SPIN MASTER CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three and nine month ended September 30, 2016

The following Management's Discussion and Analysis ("MD&A") for Spin Master Corp. ("Spin Master" or the "Company") is dated November 8, 2016 and provides information concerning the Company's financial condition and financial performance for the three months and nine month ended September 30, 2016 ("Third Quarter", "the quarter", "Q3"). This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements as at and for the three and nine month ended September 30, 2016 ("Interim Financial Statements"), its audited annual consolidated financial statements ("2015 Annual Financial Statements") and accompanying notes and its annual MD&A ("2015 Annual MD&A") as at and for the year ended December 31, 2015. Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2015, can be found at www.sedar.com.

Some of the information contained in this MD&A contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements". Actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those described in "Risks Relating to Spin Master's Business" in our 2015 Annual MD&A and elsewhere in this MD&A.

BASIS OF PRESENTATION

The Company's Interim Financial Statements and accompanying notes have been prepared in accordance with International Accounting Standard 34, Interim Reporting and all amounts are prepared in accordance with International Financial Reporting Standards ("IFRS"). However, certain financial measures contained in this MD&A are non-IFRS measures and are discussed further in the "Non-IFRS Financial Measures" section. All references to "$" and "dollars" refer to U.S. dollars, unless otherwise indicated. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding.

OVERVIEW

Spin Master is a leading global children's entertainment company that creates, designs, manufactures and markets a diversified portfolio of innovative toys, games, products and entertainment properties. The Company is driven by a desire to challenge and expand traditional play patterns through the creation of innovative products and entertainment content.

Spin Master's principal strategies to drive the Company's continued growth, both organically and through acquisitions include:

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

Spin Master’s business is separated into three geographic segments: North America, comprised of the U.S. and Canada; Europe, comprised of Spin Master’s subsidiaries in the UK, France, Italy, the Netherlands, Germany, Austria and Switzerland; and the Rest of World, comprised of Spin Master’s subsidiary in Mexico and all other areas of the world serviced by Spin Master’s third party distribution network.

Spin Master’s diversified portfolio of children’s products, brands and entertainment properties is currently reported under five business segments: (1) Activities, Games & Puzzles and Fun Furniture; (2) Remote Control and Interactive Characters; (3) Boys Action and High-Tech Construction; (4) Pre-School and Girls; and (5) Outdoor.

Highlights for the three month period ended September 30, 2016:
(In $ thousands, except per share)

- Revenue increased by 22.8% from $386,829 for the same period in 2015 to $475,015 in 2016.

- Gross profit as a percentage of revenue for the three months ended September 30, 2016 was 52.2%, a decrease of 0.9% from 53.1% for the same period in 2015.

- Net Income was $83,253 or $0.82 per share compared to $51,091 or $0.52 per share for the same period in 2015.

- Adjusted EBITDA (a non-IFRS measure) was $133,260 or 28.1% of revenue, compared to $118,666 or 30.7% of revenue for the same period in 2015.

- On August 2, 2016, the Company acquired Swimways Corporation ("Swimways"), a leader in the water and outdoor sports category for US$85 million in cash on closing, less an escrow for possible adjustments, plus up to US$8.5 million payable over four years based on Swimways' sales growth, if any. The transaction was financed through Spin Master's existing credit facility. Swimways, headquartered in Virginia Beach, VA, with an office in Guangzhou, China, a manufacturing and distribution facility in Tarboro, NC, and a team of 149 employees, has a diverse portfolio of toys, games and sporting goods for the pool, beach and backyard with stable and consistent historical performance.

- On September 13, 2016, the company acquired the exclusive global manufacturing and distribution rights for certain Cepia LLC ("Cepia") product lines, including the relaunch of the global phenomenon, ZhuZhu Pets, Charm U and Chuckle Ball.

Highlights for the nine month period ended September 30, 2016:
(In $ thousands, except per share)

- Revenue increased by 31.4% to $816,077 from $620,998 for the same period in 2015.
- Gross profit as a percentage of revenue was 52.0%, a decrease of 0.7% from 52.7% for the same period in 2015.
- Net Income was $96,788 or $0.96 per share compared to $60,334 or $0.64 per share for the same period in 2015.
- Adjusted EBITDA was $182,623 or 22.4% of revenue, compared to $146,802 or 23.6% of revenue during the same period in 2015.

FINANCIAL PERFORMANCE

For the three and nine month periods ended September 30, 2016 compared to the three and nine month periods ended September 30, 2015

Consolidated Results
(In $ thousands, except per share)

The following tables provide a summary of Spin Master's consolidated results for the three and nine month ended September 30, 2016 and 2015. Refer to the Company's Interim Financial Statements for a detailed account of the Company's performance for the periods presented in the tables below.

	Three Months Ended September 30			
	2016	**2015**	**$ Change**	**% Change**
(All amounts in US$ 000's)				
Revenue	**475,015**	386,829	88,186	22.8%
Cost of sales	**(227,283)**	(181,597)	(45,685)	25.2%
Gross profit	**247,732**	205,232	42,501	20.7%
Selling, marketing, distribution and product development	**(68,471)**	(49,440)	(19,031)	38.5%
Administrative	**(60,982)**	(86,089)	25,106	-29.2%
Other income	**(261)**	13,311	(13,572)	
Foreign exchange gains/(losses)	**129**	(4,396)	4,525	-102.9%
Finance costs	**(2,575)**	(1,120)	(1,456)	130.0%
Net income before tax	**115,572**	77,498	38,074	49.1%
Income tax (expense)	**(32,319)**	(26,407)	(5,911)	22.4%
Net income	**83,253**	51,091	32,162	63.0%
Net Income Attributable to:				
Owners of the Company	**83,253**	48,781	34,472	70.7%
Non-Controlling Interests	**-**	2,310	(2,310)	-100.0%
	83,253	51,091	32,162	63.0%

(All amounts in US$ 000's)	Nine Months Ended September 30			
	2016	2015	$ Change	% Change
Revenue	**816,077**	620,998	195,079	31.4%
Cost of sales	**(391,339)**	(293,705)	(97,633)	33.2%
Gross profit	**424,738**	327,293	97,446	29.8%
Selling, marketing, distribution and product development	**(139,138)**	(95,559)	(43,579)	45.6%
Administrative	**(145,591)**	(147,433)	1,841	-1.2%
Other income	**(258)**	13,311	(13,569)	
Foreign exchange gains/(losses)	**1,104**	(5,948)	7,052	
Finance costs	**(6,187)**	(1,614)	(4,574)	283.4%
Net income before tax	**134,668**	90,050	44,618	49.5%
Income tax (expense)	**(37,880)**	(29,716)	(8,163)	27.5%
Net income	**96,788**	60,334	36,454	60.4%
Net Income Attributable to:				
Owners of the Company	**96,788**	56,473	40,315	71.4%
Non-Controlling Interests	**-**	3,861	(3,861)	-100.0%
	96,788	60,334	36,454	60.4%

Revenue

For the Three Months ended September 30, 2016

The following table provides a summary of Spin Master's consolidated sales and segmented breakdown for three months ended September 30, 2016 and 2015:

(All amounts in US$ 000's)	Three Months Ended September 30			
	2016	**2015**	**$ Change**	**% Change**
Activities, Games & Puzzles and Fun Furniture	125,029	74,537	50,492	67.7%
Remote Control and Interactive Characters	148,165	137,751	10,414	7.6%
Boys Action and High-Tech Construction	59,208	95,264	(36,056)	-37.8%
Pre-School and Girls	181,292	131,946	49,346	37.4%
Outdoor	4,873	-	4,873	
Total Gross Product Sales (1)	**518,567**	**439,498**	**79,069**	**18.0%**
Other Revenue	17,275	4,576	12,699	277.5%
Total Gross Sales (1)	**535,842**	**444,074**	**91,768**	**20.7%**
Sales Allowances (1)	60,827	57,245	3,583	6.3%
Revenue	**475,015**	**386,829**	**88,186**	**22.8%**

(1) Non-IFRS measure. See "Non-IFRS Financial measures".

Total Gross Product Sales increased by $79,069 or 18.0%, to $518,567, primarily due to increased Gross Product Sales in the Activities, Games & Puzzles and Fun Furniture segment and Pre-School and Girls segment, which was offset, in part, by the unfavorable impact from changes in currency exchange rates of $3,698. Excluding the acquisition of Cardinal, Total Gross Product Sales for the three months ended September 30, 2016 increased by $33,834 or 7.7%, to $473,332 compared to the same period in 2015.

Gross Product Sales in the Activities, Games & Puzzles and Fun Furniture segment increased by $50,492 or 67.7%, to $125,029, driven by the acquisition of Cardinal. Excluding the acquisition of Cardinal, Gross Product Sales in the Activities, Games & Puzzles and Fun Furniture segment increased by $5,259 or 7.1%, to $79,796.

Gross Product Sales in the Remote Control and Interactive Characters segment increased by $10,414 or 7.6% to $148,165, primarily due to the launch of *Hatchimals*, offsetting declines in sales of *Digi Birds, Zoomer* and *Air Hogs.*

Gross Product Sales in the Boys Action and High-Tech Construction segment decreased by $36,056 or 37.8%, to $59,208, due to lower sales of *Star Wars* and *How to Train Your Dragon* related toys and *Meccano*, partially offset by sales of *Secret Life of Pets* and *Angry Birds* related toys.

Gross Product Sales in the Pre-School and Girls segment increased by $49,346 or 37.4%, to $181,292, due to the continued strength of the *Paw Patrol* franchise and shipments of *Brightlings* and *Power Puff Girls* products.

Gross Product Sales in the Outdoor segment were $4,873 for the quarter, arising primarily from the acquisition of Swimways on August 2, 2016.

Other Revenue increased by $12,699 or 277.5% to $17,275, primarily driven by increased merchandising royalties' income from products marketed by third parties using Spin Master's owned intellectual property and revenue related to the acquisition of Toca Boca and Sago Mini.

Sales Allowances increased by $3,583 or 6.3% to $60,827, primarily due to increases in Gross Product Sales offset by product and market mix.

The following table provides a summary of Spin Master's consolidated Gross Product Sales by key geographic segment for the three months ended September 30, 2016 and 2015**:**

	Three Months Ended September 30			
(All amounts in US$ 000's)	**2016**	**2015**	**$ Change**	**% Change**
North America	363,542	323,595	39,947	12.3%
Europe	105,150	71,409	33,741	47.2%
Rest of World	49,875	44,494	5,381	12.1%
Total Gross Product Sales (1)	**518,567**	**439,498**	**79,069**	**18.0%**

(1) Non-IFRS measure. See "Non-IFRS Financial measures".

Gross Product Sales in North America increased by $39,947 or 12.3% to $363,542. The increase in Gross Product Sales was driven by sales of Cardinal, *Paw Patrol* and *Hatchimals*, offset by declines in *Meccano*, *Zoomer* and *Star Wars* related toys.

Gross Product Sales in Europe increased by $33,741 or 47.2% to $105,150, with an unfavourable impact from changes in currency exchange rates of $2,644. Growth was primarily driven by sales of *Paw Patrol* products, *Bunchems* and *Hatchimals* across all markets in Europe.

Gross Product Sales in the Rest of World region increased by $5,381 or 12.1% to $49,875, with an unfavourable impact from changes in currency exchange rates of $1,118. Growth was primarily driven by increases in *Paw Patrol*, *Hatchimals* and Cardinal offset by lower sales of *Air Hogs*, *Zoomer* and *How to Train Your Dragon* related toys.

For the Nine month ended September 30, 2016

The following table provides a summary of Spin Master's consolidated sales and segmented breakdown for nine months ended September 30, 2016 and 2015:

	Nine Months Ended September 30			
(All amounts in US$ 000's)	**2016**	**2015**	**$ Change**	**% Change**
Activities, Games & Puzzles and Fun Furniture	228,256	131,181	97,075	74.0%
Remote Control and Interactive Characters	190,211	183,257	6,954	3.8%
Boys Action and High-Tech Construction	119,689	144,236	(24,547)	-17.0%
Pre-School and Girls	335,351	236,524	98,827	41.8%
Outdoor	4,873	-	4,873	
Total Gross Product Sales (1)	**878,380**	**695,198**	**183,184**	**26.3%**
Other Revenue	35,659	11,169	24,490	219.3%
Total Gross Sales (1)	**914,039**	**706,367**	**207,672**	**29.4%**
Sales Allowances (1)	97,962	85,369	12,592	14.8%
Revenue	**816,077**	**620,998**	**195,080**	**31.4%**

(1) Non-IFRS measure. See "Non-IFRS Financial measures".

Total Gross Product Sales increased by $183,184 or 26.3%, to $878,380, primarily due to increased Gross Product Sales in the Activities, Games & Puzzles and Fun Furniture segment and Pre-School and Girls segment, which was offset, in part, by the unfavorable impact from changes in currency exchange rates of $7,310. Excluding the acquisition of Cardinal, Total Gross Product Sales for the nine month ended September 30, 2016 increased by $100,438 or 14.4%, to $795,636 compared to the same period in 2015.

Gross Product Sales in the Activities, Games & Puzzles and Fun Furniture segment increased by $97,075 or 74.0%, to $228,256, driven by the acquisition of Cardinal. Excluding the acquisition of Cardinal, Total Gross

Product Sales for the nine months ended September 30, 2016 increased by $14,331 or 10.9%, to $145,512 compared to the same period in 2015.

Gross Product Sales in the Remote Control and Interactive Characters segment increased by $6,954 or 3.8% to $190,211, primarily due to sales of *Hatchimals* offset by declines in sales of Digi *Birds, Zoomer* and *Air Hogs.*

Gross Product Sales in the Boys Action and High-Tech Construction segment decreased by $24,547 or 17.0%, to $119,689, due lower sales of *How to Train Your Dragon* and *Star Wars* related toys and *Meccano,* partially offset by increased sales of *Secret Life of Pets* and *Angry Birds* related toys.

Gross Product Sales in the Pre-School and Girls segment increased by $98,827, or 41.8%, to $335,351, due to the continued strength of the *Paw Patrol* franchise and shipments of *Brightlings,* and *Power Puff Girls* products.

Gross Product Sales in the Outdoor segment were $4,873 for the quarter primarily due to the acquisition of Swimways on August 2, 2016.

Other Revenue increased by $24,490 or 219.3% to $35,659, primarily driven by increased merchandising royalties' income from products marketed by third parties using Spin Master's owned intellectual property and inclusion of revenues related to the acquisition of Toca Boca and Sago Mini.

Sales Allowances increased by $12,592 or 14.8% to $97,962, primarily due to increases in Gross Product Sales offset by product and market mix.

The following table provides a summary of Spin Master's consolidated Gross Product Sales by key geographic segment for the nine month ended September 30, 2016 and 2015:

	Nine Months Ended September 30			
(All amounts in US$ 000's)	**2016**	**2015**	**$ Change**	**% Change**
North America	601,915	491,042	110,874	22.6%
Europe	177,181	124,834	52,347	41.9%
Rest of World	99,284	79,322	19,961	25.2%
Total Gross Product Sales [(1)]	**878,380**	**695,198**	**183,182**	**26.3%**

(1) Non-IFRS measure. See "Non-IFRS Financial measures".

Gross Product Sales in North America increased by $110,874 or 22.6% to $601,915, with an unfavourable impact from changes in currency exchange rates of $507. Excluding the acquisition of Cardinal, Gross Product Sales in North America increased by $36,444 or 7.4%, driven by sales of *Paw Patrol, Hatchimals* and *Secret Life of Pets* products more than offsetting declines in *Meccano*, *Kinetic Sand* and *Star Wars* products.

Gross Product Sales in Europe increased by $52,347 or 41.9% to $177,181, with an unfavourable impact from changes in currency exchange rates of $3,938. Growth was primarily driven by sales of *Paw Patrol* products in Italy, France and the UK.

Gross Product Sales in the Rest of World region increased by $19,961 or 25.2% to $99,284, with an unfavourable impact from changes in currency exchange rates of $2,867. Growth was primarily driven by increases in *Paw Patrol* and *Secret Life of Pets* products.

Gross Profit

	Three Months Ended September 30			
	2016	2015	$ Change	% Change
Gross Profit	**247,732**	205,232	42,500	20.7%
Gross Profit as % of Revenue	52.2%	53.1%		

For the three months ended September 30, 2016 compared to the same period in 2015, Gross Profit increased by $42,500 or 20.7%, to $247,732 due to higher revenues. Gross Profit as a percentage of Revenue decreased 0.9% to 52.2% primarily due to the inclusion of lower gross margin Cardinal products partially offset by increased licensing and merchandising revenue.

	Nine Months Ended September 30			
	2016	2015	$ Change	% Change
Gross Profit	**424,738**	327,293	97,445	29.8%
Gross Profit as % of Revenue	52.0%	52.7%		

For the nine month ended September 30, 2016 compared to the same period in 2015, Gross Profit increased by $97,446 or 29.8%, to $424,739 due to higher revenues. Gross Profit as a percentage of Revenue was 0.7% lower than 2015 at 52.0% % primarily due to the inclusion of lower gross margin Cardinal products partially offset by increased licensing and merchandising revenue.

Selling, Marketing, Distribution and Product Development Expenses

	Three Months Ended September 30			
	2016	2015	$ Change	% Change
Marketing Expenses	**24,111**	**15,871**	8,240	51.9%
Marketing Expenses as a % of Revenue	5.1%	4.1%		
Product Development Expenses	**6,346**	**4,108**	2,238	54.5%
Product Development Expenses as a % of Revenue	1.3%	1.1%		
Selling Expenses	**30,310**	**24,851**	5,459	22.0%
Selling Expenses as a % of Revenue	6.4%	6.4%		
Distribution Expenses	**7,704**	**4,610**	3,094	67.1%
Distribution Expenses as a % of Revenue	1.6%	1.2%		

Marketing expenses increased by $8,240, or 51.9%, to $24,111, primarily as a result of increased investment in marketing to support *Paw Patrol, Air Hogs, Brightlings, Secret Life of Pets* and *Meccano* products.

Product development expenses increased by $2,238 or 54.5%, to $6,346, related to the timing of projects primarily in the Remote Control and Interactive Characters, Pre-School and Girls and Activities, Games & Puzzles and Fun Furniture segments.

Selling expenses increased by $5,459, or 22.0%, to $30,310, driven by the sale of licensed products by Cardinal. Selling expenses as a percentage of revenue was consistent with 2015.

Distribution expenses increased by $3,094 or 67.1% to $7,704, driven by increased inventory storage costs due to increased inventory levels associated with growth in Europe.

	Nine Months Ended September 30			
	2016	**2015**	**$ Change**	**% Change**
Marketing Expenses	**50,460**	**33,769**	16,691	49.4%
Marketing Expenses as a % of Revenue	10.6%	8.7%		
Product Development Expenses	**14,870**	**10,761**	4,109	38.2%
Product Development Expenses as a % of Revenue	1.8%	1.7%		
Selling Expenses	**54,295**	**37,854**	16,441	43.4%
Selling Expenses as a % of Revenue	6.7%	6.1%		
Distribution Expenses	**19,513**	**13,175**	6,338	48.1%
Distribution Expenses as a % of Revenue	2.4%	2.1%		

Marketing expenses increased by $16,691, or 49.4%, to $50,460, primarily as a result of increased media spending to support *Air Hogs, Chubby Puppies, Paw Patrol, Brightlings, Meccano* and *Angry Bird*s products and increased research and strategic marketing spend.

Product development expenses increased by $4,109, or 38.2%, to $14,870, primarily due to investments in the Remote Control and Interactive Characters segment.

Selling expenses increased by $16,441, or 43.4%, to $54,295, driven primarily by sales of Cardinal licensed products and the sale of *Paw Patrol*, *Angry Birds*, *Secret Life of Pets* and *Power Puff Girls* related products.

Distribution expenses increased by $6,338, or 48.1%, to $19,513, driven by costs associated with acquisitions and higher sales volume.

Administrative Expenses

For the three months ended September 30, 2016 compared to the same period in 2015, administrative expenses decreased by $25,107, or 29.2%, to $60,982, primarily due to lower share-based compensation expenses associated with equity participation agreements and the grants of restricted share units to employees upon the closing of the Company's initial public offering ("IPO") of subordinate voting shares in July 2015. Administrative expenses as a percentage of revenue decreased to 12.8% from 22.3% in the same period in 2015. Excluding the impact of share-based compensation, administrative expenses as a as a percentage of revenue increased to 11.8% from 11.0% in 2015, primarily due to acquisitions. Excluding the administrative expenses of acquired companies and the costs of the acquisitions, administrative expenses as a as a percentage of revenue decreased to 10.4% from 11.0% in 2015.

For the nine month ended September 30, 2016 compared to the same period in 2015, administrative expenses decreased by $1,841, or 1.2%, to $145,591, primarily due to a decrease in share-based compensation expenses noted above. Administrative expenses as a percentage of revenue decreased to 17.8% from 23.7% in the same period in 2015. Excluding the impact of share-based compensation, administrative expenses as a as a percentage of revenue decreased to 15.5% from 16.7% in 2015. Excluding the administrative expenses of acquired companies and the costs of the acquisitions, administrative expenses as a as a percentage of revenue decreased to 14.4% from 16.7% in 2015.

Finance Costs

For the three months ended September 30, 2016, finance costs increased by $1,456 to $2,575 compared to the same period in 2015, driven by higher interest as a result of increased borrowings on the Company's Term Credit Facility (as defined herein) and Revolving Credit Facility (as defined herein) and accretion expense related to provisions related to contingent consideration arrangements as part of the Cardinal acquisition.

For the nine month ended September 30, 2016 compared to the same period in 2015, Finance costs increased by $4,574 to $6,187 compared to the same period in 2015 for the reasons noted above.

Net Income

Net Income for the three months ended September 30, 2016 increased by $32,162 to $83,253 from $51,091 for the same period in 2015 as a result of higher revenue, lower share-based compensation expenses and foreign exchange income in the quarter compared to losses in 2015, partially offset by higher financing expenses in the quarter. Excluding share-based compensation expense and foreign exchange losses, Adjusted Net Income (a non-IFRS measure. See "Non-IFRS financial measures") for the three months ended September 30, 2016 increased by $7,072 to $87,481 from $80,409 for the same period in 2015.

Net Income for the nine month ended September 30, 2016 increased by $36,454 to $96,788 from $60,334 for the same period in 2015. Excluding share-based compensation expense, restructuring and foreign exchange gains, Adjusted Net Income for the nine month ended September 30, 2016 increased by $18,850 to $110,767 from $91,917 for the same period in 2015.

OUTLOOK

For the full year 2016, Spin Master now expects organic Gross Product Sales growth to be slightly higher than the guidance provided in connection with the release of Q2 2016 results in August 2016, with organic Gross Product Sales expected to grow in the high teens to low 20% range, relative to 2015. Previous guidance provided in connection with the release of Q2 2016 results in August 2016 expected organic Gross Product Sales growth in the high-teens relative to 2015. From a seasonality perspective, Spin Master expects Gross Product Sales to be in line with previous guidance provided in August 2016, with the first half of 2016 representing approximately 30% of total 2016 Gross Product Sales and the second half representing approximately 70%. Adjusted EBITDA margins for 2016, excluding the Toca Boca and Swimways acquisitions, are expected to increase slightly compared with 2015. Adjusted EBITDA margins for 2016, including the Toca Boca and Swimways acquisitions, are expected to be in line with 2015.

SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Seasonality factors cause Spin Master's operating results to fluctuate significantly from quarter to quarter. A majority of the Company's sales annually occur during the third and fourth quarters of the Company's fiscal year with a significant portion of its Net Income occurring during the same period.

The following table provides selected historical information and other data of the Company.

	Three Months Ended						
	September 30 2016	June 30 2016	March 31 2016	December 31 2015	September 30 2015	June 30 2015	March 31 2015
(All amounts in US$ 000's , except per share)							
Revenue	475,015	179,360	161,702	258,408	386,829	127,702	106,467
Adjusted EBITDA [1]	133,261	25,389	23,973	13,646	118,667	17,943	10,193
Adjusted EBITDA Margin [1]	28.1%	14.2%	14.8%	5.3%	30.7%	14.1%	9.6%
Net Income / (loss)	83,253	3,598	9,937	(13,260)	51,092	7,574	1,669
Net Income / (loss) attributable to - owners of the company	83,253	3,298	9,937	(13,260)	48,782	6,310	1,382
Earnings per share attributable to common shareholders of the company (in dollars) [2]							
Basic and Diluted EPS	$0.82	$0.04	$0.10	($0.13)	$0.52	$0.07	$0.02
Adjusted Net Income / (loss) [1]	87,482	11,698	11,588	6,691	80,410	8,134	3,374
Adjusted Net Income / (loss) attributable to - owners of the company [1]	87,482	11,698	11,588	6,691	78,100	6,870	3,087
Adjusted Earnings per share attributable to common shareholders of the company (in dollars) [3]							
Basic and Diluted EPS	$0.86	$0.12	$0.12	$0.07	$0.83	$0.08	$0.04
Free Cash flow [1]	117,238	(11,026)	16,359	(6,260)	75,830	5,788	(8,210)

Footnotes:

1) Non-IFRS measure. See "Non-IFRS financial measures"
2) Amounts per share give effect on a retrospective basis following the reorganization that occurred prior to the IPO.
3) Quarterly adjusted earnings per share does not reconcile with annual earnings per share due to rounding.

The following table provides reconciliations of earnings before interest, taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA and Adjusted Net Income:

	Three Months Ended						
	September 30 2016	June 30 2016	March 31 2016	December 31 2015	September 30 2015	June 30 2015	March 31 2015
(All amounts in US$ 000's , except per share)							
Net Income after Tax	83,253	3,598	9,937	(13,260)	51,092	7,574	1,669
Finance Costs	2,575	1,852	1,760	4,925	922	423	269
Depreciation and Amortization	9,419	7,526	5,371	5,887	5,173	6,700	5,116
Income Tax	32,319	1,056	4,505	2,843	26,407	2,600	709
EBITDA (1)	**127,566**	**14,032**	**21,573**	**395**	**83,594**	**17,297**	**7,763**
Restructuring (2)	827	275	656	891	1,716	560	361
Recovery of contingent liability (3)	-	-	-	(457)	-	-	-
Foreign exchange loss (gain) (4)	(129)	4,065	(5,040)	529	4,396	(75)	1,627
Offering Costs (5)	-	-	-	257	65	161	442
Share Based Compensation (6)	4,996	7,017	6,785	7,145	43,513	-	-
One time income from Transfer of Non Business Related Assets (7)	-	-	-	(73)	(9,617)	-	-
One time Service Fee income (8)	-	-	-	-	(5,000)	-	-
Impairment of Intangible Asset (9)	-	-	-	659	-	-	-
One time Legal Expense (10)	-	-	-	3,325	-	-	-
Fair Market Value adjustments (11)	-	-	-	975	-	-	-
Adjusted EBITDA (1)	**133,260**	**25,389**	**23,973**	**13,646**	**118,667**	**17,943**	**10,193**
Finance Costs	2,575	1,852	1,760	4,925	922	423	269
Depreciation and Amortization	9,419	7,526	5,371	5,887	5,173	6,700	5,116
Income Tax (12)	32,319	1,056	4,505	(6,643)	22,176	2,600	709
Tax Effect of Normalization Adjustments (13)	1,465	3,257	750	2,786	9,986	86	725
Adjusted Net Income (1)	**87,482**	**11,698**	**11,589**	**6,691**	**80,410**	**8,134**	**3,374**

Footnotes:

1. Non-IFRS measure. See "Non-IFRS financial measures"
2. 2016 restructuring related to changes in the Company's US operation. 2015 restructuring primarily related to a change to the Company's executive team.
3. A write off of contingent consideration related to a future earn-out provision associated with the acquisition of Spy Gear occurred as sales targets were not met to achieve the additional pay out.
4. Transaction gains and losses generated by the effect of foreign exchange recorded on assets and liabilities denominated in a currency that differs front the functional currency of the applicable entity are recorded as foreign exchange gain or loss in the period which they occur.
5. Offering Costs are considered a onetime expense and are not reflective of ongoing costs of the business.
6. Share based compensation is related to expenses associated with subordinate voting shares granted to equity participants and restricted stock units granted to employees at the time of the IPO and Share Option expense related to Share Options granted in 2016.
7. One of the predecessor corporations to the Company owned assets which are non-income producing and do not relate to the business of the Company. Accordingly, the assets were transferred to the principal shareholders prior to the closing of the Offering through dividends in kind at their current fair market value.
8. One time service fee income is in connection with the acquisition of Cardinal and services provided to Cardinal prior to the closing of the transaction in Q3 2015.
9. Impairment of Intangible asset related to Content Development.
10. One time legal expense related to an outstanding litigation matter in Q4 2015
11. Amortization of Fair Market Value adjustments relating to acquisition of Cardinal Industries Inc. in the fourth quarter of 2015
12. Income tax expense /(recovery) and Finance Costs have been adjusted for 2015 to exclude Financial Impacts related to the settlement of certain tax matters as they are not reflective of on ongoing costs of the business.
13. Tax effect of normalization adjustments (Footnotes 3-11). Normalization adjustments tax effected at the effective tax rate of the given period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of liquidity is cash flow from operations. In addition, Spin Master, as a guarantor, is a party to a credit agreement among Spin Master Ltd. and Spin Master Toys Far East Limited as borrowers, and various Canadian chartered banks and Export Development Canada as lenders, and various subsidiaries of Spin Master as additional guarantors (the "**Credit Agreement**").

The Credit Agreement consists of a revolving credit facility (the "**Revolving Credit Facility**"), a Hong Kong credit facility and a term credit facility (the "**Term Credit Facility**"). As at September 30, 2016, the Company had

$75,000 available under the Revolving Credit Facility portion of its credit facility and $32,900 available under the Term Credit Facility.

Management believes that its ongoing operations and resultant cash flow, plus cash on hand and availability under the Revolving Credit Facility provide sufficient liquidity to support on-going operations over the next 12 months. Cash flows from operations could be negatively impacted by decreased demand for the Company's products, which may result from factors such as adverse economic conditions and changes in public and consumer preferences, the loss of confidence of the Company's principal customers in the Company and its product lines, or by increased costs associated with manufacturing and distribution of products.

The Company's primary capital needs are related to inventory financing, accounts payable funding, debt servicing and capital expenditures for tooling, film production, and to fund strategic acquisitions. As a result of the seasonal nature of the toy and children's entertainment industries, working capital requirements are variable throughout the year. Working capital needs typically grow through the first six quarters as inventories are built-up for the peak sales periods for retailers in October-December. The Company's cash flows from operating activities are typically at their highest levels of the year in the fourth quarter.

The Company has financed $5,647 of its television show production costs. The financing of the television show production costs is directly related to the expected receipt of eligible government tax credits. As of September 30, 2016, the Company had $3,164 available under these facilities. The Company intends to continue to use this type of credit facility to fund the costs of future television productions.

The following tables provide a summary of Spin Master's consolidated cash flows for the three and nine month ended September 30, 2016 and 2015.

(All amounts in US$ 000's)	**Three months ended September 30**		
	2016	**2015**	**$ Change**
Net cash flows generated by (used in) operating activities	28,001	53,712	(25,711)
Net cash flows used in investing activities	(103,504)	(16,643)	(86,861)
Net cash flows generated by (used in) financing activities	71,743	(3,891)	75,634
Net increase (decrease) in cash	**(3,760)**	**33,178**	**(36,938)**
Effect of exchange rate changes on cash	(373)	(516)	143
Cash at beginning of period	53,660	22,920	30,740
Cash at end of period	**49,527**	**55,582**	**(6,055)**

(All amounts in US$ 000's)	Nine months ended September 30		
	2016	**2015**	**$ Change**
Net cash flows generated by (used in) operating activities	10,728	(9,484)	20,212
Net cash flows used in investing activities	(167,719)	(32,739)	(134,980)
Net cash flows generated by (used in) financing activities	160,727	(1,457)	162,184
Net increase (decrease) in cash	**3,736**	**(43,680)**	**47,416**
Effect of exchange rate changes on cash	78	(2,030)	2,108
Cash at beginning of period	45,713	101,292	(55,579)
Cash at end of period	**49,527**	**55,582**	**(6,055)**

Capital and Investment Framework

Over the long term, the Company plans to use its free cash flows to fund seasonal working capital requirements related to product sales, television show development and strategic acquisitions.

Spin Master primarily uses third parties to manufacture, warehouse and distribute its products. As a result, the Company does not have to incur material investments in property, plant and equipment on an annual basis. The Company's annual capital expenses mostly comprise the purchase of tooling used in the manufacturing process and television show production.

CASH FLOW

Cash from Operating Activities

Cash flows from operating activities were $28,001 for the three months ended September 30, 2016 compared to $53,712 for the same period in 2015. The decrease in cash from operating activities was due to changes in working capital offset by higher net income.

For the nine month ended September 30, 2016 net cash flows from operating activities increased by $20,212 to $10,728 compared to the same period in 2015. The increase in cash flows from operating activities was driven by higher net income and partially offset by lower changes in non-cash working capital.

Investing Activities

The following tables provide a summary of Spin Master's consolidated cash flows used for investing activities for the three and nine month ended September 30, 2016 and 2015:

(All amounts in US$ 000's)	Three months ended September 30		
	2016	2015	$ Change
Capital Expenditure			
Tooling	3,822	6,971	(3,149)
Other	712	49	663
Total Capital Expenditures	**4,534**	**7,020**	**(2,486)**
Intangible Assets			
Brands, Licenses and trademark acquisitions	1	-	1
Content development	9,979	6,497	3,482
Computer software	418	26	392
Total Intangible Assets	**10,398**	**6,523**	**3,875**
Business Acquisition (net of cash received)	88,572	3,100	85,472
Net cash flows used in investing activities	**103,504**	**16,643**	**86,861**

Cash flows used in investing activities were $103,504 for the three months ended September 30, 2016 compared to $16,643 for the same period in 2015. The increase in cash flows used in investing activities was driven primarily by the acquisition of the Swimways during the quarter.

(All amounts in US$ 000's)	Nine months ended September 30		
	2016	2015	$ Change
Capital Expenditure			
Tooling	14,074	9,878	4,196
Other	1,572	555	1,017
Total Capital Expenditures	**15,646**	**10,433**	**5,213**
Intangible Assets			
Brands, Licenses and trademark acquisitions	63	-	63
Content development	19,937	18,570	1,367
Computer software	1,368	636	732
Total Intangible Assets	**21,368**	**19,206**	**2,162**
Business Acquisition (net of cash received)	130,705	3,100	127,605
Net cash flows used in investing activities	**167,719**	**32,739**	**134,980**

Cash flows used in investing activities were $167,719 for the nine month ended September 30, 2016 compared to $32,739 for the same period in 2015. The increase in cash flows used in investing activities was driven primarily by the acquisitions of Toca Boca and Sago Mini, *Etch a Sketch* and *Doodle Sketch* Brands, Edtirice Giochi SRL and Swimways in 2016 and increased investment in tooling compared to 2015.

Financing Activities

Cash flows generated by financing activities were $71,743 for the three months ended September 30, 2016 compared to cash flows used in financing activities of $3,891 for the same period last year. Cash flows generated from financing activities consisted of increase in bank indebtedness to fund the acquisition of Swimways, lower proceeds from the issuance of shares compared to the same period last year and not repeating the shareholder dividend paid at the time of the Company's IPO in 2015.

For the nine month ended September 30, 2016 cash flows generated by financing activities were $160,727 compared to cash flows used in financing activities of $1,457 for the same period last year. Cash flows generated from financing activities consisted of increase in bank indebtedness to fund the acquisition of Swimways, lower proceeds from the issuance of shares compared to the same period last year and not repeating the shareholder dividend paid at the time of the Company's IPO in 2015.

Free Cash Flow

The following table provides a summary of Spin Master's consolidated Free Cash Flow (a non-IFRS measure) for the three and nine month ended September 30, 2016 and 2015:

(All amounts in US$ 000's)	Three months ended September 30		
	2016	**2015**	**$ Change**
Net cash flows generated by (used in) operating activities	28,001	53,712	(25,711)
Plus:			
Changes in Working Capital	104,169	35,662	68,507
Net cash flows generated by (used in) operating activities before working capital changes	132,170	89,374	42,796
Less:			
Net cash flows used in investing activities	(103,504)	(16,643)	(86,861)
Plus:			
Cash used for License, Brand and Business Acquisitions	88,572	3,100	85,472
Free Cash Flow	**117,238**	**75,831**	**41,407**

Free Cash Flow was $117,238 for the three months ended September 30, 2016 compared to $75,831 for the same period in 2015. The increase in Free Cash Flow was due to higher cash flows generated by operating activities before working capital changes due to higher net income.

(All amounts in US$ 000's)	Nine months ended September 30		
	2016	**2015**	**$ Change**
Net cash flows generated by (used in) operating activities	10,728	(9,484)	20,212
Plus:			
Changes in Working Capital	148,857	112,531	36,326
Net cash flows generated by (used in) operating activities before working capital changes	159,585	103,047	56,538
Less:			
Net cash flows used in investing activities	(167,719)	(32,739)	(134,980)
Plus:			
Cash used for License, Brand and Business Acquisitions	130,705	3,100	127,605
Free Cash Flow	**122,571**	**73,408**	**49,163**

Free Cash Flow was $122,571 for the nine month ended September 30, 2016 compared to $73,408 for the same period in 2015. The increase in Free Cash Flow was primarily due to higher net income.

COMMITMENTS

During the nine month ended September 30, 2016 the Company has increased is commitments by $10,666 to $45,242 compared to the $34,586 presented in the table of contractual obligations specified in the Company's MD&A for the fiscal year ended December 31, 2015. The increase in contractual commitments was a result of the acquisition of the exclusive global manufacturing and distribution rights for certain Cepia product lines, including the relaunch ZhuZhu Pets as well as Charm U and Chuckle Ball.

OFF-BALANCE SHEET ARRANGEMENTS

Spin Master has no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

OUTSTANDING SHARE CAPITAL

As at November 8, 2016, there were 77,230,812 multiple voting shares in the capital of the Company ("Multiple Voting Shares") outstanding and 24,445,309 subordinate voting shares in the capital of the Company ("Subordinate Voting Shares") outstanding. There are also 54,464 Subordinate Voting Shares issuable pursuant to grants of restricted share units to employees at the time of the IPO and 346,148 options outstanding, exercisable for Subordinate Voting Shares that were granted to certain employees on March 31, 2016. (September 30, 2015 – 79,680,812 Multiple Voting Shares and 19,912,425 Subordinate Voting Shares outstanding)

CRITICAL ACCOUNTING ESTIMATES

Included in the Company's 2015 Annual Financial Statements, as well as in the Company's 2015 Annual MD&A, are the accounting policies under IFRS and estimates that are critical to the understanding of the business and to the results of operations. For the nine month ended September 30, 2016 there were no changes to the critical accounting policies and estimates of the Company from those found in the 2015 Annual MD&A.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to the Company's accounting policies from those found in our 2015 Annual MD&A, except as set forth below.

Accounting standards implemented in 2016:

In December 2014, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1 amendments") as part of its major initiative to improve presentation and disclosure in financial reports. The IAS 1 amendments relate to materiality; order of the notes; subtotals; accounting policies; and disaggregation, and are designed to further encourage companies to apply professional judgment in determining what information to disclosure in their financial statement. The standard was available for early application with mandatory adoption required for fiscal years commencing on or after January 1, 2016. These amendments did not have a material impact on the Company's Interim Financial Statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's Internal Control over Financial Reporting ("ICFR") during the three-month period ended September 30, 2016 which have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

SPIN MASTER'S SCOPE LIMITATION ON DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, as permitted by securities legislation, for the period ended September 30, 2016, has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of Cardinal Industries, Inc., which Spin Master acquired through a wholly-owned subsidiary on October 2, 2015 and Swimways Corporation acquired on August 2, 2016.

Included in Spin Master's Interim Financial Statements are the following amounts related to Cardinal Industries Inc.:

Consolidated Statement of Operations:

Revenue $27,323

Net Income $5,815

Consolidated Balance Sheet

Current Assets $32,812

Other Assets $1,341

Current Liabilities: $5,836

Included in Spin Master's Interim Financial Statements are the following amounts related to Swimways Corporation:

Consolidated Statement of Operations:

Revenue $2,316

Net Income / (Loss) ($1,240)

Consolidated Balance Sheet

Current Assets $20.297

Other Assets $2,928

Current Liabilities: $5,514

LIMITATIONS OF AN INTERNAL CONTROL SYSTEM

The Certifying Officers believe that any DC&P or ICFR, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met and that all control issues, including instances of fraud, if any, within the Company have been prevented or detected. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. The design of any system of control is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential (future) conditions.

NON-IFRS FINANCIAL MEASURES

In addition to using financial measures prescribed under IFRS, references are made in this MD&A to "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net Income", "EBITDA", "Free Cash Flow", "Gross Product Sales", "Sales Allowances" and "Total Gross 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.

Adjusted EBITDA is calculated as EBITDA (i.e., net earnings before borrowing costs, taxes and depreciation and amortization) excluding one time or other non-recurring items that do not necessarily reflect the Company's underlying financial performance, including, share based compensation expenses, foreign exchange gains or losses, restructuring costs, public offering costs and write downs, among other items. Adjusted EBITDA is used internally as the key benchmark for incentive compensation and by management as a measure of the Company's profitability and its ability to fund working capital requirements, investment in property, plant and equipment, and make debt repayments.

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 one time or other non-recurring items that do not necessarily reflect the Company’s underlying financial performance including foreign exchange gains or losses, restructuring costs, IPO costs and write downs, among other items and the corresponding impact these items have on income tax expense. Management uses Adjusted Net Income to understand the underlying financial performance of the business on a consistent basis over time.

EBITDA is calculated as net earnings before borrowing costs, taxes and depreciation and amortization. Management uses EBITDA internally as a measure of the Company’s profitability and to benchmark the Company against key competitors.

Free Cash Flow is calculated as cash from operations before changes in working capital less capital expenditures plus any cash used in brand or business acquisitions. Capital expenditures include expenditures on assets such as property, plant, equipment (primarily expenditures of tooling) and the production of television properties. 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 marketing, incentive and allowance sales adjustments. Changes in Gross Product Sales are discussed because, while Spin Master records the details of such Sales Allowances in its financial accounting systems at the time of sale in order to calculate revenue, such Sales Allowances are generally not associated with individual products, making revenue less meaningful when comparing its segments and geographical results to highlight trends in Spin Master’s business.

Total Gross Sales represents Gross Product Sales plus other revenue comprised of royalties and licensing fees from third parties for the use of the Company’s intellectual property on the third parties’ products and revenue generated through the distribution of the Company’s television programs. Management uses Total Gross Sales to evaluate the Company’s total revenue generating capacity compared to internal targets and past performance and as a measure to understand the performance of the Company, on a monthly, quarterly and annual basis.

Sales Allowances represent marketing and sales credits requested by customers relating to factors such as co-operative advertising, contractual discounts, negotiated discounts, customer audits, volume rebates, defective products, and costs incurred by customers to sell the Company’s products and are booked 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.

Management believes that Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, EBITDA, Free Cash Flow, Gross Product Sales and Total Gross Sales 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 Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, EBITDA, Free Cash Flow, Gross Product Sales and Total Gross Sales allow for assessment of the Company’s operating performance and financial condition on a basis that is more consistent and comparable between reporting periods.

Reconciliation Tables

The following tables presents a reconciliation of Net Income to EBITDA, Adjusted EBITDA, and Adjusted Net Income for the three and nine month ended September 30, 2016 and 2015:

(All amounts in US$ 000's)	Three Months Ended September 30			
	2016	2015	$ Change	% Change
Net Income after Tax	$ 83,253	**$ 51,091**	**$ 32,162**	**63.0%**
Finance Costs	$ 2,575	$ 922	$ 1,653	179.3%
Depreciation and Amortization	$ 9,420	$ 5,173	$ 4,246	82.1%
Income Tax	$ 32,319	$ 26,407	$ 5,911	22.4%
EBITDA [1]	**$ 127,567**	**$ 83,593**	**$ 43,974**	**52.6%**
Normalization Adjustments				
Restructuring [2]	$ 827	$ 1,716	$ (889)	-51.8%
Foreign exchange loss /(gain) [3]	$ (129)	$ 4,396	$ (4,525)	
Offering Costs [4]	$ -	$ 65	$ (65)	-100.0%
Share Based Compensation [5]	$ 4,996	$ 43,513	$ (38,517)	
One time income from Transfer of Non Business Related Assets [6]	$ -	$ (9,617)	$ 9,617	-100.0%
One time Service Fee income. [7]	$ -	$ (5,000)	$ 5,000	-100.0%
Adjusted EBITDA [1]	**$ 133,261**	**$ 118,666**	**$ 14,594**	**12.3%**
Adjusted EBITDA [1]	$ 133,261	$ 118,666	$ 14,594	12.3%
Finance Costs	$ 2,575	$ 922	$ 1,653	179.3%
Depreciation and Amortization	$ 9,420	$ 5,173	$ 4,246	82.1%
Income Tax	$ 32,319	$ 22,176	$ 10,143	45.7%
Tax Effect of Normalization Adjustments [8]	$ 1,465	$ 9,986	$ (8,521)	-85.3%
Adjusted Net Income [1]	**$ 87,482**	**$ 80,409**	**$ 7,073**	**8.8%**

Footnotes:

1) Non – IFRS measure, See "Non-IFRS Financial Measures"
2) 2016 Restructuring related to changes to headcount that occurred primarily in the US. 2015 restructuring primarily related to a change to the Company's executive team.
3) Transaction gains and losses generated by the effect of foreign exchange recorded on assets and liabilities denominated in a currency that differs front the functional currency of the applicable entity are recorded as foreign exchange gain or loss in the period which they occur.
4) Offering Costs are considered a one-time expense and are not reflective of ongoing costs of the business.
5) Share-based compensation is related to expenses associated with Subordinate Voting Shares granted to equity participants, restricted stock units granted to employees at the time of the IPO and share options granted in 2016.
6) One of the predecessor corporations to the Company owned assets which are non-income producing and do not relate to the business of the Company. Accordingly, the assets were transferred to the principal shareholders prior to the closing of the Offering through dividends in kind at their current fair market value.
7) One time service fee income is in connection with the acquisition of Cardinal and services provided to Cardinal prior to the closing of the transaction in Q3 2015.
8) Tax Effect of Normalization Adjustments (Footnotes 1-4). Normalization adjustments tax effected at the effective tax rate of the given period.

(All amounts in US$ 000's)	Nine Months Ended September 30			
	2016	2015	$ Change	% Change
Net Income after Tax	$ 96,788	**$ 60,334**	**$ 36,454**	**60.4%**
Finance Costs	$ 6,187	$ 1,614	$ 4,573	283.4%
Depreciation and Amortization	$ 22,317	$ 16,989	$ 5,327	31.4%
Income Tax	$ 37,880	$ 29,716	$ 8,163	27.5%
EBITDA (1)	**$ 163,172**	**$ 108,653**	**$ 54,519**	**50.2%**
Normalization Adjustments				
Restructuring (2)	$ 1,759	$ 2,637	$ (878)	-33.3%
Foreign exchange loss /(gain) (3)	$ (1,104)	$ 5,948	$ (7,052)	
Offering Costs (4)	$ -	$ 668	$ (668)	-100.0%
Share Based Compensation (5)	$ 18,797	$ 43,513	$ (24,716)	-56.8%
One time income from Transfer of Non Business Related Assets (6)	$ -	$ (9,617)	$ 9,617	-100.0%
One time Service Fee income. (7)	$ -	$ (5,000)	$ 5,000	-100.0%
Adjusted EBITDA (1)	**$ 182,624**	**$ 146,802**	**$ 35,821**	**24.4%**
Adjusted EBITDA (1)	$ 182,624	$ 146,802	$ 35,821	24.4%
Finance Costs	$ 6,187	$ 1,614	$ 4,573	283.4%
Depreciation and Amortization	$ 22,317	$ 16,989	$ 5,327	31.4%
Income Tax	$ 37,880	$ 25,485	$ 12,395	48.6%
Tax Effect of Normalization Adjustments (8)	$ 5,471	$ 10,797	$ (5,326)	-49.3%
Adjusted Net Income (1)	**$ 110,767**	**$ 91,917**	**$ 18,850**	**20.5%**

Footnotes:

1) Non-IFRS measure See "Non-IFRS Financial Measures".
2) 2016 Restructuring related to changes to headcount that occurred primarily in the US. 2015 restructuring primarily related to a change to the Company's executive team.
3) Transaction gains and losses generated by the effect of foreign exchange recorded on assets and liabilities denominated in a currency that differs front the functional currency of the applicable entity are recorded as foreign exchange gain or loss in the period which they occur.
4) Offering Costs are considered a one-time expense and are not reflective of ongoing costs of the business.
5) Share-based compensation is related to expenses associated with Subordinate Voting Shares granted to equity participants, restricted stock units granted to employees at the time of the IPO and share options granted in 2016.
6) One of the predecessor corporations to the Company owned assets which are non-income producing and do not relate to the business of the Company. Accordingly, the assets were transferred to the principal shareholders prior to the closing of the Offering through dividends in kind at their current fair market value.
7) One time service fee income is in connection with the acquisition of Cardinal and services provided to Cardinal prior to the closing of the transaction in Q3 2015.
8) Tax Effect of Normalization Adjustments (Footnotes 1-4). Normalization adjustments 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 document 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 document. The words “plans”, “expects”, “projected”, “estimated”, “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”, “should”, 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 document include, without limitation, statements under the heading “Outlook” and statements with respect to: the use of free cash flows; the receipt of eligible government tax credits; the business plans and strategies of the Company, including development and acquisition opportunities; intentions with respect to, and the ability to execute, its growth strategies; new brands and brand expansions; international sales; the estimated effective tax rate of each entity of the Company; and the intended use of borrowings .

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 document, 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 document, 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 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 IP 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; the Company founders will continue to be involved in the Company; and that the risk factors noted above, 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 document. Such risks and uncertainties include, without limitation, the factors discussed under "Risks Relating to Spin Master's Business" in our 2015 Annual MD&A. 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.