

Spin Master Reports Q3 2016 Financial Results

23% Revenue Growth; Hatchimals Launch a Huge Success

TORONTO, Nov. 8, 2016 /CNW/ - Spin Master Corp. ("Spin Master" or the "Company") (TSX: TOY), a leading global children's entertainment company, today announced its financial results for the third quarter ended September 30, 2016. The Company's full Management's Discussion and Analysis and Unaudited Interim Consolidated Financial Statements for the three and nine month periods ended September 30, 2016 are available on SEDAR (www.sedar.com) and on the Company's web site at www.spinmaster.com/financial-info.php. The Company completed its Initial Public Offering ("IPO") on July 30, 2015. Accordingly, comparative 2015 financial results presented in this news release reflect Spin Master's results as a private company until July 30, 2015, prepared to conform to the Company's financial reporting standards under International Financial Reporting Standards as a public company.

"The momentum we have recently demonstrated continued in the third quarter of 2016," said Anton Rabie, Chairman and Co-Chief Executive Officer of Spin Master. "In addition to our solid financial performance, the quarter was highlighted by the continued successful execution of our growth strategy. This was evidenced by our entry into the growing Outdoor and Sports Toys category through the acquisition of Swimways Corporation, and our ability to innovate as demonstrated by the introduction of *Hatchimals*. Initial shipments and retail sell-through of *Hatchimals* has been very strong, with retailers reporting exceptional customer response."

Q3 2016 Financial Highlights

- Revenue of US\$475.0 million increased 22.8% from US\$386.8 million in Q3 2015. Excluding Cardinal Industries Inc. ("Cardinal") which was acquired in Q4 2015, revenue grew 11.7%
- In constant currency terms, revenue increased by 23.6% relative to Q3 2015
- Gross Product Sales (see "Non-IFRS Measures" below) increased 18.0% to US\$518.6 million, compared to US\$439.5 million in Q3 2015. Excluding Cardinal, which was acquired in Q4 2015, Gross Product Sales grew 7.7%
- On a geographic basis, Spin Master's strong global platform drove Gross Product Sales increases of 47.3% in Europe, 12.3% in North America, and 12.1% in the Rest of World
- Other Revenue, which primarily reflects merchandising royalty and television distribution income from products marketed by third parties using Spin Master's owned intellectual property, in addition to App revenue from Toca Boca and Sago Mini, increased 277.5% to US\$17.3 million in Q3 2016, compared to US\$4.6 million in Q3 2015
- Gross profit increased 20.7% to US\$247.7 million, representing 52.2% of revenue, compared with US\$205.2 million, or 53.1% of revenue in Q3 2015. The 0.9% decline in gross margin was primarily due to product mix related to Cardinal, partially offset by higher licensing and merchandising income
- Selling, general and administrative expenses, excluding share-based compensation expenses, represented 26.2% of revenue compared to 23.8% in Q3 2015, attributable in part to higher distribution costs, acquisition costs and increased marketing expenditures
- Net income was US\$83.3 million, equivalent to US\$0.82 per share, compared with US\$51.1 million in Q3 2015
- Adjusted Net Income (see "Non-IFRS Measures" below) was US\$87.5 million, or US\$0.86 per share, compared to US\$80.4 million in Q3 2015
- Adjusted EBITDA (see "Non-IFRS Measures" below) was US\$133.3 million compared with US\$118.7 million in Q3 2015; Adjusted EBITDA Margins (see "Non-IFRS Measures" below) were 28.1% in Q3 2016 compared to 30.7% in Q3 2015, reflecting lower gross margins, acquisition costs, increased distribution costs and marketing expenditures referenced above, partially offset by higher licensing and merchandising income
- Free Cash Flow (see "Non-IFRS Measures" below) was US\$117.2 million compared to US\$75.8 million for Q3 2015
- On August 2, 2016, Spin Master acquired Swimways Corporation (www.swimways.com) ("Swimways"), a leader in the Outdoor and Sports Toys category, for US\$85 million in cash plus an earn-out of up to \$8.5 million over four years based on Swimways' sales growth. 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. Swimways' products are sold under the brands *Swimways*, *Kelsyus* and *Coop*, and include the patented *Spring Float* line of products, complemented by pool category licenses from a number of popular entertainment franchises. In conjunction with the acquisition, Spin Master formed a new Outdoor business segment
- On September 13, 2016, Spin Master acquired the exclusive global manufacturing and distribution rights for certain Cepia LLC product lines, including the relaunch of the global 2007 toy phenomenon, *ZhuZhu Pets* (www.zhuzhupets.com)

"As we enter the critical fourth quarter selling season, we are well positioned for long term success," said Ben Gadbois, President and COO of Spin Master. "Our rolling 36-month brand innovation pipeline is enabling us to consistently identify and capitalize on market opportunities. The success of the *Hatchimals* launch is a great example of our innovation capability. We are continuing to execute our international growth strategy. Our international sales penetration accelerated further, particularly in Europe where we saw strong growth in the quarter. We are excited about the potential for our new Central & Eastern Europe

and Australian offices and are a few weeks away from going to market directly in these markets. The five acquisitions since our IPO, Cardinal, *Etch A Sketch*, EG Games, *Toca Boca/Sago Mini* and Swimways, continue to be integrated smoothly and offer exciting growth opportunities," he added.

"*Hatchimals* represents a major global product success," said Ronnen Harary, Spin Master's Co-Chief Executive Officer. "The appeal of *Hatchimals* has exceeded our expectations with a product line that has delivered in delighting kids. *Hatchimals* is one of the most successful new toy launches the industry has seen in years and is one of the top-selling toys at many major retailers globally. We are taking extraordinary efforts, including flying product in from our manufacturing facilities, to meet as much demand as possible. In addition, the recent launch of our new pre-school TV show *Rusty Rivets* on Nickelodeon represents another potential entertainment success."

Q3 Gross Product Sales by Business Segment (US\$ millions)

	Q3 2016	Q3 2015	% Change
Activities, Games & Puzzles and Fun Furniture	\$125.0	\$74.5	67.7%
Remote Control and Interactive Characters	\$148.2	\$137.8	7.6%
Boys Action and High-Tech Construction	\$59.2	\$95.3	(37.8%)
Pre-School and Girls	\$181.2	\$131.9	37.4%
Outdoor	\$5.0	-	n/a
Gross Product Sales	\$518.6	\$439.5	18.0%
Other Revenue	\$17.3	\$4.6	277.5%
Sales Allowances	(\$60.9)	(\$57.2)	6.3%
Revenue	\$475.0	\$386.9	22.8%

September 30, 2016 Year to Date ("YTD") Results

For the nine months ended September 30, 2016, Spin Master generated revenue of US\$816.1 million, an increase of 31.4% compared to US\$621.0 million from the same period in 2015. In constant currency terms, revenue increased by 32.5% YTD relative to the comparable period in 2015. Excluding the acquisition of Cardinal which was completed on October 2, 2015, YTD revenue increased 18.8% to \$737.5 million compared to the same period in 2015. YTD Gross profit increased to US\$424.7 million, or 52.0% of revenue, compared with US\$327.3 million, or 52.7% of revenue in the first nine months of 2015.

YTD Selling, General and Administrative expenses, excluding share-based compensation expenses associated with equity participation agreements and the grants of restricted share units to employees on the IPO, represented 32.6% of revenue compared to 32.0% in the comparable period in 2015. Net income for the nine months ended September 30, 2016 was US\$96.8 million, or US\$0.96 per share, an increase of 60.4% from US\$60.3 million for the same period in 2015. Adjusted Net Income YTD was US\$110.8 million, or US\$1.10 per share, up 20.5% compared to US\$91.9 million in the first nine months of 2015.

Adjusted EBITDA for the nine months ended September 30, 2016 increased to US\$182.6 million, up 24.4% from US\$146.8 million for the same period in 2015. YTD Adjusted EBITDA Margins were 22.4% compared to 23.6% for the comparable period in 2015, reflecting lower gross profit and increased royalties and marketing expenditures, offset, in part, by product mix and higher licensing and merchandizing income.

Free Cash Flow for the nine months ended September 30, 2016 was US\$122.6 million compared to US\$73.4 million for the same period in 2015.

Q3 YTD Gross Product Sales by Business Segment (US\$ millions)

	Q3 YTD 2016	Q3 YTD 2015	% Change
Activities, Games & Puzzles and Fun Furniture	\$228.2	\$131.2	74.0%
Remote Control and Interactive Characters	\$190.2	\$183.3	3.8%
Boys Action and High-Tech Construction	\$119.7	\$144.2	(17.0%)
Pre-School and Girls	\$335.3	\$236.5	41.8%
Outdoor	\$5.0	-	n/a
Gross Product Sales	\$878.4	\$695.2	26.3%
Other Revenue	\$35.7	\$11.2	219.3%
Sales Allowances	(\$98.0)	(\$85.4)	14.8%
Revenue	\$816.1	\$621.0	31.4%

Q3 2016 and Q3 YTD Business Segment Gross Product Sales as Compared to the Same Periods in 2015

Gross Product Sales in the Activities, Games & Puzzles and Fun Furniture segment increased 67.7% and 74.0% for the Q3 and YTD periods, respectively, driven by the acquisition of Cardinal. Excluding the acquisition of Cardinal, Gross Product Sales grew

by 7.1% and 10.9% for the Q3 and YTD periods, respectively. Gross Product Sales in the Remote Control and Interactive Characters segment increased 7.6% and 3.8% in the Q3 and YTD periods, respectively, primarily due to initial shipments of *Hatchimals*, partially offset by decreases in sales of *Zoomer* and *Air Hogs* products. Gross Product Sales in the Boys Action and High Tech Construction segment decreased 37.8% and 17.0% in the Q3 and YTD periods, respectively, due to lower sales of *Meccano*, *How to Train Your Dragon* toys and *Star Wars* licensed products, partially offset by sales of *Secret Life of Pets* and *Angry Birds* toys. Gross Product Sales in the Pre School and Girls segment increased 37.4% and 41.8% in the Q3 and YTD periods, respectively, due to the continued strength of the *PAW Patrol* franchise and shipments of *Brightlings* as well as products associated with the relaunch of *Power Puff Girls*. Other Revenue increased 277.5% and 219.3% for Q3 and YTD periods, respectively, primarily driven by increased merchandising royalty income from products marketed by third parties using Spin Master's owned intellectual property and App revenue from Toca Boca and Sago Mini.

Outlook

For the full year 2016, Spin Master now expects organic Gross Product Sales growth to be slightly higher than the guidance provided in connection with the release of Q2 2016 results in August 2016, with organic Gross Product Sales expected to grow in the high teens to low twenties percent range, relative to 2015. Previous guidance provided in connection with the release of Q2 2016 results in August 2016 expected organic Gross Product Sales growth in the high-teens relative to 2015. From a seasonality perspective, Spin Master expects Gross Product Sales to be in line with previous guidance provided in August 2016, with the first half of 2016 representing approximately 30% of total 2016 Gross Product Sales and the second half representing approximately 70%. Adjusted EBITDA margins for 2016, excluding the Toca Boca and Swimways acquisitions, are expected to increase slightly compared with 2015. Adjusted EBITDA margins for 2016, including the Toca Boca and Swimways acquisitions, are expected to be in line with 2015.

Conference call

Ronnen Harary, Co-Chief Executive Officer, Ben Gadbois, President & Chief Operating Officer and Mark Segal, Chief Financial Officer will hold an investor conference call to discuss 2016 third quarter and YTD results at 9:30 a.m. ET on Wednesday, November 9, 2016.

The call-in numbers for participants are (647) 427-7450 or (888) 231-8191. A live webcast of the call will be accessible via Spin Master's website at: <http://spinmaster.com/events-presentations.php>. A replay of the call will be available until Wednesday, November 23, 2016. To access the replay, dial (416) 849-0833 or (855) 859-2056 (Passcode: 98384414). A transcript of the webcast will be archived on Spin Master's website.

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 2016 Toys of The Year, *Bunchems* and *Meccanoid G15*. Since 2005, Spin Master has received 64 TIA Toy of The Year (TOTY) nominations with 17 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.

Non-IFRS Measures

In addition to using financial measures prescribed under IFRS, references are made in this press release to "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net Income", "Free Cash Flow", "Gross Product Sales" and "Sales Allowances", which are non-IFRS financial measures. Non-IFRS financial measure do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

Adjusted EBITDA is calculated as EBITDA (i.e., net earnings before borrowing costs, taxes and depreciation and amortization) excluding one time or other non-recurring items that do not necessarily reflect the Company's underlying financial performance, including, share based compensation expenses, foreign exchange gains or losses, restructuring costs, public offering costs and write downs, among other items. Adjusted EBITDA is used internally as the key benchmark for incentive compensation and by management as a measure of the Company's profitability and its ability to fund working capital requirements, investment in property, plant and equipment, and make debt repayments.

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

Adjusted Net Income is calculated as net income excluding one time or other items that do not necessarily reflect the Company's underlying financial performance including foreign exchange gains or losses, restructuring costs, IPO costs, the accounting effect of the phantom equity expense and write downs, among other items and the corresponding impact these

items have on income tax expense. Management uses Adjusted Net Income to understand the underlying financial performance of the business on a consistent basis over time.

Free Cash Flow is calculated as cash from operations before changes in working capital less capital expenditures plus any cash used in brand or business acquisitions. Capital expenditures include expenditures on assets such as property, plant, equipment (primarily expenditures of tooling) and the production of television properties. Management uses the Free Cash Flow metric to analyze the cash flow being generated by the Company's business.

Gross Product Sales represent sales of the Company's products to customers, excluding the impact of marketing, incentive and Sales Allowance adjustments. Changes in Gross Product Sales are discussed because, while Spin Master records the details of such Sales Allowances (in its financial accounting systems at the time of sale in order to calculate revenue, such Sales Allowances are generally not associated with individual products, making revenue less meaningful when comparing its segments and geographical results to highlight trends in Spin Master's business.

Sales Allowances represent marketing and sales credits requested by customers relating to factors such as co-operative advertising, contractual discounts, negotiated discounts, customer audits, volume rebates, defective products, and costs incurred by customers to sell the Company's products and are booked as a reduction to Gross Product Sales. Management uses Sales Allowances to identify and compare the cost of doing business with individual retailers, different geographic markets and amongst various distribution channels.

Management believes that Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Free Cash Flow and Gross Product Sales are important supplemental measures of operating performance and highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management believes that Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Free Cash Flow, Gross Product Sales and Sales Allowances allow for assessment of the Company's operating performance and financial condition on a basis that is more consistent and comparable between reporting periods. The Company believes that lenders, securities analysts, investors and other interested parties frequently use these non-IFRS measures in the evaluation of issuers.

The following table presents a reconciliation of Net Income to EBITDA, Adjusted EBITDA and Adjusted Net Income, and Cash from (used in) Operations to Free Cash Flow for the three and nine month periods ended September 30, 2016 and 2015. All references to \$ refer to US\$:

(All amounts in US\$ 000's)

Three Months Ended September 30

	2016	2015	\$ Change	% Change
Net Income after Tax	\$ 83,253	\$ 51,091	\$ 32,162	63.0%
Finance Costs	\$ 2,575	\$ 922	\$ 1,653	179.3%
Depreciation and Amortization	\$ 9,420	\$ 5,173	\$ 4,246	82.1%
Income Tax	\$ 32,319	\$ 26,407	\$ 5,911	22.4%
EBITDA ⁽¹⁾	\$ 127,567	\$ 83,593	\$ 43,974	52.6%
Normalization Adjustments				
Restructuring ⁽²⁾	\$ 827	\$ 1,716	\$ (889)	-51.8%
Foreign exchange loss /(gain) ⁽³⁾	\$ (129)	\$ 4,396	\$ (4,525)	
Offering Costs ⁽⁴⁾	\$ -	\$ 65	\$ (65)	-100.0%
Share Based Compensation ⁽⁵⁾	\$ 4,996	\$ 43,513	\$ (38,517)	-88.5%
One time income from Transfer of Non Business Related Assets ⁽⁶⁾	\$ -	\$ (9,617)	\$ 9,617	-100.0%
One time Service Fee income ⁽⁷⁾	\$ -	\$ (5,000)	\$ 5,000	-100.0%
Adjusted EBITDA ⁽¹⁾	\$ 133,261	\$ 118,666	\$ 14,594	12.3%
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Finance Costs	\$ 2,575	\$ 922	\$ 1,653	179.3%
Depreciation and Amortization	\$ 9,420	\$ 5,173	\$ 4,246	82.1%
Income Tax	\$ 32,319	\$ 22,176	\$ 10,143	45.7%
Tax Effect of Normalization Adjustments ⁽⁸⁾	\$ 1,465	\$ 9,986	\$ (8,521)	-85.3%
Adjusted Net Income ⁽¹⁾	\$ 87,482	\$ 80,409	\$ 7,073	8.8%
Free Cash Flow				

Net cash flows generated by (used in) operating activities	\$	28,001	\$	53,712	\$	(25,711)
Plus:						
Changes in Working Capital	\$	104,169	\$	35,662	\$	68,507
Net cash flows generated by (used in) operating activities before working capital changes	\$	132,170	\$	89,374	\$	42,796
Less:						
Net cash flows used in investing activities	\$	(103,504)	\$	(16,643)	\$	(86,861)
Plus:						
Cash used for Licence, Brand and Business Acquisitions	\$	88,572	\$	3,100	\$	85,472
Free Cash Flow ⁽¹⁾	\$	117,238	\$	75,831	\$	41,407

Footnotes:

- 1) Non – IFRS measure, See "Non-IFRS Financial Measures"
- 2) 2016 Restructuring related to changes to headcount that occurred primarily in the US. 2015 restructuring primarily related to a change to the Company's executive team.
- 3) Transaction gains and losses generated by the effect of foreign exchange recorded on assets and liabilities denominated in a currency that differs from the functional currency of the applicable entity are recorded as foreign exchange gain or loss in the period which they occur.
- 4) Offering Costs are considered a one-time expense and are not reflective of ongoing costs of the business.
- 5) Share-based compensation is related to expenses associated with Subordinate Voting Shares granted to equity participants, restricted stock units granted to employees at the time of the IPO and share options granted in 2016.
- 6) One of the predecessor corporations to the Company owned assets which are non-income producing and do not relate to the business of the Company. Accordingly, the assets were transferred to the principal shareholders prior to the closing of the Offering through dividends in kind at their current fair market value.
- 7) One time service fee income is in connection with the acquisition of Cardinal and services provided to Cardinal prior to the closing of the transaction in Q3 2015.
- 8) Tax Effect of Normalization Adjustments (Footnotes 1-4). Normalization adjustments tax effected at the effective tax rate of the given period.

(All amounts in US\$ 000's)

Nine Months Ended September 30

	2016	2015	\$ Change	% Change
Net Income after Tax	\$ 96,788	\$ 60,334	\$ 36,454	60.4%
Finance Costs	\$ 6,187	\$ 1,614	\$ 4,573	283.4%
Depreciation and Amortization	\$ 22,317	\$ 16,989	\$ 5,327	31.4%
Income Tax	\$ 37,880	\$ 29,716	\$ 8,163	27.5%
EBITDA ⁽¹⁾	\$ 163,172	\$ 108,653	\$ 54,519	50.2%
Normalization Adjustments				
Restructuring ⁽²⁾	\$ 1,759	\$ 2,637	\$ (878)	-33.3%
Foreign exchange loss /(gain) ⁽³⁾	\$ (1,104)	\$ 5,948	\$ (7,052)	
Offering Costs ⁽⁴⁾	\$ -	\$ 668	\$ (668)	-100.0%
Share Based Compensation ⁽⁵⁾	\$ 18,797	\$ 43,513	\$ (24,716)	-56.8%
One time income from Transfer of Non Business Related Assets ⁽⁶⁾	\$ -	\$ (9,617)	\$ 9,617	-100.0%
One time Service Fee income. ⁽⁷⁾	\$ -	\$ (5,000)	\$ 5,000	-100.0%
Adjusted EBITDA ⁽¹⁾	\$ 182,624	\$ 146,802	\$ 35,821	24.4%
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Finance Costs	\$ 6,187	\$ 1,614	\$ 4,573	283.4%
Depreciation and Amortization	\$ 22,317	\$ 16,989	\$ 5,327	31.4%
Income Tax	\$ 37,880	\$ 25,485	\$ 12,395	48.6%
Tax Effect of Normalization Adjustments ⁽⁸⁾	\$ 5,471	\$ 10,797	\$ (5,326)	-49.3%
Adjusted Net Income⁽¹⁾	\$ 110,767	\$ 91,917	\$ 18,850	20.5%
Free Cash Flow				

Net cash flows generated by (used in) operating activities	\$	10,728	\$	(9,484)	\$	20,212
Plus:						
Changes in Working Capital	\$	148,857	\$	112,531	\$	36,326
Net cash flows generated by (used in) operating activities before working capital changes	\$	159,585	\$	103,047	\$	56,538
Less:						
Net cash flows used in investing activities	\$	(167,719)	\$	(32,739)	\$	(134,980)
Plus:						
Cash used for Licence, Brand and Business Acquisitions	\$	130,705	\$	3,100	\$	127,605
Free Cash Flow ⁽¹⁾	\$	122,571	\$	73,408	\$	49,163

Footnotes:

- 1) Non – IFRS measure, See "Non-IFRS Financial Measures"
- 2) 2016 Restructuring related to changes to headcount that occurred primarily in the US. 2015 restructuring primarily related to a change to the Company's executive team.
- 3) Transaction gains and losses generated by the effect of foreign exchange recorded on assets and liabilities denominated in a currency that differs from the functional currency of the applicable entity are recorded as foreign exchange gain or loss in the period which they occur.
- 4) Offering Costs are considered a one-time expense and are not reflective of ongoing costs of the business.
- 5) Share-based compensation is related to expenses associated with Subordinate Voting Shares granted to equity participants, restricted stock units granted to employees at the time of the IPO and share options granted in 2016.
- 6) One of the predecessor corporations to the Company owned assets which are non-income producing and do not relate to the business of the Company. Accordingly, the assets were transferred to the principal shareholders prior to the closing of the Offering through dividends in kind at their current fair market value.
- 7) One time service fee income is in connection with the acquisition of Cardinal and services provided to Cardinal prior to the closing of the transaction in Q3 2015.
- 8) Tax Effect of Normalization Adjustments (Footnotes 1-4). Normalization adjustments tax effected at the effective tax rate of the given period.

Forward-Looking Statements

Certain statements, other than statements of historical fact, contained in this press release constitute "forward-looking information" within the meaning of certain securities laws, including the *Securities Act* (Ontario), and are based on expectations, estimates and projections as of the date on which the statements are made in this press release. The words "plans", "expects", "projected", "estimated", "forecasts", "anticipates", "indicative", "intend", "guidance", "outlook", "potential", "prospects", "seek", "strategy", "targets" or "believes", or variations of such words and phrases or statements that certain future conditions, actions, events or results "will", "may", "could", "would", "should", "might" or "can", or negative versions thereof, "be taken", "occur", "continue" or "be achieved", and other similar expressions, identify statements containing forward-looking information. Statements of forward-looking information in this press release include, without limitation, statements with respect to: the launching of new products, brands and entertainment properties; the Company's outlook for 2016; the Company's owned intellectual property and license agreements; the Company's expectations concerning growth of Cardinal in Europe and other international markets; the Company's expectations concerning growth from Editrice Giochi, Etch A Sketch, Toca Boca and Sago Mini or Swimways; 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 seasonality of Gross Product Sales and forecasted organic Gross Product Sales and Adjusted EBITDA Margins.

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 Cardinal's 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; 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 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, the factors discussed under "Risk Factors" in the Company's Management Discussion and Analysis for the period ended September 30, 2016 and the Company's Annual Information Form dated March 30, 2016. 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.

SOURCE Spin Master Corp.

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<https://spinmaster.mediaroom.com/2016-11-08-Spin-Master-Reports-Q3-2016-Financial-Results>