

Spin Master Reports Solid Q3 2018 Financial Results Revenue up 2.3%, Adjusted EBITDA² up 5.6%

TORONTO, Nov. 6, 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 third quarter and nine months ended September 30, 2018. The Company's full Management's Discussion and Analysis and unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 are available on SEDAR (www.sedar.com) and posted on the Company's website at www.spinmaster.com/financial-info.php.

"In a quarter where sales were affected by the uncertainty arising from the demise of Toys "R" Us, we are pleased with our operating and financial results for Q3 2018. We saw particularly strong growth in our Activities, Games & Puzzles business segment, further bolstered by our newest acquisition, *Gund*," said Ronnen Harary, Chairman and Co-Chief Executive Officer of Spin Master. "Looking forward, we are excited about our upcoming innovative product line integrated with entertainment content, to growing our franchises globally including the relaunch of *Bakugan* and to launching the *Monster Jam* and *How to Train your Dragon* licensed product lines."

Q3 2018 Financial Highlights as compared to the same period in 2017

- Revenue of US\$620.0 million increased 2.3% from US\$606.1 million.
- In Constant Currency² terms, revenue increased by 2.9%.
- Gross Product Sales² decreased by 0.4% to US\$658.2 million, compared to US\$660.9 million, driven by declines in *Air Hogs*, *Zoomer* and *PAW Patrol*, offset by sales of *Gund* and increases in *Cool Maker*, *Kinetic Sand*, and the games portfolio including *Cardinal*.
- Gross Product Sales² increased by 17.4% in the Rest of World and decreased by 1.5% in North America and 5.8% in Europe respectively. International Gross Product Sales² on a combined basis were 33.3% of total Gross Product Sales², up from 32.5%.
- 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, increased by 46.1% to US\$25.8 million compared to US\$17.7 million.
- Gross profit increased by 0.3% to US\$317.8 million, representing 51.3% of revenue, compared to US\$316.9 million, or 52.3% of revenue in Q3 2017. The decrease in gross margin was primarily driven by the amortization of the inventory fair market value increment associated with the Gund acquisition, higher entertainment property amortization and product mix partially offset by higher Other Revenue and lower sales allowances.
- Selling, general and administrative expenses ("SG&A"), adjusted for share-based compensation expenses, represented 25.7% of revenue compared to 26.8%. The decrease was primarily due to lower administrative and selling expenses partially offset by higher marketing, distribution and product development costs.
- Net income was US\$107.9 million, or US\$1.06 per share, compared with US\$108.8 million, or US\$1.07 per share.
- Adjusted Net Income² was US\$117.7 million, or US\$1.16 per share, compared to US\$111.7 million, or US\$1.10 per share.
- Adjusted EBITDA² was US\$179.8 million, up 5.6% from US\$170.3 million. Adjusted EBITDA Margin² increased to 29.0% from 28.1%. The increase in Adjusted EBITDA Margin² was largely driven by lower SG&A expenses.
- Net cash flows provided by operating activities was US\$106.9 million compared to US\$113.3 million. Free Cash Flow² was US\$149.8 million compared to US\$145.2 million.

"Our performance this quarter highlights the continued successful execution against our four key growth strategies and demonstrates Spin Master's resilience in what has been a challenging period for the industry" said Ben Gadbois, President and Chief Operating Officer of Spin Master. "While we remain confident that the industry will ultimately recover the sales lost to the disruption caused by the Toys "R" Us liquidation, we did not see as much recovery in the third quarter as we expected. Nevertheless, we achieved both revenue and profitability growth in the quarter over last year and generated operating leverage through a strong focus on cost management."

Q3 2018 Gross Product Sales² by Business Segment (US\$ millions)

	Q3 2018	Q3 2017	% Change
Activities, Games & Puzzles	\$166.5	\$128.2	29.9%
Remote Control and Interactive Characters	\$237.9	\$264.1	(9.9)%
Boys Action and High-Tech Construction	\$37.3	\$44.7	(16.6)%
Pre-School and Girls	\$208.4	\$215.7	(3.4)%
Outdoor	\$8.1	\$8.2	(2.1)%

Gross Product Sales²	\$658.2	\$660.9	(0.4)%
Other Revenue	\$25.8	\$17.7	46.1%
Sales Allowances²	\$64.0	\$72.5	(11.6)%
Revenue	\$620.0	\$606.1	2.3%

Q3 2018 Business Segment Gross Product Sales² as compared to the same period in 2017

Gross Product Sales² in the Activities, Games & Puzzles segment increased by 29.9%, primarily driven by sales of *Gund* and increases in *Cool Maker*, *Kinetic Sand* and Spin Master's games portfolio, which includes *Cardinal* and *Marbles*, partially offset by decreases in *Bunchems*, *Doctor Dreadful* and licensed *Build a Bear* products. Gross Product Sales² in the Remote Control and Interactive Characters segment decreased by 9.9%, primarily due to decreased sales of *Air Hogs*, and *Zoomer*, partially offset by increases in *Hatchimals Colleggtibles* and *Luvabella*. Gross Product Sales² in the Boys Action and High-Tech Construction segment decreased by 16.6%, primarily due to decreased sales of *Meccano* and *Star Wars* licensed merchandise. This was partially offset by increases in *Boxer* and *Fugglers*. Gross Product Sales² in the Pre-School and Girls segment decreased by 3.4%, driven by decreased sales of *PAW Patrol*, *ZhuZhu Pets* and *Chubby Puppies*, partially offset by sales of *Party Popteenies* and *Twisty Petz*. Gross Product Sales² in the Outdoor segment decreased by 2.1% in Q3.

September 30, 2018 Year to Date ("YTD") Financial Highlights as compared to the same period in 2017

- Revenue of US\$1,217.2 million increased by 9.6% from US\$1,110.5 million.
- In Constant Currency² terms, revenue increased by 9.0%.
- Gross Product Sales² increased by 5.9% to US\$1,242.5 million, compared to US\$1,173.2 million, driven by sales of *Gund* and increases in *Hatchimals Colleggtibles*, *Cool Maker*, *Kinetic Sand* and Spin Master's games portfolio, which includes *Cardinal* and *Marbles*, more than offsetting declines in *PAW Patrol*, *ZhuZhu Pets*, *Chubby Puppies* and *Teletubbies*.
- Gross Product Sales² increased by 3.7% in North America, 2.1% in Europe and 26.0% in the Rest of World respectively. International Gross Product Sales² on a combined basis represented 33.6% of total Gross Product Sales² increasing from 32.1%.
- Other Revenue increased by 59.2% to US\$88.8 million compared to US\$55.8 million.
- Gross profit increased by 8.4% to US\$619.8 million, representing 50.9% of revenue, compared with US\$571.6 million, or 51.5% of revenue.
- SG&A, adjusted for share-based compensation expenses and the Toys "R" Us bad debt expense, represented 33.4% of revenue compared to 32.5%. The increase was primarily due to higher marketing expenses partially offset by lower selling expenses.
- Net income increased by 1.8% to US\$143.5 million, or US\$1.41 per share, compared to US\$141.0 million, or US\$1.39 per share.
- Adjusted Net Income² increased by 6.7% to US\$157.4 million, or \$1.55 per share, compared to US\$147.5 million, or US\$1.45 per share.
- Adjusted EBITDA² was US\$268.5 million, up 9.7% from US\$244.9 million. Adjusted EBITDA Margin² increased to 22.1% from 22.0%.
- Net cash flows provided by operating activities was US\$121.6 million compared to US\$157.9 million. Free Cash Flow² decreased to US\$141.0 million from US\$175.0 million.

YTD September 30 Gross Product Sales² by Business Segment (US\$ millions)

	2018	2017	% Change
Activities, Games & Puzzles	\$310.3	\$233.9	32.7%
Remote Control and Interactive Characters	\$397.5	\$394.7	0.7%
Boys Action and High-Tech Construction	\$75.2	\$75.4	(0.3)%
Pre-School and Girls	\$378.4	\$390.7	(3.1)%
Outdoor	\$81.1	\$78.5	3.3%
Gross Product Sales²	\$1,242.5	\$1,173.2	5.9%
Other Revenue	\$88.8	\$55.8	59.2%
Sales Allowances²	\$114.1	\$118.5	(3.7)%
Revenue	\$1,217.2	\$1,110.5	9.6%

September 30 YTD Business Segment Gross Product Sales² as compared to the same period in 2017

Gross Product Sales² in the Activities, Games & Puzzles segment increased by 32.7%, primarily driven by sales of *Gund* and increases in *Cool Maker*, *Kinetic Sand* and Spin Master's games portfolio, which includes *Cardinal* and *Marbles*, partially offset by decreases in *Bunchems*, *Build a Bear*, and *Doctor Dreadful*. Gross Product Sales² in the Remote Control and Interactive Characters segment increased by 0.7%, primarily due to higher sales of *Hatchimals Colleggtibles* and *Luvabella* which offset declines in *Air Hogs* and *Zoomer*. Gross Product Sales² in the Boys Action and High-Tech Construction segment decreased by 0.3%, primarily as a result of decreases in *Meccano* and *Pirates of the Caribbean* licensed products, offset by sales of *Boxer*, *Flush Force*, and *Fugglers*. Gross Product Sales² in the Pre-School and Girls segment decreased by 3.1%, primarily driven by declines in *PAW Patrol*, *ZhuZhu Pets*, *Chubby Puppies* and *Teletubbies*, offset by sales of *Party Popteenies* and *Twisty Petz*. Gross Product Sales² in the Outdoor segment increased by 3.3%, driven by products under the *Swimways*, *Kelysius*, *Coop* and *Aerobie* brands.

Outlook

For the full year 2018, organic Gross Product Sales² are now expected to grow in the low single digit range relative to 2017 as compared to the mid-single digit growth rate announced in connection with the release of Q2 2018 results in August 2018. Including *Gund*, Spin Master now expects mid-single digit Gross Product Sales² growth for the full year 2018 relative to 2017, compared to the mid to high single digit growth rate announced in connection with the release of Q2 2018 results in August 2018. Consistent with prior guidance, Adjusted EBITDA Margins² in 2018, both including and excluding *Gund*, are expected to be slightly higher than Adjusted EBITDA Margins² in 2017. Adjusted EBITDA Margins² are calculated as a percentage of Revenue and not Gross Product Sales².

Conference call

Ronnen Harary, Co-Chief Executive Officer, Ben Gadbois, President & Chief Operating Officer, and Mark Segal, Executive Vice President and Chief Financial Officer will host a conference call to discuss Q3 2018 results on Wednesday, November 7, 2018 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 96 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 "EBITDA", "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.

EBITDA is calculated as net earnings before finance costs, income tax expense and depreciation and amortization.

Adjusted EBITDA is calculated as EBITDA excluding normalization adjustments, non-recurring items that do not necessarily reflect the Company's underlying financial performance. Normalization adjustments include restructuring costs, foreign exchange gains or losses, equity-settled share-based compensation expenses, impairment of intangible assets, fair market value adjustments to acquired inventories and bad debt expense, among other items. Adjusted EBITDA is used 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 normalization adjustments, as defined above, and the corresponding impact these items have on income tax expense. Management uses Adjusted Net Income to measure 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 flows provided by/used in operating activities before changes in net working capital and after cash flows used in investing activities before cash used in license, brand and business acquisitions. 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 Sales Allowances. As Sales Allowances are generally not associated with individual products, the Company uses changes in Gross Product Sales as to provide meaningful comparisons across product category and geographical segment results to highlight trends in Spin Master's business. For a reconciliation of Gross Product Sales to Revenue, please see the table "Q3 2018 Gross Product Sales by Business Segment" in this press release.

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 recorded 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 the non-IFRS measures defined above 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 these measures 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 provided by Operations to Free Cash Flow for the three and nine months ended September 30, 2018 and 2017. All references to \$ refer to US\$:

(in \$ thousands, except percentages)	Three Months Ended September 30			
	2018	2017	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures				
Net income	107,891	108,825	(934)	(0.9)%
Income tax expense	38,211	42,233	(4,022)	(9.5)%
Finance costs	2,732	2,558	174	6.8%
Depreciation and amortization	17,676	12,670	5,006	39.5%
EBITDA (1)	166,510	166,286	224	0.1%
Normalization Adjustments:				
Restructuring (2)	404	167	237	141.9%
Foreign exchange loss (gain) (3)	5,372	(5,831)	11,203	(192.1)%
Share based compensation (4)	3,612	2,425	1,190	49.1%
Acquisition related incentive compensation (5)	250	279	(29)	(10.4)%
Impairment of intangible assets (6)	—	3,800	(3,800)	(100.0)%
Amortization of fair market value adjustments (7)	3,692	—	3,692	n.m.
Bad debt expense (8)	—	5,382	(5,382)	(100.0)%
Royalty recovery (9)	—	(2,200)	2,200	(100.0)%
Adjusted EBITDA (1)	179,840	170,308	9,532	5.6%
Income tax expense	38,211	42,233	(4,022)	(9.5)%
Finance costs	2,732	2,558	174	6.8%
Depreciation and amortization	17,676	12,670	5,006	39.5%
Tax effect of normalization adjustments (10)	3,487	1,136	2,351	207.0%
Adjusted Net Income (1)	117,734	111,711	6,023	5.4%
Cash provided by operations				
Cash provided by operations	106,928	113,343	(6,415)	(5.7)%
Changes in net working capital	53,898	53,300	598	1.1%
Cash provided by operations before net working capital changes	160,826	166,643	(5,817)	(3.5)%
Cash used in investing activities	(11,048)	(32,169)	21,121	(65.7)%
Cash used for license, brand and business acquisitions	—	10,695	(10,695)	(100.0)%
Free Cash Flow (1)	149,778	145,169	4,609	3.2%

- 1) Non-IFRS financial measure. See "Non-IFRS Financial Measures".
- 2) Restructuring primarily relates to organizational changes.
- 3) Includes foreign exchange (gains) losses generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and (gains) losses related to the Company's hedging programs.
- 4) Related to non-cash expenses associated with subordinate voting shares granted to equity participants at the time of the Company's initial public offering and share option expense. As of August 1, 2018, share based compensation includes non-cash expenses related to the Company's long-term incentive plan.
- 5) Remuneration expense associated with contingent consideration for the Swimways acquisition.
- 6) Non-cash impairment charges for intangible assets relating to licenses, content development, brands and trademarks.
- 7) Amortization of fair market value adjustments to inventory relating to the acquisition of Gund in the second quarter of 2018.
- 8) Non-recurring bad debt expense related to the bankruptcy declaration of Toys "R" Us during the third quarter of 2017.
- 9) Non-recurring royalty income recovery related to 2016 fiscal year.
- 10) Tax effect of normalization adjustments (Footnotes 2-9). Normalization adjustments are tax effected at the effective tax rate of the given period.

(in \$ thousands, except percentages)	Nine Months Ended September 30			
	2018	2017	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures				
Net income	143,501	141,026	2,475	1.8%
Income tax expense	50,814	54,520	(3,706)	(6.8)%
Finance costs	6,546	7,861	(1,315)	(16.7)%
Depreciation and amortization	48,759	32,486	16,273	50.1%
EBITDA (1)	249,620	235,893	13,727	5.8%
Normalization adjustments:				
Restructuring (2)	2,234	1,353	881	65.1%
Foreign exchange loss (gain) (3)	4,044	(14,236)	18,280	(128.4)%
Share based compensation (4)	7,747	8,006	(259)	(3.2)%
Legal settlement (5)	(15,500)	—	(15,500)	n.m.
Bad debt expense (6)	15,152	5,382	9,770	181.5%
Acquisition related incentive compensation (7)	1,491	840	651	77.5%
Impairment of intangible assets (8)	—	6,501	(6,501)	(100.0)%
Amortization of fair market value adjustments (9)	3,692	2,355	1,337	56.8%
Transaction costs (10)	—	956	(956)	(100.0)%
Royalty recovery (11)	—	(2,200)	2,200	(100.0)%
Adjusted EBITDA (1)	268,480	244,850	23,630	9.7%
Income tax expense	50,814	54,520	(3,706)	(6.8)%
Finance costs	6,546	7,861	(1,315)	(16.7)%
Depreciation and amortization	48,759	32,486	16,273	50.1%
Tax effect of normalization adjustments (12)	4,932	2,498	2,434	97.4%
Adjusted Net Income (1)	157,429	147,485	9,944	6.7%
Cash provided by operations	121,649	157,880	(36,231)	(22.9)%
Changes in net working capital	83,679	73,732	9,947	13.5%
Cash provided by operations before net working capital changes	205,328	231,612	(26,284)	(11.3)%
Cash used in investing activities	(141,402)	(71,980)	(69,422)	96.4%
Cash used for license, brand and business acquisitions	77,029	15,370	61,659	401.2%
Free Cash Flow (1)	140,955	175,002	(34,047)	(19.5)%

- 1) Non-IFRS financial measure. See "Non-IFRS Financial Measures".
- 2) Restructuring primarily relates to organizational changes.
- 3) Includes foreign exchange (gains) losses generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and (gains) losses related to the Company's hedging programs.
- 4) Related to non-cash expenses associated with subordinate voting shares granted to equity participants at the time of the Company's initial public offering and share option expense. As of August 1, 2018, share based compensation includes non-cash expenses related to the Company's long-term incentive plan.
- 5) Non-recurring legal settlement in the Company's favour in the second quarter of 2018.

- 6) Non-recurring bad debt expense related to the bankruptcy declaration and liquidation proceedings of Toys "R" Us during the first quarter of 2018 and third quarter of 2017.
- 7) Remuneration expense associated with contingent consideration for the Swimways acquisition.
- 8) Non-cash impairment charges for intangible assets relating to licenses, content development, brands and trademarks.
- 9) Amortization of fair market value adjustments to inventory relating to the acquisition of *Gund* in the second quarter of 2018; *Marbles* and *Aerobie* in the second and third quarters of 2017, respectively; and Swimways in the third quarter of 2016.
- 10) Non-recurring transaction costs relating to the *Marbles* acquisition in the second quarter of 2017.
- 11) One-time royalty income recovery related to 2016 fiscal year.
- 12) Tax effect of normalization adjustments (Footnotes 2-11). Normalization adjustments are 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 Company's outlook for 2018 (see "Outlook"); the products and entertainment properties expected to be launched in 2018 and beyond; that the industry will eventually recover all the sales lost to the disruption caused by the Toys "R" Us liquidation; and some expected third quarter sales will be realized in the fourth quarter.

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

² Non-IFRS financial measure. See "Non-IFRS Financial Measures" section.

SOURCE Spin Master Corp.

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<https://spinmaster.mediaroom.com/2018-11-06-Spin-Master-Reports-Solid-Q3-2018-Financial-Results-Revenue-up-2-3-Adjusted-EBITDA-up-5-6>