(952.9)
Portfolio investments	(2.0)	—
Minority interest investments	(0.8)	—
Cash used in investing activities	**(79.7)**	**(1,007.8)**

Financing activities		
Proceeds from loans and borrowings	25.0	525.0
Repayment of loans and borrowings	(30.0)	(65.0)
Payment of lease liabilities	(20.4)	(17.0)
Dividends paid	(17.1)	(9.2)
Repurchase of subordinate voting shares	(32.0)	(25.6)
Cash (used in) provided by financing activities	**(74.5)**	**408.2**
Effect of foreign currency exchange rate changes on cash	(2.2)	(1.2)
Net decrease in cash during the period	**(105.5)**	**(551.1)**
Cash, beginning of period	233.5	705.7
Cash, end of period	**128.0**	**154.6**

Non-GAAP Financial Measures and Ratios, Supplementary Financial Measures

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

- Toy Gross Product Sales
- Adjusted EBITDA
- Toys Adjusted EBITDA
- Entertainment Adjusted EBITDA
- Digital Games Adjusted EBITDA
- Adjusted Operating Income (Loss)
- Toys Adjusted Operating Income (Loss)
- Entertainment Adjusted Operating Income (Loss)
- Digital Games Adjusted Operating Income (Loss)
- Adjusted Net Income (Loss)
- Free Cash Flow

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
- 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 six months ended June 30, 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.

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) Income, Adjusted EBITDA, Adjusted Net (Loss) Income, and cash used in operating activities and investing activities to Free Cash Flow for the three months ended June 30, 2025 and 2024:

(in US$ millions)	**Q2 2025**	**Q2 2024**	**$ Change**	**% Change**
Operating Loss	**(52.4)**	**(23.0)**	**(29.4)**	**127.8 %**
Adjustments:				
Impairment of intangible assets[1]	18.5	1.8	16.7	n.m
Restructuring and other related costs[2]	12.1	0.5	11.6	n.m
Transaction and integration costs[3]	7.5	6.3	1.2	19.0 %
Foreign exchange loss[4]	5.4	4.8	0.6	12.5 %

Share based compensation[5]	4.8	6.2	(1.4)	(22.6) %
Amortization of intangible assets acquired[6]	1.8	1.8	—	— %
Acquisition related deferred incentive compensation[7]	0.7	1.1	(0.4)	(36.4) %
Acquisition related deferred consideration[8]	0.5	(0.5)	1.0	(200.0) %
Investment loss, net[9]	0.2	0.4	(0.2)	(50.0) %
Fair value adjustment for inventories acquired[10]	—	24.2	(24.2)	(100.0) %
Adjusted Operating (Loss) Income	**(0.9)**	**23.6**	**(24.5)**	**(103.8) %**
Depreciation and amortization[11]	29.6	30.0	(0.4)	(1.3) %
Adjusted EBITDA	**28.7**	**53.6**	**(24.9)**	**(46.5) %**
Income tax recovery	15.0	9.6	5.4	56.3 %
Interest expense	(9.1)	(11.1)	2.0	(18.0) %
Depreciation and amortization[11]	(29.6)	(30.0)	0.4	(1.3) %
Tax effect of normalization adjustments[12]	(12.4)	(12.5)	0.1	(0.8) %
Adjusted Net (Loss) Income	**(7.4)**	**9.6**	**(17.0)**	**(177.1) %**
Cash provided by operating activities	26.1	25.4	0.7	2.8 %
Cash used in investing activities	(43.1)	(27.4)	(15.7)	57.3 %
Add:				
Cash used in business acquisitions, asset acquisitions, portfolio investments, investment in associate and minority interest investments, net of investment distribution income	1.8	(1.6)	3.4	(212.5) %
Free Cash Flow	**(15.2)**	**(3.6)**	**(11.6)**	**322.2 %**

1 *Impairment of intangible assets primarily related to Digital game and app development projects.*

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

3 *Transaction and integration costs incurred relating to acquisitions.*

4 *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.*

5 *Related to non-cash expenses associated with long-term incentive plan and excludes mark to market gain related to deferred share units ("DSUs").*

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

7 *Deferred incentive compensation associated with acquisitions.*

8 *Expense (recovery) associated with contingent consideration for acquisitions.*

9 *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.*

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

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.*

The following table presents a reconciliation of Operating Loss to Adjusted Operating (Loss) Income, Adjusted EBITDA, Adjusted Net (Loss) Income, and cash from operating activities to Free Cash Flow for the six months ended June 30, 2025 and 2024:

	Six Months Ended Jun 30,			
(in US$ millions)	**2025**	**2024**	**$ Change**	**% Change**
Operating Loss	**(74.5)**	**(84.8)**	**10.3**	**(12.1) %**
Adjustments:				
Impairment of intangible assets[1]	18.5	1.8	16.7	927.8
Transaction and integration costs[2]	15.2	23.0	(7.8)	(33.9) %
Restructuring and other related costs[3]	13.5	3.5	10.0	285.7 %
Foreign exchange loss[4]	9.9	4.4	5.5	125.0 %
Share based compensation[5]	5.2	12.3	(7.1)	(57.7) %

Amortization of intangible assets acquired[6]	3.6	3.5	0.1	2.9 %
Acquisition related deferred incentive compensation[7]	1.2	2.6	(1.4)	(53.8) %
Investment loss, net[8]	0.3	0.4	(0.1)	(25.0) %
Impairment of property, plant and equipment[9]	0.2	0.3	(0.1)	(33.3) %
Acquisition related deferred consideration[10]	0.1	(2.1)	2.2	(104.8) %
Legal settlement recovery	—	(0.6)	0.6	(100.0) %
Fair value adjustment for inventories acquired[11]	—	44.8	(44.8)	(100.0) %
Adjusted Operating (Loss) Income	**(6.8)**	**9.1**	**(15.9)**	**(174.7) %**
Depreciation and amortization[12]	57.1	66.6	(9.5)	(14.3) %
Adjusted EBITDA	**50.3**	**72.2**	**(21.9)**	**(30.3) %**
Income tax recovery	22.2	28.1	(5.9)	(21.0) %
Interest expense	(18.7)	(22.6)	3.9	(17.3) %
Depreciation and amortization[14]	(57.1)	(63.1)	6.0	(9.5) %
Tax effect of adjustments[13]	(16.1)	(24.5)	8.4	(34.3) %
Adjusted Net Loss	**(19.4)**	**(9.9)**	**(9.5)**	**96.0 %**
Cash provided by operating activities	50.9	49.7	1.2	2.4 %
Cash used in investing activities	(79.7)	(1,007.8)	928.1	(92.1) %
Add:				
Cash used in business acquisitions, asset acquisitions, portfolio investments, investment in associate and minority interest investments, net of investment distribution income	2.8	953.9	(951.1)	(99.7) %
Free Cash Flow	**(26.0)**	**(4.2)**	**(21.8)**	**519.0 %**

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1 Impairment of intangible assets primarily related to Digital game and app development projects.

2 Transaction and integration costs incurred relating to acquisitions.

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

4 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 losses (gains) related to the Company's hedging programs.

5 Related to non-cash expenses associated with the Company's long-term incentive plan and the mark to market (gain)/loss related to DSUs.

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

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

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 Impairment of property, plant and equipment related to tooling.

10 Expense associated with contingent consideration for acquisitions.

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

12 Depreciation and amortization for the calculation of Adjusted EBITDA excludes $3.6 million of amortization of intangible assets acquired with Melissa & Doug.

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

Segment Results

The Company's results from operations by reportable segment for the three months ended June 30, 2025 and 2024 are as follows:

(US$ millions)	**Q2 2025**					**Q2 2024**				
	Toys	**Entertain-ment**	**Digital Games**	**Corporate & Other[1]**	**Total**	**Toys**	**Entertain-ment**	**Digital Games**	**Corporate & Other[1]**	**Total**
Revenue	**322.3**	**32.1**	**46.3**	**—**	**400.7**	**340.9**	**36.4**	**34.7**	**—**	**412.0**
Operating (Loss) Income	**(39.7)**	**15.7**	**(15.5)**	**(12.9)**	**(52.4)**	**(34.9)**	**17.8**	**4.3**	**(10.2)**	**(23.0)**
Adjusting items:										

Impairment of intangible assets	0.5	0.9	17.1	—	18.5	—	1.8	—	—	1.8
Restructuring and other related costs	9.3	0.8	2.0	—	12.1	0.5	—	—	—	0.5
Transaction and integration costs	2.9	—	2.9	1.7	7.5	4.3	—	—	2.0	6.3
Foreign exchange loss	—	—	—	5.4	5.4	—	—	—	4.8	4.8
Share based compensation	3.7	0.3	0.7	0.1	4.8	5.5	0.4	0.9	(0.6)	6.2
Amortization of intangible assets acquired	1.8	—	—	—	1.8	3.5	—	—	—	3.5
Acquisition related deferred incentive compensation	0.2	—	0.5	—	0.7	0.4	—	0.7	—	1.1
Acquisition related deferred consideration	0.5	—	—	—	0.5	(0.5)	—	—	—	(0.5)
Investment loss, net	—	—	—	0.2	0.2	—	—	—	0.4	0.4
Fair value adjustment for inventories acquired	—	—	—	—	—	44.8	—	—	—	44.8
Adjusted Operating (Loss) Income	**(20.8)**	**17.7**	**7.7**	**(5.5)**	**(0.9)**	**1.3**	**20.0**	**5.9**	**(3.6)**	**23.6**
Adjusted Operating Margin	**(6.5) %**	**55.1 %**	**16.6 %**	**n.m.**	**(0.2) %**	**0.4 %**	**54.9 %**	**17.0 %**	**n.m.**	**5.7 %**
Depreciation and amortization[2]	**20.1**	**6.6**	**2.9**	**—**	**29.6**	**19.6**	**8.4**	**2.0**	**—**	**30.0**
Adjusted EBITDA	**(0.7)**	**24.3**	**10.6**	**(5.5)**	**28.7**	**20.9**	**28.4**	**7.9**	**(3.6)**	**53.6**
Adjusted EBITDA Margin	**(0.2) %**	**75.7 %**	**22.9 %**	**n.m.**	**7.2 %**	**6.1 %**	**78.0 %**	**22.8 %**	**n.m.**	**13.0 %**

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

[2] *Depreciation and amortization for the calculation of Adjusted EBITDA excludes $1.8 million (Q2 2024 - $3.5 million) of amortization of intangible assets acquired with Melissa & Doug.*

SOURCE Spin Master Corp.

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

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