

Spin Master Reports Strong Q3 2021 Financial Results

***Revenue increases 25% driven by growth across Toys, Entertainment and Digital Games.
Company increases Outlook for 2021.***

TORONTO, Nov. 3, 2021 /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 three and nine months ended September 30, 2021. The Company's full Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2021 is available under the Company's profile on SEDAR (www.sedar.com) and posted on the Company's web site at www.spinmaster.com/financial-info.php.

"It's rewarding to see our strategic approach to toy innovation, engaging storytelling and open-ended digital play drive strong revenue growth across our three creative centres," said Max Rangel, Spin Master's Global President and Chief Executive Officer. "Our global supply chain team expertly managed the market disruptions to ensure steady inventory flow, which allowed us to grow our market share in the U.S. and build momentum ahead of the holiday season. Our first feature film, *PAW Patrol: The Movie*, helped recruit new fans to the franchise through increased awareness globally, which drove demand for our toys. Within digital games, *Toca Life World* continues to drive exceptional consumer engagement and revenue growth. With a continued focus on innovation and operational execution, we believe we are well positioned to bring magical play experiences to kids and their families."

"We delivered very strong financial and operating results this quarter," said Mark Segal, Spin Master's Chief Financial Officer. "Our Gross Product Sales and Total Revenue were higher than in any quarter in our history. The combination of strong sales, diligent cost management and our continued efforts to refine our operational capability led to record profitability levels. We are pleased to raise our Gross Product Sales and Total Revenue outlook for 2021 and for the balance of the year we will continue to take a disciplined approach to manage costs and maximize profitability and cash flow. With a diversified portfolio of brands, entertainment franchises and digital games across our global platform and a very solid financial base, we remain focused on investing to create long term value."

Q3 2021 Financial Highlights as compared to the same period in 2020

- Total Revenue of US\$714.5 million increased by 25.0% from US\$571.6 million. In Constant Currency¹ terms, total revenue increased by 24.2%.
- Gross Product Sales¹ increased by 16.0% to US\$681.2 million from US\$587.4 million, primarily driven by higher sales in Preschool & Girls and Boys. In Constant Currency¹ terms, Gross Product Sales¹ increased by 15.4%.
- Gross Product Sales¹ increased by 20.5% in Europe, 16.7% in Rest of World and 13.8% in North America. International Gross Product Sales¹ were 39.5% of total Gross Product Sales¹, compared to 38.3%.
- Other Revenue grew by US\$58.4 million or 120.9% to US\$106.7 million, driven by higher entertainment and licensing revenue and digital games revenue.
- Entertainment and Licensing revenue was US\$53.0 million, US\$32.4 million or 158.0% higher, primarily driven by distribution revenue related to *PAW Patrol: The Movie*.
- Digital games revenue was US\$53.8 million, an increase of US\$26.0 million or 93.5%, driven by growth in *Toca Life World*.
- Sales Allowances¹ increased by US\$9.3 million to US\$73.4 million. As a percentage of Gross Product Sales¹, Sales Allowances¹ were 10.8%, compared to 10.9%.
- Gross profit was US\$366.0 million, representing 51.2% of total revenue, compared to US\$277.9 million or 48.6%. The improvement in gross margin was primarily due to cost reductions resulting from the Company's operational improvement and productivity initiatives, favourable changes in product mix, lower closeout sales as well as higher digital games and entertainment distribution and licensing revenue. This increase was offset in part by the dilutive effect of *PAW Patrol: The Movie* (revenue less amortization of production costs) and the inflationary pressures on product costs and ocean freight, which was in turn mitigated in part by price increases implemented during the third quarter.
- Selling, general and administrative expenses ("SG&A")² decreased as a percentage of total revenue to 26.2% compared to 27.9% driven by lower distribution expenses, which were partially offset by higher marketing, administrative and selling expenses.
- Net income was US\$135.4 million or earnings per share of US\$1.29 (diluted) compared to US\$86.8 million or earnings per share of US\$0.83 (diluted).
- Adjusted Net Income¹ was US\$132.6 million or Adjusted Diluted EPS¹ of US\$1.26, compared to US\$95.1 million or Adjusted Diluted EPS¹ of US\$0.91.
- Adjusted EBITDA¹ was US\$217.3 million compared to US\$139.9 million. Adjusted EBITDA Margin¹ was 30.4% compared to 24.5%. Included in Adjusted EBITDA¹ was US\$26.0 million related to revenue for *PAW Patrol: The Movie*.
- Cash provided by operating activities was US\$85.8 million compared to cash provided by operating activities of US\$117.2

million, primarily driven by an increase in net working capital, offset in part by higher EBITDA.

- Free Cash Flow¹ was US\$65.8 million compared to US\$96.0 million, driven by lower cash flows from operating activities.

Other Business Matters

- On September 28, 2021, the Company entered into an agreement with a syndicate of lenders to amend and restate its existing credit facility. Under the agreement, the existing US\$510 million five-year secured credit facility was amended and restated as an unsecured five-year revolving facility of the same amount with a maturity date of September 28, 2026.
- After the quarter, the Company announced the creation of Spin Master Ventures ("SMV") in order to accelerate growth in the Company's Toys, Entertainment and Digital Games creative centres, through strategic minority investments. Spin Master will initially allocate US\$100 million to SMV, funded from internal resources. To launch the initiative, SMV made minority investments in two companies totaling US\$2.4 million during the third quarter comprising an investment in Nørdlight Games AB for US\$0.6 million and an investment in Hoot Reading Inc. for US\$1.8 million.
- Subsequent to September 30, 2021, the Company filed a short form base shelf prospectus dated November 2, 2021, pursuant to which, for a period of 25 months thereafter, the Company (and shareholders of the Company) may sell up to an aggregate of CAD\$1.0 billion of Subordinate Voting Shares, preferred shares, debt securities, subscription receipts, warrants or any combination thereof as a unit. This filing provides the Company with the flexibility to access debt and equity markets on a timely basis. The Company's previous base shelf prospectus in the amount of CAD\$750.0 million, expired during the third quarter of 2021.

Q3 2021 Total Revenue (US\$ millions)³

	Q3 2021	Q3 2020	\$ Change	% Change	
Preschool & Girls	\$311.0	\$242.7	\$68.3	28.1	%
Activities, Games & Puzzles and Plush	\$195.8	\$181.0	\$14.8	8.2	%
Boys	\$153.8	\$151.4	\$2.4	1.6	%
Outdoor	\$20.6	\$12.3	\$8.3	67.5	%
Gross Product Sales^{1, 4}	\$681.2	\$587.4	\$93.8	16.0	%
Sales Allowances ¹	\$(73.4)	\$(64.1)	\$(9.3)	14.5	%
Net Sales¹	\$607.8	\$523.3	\$84.5	16.1	%
Entertainment and Licensing revenue	\$52.9	\$20.5	\$32.4	158.0	%
Digital Games revenue ⁵	\$53.8	\$27.8	\$26.0	93.5	%
Other Revenue	\$106.7	\$48.3	\$58.4	120.9	%
Total Revenue	\$714.5	\$571.6	\$142.9	25.0	%

³ Effective January 1, 2021, Spin Master has simplified its product categories to align with the Company's product offerings going forward. Prior year comparative information has been updated to conform with the current disclosure.

⁴ A total of \$7.6 million related to Rubik's is included in Gross Product Sales in Q3 2021.

⁵ A total of \$1.0 million related to growth from acquisitions is included in Digital Games revenue in Q3 2021.

Q3 2021 Gross Product Sales¹ by Product Category as compared to the same period in 2020

Gross Product Sales¹ were US\$681.2 million, an increase of US\$93.8 million or 16.0%. Excluding the impact of foreign exchange, Gross Product Sales¹ increased by US\$90.3 million or 15.4% to US\$677.7 million. The increase was driven by Preschool & Girls and Activities, Games & Puzzles and Plush.

Gross Product Sales¹ in Preschool & Girls increased by US\$68.3 million or 28.1% to US\$311.0 million, primarily driven by increases in *PAW Patrol* and *Wizarding World* as well as sales of *Purse Pets*, offset in part by declines in *Present Pets* and *Hatchimals*.

Gross Product Sales¹ in Activities, Games & Puzzles and Plush increased by US\$14.8 million or 8.2% to US\$195.8 million, primarily driven by increases in *Kinetic Sand* and *GUND* as well as sales of *Rubik's*⁴, offset in part by declines in the Games & Puzzles portfolio.

Gross Product Sales¹ in Boys increased by US\$2.4 million or 1.6% to US\$153.8 million, primarily driven by increases in *Monster Jam RC*, DC licensed products and *Tech Deck*, partially offset by declines in *Ninja Bots* and *DreamWorks Dragons*.

Gross Product Sales¹ in Outdoor increased by US\$8.3 million or 67.5% to US\$20.6 million, primarily driven by increases in *SwimWays* and *Aerobie*.

Financial Highlights for Nine Months Ended September 30, 2021 as compared to the same period in 2020

- Total Revenue of US\$1,421.9 million increased by 31.7% from US\$1,080.0 million. In Constant Currency¹ terms, total

revenue increased by 30.0%.

- Gross Product Sales¹ increased by US\$223.0 million or 20.1% to US\$1,334.9 million. In Constant Currency¹ terms, Gross Product Sales¹ increased by 18.9%.
- Gross Product Sales¹ increased by 32.5% in Rest of World, 21.3% in Europe and 17.5% in North America, respectively. International Gross Product Sales¹ represented 37.4% of total Gross Product Sales¹ compared to 36.1%.
- Other revenue increased by US\$133.4 million or 135.2% to US\$232.1 million, driven by higher digital games revenue and entertainment and licensing revenue.
- Digital games revenue increased by US\$79.9 million or 178.0% to US\$124.8 million, primarily driven by higher in-game purchases in *Toca Life World* and growth in the *Sago Mini* subscription user base.
- Entertainment and Licensing revenue increased by US\$53.5 million or 99.4% to US\$107.3 million driven by distribution revenue related to *PAW Patrol: The Movie* and higher licensing and merchandising revenue.
- Sales Allowances¹ increased by US\$14.5 million to US\$145.1 million. As a percentage of Gross Product Sales¹, Sales Allowances were 10.9% compared to 11.7%, primarily driven by lower markdowns, promotions and non-compliance charges.
- Gross profit increased to US\$733.3 million, representing 51.6% of total revenue compared to US\$486.9 million or 45.1% of total revenue. The improvement in gross margin was primarily due to cost reductions resulting from the Company's operational improvement and productivity initiatives, favourable changes in product mix, lower closeout sales as well as higher digital games and entertainment distribution and licensing revenue. This increase was offset in part by the dilutive effect of *PAW Patrol: The Movie* (revenue less amortization of production costs) and inflationary pressures on product costs and ocean freight, which was in turn mitigated by price increases implemented during the third quarter.
- SG&A² decreased as a percentage of total revenue to 33.4% compared to 38.9%, primarily from lower distribution and administrative expenses, partially offset by higher marketing.
- Net income was US\$172.1 million or earnings per share of US\$1.64 (diluted), compared to US\$45.2 million or earnings per share of US\$0.43 (diluted).
- Adjusted Net Income¹ was US\$182.6 million or Adjusted Diluted EPS¹ of US\$1.74, compared to US\$38.8 million or Adjusted Diluted EPS¹ of US\$0.37.
- Adjusted EBITDA¹ was US\$335.8 million compared to US\$129.1 million. Adjusted EBITDA Margin¹ was 23.6% compared to 12.0%.
- Cash provided by operating activities were US\$189.0 million compared to US\$172.6 million, primarily driven by higher EBITDA¹.
- Free Cash Flow¹ was US\$128.3 million compared to US\$108.4 million, driven by higher cash flows from operating activities.

Nine Months Ended September 30, 2021 Total Revenue (US\$ millions)

	2021	2020	\$ Change	% Change	
Preschool & Girls	\$557.8	\$409.3	\$148.5	36.3	%
Activities, Games & Puzzles and Plush	\$381.3	\$360.9	\$20.4	5.7	%
Boys	\$299.5	\$266.2	\$33.3	12.5	%
Outdoor	\$96.3	\$75.5	\$20.8	27.5	%
Gross Product Sales^{1, 6}	\$1,334.9	\$1,111.9	\$223.0	20.1	%
Sales Allowances ¹	\$(145.1)	\$(130.6)	\$(14.5)	11.1	%
Net Sales¹	\$1,189.8	\$981.3	\$208.5	21.2	%
Entertainment and Licensing revenue	\$107.3	\$53.8	\$53.5	99.4	%
Digital games revenue ⁷	\$124.8	\$44.9	\$79.9	178.0	%
Other revenue	\$232.1	\$98.7	\$210.2	960.8	%
Total revenue	\$1,421.9	\$1,080.0	\$341.9	31.7	%

⁶ A total of \$14.6 million related to Rubik's is included in Gross Product Sales in 2021.

⁷ A total of \$1.3 million related to growth from acquisitions is included in Digital Games revenue in 2021.

Nine Months Ended September 30, 2021 Product Category Gross Product Sales¹ as compared to the same period in 2020

Gross Product Sales¹ were US\$1,334.9 million, an increase of US\$223.0 million or 20.1%. Excluding the impact of foreign exchange, Gross Product Sales¹ increased by US\$209.3 million or 18.9% to US\$1,321.2 million. The increase was driven by Preschool & Girls, Boys and Outdoor.

Gross Product Sales¹ in Preschool & Girls increased by US\$148.5 million or 36.3% to US\$557.8 million, primarily driven by increases in *PAW Patrol*, *Wizards World* and *Gabby's Dollhouse* as well as sales of *Purse Pets*, offset in part by declines in

Hatchimals and Twisty Petz.

Gross Product Sales¹ in Activities, Games & Puzzles and Plush increased by US\$20.4 million or 5.7% to US\$381.3 million, primarily driven by sales of *Rubik's*⁴ and increases in *GUND* and *Kinetic Sand*, offset in part by the declines in Games & Puzzles portfolio.

Gross Product Sales¹ in Boys increased by US\$33.3 million or 12.5% to US\$299.5 million, primarily driven by increases in *Monster Jam RC*, *Tech Deck* and *Bakugan*, partially offset by declines in *Ninja Bots* and *DreamWorks Dragons*.

Gross Product Sales¹ in Outdoor increased by US\$20.8 million or 27.5% to US\$96.3 million, primarily driven by increases in *SwimWays* and *Aerobie*.

Outlook

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

- Innovate using our global internal and external research and development network;
- Increase international sales in developed and emerging markets;
- Develop evergreen global entertainment franchises;
- Establish a leading position in digital games; and
- Leverage the Company's global platform through strategic acquisitions.

The Company now expects 2021 Gross Product Sales¹ to increase mid-teens compared to 2020, as compared to high single digits announced on August 4, 2021. The Company now expects 2021 total revenue to increase slightly above 20% compared to 2020, as compared to mid-teens previously announced on August 4, 2021. The Company continues to expect 2021 Adjusted EBITDA Margin¹ to be at the high end of the mid to high teens range, consistent with prior guidance.

Conference call

Max Rangel, Global President and Chief Executive Officer and Mark Segal, Chief Financial Officer will host a conference call to discuss these results on Thursday, November 4, 2021 at 9:30 a.m. (ET).

The call-in numbers for participants are (647) 792-1241 or (866) 248-8441. 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 games. Spin Master is best known for award-winning brands PAW Patrol®, Bakugan®, Kinetic Sand®, Air Hogs®, Hatchimals®, Rubik's Cube® 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 nine other original shows along with multiple short-form series, which are distributed in more than 190 countries. The Company has an established digital games presence anchored by the Toca Boca® and Sago Mini® brands. With close to 2,000 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 Income", "Free Cash Flow", "Gross Product Sales", "Constant Currency", "Sales Allowances" and "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 (loss) before finance costs, income tax expense (recovery) and depreciation and amortization.

Adjusted EBITDA is calculated as EBITDA excluding adjustments that do not necessarily reflect the Company's underlying financial performance. These adjustments include restructuring expenses, foreign exchange gains or losses, equity-settled share based compensation expenses, acquisition related incentive compensation, impairment of intangible assets, gain on asset disposal, investment distribution income and unrealized gain on investment. Adjusted EBITDA is used by management as a measure of the Company's profitability.

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

Adjusted Net Income (Loss) to measure the underlying financial performance of the business on a consistent basis over time.

Adjusted Basic EPS (Loss) is calculated by dividing Adjusted Net Income (Loss) by the weighted average number of shares outstanding during the period. Adjusted Diluted EPS (Loss) is calculated by dividing Adjusted Net Income (Loss) by the weighted average number of common shares outstanding, assuming the conversion of all dilutive securities were exercised during the period.

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 reduced by cash flows used in investing activities and adding back 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. Prior year comparative information has been updated to conform with the current disclosure.

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 2020 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.

Net Sales represents Gross Product Sales less Sales Allowances. Management uses 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 Sep 30			
	2021	2020	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures				
Net income	135.4	86.8	48.6	56.0 %
Income tax recovery	41.8	14.7	27.1	184.4 %
Finance costs	2.3	2.6	(0.3)	(11.5) %
Depreciation and amortization expenses	41.7	26.4	15.3	58.0 %
EBITDA¹	221.2	130.5	90.7	69.5 %
Adjustments:				
Restructuring expense ²	0.4	1.4	(1.0)	(71.4) %
Foreign exchange (gain) loss ³	(10.8)	5.1	(15.9)	n.m.
Share based compensation ⁴	4.1	2.9	1.2	41.4 %
Acquisition related deferred incentive compensation ⁵	2.7	—	2.7	n.m.
Investment distribution income ⁶	(0.2)	—	(0.2)	n.m.
Transaction costs ⁷	0.1	—	0.1	n.m.
Gain on disposal of asset ⁸	(0.2)	—	(0.2)	n.m.
Adjusted EBITDA¹	217.3	139.9	77.4	55.3 %
Income tax recovery	41.8	14.7	27.1	184.4 %
Finance costs	2.3	2.6	(0.3)	(11.5) %
Depreciation and amortization expenses	41.7	26.4	15.3	58.0 %
Tax effect of adjustments ⁹	(1.1)	1.1	(2.2)	(200.0) %

Adjusted Net Income¹	132.6	95.1	37.5	39.4	%
Cash provided by operations	85.8	117.2	(31.4)	(26.8)	%
Cash used in investing activities	(22.7)	(20.2)	(2.5)	12.4	%
Add:					
Cash used for business acquisitions and investment in limited partnership and minority interests, net of investment distribution income	2.7	(1.0)	3.7	(370.0)	%
Free Cash Flow¹	65.8	96.0	(30.2)	(31.5)	%

1) See "Non-IFRS Financial Measures".

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

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

4) Related to non-cash expenses associated with subordinate voting shares granted to equity participants at the time of the Company's initial public offering, share option expense and long-term incentive plan.

5) Deferred incentive compensation associated with acquisitions.

6) Distribution income related to investment in limited partnership.

7) Transaction costs relating to acquisitions.

8) Gain on disposal of intangible asset.

9) Tax effect of adjustments (Footnotes 2-8). Adjustments are tax effected at the effective tax rate of the given period.

		Nine Months Ended Sep 30			
(in US\$ millions, except percentages)		2021	2020	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures					
Net income		172.1	45.2	126.9	280.8 %
Income tax (recovery) expense		53.9	(31.4)	85.3	(271.7) %
Finance costs		7.1	8.7	(1.6)	(18.4) %
Depreciation and amortization expenses		88.9	75.4	13.5	17.9 %
EBITDA¹		322.0	97.9	224.1	228.9 %
Adjustments:					
Restructuring expense ²		1.1	4.8	(3.7)	(77.1) %
Foreign exchange (gain) loss ³		(2.2)	17.1	(19.3)	(112.9) %
Share based compensation ⁴		11.3	9.3	2.0	21.5 %
Acquisition related contingent consideration ⁵		(0.7)	—	(0.7)	n.m.
Impairment of intangible assets ⁶		1.4	—	1.4	n.m.
Net unrealized gain on investment ⁷		(1.2)	—	(1.2)	n.m.
Transaction costs ⁸		0.7	—	0.7	n.m.
Acquisition related deferred incentive compensation ⁹		4.2	—	4.2	n.m.
Investment distribution income ¹⁰		(0.6)	—	(0.6)	n.m.
Gain on disposal of asset ¹¹		(0.2)	—	(0.2)	n.m.
Adjusted EBITDA¹		335.8	129.1	206.7	160.1 %
Income tax (recovery) expense		53.9	(31.4)	85.3	(271.7) %
Finance costs		7.1	8.7	(1.6)	(18.4) %
Depreciation and amortization expenses		88.9	75.4	13.5	17.9 %
One-time income tax recovery ¹²		—	33.3	(33.3)	n.m.
Tax effect of adjustments ¹³		3.3	4.3	(1.0)	(23.3) %
Adjusted Net Income¹		182.6	38.8	143.8	370.6 %
Cash provided by operating activities		189.0	172.6	16.4	9.5 %
Cash used in investing activities		(133.6)	(65.6)	(68.0)	103.7 %
Add:					
Cash used for business acquisitions, investment in limited partnership and minority interests and trademark license agreement, net of investment distribution income		72.9	1.4	71.5	5,107.1 %
Free Cash Flow¹		128.3	108.4	19.9	18.4 %

1) See "Non-IFRS Financial Measures".

- 2) Restructuring expense primarily relates to personnel related costs. Restructuring expense in the prior year includes costs related to changes in senior leadership.
- 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, share option expense and LTIP.
- 5) Remuneration recovery associated with contingent consideration for previous acquisitions.
- 6) Impairment of intangible assets related to content development.
- 7) Net unrealized gain related to investment in limited partnership.
- 8) Transaction costs relating to acquisitions.
- 9) Deferred incentive compensation associated with acquisitions.
- 10) Distribution income related to investment in limited partnership.
- 11) Gain on disposal of intangible asset.
- 12) One-time income tax recovery related to internal transfer of intangible property of \$33.3 million.
- 13) Tax effect of adjustments (Footnotes 2-11). 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 2021; future growth expectations in 2021 and beyond; drivers and trends for such growth and financial performance; the successful execution of its strategies for growth; the Company's SMV initiative; content and product pipeline; financial position, cash flows and financial performance; and the creation of long term shareholder value.

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; that the steps taken will create long term shareholder value; 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 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.

Addendum

Effective January 1, 2021, Spin Master has simplified its product categories to align with the Company's product offerings going forward. The following table presents 2020 Gross Product Sales¹ in the same format that the Company will be presenting Gross Product Sales¹ in 2021:

Gross Product Sales¹ by Product Category

(US\$ millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Total
Pre-School and Girls	73.1	93.5	242.7	200.2	609.5
Activities, Games & Puzzles and Plush	80.1	99.8	181.0	173.9	534.8
Boys	60.7	54.1	151.4	122.1	388.3
Outdoor	28.4	34.8	12.3	15.6	91.1
Gross Product Sales¹	242.3	282.2	587.4	511.8	1,623.7

¹ See "Non-IFRS Financial Measures".

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

SOURCE Spin Master Corp.

For further information: Sophia Bisoukis, Vice President, Investor Relations, sophiab@spinmaster.com

<https://spinmaster.mediaroom.com/2021-11-03-Spin-Master-Reports-Strong-Q3-2021-Financial-Results>