SPIN MASTER CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

For the three and six months ended June 30, 2016

The following Management's Discussion and Analysis ("MD&A") for Spin Master Corp. ("Spin Master" or the "Company") is dated August 4, 2016 and provides information concerning the Company's financial condition and financial performance for the three months and six months ended June 30, 2016 ("second quarter", "the quarter", "Q2"). 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 six months ended June 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 four business segments: (1) Activities, Games & Puzzles and Fun Furniture; (2) Remote Control and Interactive Characters; (3) Boys Action and High-Tech Construction; and (4) Pre-School and Girls.

Highlights for the three months ended June 30, 2016:
(In $ thousands, except EPS)

- For the three months ended June 30, 2016, revenue increased by 40.5% from $127,702 for the same period in 2015 to $179,360 in 2016.

- Gross profit as a percentage of revenue for the three months ended June 30, 2016 was 51.1%, a decrease of 0.1% from 51.2% for the same period in 2015.

- Net Income for the three months ended June 30, 2016 was $3,598 or $0.04 per share.

- For the three months ended June 30, 2016, Adjusted EBITDA (a non-IFRS measure) was $25,389 or 14.2% of revenue, compared to $17,943 or 14.1% of revenue for the same period in 2015.

- On May 2, 2016, the Company acquired the Toca Boca and Sago Mini companies from the Bonnier Group of Sweden. With offices in Stockholm, San Francisco and New York and over 80 employees, Toca Boca is a play studio that makes digital toys for kids aged 3-9. Since its first product launch in 2011, Toca Boca has released 32 apps that have been downloaded in 215 countries worldwide. With over 140 million total downloads to date and growing, Toca Boca apps focus on stimulating kids' imagination so that they can play and have fun in a safe digital environment with no in-app purchases or external advertising. Located in Toronto, Sago Mini creates mobile apps for kids aged 2-5 that focus on the pre-school segment. With a team of over 25 employees, Sago Mini has released 16 apps which have been downloaded over 13 million times. Toca Boca and Sago Mini both emphasize children's natural sense of curiosity, experimentation and self-curiosity, experimentation and self-expression and, combined, they currently have over 15 million monthly active users globally.

- On June 6, 2016, the Company closed the public offering of 4,900,000 Subordinate Voting Shares of the Company, at a price of 26.60 Canadian Dollars (“C$”) per Subordinate Voting Share (the "Offering"). The Offering included a treasury offering of 2,450,000 Subordinate Voting Shares by the Company for gross proceeds of approximately C$65 million (the "Treasury Offering") and a secondary offering of 2,450,000 Subordinate Voting Shares, indirectly, beneficially owned by the founders of the Company for gross proceeds of approximately C$65 million. The Company used the net proceeds of the Treasury Offering to reduce indebtedness under its Revolving Credit Facility.

Highlights for the six months ended June 30, 2016:
(In $ thousands, except EPS)

- For the six months ended June 30, 2016, revenue increased by 45.6% from $234,169 for the same period in 2015 to $341,062 in 2016.
- Gross profit as a percentage of revenue for the six months ended June 30, 2016 was 51.9%, a decrease of 0.2% from 52.1% for the same period in 2015.
- Net Income for the six months ended June 30, 2016 was $13,535 or $0.14 per share.
- For the six months ended June 30, 2016, Adjusted EBITDA was $49,362 or 14.5% of revenue, compared to $28,134 or 12.0% of revenue during the same period in 2015.

FINANCIAL PERFORMANCE

For the three and six months ended June 30, 2016 to the three and six months ended June 30, 2015

Consolidated Results

(In $ thousands, except EPS)

The following tables provide a summary of Spin Master's consolidated results for the three and six months ended June 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 June 30			
	2016	**2015**	**$ Change**	**% Change**
(All amounts in US$ 000's, except EPS)				
Revenue	**179,360**	127,702	51,658	40.5%
Cost of sales	**(87,730)**	(62,337)	(25,393)	40.7%
Gross profit	**91,630**	65,365	26,265	40.2%
Selling, marketing, distribution and product development	**(37,251)**	(23,535)	(13,716)	58.3%
Administrative	**(43,808)**	(31,506)	(12,302)	39.0%
Foreign exchange gains/(losses)	**(4,065)**	75	(4,140)	-5519.7%
Finance costs	**(1,852)**	(225)	(1,627)	723.1%
Net income before tax	**4,654**	10,174	(5,520)	-54.3%
Income tax (expense)	**(1,056)**	(2,600)	1,544	-59.4%
Net income	**3,598**	7,574	(3,976)	-52.5%
Net Income Attributable to:				
Owners of the Company	**3,598**	6,310	(2,712)	-43.0%
Non-Controlling Interests	**-**	1,264	(1,264)	-100.0%
	3,598	7,574	(3,976)	-52.5%

(All amounts in US$ 000's, except EPS)	Six Months Ended June 30 2016	2015	$ Change	% Change
Revenue	**341,062**	234,169	106,893	45.6%
Cost of sales	**(164,056)**	(112,109)	(51,947)	46.3%
Gross profit	**177,006**	122,060	54,946	45.0%
Selling, marketing, distribution and product development	**(70,667)**	(46,119)	(24,548)	53.2%
Administrative	**(84,609)**	(61,344)	(23,265)	37.9%
Other income	**3**	-	3	100.0%
Foreign exchange gains/(losses)	**975**	(1,552)	2,527	-162.8%
Finance costs	**(3,612)**	(495)	(3,117)	629.7%
Net income before tax	**19,096**	12,550	6,546	52.2%
Income tax (expense)	**(5,561)**	(3,308)	(2,253)	68.1%
Net income	**13,535**	9,242	4,293	46.5%
Net Income Attributable to:				
Owners of the Company	**13,535**	7,691	5,844	76.0%
Non-Controlling Interests	**-**	1,551	(1,551)	-100.0%
	13,535	9,242	4,293	46.5%

Revenue

For the Three Months Ended June 30, 2016

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

(All amounts in US$ 000's)	Three Months Ended June 30 2016	2015	$ Change	% Change
Activities, Games & Puzzles and Fun Furniture	53,498	28,259	25,239	89.3%
Remote Control and Interactive Characters	20,440	27,965	(7,525)	-26.9%
Boys Action and High-Tech Construction	37,491	23,919	13,572	56.7%
Pre-School and Girls	74,594	58,943	15,651	26.6%
Total Gross Product Sales (1)	**186,023**	**139,086**	**46,937**	**33.7%**
Other Revenue	12,353	3,013	9,340	310.0%
Total Gross Sales (1)	**198,376**	**142,099**	**56,277**	**39.6%**
Sales Allowances (1)	19,016	14,397	4,619	32.1%
Revenue	**179,360**	**127,702**	**51,658**	**40.5%**

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

Total Gross Product Sales increased by $46,937 or 33.7%, to $186,023 primarily due to increased Gross Product Sales in the Activities, Games & Puzzles and Fun Furniture segment and Pre-School and Girls segments, which was offset, in part, by the unfavorable impact from changes in currency exchange rates of $1,610. Excluding the acquisition of *Cardinal*, Gross Product Sales for the three months ended June 30, 2016 increased by $27,228 or 19.6%, to $166,215 compared to the same period in 2015.

Gross Product Sales in the Activities, Games & Puzzles and Fun Furniture segment increased by $25,239 or 89.3%, to $53,498 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 $5,490 or 19.4%, to $33,790, driven by growth in *Bunchems*.

Gross Product Sales in the Remote Control and Interactive Characters segment decreased by $7,525 or 26.9% to $20,440, primarily due to sales declines in *Digi Birds, Zoomer* and *Air Hogs.*

Gross Product Sales in the Boys Action and High-Tech Construction segment increased by $13,572 or 56.7%, to $37,491, due to sales of *Secret Life of Pets* and *Angry Birds* related toys, which offset lower sales of *How to Train Your Dragon* related toys and *Sick Bricks* products.

Gross Product Sales in the Pre-School and Girls segment increased by $15,651 or 26.6%, to $74,594, due to the continued strength of the *Paw Patrol* franchise and shipments of *Popples, Brigtlings* and *Power Puff Girls* products.

Other Revenue increased by $9,340 or 310.0% to $12,353 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 $4,619 or 32.1% to $19,016, 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 June 30, 2016 and 2015**:**

	Three Months Ended June 30			
(All amounts in US$ 000's)	**2016**	**2015**	**$ Change**	**% Change**
North America	122,065	93,978	28,087	29.9%
Europe	36,072	24,340	11,732	48.2%
Rest of World	27,886	20,768	7,118	34.3%
Total Gross Product Sales	**186,023**	**139,086**	**46,937**	**33.7%**

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

Gross Product Sales in North America increased by $28,087 or 29.9% to $122,065 with an unfavourable impact from changes in currency exchange rates of $18. Excluding the acquisition of Cardinal, Gross Product Sales in North America increased by $9,979 or 10.6%, driven by sales of *Secret Life of Pets* products.

Gross Product Sales in Europe increased by $11,732 or 48.2% to $36,072 with an unfavourable impact from changes in currency exchange rates of $290. Growth was primarily driven by sales of *Paw Patrol* products in Italy and the UK and sales of *Bunchems* in France and Italy.

Gross Product Sales in the Rest of World region increased by $7,118 or 34.3% to $27,886, with an unfavourable impact from changes in currency exchange rates of $1,140. Growth was primarily driven by increases in *Paw Patrol*, *Secret Life of Pets and, Bunchem* products and sales of *Teenage Mutant Ninga Turtle* products in Mexico.

For the Six Months Ended June 30, 2016

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

	Six Months Ended June 30			
(All amounts in US$ 000's)	**2016**	**2015**	**$ Change**	**% Change**
Activities, Games & Puzzles and Fun Furniture	103,227	56,603	46,624	82.4%
Remote Control and Interactive Characters	42,046	45,506	(3,460)	-7.6%
Boys Action and High-Tech Construction	60,481	50,729	9,752	19.2%
Pre-School and Girls	154,059	102,862	51,197	49.8%
Total Gross Product Sales (1)	**359,813**	**255,700**	**104,113**	**40.7%**
Other Revenue	18,383	6,593	11,790	178.8%
Total Gross Sales (1)	**378,196**	**262,293**	**115,903**	**44.2%**
Sales Allowances (1)	37,134	28,124	9,010	32.0%
Revenue	**341,062**	**234,169**	**106,893**	**45.6%**

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

Total Gross Product Sales increased by $104,113 or 40.7%, to $359,813, 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 $3,610. Excluding the acquisition of *Cardinal*, Gross Product Sales for the six months ended June 30, 2016 increased by $66,603 or 26.0%, to $322,303 compared to the same period in 2015.

Gross Product Sales in the Activities, Games & Puzzles and Fun Furniture segment increased by $46,624 or 82.4%, to $103,227, 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 $9,074 or 16.0%, to $65,717, driven by growth in *Bunchems*.

Gross Product Sales in the Remote Control and Interactive Characters segment decreased by $3,460 or 7.6% to $42,046, primarily due to sales declines in *Digi Birds and Zoomer* and which were offset by sales increases in *Air Hogs.*

Gross Product Sales in the Boys Action and High-Tech Construction segment increased by $9,752 or 19.2%, to $60,481, due to sales of *Secret Life of Pets* and *Angry Birds* related toys, which are offsetting lower sales of *How to Train Your Dragon* related toys and *Sick Bricks* products.

Gross Product Sales in the Pre-School and Girls segment increased by $51,197, or 49.8%, to $154,059, due to the continued strength of the *Paw Patrol* franchise and shipments of *Popples, Brigtlings, Chubby Puppies* and *Power Puff Girls* products.

Other Revenue increased by $11,790 or 178.8% to $18,383 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 $9,010 or 32.0% to $37,134, 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 six months ended June 30, 2016 and 2015:

	Six Months Ended June 30			
(All amounts in US$ 000's)	**2016**	**2015**	**$ Change**	**% Change**
North America	238,373	167,447	70,926	42.4%
Europe	72,031	53,425	18,606	34.8%
Rest of World	49,409	34,828	14,581	41.9%
Total Gross Product Sales	**359,813**	**255,700**	**104,113**	**40.7%**

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

Gross Product Sales in North America increased by $70,926 or 42.4% to $238,373 with an unfavourable impact from changes in currency exchange rates of $560. Excluding the acquisition of Cardinal, Gross Product Sales in North America increased by $36,505 or 21.7%, driven by sales of *Paw Patrol*, *Angry Birds* and *Secret Life of Pets* products.

Gross Product Sales in Europe increased by $18,606 or 34.8% to $72,031 with an unfavourable impact from changes in currency exchange rates of $1,280. Growth was primarily driven by sales of *Paw Patrol* products in Italy, France and the UK and sales of *Bunchems* in France and Italy.

Gross Product Sales in the Rest of World region increased by $14,581 or 41.9% to $49,409, with an unfavourable impact from changes in currency exchange rates of $1,780. Growth was primarily driven by increases in *Paw Patrol*, *Secret Life of Pets* and *Bunchem* products.

Gross Profit

	Three Months Ended June 30			
	2016	2015	$ Change	% Change
Gross Profit	**91,630**	65,365	26,265	40.2%
Gross Profit as % of Revenue	51.1%	51.2%		

For the three months ended June 30, 2016 compared to the same period in 2015, Gross Profit increased by $26,265 or 40.2%, to $91,630 due to higher revenues. Gross Profit as a percentage of Revenue was in line with 2015 at 51.1%.

	Six Months Ended June 30			
	2016	2015	$ Change	% Change
Gross Profit	**177,006**	122,060	54,946	45.0%
Gross Profit as % of Revenue	51.9%	52.1%		

For the six months ended June 30, 2016 compared to the same period in 2015, Gross Profit increased by $54,946 or 45.0%, to $177,006 due to higher revenues. Gross Profit as a percentage of Revenue was in line with 2015 at 51.9%.

Selling, Marketing, Distribution and Product Development Expenses

	Three Months Ended June 30			
	2016	2015	$ Change	% Change
Marketing Expenses	**12,215**	**9,809**	2,406	24.5%
Marketing Expenses as a % of Revenue	6.8%	7.7%		
Product Development Expenses	**5,000**	**3,422**	1,578	46.1%
Product Development Expenses as a % of Revenue	2.8%	2.7%		
Selling Expenses	**13,600**	**6,955**	6,645	95.5%
Selling Expenses as a % of Revenue	7.6%	5.4%		
Distribution Expenses	**6,436**	**3,349**	3,087	92.2%
Distribution Expenses as a % of Revenue	3.6%	2.6%		

Marketing expenses increased by $2,406, or 24.5%, to $12,215 primarily as a result of increased investment in spending to support product launches related to *Paw Patrol*.

Product development expenses increased by $1,578 or 46.1%, to $5,000 related to the timing of projects primarily in the Remote Control and Interactive Characters and Pre-School and Girls segments.

Selling expenses increased by $6,645, or 95.5%, to $13,600, driven by higher revenues related to the sales of *Secret Life of Pets*, *Angry Birds* and *Paw Patrol* products.

Distribution expenses increased by $3,087 or 92.2% to $6,436, driven by increased costs associated with brand acquisitions, increased sales volume and associated inventory levels.

	Six Months Ended June 30			
	2016	**2015**	**$ Change**	**% Change**
Marketing Expenses	**26,348**	**17,897**	8,451	47.2%
Marketing Expenses as a % of Revenue	7.7%	7.6%		
Product Development Expenses	**8,524**	**6,653**	1,871	28.1%
Product Development Expenses as a % of Revenue	2.5%	2.8%		
Selling Expenses	**23,985**	**13,004**	10,981	84.4%
Selling Expenses as a % of Revenue	7.0%	5.6%		
Distribution Expenses	**11,810**	**8,565**	3,245	37.9%
Distribution Expenses as a % of Revenue	3.5%	3.7%		

Marketing expenses increased by $8,451, or 47.2%, to $26,348 primarily as a result of increased media spending to support *Air Hogs, Bunchems*, *Chubby Puppies* and *Angry Bird*s product launches and increased research and strategic marketing spend primarily in relation *to Paw Patrol*, *Air Hogs* and *Secret Life of Pets* products.

Product development expenses decreased by $1,871, or 28.1%, to $8,524 due to the timing of projects primarily in the Remote Control and Interactive Characters segment.

Selling expenses increased by $10,982, or 84.4%, to $23,986, driven primarily by higher revenues and the sale of *Star Wars* and *Batman v. Superman* related products.

Distribution expenses increased by $3,244, or 37.9%, to $11,809, driven by increased costs associated with brand acquisitions and higher volume.

Administrative Expenses

For the three months ended June 30, 2016 compared to the same period in 2015, Administrative expenses increased by $12,302, or 39.0%, to $43,808, primarily due to the ongoing 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 of Subordinate Voting Shares ("IPO") in July 2015. Administrative expenses as a percentage of revenue decreased to 24.4% from 24.7% in the same period in 2015. Excluding the impact of share-based compensation, administrative expenses as a as a percentage of revenue decreased to 20.5% from 24.7% in 2015.

For the six months ended June 30, 2016 compared to the same period in 2015, Administrative expenses increased by $23,265, or 37.9%, to $84,609, primarily due to the ongoing share-based compensation expenses noted above. Administrative expenses as a percentage of revenue decreased to 24.8% from 26.2% in the same period in 2015. Excluding the impact of share-based compensation, administrative expenses as a as a percentage of revenue decreased to 20.8% from 26.2% in 2015.

Finance Costs

For the three months ended June 30, 2016 compared to the same period in 2015, Finance costs increased by $1,627 to $1,852, 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 six months ended June 30, 2016 compared to the same period in 2015, Finance costs increased by $3,117 to $3,612 as a result of the reasons noted above.

Net Income

Net Income for the three months ended June 30,2016 decreased by $3,976 to $3,598 from $7,574 for the same period in 2015 as a result of share based compensation expenses and foreign exchange losses in the quarter. Excluding share based compensation expense and foreign exchange losses, Adjusted Net Income (a non IFRS measure for the three months ended June 30,2016 increased by $3,564 to $11,698 from $8,134 for the same period in 2015.

Net Income for the six months ended June 30, 2016 increased by $4,293 to $13,535 from $9,242 for the same period in 2015. Excluding share based compensation expense, restructuring and foreign exchange gains, Adjusted Net Income for the six months ended June 30, 2016 increased by $11,779 to $23,286 from $11,507 for the same period in 2015.

OUTLOOK

For the full year 2016, Spin Master now expects organic Gross Product Sales growth to be higher than the guidance provided in connection with the release of Q1 2016 results in May 2016, with organic Gross Product Sales expected to grow in the high-teens, relative to 2015. Previous guidance provided in connection with the release of Q1 2016 results in May 2016 expected organic Gross Product Sales growth in the mid-teens relative to 2015. From a seasonality perspective, Spin Master now expects Gross Product Sales for the first half of 2016 to represent approximately 30% of total 2016 Gross Product Sales. Previous guidance provided in connection with the release of Q1 2016 results in May 2016 expected Gross Product Sales for the first half of 2016 to comprise 30% to 35% of total Gross Product Sales for 2016. Adjusted EBITDA margins for 2016 are also expected to increase slightly compared with prior guidance and 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.

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

1) “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					
	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 EPS)				(unaudited)		
Net Income after Tax	3,598	9,937	(13,260)	51,092	7,574	1,669
Finance Costs	1,852	1,760	4,925	922	423	269
Depreciation and Amortization	7,526	5,371	5,887	5,173	6,700	5,116
Income Tax	1,056	4,505	2,843	26,407	2,600	709
EBITDA (1)	**14,032**	**21,573**	**395**	**83,594**	**17,297**	**7,763**
Restructuring (2)	275	656	891	1,716	560	361
Recovery of contingent liability (3)	-	-	(457)	-	-	-
Foreign exchange loss (gain) (4)	4,065	(5,040)	529	4,396	(75)	1,627
Offering Costs (5)	-	-	257	65	161	442
Share Based Compenstion (6)	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 Martket Value adjustments (11)	-	-	975	-	-	-
Adjusted EBITDA (1)	**25,389**	**23,973**	**13,646**	**118,667**	**17,943**	**10,193**
Finance Costs	1,852	1,760	4,925	922	423	269
Depreciation and Amortization	7,526	5,371	5,887	5,173	6,700	5,116
Income Tax (12)	1,056	4,505	(6,643)	22,176	2,600	709
Tax Effect of Noarmalization Adjustments (13)	3,257	750	2,786	9,986	86	725
Adjusted Net Income (1)	**11,698**	**11,589**	**6,691**	**80,410**	**8,134**	**3,374**

Footnotes:

1) See "Non-IFRS Financial Measures"
2) 2016 restructuring related to changes in the Company's US operation. 2015 retructuring 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 differes fromt 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 one time expense and are not reflective of on going 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) Amortizaton 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 mattters 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 June 30, 2016, the Company had $61,504 available under the Revolving Credit Facility portion of its credit facility and $119,481 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 $2.8 million of the *Little Charmers* production costs. The financing of the production costs of *Little Charmers* is directly related to the expected receipt of eligible government tax credits. As of June 30, 2016, the Company had fully utilized this facility. 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 six months ended June 30, 2016 and 2015.

(All amounts in US$ 000's)	**Three months ended June 30**		
	2016	**2015**	**$ Change**
Net cash flows generated by (used in) operating activities	(21,434)	366	(21,800)
Net cash flows used in investing activities	(44,370)	(8,356)	(36,014)
Net cash flows generated by (used in) financing activities	62,754	(17,149)	79,903
Net increase (decrease) in cash	**(3,050)**	**(25,139)**	**22,089**
Effect of exchange rate changes on cash	1,771	(1,608)	3,379
Cash at beginning of period	54,939	49,667	5,272
Cash at end of period	**53,660**	**22,920**	**30,740**

(All amounts in US$ 000's)	Six months ended June 30		
	2016	2015	$ Change
Net cash flows generated by (used in) operating activities	(17,273)	(63,196)	45,923
Net cash flows used in investing activities	(64,215)	(16,096)	(48,119)
Net cash flows generated by (used in) financing activities	88,984	2,434	86,550
Net increase (decrease) in cash	**7,496**	**(76,858)**	**84,354**
Effect of exchange rate changes on cash	451	(1,514)	1,965
Cash at beginning of period	45,713	101,292	(55,579)
Cash at end of period	**53,660**	**22,920**	**30,740**

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, film 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 film production.

CASH FLOW

Cash from Operating Activities

Cash flows used in operating activities were $21,434 for the three months ended June 30, 2016 compared to cash flows from operating activities of $366 for the same period in 2015. The decrease in cash from operating activities was due to increased tax and interest payments in relation to the Company's settlement agreement with the Canada Revenue Agency ("CRA") in December 2015, which resolved an outstanding transfer pricing matter arising from the CRA's audit of the cost sharing arrangements between Spin Master Ltd. and a foreign affiliate during the 2004 – 2013 taxation years (see 2015 Annual Financial Statements and 2015 Annual MD&A). Additionally, there were increased investments in inventory in 2016.

For the six months ended June 30, 2016 net cash flows used in operating activities decreased by $45,923 to $17,273 compared to the same period in 2015. The decrease in cash flows used in operating activities was driven by higher net income and 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 six months ended June 30, 2016 and 2015:

(All amounts in US$ 000's)	Three months ended June 30		
	2016	**2015**	**$ Change**
Capital Expenditure			
Tooling	8,316	2,006	6,310
Other	703	(409)	1,112
Total Capital Expenditures	**9,019**	**1,597**	**7,422**
Intangible Assets			
Content development	4,558	6,672	(2,114)
Computer software	649	87	562
Total Intangible Assets	**5,207**	**6,759**	**(1,552)**
Business Acquisition (net of cash received)	30,144	-	30,144
Net cash flows used in investing activities	**44,370**	**8,356**	**36,014**

Cash flows used in investing activities were $44,370 for the three months ended June 30, 2016 compared to $8,356 for the same period in 2015. The increase in cash flows used in investing activities was driven primarily by the acquisition of the *Toca Boca* and *Sago Mini* during the quarter and the timing of tooling purchased compared to 2015.

(All amounts in US$ 000's)	Six months ended June 30		
	2016	**2015**	**$ Change**
Capital Expenditure			
Tooling	10,252	2,908	7,344
Other	860	506	354
Total Capital Expenditures	**11,112**	**3,414**	**7,698**
Intangible Assets			
Brands, Licenses and trademark acquisitions	62	-	62
Content development	9,958	12,072	(2,114)
Computer software	950	610	340
Total Intangible Assets	**10,970**	**12,682**	**(1,712)**
Business Acquisition (net of cash received)	42,133	-	42,133
Net cash flows used in investing activities	**64,215**	**16,096**	**48,119**

Cash flows used in investing activities were $64,215 for the six months ended June 30, 2016 compared to $16,096 for the same period in 2015. The increase in cash flows used in investing activities was driven primarily by the acquisition of the *Toca Boca* and *Sago Mini, Etch a Sketch* and *Doddle Brands* and *Edtirice Giochi SRL* and the timing of tooling purchased compared to 2015.

Financing Activities

Cash flows generated by financing activities were $62,754 for the three months ended June 30, 2016 compared to cash flows used in financing activities of $17,149 for the same period last year. Cash flows generated from financing activities consisted of increase in bank indebtedness to fund the acquisition of *Toca Boca* and *Sago Mini,* and the closing of the Treasury Offering by the Company for net proceeds of $47,709 which were partially offset by the net repayment of borrowings under the Company's Revolving Credit Facility.

For the six months ended June 30, 2016 cash flows generated by financing activities were $88,984 compared to $2,434 for the same period last year. Cash flows generated from financing activities were related to the acquisitions of *Toca Boca and Sago Mini, Etch a Sketch*, *Doddle Brands* and *Edtirice Giochi SRL* and the Treasury Offering.

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 six months ended June 30, 2016 and 2015:

(All amounts in US$ 000's)	Three months ended June 30		
	2016	**2015**	**$ Change**
Net cash flows generated by (used in) operating activities	(21,434)	366	(21,800)
Plus:			
Changes in Working Capital	24,634	13,776	10,858
Net cash flows generated by (used in) operating activities before working capital changes	3,200	14,142	(10,942)
Less:			
Net cash flows used in investing activities	(44,370)	(8,356)	(36,014)
Plus:			
Cash used for License, Brand and Business Acquisitions	30,144	-	30,144
Free Cash Flow	**(11,026)**	**5,786**	**(16,812)**

Free Cash Flow was negative $11,026 for the three months ended June 30, 2016 compared to $5,786 for the same period in 2015. The decrease in Free Cash Flow was due to lower cash flows generated by operating activities before working capital changes due higher income tax and interest payments in relation to the Company's settlement agreement with the CRA and increased investment in tooling in 2016.

(All amounts in US$ 000's)	Six months ended June 30		
	2016	2015	$ Change
Net cash flows generated by (used in) operating activities	(17,273)	(63,196)	45,923
Plus:			
Changes in Working Capital	44,688	76,869	(32,181)
Net cash flows generated by (used in) operating activities before working capital changes	27,415	13,673	13,742
Less:			
Net cash flows used in investing activities	(64,215)	(16,096)	(48,119)
Plus:			
Cash used for License, Brand and Business Acquisitions	42,133	-	42,133
Free Cash Flow	**5,333**	**(2,423)**	**7,756**

Free Cash Flow was $5,333 for the six months ended June 30, 2016 compared to negative $2,423 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 higher investment in tooling in 2016.

COMMITMENTS

During the six months ended June 30, 2016, there was no material change in the table of contractual obligations specified in the Company's MD&A for the fiscal year ended December 31, 2015.

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 August 4, 2016, there were 77,230,812 multiple voting shares in the capital of the Company ("Multiple Voting Shares") outstanding and 24,461,283 Subordinate Voting Shares outstanding. There are also 763,495 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. (June 30, 2015 – 79,680,812 Multiple Voting Shares and 5,553,673 Subordinate Voting Shares outstanding, taking into consideration the reorganization that was completed prior to the IPO).

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 six months ended June 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.

SUBSEQUENT EVENTS

On August 2, 2016, Spin Master acquired Swimways Corporation (“Swimways”), a leader in the Outdoor and Sports Toys category and announced the formation of the Company’s newly created Outdoor business segment. 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. These products are sold under the brands *Swimways*, *Kelsyus* and *Coop*, and include the patented *Spring Float* line of products, complemented by pool category licenses from a number of popular entertainment franchises. The purchase price for the transaction was be satisfied by 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 (see “Liquidity and Capital Resources”. Spin Master expects Swimways to operate as a stand-alone subsidiary.

On August 2, 2016, Toronto-based animation studio, Arc Productions (“ARC”), an outsourced service provider of the Company, announced the Ontario Superior Court of Justice has appointed an interim receiver. Based on this appointment, the receiver will take control of the operations of ARC. The Company has incurred and capitalized $6,901 in production related expenses with ARC. A reasonable estimate of the financial impact of this event on the Company cannot be made as of the date of these 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 June 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 June 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.

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

Consolidated Statement of Operations:

Revenue $14,445

Net Income $3,314

Consolidated Balance Sheet

Current Assets $19,703

Other Assets $1,109

Current Liabilities: $3,299

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 six months ended June 30, 2016 and 2015:

(All amounts in US$ 000's)		Three Months Ended June 30			
		2016	2015	$ Change	% Change
Net Income after Tax		$ 3,598	**$ 7,574**	**$ (3,976)**	**-52.5%**
Finance Costs		$ 1,852	$ 423	$ 1,429	337.8%
Depreciation and Amortization		$ 7,526	$ 6,700	$ 825	12.3%
Income Tax		$ 1,056	$ 2,600	$ (1,545)	-59.4%
EBITDA		**$ 14,032**	**$ 17,297**	**$ (3,265)**	**-18.9%**
Normaliztion Adjustments					
Restructuring	(1)	$ 275	$ 560	$ (286)	-51.0%
Foreign exchange loss /(gain)	(2)	$ 4,065	$ (75)	$ 4,140	
Offering Costs	(3)	$ -	$ 161	$ (161)	-100.0%
Share Based Compenstion	(4)	$ 7,017	$ -	$ 7,017	
Adjusted EBITDA		**$ 25,389**	**$ 17,943**	**$ 7,445**	**41.5%**
Adjusted EBITDA		$ 25,389	$ 17,943	$ 7,445	41.5%
Finance Costs		$ 1,852	$ 423	$ 1,429	337.8%
Depreciation and Amortization		$ 7,526	$ 6,700	$ 825	12.3%
Income Tax		$ 1,056	$ 2,600	$ (1,544)	-59.4%
Tax Effect of Normalization Adjustments	(5)	$ 3,257	$ 86	$ 3,171	3687.0%
Adjusted Net Income		**$ 11,698**	**$ 8,134**	**$ 3,564**	**43.8%**

1) 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.
2) 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.
3) Offering Costs are considered a one-time expense and are not reflective of ongoing costs of the business.
4) 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.
5) 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)		Six Months Ended June 30			
		2016	2015	$ Change	% Change
Net Income after Tax		$ 13,535	**$ 9,242**	**$ 4,293**	**46.5%**
Finance Costs		$ 3,612	$ 692	$ 2,920	422.0%
Depreciation and Amortization		$ 12,897	$ 11,816	$ 1,080	9.1%
Income Tax		$ 5,561	$ 3,308	$ 2,252	68.1%
EBITDA		**$ 35,605**	**$ 25,058**	**$ 10,546**	**42.1%**
Normaliztion Adjustments					
Restructuring	(1)	$ 931	$ 921	$ 11	1.1%
Foreign exchange loss /(gain)	(2)	$ (975)	$ 1,552	$ (2,527)	
Offering Costs	(3)	$ -	$ 603	$ (603)	-100.0%
Share Based Compenstion	(4)	$ 13,801	$ -	$ 13,801	
Adjusted EBITDA		**$ 49,362**	**$ 28,134**	**$ 21,227**	**75.5%**
Adjusted EBITDA		$ 49,362	$ 28,134	$ 21,227	75.5%
Finance Costs		$ 3,612	$ 692	$ 2,920	422.0%
Depreciation and Amortization		$ 12,897	$ 11,816	$ 1,080	9.1%
Income Tax		$ 5,561	$ 3,308	$ 2,253	68.1%
Tax Effect of Normalization Adjustments	(5)	$ 4,006	$ 811	$ 3,195	394.0%
Adjusted Net Income		**$ 23,286**	**$ 11,507**	**$ 11,779**	**102.4%**

1) 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.
2) 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.
3) Offering Costs are considered a one-time expense and are not reflective of ongoing costs of the business.
4) 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.
5) 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”, “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 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.