

Spin Master Reports Q3 2019 Financial Results

Reaffirms 2019 Gross Product Sales Outlook Amid Shift from Q3 to Q4

TORONTO, Nov. 5, 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 third quarter ended September 30, 2019. The Company's full Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2019 is available on SEDAR (www.sedar.com) and posted on the Company's web site at www.spinmaster.com/financial-info.php.

"We have made solid strides in executing our long-term growth strategies," said Ronnen Harary, Spin Master's Chairman and Co-CEO. "While our performance in the third quarter was negatively affected by several challenges, we do not believe it is indicative of our expected full year 2019 performance nor our long-term growth and value creation prospects. We believe Spin Master's diversified portfolio of brands and franchises, driven by our relentless focus on innovation and storytelling, is strong and healthy and the power of our international platform as well as our ability to capture the hearts and minds of kids with engaging multiplatform entertainment and digital content, will continue to drive long term profitable growth."

Ben Gadbois, Spin Master's President and Chief Operating Officer commented, "Our decision to manage our brands more tightly using domestic replenishment and an evolving retailer trend away from direct import orders towards domestic orders shifted shipments from the third quarter to the fourth quarter. In addition, increased inventory levels arising from our decision to bring in inventory earlier to mitigate US tariffs, together with short term disruption caused by our US East Coast warehouse consolidation, created congestion in our US supply chain. This resulted in a significant shift of both shipments and orders from the third quarter to the fourth quarter. We are pleased with the progress we have made in October, with both orders and shipments off to a strong start. We remain on track to deliver top line growth for the full year."

Q3 2019 Financial Highlights as compared to the same period in 2018³

- Revenue of US\$548.1 million decreased by 11.6% from US\$620.0 million. In Constant Currency² terms, revenue decreased by 10.8%.
- Gross Product Sales² decreased by 11.4% to US\$583.3 million from US\$658.2 million, with an unfavourable foreign exchange impact of US\$5.4 million or 0.8%. The decline was driven primarily by a decline in *Hatchimals*, which is in the Remote Control & Interactive Characters segment, partially offset by growth in Boys Action and High-Tech Construction.
- Gross Product Sales² increased 1.6% in Europe and declined 15.3% and 12.1% in North America and Rest of World, respectively. International Gross Product Sales² on a combined basis were 36.2% of total Gross Product Sales², increasing from 33.3%.
- Other Revenue increased by 3.4% to US\$26.7 million.
- Sales Allowances² decreased by US\$2.2 million to US\$61.9 million. The decrease was primarily driven by the timing of promotional spending. As a percentage of Gross Product Sales², Sales Allowances² increased 0.9% to 10.6% from 9.7%.
- Gross profit was US\$286.9 million, representing 52.3% of revenue, compared to US\$317.8 million or 51.3%. The increase in gross margin was primarily due to favourable changes in product mix, partially offset by increased freight-related expenses and higher Sales Allowances².
- Selling, general and administrative expenses ("SG&A") remained flat compared to the prior year. As a percentage of revenue SG&A was 29.7% compared to 26.2%. This increase was driven by higher selling expenses from increased sales of licensed products, increased distribution expenses resulting from the shift towards higher domestic sales compared to direct import sales, primarily in the US and higher marketing expenses, partially offset by lower administrative expenses.
- Net Income was US\$92.1 million or US\$0.89 per share (diluted), compared to US\$107.9 million or US\$1.06 per share (diluted).
- Adjusted Net Income² was US\$93.2 million or US\$0.90 per share (diluted), compared to US\$117.7 million or US\$1.15 per share (diluted).
- Adjusted EBITDA² was US\$150.2 million compared to US\$179.8 million. Adjusted EBITDA Margin² was 27.4% compared to 29.0%.
- Free Cash Flow² was US\$128.6 million compared to US\$149.8 million.

Q3 2019 Gross Product Sales² by Business Segment (US\$ millions)¹

	Q3 2019	Q3 2018	\$ Change	% Change	
Activities, Games & Puzzles and Plush Remote Control and Interactive	\$152.4	\$166.5	(14.1)	(8.5)	%
Characters	\$117.3	\$237.9	(120.7)	(50.7)	%
Boys Action and High-Tech Construction	\$103.2	\$37.3	66.0	177.0	%

Pre-School and Girls	\$204.0	\$208.4	(4.4)	(2.1)	%
Outdoor	\$6.4	\$8.1	(1.7)	(21.1)	%
Gross Product Sales²	\$583.3	\$658.2	(74.9)	(11.4)	%
Sales Allowances ²	\$61.9	\$64.0	(2.2)	(3.4)	%
Total Net Sales²	\$521.4	\$594.2	(72.8)	(12.2)	%
Other Revenue	\$26.7	\$25.8	0.9	3.4	%
Revenue	\$548.1	\$620.0	(71.9)	(11.6)	%

Q3 2019 Business Segment Gross Product Sales² as compared to the same period in 2018¹

Gross Product Sales² decreased by US\$74.9 million or 11.4%, to US\$583.3 million with an unfavourable foreign exchange impact of US\$5.4 million or 0.8%.

Gross Product Sales² in Activities, Games & Puzzles and Plush decreased by US\$14.1 million or 8.5% to US\$152.4 million. The decrease was driven primarily by lower sales of *Bunchems* and the Games & Puzzles portfolio, partially offset by increases in *Cool* branded products.

Gross Product Sales² in Remote Control and Interactive Characters decreased by US\$120.7 million or 50.7% to US\$117.3 million, primarily due to lower sales of *Hatchimals*, while *Luvabella*, *Zoomer* and *Air Hogs* also declined, partially offset by sales of *Owleez*, *Monster Jam RC* and *Juno*.

Gross Product Sales² in Boys Action and High-Tech Construction increased by US\$66.0 million or 177.0% to US\$103.2 million. The increase was primarily driven by sales of *Bakugan*, *DreamWorks Dragons* and *Monster Jam*, partially offset by decreases in *Boxer*, *Fugglers* and *Flush Force*.

Gross Product Sales² in Pre-School and Girls decreased by US\$4.4 million or 2.1% to US\$204.0 million. The decrease was driven primarily by declines in *Party Popteenies* and *Rusty Rivets*, partially offset by increases in *PAW Patrol*, *Twisty Petz* and sales of *Candylocks*, *Awesome Bloss'ems* and *Pre Cool*.

Gross Product Sales² in Outdoor decreased by US\$1.7 million or 21.1% to US\$6.4 million.

Nine Months Ended September 30, 2019 Financial Highlights as compared to the same period in 2018^{1,3}

- Revenue of US\$1,108.1 million decreased by 9.0% from US\$1,217.2 million. In Constant Currency² terms, revenue decreased by 7.8%.
- Gross Product Sales² decreased by US\$102.0 million or 8.2% to US\$1,140.5 million, compared to US\$1,242.5 million with an unfavourable foreign exchange impact of US\$14.2 million or 1.1%.
- Gross Product Sales² increased by 7.7% in Europe and decreased by 7.7% in Rest of World and 13.1% in North America, respectively. International Gross Product Sales² on a combined basis represented 37.1% of total Gross Product Sales², increasing from 33.6%.
- Other Revenue decreased by US\$2.8 million or 3.1% to US\$86.0 million, driven by decreased royalty income from products marketed by third parties using Spin Master's owned intellectual property, partially offset by increased television distribution revenue and app revenue from Toca Boca and Sago Mini.
- Sales Allowances² increased by US\$4.4 million to US\$118.4 million, driven primarily by the timing of promotional spending. Sales Allowances, as a percentage of Gross Product Sales increased 1.2% to 10.4% from 9.2%.
- Gross profit decreased by 9.8% to US\$558.9 million, representing 50.4% of revenue compared to US\$619.8 million or 50.9%. The decline was primarily due to increased freight-related expenses, higher Sales Allowances, increased depreciation and amortization and a decrease in other revenue, partially offset by favourable changes in product mix.
- Selling, general and administrative expenses ("SG&A") increased US\$6.7 million or 1.6%. The increase in SG&A was driven by distribution costs due to investments in the establishment of new distribution centres in order to strengthen the Company's global distribution network and costs arising from the shift towards higher domestic sales compared to direct import sales, primarily in the US, as well as selling expenses attributed to higher sales of licensed products. The increase was partially offset by lower administrative expenses.
- Net Income was US\$81.5 million, or US\$0.79 per share (diluted), compared to Net Income of US\$143.5 million or US\$1.41 per share (diluted).
- Adjusted Net Income² was US\$100.6 million, or US\$0.98 per share (diluted), compared to US\$157.4 million, or US\$1.54 per share (diluted).
- Adjusted EBITDA² was US\$212.3 million, compared to US\$268.5 million. Adjusted EBITDA Margin² was 19.2% compared to 22.1%.
- Free Cash Flow² decreased to US\$107.3 million compared to US\$141.0 million.

Nine months ended September 30, 2019 Gross Product Sales² by Business Segment (US\$ millions)¹

	2019	2018	\$ Change	% Change	
Activities, Games & Puzzles and Plush Remote Control and Interactive Characters	\$295.6	\$310.3	(14.8)	(4.8)	%
Boys Action and High-Tech Construction	\$192.8	\$397.5	(204.6)	(51.5)	%
Pre-School and Girls Outdoor	\$216.6	\$75.2	141.5	188.2	%
	\$363.8	\$378.4	(14.6)	(3.9)	%
	\$71.7	\$81.1	(9.4)	(11.6)	%
Gross Product Sales²	\$1,140.5	\$1,242.5	(102.0)	(8.2)	%
Sales Allowances ²	\$118.4	\$114.1	4.4	3.9	%
Total Net Sales²	\$1,022.1	\$1,128.4	(106.4)	(9.4)	%
Other Revenue	\$86.0	\$88.8	(2.8)	(3.1)	%
Revenue	\$1,108.1	\$1,217.2	(109.1)	(9.0)	%

Nine Months Ended September 30, 2019 Business Segment Gross Product Sales² as compared to the same period in 2018¹

Gross Product Sales² decreased by US\$102.0 million or 8.2% to US\$1,140.5 million, with an unfavourable foreign exchange impact of \$14.2 million or 1.1%. The decrease was primarily attributed to lower sales of *Hatchimals* products in the Remote Control and Interactive Characters segment.

Gross Product Sales² in Activities, Games & Puzzles and Plush decreased by US\$14.8 million or 4.8% to US\$295.6 million, primarily driven by lower sales in the Games & Puzzles portfolio and *Bunchems*, partially offset by increases in *Gund* and *Cool Maker*.

Gross Product Sales² in Remote Control and Interactive Characters decreased by US\$204.6 million or 51.5% to US\$192.8 million, primarily due to declines in *Hatchimals*, *Zoomer*, *Luvabella* and *Air Hogs*, partially offset by sales of *Owleez*, *Monster Jam RC* and *Juno*.

Gross Product Sales² in Boys Action and High-Tech Construction increased by US\$141.5 million or 188.2% to US\$216.6 million, primarily due to sales of *Bakugan*, *DreamWorks Dragons* and *Monster Jam*, partially offset by decreases in *Flush Force*, *Boxer* and *Star Wars* licensed merchandise.

Gross Product Sales² in Pre-School and Girls decreased by US\$14.6 million or 3.9% to US\$363.8 million, driven by declines in *Party Popteenies*, *PAW Patrol* and *Rusty Rivets*, partially offset by increases in *Twisty Petz* and sales of *Candylocks*, *Awesome Bloss'ems* and *Pre Cool*.

Gross Product Sales² in Outdoor decreased by US\$9.4 million or 11.6% to US\$71.7 million.

Outlook

Spin Master continues to focus on driving growth. Its principle strategies, which remain unchanged for 2019, include:

- Innovate using our global internal and external research and development network;
- Developing evergreen global entertainment properties;
- Increasing international sales in developed and emerging markets; and
- Leveraging the Company's global platform through strategic acquisitions.

On a full year comparative basis, consistent with prior guidance, the Company continues to expect to grow organic Gross Product Sales² in the low single digit range relative to 2018. The Company now expects to deliver Adjusted EBITDA Margin² for 2019 slightly below 2018. Previous guidance expected Adjusted EBITDA Margin² in-line with 2018.

Conference call

Ronnen Harary, Chairman and Co-Chief Executive Officer, Ben Gadbois, Global President and Chief Operating Officer, and Mark Segal, Executive Vice President and Chief Financial Officer will host a conference call to discuss these results on Wednesday, November 6, 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 TIA Toy of The Year (TOTY) nominations with 30 wins across a variety of product categories, including 13 TOTY nominations for Innovative Toy of the Year. To date, Spin Master has produced nine television series, including the relaunched Bakugan: Battle Planet and current hit PAW Patrol, which is broadcast in over 160 countries and territories globally. Spin Master employs over 1,800 people in countries around the world including Canada, United States, Mexico, France, Italy, United Kingdom, Russia, Slovakia, Poland, Germany, Sweden, the Netherlands, China, Hong Kong, Japan, Vietnam, India 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", "Sales Allowances" and "Total Net Sales" 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 and bad debt expense. 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 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 "Q3 2019 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 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 as a measure of Company performance.

Management believes 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 September 30					
(All amounts in USD 000's, except percentages)	2019	2018 ⁸	\$ Change	% Change	
Reconciliation of Non-IFRS Financial Measures					
Net income	92,137	107,891	(15,754)	(14.6)	%
Income tax expense	32,990	38,211	(5,221)	(13.7)	%
Finance costs	3,182	2,732	450	16.5	%
Depreciation and amortization	22,238	17,676	4,562	25.8	%
EBITDA (1)	150,547	166,510	(15,963)	(9.6)	%
Normalization adjustments:					
Restructuring expense (2)	236	404	(168)	(41.6)	%
Foreign exchange (gain) loss (3)	(4,020)	5,372	(9,392)	(174.8)	%
Share based compensation (4)	3,412	3,612	(200)	(5.5)	%
Acquisition related incentive compensation (5)	—	250	(250)		n.m.
Amortization of fair market value adjustments (6)	—	3,692	(3,692)		n.m.
Adjusted EBITDA (1) (8)	150,175	179,840	(29,665)	(16.5)	%
Income tax expense	32,990	38,211	(5,221)	(13.7)	%
Finance costs	3,182	2,732	450	16.5	%
Depreciation and amortization	22,238	17,676	4,562	25.8	%
Tax effect of normalization adjustments (7)	(1,473)	3,487	(4,960)	(142.2)	%
Adjusted Net Income (1)	93,238	117,734	(24,496)	(20.8)	%
Cash provided by operations	106,326	106,928	(602)	(0.6)	%
Changes in net working capital	42,152	53,898	(11,746)	(21.8)	%
Cash provided by operations before net working capital changes	148,478	160,826	(12,348)	(7.7)	%
Cash used in investing activities	(29,234)	(11,048)	(18,186)	164.6	%
Add: cash used for license, brand and business acquisitions	9,353	—	9,353		n.m.
Free Cash Flow (1)	128,597	149,778	(21,181)	(14.1)	%

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

2) Restructuring expense primarily relates to personnel related expenses.

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) Amortization of fair market value adjustments to inventory relating to the acquisition of Gund in the second quarter of 2018.

7) Tax effect of normalization adjustments (Footnotes 2-6). Normalization adjustments are tax effected at the effective tax rate of the given year-to-date period.

8) The comparative information presented for 2018 has not been restated for the adoption of IFRS 16. The impact of IFRS 16 on Adjusted EBITDA would be an increase of \$3,372 for 2018.

Nine Months Ended September 30					
(All amounts in USD 000's, except percentages)	2019	2018 ¹⁰	\$ Change	% Change	
Reconciliation of Non-IFRS Financial Measures					
Net income	81,482	143,501	(62,019)	(43.2)	%
Income tax expense	28,204	50,814	(22,610)	(44.5)	%
Finance costs	8,462	6,546	1,916	29.3	%
Depreciation and amortization	68,429	48,759	19,670	40.3	%
EBITDA (1)	186,577	249,620	(63,043)	(25.3)	%
Normalization adjustments:					
Restructuring expense (2)	8,105	2,234	5,871	262.8	%
Foreign exchange loss (3)	5,919	4,044	1,875	46.4	%
Share based compensation (4)	11,706	7,747	3,959	51.1	%
Legal settlement (5)	—	(15,500)	15,500		n.m.
Bad debt expense (6)	—	15,152	(15,152)		n.m.

Acquisition related incentive compensation (7)	—	1,491	(1,491)	n.m.
Amortization of fair market value adjustments (8)	—	3,692	(3,692)	n.m.
Adjusted EBITDA (1) (10)	212,307	268,480	(56,173)	(20.9) %
Income tax expense	28,204	50,814	(22,610)	(44.5) %
Finance costs	8,462	6,546	1,916	29.3 %
Depreciation and amortization	68,429	48,759	19,670	40.3 %
Tax effect of normalization adjustments (9)	6,617	4,932	1,685	34.2 %
Adjusted Net Income (1)	100,595	157,429	(56,834)	(36.1) %
Cash provided by operations	87,546	121,649	(34,103)	(28.0) %
Changes in net working capital	83,335	83,679	(344)	(0.4) %
Cash provided by operations before net working capital changes	170,881	205,328	(34,447)	(16.8) %
Cash used in investing activities	(72,971)	(141,402)	68,431	(48.4) %
Add: cash used for license, brand and business acquisitions	9,353	77,029	(67,676)	(87.9) %
Free Cash Flow (1)	107,263	140,955	(33,692)	(23.9) %

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

2) Restructuring expense primarily relates to personnel related expenses and costs associated with facility closures.

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) 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 TRU during the first quarter of 2018.

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.

9) Tax effect of normalization adjustments (Footnotes 2-8). Normalization adjustments are tax effected at the effective tax rate of the given year-to-date period.

10) The comparative information presented for 2018 has not been restated for the adoption of IFRS 16. The impact of IFRS 16 on Adjusted EBITDA would be an increase of \$7,978 for 2018.

Forward-Looking Statements

Certain statements, other than statements of historical fact, contained in this MD&A 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 MD&A. 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 MD&A include, without limitation, statements with respect to: the Company's outlook for 2019 (see "Outlook"); future growth expectations; the Company's expansion into content for traditional television, as well as more short-form and long-form content across a variety of distribution channels; the Company's increased focus on e-commerce and direct-to-consumer initiatives; the Company's long-term goal of more than 40% of sales outside of the North America segment; financial position, cash flows and financial performance; drivers for such growth; the 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's key personnel will continue to be involved in the Company products and entertainment properties will be launched as scheduled and that the risk factors noted in this Press Release, 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.

-
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.
 3. Spin Master adopted International Financial Reporting Standard 16 Leases ("IFRS 16"), effective January 1, 2019. The Company implemented the standard using the modified retrospective approach. As a result, the Company's third quarter of 2019 results reflect lease accounting under IFRS 16. Prior year results have not been restated. See section "Changes in Accounting Policies" of the Company's MD&A for the three and nine months ended September 30, 2019 for more information on the implementation of IFRS 16.

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/2019-11-05-Spin-Master-Reports-Q3-2019-Financial-Results>