



Fourth Quarter 2023 Earnings

(Unaudited Results)

February 7, 2024



Cautionary Note Regarding Forward-Looking Statements / Presentation Information

Mattel cautions the viewer that this presentation contains a number of forward-looking statements, which are statements that relate to the future and are, by their nature, uncertain. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and include statements regarding Mattel's guidance and goals for future periods and other future events. The use of words such as "anticipates," "expects," "intends," "plans," "projects," "look forward," "confident that," "believes," and "targeted," among others, generally identify forward-looking statements. These forward-looking statements are based on currently available operating, financial, economic, and other information and assumptions, and are subject to a number of significant risks and uncertainties. A variety of factors, many of which are beyond Mattel's control, could cause actual future results to differ materially from those projected in the forward-looking statements. Specific factors that might cause such a difference include, but are not limited to: (i) Mattel's ability to design, develop, produce, manufacture, source, ship, and distribute products on a timely and cost-effective basis; (ii) sufficient interest in and demand for the products and entertainment Mattel offers by retail customers and consumers to profitably recover Mattel's costs; (iii) downturns in economic conditions affecting Mattel's markets which can negatively impact retail customers and consumers, and which can result in lower employment levels and lower consumer disposable income and spending, including lower spending on purchases of Mattel's products; (iv) other factors which can lower discretionary consumer spending, such as higher costs for fuel and food, drops in the value of homes or other consumer assets, and high levels of consumer debt; (v) potential difficulties or delays Mattel may experience in implementing cost savings and efficiency enhancing initiatives; (vi) other economic and public health conditions or regulatory changes in the markets in which Mattel and its customers and suppliers operate, which could create delays or increase Mattel's costs, such as higher commodity prices, labor costs or transportation costs, or outbreaks of disease; (vii) the effect of inflation on Mattel's business, including cost inflation in supply chain inputs and increased labor costs, as well as pricing actions taken in an effort to mitigate the effects of inflation; (viii) currency fluctuations, including movements in foreign exchange rates, which can lower Mattel's net revenues and earnings, and significantly impact Mattel's costs; (ix) the concentration of Mattel's customers, potentially increasing the negative impact to Mattel of difficulties experienced by any of Mattel's customers, such as bankruptcies or liquidations or a general lack of success, or changes in their purchasing or selling patterns; (x) the inventory policies of Mattel's retail customers, as well as the concentration of Mattel's revenues in the second half of the year, which coupled with reliance by retailers on quick response inventory management techniques increases the risk of underproduction, overproduction, and shipping delays; (xi) legal, reputational, and financial risks related to security breaches or cyberattacks; (xii) work disruptions, including as a result of supply chain disruption such as plant or port closures, which may impact Mattel's ability to manufacture or deliver product in a timely and cost-effective manner; (xiii) the impact of competition on revenues, margins, and other aspects of Mattel's business, including the ability to offer products that consumers choose to buy instead of competitive products, the ability to secure, maintain, and renew popular licenses from licensors of entertainment properties, and the ability to attract and retain talented employees and adapt to evolving workplace models; (xiv) the risk of product recalls or product liability suits and costs associated with product safety regulations; (xv) changes in laws or regulations in the United States and/or in other major markets, such as China, in which Mattel operates, including, without limitation, with respect to taxes, tariffs, trade policies, or product safety, which may increase Mattel's product costs and other costs of doing business, and reduce Mattel's earnings and liquidity; (xvi) business disruptions or other unforeseen impacts due to economic instability, political instability, civil unrest, armed hostilities (including the impact of the war in Ukraine and geopolitical developments in the Middle East), natural and manmade disasters, pandemics or other public health crises, such as the COVID-19 pandemic, or other catastrophic events; (xvii) failure to realize the planned benefits from any investments or acquisitions made by Mattel; (xviii) the impact of other market conditions or third party actions or approvals, including those that result in any significant failure, inadequacy, or interruption from vendors or outsourcers, which could reduce demand for Mattel's products, delay or increase the cost of implementation of Mattel's programs, or alter Mattel's actions and reduce actual results; (xix) changes in financing markets or the inability of Mattel to obtain financing on attractive terms; (xx) the impact of litigation, arbitration, or regulatory decisions or settlement actions; (xxi) Mattel's ability to navigate regulatory frameworks in connection with new areas of investment, product development, or other business activities, such as non-fungible tokens and cryptocurrency; and (xxii) other risks and uncertainties as may be described in Mattel's filings with the Securities and Exchange Commission, including the "Risk Factors" section of Mattel's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and subsequent periodic filings, as well as in Mattel's other public statements. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so, except as required by law.

The financial results included herein represent the most current information available to management and are preliminary until Mattel's Form 10-K is filed with the SEC. Actual results may differ from these preliminary results.

To supplement our financial results presented in accordance with generally accepted accounting principles in the United States ("GAAP"), Mattel presents certain non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The non-GAAP financial measures that Mattel uses in this presentation may include Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Other Selling and Administrative Expenses, Adjusted Operating Income (Loss), Adjusted Operating Income (Loss) Margin, Adjusted Earnings (Loss) Per Share, earnings before interest expense, taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA, Free Cash Flow, Free Cash Flow Conversion (Free Cash Flow/Adjusted EBITDA), Leverage Ratio (Total Debt/Adjusted EBITDA), Net Debt, Adjusted Tax Rate, and constant currency. Mattel uses these measures to analyze its continuing operations and to monitor, assess and identify meaningful trends in its operating and financial performance, and each is discussed below. Mattel believes that the disclosure of non-GAAP financial measures provides useful supplemental information to investors to be able to better evaluate ongoing business performance and certain components of Mattel's results. These measures are not, and should not be viewed as, substitutes for GAAP financial measures and may not be comparable to similarly-titled measures used by other companies. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are attached to this presentation as an appendix. In addition, Mattel presents changes in gross billings, a key performance indicator, as a metric for comparing its aggregate, categorical, brand, and geographic results to highlight significant trends in Mattel's business. Changes in gross billings are discussed because, while Mattel records the details of sales adjustments in its financial accounting systems at the time of sale, such sales adjustments are generally not associated with categories, brands, and individual products.

For comparability, point-of-sale ("POS") and consumer demand data exclude the impact related to Mattel's Russia business, due to Mattel's decision to pause all shipments into Russia in 2022.

Who We Are

Mattel is a leading global toy company and owner of one of the strongest catalogs of children's and family entertainment franchises in the world. We engage consumers through our portfolio of iconic brands, as well as other popular intellectual properties that we own or license in partnership with global entertainment companies. Our offerings include film and television content, gaming and digital experiences, music and live events. Founded in 1945, we operate in 35 locations and our products are available in more than 150 countries in collaboration with the world's leading retail and e-commerce companies.

Our Purpose

Empower the next generation to explore the wonder of childhood and reach their full potential.

Our Mission

Create innovative products and experiences that inspire, entertain and develop children through play.





Q4 and FY 2023 Chairman and CEO Perspective

2023 was a milestone year for Mattel

Q4 results saw meaningful sales growth and margin expansion

Consumer demand for our product increased and we continued to outpace the industry¹

Full year sales comparable to prior year with Gross Margin expansion and significant increase in cash flow

Execution on toy strategy was strong considering retail inventory headwind and industry decline

Made meaningful progress on our entertainment strategy across film, television, digital and publishing

Achieved investment grade rating and resumed share repurchases for the first time since 2014

Ended 2023 with the strongest balance sheet we have had in years

Extended leadership in key toy categories and gained significant share overall, achieved extraordinary success with the Barbie movie, and further strengthened our financial position

Q4 and FY 2023 Chairman and CEO Perspective (continued)

Mattel outpaced the industry in Q4 and full year¹

Fourth quarter:

- Net Sales increased 16%, or 14% in constant currency²
- Adjusted Gross Margin² improved 570 bps to 48.8%
- Adjusted EBITDA² increased 48% to \$234 million
- POS³ up low-single digits and up in three of four regions

Full year:

- Net Sales comparable, or down 1% in constant currency, with growth in three of four regions
- Adjusted Gross Margin improved 160 bps to 47.5%
- Adjusted EBITDA was \$948 million, a decline of 2%
- Free Cash Flow² increased by \$453 million to \$709 million
- Ended 2023 with over \$1.2 billion of cash, after utilizing \$203 million to repurchase shares
- POS up low-single digits and up in three of four regions



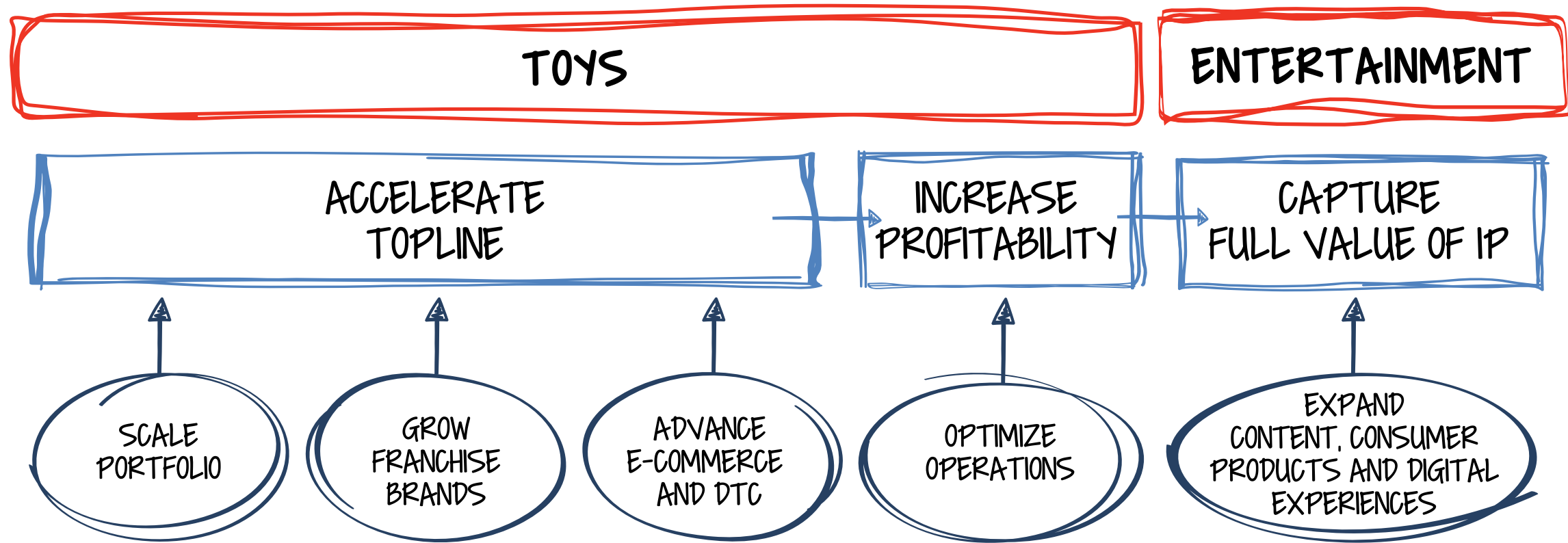
Worked closely with retail partners to meet the demand for our product

(1) Source: Circana/Retail Tracking Service/G10/OCT-DEC 2023 & JAN-DEC 2023/Total Toys/Projected Dollars
 (2) Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator
 (3) POS: Mattel internal analysis, at wholesale; excludes American Girl
 ©2024 Mattel, Inc. All Rights Reserved.



Mattel's Strategy

Grow IP-Driven Toy Business and Expand Entertainment Offering



Our mission is to create innovative products and experiences that inspire, entertain and develop children through play

Mattel's Strategy – Grow IP-driven Toy Business



Scaling portfolio, growing franchise brands, and advancing e-commerce and DTC

Barbie was the #1 Doll property globally and #2 toy property overall¹

Hot Wheels achieved its 6th consecutive record year

Monster High relaunched globally, and was the fastest-growing doll property¹

Disney Princess and Frozen performance was strong

ITPS continued to optimize and expanded its Little People collector business

Mattel Creations continued to grow, with user traffic up over 90%

Industry leading 15 TOTY nominations and 7 awards



Successfully relaunched catalogue IP and continued to strengthen relationships with major entertainment partners and key retailers

Mattel's Strategy – Expand Entertainment Offering



Break-out year for Mattel's entertainment business

Barbie movie was a cultural phenomenon, achieving largest global box-office of 2023 and the 14th largest box-office of all time¹

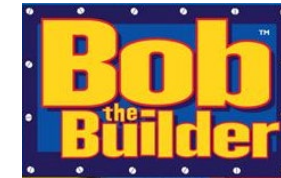
Recently announced first animated movie, Bob the Builder, and partnership with Paramount to develop the American Girl live-action film

Mattel Television premiered 12 series and specials, including Monster High, Hot Wheels, Polly Pocket, Barbie, Thomas & Friends, Fireman Sam, and Pictionary, as well as a Monster High movie sequel

Released Hot Wheels Unleashed 2 Turbocharged and launched first standalone game for Barbie on Roblox

Mattel163 joint venture grew revenues to almost \$200 million

Launched book publishing business, Mattel Press



Demonstrated the power of our IP and demand creation capabilities

(1) Source: Warner Bros.



Operations and Capital Deployment

Executing business strategy and advancing capital deployment priorities

Successfully concluded Optimizing for Growth Program; Achieved \$343 million of annualized savings, well beyond initial target of \$250 million and revised target of \$300 million

Optimizing for Profitable Growth (OPG), a new three-year program will target \$200 million of annualized savings between 2024 and 2026

Mattel's Board of Directors recently approved a new \$1 billion share repurchase authorization

Julius Genachowski and Dawn Ostroff have joined Mattel's Board of Directors, with Todd Bradley and Ann Lewnes stepping down

Chris Farrell appointed Chief Strategy Officer

Continue to execute our multi-year strategy to grow our IP-driven toy business and expand our entertainment offering, and to create long-term shareholder value



2024 Guidance

Emphasizing profitability, gross margin expansion, and strong cash flow

Expect Net Sales in constant currency¹ to be comparable to prior year, Adjusted EPS¹ to be \$1.35-\$1.45, and Free Cash Flow¹ of approx. \$500 million

In line with capital deployment priorities, intend to explore M&A and other corporate development opportunities, as well as repurchase shares

Drivers include, Barbie's 65th anniversary celebration and related activations, as well as innovation in new segments and play patterns; Hot Wheels will expand die-cast universe and benefit from new series on Netflix; Fisher-Price will expand core product lines, introduce an exciting new segment, and extend its license entertainment offerings; Challenger categories will bring more innovative product to market

Continued progress on film and television entertainment slate, as well as digital and live experiences

Expect Mattel's full year POS² to be comparable to 2023

Believe we are well positioned competitively and will continue to outpace the industry and gain share

Expect to grow sales and earnings in 2025

(1) Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator

(2) POS: Mattel internal analysis, at wholesale; excludes American Girl



Financial Review



Q4 and FY 2023 P&L Highlights

Strong Q4 with double-digit top and bottom-line growth

(in millions, except EPS, percentages and bps)	Q4 2023	YOY Change	FY 2023	YOY Change
Net Sales <i>Constant Currency</i>	\$1,621	+16% +14%	\$5,441	- -1%
Adjusted Gross Margin¹	48.8%	+570 bps	47.5%	+160 bps
Adjusted Operating Income¹	\$147	+\$68	\$641	-\$47
Adjusted EPS¹	\$0.29	+\$0.11	\$1.23	-\$0.02
Adjusted EBITDA¹	\$234	+\$76	\$948	-\$21
Free Cash Flow¹			\$709	+\$453



Significant Gross Margin expansion in Q4 and full year

(1) Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator



Q4 and FY 2023 Gross Billings¹ by Category

Strong growth in Q4; Dolls and Vehicles grew double digits in the full year

	Worldwide Gross Billings (as reported; \$ in millions)	Q4 YOY Growth (%)		FY YOY Growth (%)	
		As Reported	Constant Currency ¹	As Reported	Constant Currency
Dolls	763	29%	27%	15%	13%
Vehicles	475	18%	15%	13%	11%
Infant, Toddler, and Preschool	292	9%	7%	-10%	-12%
Action Figures, Building Sets, Games and Other	311	3%	1%	-24%	-25%
Total		18%	16%	1%	-1%



Mattel outpaced the industry and gained 70 basis points of global market share²

(1) Amounts may not add due to rounding. In constant currency, unless otherwise stated. Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator.

(2) Source: Circana/Retail Tracking Service/G9/JAN-DEC 2023/Total Toys/Projected Dollars



Q4 and FY 2023 Gross Billings¹ by Region

Growth in Q4 primarily driven by North America

	Gross Billings (as reported; \$ in millions)	Q4 YOY Growth (%)		FY YOY Growth (%)	
		As Reported	Constant Currency	As Reported	Constant Currency
North America ²	936	33%	33%	1%	1%
EMEA	456	6%	1%	-5%	-7%
Latin America	224	10%	1%	13%	3%
Asia Pacific	119	5%	6%	7%	11%



Shipping patterns returned to historical trends, favorably impacting fourth quarter performance in comparison to the prior year

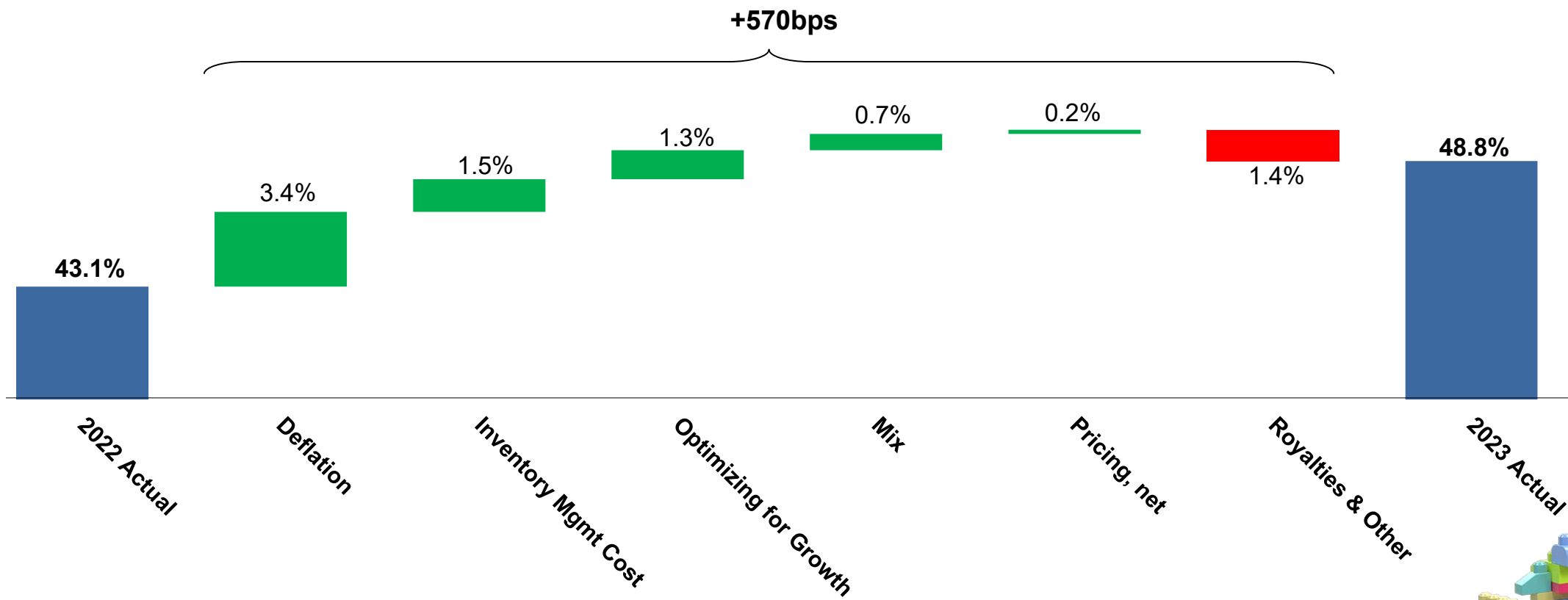
(1) In constant currency, unless otherwise stated. Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator

(2) Excludes American Girl



Q4 2023 Adjusted Gross Margin¹ Comparison

Significant increase in Adjusted Gross Margin, up 570 bps



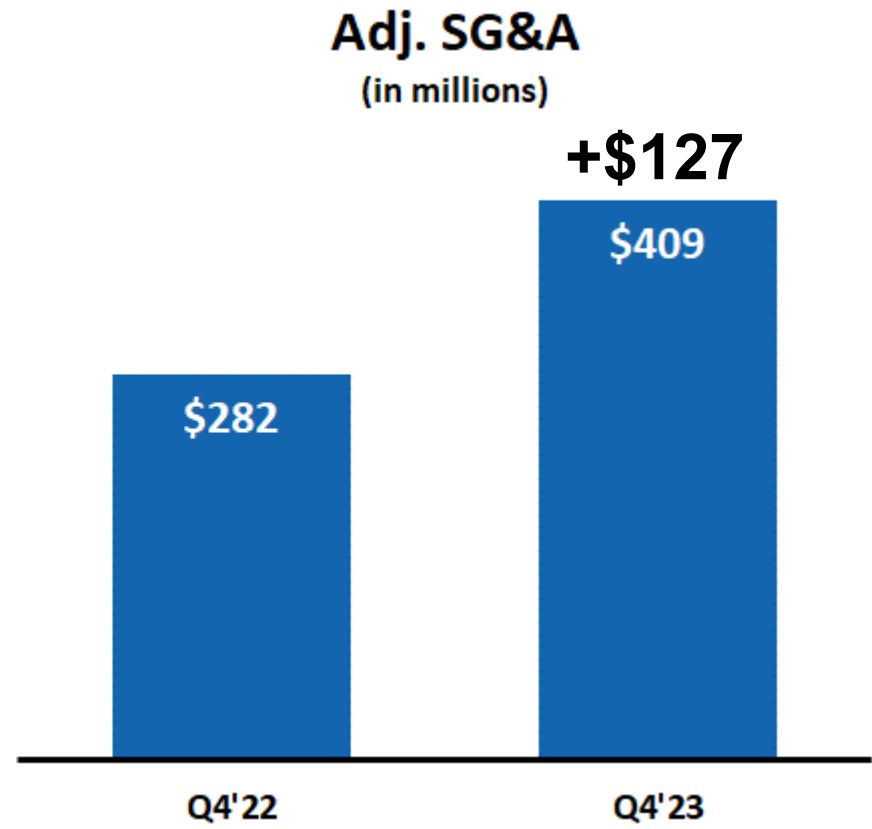
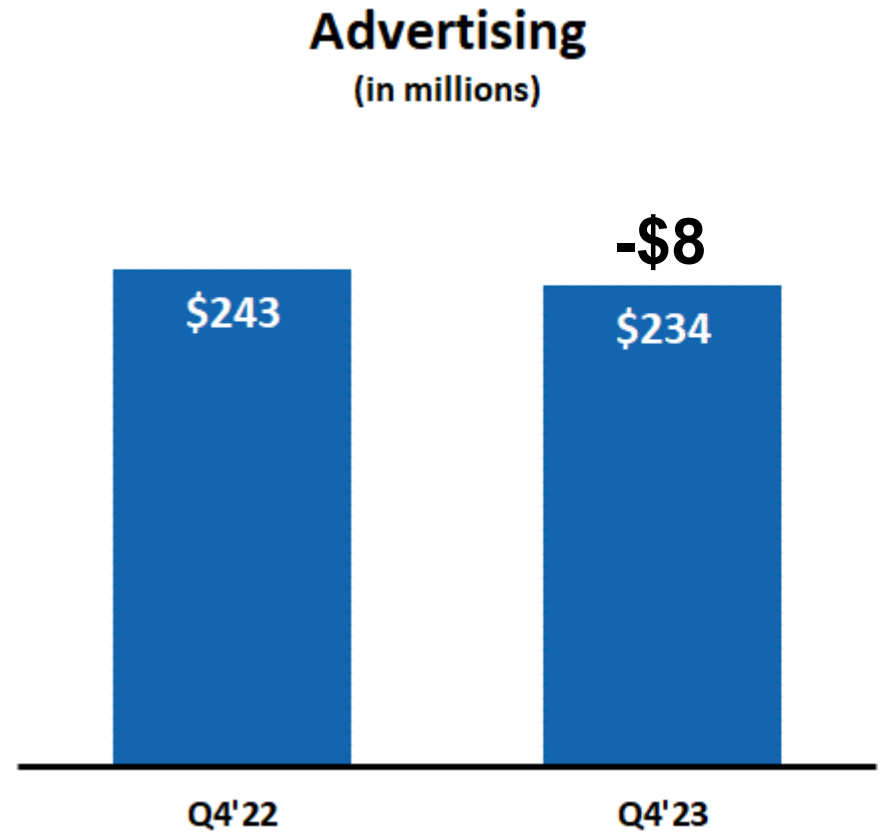
Benefited from cost deflation, lower inventory management costs, cost savings, and pricing

(1) Amounts may not add due to rounding. Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator



Q4 2023 Advertising and Adjusted SG&A¹

Advertising reflects shift of spend, Adjusted SG&A up due to incentive comp.



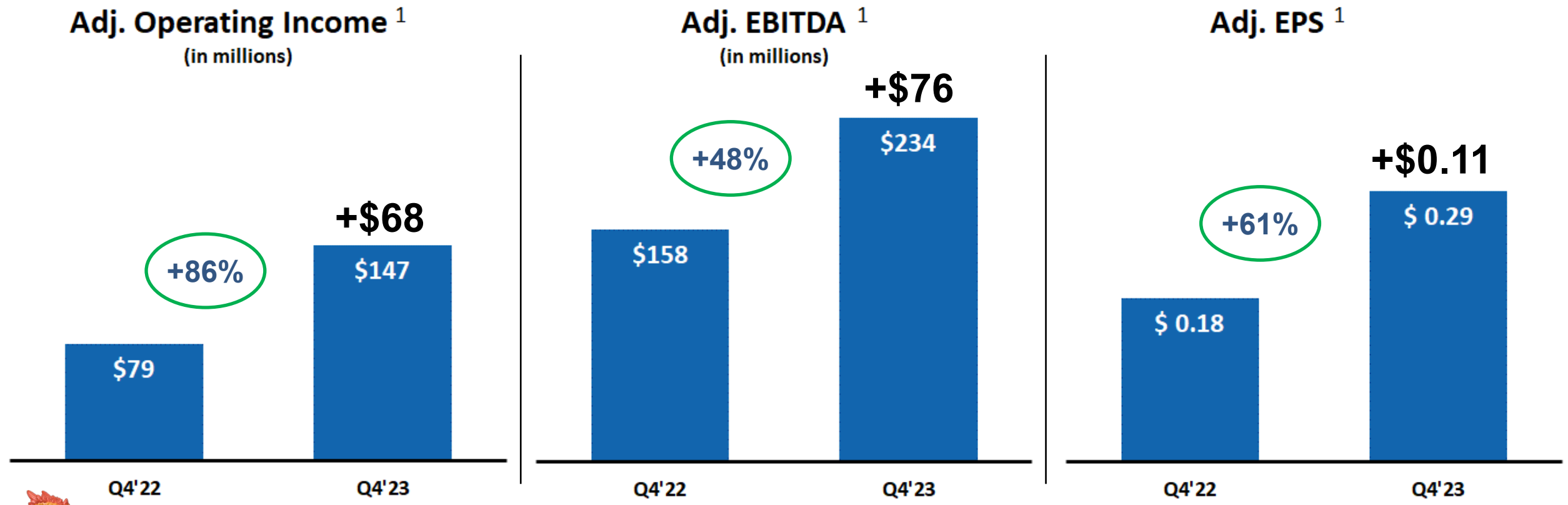
Expect 2024 Advertising and SG&A to remain relatively stable as a percent of net sales

(1) Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator
©2024 Mattel, Inc. All Rights Reserved.



Q4 2023 Adjusted Profit Metrics

Profit increase driven primarily by Net Sales growth and margin expansion



Adjusted EPS increased by 61% and benefited from share repurchase activity

(1) Amounts may not add due to rounding. Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator
©2024 Mattel, Inc. All Rights Reserved.



2023 Cash Flow

Significant cash flow; benefited from improved working capital performance

(in millions) ^{1,2}	FY 2023	FY 2022
Net Income	\$214	\$394
Depreciation & Amortization	\$177	\$182
Share-Based Compensation	\$83	\$69
Other Non-Cash Charges	\$273	\$202
Changes in Working Capital & Other	\$122	(\$404)
Cash from Operations	\$870	\$443
Capital Expenditures	(\$160)	(\$187)
Free Cash Flow¹	\$709	\$256

Free Cash Flow¹ conversion was 75% compared to 26% in the prior year



(1) Amounts may not add due to rounding. Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator

(2) Certain prior period amounts have been reclassified to conform to the current period presentation.



2023 Balance Sheet Highlights

Significant progress reducing owned inventory

(in millions)	Q4 2023	Q4 2022
Cash	\$1,261	\$761
Debt	\$2,330	\$2,326
Accounts Receivable	\$1,082	\$860
Inventory	\$572	\$894
Leverage Ratio (Total Debt / Adj. EBITDA)¹	2.5x	2.4x



Meaningfully improved financial position; Cash balance over \$1.2 billion

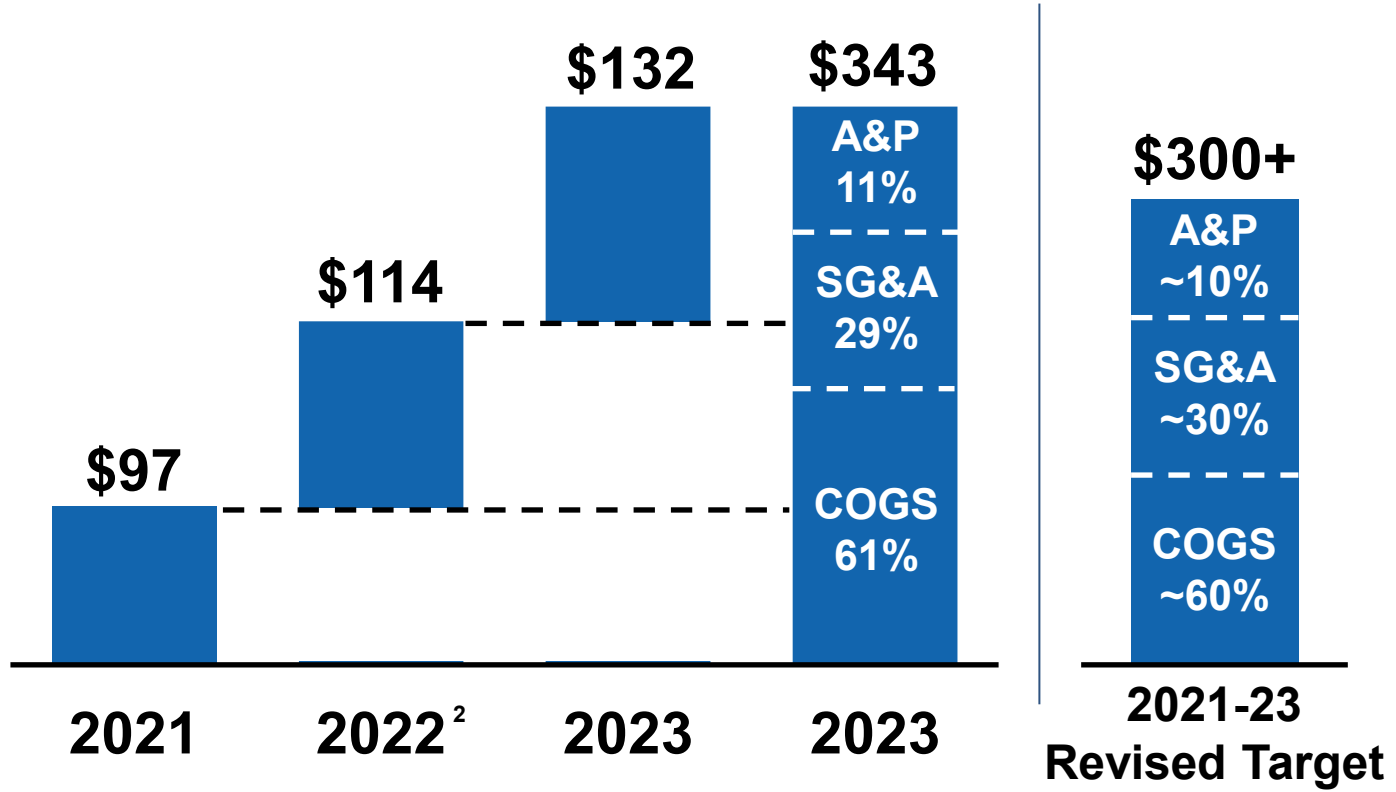
(1) Includes Short-Term Borrowings and Long-Term Debt, including Current Portion. Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator ©2024 Mattel, Inc. All Rights Reserved.



2021-2023 Optimizing For Growth (OFG)

Concluded program with Q4 2023 savings of \$46 million

Cumulative Savings¹



2023 savings of \$132 million

Total program savings of \$343 million

Total cash expenditures of \$170 million



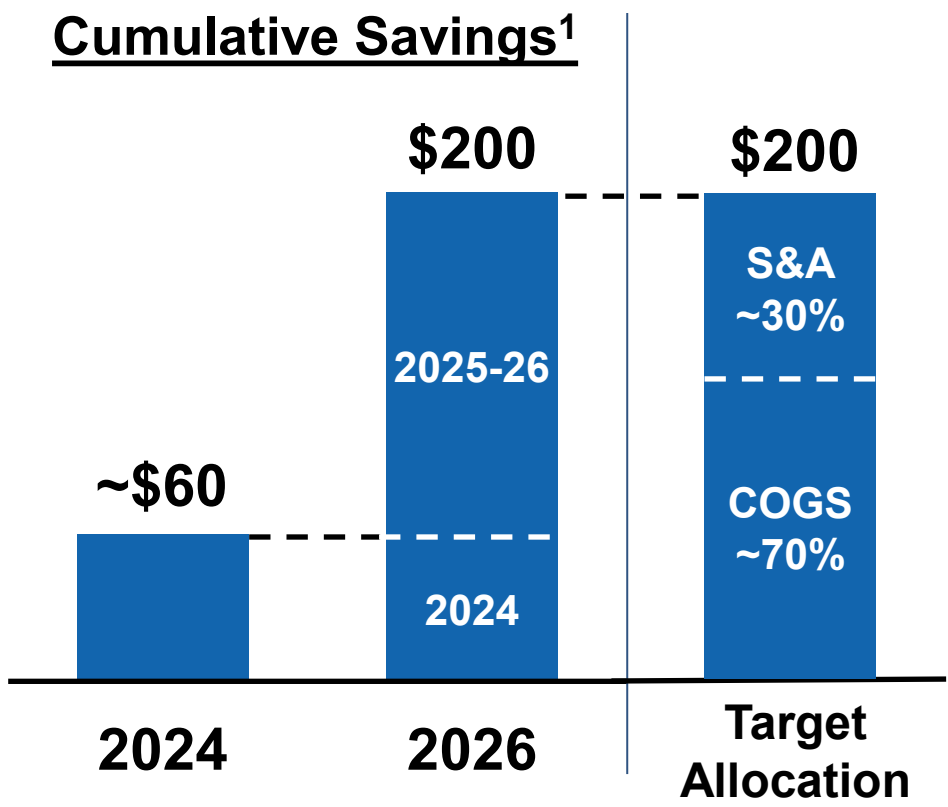
Significantly exceeded initial target of \$250 million and revised goal of \$300 million

(1) In Millions. Amounts may not add due to rounding. Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator

(2) Mattel's 2022 OFG savings reflect the impact of an immaterial change to the balance previously presented

2024-2026 Optimizing for Profitable Growth (OPG)

New, three-year efficiency and cost savings program



Target program savings of \$200 million

Total expected cash expenditures of \$130-\$170 million



Aim to further improve productivity, profitability, and competitive position

(1) In Millions. Amounts may not add due to rounding. Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator ©2024 Mattel, Inc. All Rights Reserved.

2024 Guidance

Expect to outpace the industry and continue to gain global market share

(in millions, except EPS and percentages)	FY2024 Guidance	FY2023 Actual
Net Sales	Comparable (Constant Currency¹)	\$5,441
Adjusted Gross Margin¹	48.5% - 49%	47.5%
Adjusted EPS¹	\$1.35 - \$1.45	\$1.23
Adjusted EBITDA¹	\$975 - \$1,025	\$948
Adjusted Tax Rate¹	23% - 24%	23%
Capital Expenditures	\$175 - \$200	\$160
Free Cash Flow¹	~ \$500	\$709



Expect to grow sales and earnings in 2025

(1) Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator

“2023 was a milestone year for Mattel. We extended our leadership in our key toy categories and gained significant share overall, achieved extraordinary success with the Barbie movie, and further strengthened our financial position.

Execution on our toy strategy was strong and we made meaningful progress in entertainment across film, television, digital and publishing. We ended 2023 with the strongest balance sheet we have had in years, putting us in an excellent position to execute our strategy to grow Mattel’s IP-driven toy business and expand our entertainment offering. As we look to 2024, we believe we are very well positioned competitively and will continue to outpace the industry and gain market share. ”

- Ynon Kreiz, Chairman & CEO

Q4 2023 Earnings Call



One of the strongest catalogs of children's and family entertainment franchises in the world





Appendix

Consolidated Statements of Operations



MATTEL, INC. AND SUBSIDIARIES

EXHIBIT I

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)¹

	For the Three Months Ended December 31,					For the Year Ended December 31,						
	2023		2022		% Change as Reported	% Change in Constant Currency	2023		2022		% Change as Reported	% Change in Constant Currency
	\$ Amt	% Net Sales	\$ Amt	% Net Sales			\$ Amt	% Net Sales	\$ Amt	% Net Sales		
(In millions, except per share and percentage information)												
Net Sales	\$ 1,620.7		\$ 1,401.9		16%	14 %	\$ 5,441.2		\$ 5,434.7		—%	-1%
Cost of Sales	830.5	51.2%	799.3	57.0%	4%		2,857.5	52.5%	2,953.3	54.3%	-3%	
Gross Profit	790.2	48.8%	602.7	43.0%	31%	30 %	2,583.7	47.5%	2,481.4	45.7%	4%	2%
Advertising and Promotion Expenses	234.4	14.5%	242.7	17.3%	-3%		524.8	9.6%	534.3	9.8%	-2%	
Other Selling and Administrative Expenses	415.7	25.6%	281.0	20.0%	48%		1,497.3	27.5%	1,271.6	23.4%	18%	
Operating Income	140.1	8.6%	79.0	5.6%	77%	88 %	561.7	10.3%	675.5	12.4%	-17%	-23%
Interest Expense	31.3	1.9%	33.1	2.4%	-5%		123.8	2.3%	132.8	2.4%	-7%	
Interest (Income)	(9.8)	-0.6%	(4.3)	-0.3%	127%		(25.2)	-0.5%	(9.4)	-0.2%	169%	
Other Non-Operating Expense (Income), Net	3.7		35.8				(2.3)		47.8			
Income Before Income Taxes	114.9	7.1%	14.4	1.0%	695%	n/m	465.4	8.6%	504.3	9.3%	-8%	-12%
(Benefit) Provision for Income Taxes	(27.3)		5.3				269.5		135.9			
(Income) from Equity Method Investments	(5.1)		(7.0)				(18.4)		(25.4)			
Net Income	\$ 147.3	9.1%	\$ 16.1	1.2%	813%		\$ 214.4	3.9%	\$ 393.9	7.2%	-46%	
Net Income Per Common Share - Basic	\$ 0.42		\$ 0.05				\$ 0.61		\$ 1.11			
Weighted-Average Number of Common Shares	350.6		354.9				353.6		353.8			
Net Income Per Common Share - Diluted	\$ 0.42		\$ 0.04				\$ 0.60		\$ 1.10			
Weighted-Average Number of Common and Potential Common Shares	353.5		359.0				357.1		359.6			

¹ Amounts may not sum due to rounding.

n/m - Not meaningful



Condensed Consolidated Balance Sheets

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

CONDENSED CONSOLIDATED BALANCE SHEETS¹

(In millions)

Assets

Cash and Equivalents
Accounts Receivable, Net
Inventories
Prepaid Expenses and Other Current Assets
Total Current Assets
Property, Plant, and Equipment, Net
Right-of-Use Assets, Net
Goodwill
Other Noncurrent Assets
Total Assets

		December 31,	
		2023	2022
		(Unaudited)	
	\$	1,261.4	\$ 761.2
		1,081.8	860.2
		571.6	894.1
		207.5	213.5
		<u>3,122.3</u>	<u>2,729.0</u>
		465.5	469.1
		313.2	318.7
		1,384.5	1,378.6
		1,150.2	1,282.3
	\$	<u>6,435.8</u>	<u>\$ 6,177.7</u>
	\$	1,308.6	\$ 1,150.2
		33.9	37.6
		<u>1,342.5</u>	<u>1,187.7</u>
		2,330.0	2,325.6
		259.5	271.4
		354.6	336.6
		2,149.2	2,056.3
	\$	<u>6,435.8</u>	<u>\$ 6,177.7</u>

Liabilities and Stockholders' Equity

Accounts Payable and Accrued Liabilities
Income Taxes Payable
Total Current Liabilities
Long-Term Debt
Noncurrent Lease Liabilities
Other Noncurrent Liabilities
Stockholders' Equity
Total Liabilities and Stockholders' Equity

¹ Amounts may not sum due to rounding.



Supplemental Balance Sheet and Cash Flow Data

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

SUPPLEMENTAL BALANCE SHEET AND CASH FLOW DATA (Unaudited)¹

Key Balance Sheet Data:

Accounts Receivable, Net Days of Sales Outstanding (DSO)

December 31,	
2023	2022
60	55

(In millions)

Condensed Cash Flow Data:

Cash Flows Provided by Operating Activities
 Cash Flows (Used for) Investing Activities
 Cash Flows (Used for) Financing Activities and Other
 Increase in Cash and Equivalents

For the Year Ended December 31,	
2023	2022
\$ 870	\$ 443
(142)	(144)
(227)	(269)
<u>\$ 500</u>	<u>\$ 30</u>

¹ Amounts may not sum due to rounding.



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT III

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹
 RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

(In millions, except percentage information)	For the Three Months Ended December 31,			For the Year Ended December 31,		
	2023	2022	Change	2023	2022	Change
Gross Profit						
Gross Profit, As Reported	\$ 790.2	\$ 602.7		\$ 2,583.7	\$ 2,481.4	
Gross Margin	48.8 %	43.0 %	580 bps	47.5 %	45.7 %	180 bps
Adjustments:						
Severance and Restructuring Expenses	0.1	0.9		(1.2)	10.7	
Gross Profit, As Adjusted	\$ 790.3	\$ 603.5		\$ 2,582.6	\$ 2,492.0	
Adjusted Gross Margin	48.8 %	43.1 %	570 bps	47.5 %	45.9 %	160 bps
Other Selling and Administrative Expenses						
Other Selling and Administrative Expenses, As Reported	\$ 415.7	\$ 281.0	48%	\$ 1,497.3	\$ 1,271.6	18%
% of Net Sales	25.6 %	20.0 %	560 bps	27.5 %	23.4 %	410 bps
Adjustments:						
Severance and Restructuring Expenses	2.1	(9.1)		(60.8)	(26.2)	
Inclined Sleeper Product Recalls	(9.0)	1.5		(18.1)	0.3	
Sale of Assets ²	—	8.3		(1.8)	23.5	
Other Selling and Administrative Expenses, As Adjusted	\$ 408.8	\$ 281.7	45%	\$ 1,416.6	\$ 1,269.2	12%
% of Net Sales	25.2 %	20.1 %	510 bps	26.0 %	23.4 %	260 bps
Operating Income						
Operating Income, As Reported	\$ 140.1	\$ 79.0	77%	\$ 561.7	\$ 675.5	-17%
Operating Income Margin	8.6 %	5.6 %	300 bps	10.3 %	12.4 %	-210 bps
Adjustments:						
Severance and Restructuring Expenses	(2.0)	10.0		59.7	36.8	
Inclined Sleeper Product Recalls	9.0	(1.5)		18.1	(0.3)	
Sale of Assets ²	—	(8.3)		1.8	(23.5)	
Operating Income, As Adjusted	\$ 147.1	\$ 79.1	86%	\$ 641.2	\$ 688.6	-7%
Adjusted Operating Income Margin	9.1 %	5.6 %	350 bps	11.8 %	12.7 %	-90 bps

¹ Amounts may not sum due to rounding.

² For the three months ended December 31, 2022, Mattel recorded a gain on sale of assets of \$8.3 million in other selling and administrative expenses. For the year ended December 31, 2023, and 2022, Mattel recorded a loss on sale of assets of \$1.8 million and a gain on sale of assets of \$23.5 million, respectively, in other selling and administrative expenses.

Reconciliation of Non-GAAP Financial Measures



MATTEL, INC. AND SUBSIDIARIES

EXHIBIT III

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹
RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

(In millions, except per share and percentage information)	For the Three Months Ended December 31,			For the Year Ended December 31,		
	2023	2022	Change	2023	2022	Change
Earnings Per Share						
Net Income Per Common Share, As Reported	\$ 0.42	\$ 0.04	950%	\$ 0.60	\$ 1.10	-45%
<i>Adjustments:</i>						
Severance and Restructuring Expenses	(0.01)	0.03		0.17	0.10	
Inclined Sleeper Product Recalls	0.03	—		0.05	—	
Sale of Assets ²	—	(0.02)		—	(0.07)	
Changes to Deferred Tax Assets ³	(0.14)	—		0.45	—	
Loss on Liquidation of Argentina Subsidiary ⁴	—	0.13		—	0.13	
Tax Effect of Adjustments ⁵	—	0.01		(0.04)	—	
Net Income Per Common Share, As Adjusted	\$ 0.29	\$ 0.18	61%	\$ 1.23	\$ 1.25	-2%
EBITDA and Adjusted EBITDA						
Net Income, As Reported	\$ 147.3	\$ 16.1	813%	\$ 214.4	\$ 393.9	-46%
<i>Adjustments:</i>						
Interest Expense	31.3	33.1		123.8	132.8	
(Benefit) Provision for Income Taxes	(27.3)	5.3		269.5	135.9	
Depreciation	35.4	36.1		139.5	144.6	
Amortization	9.3	9.6		37.9	37.9	
EBITDA	196.1	100.2		785.0	845.0	
<i>Adjustments:</i>						
Share-Based Compensation	30.9	13.1		83.3	69.1	
Severance and Restructuring Expenses	(2.0)	8.9		59.7	32.7	
Inclined Sleeper Product Recalls	9.0	(1.5)		18.1	(0.3)	
Sale of Assets ²	—	(8.3)		1.8	(23.5)	
Loss on Liquidation of Argentina Subsidiary ⁴	—	45.4		—	45.4	
Adjusted EBITDA	\$ 234.0	\$ 157.8	48%	\$ 947.8	\$ 968.4	-2%
Free Cash Flow						
Net Cash Flows Provided by Operating Activities				\$ 869.8	\$ 442.8	
Capital Expenditures				(160.3)	(186.5)	
Free Cash Flow				\$ 709.5	\$ 256.3	

¹ Amounts may not sum due to rounding.

² For the three months ended December 31, 2022, Mattel recorded a gain on sale of assets of \$8.3 million in other selling and administrative expenses. For the year ended December 31, 2023, and 2022, Mattel recorded a loss on sale of assets of \$1.8 million and a gain on sale of assets of \$23.5 million, respectively, in other selling and administrative expenses.

³ For the year ended December 31, 2023, Mattel recorded an expense of \$212.4 million related to the release of foreign deferred tax assets and a benefit of \$51.0 million upon the establishment of deferred tax assets related to an intra-group transfer of certain IP rights.

⁴ During the three months ended December 31, 2022, the liquidation of Mattel's subsidiary in Argentina was substantially completed and Mattel recognized its cumulative translation adjustments of \$45.4 million as a loss in other non-operating expense, net.

⁵ The aggregate tax effect of adjustments was determined using the effective tax rates on a jurisdictional basis of the respective adjustments and dividing by the reported weighted average number of common and potential common shares.



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT III

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹
RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

	For the Year Ended December 31,		
	2023	2022	Change
(In millions, except percentage and pts information)			
Tax Rate			
Income Before Income Taxes, As Reported	\$ 465.4	\$ 504.3	
Adjustments:			
Severance and Restructuring Expenses	59.7	36.8	
Inclined Sleeper Product Recalls	18.1	(0.3)	
Sale of Assets ²	1.8	(23.5)	
Loss on Liquidation of Argentina Subsidiary ³	—	45.4	
Income Before Income Taxes, As Adjusted	<u>\$ 544.9</u>	<u>\$ 562.8</u>	
Provision for Income Taxes, As Reported	\$ 269.5	\$ 135.9	
Adjustments:			
Changes to Deferred Tax Assets ⁴	(161.4)	—	
Tax Effect of Adjustments ⁵	15.3	1.3	
Provision for Income Taxes, As Adjusted	<u>\$ 123.4</u>	<u>\$ 137.2</u>	
Tax Rate, As Reported	58%	27%	31 pts
Tax Rate, As Adjusted	<u>23%</u>	<u>24%</u>	-1 pts
December 31,			
	2023	2022	
Net Debt			
Long-Term Debt	\$ 2,330.0	\$ 2,325.6	
Adjustments:			
Cash and Equivalents	(1,261.4)	(761.2)	
Net Debt	<u>\$ 1,068.6</u>	<u>\$ 1,564.4</u>	

¹ Amounts may not sum due to rounding.

² For the year ended December 31, 2023, and 2022, Mattel recorded a loss on sale of assets of \$1.8 million and a gain on sale of assets of \$23.5 million, respectively, in other selling and administrative expenses.

³ During the year ended December 31, 2022, the liquidation of Mattel's subsidiary in Argentina was substantially completed and Mattel recognized its cumulative translation adjustments of \$45.4 million as a loss in other non-operating expense, net.

⁴ For the year ended December 31, 2023, Mattel recorded an expense of \$212.4 million related to the release of foreign deferred tax assets and a benefit of \$51.0 million upon the establishment of deferred tax assets related to an intra-group transfer of certain IP rights.

⁵ Tax effect of adjustments was determined using the effective tax rates on a jurisdictional basis of the respective adjustments.



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT III

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹
RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

(In millions, except percentage and pts information)

Leverage Ratio (Total Debt/Adjusted EBITDA)

Total Debt

Long-Term Debt

Adjustments:

Debt Issuance Costs and Debt Discount

Total Debt

EBITDA and Adjusted EBITDA

Net Income, As Reported

Adjustments:

Interest Expense

Provision for Income Taxes

Depreciation

Amortization

EBITDA

Adjustments:

Share-Based Compensation

Severance and Restructuring Expenses

Inclined Sleeper Product Recalls

Sale of Assets

Loss on Liquidation of Argentina Subsidiary

Adjusted EBITDA

Total Debt / Net Income

Leverage Ratio (Total Debt / Adjusted EBITDA)

Free Cash Flow

Net Cash Flows Provided by Operating Activities

Capital Expenditures

Free Cash Flow

Net Cash Flows Provided by Operating Activities / Net Income

Free Cash Flow Conversion (Free Cash Flow/Adjusted EBITDA)

	For the Year Ended December 31,		
	2023	2022	Change
Total Debt	\$ 2,330.0	\$ 2,325.6	
Adjustments:			
Debt Issuance Costs and Debt Discount	20.0	24.4	
Total Debt	<u>\$ 2,350.0</u>	<u>\$ 2,350.0</u>	
Net Income, As Reported	\$ 214.4	\$ 393.9	-46%
Adjustments:			
Interest Expense	123.8	132.8	
Provision for Income Taxes	269.5	135.9	
Depreciation	139.5	144.6	
Amortization	37.9	37.9	
EBITDA	785.0	845.0	
Adjustments:			
Share-Based Compensation	83.3	69.1	
Severance and Restructuring Expenses	59.7	32.7	
Inclined Sleeper Product Recalls	18.1	(0.3)	
Sale of Assets	1.8	(23.5)	
Loss on Liquidation of Argentina Subsidiary	—	45.4	
Adjusted EBITDA	<u>\$ 947.8</u>	<u>\$ 968.4</u>	-2%
Total Debt / Net Income	11.0x	6.0x	
Leverage Ratio (Total Debt / Adjusted EBITDA)	<u>2.5x</u>	<u>2.4x</u>	
Net Cash Flows Provided by Operating Activities	\$ 869.8	\$ 442.8	96%
Capital Expenditures	(160.3)	(186.5)	
Free Cash Flow	\$ 709.5	\$ 256.3	177%
Net Cash Flows Provided by Operating Activities / Net Income	406%	112%	294 pts
Free Cash Flow Conversion (Free Cash Flow/Adjusted EBITDA)	<u>75%</u>	<u>26%</u>	49 pts

¹ Amounts may not sum due to rounding.



Worldwide Net Sales and Gross Billings

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT IV

WORLDWIDE NET SALES AND GROSS BILLINGS¹ (Unaudited)²

	For the Three Months Ended December 31,				For the Year Ended December 31,			
	2023	2022	% Change as Reported	% Change in Constant Currency	2023	2022	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
Worldwide Net Sales:								
Net Sales	\$ 1,620.7	\$ 1,401.9	16%	14%	\$ 5,441.2	\$ 5,434.7	—%	-1%
Worldwide Gross Billings by Categories:								
Dolls	\$ 763.1	\$ 589.3	29%	27%	\$ 2,394.2	\$ 2,084.0	15%	13%
Infant, Toddler, and Preschool	292.2	267.2	9	7	1,000.8	1,117.5	-10	-12
Vehicles	475.1	402.5	18	15	1,641.0	1,450.8	13	11
Action Figures, Building Sets, Games, and Other	310.8	300.5	3	1	1,065.8	1,396.1	-24	-25
Gross Billings	<u>\$ 1,841.2</u>	<u>\$ 1,559.6</u>	18%	16%	<u>\$ 6,101.8</u>	<u>\$ 6,048.3</u>	1%	-1%
Supplemental Gross Billings Disclosure								
Worldwide Gross Billings by Top 3 Power Brands:								
Barbie	\$ 473.1	\$ 372.2	27%	24%	\$ 1,537.8	\$ 1,490.6	3%	2%
Hot Wheels	417.5	351.9	19	16	1,432.4	1,251.4	14	13
Fisher-Price	245.3	216.7	13	11	852.6	935.9	-9	-10
Other	705.3	618.8	14	12	2,279.0	2,370.4	-4	-5
Gross Billings	<u>\$ 1,841.2</u>	<u>\$ 1,559.6</u>	18%	16%	<u>\$ 6,101.8</u>	<u>\$ 6,048.3</u>	1%	-1%

¹ Gross billings represent amounts invoiced to customers and do not include the impact of sales adjustments, such as trade discounts and other allowances. Mattel presents changes in gross billings as a metric for comparing its aggregate, categorical, brand, and geographic results to highlight significant trends in Mattel's business.

² Amounts may not sum due to rounding.



Net Sales and Gross Billings by Segment

MATTTEL, INC. AND SUBSIDIARIES

EXHIBIT V

NET SALES AND GROSS BILLINGS¹ BY SEGMENT (Unaudited)²

	For the Three Months Ended December 31,				For the Year Ended December 31,			
	2023	2022	% Change as Reported	% Change in Constant Currency	2023	2022	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
North America Net Sales:								
Net Sales	\$ 865.0	\$ 657.1	32%	32%	\$ 3,003.2	\$ 2,987.8	1%	1%
North America Gross Billings by Categories:								
Dolls	\$ 341.5	\$ 224.5	52%	52%	\$ 1,153.8	\$ 940.3	23%	23%
Infant, Toddler, and Preschool	180.9	148.7	22	22	618.6	698.3	-11	-11
Vehicles	233.3	186.2	25	25	812.4	736.9	10	10
Action Figures, Building Sets, Games, and Other	180.1	142.3	27	27	633.5	810.6	-22	-22
Gross Billings	<u>\$ 935.8</u>	<u>\$ 701.7</u>	33%	33%	<u>\$ 3,218.3</u>	<u>\$ 3,186.1</u>	1%	1%
Supplemental Gross Billings Disclosure								
North America Gross Billings by Top 3 Power Brands:								
Barbie	\$ 252.8	\$ 177.2	43%	43%	\$ 840.4	\$ 776.3	8%	8%
Hot Wheels	198.5	159.5	24	24	690.8	617.9	12	12
Fisher-Price	151.2	115.3	31	31	532.0	584.5	-9	-9
Other	333.3	249.8	33	33	1,155.1	1,207.3	-4	-4
Gross Billings	<u>\$ 935.8</u>	<u>\$ 701.7</u>	33%	33%	<u>\$ 3,218.3</u>	<u>\$ 3,186.1</u>	1%	1%

¹ Gross billings represent amounts invoiced to customers and do not include the impact of sales adjustments, such as trade discounts and other allowances. Mattel presents changes in gross billings as a metric for comparing its aggregate, categorical, brand, and geographic results to highlight significant trends in Mattel's business.

² Amounts may not sum due to rounding.



Net Sales and Gross Billings by Segment

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT VI

NET SALES AND GROSS BILLINGS¹ BY SEGMENT (Unaudited)²

	For the Three Months Ended December 31,				For the Year Ended December 31,			
	2023	2022	% Change as Reported	% Change in Constant Currency	2023	2022	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
International Net Sales by Geographic Area:								
EMEA	\$ 366.5	\$ 365.6	—%	-5%	\$ 1,241.5	\$ 1,324.4	-6%	-9%
Latin America	182.4	172.4	6	-2	658.0	591.0	11	2
Asia Pacific	103.3	97.1	6	7	331.3	304.6	9	12
Net Sales	<u>\$ 652.2</u>	<u>\$ 635.1</u>	3%	-2%	<u>\$ 2,230.8</u>	<u>\$ 2,220.0</u>	—%	-3%
International Gross Billings by Geographic Area:								
EMEA	\$ 455.8	\$ 428.3	6%	1%	\$ 1,510.7	\$ 1,583.5	-5%	-7%
Latin America	223.5	202.7	10	1	776.4	687.9	13	3
Asia Pacific	118.7	113.4	5	6	382.3	356.8	7	11
Gross Billings	<u>\$ 798.1</u>	<u>\$ 744.4</u>	7%	2%	<u>\$ 2,669.4</u>	<u>\$ 2,628.2</u>	2%	-2%
International Gross Billings by Categories:								
Dolls	\$ 314.3	\$ 251.3	25%	19%	\$ 1,026.2	\$ 909.7	13%	9%
Infant, Toddler, and Preschool	111.3	118.5	-6	-11	382.2	419.2	-9	-12
Vehicles	241.9	216.3	12	6	828.6	713.9	16	12
Action Figures, Building Sets, Games, and Other	130.6	158.2	-17	-22	432.3	585.5	-26	-29
Gross Billings	<u>\$ 798.1</u>	<u>\$ 744.4</u>	7%	2%	<u>\$ 2,669.4</u>	<u>\$ 2,628.2</u>	2%	-2%
Supplemental Gross Billings Disclosure								
International Gross Billings by Top 3 Power Brands:								
Barbie	\$ 220.3	\$ 195.0	13%	7%	\$ 697.4	\$ 714.2	-2%	-6%
Hot Wheels	219.0	192.4	14	8	741.6	633.5	17	13
Fisher-Price	94.1	101.5	-7	-13	320.6	351.4	-9	-13
Other	264.7	255.5	4	-2	909.8	929.1	-2	-6
Gross Billings	<u>\$ 798.1</u>	<u>\$ 744.4</u>	7%	2%	<u>\$ 2,669.4</u>	<u>\$ 2,628.2</u>	2%	-2%

¹ Gross billings represent amounts invoiced to customers and do not include the impact of sales adjustments, such as trade discounts and other allowances. Mattel presents changes in gross billings as a metric for comparing its aggregate, categorical, brand, and geographic results to highlight significant trends in Mattel's business.

² Amounts may not sum due to rounding.



Net Sales and Gross Billings by Segment

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT VII

NET SALES AND GROSS BILLINGS¹ BY SEGMENT (Unaudited)²

	For the Three Months Ended December 31,				For the Year Ended December 31,			
	2023	2022	% Change as Reported	% Change in Constant Currency	2023	2022	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
American Girl Net Sales:								
Net Sales	\$ 103.5	\$ 109.7	-6%	-6%	\$ 207.2	\$ 226.9	-9%	-9%
American Girl Gross Billings:								
Gross Billings	\$ 107.4	\$ 113.5	-5%	-5%	\$ 214.2	\$ 234.0	-8%	-8%

¹ Gross billings represent amounts invoiced to customers and do not include the impact of sales adjustments, such as trade discounts and other allowances. Mattel presents changes in gross billings as a metric for comparing its aggregate, categorical, brand, and geographic results to highlight significant trends in Mattel's business.

² Amounts may not sum due to rounding.



Glossary of Non-GAAP Financial Measures & Key Performance Indicator

NON-GAAP FINANCIAL MEASURES

To supplement our financial results presented in accordance with generally accepted accounting principles in the United States (“GAAP”), Mattel presents certain non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The non-GAAP financial measures that Mattel uses in this earnings release include Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Other Selling and Administrative Expenses, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Earnings Per Share, earnings before interest expense, taxes, depreciation and amortization (“EBITDA”), Adjusted EBITDA, Free Cash Flow, Free Cash Flow Conversion (Free Cash Flow / Adjusted EBITDA), Leverage Ratio (Total Debt / Adjusted EBITDA), Net Debt, Adjusted Tax Rate, and constant currency. Mattel uses these measures to analyze its continuing operations and to monitor, assess, and identify meaningful trends in its operating and financial performance, and each is discussed below. Mattel believes that the disclosure of non-GAAP financial measures provides useful supplemental information to investors to be able to better evaluate ongoing business performance and certain components of Mattel’s results. These measures are not, and should not be viewed as, substitutes for GAAP financial measures and may not be comparable to similarly titled measures used by other companies.

Adjusted Gross Profit and Adjusted Gross Margin

Adjusted Gross Profit and Adjusted Gross Margin represent reported Gross Profit and reported Gross Margin, respectively, adjusted to exclude severance and restructuring expenses. Adjusted Gross Margin represents Mattel’s Adjusted Gross Profit, as a percentage of Net Sales. Adjusted Gross Profit and Adjusted Gross Margin are presented to provide additional perspective on underlying trends in Mattel’s core Gross Profit and Gross Margin, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.

Adjusted Other Selling and Administrative Expenses

Adjusted Other Selling and Administrative Expenses represents Mattel’s reported Other Selling and Administrative Expenses, adjusted to exclude severance and restructuring expenses, the impact of the inclined sleeper product recalls, and the impact of sale of assets, which are not part of Mattel’s core business. Adjusted Other Selling and Administrative Expenses is presented to provide additional perspective on underlying trends in Mattel’s core other selling and administrative expenses, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.

Adjusted Operating Income and Adjusted Operating Income Margin

Adjusted Operating Income and Adjusted Operating Income Margin represent reported Operating Income and reported Operating Income Margin, respectively, adjusted to exclude severance and restructuring expenses, the impact of the inclined sleeper product recalls, and the impact of sale of assets, which are not part of Mattel’s core business. Adjusted Operating Income Margin represents Mattel’s Adjusted Operating Income, as a percentage of Net Sales. Adjusted Operating Income and Adjusted Operating Income Margin are presented to provide additional perspective on underlying trends in Mattel’s core operating results, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel’s current business performance from one period to another.

Adjusted Earnings Per Share

Adjusted Earnings Per Share represents Mattel’s reported Diluted Earnings Per Common Share, adjusted to exclude severance and restructuring expenses, the impact of the inclined sleeper product recalls, the impact of sale of assets, the impact of changes to certain deferred tax assets, and loss on liquidation of a subsidiary, which are not part of Mattel’s core business. The aggregate tax effect of the adjustments was determined using the effective tax rates on a jurisdictional basis of the respective adjustments and dividing by the reported weighted-average number of common shares. Adjusted Earnings Per Share is presented to provide additional perspective on underlying trends in Mattel’s core business. Mattel believes it is useful supplemental information for investors to gauge and compare Mattel’s current earnings results from one period to another. Adjusted Earnings Per Share is a performance measure and should not be used as a measure of liquidity.

EBITDA and Adjusted EBITDA

EBITDA represents Mattel’s Net Income, adjusted to exclude the impact of interest expense, taxes, depreciation, and amortization. Adjusted EBITDA represents EBITDA adjusted to exclude share-based compensation, severance and restructuring expenses, the impact of the inclined sleeper product recalls, the impact of sale of assets, and loss on liquidation of a subsidiary, which are not part of Mattel’s core business. Mattel believes EBITDA and Adjusted EBITDA are useful supplemental information for investors to gauge and compare Mattel’s business performance to other companies in its industry with similar capital structures. The presentation of Adjusted EBITDA differs from how Mattel calculates EBITDA for purposes of covenant compliance under the indentures governing its high yield senior notes and the syndicated facility agreement governing its senior secured revolving credit facilities. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to invest in the growth of Mattel’s business. As a result, Mattel relies primarily on its GAAP results and uses EBITDA and Adjusted EBITDA only supplementally.



Glossary of Non-GAAP Financial Measures & Key Performance Indicator

NON-GAAP FINANCIAL MEASURES

Free Cash Flow and Free Cash Flow Conversion

Free Cash Flow represents Mattel's net cash flows from operating activities less capital expenditures. Free Cash Flow Conversion represents Mattel's free cash flow divided by Adjusted EBITDA. Mattel believes Free Cash Flow and Free Cash Flow Conversion are useful supplemental information for investors to gauge Mattel's liquidity and performance and to compare Mattel's business performance to other companies in our industry. Free Cash Flow does not represent cash available to Mattel for discretionary expenditures.

Leverage Ratio (Total Debt / Adjusted EBITDA)

The leverage ratio is calculated by dividing Total Debt by Adjusted EBITDA. Total Debt represents the aggregate of Mattel's current portion of long-term debt, short-term borrowings, and long-term debt, excluding the impact of debt issuance costs and debt discount. Mattel believes the leverage ratio is useful supplemental information for investors to gauge trends in Mattel's business and to compare Mattel's business performance to other companies in its industry.

Net Debt

Net Debt represents the aggregate of Mattel's current portion of long-term debt, short-term borrowings, and long-term debt, less cash and cash equivalents. Mattel believes Net Debt is useful supplemental information for investors to monitor Mattel's liquidity and evaluate its balance sheet.

Adjusted Tax Rate

The Adjusted Tax Rate is calculated by dividing Adjusted Provision for Income Taxes by Adjusted Income Before Income Taxes. Adjusted Income Before Income Taxes represents reported Income Before Income Taxes, adjusted to exclude severance and restructuring expenses, the impact of inclined sleeper product recalls, the impact of sale of assets, and loss on liquidation of a subsidiary. The Adjusted Provision for Income Taxes represents reported Provision for Income Taxes, adjusted to exclude the impact of changes to certain deferred tax assets and the aggregate tax effect of adjustments. Mattel believes the adjusted tax rate provides useful supplemental information for investors to gauge and compare the impact of tax expense on Mattel's earnings results from one period to another.

Constant Currency

Percentage changes in results expressed in constant currency are presented excluding the impact from changes in currency exchange rates. To present this information, Mattel calculates constant currency information by translating current period and prior period results for entities reporting in currencies other than the US dollar using consistent exchange rates. The constant currency exchange rates are determined by Mattel at the beginning of each year and are applied consistently during the year. They are generally different from the actual exchange rates in effect during the current or prior period due to volatility in actual foreign exchange rates. Mattel considers whether any changes to the constant currency rates are appropriate at the beginning of each year. The exchange rates used for these constant currency calculations are generally based on prior year actual exchange rates. 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 changes in currency exchange rates. Mattel analyzes constant currency results to provide additional perspective on changes in underlying trends in Mattel's operating performance. Mattel believes that the disclosure of the percentage change in constant currency is useful supplemental information for investors to be able to gauge Mattel's current business performance and the longer-term strength of its overall business since foreign currency changes could potentially mask underlying sales trends. The disclosure of the percentage change in constant currency enhances investor's ability to compare financial results from one period to another.

2023 Guidance

A reconciliation of Mattel's non-GAAP financial measures on a forward-looking basis, including Net Sales on a constant currency basis, Adjusted Gross Margin, Adjusted EBITDA, Adjusted EPS, and Adjusted Tax Rate is not available without unreasonable effort. Mattel is unable to predict with sufficient certainty items that would be excluded from the corresponding GAAP measures, including the effect of foreign currency exchange rate fluctuations, unusual gains and losses or charges, and severance and restructuring charges, due to the unpredictable nature of such items, which may have a significant impact on Mattel's GAAP measures.

KEY PERFORMANCE INDICATOR

Gross Billings

Gross Billings represent amounts invoiced to customers. It does not include the impact of sales adjustments, such as trade discounts and other allowances. Mattel presents changes in gross billings as a metric for comparing its aggregate, categorical, brand, and geographic results to highlight significant trends in Mattel's business. Changes in Gross Billings are discussed because, while Mattel records the details of such sales adjustments in its financial accounting systems at the time of sale, such sales adjustments are generally not associated with categories, brands, and individual products.