

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the “**Prospectus Supplement**”), together with the short form base shelf prospectus dated April 28, 2017 to which it relates (the “**Base Shelf Prospectus**”), as amended or supplemented, and each document deemed to be incorporated by reference into this Prospectus Supplement and the Base Shelf Prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell such securities.

The securities offered under this Prospectus Supplement have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See “**Plan of Distribution**”.

Information has been incorporated by reference in this Prospectus Supplement, and the Base Shelf Prospectus to which it relates, from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Spin Master Corp., at 225 King Street West, Suite 200, Toronto, Ontario, M5V 3M2 (telephone: 416-364-6002) and are also available electronically at www.sedar.com.

PROSPECTUS SUPPLEMENT

TO A SHORT FORM BASE SHELF PROSPECTUS DATED APRIL 28, 2017

Secondary Offering

August 8, 2018



Spin Master Corp.

C\$149,242,320

2,794,800 Subordinate Voting Shares

This Prospectus Supplement qualifies the distribution (the “**Offering**”) of 2,794,800 subordinate voting shares (“**Subordinate Voting Shares**”) of Spin Master Corp. (the “**Company**” or “**Spin Master**”) at a price of C\$53.40 per Subordinate Voting Share (the “**Offering Price**”) to be sold by Marathon Investment Holdings Ltd., Trumbanick Investments Ltd., LentilBerry Inc. and 1-R32 Foundation (collectively, the “**Selling Shareholders**”). The Subordinate Voting Shares to be sold by the Selling Shareholders will be issued to the Selling Shareholders by the Company immediately prior to the closing of the Offering upon the conversion by the Selling Shareholders of an equivalent number of multiple voting shares of the Company (“**Multiple Voting Shares**”) and, in the case of 1-R32 Foundation, Marathon Investment Holdings Ltd. will convert 279,500 Multiple Voting Shares into 279,500 Subordinate Voting Shares and transfer to 1-R32 Foundation, by way of gift, such Subordinate Voting Shares, to be sold by 1-R32 Foundation in this Offering. The Company will not receive any of the proceeds from the sale of Subordinate Voting Shares by the Selling Shareholders. See “**Selling Shareholders**” and “**Plan of Distribution**”.

The outstanding Subordinate Voting Shares and the Subordinate Voting Shares being distributed in the Offering are listed on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**TOY**”. On August 7, 2018, the last trading day completed prior to (i) the announcement of the Offering, and (ii) the date of this Prospectus Supplement, the closing price of the Subordinate Voting Shares on the TSX was C\$55.05. The Subordinate Voting Shares are “**restricted securities**” within the meaning of such term under applicable Canadian securities laws. See “**Description of the Securities Being Distributed**”.

Price: C\$53.40 per Subordinate Voting Share

	Price to the Public	Underwriters’ Fee⁽¹⁾	Net Proceeds to the Selling Shareholders⁽²⁾
Per Subordinate Voting Share.....	C\$53.40	C\$2.136	C\$51.264
Total Offering ⁽³⁾	C\$149,242,320	C\$5,969,692.80	C\$143,272,627.20

(1) The Selling Shareholders have agreed to pay the Underwriters (as defined below) a fee of C\$2.136 per Subordinate Voting Share sold by such Selling Shareholder (being 4.0% of the Offering Price) (the “**Underwriters’ Fee**”). The aggregate of the Underwriters’ Fee will be paid by the

Selling Shareholders on a pro rata basis from the proceeds of the Offering; however Marathon Investment Holdings Ltd. will be responsible for payment of the Underwriters' Fee attributable to 1-R32 Foundation. See "Plan of Distribution".

- (2) Before deducting expenses of the Offering estimated at C\$500,000, all of which will be paid by the Selling Shareholders on a pro rata basis from the proceeds of the Offering; however Marathon Investment Holdings Ltd. will pay the expenses of the Offering attributable to 1-R32 Foundation.
- (3) The Selling Shareholders (other than 1-R32 Foundation) have granted to the Underwriters an option (the "**Over-Allotment Option**"), exercisable at their sole discretion at any one time, in whole or in part, for a period of 30 days after the closing of the Offering, to purchase from the Selling Shareholders (other than 1-R32 Foundation), on a pro rata basis based on the number of Multiple Voting Shares converted by each Selling Shareholder (other than 1-R32 Foundation), at the Offering Price, up to an additional 419,220 Subordinate Voting Shares for the purpose of covering the Underwriters' over-allocation position, if any, and consequent market stabilization. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Selling Shareholders" before deducting the expenses of the Offering will be C\$171,628,668, C\$6,865,146.72 and C\$164,763,521.28, respectively. This Prospectus Supplement, together with the Base Shelf Prospectus, also qualifies the grant of the Over-Allotment Option. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position acquires those Subordinate Voting Shares pursuant to this Prospectus Supplement, together with the Base Shelf Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Selling Shareholders" and "Plan of Distribution – Over-Allotment Option".

The following table sets forth the number of Subordinate Voting Shares that may be sold by the Selling Shareholders to the Underwriters pursuant to the exercise of the Over-Allotment Option:

Underwriters' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option.....	Option to acquire up to 419,220 Subordinate Voting Shares	For a period of 30 days after the closing of the Offering	C\$53.40 per Subordinate Voting Share

The Subordinate Voting Shares are being offered pursuant to an underwriting agreement dated August 8, 2018 (the "**Underwriting Agreement**") among the Company, the Selling Shareholders and RBC Dominion Securities Inc., TD Securities Inc. (together with RBC Dominion Securities Inc., the "**Joint Bookrunners**"), CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Cormark Securities Inc., Barclays Capital Canada Inc., Canaccord Genuity Corp., Goldman Sachs Canada Inc. and Raymond James Ltd. (collectively, the "**Underwriters**"). The terms of the Offering were determined by negotiation between the Selling Shareholders and the Joint Bookrunners, on behalf of the Underwriters.

The Underwriters, as principals, conditionally offer the Subordinate Voting Shares qualified under this Prospectus Supplement, together with the Base Shelf Prospectus, subject to prior sale if, as and when sold and delivered by the Selling Shareholders and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters on behalf of the Company by Blake, Cassels & Graydon LLP, on behalf of the Selling Shareholders by Torkin Manes LLP, and on behalf of the Underwriters by Torys LLP.

In connection with the Offering, the Underwriters may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Subordinate Voting Shares at a price lower than the Offering Price. See "Plan of Distribution".**

Concurrently with this Offering and in a separate transaction, several of our executive officers (the "**Executive Officers**"), not including Ronnen Harary, Anton Rabie and Ben Varadi, will be selling an aggregate of 562,909 Subordinate Voting Shares (the "**Block Trade Shares**"), in trades over Canadian marketplaces, at the Offering Price for total gross proceeds of C\$30,059,340.60 (the "**Concurrent Block Trade**"). The Concurrent Block Trade is expected to close concurrently with the Offering. The completion of the Offering is not conditional upon the completion of the Concurrent Block Trade. The Block Trade Shares are not, nor are they required to be, qualified by this Prospectus Supplement, and will consequently not be subject to the purchasers' statutory rights of withdrawal and rescission described in this Prospectus Supplement. See "Plan of Distribution". In connection with the Offering, we will release certain Executive Officers from lock-up arrangements in order to permit such Executive Officers to complete the Concurrent Block Trade. See "Risk Factors – Future sales of a substantial amount of Spin Master's Subordinate Voting Shares may depress the price of Spin Master's Subordinate Voting Shares".

RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc. and Raymond James Ltd. are subsidiaries or affiliates of Canadian chartered banks that are lenders to the Company. Although the Company is not offering Subordinate Voting Shares pursuant to this Offering, it may be considered a "connected issuer" of the Underwriters who are affiliates of such lenders under applicable securities laws in Canada. See "Plan of Distribution – Relationship Between the Company and Certain of the Underwriters".

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about August 15, 2018, or on such later date as may be mutually agreed to by the Company, each Selling Shareholder and the Joint Bookrunners, on behalf of the Underwriters, but not later than September 30, 2018 (the “**Closing Date**”). The Subordinate Voting Shares to be sold in the Offering will be deposited with CDS Clearing and Depository Services Inc. (“**CDS**”) in electronic form on the Closing Date through the non-certificated inventory system administered by CDS. Purchasers of Subordinate Voting Shares under the Offering will receive only a customer confirmation from the registered dealer which is a CDS participant and from or through which the Subordinate Voting Shares are purchased.

An investment in the Subordinate Voting Shares is subject to a number of risks. A prospective purchaser should review this Prospectus Supplement, together with the Base Shelf Prospectus, in their entirety and carefully consider the risk factors described under “Risk Factors” and the risks identified in the documents incorporated by reference herein before purchasing Subordinate Voting Shares.

The head and registered office of the Company is located at 225 King Street West, Suite 200, Toronto, Ontario, M5V 3M2.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the Prospectus Supplement, which describes the terms of this Offering. The second part is the accompanying Base Shelf Prospectus, which provides more general information about the Company, its business and offerings it may undertake.

An investor should read this Prospectus Supplement along with the accompanying Base Shelf Prospectus. An investor should rely only on the information contained or incorporated by reference in this Prospectus Supplement or, for the purpose of the Offering, the accompanying Base Shelf Prospectus. None of the Company, the Selling Shareholders or any of the Underwriters has authorized any other person to provide investors with additional or different information. The information contained on the Company's corporate website is not intended to be included in or incorporated by reference into this Prospectus Supplement or the accompanying Base Shelf Prospectus. If anyone provides an investor with different or inconsistent information, the investor should not rely on it.

For investors outside Canada, none of the Company, the Selling Shareholders or any of the Underwriters has done anything that would permit the direct or indirect, offer, sale or delivery of any Subordinate Voting Shares or this Prospectus Supplement, together with the Base Shelf Prospectus or any other document to any person in any jurisdiction, except in a manner which will not require the Company or any Selling Shareholder to comply with the registration, prospectus, continuous disclosure, filing or other similar requirements under the applicable securities laws of any jurisdictions (other than in each Province of Canada). Investors are required to inform themselves about and to observe any restrictions relating to the Offering and the distribution of this Prospectus Supplement, together with the Base Shelf Prospectus.

Subject to the Company's obligations under applicable securities laws, the information contained in or incorporated by reference in this Prospectus Supplement, or for the purpose of the Offering, the accompanying Base Shelf Prospectus, is accurate only as of the date of the applicable document or any earlier date expressly stated within the applicable document, regardless of the time of delivery of this Prospectus Supplement along with the accompanying Base Shelf Prospectus or any sale of Subordinate Voting Shares under this Prospectus Supplement.

Unless otherwise noted or the context otherwise requires, all references in this Prospectus Supplement to "Spin Master" and the "Company" refer to Spin Master Corp. and its subsidiary entities, on a consolidated basis as constituted on the Closing Date.

If the information varies between this Prospectus Supplement and the Base Shelf Prospectus, the information in this Prospectus Supplement supersedes the information in the accompanying Base Shelf Prospectus.

In this Prospectus Supplement, references to "\$", "US\$" and "U.S. dollars" are to United States dollars and references to "C\$" and "Canadian dollars" are to Canadian dollars. Amounts are stated in United States dollars unless otherwise indicated. Certain totals, subtotals and percentages throughout this Prospectus Supplement may not reconcile due to rounding.

FORWARD-LOOKING STATEMENTS

Certain statements, other than statements of historical fact, contained in this Prospectus Supplement, the Base Shelf Prospectus and the documents incorporated herein or therein by reference constitute "forward-looking information" within the meaning of applicable 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. Forward-looking statements include, without limitation, statements of the Company with respect to: the completion of the Offering and the Concurrent Block Trade; the execution of ancillary agreements made in connection with the Offering; the business plans and strategies, including development and acquisition opportunities; intentions with respect to, and the ability to execute, its growth strategies; expectations regarding brand expansions; expectations regarding launching new products, brands and entertainment properties; the competitive position in the industry; anticipated trends and challenges in the Company's business and the markets in which it operates; the outcome of legal matters; and the intention to declare dividends.

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 forward-looking statements.

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, are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being incorrect.

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 those expressed or implied by such forward-looking information. Such factors include, without limitation, the following, which are discussed in greater detail in the “Risk Factors” section of this Prospectus Supplement: fluctuation of Subordinate Voting Share price; future sales of Subordinate Voting Shares; issuance of additional securities; payment of dividends; significant control over Spin Master’s business by Mr. Harary and Mr. Rabie; registration rights of the Principal Shareholders (as defined herein); control by Mr. Harary and Mr. Rabie of a majority of voting power; and limited voting rights of the Subordinate Voting Shares. 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.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference in the Base Shelf Prospectus solely for the purpose of the Offering. Other documents are also incorporated, or deemed to be incorporated, by reference in the Base Shelf Prospectus for the purpose of the Offering and reference should be made to the Base Shelf Prospectus for full particulars thereof.

As at the date of this Prospectus Supplement, the following documents, filed with the securities regulatory authorities in the jurisdictions in Canada in which the Company is a reporting issuer, are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and, for the purpose of the Offering, the Base Shelf Prospectus:

- (i) the annual information form of the Company for the year ended December 31, 2017 dated March 15, 2018 (the “**AIF**”);
- (ii) the management information circular of the Company dated March 7, 2018 regarding the annual general meeting of shareholders of the Company held on May 9, 2018;
- (iii) the audited annual consolidated financial statements of the Company for the years ended December 31, 2017 and December 31, 2016, together with the notes thereto, and the auditor’s report thereon;
- (iv) management’s discussion and analysis of financial condition and financial performance of the Company for the year ended December 31, 2017 (the “**Annual MD&A**”);
- (v) the unaudited consolidated interim financial statements of the Company for the three and six months ended June 30, 2018 and 2017, together with the notes thereto (the “**Q2 Financial Statements**”);
- (vi) management’s discussion and analysis of financial condition and financial performance of the Company for the three and six months ended June 30, 2018; and

(vii) the “template version” (as defined in National Instrument 41-101 – *General Prospectus Requirements* (“**NI 41-101**”)) of the term sheet dated August 7, 2018 (the “**Marketing Materials**”), filed on System for Electronic Document Analysis and Retrieval (“**SEDAR**”) in connection with the Offering.

Any statement contained in this Prospectus Supplement, the Base Shelf Prospectus or in a document incorporated or deemed to be incorporated by reference herein or in the Base Shelf Prospectus for the purpose of the Offering will be deemed to be modified or superseded for purposes of this Prospectus Supplement to the extent that a statement contained herein or in the Base Shelf Prospectus, or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein or, for the purpose of the Offering, in the Base Shelf Prospectus, modifies or supersedes that prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. Any statement so modified or superseded shall thereafter neither constitute, nor be deemed to constitute, a part of this Prospectus Supplement or the Base Shelf Prospectus or the documents incorporated herein or therein, except as so modified or superseded.

Any documents of the type required to be incorporated into a short form prospectus by item 11.1 of Form 44-101F1 – *Short Form Prospectus* (excluding confidential material change reports and excluding those portions of documents that are not required pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference herein) filed by the Company with a securities regulatory authority in the provinces of Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference in this Prospectus Supplement and, for the purpose of the Offering, in the Base Shelf Prospectus.

MARKETING MATERIALS

The Marketing Materials are available under the Company’s profile on SEDAR at www.sedar.com. The Marketing Materials are not part of this Prospectus Supplement or the Base Shelf Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in Prospectus Supplement, Base Shelf Prospectus or any amendment thereof.

In addition, any “template version” of any other “marketing materials” (each as defined in NI 41-101) filed in connection with the Offering after the date hereof but prior to the termination of the distribution of the Subordinate Voting Shares pursuant to the Offering is deemed to be incorporated by reference herein and, for the purpose of the Offering, in the Base Shelf Prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Torys LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”), on the date of the Offering, provided that the Subordinate Voting Shares acquired by investors pursuant to the Offering are then listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes the TSX), the Subordinate Voting Shares will, on that date, be “qualified investments” under the Tax Act for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered disability savings plans (“**RDSPs**”), deferred profit sharing plans, registered education savings plans (“**RESPs**”) and tax-free savings accounts (“**TFSA**s”), each as defined in the Tax Act.

Notwithstanding the foregoing, if a Subordinate Voting Share is a “prohibited investment” for a RRSP, RRIF, TFSA, RDSP or RESP for purposes of the Tax Act, the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP (as applicable) may be subject to a penalty tax under the Tax Act. A Subordinate Voting Share will not be a “prohibited investment” provided that the annuitant, holder or subscriber, as the case may be: (i) deals at arm’s length with the Company for purposes of the Tax Act; and (ii) does not have a “significant interest” in the Company (within the meaning of the Tax Act). Generally, an annuitant, holder or subscriber, as the case may be, will not have a “significant interest” in the Company provided the annuitant, holder or subscriber, together with persons with whom the annuitant, holder or subscriber does not deal at arm’s length, does not own (and is not deemed to own pursuant to the Tax Act), directly or indirectly, 10% or more of the issued shares of any class or series of the capital stock of the Company or of any other corporation that is related to the Company (for purposes of the Tax Act). In addition, a

Subordinate Voting Share will generally not be a “prohibited investment” for a RRSP, RRIF, TFSA, RDSP or RESP if the Subordinate Voting Share is an “excluded property” for such RRSP, RRIF, TFSA, RDSP and RESP for purposes of the Tax Act, as applicable. Prospective purchasers who intend to hold the Subordinate Voting Shares in a TFSA, RRSP, RDSP, RESP or RRIF should consult with their own tax advisors regarding whether Subordinate Voting Shares would be “prohibited investments” in their particular circumstances, including with respect to whether Subordinate Voting Shares would be “excluded property” in their particular circumstances.

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

The Company is authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares (provided that no additional Multiple Voting Shares may be issued except in connection with a subdivision or consolidation of Subordinate Voting Shares and Multiple Voting Shares on a pro rata basis as between the Subordinate Voting Shares and Multiple Voting Shares). As of the date hereof, there were 28,239,676 Subordinate Voting Shares and 73,549,812 Multiple Voting Shares issued and outstanding. For a general description of the Company’s share capital, including the terms of the Subordinate Voting Shares, see “Description of Share Capital” in the Base Shelf Prospectus and the documents incorporated by reference in this Prospectus Supplement, together with, for the purpose of the Offering, the Base Shelf Prospectus, including in the AIF in the section entitled “Description of Share Capital”.

PRINCIPAL SHAREHOLDERS AGREEMENT

The ownership, transfer and conversion of the Multiple Voting Shares by the holders of Multiple Voting Shares, Ronnen Harary, Anton Rabie and Ben Varadi (collectively, the “**Principal Shareholders**”) and their respective rights in certain governance matters are governed by an agreement among the Principal Shareholders and their respective affiliates that own Subordinate Voting Shares and Multiple Voting Shares, and the Company (the “**Principal Shareholders Agreement**”). In particular, the Principal Shareholders Agreement contains provisions concerning the Principal Shareholders’ pre-emptive rights, transfer restrictions and sale procedures, rights of first offer and drag along, demand registration rights and piggy back registration rights, each of which, to the extent applicable, has been complied with or waived in connection with this Offering. Certain of the provisions of the Principal Shareholders Agreement are also set out in the articles or by-laws of the Company. Further information regarding the Principal Shareholders Agreement is set out in the materials incorporated by reference in this Prospectus Supplement, together with, for the purpose of the Offering, the Base Shelf Prospectus, including the AIF in the section entitled “Material Contracts – Principal Shareholders Agreement – Pre-Emptive Rights”. A copy of the Principal Shareholders Agreement is available under the Company’s profile on SEDAR at www.sedar.com.

SELLING SHAREHOLDERS

The following table sets forth certain information regarding the Selling Shareholders’ ownership of shares before and after the completion of the Offering (assuming no exercise of the Over-Allotment Option) and the Concurrent Block Trade. All shares shown below are owned beneficially and of record by the Selling Shareholders.

Name of Shareholder	Shares Beneficially Owned prior to the Offering		Shares Being Distributed in the Offering ⁽¹⁾	Shares Beneficially Owned Upon Completion of the Offering and Completion of the Concurrent Block Trade	
	Number	% of Class	Number	Number	% of Class
Marathon Investment Holdings Ltd. ⁽²⁾⁽⁶⁾					
Subordinate Voting Shares	—	— ⁽⁷⁾	652,100	—	— ⁽⁸⁾
Multiple Voting Shares	31,114,001	42.3	—	30,182,401	42.7
Trumbanick Investments Ltd. ⁽³⁾⁽⁶⁾					
Subordinate Voting Shares	—	— ⁽⁷⁾	931,600	—	— ⁽⁸⁾
Multiple Voting Shares	31,432,116	42.7	—	30,500,516	43.1
LentilBerry Inc. ⁽⁴⁾⁽⁶⁾					
Subordinate Voting Shares	—	— ⁽⁷⁾	931,600	—	— ⁽⁸⁾
Multiple Voting Shares	8,401,465	11.4	—	7,469,865	10.6
1-R32 Foundation ⁽⁵⁾					
Subordinate Voting Shares	—	— ⁽⁷⁾	279,500	—	— ⁽⁸⁾

- (1) The Subordinate Voting Shares to be sold by the Selling Shareholders in this Offering will be issued to the Selling Shareholders by the Company immediately prior to the closing of this Offering upon the conversion by the Selling Shareholders of an equivalent number of Multiple Voting Shares, and in the case of 1-R32 Foundation, Marathon Investment Holdings Ltd. will convert 279,500 Multiple Voting Shares into 279,500 Subordinate Voting Shares and transfer to 1-R32 Foundation, by way of gift, such Subordinate Voting Shares, to be sold by 1-R32 Foundation in this Offering.
- (2) Ronnen Harary directly and indirectly controls all of the outstanding voting securities of Marathon Investment Holdings Ltd. Ronnen Harary beneficially owns 31,223,073 Multiple Voting Shares, representing approximately 42.4% of the Multiple Voting Shares. Upon completion of the Offering (assuming no exercise of the Over-Allotment Option), Ronnen Harary will beneficially own 30,291,473 Multiple Voting Shares, representing approximately 42.8% of the Multiple Voting Shares, and assuming exercise of the Over-Allotment Option in full, 30,151,733 Multiple Voting Shares, representing approximately 42.9% of the Multiple Voting Shares. In addition, Ronnen Harary directly owns, and upon completion of the Offering, will continue to own, 14,102 Subordinate Voting Shares, representing approximately 0.05% of the Subordinate Voting Shares as of the date hereof (0.04% upon completion of the Offering whether or not the Over-Allotment Option is exercised).
- (3) Anton Rabie indirectly controls all of the outstanding voting securities of Trumbanick Investments Ltd. Anton Rabie beneficially owns 31,468,473 Multiple Voting Shares, representing approximately 42.8% of the Multiple Voting Shares. Upon completion of the Offering (assuming no exercise of the Over-Allotment Option), Anton Rabie will beneficially own 30,536,873 Multiple Voting Shares, representing approximately 43.2% of the Multiple Voting Shares, and assuming exercise of the Over-Allotment Option in full, 30,397,133 Multiple Voting Shares, representing approximately 43.2% of the Multiple Voting Shares. In addition, Anton Rabie directly owns, and upon completion of the Offering, will continue to own, 14,102 Subordinate Voting Shares, representing approximately 0.05% of the Subordinate Voting Shares as of the date hereof (0.04% upon completion of the Offering whether or not the Over-Allotment Option is exercised).
- (4) Ben Varadi indirectly controls all of the outstanding voting securities of LentilBerry Inc. Ben Varadi beneficially owns 10,858,266 Multiple Voting Shares, representing approximately 14.8% of the Multiple Voting Shares. Upon completion of the Offering (assuming no exercise of the Over-Allotment Option), Ben Varadi will beneficially own 9,926,666 Multiple Voting Shares, representing approximately 14.0% of the Multiple Voting Shares, and assuming exercise of the Over-Allotment Option in full, 9,786,926 Multiple Voting Shares, representing approximately 13.9% of the Multiple Voting Shares. In addition, Ben Varadi directly owns, and upon completion of the Offering, will continue to own, 14,102 Subordinate Voting Shares, representing approximately 0.05% of the Subordinate Voting Shares as of the date hereof (0.04% upon completion of the Offering whether or not the Over-Allotment Option is exercised).
- (5) Ronnen Harary directly and indirectly controls 1-R32 Foundation through his ability to elect the board of directors of 1-R32 Foundation. As 1-R32 Foundation will not own any Multiple Voting Shares or Subordinate Voting Shares upon completion of this Offering, in the event that the Over-Allotment Option is exercised, Marathon Investment Holdings Ltd. shall be entitled to sell such number of Subordinate Voting Shares as 1-R32 Foundation would have otherwise been obligated to sell to the Underwriters pursuant to the exercise of the Over-Allotment Option.
- (6) Under the Principal Shareholders Agreement, the Principal Shareholders provide Ronnen Harary and Anton Rabie with the authority to vote their Subordinate Voting Shares, Multiple Voting Shares, any Subordinate Voting Shares into which those Multiple Voting Shares are converted, and any Multiple Voting Shares and Subordinate Voting Shares that may be subsequently acquired and held by them or any of their respective Permitted Holders (as such term is defined in the Principal Shareholders Agreement). See "Principal Shareholders Agreement". Accordingly, Ronnen Harary and Anton Rabie each currently jointly controls (and will control upon completion of the Offering) 100% of the votes attached to the Multiple Voting Shares, while Ben Varadi currently controls (and will control upon completion of the Offering) 0% of the votes attached to the Multiple Voting Shares.
- (7) On a fully-diluted basis, assuming all outstanding securities issued by the Company are converted into or exercised, exchanged or redeemed for Subordinate Voting Shares (including the conversion of all Multiple Voting Shares for an equivalent number of Subordinate Voting Shares), Ronnen Harary would currently beneficially own 31,366,595 Subordinate Voting Shares, representing approximately 30.3% of the Subordinate Voting Shares, Anton Rabie would currently beneficially own 31,611,995 Subordinate Voting Shares, representing approximately 30.5% of the Subordinate Voting Shares, and Ben Varadi would currently beneficially own 11,009,165 Subordinate Voting Shares, representing approximately 10.6% of the Subordinate Voting Shares. The holdings of each of Ronnen Harary, Anton Rabie and Ben Varadi include the Subordinate Voting Shares pursuant to grants under the Company's Long Term Incentive Plan. The calculations have assumed all outstanding securities issued by the Company under the Long Term Incentive Plan are converted into or exercised, exchanged or redeemed for Subordinate Voting Shares; however some may be cash settled.
- (8) On a fully-diluted basis, upon completion of this Offering (assuming no exercise of the Over-Allotment Option) and the Concurrent Block Trade, assuming all outstanding securities issued by the Company are converted into or exercised, exchanged or redeemed for Subordinate Voting Shares (including the conversion of all Multiple Voting Shares for an equivalent number of Subordinate Voting Shares), Ronnen Harary would beneficially own 30,434,995 Subordinate Voting Shares, representing approximately 29.4% of the Subordinate Voting Shares, Anton Rabie would beneficially own 30,680,395 Subordinate Voting Shares, representing approximately 29.6% of the Subordinate Voting Shares, and Ben Varadi would beneficially own 10,077,565 Subordinate Voting Shares, representing approximately 9.7% of the Subordinate Voting Shares. On a fully-diluted basis, upon completion of this Offering (assuming the exercise of the Over-Allotment Option in full) and the Concurrent Block Trade, assuming all outstanding securities issued by the Company are converted into or exercised, exchanged or redeemed for Subordinate Voting Shares (including the conversion of all Multiple Voting Shares for an equivalent number of Subordinate Voting Shares), Ronnen Harary would beneficially own 30,295,255 Subordinate Voting Shares, representing approximately 29.2% of the Subordinate Voting Shares, Anton Rabie would beneficially own 30,540,655 Subordinate Voting Shares, representing approximately 29.5% of the Subordinate Voting Shares, and Ben Varadi would beneficially own 9,937,825 Subordinate Voting Shares, representing approximately 9.6% of the Subordinate Voting Shares. The holdings of each of Ronnen Harary, Anton Rabie and Ben Varadi include the Subordinate Voting Shares pursuant to grants under the Company's Long Term Incentive Plan. The calculations have assumed all outstanding securities issued by the Company under the Long Term Incentive Plan are converted into or exercised, exchanged or redeemed for Subordinate Voting Shares; however some may be cash settled.

USE OF PROCEEDS

The net proceeds of the Offering to be received by the Selling Shareholders, after deducting the Underwriters' Fee (the aggregate of which will be paid by the Selling Shareholders, on a pro rata basis, other than 1-R32 Foundation, from the proceeds of the Offering) and the expenses of the Offering (all of which will be paid, on a pro rata basis, by the Selling Shareholders, other than 1-R32 Foundation, from the proceeds of the Offering), are expected to be approximately C\$142,772,627.20. Marathon Investment Holdings Ltd. will be responsible for payment of the portion of the Underwriters' Fee and expenses of the Offering attributable to 1-R32 Foundation. The net proceeds of the Concurrent Block Trade will be payable to the Executive Officers.

The Company will not receive any of the proceeds of the Offering or any of the proceeds from the Concurrent Block Trade by the Executive Officers.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the Company's share or loan capital on a consolidated basis since June 30, 2018, being the end of the period covered by the Q2 Financial Statements.

PRIOR ISSUANCES

In the 12-month period prior to the date of this Prospectus Supplement, the Company has granted 10,757 deferred share units, in accordance with the terms and pricing provisions (i.e., market value) of its Deferred Share Unit Plan for Non-Employee Directors, and 226,610 performance share units, 88,509 restricted share units and 135,312 options, in accordance with the terms and pricing provisions (i.e., market value) of its Company's Long Term Incentive Plan.

In the 12-month period prior to the date of this Prospectus Supplement, the Company has issued 113,582 Subordinate Voting Shares pursuant to the exercise of performance share units, restricted share units and options, in accordance with the terms and pricing provisions of its Company's Long Term Incentive Plan.

TRADING PRICE AND VOLUME

The outstanding Multiple Voting Shares are not quoted or listed for trading on a marketplace. The outstanding Subordinate Voting Shares are listed on the TSX under the symbol "TOY". The following table sets forth, for the 12-month period prior to the date of this Prospectus Supplement, the reported high and low prices and the aggregate volume of trading of the Subordinate Voting Shares on the TSX:

Period	Price (C\$)		Trading Volume
	High	Low	
2017			
August.....	48.40	37.45	1,981,375
September	48.99	41.73	3,199,550
October	52.05	47.20	2,193,796
November	54.07	43.73	2,000,149
December.....	54.54	51.73	937,653
2018			
January.....	54.75	51.79	957,089
February.....	57.30	49.44	1,095,442
March.....	61.76	51.13	2,435,605
April.....	53.26	45.86	2,121,979
May.....	55.24	47.07	2,201,683
June.....	59.16	49.34	1,596,760
July	59.40	52.13	1,561,353
August (1-7).....	57.50	52.18	612,636

Source: TSX MarketData

PLAN OF DISTRIBUTION

General

Pursuant to the Underwriting Agreement, the Selling Shareholders have agreed to sell and the Underwriters have severally agreed to purchase, as principals, on the Closing Date, subject to the terms and conditions set forth in the Underwriting Agreement, 2,794,800 Subordinate Voting Shares being offered at the Offering Price of C\$53.40 per Subordinate Voting Share, for aggregate gross proceeds of C\$149,242,320 payable in cash by the Underwriters to the Selling Shareholders, against delivery of the Subordinate Voting Shares. The Company will not receive any of the proceeds of the sale of Subordinate Voting Shares by the Selling Shareholders.

It is expected that closing of the Offering will occur on or about August 15, 2018, or such other date as may be mutually agreed to by the Company, each Selling Shareholder and the Joint Bookrunners, on behalf of the Underwriters. The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events. Such events include, but are not limited to: (i) if any enquiry, action, suit, investigation or other proceeding is instituted or announced or any order is made by any federal, provincial, state or other governmental authority in relation to the Company or the Selling Shareholders, or there is any change in law, or the interpretation or administration thereof, or there is a general moratorium on banking activities in Canada declared by relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services, which, in any such cases, in the opinion of any of the Underwriters, acting reasonably, operates to materially impact, prevent or restrict the distribution or trading of the Subordinate Voting Shares; (ii) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any outbreak or escalation of national or international hostilities or any crisis or calamity or any governmental action, law, regulation, inquiry or other similar occurrence which, in the reasonable opinion of any of the Underwriters, materially adversely affects or may materially adversely affect the financial markets in Canada or in the United States or the business, operations or affairs of the Company and its subsidiaries, taken as a whole; or any inquiry, investigation or other proceeding, or order, ruling or other pronouncement is issued or announced under or pursuant to any relevant statute or by any stock exchange or other regulatory authority, which, in the reasonable opinion of any of the Underwriters, operates to prevent, suspend, restrict, inhibit or otherwise adversely affect the trading in, or which materially adversely impacts the market price or value of the Subordinate Voting Shares; (iii) if there should occur, be discovered by the Underwriters or be announced by the Company or the Selling Shareholders, any material change, change in any material fact or new material fact such as is contemplated by the Underwriting Agreement which, in the opinion of any of the Underwriters, has or could be reasonably expected to have a significant adverse effect on the market price or value of the Subordinate Voting Shares or could reasonably be expected to result in the purchasers of a material number of Subordinate Voting Shares exercising their rights under applicable securities laws to withdraw from or rescind their purchase thereof or sue for damages in respect thereof; and (iv) any breach or failure by the Company or the Selling Shareholders to comply with its conditions contained in the Underwriting Agreement in all material respects shall entitle any of the Underwriters to terminate its obligations to purchase the Subordinate Voting Shares. The Underwriters are, however, severally obligated to take up and pay for all of the Subordinate Voting Shares that they have agreed to purchase if any of the Subordinate Voting Shares are purchased under the Underwriting Agreement.

Subscriptions for Subordinate Voting Shares will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice.

The Company and the Selling Shareholders (other than 1-R32 Foundation) have agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under Canadian securities legislation, and to contribute to any payments the Underwriters may be required to make in respect thereof. The Company and the Selling Shareholders (other than 1-R32 Foundation) have agreed to indemnify one another against liabilities with respect to certain information related solely to the respective party and furnished in writing to the other for use in this Prospectus Supplement. Marathon Investment Holdings Ltd. will be responsible for the payment of any indemnity attributable to 1-R32 Foundation.

The Offering is being made in each of the provinces of Canada. The Subordinate Voting Shares will be offered in each of the provinces of Canada through those Underwriters or their affiliates who are registered to offer the Subordinate Voting Shares for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Subordinate Voting Shares outside of Canada.

The Subordinate Voting Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of states in the United States and, subject to certain exemptions from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold in the United States. The Underwriters have agreed that they will not offer or sell the Subordinate Voting Shares within the United States except to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in transactions in accordance with the exemption from registration under the U.S. Securities Act provided by Rule 144A thereunder. The Underwriters will offer and sell the Subordinate Voting Shares outside the United States in accordance with Rule 903 of Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Subordinate Voting Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration provisions of the U.S. Securities Act unless made in compliance with Rule 144A or another exemption under the U.S. Securities Act. This Prospectus Supplement, together with the Base Shelf Prospectus, does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Subordinate Voting Shares in the United States.

In connection with this Offering, certain of the Underwriters or securities dealers may distribute this Prospectus Supplement, together with the Base Shelf Prospectus, electronically.

Over-Allotment Option

The Selling Shareholders (other than 1-R32 Foundation) have granted to the Underwriters the Over-Allotment Option, exercisable at their sole discretion at any one time, in whole or in part, for a period of 30 days after the Closing Date, to purchase from the Selling Shareholders, on a pro rata basis, at the Offering Price, up to 419,220 Subordinate Voting Shares for the purpose of covering the Underwriters' over allocation position, if any, and consequent market stabilization. This Prospectus Supplement, together with the Base Shelf Prospectus, also qualifies the grant of the Over-Allotment Option. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position acquires those Subordinate Voting Shares pursuant to this Prospectus Supplement, together with the Base Shelf Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Price Stabilization, Short Positions and Passive Market Making

In connection with this Offering, the Underwriters may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Subordinate Voting Shares while this Offering is in progress. These transactions may also include making short sales of the Subordinate Voting Shares, which involve the sale by the Underwriters of a greater number of Subordinate Voting Shares than they are required to purchase in this Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount. The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Subordinate Voting Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Subordinate Voting Shares available for purchase in the open market compared with the price at which they may purchase Subordinate Voting Shares through the Over-Allotment Option. If, following the closing of this Offering, the market price of the Subordinate Voting Shares decreases, the short position created by the over-allocation position in Subordinate Voting Shares may be filled through purchases in the market, creating upward pressure on the price of the Subordinate Voting Shares. If, following the closing of this Offering, the market price of Subordinate Voting Shares increases, the over-allocation position in Subordinate Voting Shares may be filled through the exercise of the Over-Allotment Option in respect of Subordinate Voting Shares at this Offering Price.

The Underwriters must close out any naked short position by purchasing Subordinate Voting Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Subordinate Voting Shares in the open market that could adversely affect investors who purchase Subordinate Voting Shares in this Offering. Any naked short sales will form part of the Underwriters' over-allocation position. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position resulting from any covered short sales or naked short sales will, in each case, acquire such Subordinate Voting Shares under this Prospectus Supplement, together with the Base Shelf Prospectus,

regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Subordinate Voting Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Subordinate Voting Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Subordinate Voting Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Subordinate Voting Shares are listed, in the over-the-counter market, or otherwise.

Pricing of the Offering

The Offering Price of the Subordinate Voting Shares has been determined by negotiation among the Selling Shareholders and the Joint Bookrunners, on behalf of the Underwriters.

The Underwriters propose to offer the Subordinate Voting Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Subordinate Voting Shares at the Offering Price, the price may be decreased and may be further changed from time to time, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Subordinate Voting Shares is less than the Offering Price paid by the Underwriters to the Selling Shareholders. Any such reduction will not affect the net proceeds received by the Selling Shareholders.

Fees

In consideration for their services in connection with the Offering, the Selling Shareholders have agreed to pay the Underwriters a fee equal to C\$2.136 per Subordinate Voting Share sold by such Selling Shareholder (being 4.0% of the Offering Price), including any Subordinate Voting Shares to be sold by the Selling Shareholders (other than 1-R32 Foundation) pursuant to any exercise of the Over-Allotment Option.

The total Underwriters' Fee for the Offering will be paid proportionately by each of the Selling Shareholders based on the respective number of Subordinate Voting Shares sold by each pursuant to this Offering; however, Marathon Investment Holdings Ltd. will be responsible for payment of the Underwriters' Fee attributable to 1-R32 Foundation.

Lock-Up Arrangements

The Company and each Selling Shareholder has agreed, without the prior written consent of the Joint Bookrunners, on behalf of the Underwriters, such consent not to be unreasonably withheld, not to, directly or indirectly, during the period ending 90 days after the closing of this Offering (the "**Black-Out Period**"): (a) create, allot, authorize, offer, issue, secure, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, directly or indirectly, any Subordinate Voting Share, rights to purchase such Subordinate Voting Share or any securities convertible into or exercisable or exchangeable for such Subordinate Voting Share; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Subordinate Voting Share, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of such Subordinate Voting Share or such other securities or interests, in cash or otherwise, or agree to do any of the foregoing, with the exception of: (i) for purposes of director, officer, employee or consultant incentive plans; (ii) in connection with the Company's Long Term Incentive Plan and other share compensation arrangements; and (iii) in the case of each of the Selling Shareholders, directly or indirectly, and their respective "Related Principals" (in the case of Marathon Investment Holdings Ltd., Ronnen Harary; in the case of Trumbanick Investments Ltd., Anton Rabie; in the case of LentilBerry Inc., Ben Varadi; and in the case of 1-R32 Foundation, Ronnen Harary), (A) bona fide gifts to the immediate family of the Related Principal, provided the recipient thereof agrees in writing with the Joint Bookrunners to be bound by the terms of

the applicable lock-up agreement; (B) bona fide gifts, contributions and donations of Subordinate Voting Shares, having a value of up to \$10 million in the aggregate, to one or more private charitable foundations established by Ronnen Harary and/or Anton Rabie, provided the recipient thereof agrees in writing with the Joint Bookrunners to be bound by the terms of the applicable lock-up agreement; (C) bona fide gifts, contributions and donations of Subordinate Voting Shares, having a value of up to \$3 million in the aggregate, to one or more Canadian registered charities, provided the recipient thereof agrees in writing with the Joint Bookrunners to be bound by the terms of the applicable lock-up agreement; (D) dispositions to any trust for the direct or indirect benefit of the Related Principal and/or the immediate family of the Related Principal of each applicable Selling Shareholder, provided that such trust agrees in writing with the Joint Bookrunners to be bound by the terms of the applicable lock-up agreement; (E) in the case of Related Principals, transfers to “Permitted Holders” (as defined in, and in accordance with the provisions of, the Principal Shareholders Agreement), provided they agree to be bound by the terms of the applicable lock-up agreement; (F) the cashless exercise of any vested options; or (G) pursuant to a bona fide third party take-over bid made to all shareholders of the Company or similar acquisition transaction, provided that in the event that the take-over bid or acquisition transaction is not completed, any securities of the Company held by the applicable Selling Shareholder shall remain subject to the restrictions contained in the applicable lock-up agreement.

In addition, the Company has agreed to use its commercially reasonable efforts to cause each of its directors and executive officers of the Company to execute agreements, in favour of the Underwriters, agreeing not to, directly or indirectly, create, allot, authorize, offer, issue, secure, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, directly or indirectly, any Subordinate Voting Shares, rights to purchase such Subordinate Voting Shares or any securities convertible into or exercisable or exchangeable for such Subordinate Voting Shares, during the Black-Out Period, unless: (a) they first obtain the prior written consent of the Joint Bookrunners (on their own behalf and on behalf of the other Underwriters), which consent will not be unreasonably withheld or delayed; or (b) there occurs a take-over bid or similar transaction involving a change of control of the Company, and subject to such other customary exceptions as may be agreed by the Company and the Joint Bookrunners (including, for greater certainty, the Concurrent Block Trade), provided that each executive officer of the Company who is not resident in Canada will be permitted to sell such quantity of Subordinate Voting Shares as may be required to fund the payment of income tax obligations with respect to any vesting or release from escrow during the Black-Out Period, of any of the Company’s share-based compensation arrangements with such executive officer if (and only if) the Concurrent Block Trade closes on a date that is not the Closing Date.

Relationship Between the Company and Certain of the Underwriters

Each of RBC Dominion Securities Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc. and Raymond James Ltd. is a subsidiary or affiliate of a bank that is a lender to the Company. Consequently, the Company may be considered to be a “connected issuer” of such Underwriters under applicable Canadian securities laws. Spin Master is in compliance with all covenants contained in its credit agreement and none of the lenders has waived a breach of the credit agreement since its execution. Other than as disclosed in this Prospectus Supplement, the financial position of the Company has not materially changed since the execution of the credit agreements. The decision to sell the Subordinate Voting Shares and the determination of the terms of the Offering were made through negotiation between the Selling Shareholders and the Joint Bookrunners, on behalf of the Underwriters. The Canadian chartered banks of which such Underwriters are affiliates did not have any involvement in such decision or determination, although such Canadian chartered banks may be advised of this Offering and the terms thereof. As a consequence of this Offering, each of such Underwriters will receive its proportionate share of the Underwriters’ Fee (see “– Fees”).

Non-Certificated Inventory System

No certificates representing the Subordinate Voting Shares to be sold in this Offering will be issued to purchasers under this Prospectus Supplement; registration will be made in the depository service of CDS, or to its nominee, and electronically deposited with CDS on the Closing Date. Each purchaser of Subordinate Voting Shares will receive only a customer confirmation of purchase from the participants in the CDS depository service (“**CDS Participants**”) from or through which such Subordinate Voting Shares are purchased, in accordance with the practices and procedures of such CDS Participant. Transfers of ownership of Subordinate Voting Shares in Canada will be effected through records maintained by the CDS Participants, which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book-entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly.

RISK FACTORS

An investment in securities of the Company involves significant risks. Investors should carefully consider the risks described below, together with all of the other information and risk factors contained in and incorporated by reference into this Prospectus Supplement or, for the purpose of the Offering, into the Base Shelf Prospectus, before deciding whether to invest in the Subordinate Voting Shares. In particular, see “Risk Factors” in the Base Shelf Prospectus and the AIF and “Financial Risk Management” and “Risks Relating to Spin Master’s Business” in the Annual MD&A. If any of the following or other risks occur, the Company’s business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the ability of the Company to make distributions to holders of Subordinate Voting Shares could be adversely affected, the trading price of securities of the Company could decline and investors could lose all or part of their investment in such securities. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks.

Risks Related to this Offering

Spin Master’s Subordinate Voting Share price will fluctuate and an investor may not be able to sell its Subordinate Voting Shares at or above the Offering Price.

The market price for Spin Master’s Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control, including the following: actual or anticipated fluctuations in the Company’s quarterly financial performance; changes in estimates of the Company’s future financial performance; changes in forecasts, estimates or recommendations of industry or securities research analysts regarding the Company’s future financial performance or financial condition; changes in the economic operating performance or market valuations of other companies in the industry in which Spin Master operates or of other companies that investors deem comparable to the Company; additions to or departures of the Company’s senior management team or other key employees; release or expiration of lock-up or other transfer restrictions on outstanding Subordinate Voting Shares or securities convertible into Subordinate Voting Shares; sales or perceived sales of additional Subordinate Voting Shares; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or the Company’s competitors; and news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in Spin Master’s industry or target markets.

Financial markets have in the past experienced significant price and volume fluctuations that have particularly affected the market prices of companies’ equity securities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if Spin Master’s business, financial condition, financial performance or prospects have not changed. As well, certain institutional investors may base their investment decisions on consideration of the Company’s environmental, governance and social practices and performance against such institutions’ respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Subordinate Voting Shares by those institutions, which could materially adversely affect the trading price of the Subordinate Voting Shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil occur, the Company’s business, financial condition and performance could be materially adversely impacted and the trading price of Spin Master’s Subordinate Voting Shares could also be materially adversely affected.

Future sales of a substantial amount of Spin Master’s Subordinate Voting Shares may depress the price of Spin Master’s Subordinate Voting Shares.

If Spin Master’s shareholders sell substantial amounts of Spin Master’s Subordinate Voting Shares in the public market, the market price of Spin Master’s Subordinate Voting Shares could decline. These sales also might make it more difficult for the Company to sell its equity or equity-related securities in the future at a time and price that it deems appropriate.

Spin Master may issue additional securities in the future, including preferred shares.

Spin Master’s articles of amalgamation, as amended, provide that it may issue an unlimited number of Subordinate Voting Shares, an unlimited number of Multiple Voting Shares (provided that no additional Multiple Voting Shares may be issued except in connection with a subdivision or consolidation of Subordinate Voting Shares and

Multiple Voting Shares on a pro rata basis as between the Subordinate Voting Shares and Multiple Voting Shares), and an unlimited number of preferred shares, issuable in one or more series, subject to the rules of any stock exchange on which the Company's securities may be listed from time to time and the Principal Shareholders Agreement. If Spin Master were to issue any additional Subordinate Voting Shares or preferred shares or such other classes of authorized shares that are convertible or exchangeable for Subordinate Voting Shares, the percentage ownership of existing shareholders may be reduced and diluted. The Company cannot foresee the terms and conditions of any future offerings of its securities nor the effect of such offerings on the market price of Subordinate Voting Shares. Any issuance of a significant percentage of the Company's securities, or the perception that such issuances may occur, could have a material adverse effect on the market price of Subordinate Voting Shares and limit the Company's ability to fund its operations through capital raising transactions in the future.

Spin Master has no present plans to issue any preferred shares. However, the board of directors of the Company (the "Board") has the authority to issue preferred shares and determine the price, designation, rights (including voting and dividend rights), preferences, privileges, restrictions and conditions of these shares and determine to whom they shall be issued.

Spin Master currently does not anticipate paying dividends on the Subordinate Voting Shares.

Spin Master currently intends to retain any future earnings to fund the development and growth of its business and does not currently anticipate paying dividends on the Subordinate Voting Shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant.

Mr. Harary and Mr. Rabie, acting jointly, have significant control over Spin Master's business and significant transactions and investors may not have the same corporate governance protections they would have if the Company were not a majority controlled company.

Mr. Harary and Mr. Rabie, acting jointly, control a majority of the voting power of the Company and are entitled to select 80% of the nominees for election as directors of Spin Master. As a result, for so long as they either directly or indirectly maintain a significant voting interest in the Company, they will have the ability to exert substantial influence over many matters affecting Spin Master's business, policies and affairs, including:

- the composition of the Board and, through the Board, any determination with respect to the business plans and policies, including the appointment and removal of its officers;
- determinations with respect to acquisitions of businesses, mergers or other business combinations; and
- the Company's capital structure, including financing activities.

In addition, except as provided in the Principal Shareholders Agreement, if Mr. Harary and Mr. Rabie are unable to agree on matters that are to be voted upon, the Multiple Voting Shares and Subordinate Voting Shares that are subject to the Principal Shareholders Agreement shall be voted against the Company taking such action (or in the case of a take-over bid, not tendered).

The Subordinate Voting Shares may be less liquid and trade at a discount relative to the trading that could occur in circumstances where Mr. Harary and Mr. Rabie did not have the ability to significantly influence or determine matters affecting the Company. Additionally, Mr. Harary's and Mr. Rabie's significant voting interest in the Company may discourage transactions involving a change of control of the Company, including transactions in which an investor, as a holder of Subordinate Voting Shares, might otherwise receive a premium for its Subordinate Voting Shares over the then-current market price.

Also, in addition to the approval of the Board, the approval of the shareholders is required for any takeover, merger, sale of substantially all of the Company's assets or similar transaction, which will require the approval of Mr. Harary and Mr. Rabie for so long as they directly or indirectly own Multiple Voting Shares. The interests of Mr. Harary and Mr. Rabie may not be consistent with the interests of the other shareholders of the Company.

Registration rights of the Principal Shareholders could result in a significant reduction in the market price of the Subordinate Voting Shares.

In accordance with Spin Master's articles of amalgamation, the Multiple Voting Shares can be converted at any time by the Principal Shareholders into Subordinate Voting Shares. The Principal Shareholders have the right to oblige the Company to arrange the sale of any or all of their Subordinate Voting Shares by way of a prospectus pursuant to the Principal Shareholders Agreement. Any sale of Subordinate Voting Shares by the Principal Shareholders by way of prospectus or otherwise could significantly reduce the market price of the Subordinate Voting Shares and impede Spin Master's ability to raise capital through the issuance of additional Subordinate Voting Shares.

Mr. Harary and Mr. Rabie, acting jointly, control a majority of Spin Master's voting power, which may reduce the likelihood that the Company may be acquired by a third party and that investors will receive a premium upon a change of control.

Mr. Harary and Mr. Rabie acting jointly have the sole ability to transfer control of Spin Master, which may reduce the likelihood of transactions involving a change of control of the Company, including transactions in which an investor as a holder of the Subordinate Voting Shares might otherwise receive a premium for its Subordinate Voting Shares over the then-current market price.

The limited voting rights of Spin Master's Subordinate Voting Shares could negatively affect the Company's attractiveness to investors and may adversely affect its market value.

The holders of Spin Master's Subordinate Voting Shares and its Multiple Voting Shares generally have similar voting rights, except that holders of Spin Master's Subordinate Voting Shares are entitled to one vote per share and holders of Spin Master's Multiple Voting Shares are entitled to 10 votes per share. In addition, the holders of Spin Master's Multiple Voting Shares have various additional rights, including pre-emptive, registration, nomination and conversion rights attached to the Multiple Voting Shares. The different rights of Spin Master's Subordinate Voting Shares and its Multiple Voting Shares could diminish the value of Spin Master's Subordinate Voting Shares to the extent that investors or any potential future purchasers of Spin Master's Subordinate Voting Shares attribute value to the superior voting or other rights of its Multiple Voting Shares.

Potential Acquisition and Investment Opportunities.

The Company evaluates business and growth opportunities and continues to consider a number of acquisition, investment and disposition opportunities to achieve its business and growth strategies. In the normal course, the Company is engaged in discussions with respect to potential acquisition, investment and disposition opportunities, and other business opportunities and may have outstanding non-binding letters of intent or conditional agreements which may or may not be material. However, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any acquisition, investment or disposition would be or that such acquisition, investment or disposition will be completed by the Company. If the Company does complete such transactions, the Company cannot assure that they will ultimately strengthen its competitive position or that they will not be viewed negatively by customers, securities analysts or investors. Such transactions may also involve significant commitments of the Company's financial and other resources. Any such activity may not be successful in generating revenue, income or other returns to the Company, and the resources committed to such activities will not be available to the Company for other purposes.

LEGAL MATTERS

Certain Canadian legal matters relating to the Subordinate Voting Shares offered under this Prospectus Supplement will be passed upon for the Company by Blake, Cassels & Graydon LLP and for the Selling Shareholders by Torkin Manes LLP. Certain Canadian legal matters relating to the Offering will be passed upon for the Underwriters by Torsys LLP. As at the date hereof, the partners and associates of each of Blake, Cassels & Graydon LLP, Torkin Manes LLP and Torsys LLP beneficially own, directly or indirectly, less than 1% of any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of any associate or affiliate of the Company.

PROMOTERS

Each of Marathon Investment Holdings Ltd., Trumbanick Investments Ltd. and LentilBerry Inc. was considered to be a promoter of the Company, within the past two years, within the meaning of Canadian provincial securities legislation. As of the date of this Prospectus Supplement, the assets of Marathon Investment Holdings Ltd., a company directly and indirectly controlled by Ronnen Harary, consist of limited assets beyond the beneficial ownership of 31,114,001 Multiple Voting Shares (approximately 42.3% of the outstanding Multiple Voting Shares) and no Subordinate Voting Shares, the assets of Trumbanick Investments Ltd., a company indirectly controlled by Anton Rabie, consist of limited assets beyond the beneficial ownership of 31,432,116 Multiple Voting Shares (approximately 42.7% of the outstanding Multiple Voting Shares) and no Subordinate Voting Shares, and the assets of LentilBerry Inc., a corporation indirectly controlled by Ben Varadi, consist of limited assets beyond the beneficial ownership of 8,401,465 Multiple Voting Shares (approximately 11.4% of the outstanding Multiple Voting Shares) and no Subordinate Voting Shares. Pursuant to the Principal Shareholders Agreement amongst such parties, Messrs. Harary and Rabie also jointly control all Multiple Voting Shares and Subordinate Voting Shares held by the Principal Shareholders. Further information regarding the companies that may be considered to be promoters of the Company is set out in the materials incorporated by reference in this Prospectus Supplement, together with, for purpose of the Offering, the Base Shelf Prospectus.

Upon completion of this Offering and assuming no exercise of the Over-Allotment Option, Marathon Investment Holdings Ltd. will own 30,182,401 Multiple Voting Shares (approximately 42.7% of the outstanding Multiple Voting Shares), Trumbanick Investments Ltd. will own 30,500,516 Multiple Voting Shares (approximately 43.1% of the outstanding Multiple Voting Shares) and LentilBerry Inc. will own 7,469,865 Multiple Voting Shares (approximately 10.6% of the outstanding Multiple Voting Shares). Upon completion of this Offering if the Over-Allotment Option is exercised in full, Marathon Investment Holdings Ltd. will own 30,042,661 Multiple Voting Shares (approximately 42.7% of the outstanding Multiple Voting Shares), Trumbanick Investments Ltd. will own 30,360,776 Multiple Voting Shares (approximately 43.2% of the outstanding Multiple Voting Shares) and LentilBerry Inc. will own 7,330,125 Multiple Voting Shares (approximately 10.4% of the outstanding Multiple Voting Shares). See "Selling Shareholders" and "Use of Proceeds".

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

Only the sale of Subordinate Voting Shares under this Prospectus Supplement is subject to the above purchaser's statutory rights of withdrawal and rescission. The Block Trade Shares that may be reoffered by the Underwriters to purchasers concurrently with the Offering are not, nor are they required to be, qualified by this Prospectus Supplement, and are consequently not subject to the above purchasers' statutory rights of withdrawal and rescission. See "Plan of Distribution".

CERTIFICATE OF THE SELLING SHAREHOLDERS

Dated: August 8, 2018

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

MARATHON INVESTMENT
HOLDINGS LTD.

(SIGNED) RONNEN HARARY
PRESIDENT

TRUMBANICK
INVESTMENTS LTD.

(SIGNED) ANTON RABIE
PRESIDENT

LENTILBERRY INC.

(SIGNED) BEN VARADI
PRESIDENT

1-R32 FOUNDATION

(SIGNED) RONNEN HARARY
CHAIR

CERTIFICATE OF THE UNDERWRITERS

Dated: August 8, 2018

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

RBC DOMINION SECURITIES INC.

BY: (SIGNED) MATTHEW PITTMAN

TD SECURITIES INC.

BY: (SIGNED) SANJAY NAKRA

CIBC WORLD MARKETS INC.

BY: (SIGNED) RYAN VOEGELI

BMO NESBITT BURNS INC.

BY: (SIGNED) BRAD FRASER

NATIONAL BANK FINANCIAL INC.

BY: (SIGNED) MISTINE LAUZON

CORMARK SECURITIES INC.

BY: (SIGNED) ALFRED AVANESSY

BARCLAYS CAPITAL CANADA
INC.

CANACCORD GENUITY CORP.

GOLDMAN SACHS CANADA INC.

RAYMOND JAMES LTD.

BY: (SIGNED) ALAN S. MAYNE

BY: (SIGNED) JASON ROBERTSON

BY: (SIGNED) ANDREW PUCHER

BY: (SIGNED) GLENN GATCLIFFE