

Spin Master Reports Q4 and Full Year 2018 Financial Results

Spin Master Reports Growth in 2018, Despite Challenging Industry Disruption

TORONTO, March 6, 2019 /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, 2018. The Company's full Management Discussion and Analysis ("MD&A") for the three month period and the year ended December 31, 2018 is available on SEDAR (www.sedar.com) and posted on the Company's web site at www.spinmaster.com/financial-info.php.

"We are pleased with our performance in 2018. Despite the disruptive impact that the Toys R Us liquidation had on the toy industry in 2018, we delivered an increase in our full year Gross Product Sales² and grew Adjusted EBITDA² to record levels for Spin Master," said Ronnen Harary, Spin Master's Chairman and Co-CEO. "Our 2019 product and entertainment offering displays the innovation and creativity that our customers have come to expect from Spin Master. We expect growth in 2019 to be based on a mix of proven licenses such as *Monster Jam* and *How to Train your Dragon*, a range of our own intellectual property including the global relaunch of *Bakugan*, fresh content for *PAW Patrol* and the roll-out of our new show *Abby Hatcher* as well as highly innovative new products. We're excited by the initial response to our 2019 line and pleased that our *PAW Patrol* and *Abby Hatcher* shows occupy the number one and two positions in the Pre-School space respectively."

Q4 2018 Financial Highlights as compared to the same period in 2017¹

- Revenue of US\$414.3 million decreased 6.0% from US\$440.9 million. In Constant Currency² terms, revenue decreased by 4.6%.
- Gross Product Sales² decreased 3.8% to US\$465.5 million, compared to US\$483.9 million.
- Gross Product Sales² decreased 9.3% in North America and increased by 7.2% and 2.6% in Rest of World and Europe, respectively. International Gross Product Sales² on a combined basis were 44.2% of total Gross Product Sales², increasing from 40.8%.
- Other revenue increased 10.4% to US\$33.1 million, driven by increased television distribution income.
- Sales Allowances² increased by US\$11.3 million to US\$84.3 million, primarily driven by markdowns and promotional spending. As a percentage of Gross Product Sales², Sales Allowances² increased to 18.1% from 15.1%.
- Gross profit was US\$199.0 million, representing 48.0% of revenue, compared to US\$228.9 million, or 51.9% of revenue. The decrease in gross margin was driven primarily by increased amortization attributed to entertainment properties and higher Sales Allowances², offset by higher other revenue.
- Selling, General and Administrative expenses ("SG&A") decreased 1.9%. SG&A as a percentage of revenue was 47.3%, compared with 45.3% in Q4 2017, which was driven by higher distribution and administrative expenses, partially offset by lower selling expenses. SG&A adjusted for share-based compensation expenses, represented 46.2% of revenue compared to 44.9%.
- Net income was US\$11.4 million, or diluted earnings per share of US\$0.11, compared with US\$20.0 million, or US\$0.21 per share. The decline was primarily due to lower gross profit, offset by improvements in SG&A and favourable foreign exchange.
- Adjusted Net Income² was US\$6.1 million, or diluted earnings per share of US\$0.06, compared to US\$25.5 million, or US\$0.25 per share. The decline was primarily due to lower gross profit, offset by improvements in SG&A.
- Adjusted EBITDA² was US\$35.1 million compared with US\$47.3 million. Adjusted EBITDA Margin² decreased to 8.5% compared to 10.7%.
- Free Cash Flow² was negative US\$11.5 million compared to US\$18.4 million.

¹ The financial highlights in this release are presented in US\$ millions, whereas the financial information in the MD&A is presented in US\$ thousands. This may result in immaterial rounding differences and differences in the calculated percentages reflected between the two documents.

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

Q4 2018 Gross Product Sales² by Business Segment (US\$ millions)¹

	Q4 2018	Q4 2017	\$ Change	% Change
Activities, Games & Puzzles and Plush	\$145.2	\$131.5	\$13.7	10.5%
Remote Control & Interactive Characters	\$107.9	\$198.7	(\$90.8)	(45.7)%
Boys Action & High-Tech Construction	\$57.9	\$36.7	\$21.2	57.8%
Pre-School and Girls	\$139.1	\$102.4	\$36.7	35.8%
Outdoor	\$15.4	\$14.6	\$0.8	5.3%

Gross Product Sales²	\$465.5	\$483.9	(\$18.4)	(3.8)%
Sales Allowances ²	\$84.3	\$73.0	\$11.3	15.4%
Total Net Sales²	\$381.2	\$410.9	(\$29.7)	(7.2)%
Other Revenue	\$33.1	\$30.0	\$3.1	10.4%
Revenue	\$414.3	\$440.9	(\$26.6)	(6.0)%

Q4 2018 Business Segment Gross Product Sales² as compared to the same period in 2017¹

Gross Product Sales² in Activities, Games & Puzzles and Plush increased by \$13.7 million, or 10.5% to \$145.2 million. The increase was driven primarily by sales of *Gund* plush products and increases in *Kumi Creator* and *Kinetic Sand*, partially offset by decreases in *Bunchems*, Spin Master's Games & Puzzles portfolio, *Mashmallow* furniture, *Sew Cool* and *Doctor Dreadful*.

Gross Product Sales² in Remote Control and Interactive Characters decreased by \$90.8 million or 45.7% to \$107.9 million, due to lower sales of all *Hatchimals* products, *Zoomer* and *Air Hogs*.

Gross Product Sales² in Boys Action and High-Tech Construction increased by \$21.2 million or 57.8% to \$57.9 million. The increase was primarily driven by sales of *Boxer* and initial shipments of *DreamWorks Dragons*, *Monster Jam* and *Bakugan* products, partially offset by decreases in *Star Wars* licensed merchandise including *BB8* and *Meccano*.

Gross Product Sales² in Pre-School and Girls increased by \$36.7 million or 35.8% to \$139.1 million. The increase was driven primarily by higher sales of *PAW Patrol* and *Twisty Petz*, partially offset by decreases in *ZhuZhu Pets*.

Gross Product Sales² in Outdoor, comprised of sales of products under the *SwimWays*, *Kelsyus*, *Coop* and *Aerobie* brands, increased by \$0.8 million or 5.3% to \$15.4 million.

Year Ended December 31, 2018 Financial Highlights as compared to the same period in 2017¹

- Revenue of US\$1,631.5 million increased 5.2% from US\$1,551.3 million. In Constant Currency² terms, revenue increased by 5.1%.
- Gross Product Sales² increased 3.1% to US\$1,708.0 million, compared to US\$1,657.0 million.
- Gross Product Sales² increased 19.5% in Rest of World, 2.2% in Europe, and 0.2% in North America. International Gross Product Sales² on a combined basis represented 36.5% of total Gross Product Sales² increasing from 34.7%.
- Other revenue increased by \$36.1 million or 42.1%, to \$121.9, driven by increased royalty income from products marketed by third parties using Spin Master's owned intellectual property, increased television distribution income and increased app revenue from *Toca Boca* and *Sago Mini*.
- Sales Allowances² increased by \$6.9 million to \$198.4 million, driven primarily by higher promotional activity. As a percentage of Gross Product Sales², Sales Allowances² remained flat at 11.6%.
- Gross profit increased 2.3% to US\$818.8 million, representing 50.2% of revenue, compared with US\$800.5 million, or 51.6% of revenue.
- SG&A increased 8.8%. SG&A as a percentage of revenue was 38.3%, an increase of 130 basis points compared the same period in 2017. The increase was driven primarily by higher marketing and administrative costs, partially offset by lower selling expenses. SG&A adjusted for share-based compensation expenses, represented 37.6% of revenue compared to 36.4%.
- Net income was US\$154.9 million, or diluted earnings per share US\$1.51, a decrease of 3.8% from US\$161.1 million, or US\$1.58 per share.
- Adjusted Net Income² was US\$163.5 million, or diluted earnings per share of US\$1.60, a decrease of 5.5% from US\$173.0 million, or US\$1.70 per share.
- Adjusted EBITDA² was US\$303.6 million, up 3.9% from US\$292.2 million. Adjusted EBITDA Margin² was 18.6% compared to 18.8%.
- Free Cash Flow² decreased to US\$129.4 million compared to US\$193.4 million.

Year ended December 31, 2018 Gross Product Sales² by Business Segment (US\$ millions)¹

	2018	2017	\$ Change	% Change
Activities, Games & Puzzles and Plush	\$455.5	\$365.4	\$90.1	24.7%
Remote Control & Interactive Characters	\$505.4	\$593.4	(\$88.0)	(14.8)%
Boys Action and High-Tech Construction	\$133.1	\$112.1	\$21.0	18.7%
Pre-School and Girls	\$517.5	\$493.0	\$24.5	5.0%
Outdoor	\$96.5	\$93.1	\$3.4	3.6%
Gross Product Sales²	\$1,708.0	\$1,657.0	\$51.0	3.1%

Sales Allowances ²	\$198.4	\$191.5	\$6.9	3.6%
Total Net Sales²	\$1,509.6	\$1,465.5	\$44.1	3.0%
Other Revenue	\$121.9	\$85.8	\$36.1	42.1%
Revenue	\$1,631.5	\$1,551.3	\$80.2	5.2%

Year Ended December 31, 2018 Business Segment Gross Product Sales² as compared to the same period in 2017¹

Gross Product Sales² in Activities, Games & Puzzles and Plush increased by \$90.1 million or 24.7% to \$455.5 million, primarily driven by sales of *Gund* plush products and increases in *Kumi Creator*, *Kinetic Sand* and Spin Master's Games & Puzzles portfolio, which includes *Cardinal* and *Marbles*. This was partially offset by decreases in *Bunchems*, *Doctor Dreadful*, *Build a Bear*, *Sew Cool*, *Pottery Cool* and *Marshmallow* furniture.

Gross Product Sales² in Remote Control and Interactive Characters decreased by \$88.0 million or 14.8% to \$505.4 million, primarily due to declines in *Hatchimals* large eggs, *Zoomer* and *Air Hogs*, partially offset by increases in *Luvabella* and *Hatchimals Colleggtibles*.

Gross Product Sales² in Boys Action and High-Tech Construction increased by \$21.0 million 18.7% to \$133.1 million, primarily due to sales of *Boxer* and *Fugglers* and initial shipments of *DreamWorks Dragons*, *Bakugan* and *Monster Jam*, partially offset by decreased sales of *Meccano*, *Star Wars* licensed products including *BB8* and *Pirates of the Caribbean* licensed products.

Gross Product Sales² in Pre-School and Girls increased by \$24.5 million or 5.0% to \$517.5 million, driven by *Twisty Petz* and *Party Popteenies*, partially offset by declines in *PAW Patrol* and *ZhuZhu Pets*.

Gross Product Sales² in Outdoor, comprised of sales of products under the *SwimWays*, *Kelsyus*, *Coop* and *Aerobie* brands, increased by \$3.4 million or 3.6% to \$96.5 million.

"Our performance in a challenging year has demonstrated that our focus and our strong execution against our four key growth strategies have positioned Spin Master for long term success," said Ben Gadbois, Spin Master's President and Chief Operating Officer. "Although we expect the retail disruption that impacted the toy industry in 2018 to continue through the first half of 2019, we are looking forward to solid growth in the second half of the year, and for 2019 as a whole. We remain focused on achieving sustainable, long-term profitable growth based on our proven formula for idea generation, innovative design and broad distribution. In addition, our global scale and strong balance sheet puts us in an excellent position to capitalize on acquisition opportunities."

Outlook

Spin Master continues to focus on driving growth, both organically and through acquisitions. The Company's principal strategies, which remain unchanged for 2019, include:

- Innovation across the portfolio;
- Developing evergreen global entertainment properties;
- Increasing international sales in developed and emerging markets; and
- Leveraging its global platform through strategic acquisitions.

On a full year comparative basis, the Company expects to:

- Grow organic Gross Product Sales² in the low single digit range relative to 2018. Seasonality of Gross Product Sales² for 2019 is expected to be approximately 30%-33% in H1. Q1 2019 will be particularly challenged as a result of the absence of Toys R Us in Q1 2019 compared to Q1 2018 and the later timing of Easter; and
- Deliver Adjusted EBITDA Margin² for the full year 2019, in line with 2018.

Conference call

Ronnen Harary, Chairman and 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 these results on Thursday, March 7th, 2019 at 9:30 a.m. (ET).

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.

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 103 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. To date, Spin Master has produced eight television series, including the recently launched Bakugan Battle Brawlers and current hit PAW Patrol, which is broadcast in over 160 countries and territories globally. Spin Master has 28 offices employs over 1,700 people globally in Canada, United States, Mexico, France, Italy, United Kingdom, Russia, 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 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 "2018 Gross Product Sales by Product Category" in this press release.

Sales Allowances represent marketing and sales credits requested by customers relating to factors such as cooperative 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.

Total Net Sales represents Gross Product Sales less Sales Allowances. Management uses Total Net Sales to evaluate the Company's total net revenue generating capacity compared to internal targets and past performance and as a measure to understand the performance of the Company.

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.

Three Months Ended December 31

(in \$ thousands, except percentages)	2018	2017	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures				
Net income	11,403	20,040	(8,637)	(43.1)%
Income tax expense	2,708	4,843	(2,135)	(44.1)%
Finance costs	2,852	2,584	268	10.4%
Depreciation and amortization	25,436	12,422	13,014	104.8%
EBITDA (1)	42,399	39,889	2,510	6.3%
Normalization Adjustments:				
Restructuring (2)	5,024	327	4,697	1,436.4%
Foreign exchange (gain) loss (3)	(13,390)	2,866	(16,256)	(567.2)%
Share based compensation (4)	4,446	2,076	2,370	114.2%
Acquisition related incentive compensation (5)	(334)	(840)	506	(60.2)%
Bad debt recovery (6)	(3,039)	—	(3,039)	n.m
Impairment of intangible assets (7)	—	2,531	(2,531)	n.m
Amortization of fair market value adjustments (8)	—	450	(450)	n.m
Transaction costs (9)	—	44	(44)	n.m
Adjusted EBITDA (1)	35,106	47,343	(12,237)	(25.8)%
Income tax expense	2,708	4,843	(2,135)	(44.1)%
Finance costs	2,852	2,584	268	10.4%
Depreciation and amortization	25,436	12,422	13,014	104.8%
Tax effect of normalization adjustments (10)	(1,963)	1,982	(3,945)	(199.0)%
Adjusted Net Income (1)	6,073	25,512	(19,439)	(76.2)%
Cash provided by operations	71,241	109,525	(38,284)	(35.0)%
Changes in net working capital	(64,612)	(90,514)	25,902	(28.6)%
Cash provided by operations before net working capital changes	6,629	19,011	(12,382)	(65.1)%
Cash used in from investing activities	(18,135)	(9,618)	(8,517)	88.6%
Cash used for license, brand and business acquisitions	—	9,046	(9,046)	n.m
Free Cash Flow (1)	(11,506)	18,439	(29,945)	(162.4)%

- 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 IPO and share option expense. As of August 1, 2018, share based compensation includes non-cash expenses related to the Company's LTIP.
- 5) Remuneration expense associated with contingent consideration for the Swimways acquisition.
- 6) Non-recurring bad debt recovery related to the bankruptcy declaration and liquidation proceedings of TRU during the fourth quarter of 2018.
- 7) Non-cash impairment charges for intangible assets relating to licenses, content development, brands and trademarks.
- 8) Amortization of fair market value adjustments to inventory relating to the acquisition of Marbles and Aerobie in the second and third quarters of 2017, respectively.
- 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.

Year ended December 31

(in \$ thousands, except percentages)	2018	2017	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures				
Net income	154,904	161,066	(6,162)	(3.8)%
Income tax expense	53,522	59,363	(5,841)	(9.8)%
Finance costs	9,398	10,445	(1,047)	(10.0)%
Depreciation and amortization	74,195	44,908	29,287	65.2%
EBITDA (1)	292,019	275,782	16,237	5.9%
Normalization adjustments:				
Restructuring (2)	7,258	1,680	5,578	332.0%
Foreign exchange (gain) (3)	(9,346)	(11,370)	2,024	(17.8)%
Share based compensation (4)	12,193	10,082	2,111	20.9%
Legal settlement (5)	(15,500)	—	(15,500)	n.m

Bad debt expense (6)	12,113	5,382	6,731	125.1%
Acquisition related incentive compensation (7)	1,157	—	1,157	n.m
Amortization of fair market value adjustments (8)	3,692	2,805	887	31.6%
Impairment of intangible assets (9)	—	9,032	(9,032)	n.m
Transaction costs (10)	—	1,000	(1,000)	n.m
Royalty recovery (11)	—	(2,200)	2,200	n.m
Adjusted EBITDA (1)	303,586	292,193	11,393	3.9%
Income tax expense	53,522	59,363	(5,841)	(9.8)%
Finance costs	9,398	10,445	(1,047)	(10.0)%
Depreciation and amortization	74,195	44,908	29,287	65.2%
Tax effect of normalization adjustments (13)	2,969	4,480	(1,511)	(33.7)%
Adjusted Net Income (1)	163,502	172,997	(9,495)	(5.5)%
Cash provided by operations	192,890	267,405	(74,515)	(27.9)%
Plus:				
Changes in net working capital	19,067	(16,782)	35,849	(213.6)%
Cash provided by operations before net working capital changes	211,957	250,623	(38,666)	(15.4)%
Less:				
Cash used in investing activities	(159,537)	(81,598)	(77,939)	95.5%
Plus:				
Cash used for license, brand and business acquisitions	77,029	24,416	52,613	215.5%
Free Cash Flow (1)	129,449	193,441	(63,992)	(33.1)%

- 1) Non-IFRS financial measure. See "Non-IFRS Financial Measures".
- 2) Restructuring primarily relates to organizational changes.
- 3) Includes foreign exchange gains generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and gains related to the Company's hedging programs.
- 4) 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.
- 5) Non-recurring legal settlement in the Company's favour in the second quarter of 2018.
- 6) Non-recurring net bad debt expense related to the bankruptcy declaration and liquidation proceedings of TRU during the first quarter of 2018 and third quarter of 2017.
- 7) Remuneration expense associated with contingent consideration for the Swimways acquisition.
- 8) Amortization of fair market value adjustments to inventory relating to the acquisition of Gund in the second quarter of 2018 and Marbles and Aerobie in the second and third quarters of 2017, respectively.
- 9) Impairment of intangible assets related to content development, licenses, brands and trademarks.
- 10) Non-recurring transaction costs relating to the Marbles acquisition in the second quarter of 2017.
- 11) Non-recurring royalty recovery related to the 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.

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 2019 (see "Outlook"); future growth expectations; financial position, cash flows and financial performance; drivers for such growth; the impact of TRU's Chapter 11 and CCAA proceedings on the Company; impact of acquisitions on future financial performance, the successful execution of its strategies for growth; and the seasonality of financial results and performance.

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 sales from acquired brands; 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 products and entertainment properties will be launched as scheduled and that the risk factors noted in the Annual MD&A, 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 in the Company's disclosure materials, including the Annual MD&A and the Company's most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available under the Company's profile on SEDAR (www.sedar.com) 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.

For further information: Mark Segal, Executive Vice President and Chief Financial Officer, marks@spinmaster.com; Sophia Bisoukis, Vice President, Investor Relations, sophiab@spinmaster.com

<https://spinmaster.mediaroom.com/2019-03-06-Spin-Master-Reports-Q4-and-Full-Year-2018-Financial-Results>