

Spin Master Provides Financial Outlook Update Due to Impact of COVID-19

TORONTO, March 19, 2020 /CNW/ - Spin Master Corp. ("Spin Master" or the "Company") (TSX: TOY; www.spinmaster.com), a leading global children's entertainment company, today announced that the Company is withdrawing its 2020 outlook previously provided on March 4, 2020 in connection with 2020 Gross Product Sales¹ and Adjusted EBITDA Margin¹. Spin Master will not issue further guidance in the near term due to uncertainty related to the rapidly developing COVID-19 situation. It is anticipated that the spread of COVID-19 and global measures to contain it, will have an impact on the Company, however it is challenging to quantify the potential magnitude of such impact at this time. The Company is regularly assessing the situation and remains in contact with its customers and suppliers to assess any impacts and risks. Given the dynamic nature of these circumstances, Spin Master will provide a further update when it reports Q1 2020 results on May 6, 2020.

The 2020 outlook provided by Spin Master on March 4, 2020 reflected the information available to the Company at that time. This information included factory capacity in China, Vietnam and India, labour return rates, tooling availability, raw material and component availability, the ability to shift production between various geographies and products and customer acceptance of modified delivery dates. Since that time production levels have increased significantly and are approaching normal levels. However, due to the current market disruptions and heightened uncertainty caused by the spread of COVID-19 in global customer markets, the Company is withdrawing such guidance.

"Since early March we have seen a substantial improvement in our Asian supply chain, particularly in China, as expected. However, the disruption we are now seeing in key customer markets resulting from the impact of COVID-19 is significant and we are withdrawing our fiscal 2020 guidance statement as a result thereof," said Mark Segal, Spin Master's Executive Vice President and Chief Financial Officer. "Our balance sheet remains strong, with cash on hand and committed credit lines available, which provides us with significant financial flexibility. Spin Master is known for its resiliency and entrepreneurial spirit. We believe in our ability to withstand any issues and continue to succeed."

1. Non-IFRS financial measures. Non-IFRS measures do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and are therefore unlikely to be comparable to similar measures presented by other issuers. Please refer to the section entitled "Non IFRS Financial Measures" in the Management Discussion and Analysis within Spin Master's public filings for a discussion of the definition, components and uses of such non-IFRS measures, as well as a reconciliation of such non-IFRS measures to IFRS measures (where a comparable IFRS measure exists).

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 110 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 and Australia.

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", "forecasts", "anticipates", "intend", "guidance", "outlook", "potential", "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 intentions to issue guidance and provide an update in the future; future financial results and performance of the Company and the underlying assumptions; the Company's balance sheet and financial position; and the anticipated impact of the spread of COVID-19, and global measures to contain it, on the Company.

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 that 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 magnitude and length of economic disruption as a result of the worldwide COVID-19 outbreak, and 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 Canadian law.

SOURCE Spin Master Corp.

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<https://spinmaster.mediaroom.com/2020-03-19-Spin-Master-Provides-Financial-Outlook-Update-Due-to-Impact-of-COVID-19>