

Spin Master Announces Acquisition of Swimways Corporation and Establishment of Outdoor Business Segment

TORONTO, Aug. 2, 2016 /CNW/ - Spin Master Corp., ("Spin Master") (TSX: TOY) – a leading global children's entertainment company – today announced the acquisition of Swimways Corporation ("Swimways"), a leader in the water and outdoor sports category as well as the formation of an Outdoor business segment. The acquisition establishes Spin Master as a key player in the Outdoor and Sports Toys category – currently one of the largest and fastest growing categories in the US toy industry as measured by NPD.

Swimways, headquartered in Virginia Beach, VA, with an office in Guangzhou, China, a manufacturing and distribution facility in Tarboro, NC, and a team of 149 employees, has a diverse portfolio of toys, games and sporting goods for the pool, beach and backyard with stable and consistent performance. Swimways' 2015 gross sales were approximately US\$90 million. These products are sold under the brands Swimways, Kelsyus and Coop, and includes the popular, patented Spring Float line of products, complemented by pool category licenses from a number of popular entertainment franchises. Swimways' experienced leadership team will lead Spin Master's Outdoor segment from its current headquarters.

"Spin Master is committed to growth through diversification, innovation, expanding our global presence and making strategic acquisitions. With the Swimways acquisition, we can do all of these. We are well-equipped to significantly grow Swimways' brands both domestically and internationally through our strong retail relationships and global sales network, while leveraging our internal innovation expertise and our network of inventors around the world to develop new products," said Ben Gadbois, President and COO, Spin Master Ltd.

"We're excited to join the Spin Master family today. This will allow Swimways and its brands to grow and expand by harnessing Spin Master's global infrastructure," said Swimways Corporation President, David Arias, whose family has owned the company for more than two decades. "We share a spirit of innovation, expertise in maximizing licensing partnerships and a commitment to quality that will provide a strong foundation for growth moving forward."

"Our growing presence in the Outdoor category delivers on several key business strategies including the opportunity to drive sales throughout the year, outside of the seasonality traditionally associated with toys and games. This will allow us to maximize our operational infrastructure during the non-toy selling season" said Anton Rabie, Spin Master's Co-CEO and Co-Founder. "We are passionate about the category and look forward to inspiring an active lifestyle by infusing Spin Master's innovation and fun into the outdoors in order to satisfy many parents' preference for healthier lifestyles and more creative outdoor play," he added.

The purchase price for the transaction will be satisfied by US\$85 million in cash on closing, less an escrow for possible adjustments, plus up to US\$8.5 million payable over 4 years based on Swimways' sales growth. The transaction was financed through Spin Master's existing credit facility. Swimways will operate as a stand-alone subsidiary within the Spin Master group.

The announcement marks Spin Master's fifth acquisition since its Initial Public Offering in July 2015. In Q4 2015, Spin Master completed the purchase of Cardinal Industries, a leader in games and puzzles for more than 60 years. Spin Master subsequently acquired Editrice Giochi SRL, the Italian games producer and Etch a Sketch and Doodle Sketch from The Ohio Art Company in Q1 2016 and global mobile digital app companies Toca Boca and Sago Mini from Bonnier Group in Q2 2016.

About Spin Master

Spin Master is a leading global children's entertainment company that creates, designs, manufactures and markets a diversified portfolio of innovative toys, games, products and entertainment properties. Spin Master is best known for award-winning brands including Zoomer™ Dino, Bakugan Battle Brawlers™, Air Hogs®, and 2015 Toys of The Year, Bunchems and Meccanoid G15. Since 2005, Spin Master has received 63 TIA Toy of The Year (TOTY) nominations with 16 wins across a variety of product categories. Spin Master has been recognized with 12 TOTY nominations for Innovative Toy of the Year, more than any of its competitors. Spin Master is among a limited number of companies that not only develop and produce global entertainment properties, characters and content, but also monetize that content through the creation, sale and licensing of products. To date, Spin Master has produced six television series, including 2007 hit series Bakugan Battle Brawlers and its current hit PAW Patrol, which is broadcast in over 160 countries and territories globally. Spin Master employs over 1,000 people globally with offices in Canada, United States, Mexico, France, Italy, United Kingdom, Slovakia, Czech Republic, Germany, Sweden, the Netherlands, China, Hong Kong, Japan, and Australia.

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. Statements of forward-looking information in this press release include, without limitation, statements with respect to future growth of Swimways' brands.

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 expanded use of advanced technology, robotics and innovation the Company applies to its products will have a level of success consistent with its past experiences; the Company will continue to successfully secure broader licenses from third parties for major entertainment properties consistent with past practices; the expansion of sales and marketing offices in new markets will increase the sales of products in that territory; the Company will be able to successfully identify and integrate strategic acquisition opportunities; the Company will be able to maintain its distribution capabilities; the Company will be able to leverage its global platform to grow Swimways' sales; the Company will be able to recognize and capitalize on opportunities earlier than its competitors; the Company will be able to continue to build and maintain strong, collaborative relationships; the Company will maintain its status as a preferred collaborator; the culture and business structure of the Company will support its growth; the current business strategies of the Company will continue to be desirable on an international platform; the Company will be able to expand its portfolio of owned branded intellectual property and successfully license it to third parties; use of advanced technology and robotics in the Company's products will expand; access of entertainment content on mobile platforms will expand; fragmentation of the market will continue to create acquisition opportunities; the Company will be able to maintain its relationships with its employees, suppliers and retailers, including those of acquired companies; the Company will continue to attract qualified personnel to support its development requirements; and the Company founders will continue to be involved in the Company and that the risk factors noted below, 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 Spin Master, could cause actual results to differ materially from the forward-looking information in this press release. These include the Company's expectations concerning growth of Swimways' in North America, Europe and other international markets; the Company's operating momentum, financial position, cash flows and financial performance; the Company's future growth, drivers for such growth, and the successful execution of its strategies for growth; the likelihood of avoiding early season out-of-stocks; the seasonality of Gross Product Sales and forecasted organic Gross Product Sales and Adjusted EBITDA Margins. These risk factors are not intended to represent a complete list of the factors that could affect Spin Master 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. Spin Master 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.

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