Digital Games Investor Day Stockholm August 31, 2023



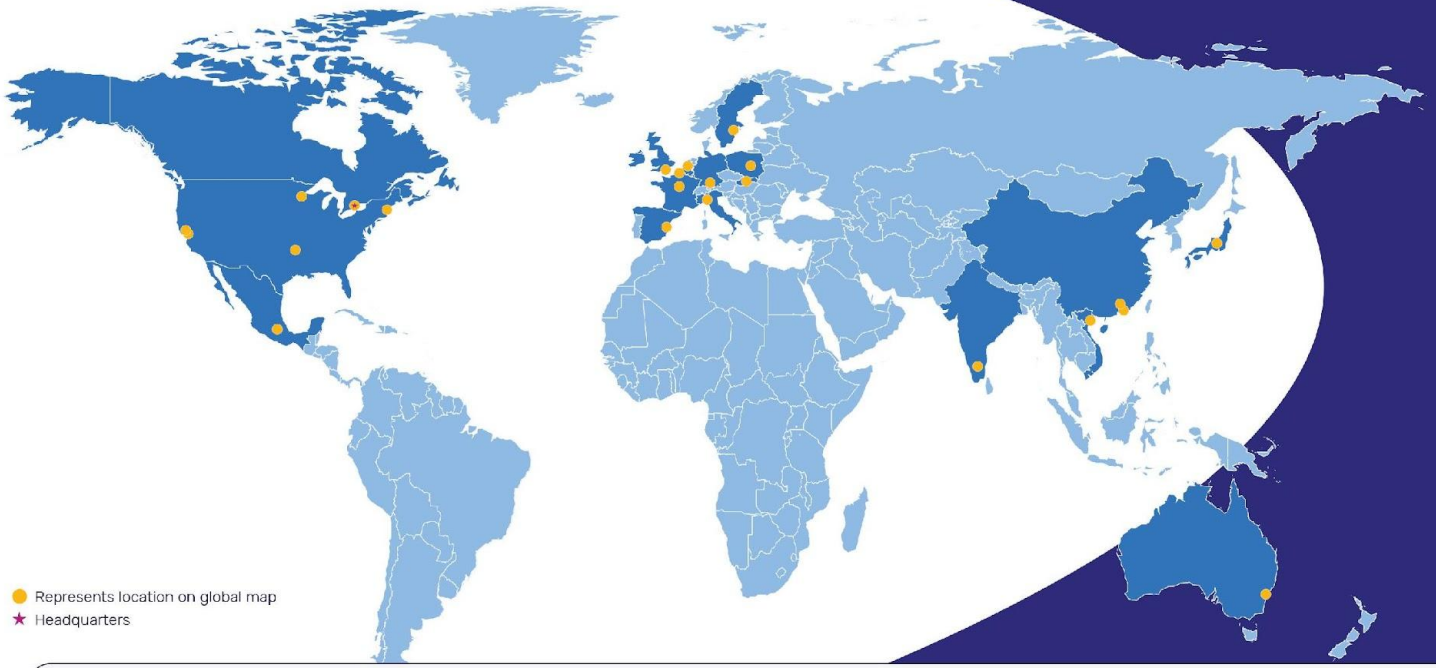
REIMAGINING EVERYDAY PLAY

Leading Global Children's Entertainment Company with a Diversified Multi-Platform Portfolio



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Spin Master Global Footprint



26
Offices

2,280
Full-Time Employees

Full-Time Employees by Region

Canada **813**	Europe **524**
Asia **513**	Mexico **72**
U.S. **333**	Australia **25**

Locations (City, Country, Multiple)

Amsterdam, Netherlands
Bangalore, India
Bentonville, U.S.
Bourne End, U.K.
Bratislava, Slovakia
Calais, France
Dongguan, China
Hai Phong City, Vietnam
Hong Kong, China (SAR)
Jiaxing, China
Los Angeles, U.S.
Mexico City, Mexico
Milan, Italy
Minneapolis, U.S.
Munich, Germany
New York, U.S.
Paris, France
Pleasanton, U.S.
Stockholm, Sweden
Sydney, Australia
Tokyo, Japan
Toronto, Canada (3)
Valencia, Spain
Warsaw, Poland

Unique Ability to Deliver Play Experiences Across Three Complimentary Creative Centres

Toys

Entertainment

Digital Games

Leading Global Children's Entertainment Company

Creating magical play experiences for kids & families



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Three Creative Centres

Toys

With distribution in over 100 countries, Spin Master is best known for award-winning brands PAW Patrol®, Bakugan®, Kinetic Sand®, Air Hogs®, Hatchimals®, Rubik's Cube® and GUND®, and is the global toy licensee for other popular properties.

Preschool, Dolls & Interactive

Wheels & Action

Activities, Games & Puzzles and Plush

Outdoor

Entertainment

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.

Digital Games

Spin Master has an established presence in digital games, anchored by the Toca Boca® and Sago Mini® brands, offering open-ended and creative game and educational play in digital environments.

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Creative Centre
Vision



Vision

Toys

Be a global leader in Toys by creating play experiences that spark creativity and imagination in kids and families globally.

Entertainment

Be a leading global creator of children's entertainment, igniting imaginations and deep character connections.



Digital Games

Create exceptional digital play experiences for kids of all ages around the world.



Creative Centre

Roles & Strategies

Each CC plays a distinct, yet interrelated role M&A is essential to our enterprise growth strategy



	Toys	Entertainment	Digital Games
Primary Role	Provide a **stable base of revenue/profit/FCF** to build brands & innovate.	Create content and **build evergreen franchises** that kids love, across physical and digital platforms.	Create digital games and play-to-learn platforms using both **new and existing IP**.
Key Strategies	• Build and expand core portfolio • Drive Spin Master franchises • Build licensed portfolio • Expand existing partnerships • Expand geographic & retail footprint	• Build new franchises • Expand PAW Patrol universe • Accelerate new content for direct to audience platforms • Expand Licensing & Merchandising	• Leverage Spin Master IP and rapidly prototype new digital games • Deepen consumer insights to create robust player ecosystems • Expand digital games portfolio to capture kids of all ages

M&A/Ventures
Leverage our global platform through strategic acquisitions

Financial Model Overview

Distinct but complementary financial models

 **TOYS**	Proven model for revenue, EBITDA and FCF generation
 **Entertainment**	Properties drive franchise growth - can be accretive to margins when monetized through Toys, Digital Games and Non-Toy Licensing & Merchandising revenue
 **Digital Games**	• **Potential for high returns once games reach critical mass** • **Grow Digital Games revenue to 20%+ of SM's Total Revenue** • **Accretive to SM's margins overall – focus is EBIT**

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Revenue

Traditional and evolving drivers across creative centres



TOYS

- Gross Product Sales (mid to high single digits organic)
- Global retail distribution – brick & mortar and e-commerce



Entertainment

- Producing and selling content to broadcasters globally
- Royalty-based Non-Toy Licensing & Merchandising revenue
- Successful content drives significant Toy/Non-Toy revenue



Digital Games

- **In-game purchases**
- **Subscriptions**
- **Hybrid revenue models possible depending on the game and target market**
- **Explore new models**

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Cost Structure

Focus on driving Operating Leverage



TOYS

- COGS
- Sales allowances – sign of operating efficiency
- Integrated Sales & Marketing and efficient Distribution/Supply Chain – critical to winning



Entertainment

- Content production costs – Capitalized/Amortized (i.e. "COGS")
- Once content produced, low costs for L&M / 2nd window sales



Digital Games

- **People costs – game developers**
- **Dev. Costs Capitalized (once commercially viable) and then Amortized – evaluating amortization periods – 1 to 5 years**

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Capital Investments

Consolidated Capex: 6% - 7% total revenue



TOYS

- Capital Light: do not own factories - flexibility/less capex
- Tooling - low as a proportion of revenue



Entertainment

- Content production capital intensive but tax credits/pre-committed revenues from production advances lower net capital outlay
- Content typically monetized over a 4+ year cycle



Digital Games

- **Cap.Ex / Op.Ex depending on commercial viability**
- **Increased Capex to create new digital games - when commercially viable, costs capitalized/amortized on delivery**

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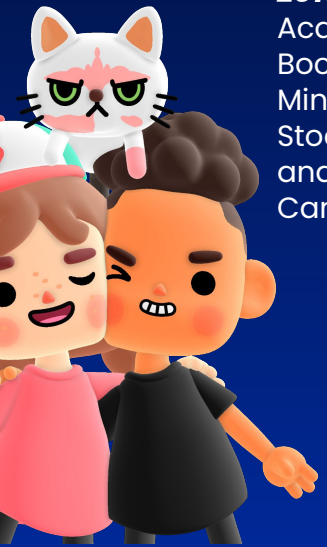


DIGITAL GAMES

Aug 2023

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OUR HISTORY



2016
Acquired Toca Boca and Sago Mini based in Stockholm, Sweden and Toronto, Canada

2021
Established Noid Studio in Stockholm to develop digital games for Spin Master IP

2021
Acquired Originator based in San Francisco, CA

Partnership with Otsimo

2021
SMV minority investment in Nordlight based in Stockholm

Toca Life World names iPhone App of the Year

2022
Acquired Nordlight



SPIN MASTER™

DIGITAL GAMES

We create exceptional digital play experiences for kids of all ages around the world





OUR VALUES



We've been able to establish a solid **foundation of trust with both kids and parents**, across our wide portfolio of Digital Games.

Kids and parents first

Transparent dialogue with players

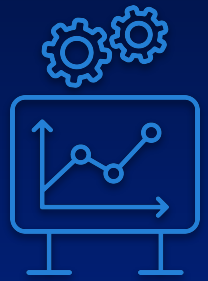
Nothing is hidden

SPIN MASTER
DIGITAL GAMES

GROWTH DRIVERS

There are a number of growth drivers across the digital games group that we're aiming to deliver over the next years. Let's briefly touch on a few key areas of focus:





Business development



New products and Subscription Model

Spin Master M&A and Ventures

DIGITAL GAMES

FUELING GROWTH

GROW THE CORE



GROW SUBSCRIBERS



RELEASE NEW GAME IP

Fueling growth by;
growing our core, growing our subscribers and releasing new game IPs.

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SPIN MASTER™

DIGITAL GAMES

WHERE WE PLAY

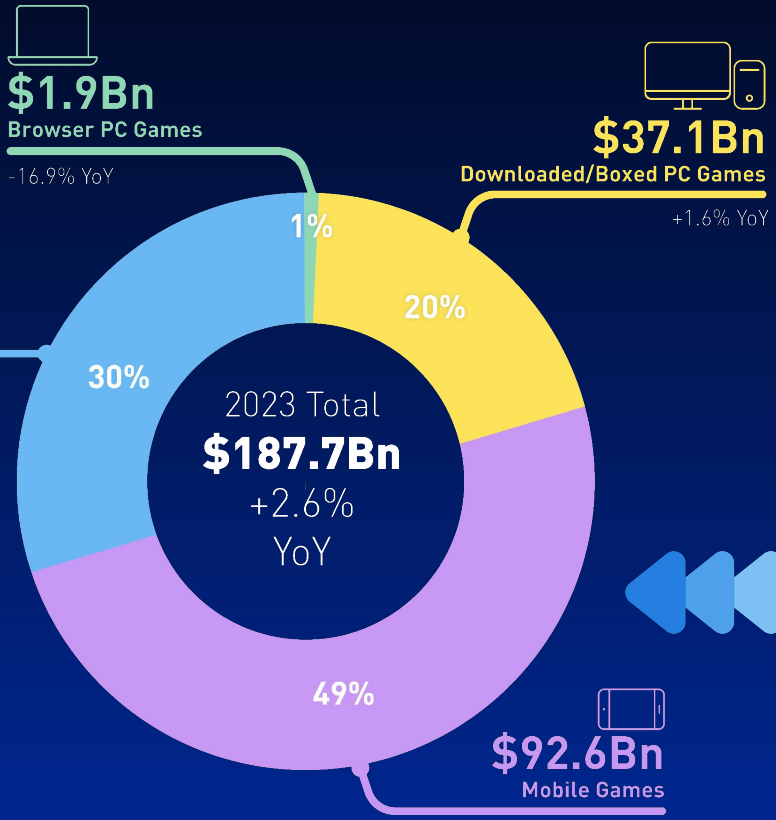




GLOBAL GAMES MARKET

2023 Global Games Market Per Platform



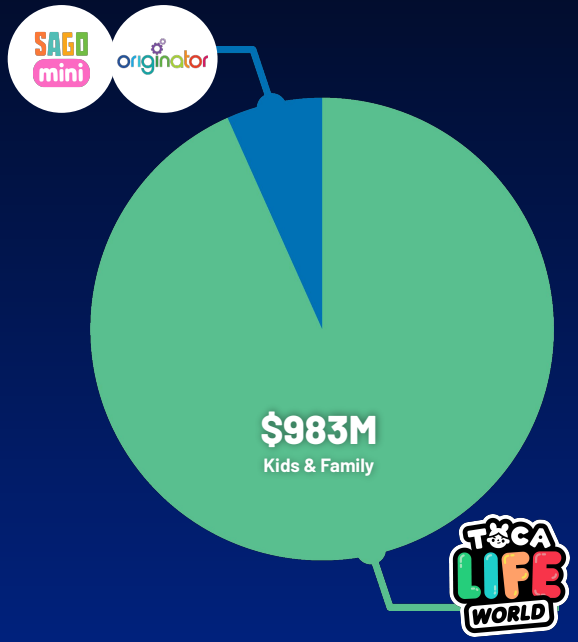


Where we play

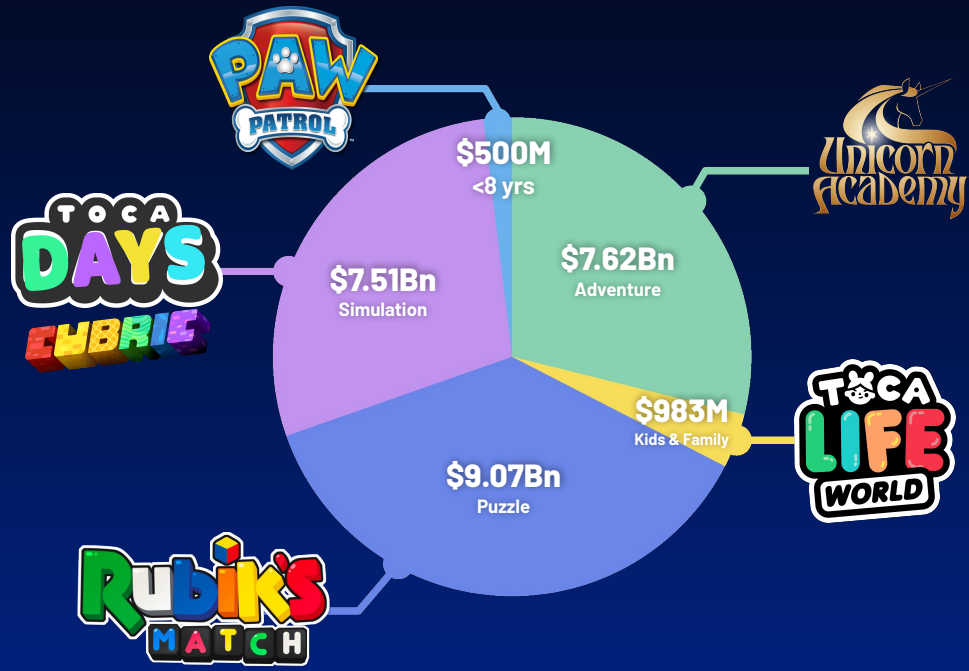
**Source: Newzoo Global Games Market Report 2023

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DIGITAL GAMES

OUR ADDRESSABLE MARKET



TODAY (1Bn)



TOMORROW (25Bn)

Building games for addressable market on mobile

SPIN MASTER DIGITAL GAMES

TOP GROSSING GAMES

(data.ai, past 52wks)



Entering categories where some **games generate ~$1.25 Bn** revenue per annum.

OUR DIVERSE PORTFOLIO & EXPERTISE



piknik
SAGO mini world
SAGO mini school
PAW Patrol Academy
Math Tango
Endless Learning Academy
Toca Hair Salon 4
Toca Boca Jr
SAGO mini first words

SAGO mini
originator

2 to 5
Years old

Toca Life World
Toca Days
Cubric
Unicorn Academy

Toca Boca
noio

6 to 14
Years old

Rubik's Match

Nordlight Games

Kids
All ages

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SPIN MASTER™

DIGITAL GAMES

HOW WE PLAY





OUR GLOBAL STUDIOS

SAGO mini

NORDLIGHT GAMES

otsimo

SPIN MASTER DIGITAL GAMES

NOID

originator

TOCA BOCA



SPIN MASTER DIGITAL GAMES

THE POWER OF SPIN MASTERS CREATIVE CENTERS









SPIN MASTER
DIGITAL GAMES

OPERATING LEVERAGE



Talent



Game Production & Business Performance



Marketing <3 Ecosystem

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OUR BUSINESS MODELS



In App Purchases



Subscriptions



Premium Currency / Other Models

Toca Life World

PAW Patrol Academy

Toca Days

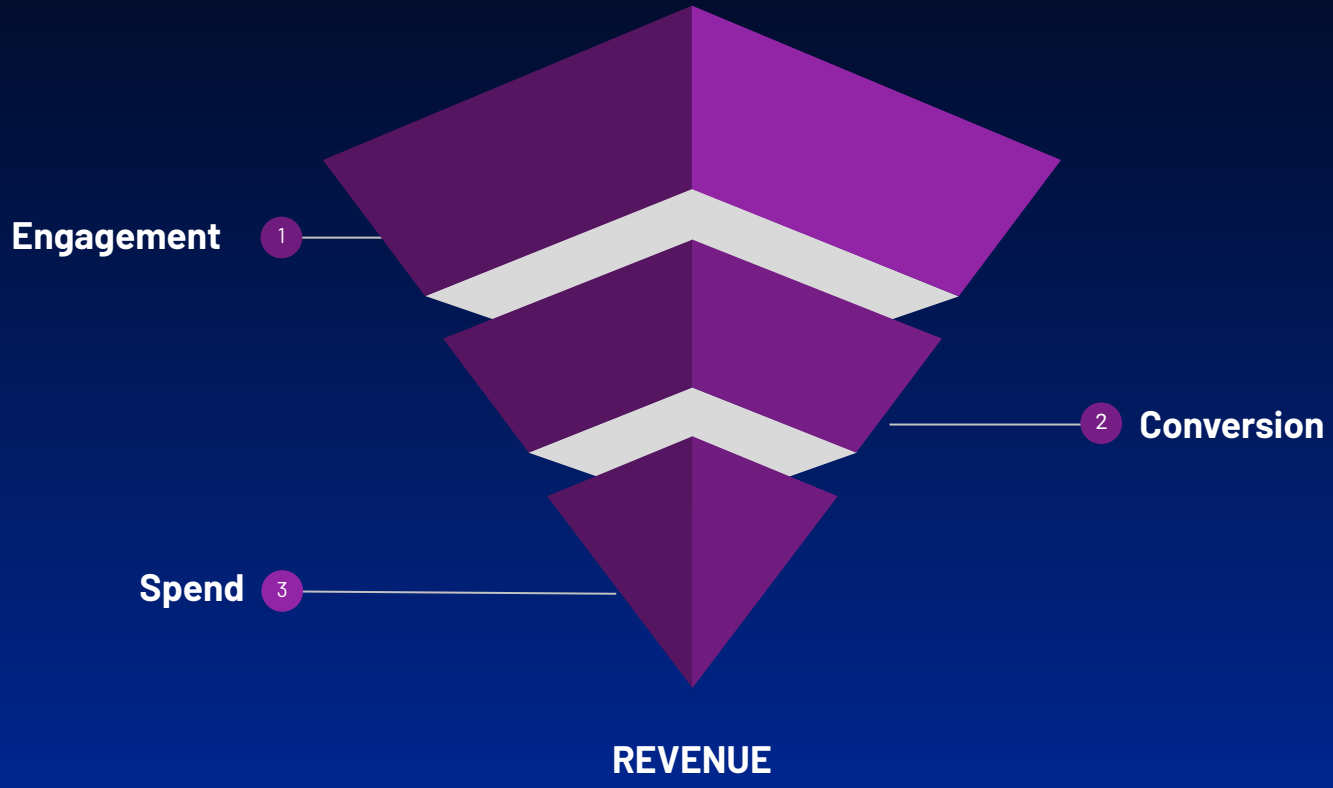
piknik

Cubric

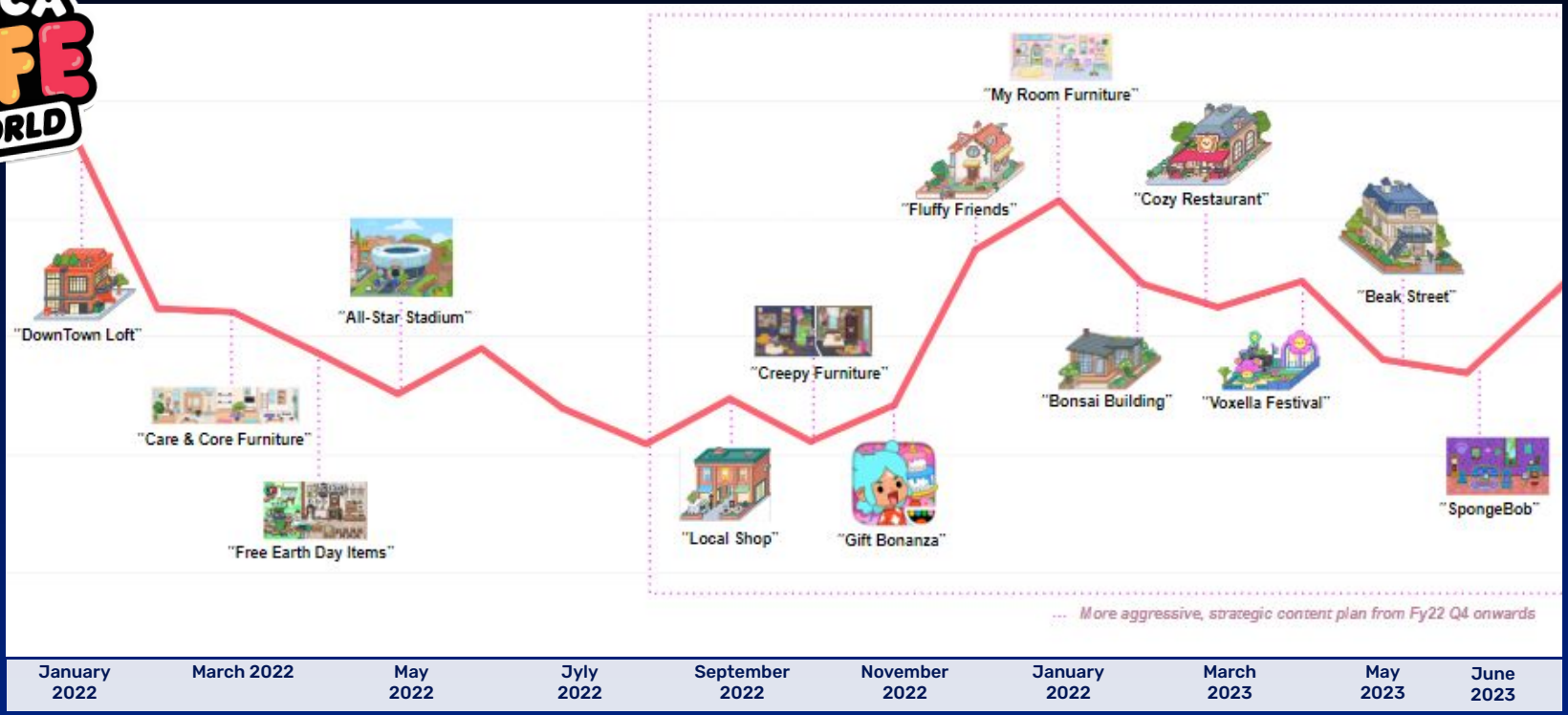
Rubik's Match

SPIN MASTER DIGITAL GAMES

HOW WE GENERATE REVENUE



ENGAGEMENT IS THE NEW STRATEGIC IMPERATIVE



More content releases lead to higher engagement & monetization opportunities in H1 2023

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OUR PLAYERS





A NEW GENERATION OF GAMERS



94% of kids 2 to 12 are playing digital games,
connecting, creating, sharing content.

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STRONG PLAYER NETWORK

TOCA BOCA

As of Q2 2023

76M

Monthly Active Users

TOCA LIFE WORLD

As of Q2 2023

58M

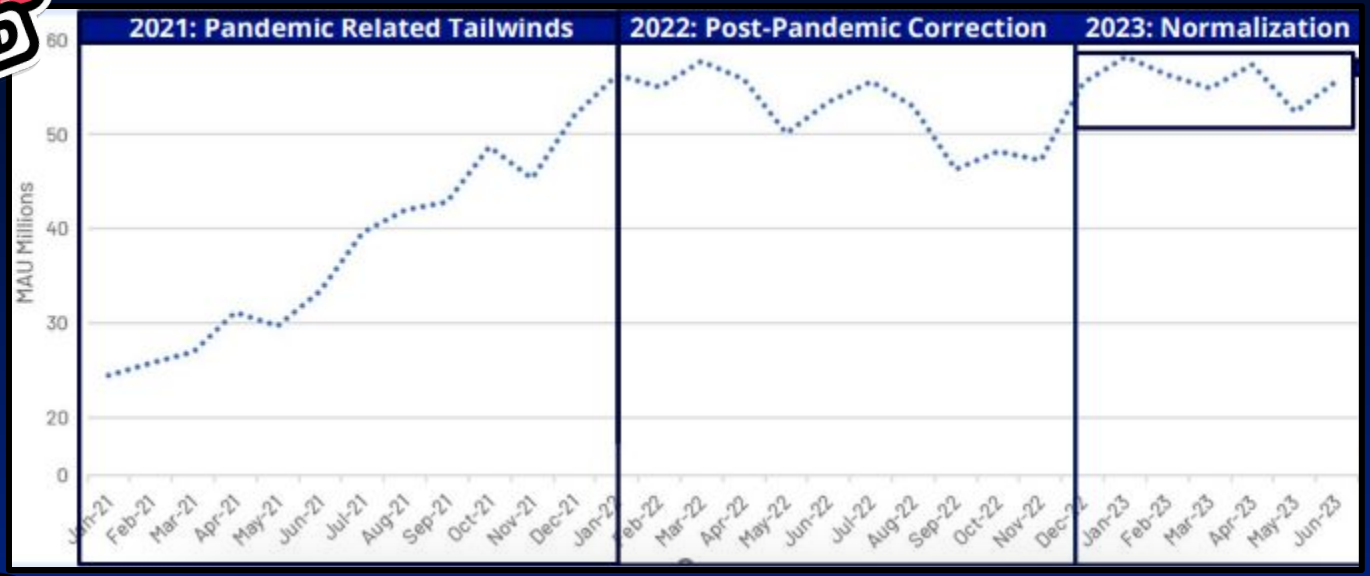
Monthly Active Users



Building an **engaged global player network**

SPIN MASTER DIGITAL GAMES

MAU TRENDING HIGHER THAN 2022/2021

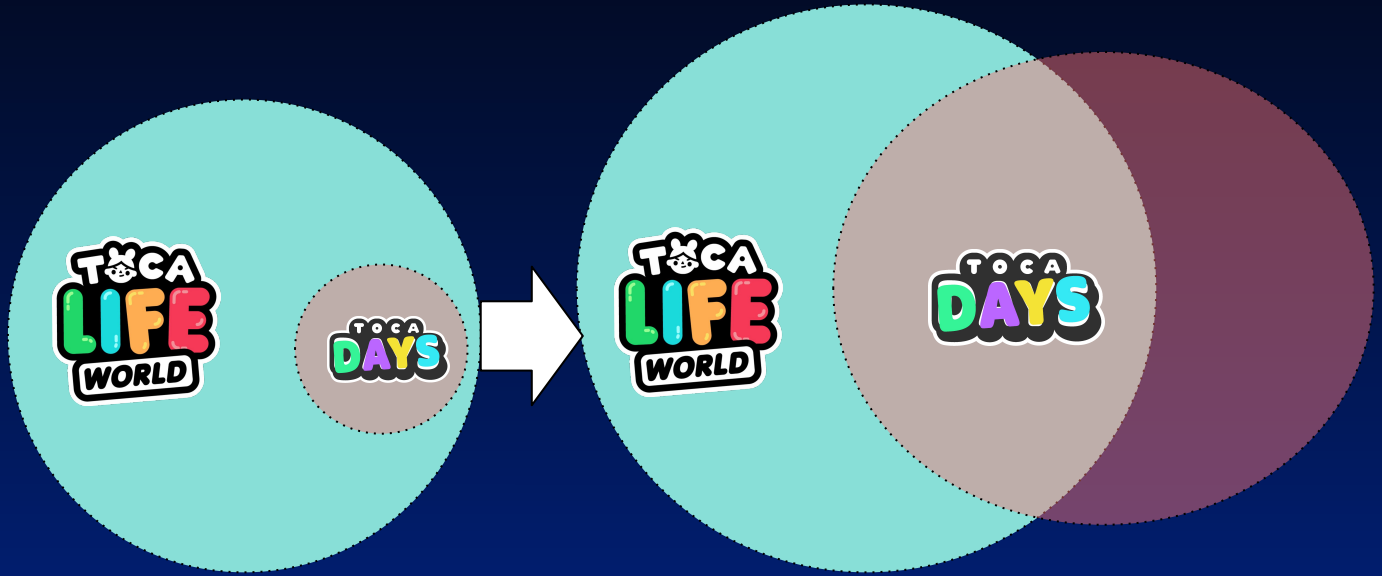




TLW's engagement has improved sequentially since Q3 2022 to achieve levels seen during peak pandemic highs

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A GROWING ECOSYSTEM





The STORYTELLER

Sophie, 8 years old

"The Creative Storyteller"

The CREATOR



The SOCIALIZER

Sam, 12 years old

"The Social Collector"

The CREATOR



The SOCIALIZER

Lex, 13

"The Loyal Buddy"

The ACHIEVER

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OUR GAMES





DIGITAL GAMES

New Games - Expanding our Addressable Market



Entering new categories and aiming to **expand our portfolio** by building games and experiences for **kids of all ages**

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TOCA DAYS



*"**Toca Days** is a game about building **meaningful relationships** in an **ever-evolving world** through **self-expression** and **open play**"*

- **3D multiplayer game** set in the **Toca Boca Universe**
- Entering a **$7.5Bn** simulation genre
- **Early testing, In select markets**
- **Testing Ecosystem growth**

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RUBIK'S MATCH



- A **casual puzzle game** that celebrates creativity and learning
- Entering a **$9.1Bn puzzle market**
- Testing, iterating and proving out “switcher” Kpis
- **Early testing** in select markets

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CUBRIC



- Multiplayer **3D world builder** game
- Entering a **$7.5Bn** simulation genre
- **Kid safe, fun and educational**
- Currently testing in **select markets.**



originator

SPIN MASTER DIGITAL GAMES

PAW PATROL ACADEMY



PAW PATROL ACADEMY

Coming Soon

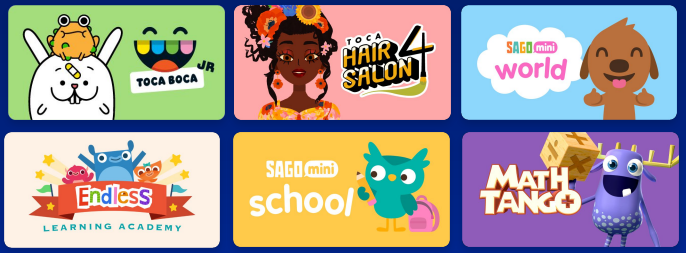
- Delivering the **best mobile PAW app** for the right age group, “**bring the child into the show**”
- **$1Bn** Kids & Family genre.
- Leveraging PAW entertainment content to **deliver an immersive, fun and educational experience**
- Launching in lockstep with the next **movie release**

SPIN MASTER DIGITAL GAMES

PIKNIK

piknik





Coming Soon

- Single subscription for **full access** catalog of play-to-learn digital games.
- **$1Bn** Kids & Family genre.
- Hundreds of interactive games and activities **from Toca** Boca, Sago Mini and Originator.
- **Customers can choose** single app subscriptions or the bundle subscription of $11.99/mo.

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UNICORN ACADEMY



Currently in **Pre Production**

Mobile action adventure digital game that **encapsulates the magic of the series**

Entering a $8Bn Adventure genre

51% of mobile gamers are women. Open space for girls 6-13yrs and built for an **unserved demography**

SPIN MASTER
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We create exceptional digital play experiences for kids of all ages around the world







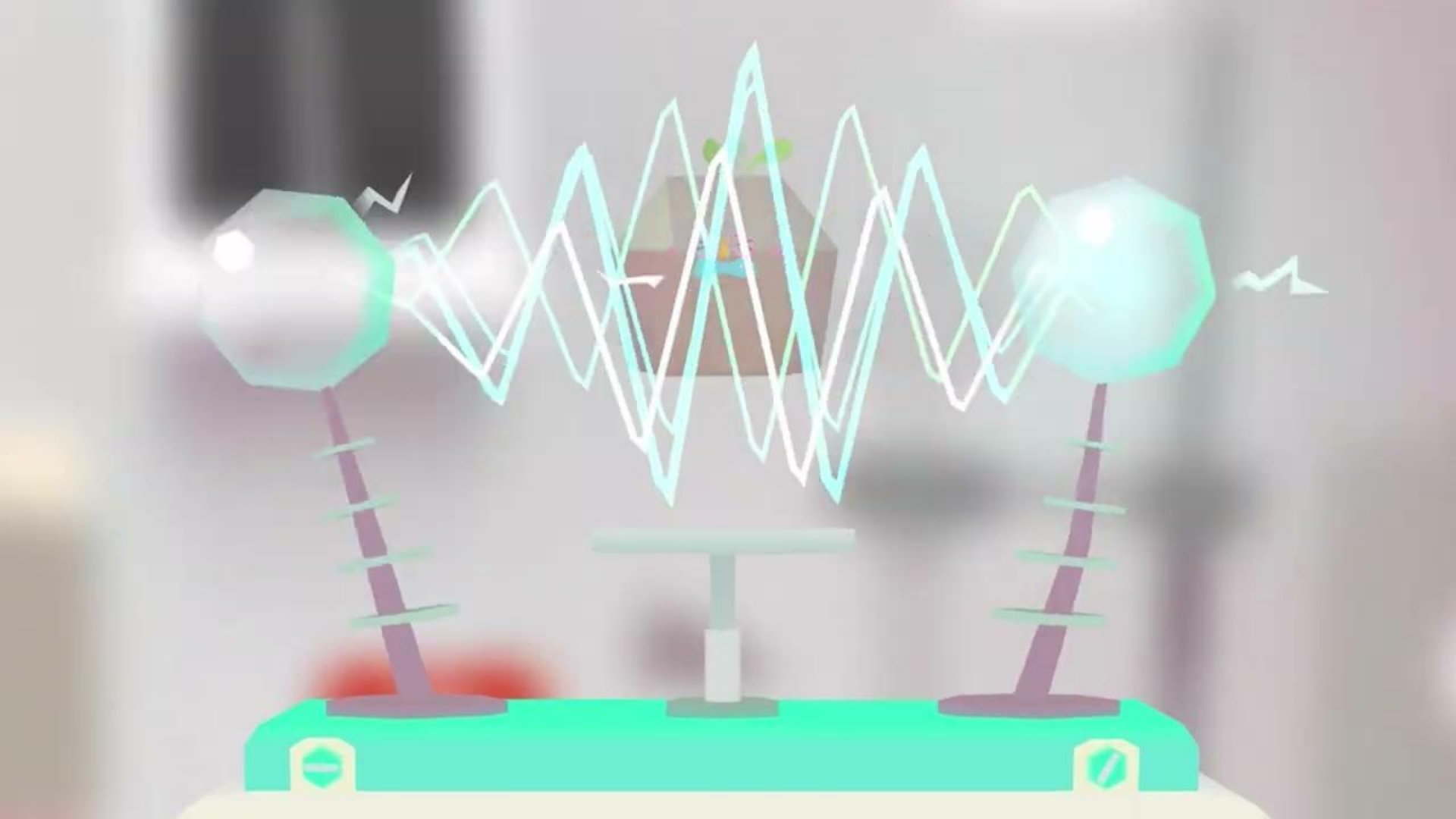
THANK YOU



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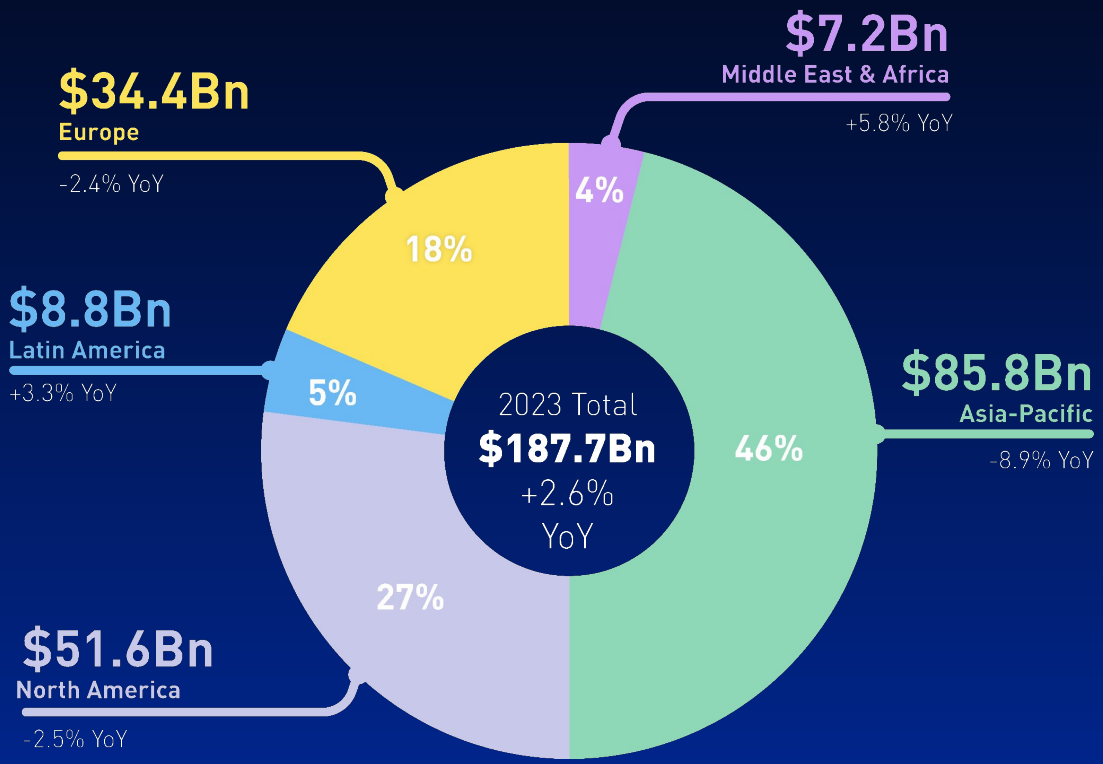
DIGITAL GAMES





GLOBAL GAMES MARKET

2023 Global Games Market Per Region



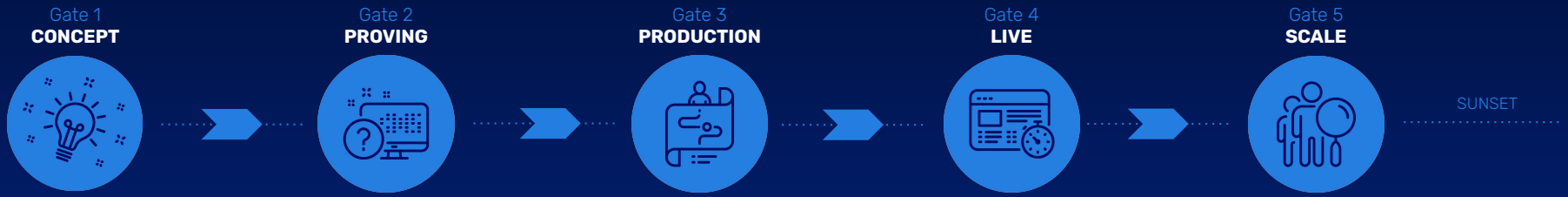


**Source: Newzoo Global Games Market Report 2023

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Game Development Framework



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piknik



We will continue to **grow our core** as **TLW** continues to generate the **majority of our Digital Games revenue** and is **showing increased strength.** We will **continue to integrate TLW with licenses**, i.e. Sponge Bob to engage users.

We will **accelerate subscription growth** via the **Piknik bundle,** a single subscription to **access full catalog of play-to-learn digital games** from Toca Boca, Sago Mini, and Originator. Customers can **choose single app subscriptions** or the **bundle subscription of $11.99/mo**



We'll reach **kids of all ages** with new games that enter us into new categories. All games will be run via live-service and we'll aim to leverage IP across Entertainment and Toy. Early testing in select markets, for all games are looking positive; *engagement, stability, short-term retention & playtime.*

Digital Games driving towards **20%** Spin Master **Total Revenue**