

Spin Master Reports Strong Q4 and Full Year 2017 Financial Results

Q4 2017 Revenue Increases 30%, Drives 107% Growth in Adjusted EBITDA¹

TORONTO, March 7, 2018 /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 fourth quarter and year ended December 31, 2017. The Company's full Management's Discussion and Analysis for the three month period and the year ended December 31, 2017 and the Consolidated Financial Statements for the year ended December 31, 2017 are available on SEDAR (www.sedar.com) and posted on the Company's web site at www.spinmaster.com/financial-info.php.

"Our excellent performance in the fourth quarter capped off another year of significant revenue and profitability growth for Spin Master" said Anton Rabie, Spin Master's Chairman and Co-CEO. "Our Spin Master team performed exceptionally well globally and our investments in talent are driving positive results. We continue to be active on the acquisition front. In Q4 we acquired the *Perplexus* brand, an innovative game we have distributed since 2013. On March 5th, we agreed to acquire Gund, a plush toy business that is best known for its iconic teddy bears. Gund has a 120-year history as a market leader and toy industry pioneer widely known for its high quality and innovative design. We are excited about our expansion into the infant toy and specialty gift categories."

Q4 2017 Financial Highlights as compared to the same period in 2016²

- Revenue of US\$440.9 million increased 30.3% from US\$338.4 million
- In Constant Currency¹ terms, revenue increased by 27.6%
- Gross Product Sales¹ increased 28.6% to US\$483.9 million, compared to US\$376.2 million, driven by sales of *Hatchimals*, *Luvabella*, and *Cardinal* games, which more than offset declines in *Air Hogs* and *Zoomer*
- Gross Product Sales¹ increased just under 17% in North America, 34% in Europe and 94% in the Rest of World. International Gross Product Sales¹ on a combined basis were 40.8% of total Gross Product Sales², increasing from 34.8% in 2016
- Other Revenue, which primarily reflects merchandising royalty and television distribution income from products marketed by third parties using Spin Master's owned intellectual property, as well as app revenue from Toca Boca and Sago Mini, was US\$30.0 million compared to US\$12.3 million
- Gross profit increased 33.1% to US\$228.9 million, representing 51.9% of revenue, compared with US\$172.0 million, or 50.8% of revenue
- Selling, general and administrative expenses ("SG&A"), excluding share-based compensation expenses associated with equity participation agreements and the grants of restricted share units to employees at the initial public offering, represented 44.9% of revenue compared to 46.6%. SG&A declined as a percentage of revenue, due to lower marketing and product development costs, offset by higher selling and warehousing and distribution costs
- Net income was US\$20.0 million, or US\$0.21 per share, compared with US\$2.7 million, or US\$0.03 per share
- Adjusted Net Income¹ was US\$25.5 million, or US\$0.25 per share, compared to US\$9.3 million, or US\$0.09 per share
- Adjusted EBITDA¹ was US\$47.3 million compared with US\$22.9 million in 2016; Adjusted EBITDA Margin¹ increased to 10.7% compared to 6.8%, reflecting the increase in gross profit and lower SG&A
- Free Cash Flow¹ was US\$18.4 million compared to US\$(3.9) million
- On November 30, 2017 the Company acquired certain assets related to the *Perplexus* brand for approximately \$9 million. Spin Master has distributed *Perplexus* since 2013. Spin Master will now own the global intellectual property rights to the *Perplexus* game portfolio. *Perplexus* is included in the Activities, Games and Puzzles and Fun Furniture business segment.

"We are very pleased with our execution in 2017 against Spin Master's four growth strategies," said Ben Gadbois, Spin Master's President & COO. "Anchored by our global, collaborative innovation capabilities and the discipline of our 36 month brand innovation pipeline, we delivered breakthrough, category-defining products with global appeal such as *Hatchimals Surprise*, *Soggy Doggy* and *Luvabella*. We are seeing the results of our efforts to increase sales in existing and new markets. International sales continued to grow and our new direct markets in Australia, China and Central and Eastern Europe, exceeded our expectations. "

"In 2017 we continued to expand and develop our capabilities in the entertainment and content area," said Ronnen Harary, Spin Master's Co-CEO. "This drove strong revenue growth as well as growth in our licensing and merchandising revenue. We have continued to build our entertainment team and are now poised to further develop our core franchises including *PAW Patrol* and *Rusty Rivets* as well as introduce exciting new content in 2018 and 2019, including *Abby Hatcher: Fuzzly Catcher* and the relaunch of *Bakugan*."

Q4 2017 Gross Product Sales¹ by Business Segment (US\$ millions)

	Q4 2017	Q4 2016	% Change
Activities, Games & Puzzles and Fun Furniture	\$131.5	\$109.5	20.0 %
Remote Control and Interactive Characters	\$198.7	\$92.6	114.7 %
Boys Action and High-Tech Construction	\$36.7	\$34.8	5.6 %
Pre-School and Girls	\$102.4	\$125.1	(18.2) %
Outdoor	\$14.6	\$14.2	2.7 %
Gross Product Sales¹	\$483.9	\$376.2	28.6 %
Other Revenue	\$30.0	\$12.3	144.6 %
Sales Allowances¹	\$73.0	\$50.1	45.8 %
Revenue	\$440.9	\$338.4	30.3 %

Q4 2017 Business Segment Gross Product Sales¹ as compared to the same period in 2016

Gross Product Sales¹ in the Activities, Games & Puzzles and Fun Furniture segment increased 20% in Q4, primarily driven by sales of the *Cool Maker* branded products, *Dr. Dreadful*, the games portfolio, which includes *Cardinal* and *Marbles*, and *Etch A Sketch*, offset by decreases in *Marshmallow*. Gross Product Sales¹ in the Remote Control and Interactive Characters segment increased 114.7% in Q4, primarily due to sales of *Hatchimals*, *Hatchimals Colleggtibles* and *Luvabella*, offsetting a decline in *Air Hogs* and *Zoomer*. Gross Product Sales¹ in the Boys Action and High-Tech Construction segment increased 5.6% in Q4, primarily due an increase in sales of *Tech Deck* as well as *Star Wars* and *Pirates of the Caribbean* licensed products, offset by decreased sales of licensed products associated with the 2016 movie properties *Angry Birds* and *Secret Life of Pets*. Gross Product Sales¹ in the Pre-School and Girls segment decreased 18.2% in Q4, with decreases in *Brightlings*, *Chubby Puppies*, *Power Puff Girls* licensed products and *PAW Patrol*. The decrease in *PAW Patrol* in Q4 was primarily related to timing due to a revenue shift from Q4 2017 to Q1 2018. Gross Product Sales¹ in the Outdoor segment increased 2.7% in Q4, driven by products under the *Swimways*, *Kelysius* and *Coop* brands.

2017 Full Year Results as compared to the same period in 2016

- Revenue of US\$1,551.3 million increased 34.4% from US\$1,154.5 million
- In Constant Currency¹ terms, revenue increased by 33.7%
- Gross Product Sales¹ increased 32.1% to US\$1,657.0 million, compared to US\$1,254.6 million, driven by sales of *Hatchimals*, *PAW Patrol*, *Luvabella*, and the games portfolio, which included *Cardinal* and *Marbles*, offsetting declines in *Zoomer*, *Air Hogs*, and *Secret Life of Pets* and *Angry Birds* licensed products
- Gross Product Sales¹ increased 27.8% in North America, 35.7% in Europe and 51.5% in the Rest of World. International Gross Product Sales¹ on a combined basis represented 34.7% of total Gross Product Sales¹ increasing from 32.5% in 2016
- Other Revenue, which primarily reflects merchandising royalty and television distribution income from products marketed by third parties using Spin Master's owned intellectual property, as well as app revenue from Toca Boca and Sago Mini, was US\$85.8 million compared to US\$47.9 million
- Gross profit increased 34.1% to US\$800.5 million, representing 51.6% of revenue, compared with US\$596.7 million, or 51.7% of revenue
- SG&A expenses, excluding share-based compensation expenses associated with equity participation agreements and the grants of restricted share units to employees at the initial public offering, represented 36.4% of revenue compared to 36.7%. The decrease was due to lower marketing and product development expenses, offset by higher warehousing and distribution expenses
- Net income was US\$161.1 million, or US\$1.58 per share, an increase of 61.9% from US\$99.5 million, or US\$0.99 per share
- Adjusted Net Income¹ was US\$173.0 million, or \$1.70 per share, an increase of 44% from US\$120.1 million, or US\$1.19 per share
- Adjusted EBITDA¹ was US\$292.2 million, up 42.2% from US\$205.5 million, driven by higher gross profit and increases in other revenue. Adjusted EBITDA Margin¹ increased by 100 basis points to 18.8% from 17.8% primarily due to lower SG&A
- Free Cash Flow¹ increased 63.0% to US\$193.4 million compared to US\$118.7 million.

2017 Full Year Gross Product Sales¹ by Business Segment (US\$ millions)

	2017	2016	% Change
Activities, Games & Puzzles and Fun Furniture	\$365.4	\$337.8	8.2 %
Remote Control and Interactive Characters	\$593.4	\$282.8	109.8 %
Boys Action and High-Tech Construction	\$112.1	\$154.5	(27.4) %
Pre-School and Girls	\$493.0	\$460.5	7.1 %
Outdoor	\$93.1	\$19.1	388.2 %
Gross Product Sales¹	\$1,657.0	\$1,254.6	32.1 %
Other Revenue	\$85.8	\$47.9	79.0 %
Sales Allowances¹	\$191.5	\$148.0	29.4 %
Revenue	\$1,551.3	\$1,154.5	34.4 %

2017 Full Year Business Segment Gross Product Sales¹ as compared to the same period in 2016

Gross Product Sales¹ in the Activities, Games & Puzzles and Fun Furniture segment increased 8.2% for the full year, primarily driven by sales of the *Cool Maker* branded products, *Kinetic Rock*, the games portfolio, which includes *Cardinal* and *Marbles*, and *Etch A Sketch*, offset by decreases in *Bunchems*, *Kinetic Sand* and *Marshmallow*. Gross Product Sales¹ in the Remote Control and Interactive Characters segment increased just under 109.8% for the full year, primarily due to sales of *Hatchimals*, *Hatchimals Colleggtibles* and *Luvabella*, offsetting a decline in *Air Hogs* and *Zoomer*. Gross Product Sales¹ in the Boys Action and High-Tech Construction segment decreased 27.4% for the full year, primarily due to the licensed product lines for the 2016 movie properties *Angry Birds* and *Secret Life of Pets*, *Minecraft* and *Meccano* partially offset by an increase in sales of *Tech Deck* as well as *Star Wars* and *Pirates of the Caribbean* licensed products. Gross Product Sales¹ in the Pre-School and Girls segment increased 7.1% for the full year, primarily driven by *PAW Patrol* offset by declines in *Brightlings*, *Chubby Puppies* and *Power Puff Girls* licensed products. Gross Product Sales¹ in the Outdoor segment increased over 388.2% for the full year, driven by products under the *Swimways*, *Kelysius* and *Coop* brands³.

Outlook

For 2018, Spin Master expects its organic Gross Product Sales¹ growth rate to be in the mid to high single digits range compared to 2017. From a seasonality perspective, Spin Master expects Gross Product Sales¹ in the first half of 2018 to be in the range of 32-35% of full year Gross Product Sales¹ compared to approximately 30% in the past. Adjusted EBITDA Margin¹ for 2018 is expected to be consistent with 2017.

Conference call

Ronnen Harary, Co-Chief Executive Officer, Ben Gadbois, Global President & Chief Operating Officer, and Mark Segal, Executive Vice President and Chief Financial Officer will host a conference call to discuss Q4 2017 and full year 2017 results on Thursday, March 8, 2017 at 9:30 a.m. EST.

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://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 and will be available indefinitely.

About Spin Master

Spin Master (TSX:TOY; www.spinmaster.com) is a leading global children's entertainment company that creates, designs, manufactures, licenses and markets a diversified portfolio of innovative toys, games, products and entertainment properties. Spin Master is best known for award-winning brands including *Zoomer*®, *Bakugan*®, *Erector*® by *Meccano*®, *Hatchimals*®, *Air Hogs*® and *PAW Patrol*®. Since 2000, Spin Master has received 92 TIA Toy of The Year (TOTY) nominations with 28 wins across a variety of product categories, including 13 TOTY nominations for Innovative Toy of the Year, more than any of its competitors. To date, Spin Master has produced six television series, including 2007 success *Bakugan Battle Brawlers* and current hit *PAW Patrol*, which is broadcast in over 160 countries and territories globally. Spin Master employs over 1,600 people globally with offices in Canada, United States, Mexico, France, Italy, United Kingdom, Slovakia, Poland, Germany, Sweden, the Netherlands, China, Hong Kong, Japan, Vietnam and Australia.

Non-IFRS Financial 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", "Constant Currency" and "Sales Allowances", which are non-IFRS financial measures. Non-IFRS financial measures 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.

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, 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.

Constant Currency represents Revenue and Gross Product Sales results that are presented excluding the impact from changes in foreign currency exchange rates. The current period and prior period results for entities reporting in currencies other than the US dollar are translated using consistent exchange rates, rather than using the actual exchange rate in effect during the respective periods. The difference between the current period and prior period results using the consistent exchange rates reflects the changes in the underlying performance results, excluding the impact from fluctuations in foreign currency exchange rates.

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 product category and geographical segment 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 financial measures in the evaluation of issuers.

The following tables 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 month period and year ended December 31, 2017 and 2016. All references to \$ refer to US\$:

(in \$ thousands, except percentages)	Three Months Ended December 31			
	2017	2016	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures				
Net income	20,040	2,727	17,313	634.9 %
Income tax expense	4,843	484	4,359	900.6
Finance costs	2,584	2,414	170	7.0
Depreciation and amortization	12,422	8,173	4,249	52.0
EBITDA (1)	39,889	13,798	26,091	189.1 %
Normalization Adjustments:				
Restructuring (2)	327	64	263	410.9
Recovery of contingent liability (3)	—	(222)	222	(100.0)
Foreign exchange loss (4)	2,866	6,634	(3,768)	(56.8)
Share based compensation (5)	2,076	2,146	(70)	(3.3)
Impairment of intangible asset (6)	2,531	—	2,531	n.m.

Amortization of fair market value adjustments (7)	450	—	450	n.m.	
Acquisition related incentive compensation (8)	(840)	467	(1,307)	(279.9)	%
Non-recurring transaction costs (9)	44	—	44	n.m.	
Adjusted EBITDA (1)	47,343	22,886	24,457	106.9	%
Income tax expense	4,843	484	4,359	900.6	%
Finance costs	2,584	2,414	170	7.0	%
Depreciation and amortization	12,422	8,173	4,249	52.0	%
Tax effect of normalization adjustments (10)	1,982	2,470	(488)	(19.8)	%
Adjusted Net Income (1)	25,512	9,345	16,167	173.0	%
Cash provided by operating activities	109,525	62,310	47,215	75.8	%
Plus:					
Changes in net working capital	(90,514)	(61,637)	(28,877)	46.9	%
Cash provided by operating activities before net working capital changes	19,011	673	18,338	2,724.8	%
Less:					
Cash used in investing activities	(9,618)	(4,553)	(5,065)	111.2	%
Plus:					
Cash used for license, brand and business acquisitions	9,046	—	9,046	n.m.	
Free Cash Flow (1)	18,439	(3,881)	22,320	(575.1)	%

- 1) See "Non-IFRS Financial Measures".
 - 2) Restructuring primarily related to organizational changes
 - 3) A write-off of contingent consideration related to a future earn-out provision associated with the acquisition of Spy Gear occurred as sales targets were not met to achieve the additional pay-out.
 - 4) Transaction 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.
 - 5) Share based compensation is related to expenses associated with subordinate voting shares granted to equity participants and restricted stock units granted to employees at the time of the IPO and share option expense.
 - 6) Impairment of intangible asset related to content development, licenses, trademarks and brands.
 - 7) Amortization of fair market value adjustment to inventory relating to acquisitions of Marbles and Aerobie in the second and third quarters of 2017 respectively.
 - 8) Remuneration expense associated with contingent consideration for the Swimways acquisition.
 - 9) Non-recurring transaction costs relating to Marbles acquisition in the second quarter of 2017.
 - 10) Tax effect of normalization adjustments (Footnotes 2-9). Normalization adjustments are tax effected at the effective tax rate of the given period.
- n.m. means non material

(in \$ thousands, except percentages)	Year ended December 31			
	2017	2016	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures				
Net income	161,066	99,515	61,551	61.9 %
Income tax expense	59,363	38,364	20,999	54.7 %
Finance costs	10,445	8,601	1,844	21.4 %
Depreciation and amortization	44,908	30,490	14,418	47.3 %
EBITDA (1)	275,782	176,970	98,812	55.8 %
Normalization Adjustments:				
Restructuring (2)	1,680	1,823	(143)	(7.8) %
Recovery of contingent liability (3)	—	(222)	222	(100.0) %
Foreign exchange (gain) loss (4)	(11,370)	5,530	(16,900)	(305.6) %
Share based compensation (5)	10,082	20,943	(10,861)	(51.9) %
Impairment of intangible asset (6)	9,032	—	9,032	n.m
Amortization of fair market value adjustments (7)	2,805	—	2,805	n.m
Acquisition related incentive compensation (8)	—	467	(467)	(100.0) %
One-time transaction costs (9)	1,000	—	1,000	n.m
One-time bad debt expense (10)	5,382	—	5,382	n.m
One-time royalty recovery (11)	(2,200)	—	(2,200)	n.m
Adjusted EBITDA (1)	292,193	205,511	86,682	42.2 %

Income tax expense	59,363	38,364	20,999	54.7	%
Finance costs	10,445	8,601	1,844	21.4	%
Depreciation and amortization	44,908	30,490	14,418	47.3	%
Tax effect of normalization adjustments (12)	4,480	7,941	(3,461)	(43.6)	%
Adjusted Net Income (1)	172,997	120,115	52,882	44.0	%
Cash provided by operating activities	267,405	73,038	194,367	266.1	%
Plus:					
Changes in net working capital	(16,782)	87,220	(104,002)	(119.2)	%
Cash provided by operating activities before net working capital changes	250,623	160,258	90,365	56.4	%
Less:					
Cash used in investing activities	(81,598)	(172,273)	90,675	(52.6)	%
Plus:					
Cash used for license, brand and business acquisitions	24,416	130,705	(106,289)	(81.3)	%
Free Cash Flow (1)	193,441	118,690	74,751	63.0	%

1) See "Non-IFRS Financial Measures".

2) 2017 and 2016 restructuring primarily related to organizational changes.

3) A write-off of contingent consideration related to a future earn-out provision associated with the acquisition of Spy Gear occurred as the sales targets were not met to achieve the additional pay-out.

4) 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.

5) Share based compensation is related to expenses associated with subordinate voting shares granted to equity participants and restricted stock units granted to employees at the time of the IPO and share option expense.

6) Impairment of intangible assets related to content development, licenses, brands and trademarks.

7) Amortization of fair market value adjustments to inventory relating to acquisition of Marbles and Aerobie in the second and third quarters of 2017 respectively and Swimways in the third quarter of 2016.

8) Remuneration expense associated with contingent consideration for the Swimways acquisition.

9) One-time transaction costs relating to Marbles acquisition in the second quarter of 2017.

10) One-time bad debt expense related to the bankruptcy declaration of Toys R Us in Canada and the United States during the third quarter of 2017.

11) One-time royalty income recovery related to prior year.

12) Tax effect of normalization adjustments (Footnotes 2-11). Normalization adjustments are tax effected at the effective tax rate of the given period.

n.m. means non material

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 Company's outlook for 2018 (see "Outlook"); and the products and entertainment properties expected to be launched in 2018 and beyond.

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 acquired companies' brands 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; Company products and entertainment properties will be launched as scheduled; 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 continuous disclosure documents filed under the Company's profile on SEDAR (www.sedar.com) including the Company's Management Discussion and Analysis and Annual Information Form. 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.

¹ Non-IFRS financial measure. See "Non-IFRS Financial Measures" below.

² The financial highlights in this release are presented in US\$ millions, whereas the financial information in the MD&A (Management's Discussion and Analysis) is presented in US\$ thousands. This may result in immaterial differences in the calculated percentages reflected between the two documents.

³ Swimways was acquired in Q3 2016.

SOURCE Spin Master Corp.

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<https://spinmaster.mediaroom.com/2018-03-07-Spin-Master-Reports-Strong-Q4-and-Full-Year-2017-Financial-Results>