

SPIN MASTER CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS****INTRODUCTION**

The following Management's Discussion and Analysis ("MD&A") for Spin Master Corp. ("Spin Master" or the "Company") provides information concerning the Company's financial condition and financial performance for the three months ended March 31, 2020 ("first quarter", "the quarter", "Q1"). This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020 ("interim financial statements"), its audited annual consolidated financial statements and accompanying notes ("financial statements") and its annual MD&A for the year ended December 31, 2019 ("Annual MD&A"). Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2019, can be found under the Company's profile on the System of Electronic Document Analysis and Retrieval (SEDAR) which is administered by the Canadian Securities Administrators ("CSA") at www.sedar.com.

Some of the statements in this MD&A contain forward-looking information 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 the Annual MD&A and elsewhere in the Annual MD&A and 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 financial information is 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 financial information is presented in United States dollars ("\$", "dollars" and "US\$") and has been rounded to the nearest hundred thousand, except per share amounts and where otherwise indicated.

BUSINESS OVERVIEW

Spin Master is a leading global children's entertainment company creating exceptional play experiences through a diverse portfolio of innovative toys, entertainment franchises and digital toys and games. Spin Master's entertainment team, through its in-house studio and partnerships with outside creators, has produced 11 television series, including the pre-school hit PAW Patrol and broadcasts content in more than 160 countries globally. The Company has grown its mobile digital presence which encompasses Toca Boca and Sago Mini apps. The Company is driven by a desire to challenge and expand traditional play patterns through the creation of innovative products, entertainment and digital content.

Spin Master's principal strategies to drive the Company's continued growth include:

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

Spin Master's organic growth strategy is centered around the Company's 36-month brand innovation pipeline. This pipeline is fed by internal innovation and multiple touch points with inventors, licensors, consumers and potential acquisitions, traditional and innovative entertainment contact and digital toys. These touch points strengthen consumers' attachments to Spin Master's brands and franchises and are the engine of long-term growth.

Spin Master continues to expand into content for traditional television, video-on-demand, subscription video-on-demand, as well as other short-form and long-form content, including movies, across a variety of distribution channels. In addition, the Company will continue its focus on direct-to-consumer initiatives as consumer purchasing trends in the retail landscape evolve.

Spin Master's business is separated into three geographic segments: North America, comprised of the United States ("U.S.") and Canada; Europe, comprised of the United Kingdom, France, Italy, the Netherlands, Germany, Austria, Switzerland, Belgium, Luxembourg, Slovakia, Hungary, Romania, Czech Republic, Poland, Russia and Greece; and the Rest of World, comprised of Hong Kong, China, Vietnam, India, Australia, Mexico and all other areas of the world serviced by Spin Master's third party distribution network. The Company remains focused on its long-term goal of more than 45% of sales outside of the North America segment.

Spin Master's diversified portfolio of children's products, brands and entertainment properties is reported under five product categories: (1) Activities, Games & Puzzles and Plush; (2) Remote Control and Interactive Characters; (3) Boys Action and Construction; (4) Pre-School and Girls; and (5) Outdoor.

Seasonality factors cause the Company's operating results to fluctuate significantly from quarter to quarter. A majority of the Company's annual sales occur during the third and fourth quarters of the Company's fiscal year with a significant portion of its net income earned and cash flows generated during the same period.

COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic.

When COVID-19 first emerged early in the quarter, it directly affected Spin Master's third party manufacturing capacity in China, which comprises between 60% to 65% of Spin Master's manufacturing capacity. Capacity progressively improved through the first quarter such that by the end of the quarter it had largely returned to normal levels.

The pandemic has now moved to customer markets globally as well as other countries where Spin Master manufactures a limited volume of its goods, including India and Mexico. Due to government-imposed restrictions and the closure of many retail locations, the pandemic has resulted in significant reductions in retail consumer traffic in most countries globally, including some of Spin Master's largest markets. Online and e-commerce channels, however, remain active in most countries.

Spin Master has adopted measures to mitigate the impact to employees, customers, suppliers and the Company as a whole.

Spin Master is also taking steps to manage its cash resources by reducing and/or deferring capital expenditures and reducing operating expenses to mitigate the adverse impact of the pandemic. These steps include, but are not limited to, slowing down new employee hiring and reducing marketing, travel, legal, rent, consulting and other expenses. Given the dynamic nature of these circumstances, the Company continues to regularly assess the business environment and assess its strategies and plans.

During the quarter, as a precautionary measure and to increase available cash on hand, the Company drew down \$350 million from the \$510 million available on its secured revolving credit facility ("Credit Facility"). The proceeds will be used for working capital and general corporate purposes. Given the cash on hand at the end of the quarter and the undrawn capacity in Spin Master's Credit Facility, the Company believes it has sufficient liquidity to meet its operational requirements.

Spin Master's financial performance in 2020 will be negatively impacted by the supply chain disruption in the first quarter of 2020 and the reduction in customer demand due to COVID-19. As a result of the dynamic nature of these circumstances and the fact that the extent and duration of the pandemic remains uncertain, the Company has elected to continue to suspend providing guidance until circumstances warrant.

Selected Financial Information

The following provides selected key performance metrics of the Company for the three months ended March 31, 2020, which should be read in conjunction with the financial statements of the Company.

Key Performance Metrics (US\$ millions, except per share information)	Three Months Ended Mar 31	
	2020	2019
Sales and Earnings		
Gross Product Sales ¹	242.3	240.5
Revenue	227.3	239.0
Net loss	(26.7)	(20.9)
Adjusted Net Loss ¹	(46.8)	(12.5)
Adjusted EBITDA ¹	(32.3)	7.0
Earnings Per Share ("EPS")		
Basic EPS	(0.26)	(0.21)
Diluted EPS	(0.26)	(0.21)
Adjusted basic EPS ¹	(0.46)	(0.12)
Adjusted diluted EPS ¹	(0.45)	(0.12)
	Mar 31,	Dec 31,
	2020	2019
Balance Sheet Data		
Cash	424.0	115.3
Total assets	1,399.8	1,256.4
Total non-current liabilities	90.4	97.0
Loans and borrowings	349.2	—
Cash (net of loans and borrowings) ²	(74.8)	(115.3)
	Three Months Ended Mar 31	
	2020	2019
Cash Flow Data		
Cash used in operating activities	(8.8)	(6.2)
Cash used in investing activities	(19.0)	(21.6)
Cash provided by (used in) financing activities	345.0	(3.2)
Free Cash Flow ¹	(74.9)	(39.9)

Notes:

1) See "Non-IFRS Financial Measures".

2) Total debt of \$350.0 million net of unamortized financing costs of \$0.8 million less cash of \$424.0 million.

Revenue of \$227.3 million decreased by 4.9% from \$239.0 million in 2019. In constant currency terms (a non-IFRS measure), revenue decreased by 1.4%. The decline in revenue was primarily driven by a decrease in other revenue and higher Sales Allowances, offset in part by a slight increase in Gross Product Sales (a non-IFRS measure).

Net loss for the three months ended March 31, 2020 was \$26.7 million, an increase of \$5.8 million from net loss of \$20.9 million. Excluding share-based compensation expense, restructuring expense, foreign exchange loss and a one-time income tax recovery, Adjusted Net Loss (a non-IFRS measure) for the three months ended March 31, 2020 was \$46.8 million, an increase of \$34.3 million from Adjusted Net Loss of \$12.5 million.

Adjusted EBITDA (a non-IFRS measure) decreased to negative \$32.3 million or negative 14.2% of revenue, compared to \$7.0 million or 2.9% in 2019, primarily driven by lower gross profit and higher distribution and marketing expenses.

For the three months ended March 31, 2020, Free Cash Flow was negative \$74.9 million compared to negative \$39.9 million, a decrease of \$35.0 million. Free Cash Flow declined primarily due to lower cash generated by operating activities before net working capital changes, partially offset by lower cash flow used in investing activities.

During the three months ended March 31, 2020, the Company utilized \$350.0 million from the \$510.0 million available in its Credit Facility.

FINANCIAL PERFORMANCE

For the three months ended March 31, 2020 compared to the three months ended March 31, 2019:

Consolidated Results

The following tables provide a summary of Spin Master's consolidated results for the three months March 31, 2020 and 2019:

(All amounts in US\$ millions)	Three Months Ended Mar 31			
	2020	2019	\$ Change	% Change
Revenue	227.3	239.0	(11.7)	(4.9)%
Cost of sales	136.5	131.3	5.2	4.0 %
Gross profit	90.8	107.7	(16.9)	(15.7)%
Selling, marketing, distribution and product development	80.9	61.0	19.9	32.6 %
Administrative expenses	65.7	59.3	6.4	10.8 %
Depreciation and amortization expenses	9.2	6.9	2.3	33.3 %
Other income	(1.4)	(0.1)	(1.3)	1,300.0 %
Foreign exchange loss	8.5	6.4	2.1	32.8 %
Finance costs	2.8	2.7	0.1	3.7 %
Loss before income tax recovery	(74.9)	(28.5)	(46.4)	162.8 %
Income tax recovery	(48.2)	(7.6)	(40.6)	534.2 %
Net loss	(26.7)	(20.9)	(5.8)	27.8 %

Highlights for the three months ended March 31, 2020 as compared to the same period in 2019: (US\$ millions, except per share information)

- Revenue of \$227.3 million decreased by 4.9% from \$239.0 million. In constant currency terms (a non-IFRS measure), revenue decreased by 1.4%.
- Gross profit as a percentage of revenue decreased to 39.9% from 45.1%.
- Selling, marketing, distribution and product development expenses increased to \$80.9 million or 35.6% of revenue from \$61.0 million or 25.5%.
- Administrative expenses increased to \$65.7 million or 28.9% of revenue from \$59.3 million or 24.8%.
- Net loss was \$26.7 million or loss per share of \$0.26 compared to net loss of \$20.9 million or loss per share of \$0.21.
- Adjusted Net Loss (a non-IFRS measure) was \$46.8 million or loss per share of \$0.45 compared to Adjusted Net Loss of \$12.5 million or loss per share of \$0.12.
- Adjusted EBITDA (a non-IFRS measure) declined to negative \$32.3 million or negative 14.2% of revenue, from \$7.0 million or 2.9%.

Revenue

For the three months ended March 31, 2020 as compared to the same period in 2019:

The following table provides a summary of Spin Master's revenue and details by product category for the three months ended March 31, 2020 and 2019:

(All amounts in US\$ millions)	Three Months Ended Mar 31			
	2020	2019	\$ Change	% Change
Activities, Games & Puzzles and Plush	78.1	63.0	15.1	24.0 %
Remote Control and Interactive Characters	20.2	31.1	(10.9)	(35.0)%
Boys Action and Construction	59.1	49.4	9.7	19.6 %
Pre-School and Girls	56.5	63.4	(6.9)	(10.9)%
Outdoor	28.4	33.6	(5.2)	(15.5)%
Gross Product Sales¹	242.3	240.5	1.8	0.7 %
Sales Allowances ¹	(36.9)	(30.4)	(6.5)	21.4 %
Total Net Sales¹	205.4	210.1	(4.7)	(2.2)%
Other revenue	21.9	28.9	(7.0)	(24.2)%
Total Revenue	227.3	239.0	(11.7)	(4.9)%

1) See "Non-IFRS Financial Measures".

Gross Product Sales increased by \$1.8 million, or 0.7%, to \$242.3 million with an unfavourable foreign exchange impact of \$7.9 million or 3.3%. Excluding the impact of foreign exchange, Gross Product Sales increased by \$9.7 million or 4.0% to \$252.0 million.

Gross Product Sales in Activities, Games & Puzzles and Plush increased by \$15.1 million or 24.0% to \$78.1 million. The increase was driven primarily by increases in *Kinetic Sand* and the Games & Puzzles portfolio, partially offset by decreases in *Gund*.

Gross Product Sales in Remote Control and Interactive Characters decreased by \$10.9 million or 35.0% to \$20.2 million, driven by lower sales in *Hatchimals*, partially offset by sales of *PAW Patrol RC*.

Gross Product Sales in Boys Action and Construction increased by \$9.7 million or 19.6% to \$59.1 million. The increase was primarily driven by sales of DC licensed products and increases in *Bakugan* and *Tech Deck*, partially offset by declines in *DreamWorks Dragons*.

Gross Product Sales in Pre-School and Girls decreased by \$6.9 million or 10.9% to \$56.5 million. The decrease was primarily driven by declines in *PAW Patrol*, *Twisty Petz* and *Off the Hook*, partially offset by higher sales of *Candylocks*.

Gross Product Sales in Outdoor, comprised of sales of products under the *SwimWays*, *Kelsyus*, *Coop* and *Aerobie* brands, decreased by \$5.2 million or 15.5% to \$28.4 million.

Sales Allowances increased by \$6.5 million or 21.4% to \$36.9 million. As a percentage of Gross Product Sales, Sales Allowances increased by 2.6% to 15.2% from 12.6%. The increase was primarily driven by higher markdowns, growth in Europe, which has higher Sales Allowance rates and an increase in non-compliance charges.

Other revenue decreased by \$7.0 million or 24.2% to \$21.9 million, driven by decreased royalty income from products marketed by third parties using Spin Master's owned intellectual property and decreased television distribution revenue, offset in part by increased app revenue from *Toca Boca* and *Sago Mini*.

The following table provides a summary of Spin Master's Gross Product Sales by geographic segment for the three months ended March 31, 2020 and 2019:

(All amounts in US\$ millions)	Three Months Ended Mar 31					
	2020	% of GPS	2019	% of GPS	\$ Change	% Change
North America	144.6	59.7%	141.5	58.8%	3.1	2.2 %
Europe	73.5	30.3%	64.7	26.9%	8.8	13.6 %
Rest of World	24.2	10.0%	34.3	14.3%	(10.1)	(29.4)%
Total Gross Product Sales¹	242.3	100.0%	240.5	100.0%	1.8	0.7 %

1) See "Non-IFRS Financial Measures".

As a percentage of total Gross Product Sales, the North America segment increased 0.9% to 59.7% compared to 58.8% in the prior year. International sales, comprised of the Europe and Rest of World segments, decreased 0.9% to 40.3% compared to 41.2% in the prior year.

Gross Product Sales in North America increased by \$3.1 million or 2.2% to \$144.6 million, with an unfavourable foreign exchange impact of \$0.3 million. The increase was primarily driven by sales of *DC* licensed products and increases in *Kinetic Sand*, the Games & Puzzles portfolio and *Tech Deck*, offset in part by declines in *PAW Patrol*, *DreamWorks Dragons*, *Hatchimals*, *SwimWays*, *Gund*, *Monster Jam* products and *Twisty Petz*.

Gross Product Sales in Europe increased by \$8.8 million or 13.6% to \$73.5 million, with an unfavourable foreign exchange impact of \$6.1 million. The increase was primarily driven by sales of *Bakugan*, *DC* licensed products and *Candylocks* and increases in *PAW Patrol*, *Monster Jam* products and *Kinetic Sand*, offset in part by declines in *DreamWorks Dragons* and *Hatchimals*.

Gross Product Sales in the Rest of World region decreased by \$10.1 million or 29.4% to \$24.2 million, with an unfavourable foreign exchange impact of \$1.5 million. The decrease was primarily driven by declines in *DreamWorks Dragons*, the Games & Puzzles portfolio, *Bakugan*, *Gund*, *Hatchimals*, *PAW Patrol*, *Twisty Petz*, *Kinetic Sand*, *Party Popteenies*, *Monster Jam* products and *Lollipopets*, offset in part by sales of *DC* licensed products.

Gross Profit as compared to the same period in 2019:

(All amounts in US\$ millions)	Three Months Ended Mar 31			
	2020	2019	\$ Change	% Change
Revenue	227.3	239.0	(11.7)	(4.9)%
Gross profit	90.8	107.7	(16.9)	(15.7)%
Gross profit as % of revenue	39.9%	45.1%	N/A	(5.2)%

For the three months ended March 31, 2020, gross profit decreased by \$16.9 million or 15.7% to \$90.8 million. As a percentage of revenue, gross profit decreased to 39.9% from 45.1%, primarily due to higher inbound freight-related expenses driven by an increase in domestic sales, higher Sales Allowances, increased inventory provision and reconfiguration costs and lower other revenue, partially offset by higher gross margins due to favourable changes in product mix.

Selling, Marketing, Distribution and Product Development Expenses as compared to the same period in 2019:

(All amounts in US\$ millions)	Three Months Ended Mar 31					
	2020	as a % of revenue	2019	as a % of revenue	\$ Change	% Change
Selling expenses	17.3	7.6%	16.0	6.7%	1.3	8.1%
Marketing expenses	26.7	11.7%	21.9	9.2%	4.8	21.9%
Distribution expenses	28.5	12.5%	16.9	7.1%	11.6	68.6%
Product development expenses	8.4	3.7%	6.2	2.6%	2.2	35.5%
Total	80.9	35.6%	61.0	25.5%	19.9	32.6%

Selling expenses increased by \$1.3 million or 8.1% to \$17.3 million. Selling expenses as a percentage of revenue increased to 7.6% from 6.7%, driven by a higher proportion of revenue attributable to third-party licensed products.

Marketing expenses increased by \$4.8 million or 21.9% to \$26.7 million, primarily as a result of increased media, trade show and in-store merchandising initiatives. Marketing expenses as a percentage of revenue increased to 11.7% from 9.2%.

Distribution expenses increased by \$11.6 million or 68.6% to \$28.5 million, primarily due to higher storage and outbound transportation expenses from higher domestic inventory levels carried forward from prior year due to the anticipation of U.S./China tariffs, which started in early-mid 2019 and the shift towards higher domestic sales compared to direct import sales. Distribution expenses as a percentage of revenue increased to 12.5% from 7.1%.

Product development expenses increased by \$2.2 million or 35.5% to \$8.4 million, related to the timing of projects primarily in the Boys Action and Construction category.

Administrative expenses as compared to the same period in 2019:

(All amounts in US\$ millions)	Three Months Ended Mar 31			
	2020	2019	\$ Change	% Change
Administrative expenses	65.7	59.3	6.4	10.8 %
Adjustments:				
Restructuring expense ¹	(4.4)	(0.7)	(3.7)	528.6 %
Share based compensation ²	(3.6)	(4.4)	0.8	(18.2)%
Adjusted administrative expenses³	57.7	54.2	3.5	6.5 %

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

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

3) See "Non-IFRS Financial Measures".

For the three months ended March 31, 2020, administrative expenses increased by \$6.4 million or 10.8% to \$65.7 million. The increase was primarily due to restructuring expenses due to changes to senior leadership announced in February 2020, higher professional services expenses, increased costs related to the Company's offices in the U.S. and higher recruiting expenses, offset in part by a decrease in incentive compensation. Administrative expenses as a percentage of revenue increased to 28.9% from 24.8%. Adjusted administrative expenses increased by \$3.5 million or 6.5% to \$57.7 million. Adjusted administrative expenses (a non-IFRS measure) as a percentage of revenue increased to 25.4% from 22.7%.

Finance costs as compared to the same period in 2019:

For the three months ended March 31, 2020 finance costs increased by \$0.1 million to \$2.8 million. The increase was primarily due to a decrease in interest income, offset in part by lower bank fees.

Foreign exchange loss as compared to the same period in 2019:

For the three months ended March 31, 2020 foreign exchange loss increased by \$2.1 million to \$8.5 million. Foreign exchange losses are generated by the translation of monetary assets/liabilities denominated in a currency other than the functional currency of the applicable entity and gains/losses related to the Company's hedging programs.

Income tax recovery as compared to the same period in 2019:

For the three months ended March 31, 2020 the Company had an income tax recovery of \$48.2 million compared to an income tax recovery of \$7.6 million. The effective tax rate was 64.4% compared to 26.7%. An internal transfer of intellectual property had a one-time income tax recovery impact of \$33.3 million or 44.6% on the effective tax rate, for the three months ended March 31, 2020.

The change in the effective income tax rate was primarily driven by different tax rates of subsidiaries operating in other jurisdictions and items of revenue or expense not taxable or deductible in determining the taxable income.

Net loss as compared to the same period in 2019:

Net loss for the three months ended March 31, 2020 was \$26.7 million, a decrease of \$5.8 million from net loss of \$20.9 million. Excluding share-based compensation expense, restructuring expense, foreign exchange loss and a one-time income tax recovery, Adjusted Net Loss (a non-IFRS measure) for the three months ended March 31, 2020 was \$46.8 million, a decrease of \$34.3 million from Adjusted Net Loss of \$12.5 million.

OUTLOOK

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

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

On March 19, 2020 Spin Master withdrew its 2020 outlook, which was previously provided on March 4, 2020. Given the uncertain environment associated with COVID-19, the Company has elected to suspend providing guidance until circumstances warrant.

SELECTED QUARTERLY FINANCIAL INFORMATION

Seasonality factors cause Spin Master's operating results to fluctuate significantly from quarter to quarter. A majority of the Company's annual sales occur during the third and fourth quarters of the Company's fiscal year.

The following table provides selected historical information and other data, which should be read in conjunction with the financial statements of the Company.

(All amounts in US\$ millions except EPS)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Gross Product Sales ¹	242.3	550.7	583.3	316.8	240.5	465.5	658.2	296.2
Revenue	227.3	473.5	548.1	321.0	239.0	414.3	620.0	311.5
Adjusted EBITDA ¹	(32.3)	6.7	150.1	55.2	7.0	35.2	179.9	45.3
Adjusted EBITDA margin ¹	(14.2)%	1.4%	27.4%	17.2%	2.9%	8.5%	29.0%	14.6%
Net (loss) income	(26.7)	(17.2)	92.1	10.2	(20.9)	11.4	107.9	26.9
Basic EPS	\$(0.26)	\$(0.17)	\$0.90	\$0.10	\$(0.21)	\$0.11	\$1.06	\$0.26
Diluted EPS	\$(0.26)	\$(0.17)	\$0.89	\$0.10	\$(0.21)	\$0.11	\$1.06	\$0.26
Adjusted Net (Loss) Income ¹	(46.8)	(7.8)	93.2	19.9	(12.5)	6.2	117.8	17.6
Basic adjusted EPS ¹	\$(0.46)	\$(0.08)	\$0.91	\$0.19	\$(0.12)	\$0.06	\$1.16	\$0.17
Diluted adjusted EPS ¹	\$(0.45)	\$(0.08)	\$0.90	\$0.19	\$(0.12)	\$0.06	\$1.15	\$0.17
Free Cash Flow ¹	(74.9)	(22.6)	128.6	18.5	(39.9)	(11.5)	149.8	19.5

1) See "Non-IFRS Financial Measures".

The following table provides reconciliations of net (loss) income to EBITDA, Adjusted EBITDA and Adjusted Net (Loss) Income.

(All amounts in US\$ millions)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net (loss) income	(26.7)	(17.2)	92.1	10.3	(20.9)	11.4	107.9	26.9
Finance costs	2.8	3.2	3.2	2.6	2.7	2.9	2.7	2.2
Depreciation and amortization	23.3	16.2	22.2	24.8	21.4	25.4	17.7	19.6
Income tax (recovery) expense	(48.2)	(7.5)	33.0	2.8	(7.6)	2.7	38.2	9.5
EBITDA¹	(48.8)	(5.3)	150.5	40.5	(4.4)	42.4	166.5	58.2
Adjustments								
Restructuring expense ²	4.4	0.7	0.2	7.2	0.7	5.0	0.4	0.6
Foreign exchange loss (gain) ³	8.5	(0.1)	(4.0)	3.6	6.3	(13.4)	5.4	(1.3)
Share based compensation ⁴	3.6	3.5	3.4	3.9	4.4	4.5	3.6	2.1
Acquisition related incentive compensation ⁵	—	3.2	—	—	—	(0.3)	0.3	1.2
Impairment of intangible assets ⁶	—	5.6	—	—	—	—	—	—
Bad debt recovery ⁷	—	(0.9)	—	—	—	(3.0)	—	—
Legal settlement ⁸	—	—	—	—	—	—	—	(15.5)
Amortization of fair market value adjustments ⁹	—	—	—	—	—	—	3.7	—
Adjusted EBITDA^{1, 12}	(32.3)	6.7	150.1	55.2	7.0	35.2	179.9	45.3
Finance costs	2.8	3.2	3.2	2.6	2.7	2.9	2.7	2.2
Depreciation and amortization	23.3	16.2	22.2	24.8	21.4	25.4	17.7	19.6
Income tax (recovery) expense	(48.2)	(7.5)	33.0	2.8	(7.6)	2.7	38.2	9.5
One-time income tax recovery ¹⁰	33.3	—	—	—	—	—	—	—
Tax effect of adjustments ¹¹	3.3	2.6	(1.5)	5.1	3.0	(2.0)	3.5	(3.6)
Adjusted Net (Loss) Income¹	(46.8)	(7.8)	93.2	19.9	(12.5)	6.2	117.8	17.6

Footnotes:

1) See "Non-IFRS Financial Measures".

2) Restructuring expense primarily relates to personnel related costs. Restructuring expense included costs related to changes in senior leadership in the first quarter of 2020. In the second quarter of 2019 and fourth quarter of 2018, restructuring expenses also included costs related to facility closures.

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

4) Related to expenses associated with subordinate voting shares granted to equity participants at the time of the Company's IPO and share option expense. As of August 1, 2018, share based compensation includes expenses related to the Company's LTIP.

5) Remuneration expense associated with contingent consideration for the Cardinal and SwimWays acquisition.

6) Impairment charges for intangible assets relating to licenses, content development, brands and trademarks.

7) Bad debt recovery related to the bankruptcy declaration and liquidation proceedings of TRU during the fourth quarter of 2019 and the fourth quarter of 2018.

8) Legal settlement in the Company's favour in the second quarter of 2018.

9) Amortization of fair market value adjustments to inventory relating to the acquisition of Gund in the second quarter of 2018.

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

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

12) The comparative information presented for 2018 has not been restated for the adoption of IFRS 16. On a pro forma basis, the impact of IFRS 16 on Adjusted EBITDA would be an increase of \$2.2 million, \$3.4 million and \$3.3 million for the second, third and fourth quarters of 2018, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of liquidity is cash flow from operations. 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 three quarters as inventories are built up for the peak sales periods for retailers in the fourth quarter. The Company's cash flows from operating activities are typically at their highest levels of the year in the fourth quarter.

The Company expects that cash, future operating cash flows and the amounts available to be drawn against the Credit Facilities will enable the Company to finance its capital investment program and fund its ongoing business requirements over the next 12 months, including working capital and financial obligations.

As of March 31, 2020, as a precautionary measure, the Company borrowed a total of \$350.0 million under its Credit Facility, to maximize liquidity and increase available cash on hand. The Company drew on the Credit Facility due to the uncertainties caused by the COVID-19 pandemic.

In addition, as at March 31, 2020, the Company had an additional \$160.0 million available under its Credit Facility, which matures in July 2023. The Credit Facility may be used for general corporate purposes including refinancing existing indebtedness, funding working capital requirements, permitted acquisitions and permitted distributions. The Facility also has an option which permits the Company to increase the total capital available by an additional \$200.0 million. As at March 31, 2020, unamortized debt issuance costs related to this facility were \$0.8 million.

On December 19, 2018, the Company entered into an uncommitted Overdraft Facility Agreement (the "European Facility") for \$13.6 million (€15.0 million). The European Facility may be used to fund working capital requirements in Europe. As at March 31, 2020, the Credit Facility was undrawn.

The Company has a Credit Facility (the "Production Facility") with a limit of \$7.1 million (\$10.0 CAD million) to finance television and film production. The interest rate on amounts drawn under the Production Facility bear interest at a variable rate referenced to the lending institution's Canadian dollar prime rate. As at March 31, 2020, the Production Facility was undrawn.

Management believes that cash flows from its ongoing operations, plus cash on hand and availability under the Credit Facility provide sufficient liquidity to support ongoing 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 by 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.

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 shows, short-form content, mobile digital development as well as 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 are generally comprised of the purchase of tooling used in the manufacturing process and entertainment property production.

CASH FLOW

The following tables provide a summary of Spin Master's consolidated cash flows for the three months ended March 31, 2020 and 2019:

(All amounts in US\$ millions)	Three Months Ended Mar 31		
	2020	2019	\$ Change
Net cash flows used in operating activities	(8.8)	(6.2)	(2.6)
Net cash flows used in investing activities	(19.0)	(21.6)	2.6
Net cash flows provided by (used in) financing activities	345.0	(3.2)	348.2
Net increase (decrease) in cash	317.2	(31.0)	348.2
Effect of foreign currency exchange rate changes on cash	(8.5)	1.3	(9.8)
Cash at beginning of period	115.3	143.5	(28.2)
Cash at end of period	424.0	113.8	310.2

Cash from Operating Activities as compared to the same period in 2019:

For the three months ended March 31, 2020, cash flows used in operating activities were \$8.8 million compared to \$6.2 million. This decrease was primarily driven by a higher net loss, partially offset by the reduction in net working capital and lower cash income taxes paid in 2020 compared to 2019.

The table below outlines key financial information pertaining to the Company's net working capital:

(All amounts in US\$ millions)	Mar 31, 2020	Dec 31, 2019	\$ Change	% Change
Trade receivables, net ¹	202.1	370.7	(168.6)	(45.5)%
Other receivables ²	54.7	57.0	(2.3)	(4.0)%
Inventories	155.9	185.3	(29.4)	(15.9)%
Advances on royalties	14.4	18.0	(3.6)	(20.0)%
Prepaid expenses	10.6	14.4	(3.8)	(26.4)%
Total current assets	437.7	645.4	(207.7)	(32.2)%
Trade payables	112.2	215.8	(103.6)	(48.0)%
Accrued liabilities ³	89.8	129.8	(40.0)	(30.8)%
Contract liabilities	4.6	7.6	(3.0)	(39.5)%
Provisions and contingent liabilities	20.8	26.2	(5.4)	(20.6)%
Total current liabilities	227.4	379.4	(152.0)	(40.1)%
Total net working capital	210.3	266.0	(55.7)	(20.9)%

1) Trade receivables are net of allowance for doubtful accounts and provisions for sales allowances. Refer to Note 7 of the financial statements for additional details.

2) Other receivables include film and video production tax credits, royalties, commodity tax and other balances. Refer to Note 7 of the financial statements.

3) Accrued liabilities are comprised of employee compensation liabilities, royalties and commodity tax balances. Refer to Note 12 of the financial statements for additional details.

Total net working capital decreased by \$55.7 million or 20.9% to \$210.3 million at March 31, 2020 from \$266.0 million at December 31, 2019. Excluding the impact of foreign exchange, total net working capital decreased by \$47.1 million.

Trade receivables, net, decreased by \$168.6 million or 45.5% to \$202.1 million at March 31, 2020 from \$370.7 million at December 31, 2019, driven by the timing of collections in line with the seasonality of the business.

Inventories decreased by \$29.4 million or 15.9% to \$155.9 million at March 31, 2020 from \$185.3 million at December 31, 2019. The decrease is driven by the depletion of higher domestic inventory levels carried forward from prior year and the shift towards higher domestic sales compared to direct import sales.

Trade payables decreased by \$103.6 million or 48.0% to \$112.2 million at March 31, 2020 from \$215.8 million at December 31, 2019, driven by the timing of payments in line with the seasonality of the business.

Investing Activities as compared to the same period in 2019:

The following tables provide a summary of Spin Master's consolidated cash flows used in investing activities for the three months ended March 31, 2020 and 2019:

(All amounts in US\$ millions)	Three Months Ended Mar 31		
	2020	2019	\$ Change
Property, plant and equipment			
Tooling	2.4	3.3	(0.9)
Other	0.8	4.3	(3.5)
Total property, plant and equipment	3.2	7.6	(4.4)
Intangible assets			
Content development	13.1	13.1	—
Computer software	2.7	0.9	1.8
Total intangible assets	15.8	14.0	1.8
Cash used in investing activities	19.0	21.6	(2.6)

For the three months ended March 31, 2020, cash used in investing activities was \$19.0 million compared to \$21.6 million. The decrease was primarily driven by lower investment in leasehold improvements, partially offset by increased investment in computer software.

Financing Activities as compared to the same period in 2019:

For the three months ended March 31, 2020, cash flows provided by financing activities were \$345.0 million compared to cash flows used in financing activities of \$3.2 million, primarily driven by the Company's utilization of its Credit Facility.

Free Cash Flow as compared to the same period in 2019:

The following tables provide a reconciliation of Spin Master's consolidated Free Cash Flow (a non-IFRS measure) to cash from operations for the three months ended March 31, 2020 and 2019:

(All amounts in US\$ millions)	Three Months Ended Mar 31		
	2020	2019	\$ Change
Cash flows used in operating activities	(8.8)	(6.2)	(2.6)
Changes in net working capital	(47.1)	(12.1)	(35.0)
Net cash flows used in operating activities before net working capital changes	(55.9)	(18.3)	(37.6)
Cash flows used in investing activities	(19.0)	(21.6)	2.6
Free Cash Flow¹	(74.9)	(39.9)	(35.0)

1) See "Non-IFRS Financial Measures".

For the three months ended March 31, 2020, Free Cash Flow was negative \$74.9 million compared to negative \$39.9 million, a decrease of \$35.0 million. Free Cash Flow declined primarily due to lower cash generated in operating activities before net working capital changes, partially offset by lower cash flow used in investing activities.

COMMITMENTS

In the normal course of business, Spin Master enters into contractual arrangements to obtain and protect Spin Master's right to create and market certain products and to ensure availability and timely delivery of future purchases of goods and services. These arrangements include commitments for future services, purchases and royalty payments pursuant to licensing agreements. Certain of these commitments routinely contain provisions for guarantees or minimum expenditures during the terms of the contracts. Additionally, Spin Master routinely enters into non-cancellable lease agreements for premises and equipment, which contain minimum rental payments.

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.

CAPITALIZATION

Share Capital

As at May 6, 2020, there were 102.0 million shares outstanding comprised of 70.6 million Multiple Voting Shares and 31.4 million Subordinate Voting Shares.

As of May 6, 2020, pursuant to grants under the Company's Long-Term Incentive Plan, 0.7 million Subordinate Voting Shares were issuable under outstanding Restricted Stock Units, up to 1.8 million Subordinate Voting Shares were issuable under outstanding Performance Share Units (assuming vesting at a maximum of 200% for units with an outstanding performance period) and 0.8 million Subordinate Voting Shares were issuable under outstanding Share Option grants.

RELATED PARTY TRANSACTIONS

The Company periodically engages the services of a law firm whose managing partner is also a member of the Company's Board of Directors. During the three months ended March 31, 2020, the fees for services rendered were approximately \$0.3 million (2019 - nil).

CRITICAL ACCOUNTING ESTIMATES

Included in the Company's 2019 financial statements, as well as in the Company's 2019 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 three months ended March 31, 2020, there were no changes to the critical accounting estimates of the Company from those reported in the 2019 Annual MD&A and financial statements.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to the Company's accounting policies from those disclosed in our 2019 Annual MD&A.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's Internal Control over Financial Reporting ("ICFR") during the three months ended March 31, 2020 which have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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 "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net (Loss) Income", "Free Cash Flow", "Gross Product Sales", "Constant Currency", "Sales Allowances" and "Total Net Sales" which are non-IFRS financial measures.

Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

EBITDA is calculated as net (loss) earnings before finance costs, income tax expense and depreciation and amortization.

Adjusted EBITDA is calculated as EBITDA excluding adjustments that do not necessarily reflect the Company's underlying financial performance. These adjustments include restructuring expenses, foreign exchange gains or losses and equity-settled share based compensation expenses. Adjusted EBITDA is used by management as a measure of the Company's profitability.

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

Constant Currency represents Revenue and Gross Product Sales results that are presented excluding the impact from changes in foreign currency exchange rates. The current period and prior period results for entities reporting in currencies other than the US dollar are translated using consistent exchange rates, rather than using the actual exchange rate in effect during the respective periods. The difference between the current period and prior period results using the consistent exchange rates reflects the changes in the underlying performance results, excluding the impact from fluctuations in foreign currency exchange rates.

Free Cash Flow is calculated as cash flows provided by/used in operating activities before changes in net working capital and after cash flows used in investing activities before cash used in license, brand and business acquisitions. Management uses the Free Cash Flow metric to analyze the cash flow being generated by the Company's business.

Gross Product Sales represent sales of the Company's products to customers, excluding the impact of Sales Allowances. As Sales Allowances are generally not associated with individual products, the Company uses changes in Gross Product Sales to provide meaningful comparisons across product category and geographical segment results to highlight trends in Spin Master's business. For a reconciliation of Gross Product Sales to Revenue, please see the revenue table for the three months ended March 31, 2020 as compared to the same period in 2019 in this MD&A.

Sales Allowances represent marketing and sales credits requested by customers relating to factors such as cooperative advertising, contractual discounts, negotiated discounts, customer audits, volume rebates, defective products and costs incurred by customers to sell the Company's products and are recorded as a reduction to Gross Product Sales. Management uses Sales Allowances to identify and compare the cost of doing business with individual retailers, different geographic markets and amongst various distribution channels.

Total Net Sales represents Gross Product Sales less Sales Allowances. Management uses Total Net Sales to evaluate the Company's total net revenue generating capacity compared to internal targets and as a measure of Company performance.

Adjusted Administrative Expenses is calculated as administrative expenses adjusted for restructuring expenses and equity-settled share based compensation expenses. Please see the Adjusted Administrative Expenses table for the three months ended March 31, 2020 as compared to the same period in 2019 in this MD&A.

Management believes the non-IFRS measures defined above are important supplemental measures of operating performance and highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management believes that these measures allow for assessment of the Company's operating performance and financial condition on a basis that is more consistent and comparable between reporting periods. The Company believes that lenders, securities analysts, investors and other interested parties frequently use these non-IFRS financial measures in the evaluation of issuers.

Reconciliation Tables

The following table presents a reconciliation of net loss to EBITDA, Adjusted EBITDA and Adjusted Net Loss, and cash used in operations to Free Cash Flow for the three months ended March 31, 2020, and 2019:

(All amounts in US\$ millions)	Three Months Ended Mar 31			
	2020	2019	\$ Change	% Change
Reconciliation of Non-IFRS Financial Measures				
Net loss	(26.7)	(20.9)	(5.8)	27.8 %
Income tax recovery	(48.2)	(7.6)	(40.6)	534.2 %
Finance costs	2.8	2.7	0.1	3.7 %
Depreciation and amortization	23.3	21.4	1.9	8.9 %
EBITDA¹	(48.8)	(4.4)	(44.4)	1,009.1 %
Adjustments:				
Restructuring expense ²	4.4	0.7	3.7	528.6 %
Foreign exchange loss ³	8.5	6.3	2.2	34.9 %
Share based compensation ⁴	3.6	4.4	(0.8)	(18.2)%
Adjusted EBITDA¹	(32.3)	7.0	(39.3)	(561.4)%
Income tax recovery	(48.2)	(7.6)	(40.6)	534.2 %
Finance costs	2.8	2.7	0.1	3.7 %
Depreciation and amortization	23.3	21.4	1.9	8.9 %
One-time income tax recovery ⁵	33.3	—	33.3	n.m.
Tax effect of normalization adjustments ⁶	3.3	3.0	0.3	10.0 %
Adjusted Net Loss¹	(46.8)	(12.5)	(34.3)	274.4 %
Cash used in operating activities	(8.8)	(6.2)	(2.6)	41.9 %
Changes in net working capital	(47.1)	(12.1)	(35.0)	289.3 %
Cash used in operating activities before net working capital changes	(55.9)	(18.3)	(37.6)	205.5 %
Cash used in investing activities	(19.0)	(21.6)	2.6	(12.0)%
Free Cash Flow¹	(74.9)	(39.9)	(35.0)	87.7 %

1) See "Non-IFRS Financial Measures".

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

Certain statements, other than statements of historical fact, contained in this MD&A 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 MD&A. 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 MD&A include, without limitation, statements with respect to: the Company’s intentions to issue guidance in the future (see “Outlook”); future growth expectations; financial position, cash flows and financial performance; drivers for such growth; the resolution of logistics problems; the program to achieve operational efficiencies; impact of acquisitions on future financial performance; the successful execution of its strategies for growth; the impacts of the COVID-19 pandemic on the Company; and the seasonality of financial results and performance.

Forward-looking statements are necessarily based upon management’s perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by management as of the date on which the statements are made in this MD&A, 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 MD&A, the material factors and assumptions used to develop the forward-looking information include, but are not limited to: the ability of factories to manufacture products, including labour size and allocation, tooling, raw material and component availability, ability to shift between product mix, and customer acceptance of delayed delivery dates; that the program designed to gain operational efficiencies will achieve the desired results; the expanded use of advanced technology, robotics and innovation the Company applies to its products will have a level of success consistent with its past experiences; the Company will continue to successfully secure broader licenses from third parties for major entertainment properties consistent with past practices; the expansion of sales and marketing offices in new markets will increase the sales of products in that territory; the Company will be able to successfully identify and integrate strategic acquisition opportunities; the Company will be able to maintain its distribution capabilities; the Company will be able to leverage its global platform to grow sales from acquired brands; the Company will be able to recognize and capitalize on opportunities earlier than its competitors; the Company will be able to continue to build and maintain strong, collaborative relationships; the Company will maintain its status as a preferred collaborator; the culture and business structure of the Company will support its growth; the current business strategies of the Company will continue to be desirable on an international platform; the Company will be able to expand its portfolio of owned branded intellectual property and successfully license it to third parties; use of advanced technology and robotics in the Company’s products will expand; access of entertainment content on mobile platforms will expand; fragmentation of the market will continue to create acquisition opportunities; the Company will be able to maintain its relationships with its employees, suppliers and retailers; the Company will continue to attract qualified personnel to support its development requirements; and the Company’s key personnel will continue to be involved in the Company products and entertainment properties will be launched as scheduled and that the risk factors noted in this MD&A, 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 MD&A. Such risks and uncertainties include, without limitation, the magnitude and length of economic disruption as a result of the COVID-19 pandemic and the factors discussed in the Company’s disclosure materials, including the Annual MD&A and the Company’s most recent AIF, filed with the securities regulatory authorities in Canada and available under the Company’s profile on SEDAR (www.sedar.com). These risk factors are not intended to represent a complete list of the factors that could affect the Company and investors are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided

for the purpose of providing information about management's expectations and plans relating to the future. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.