

Spin Master Reports Q2 2020 Financial Results

Operational Initiatives Show Strong Progress

TORONTO, Aug. 5, 2020 /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 second quarter ended June 30, 2020. The Company's full Management's Discussion and Analysis ("MD&A") for the three and six month ended June 30, 2020 is available on SEDAR (www.sedar.com) and posted on the Company's web site at www.spinmaster.com/financial-info.php.

"This quarter we demonstrated meaningful progress towards resolving the operational challenges we experienced in 2019" said Ronnen Harary, Spin Master's Co-Chief Executive Officer. "We are incredibly proud of the global Spin Master team, who remained focused on driving improvements across the company, while also managing through the complexity of COVID-19 for the full quarter. Our performance in the second quarter, which showed strong POS across most of our key brands, highlights the resilience of the toy industry, the strength of our diversified portfolio of brands, entertainment franchises and digital toys and our global platform. This is underpinned by our strong financial base, which positions us well for long term success. Looking forward, global economies are reopening but risk remains elevated and we are taking a cautiously optimistic approach to the second half. New opportunities continue to emerge, and we are prepared to take advantage as they arise."

"Our overall performance in the second quarter was stronger than expected, despite the disruption from COVID-19" said Mark Segal, Spin Master's Chief Financial Officer. "Our global supply chain team responded well to the evolving environment and we made significant progress from an operational efficiency, profitability and cash flow perspective relative to Q1. Our financial position remains solid and we continue to have substantial liquidity available. As the year progresses, we will continue to focus on strengthening our core in order to build and maintain an efficient, high margin and sustainable global platform positioned for long term growth."

Q2 2020 Financial Highlights as compared to the same period in 2019¹

- Total Revenue of US\$281.1 million decreased by 12.4% from US\$321.0 million. In Constant Currency¹ terms, revenue decreased by 13.4%.
- Gross Product Sales¹ decreased by 10.9% to US\$282.2 million from US\$316.8 million. In Constant Currency¹ terms, Gross Product Sales¹ decreased by 12.0%. Decreases in Pre-School & Girls, Boys Action & Construction and Remote Control & Interactive Characters were offset by increases in Activities, Games, Puzzles & Plush, as well as Outdoor.
- Gross Product Sales¹ increased slightly in North America and declined by 21.6% in Europe and 42.4% in Rest of World. International Gross Product Sales¹ were 27.7% of total Gross Product Sales¹, compared with 35.6%.
- Other revenue decreased by 6.3% to US\$28.5 million, driven by lower royalty income from products marketed by third parties using Spin Master's owned intellectual property and television distribution revenue, offset in part by higher app revenue from Toca Boca and Sago Mini.
- Sales Allowances¹ increased by US\$3.4 million to US\$29.6 million, primarily driven by an increase in non-compliance charges resulting from the operational challenges which arose in the second half of 2019, partially offset by a change in geographic mix due to higher sales in North America relative to Europe. As a percentage of Gross Product Sales¹, Sales Allowances¹ increased 2.2% to 10.5% from 8.3%.
- Gross profit was US\$118.2 million, representing 42.0% of revenue, compared to US\$164.3 million or 51.2% of revenue. The decline in gross margin was primarily due to unfavourable changes in product mix, higher Sales Allowances and inbound in freight-related expenses and costs incurred as a result of the Company's ongoing operational improvement initiatives.
- Selling, general and administrative expenses (SG&A)² declined 16.6%. As a percentage of revenue SG&A² expenses were 40.8%, compared to 42.9%. The improvement was primarily driven by lower marketing costs, partially offset by higher warehouse and outbound freight costs.
- Net loss was US\$14.9 million or loss per share of US\$0.15, compared to net income of US\$10.2 million or earnings per share of US\$0.10 (diluted).
- Adjusted Net Loss¹ was US\$9.5 million or loss per share of US\$0.09, compared to Adjusted Net Income¹ of US\$19.8 million or earnings per share of US\$0.19 (diluted).
- Adjusted EBITDA¹ was US\$21.5 million compared to US\$55.1 million. Adjusted EBITDA Margin¹ was 7.6% compared to 17.2%.
- Free Cash Flow¹ was negative US\$9.8 million compared to positive US\$18.6 million. Including changes in working capital, Free Cash Flow was US\$40.2 million compared to negative US\$34.7 million.
- During the quarter, Spin Master repaid US\$50.0 million of its Credit Facility and as at June 30, 2020, the outstanding balance of the Credit Facility was US\$300.0 million. The Company had cash on hand of US\$410.8 million at the end of the quarter.

Q2 2020 Gross Product Sales¹ by Business Segment (US\$ millions)

	Q2 2020	Q2 2019	\$ Change	% Change
Activities, Games & Puzzles and Plush Remote Control & Interactive Characters	\$95.5	\$80.1	15.4	19.2 %
Boys Action & Construction	\$44.5	\$64.0	(19.5)	(30.5) %
Pre-School & Girls	\$74.3	\$96.4	(22.1)	(22.9) %
Outdoor	\$34.7	\$31.8	2.9	9.1 %
Gross Product Sales¹	\$282.2	\$316.8	(34.6)	(10.9) %
Sales Allowances ¹	\$(29.6)	\$(26.2)	(3.4)	13.0 %
Total Net Sales¹	\$252.6	\$290.6	(38.0)	(13.1) %
Other Revenue	\$28.5	\$30.4	(1.9)	(6.3) %
Revenue	\$281.1	\$321.0	(39.9)	(12.4) %

Q2 2020 Business Segment Gross Product Sales¹ as compared to the same period in 2019¹

Gross Product Sales¹ were US\$282.2 million, a decrease of US\$34.6 million or 10.9%, with a favourable foreign exchange impact of US\$3.4 million or 1.1%. Excluding the impact of foreign exchange, Gross Product Sales decreased by US\$38.0 million or 12.0%. The decrease was primarily driven by Pre-School & Girls, Boys Action & Construction and Remote Control & Interactive Characters, offset by growth in Activities, Games & Puzzles and Plush, as well as Outdoor.

Gross Product Sales¹ in Activities, Games & Puzzles and Plush increased by US\$15.4 million or 19.2% to US\$95.5 million, driven primarily by increases in *Kinetic Sand* and the Games & Puzzles portfolio, partially offset by declines in *Gund*.

Gross Product Sales¹ in Remote Control & Interactive Characters decreased by US\$11.3 million or 25.4% to US\$33.2 million, primarily due to lower sales of *Hatchimals*, *Juno* and *Luvabella*, partially offset by increases in *Monster Jam RC* and *PAW Patrol RC*.

Gross Product Sales¹ in Boys Action & Construction decreased by US\$19.5 million or 30.5% to US\$44.5 million. The decrease was primarily driven by declines in *DreamWorks Dragons* and *Bakugan*, partially offset by f DC licensed products and *Tech Deck*.

Gross Product Sales¹ in Pre-School & Girls decreased by US\$22.1 million or 22.9% to US\$74.3 million. The decrease was driven primarily by declines in *PAW Patrol*, *Twisty Petz*, *Candylocks* and *Pre Cool*.

Gross Product Sales¹ in Outdoor increased by US\$2.9 million or 9.1% to US\$34.7 million.

Financial Highlights for Six Months Ended June 30, 2020 as compared to the same period in 2019

- Revenue of US\$508.4 million decreased 9.2% from US\$560.0 million. In Constant Currency¹ terms, revenue decreased by 8.3%.
- Gross Product Sales¹ decreased by US\$32.8 million or 5.9% to US\$524.5 million. In Constant Currency¹ terms, Gross Product Sales¹ decreased by 5.1%.
- Gross Product Sales¹ increased by 0.9% in North America, decreased by 3.8% in Europe and 37.1% in Rest of World. International Gross Product Sales¹ represented 33.5% of total Gross Product Sales¹, compared with 38.0%.
- Other Revenue decreased by US\$8.9 million or 15.0% to US\$50.4 million, driven by decreased royalty income from products marketed by third parties using Spin Master's owned intellectual property and lower television distribution revenue, partially offset by increased app revenue from Toca Boca and Sago Mini.
- Sales Allowances¹ increased by US\$9.9 million to US\$66.5 million, primarily driven by an increase in non-compliance charges and growth in Europe, which has higher Sales Allowance rates and higher markdowns. As a percentage of Gross Product Sales¹, Sales Allowances increased to 12.7% compared to 10.2%.
- Gross profit decreased to US\$209.0 million, representing 41.1% of revenue compared to US\$272.0 million or 48.6% of revenue. The decline was primarily due to higher inbound freight-related expenses, Sales Allowances and reconfiguration costs and costs incurred as a result of the Company's ongoing operational improvement initiatives and lower other revenue.
- Selling, general and administrative expenses ("SG&A") increased US\$3.4 million or 1.3%. The increase in SG&A was driven by higher warehouse and outbound freight costs and product development expenses, offset by lower marketing expenses.
- Net loss was US\$41.6 million, or loss per share of US\$0.41, compared to net loss of US\$10.7 million or loss per share of US\$0.10.

- Adjusted Net Loss¹ was US\$56.3 million, or loss per share of US\$0.55, compared to Adjusted Net Income of US\$7.4 million, or earnings per share of US\$0.07 (diluted).
- Adjusted EBITDA¹ was negative US\$10.8 million, compared to US\$62.1 million. Adjusted EBITDA Margin¹ was negative 2.1% compared to 11.1%.
- Free Cash Flow¹ decreased to negative US\$84.7 million compared to negative US\$21.3 million. Including changes in working capital Free Cash Flow was US\$12.4 million compared to negative US\$62.5 million.

Six months ended June 30, 2020 Gross Product Sales¹ by Business Segment (US\$ millions)

	2020	2019	\$ Change	% Change	
Activities, Games & Puzzles and Plush	\$173.6	\$143.1	30.5	21.3	%
Remote Control & Interactive Characters	\$53.4	\$75.6	(22.2)	(29.4)	%
Boys Action & Construction	\$103.6	\$113.4	(9.8)	(8.6)	%
Pre-School & Girls	\$130.8	\$159.8	(29.0)	(18.1)	%
Outdoor	\$63.1	\$65.4	(2.3)	(3.5)	%
Gross Product Sales¹	\$524.5	\$557.3	(32.8)	(5.9)	%
Sales Allowances	\$(66.5)	\$(56.6)	(9.9)	17.5	%
Total Net Sales¹	\$458.0	\$500.7	(42.7)	(8.5)	%
Other Revenue	\$50.4	\$59.3	(8.9)	(15.0)	%
Revenue	\$508.4	\$560.0	(51.6)	(9.2)	%

June 30, 2020 Year to Date ("YTD") Business Segment Gross Product Sales¹ as compared to the same period in 2019

Gross Product Sales¹ were US\$524.5 million, a decrease of US\$32.8 million or 5.9%, with an unfavourable foreign exchange impact of US\$4.5 million or 0.8%. The decrease was driven by declines in Pre-School & Girls, Remote Control & Interactive Characters and Boys Action & Construction, partially offset by an increase in Activities, Games & Puzzles and Plush.

Gross Product Sales¹ in Activities, Games & Puzzles and Plush increased by US\$30.5 million or 21.3% to US\$173.6 million, due to *Kinetic Sand* and the Games & Puzzles portfolio, offset in part by declines in *Gund* and *Bunchems*.

Gross Product Sales¹ in Remote Control & Interactive Characters decreased by US\$22.2 million or 29.4% to US\$53.4 million, due to declines in *Hatchimals*, *Juno*, *Luvabella*, *Air Hogs* and *Lollipopets*, partially offset by *PAW Patrol RC*, *DC* licensed products, *Monster Jam RC* and *Owleez*.

Gross Product Sales¹ in Boys Action & Construction decreased by US\$9.8 million or 8.6% to US\$103.6 million, due to declines in *DreamWorks Dragons*, *Boxer*, *Fugglers* and *Meccano*, partially offset by *DC* licensed products and *Tech Deck*.

Gross Product Sales¹ in Pre-School & Girls decreased by US\$29.0 million or 18.1% to US\$130.8 million, driven by declines in *PAW Patrol*, *Twisty Petz*, *Off the Hook* and *Party Popteenies*.

Gross Product Sales¹ in Outdoor decreased by US\$2.3 million or 3.5% to US\$63.1 million.

Outlook

Spin Master continues to focus on driving long-term growth. Its principle strategies include:

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

Given the uncertain environment associated with COVID-19, the company has elected to continue to suspend providing guidance until circumstances warrant.

¹Non-IFRS Financial Measure. See "Non-IFRS Financial Measures" below

² SG&A expenses include selling, marketing, distribution, product development and administrative expenses.

Conference call

Ronnen Harary, Chairman and Co-Chief Executive Officer and Mark Segal, Executive Vice President and Chief Financial Officer will host a conference call to discuss these results on Thursday, August 6, 2020 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 Corp. (TSX:TOY) is a leading global children's entertainment company creating exceptional play experiences through a diverse portfolio of innovative toys, entertainment franchises and digital toys and games. Spin Master is best known for award-winning brands PAW Patrol®, Bakugan®, Kinetic Sand®, Air Hogs®, Hatchimals® and GUND®, and is the toy licensee for other popular properties. Spin Master Entertainment creates and produces compelling multiplatform content, stories and endearing characters through its in-house studio and partnerships with outside creators, including the preschool success PAW Patrol and 10 other television series, which are distributed in more than 160 countries. The Company has an established digital presence anchored by the Toca Boca® and Sago Mini® brands, which combined have more than 25 million monthly active users. With over 1,800 employees in 28 offices globally, Spin Master distributes products in more than 100 countries. For more information visit spinmaster.com or follow on *Instagram*, *Facebook* and *Twitter* @spinmaster.

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 (Loss) 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 (loss) 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, and equity-settled share based compensation expenses. Adjusted EBITDA is used by management as a measure of the Company's profitability.

Adjusted Net (Loss) Income is calculated as net (loss) income excluding adjustments, as defined above, in addition to a one-time tax recovery and the corresponding impact these items have on income tax expense. Management uses Adjusted Net (Loss) 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 "Q2 2020 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.

(in US\$ millions, except percentages)	Three Months Ended Jun 30			
	2020	2019	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures				
Net (loss) income	(14.9)	10.2	(25.1)	(246.1) %
Income tax expense	2.1	2.8	(0.7)	(25.0) %
Finance costs	3.3	2.6	0.7	26.9 %
Depreciation and amortization	25.7	24.8	0.9	3.6 %
EBITDA¹	16.2	40.4	(24.2)	(59.9) %
Adjustments:				
Restructuring expense ²	(1.0)	7.2	(8.2)	(113.9) %
Foreign exchange loss ³	3.5	3.6	(0.1)	(2.8) %
Share based compensation ⁴	2.8	3.9	(1.1)	(28.2) %
Adjusted EBITDA¹	21.5	55.1	(33.6)	(61.0) %
Income tax expense	2.1	2.8	(0.7)	(25.0) %
Finance costs	3.3	2.6	0.7	26.9 %
Depreciation and amortization	25.7	24.8	0.9	3.6 %
Tax effect of adjustments ⁵	(0.1)	5.1	(5.2)	(102.0) %
Adjusted Net (Loss) Income¹	(9.5)	19.8	(29.3)	(148.0) %
Cash provided by (used in) operations	64.2	(12.6)	76.8	(609.5) %
Changes in net working capital	(50.0)	53.3	(103.3)	(193.8) %
Cash provided by operations before net working capital changes	14.2	40.7	(26.5)	(65.1) %
Cash used in investing activities	(26.4)	(22.1)	(4.3)	19.5 %
Plus:				
Cash used for license, brand and business acquisitions	2.4	—	2.4	n.m.
Free Cash Flow¹	(9.8)	18.6	(28.4)	(152.7) %

1) See "Non-IFRS Financial Measures".

2) Restructuring expense primarily relates to personnel related expenses costs.

3) Includes foreign exchange losses generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and 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, share option expense and LTIP.

5) Tax effect of adjustments (Footnotes 2-4). Adjustments are tax effected at the effective tax rate of the given period.

(All amounts in US\$ millions)	Six Months Ended Jun 30			
	2020	2019	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures				
Net loss	(41.6)	(10.7)	(30.9)	288.8 %
Income tax recovery	(46.1)	(4.8)	(41.3)	860.4 %
Finance costs	6.1	5.3	0.8	15.1 %
Depreciation and amortization	49.0	46.2	2.8	6.1 %
EBITDA¹	(32.6)	36.0	(68.6)	(190.6) %
Adjustments:				
Restructuring expense ²	3.4	7.9	(4.5)	(57.0) %
Foreign exchange loss ³	12.0	9.9	2.1	21.2 %
Share based compensation ⁴	6.4	8.3	(1.9)	(22.9) %
Adjusted EBITDA¹	(10.8)	62.1	(72.9)	(117.4) %
Income tax recovery	(46.1)	(4.8)	(41.3)	860.4 %
Finance costs	6.1	5.3	0.8	15.1 %

Depreciation and amortization	49.0	46.2	2.8	6.1	%
One-time tax recovery ⁵	33.3	—	33.3	n.m.	
Tax effect of adjustments ⁶	3.2	8.1	(4.9)	(60.5)	%
Adjusted Net (Loss) Income¹	(56.3)	7.3	(63.6)	(871.2)	%
Cash provided by (used in) operations	55.4	(18.8)	74.2	(394.7)	%
Changes in net working capital	(97.1)	41.2	(138.3)	(335.7)	%
Cash (used in) provided by operations before net working capital changes	(41.7)	22.4	(64.1)	(286.2)	%
Cash used in investing activities	(45.4)	(43.7)	(1.7)	3.9	%
Plus:					
Cash used for license, brand and business acquisitions	2.4	—	2.4	n.m.	
Free Cash Flow¹	(84.7)	(21.3)	(63.4)	297.7	%

1) See "Non-IFRS Financial Measures".

2) Restructuring expense primarily relates to personnel related costs. Restructuring expense in the current period includes costs related to changes in senior leadership.

3) Includes foreign exchange losses generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and losses related to the Company's hedging programs.

4) Related to expenses associated with subordinate voting shares granted to equity participants at the time of the IPO, share option expense and long-term incentive plan.

5) One-time income tax recovery relates to internal transfer of intangible property of \$33.3 million.

6) Tax effect of adjustments (Footnotes 2-4). 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 intentions to issue guidance in the future; future growth expectations; financial position, cash flows and financial performance; drivers for such growth; the resolution of logistics problems; the program to achieve operational efficiencies; the successful execution of its strategies for growth; the impacts of the COVID-19 pandemic on the Company; 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: ability of factories to manufacture products, including labour size and allocation, tooling, raw material and component availability, ability to shift between product mix, and customer acceptance of delayed delivery dates; that the program designed to gain operational efficiencies will achieve the desired results; 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; 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 COVID-19 pandemic, 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 law.

SOURCE Spin Master Corp.

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<https://spinmaster.mediaroom.com/2020-08-05-Spin-Master-Reports-Q2-2020-Financial-Results>