



Fourth Quarter and Full Year 2024 Earnings

(Unaudited Results)
February 4, 2025



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, trade restrictions, 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) tariffs, which depending on the effective date and duration of such tariffs, changes in the amount, scope, and nature of the tariffs in the future, any countermeasures that the target countries may take, and any mitigating actions that may become available, could increase Mattel's product costs and other costs of doing business, and other 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, trade policies, product safety, or sustainability, which may also increase Mattel's product costs and other costs of doing business, and in each case 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, 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 artificial intelligence, non-fungible tokens, and cryptocurrency; (xxii) an inability to remediate the material weakness in Mattel's internal control over financial reporting, or additional material weaknesses or other deficiencies in the future or the failure to maintain an effective system of internal control; and (xxiii) 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, 2023 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, 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. 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.

Who We Are

Mattel is a leading global toy and family entertainment company and owner of one of the most iconic brand portfolios in the world. We engage consumers and fans through our franchise brands, including Barbie, Hot Wheels, Fisher-Price, American Girl, Thomas & Friends, UNO, Masters of the Universe, Matchbox, Monster High, MEGA, and Polly Pocket, as well as other popular properties that we own or license in partnership with global entertainment companies. Our offerings include toys, content, consumer products, digital and live experiences. Our products are sold in collaboration with the world's leading retail and e-commerce companies. Since its founding in 1945, Mattel is proud to be a trusted partner in empowering generations to explore the wonder of childhood and reach their full potential. Visit us at [mattel.com](https://www.mattel.com).

Our Purpose

We empower generations to explore the wonder of childhood and reach their full potential.

Our Mission

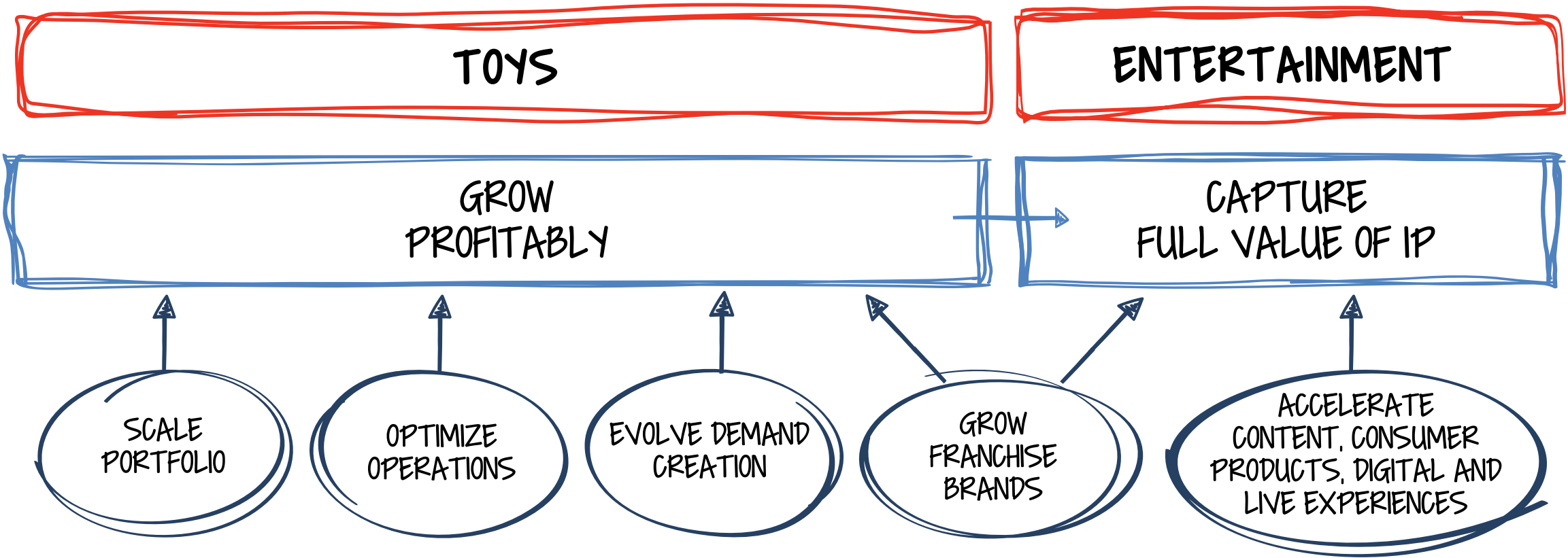
We create innovative products and experiences that inspire fans, entertain audiences, and develop children through play.





Mattel's Strategy

Grow IP-Driven Toy Business and Expand Entertainment Offering



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



Chairman and CEO Perspective on 2024

Achieved priorities to grow profitability, expand gross margin, and generate strong free cash flow¹

(in millions, except EPS, percentages, and bps)	FY 2024	YOY Change
Net Sales <i>Constant Currency¹</i>	\$5,380	-1% -0.5%
Adjusted Gross Margin¹	50.9%	+340 bps
Adjusted EBITDA¹	\$1,058	+12%
Adjusted EPS¹	\$1.62	+32%
Free Cash Flow	\$598	-\$112

Continuing to execute our multi-year strategy to grow IP-driven toy business and expand entertainment offering

(1) Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator
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Chairman and CEO Perspective on 2024, continued

Successful year for Mattel, in line with our priorities

Strong execution on toy strategy with meaningful progress on entertainment strategy

\$83 million of OPG cost savings achieved in 2024, out of \$200 million target by end of 2026

Continued to strengthen balance sheet, ending with \$1.4 billion in cash

Repurchased \$400 million of shares

Global toy industry declined slightly in 2024¹, performing better than anticipated and reinforcing belief that the toy industry has strong fundamentals and will return to growth and continue to grow over time

**Continuing to execute our multi-year strategy to grow IP-driven toy business
and expand entertainment offering**



Q4 2024 Performance

Grew top line and achieved very strong profitability

(in millions, except EPS, percentages, and bps)	Q4 2024	YOY Change
Net Sales <i>Constant Currency</i> ¹	\$1,646	+2% +3%
Adjusted Gross Margin ¹	50.8%	+200 bps
Adjusted EBITDA ¹	\$249	+6%
Adjusted EPS ¹	\$0.35	+21%

Top line growth driven by Vehicles, Action Figures, and Games, partly offset by a decline in Dolls and Infant, Toddler and Preschool

(1) Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator
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2024 Category Performance and Highlights

Progress in scaling portfolio, optimizing operations, evolving demand creation and strengthening franchise brands

Vehicles

Meaningful growth; Hot Wheels achieved 7th consecutive record year
Disney Pixar Cars and Matchbox also contributed to growth



Challenger Categories

Collectively grew, led by double-digit growth in Games; UNO achieved highest year on record
Action Figures grew with strong WWE and Minecraft product offerings



Infant, Toddler, and Preschool

Decline as we continue to exit Power Wheels and certain Baby Gear lines
Fisher-Price returned to growth, driven by FP Wood and Little People



Dolls

Decline primarily due to Barbie movie wrap; Barbie led category and was #2 overall toy¹
Monster High and American Girl grew
Wicked and Moana 2 products performed well



Successfully relaunched catalogue IP, strengthened relationships with major entertainment partners and key retailers, and created innovative and inspiring product lines

(1) Source: Circana, LLC, Retail Tracking Service, G10 (US, CA, MX, BR, FR, IT, SP, DE, UK, AU), Dolls Supercategory and Total Toys, Projected USD, JAN - DEC 2024
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Expanding Our Entertainment Offering



2024 highlights

Film



Masters of the Universe worldwide theatrical release date announced; production starts Feb 2025

Matchbox live-action movie greenlit; now in production



Monster High and Bob the Builder movies began development

Television

Hot Wheels Let's Race Season 2 was Top 10 TV show on Netflix in 27 countries¹



All three Barbie animated premieres ranked in Top 10 on Netflix in multiple countries¹

Barney's World a top 5 children's show on Max²; part of franchise relaunch



Digital Games



Mattel 163 grew double-digits and exceeded \$200 million in Gross Billings

Live Events



Hot Wheels Legends Tour completed 22 stops in 13 countries; attendance grew more than 40% over prior year

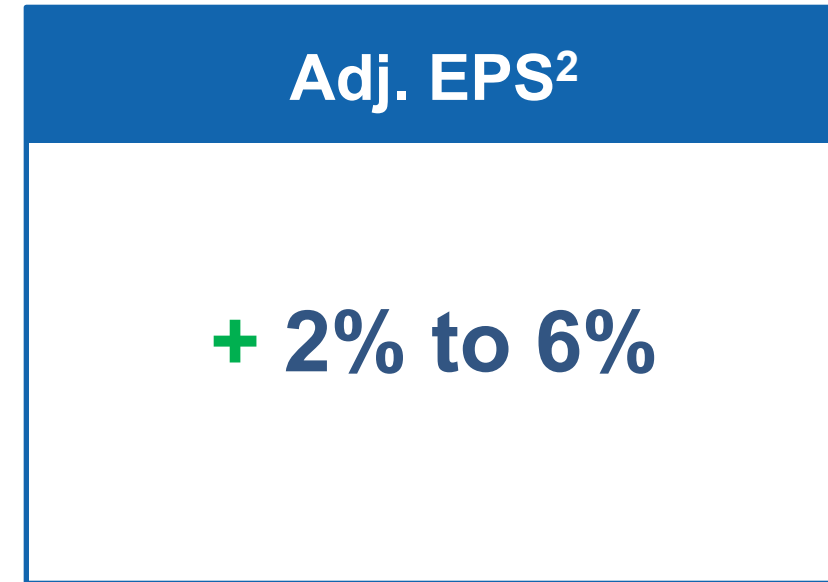
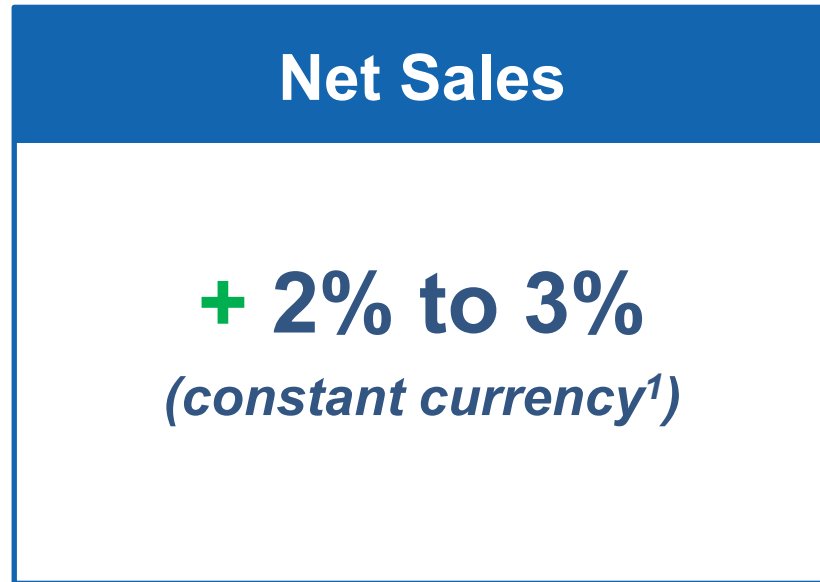
Progress on entertainment strategy

(1) Source: Netflix Internal Analysis, upon release 2024
(2) Source: Warner Brothers Discovery, as of end Nov 2024
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2025 Expectations for Mattel¹

Top and bottom-line growth





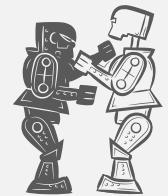


Increasing investment in self-publishing digital games business to drive long-term growth, in line with capital allocation priorities

(1) Includes the anticipated impact of new U.S. tariffs on China, Mexico and Canada imports announced on February 1st, and mitigating actions we plan to take, including leveraging the strength of our supply chain, and potential pricing

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

2025 Drivers

Category Highlights

Vehicles	Games	Action Figures	Infant, Toddler, and Preschool	Dolls
 <p>Vehicles to grow with another record year for Hot Wheels</p> <p>Launch of F1 Partnership</p>	 <p>Building on UNO's momentum</p> <p>More innovation and cultural relevance</p>	 <p>New movie products tied to Minecraft and Jurassic World</p> <p>Global expansion of WWE</p>	 <p>FP Wood expanding distribution across major retailers globally</p>	 <p>Improving trends in Barbie driven by demand creation, innovation, adult fans</p> <p>New movie products tied to Snow White and second Wicked movie</p>

Expect toy industry to be comparable to slightly up in 2025; Mattel well positioned to grow market share

2025 Entertainment Highlights

Continuing progress

Film

- MOTU and Matchbox films in production
- 14 announced films in development



Television

- Hot Wheels Let's Race Season 3
- Barbie animated special
- New seasons of Thomas and Friends and Polly Pocket
- New episodes of Barney's World



Digital Games

- Goal of launching first self-published digital game in 2026



Expanding entertainment offering

Q4 and FY 2024 P&L Highlights

Strong profitability in fourth quarter and full year

(in millions, except EPS, percentages, and bps)	Q4 2024	YOY Change	FY 2024	YOY Change
Net Sales <i>Constant Currency</i> ¹	\$1,646	+2% +3%	\$5,380	-1% -0.5%
Adjusted Gross Margin ¹	50.8%	+200 bps	50.9%	+340 bps
Adjusted Operating Income ¹	\$161	+\$14	\$738	+\$97
Adjusted EPS ¹	\$0.35	+\$0.06	\$1.62	+\$0.39
Adjusted EBITDA ¹	\$249	+\$15	\$1,058	+\$110
Free Cash Flow ¹			\$598	-\$112

Significant margin expansion more than offsets comparison against Barbie movie-related benefits in prior year

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



Q4 and FY 2024 Gross Billings by Category¹

Growth in Vehicles and Challenger categories overall

	Q4 Worldwide Gross Billings (as reported; \$ in millions)	Q4 YOY Growth Rate (%)		FY YOY Growth Rate (%)	
		As Reported	Constant Currency	As Reported	Constant Currency
Dolls	\$735	-4%	-3%	-8%	-8%
Vehicles	\$544	14%	16%	9%	10%
Infant, Toddler, and Preschool	\$276	-5%	-4%	-5%	-4%
Action Figures, Building Sets, Games and Other	\$327	5%	6%	2%	3%
Total		2%	3%	-1%	0%

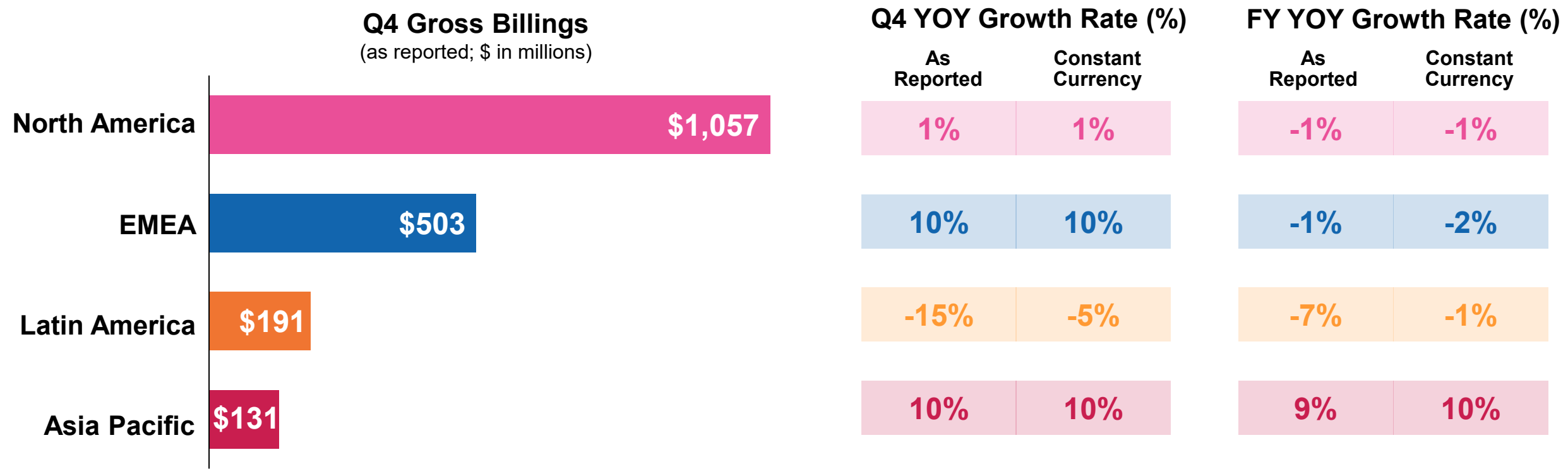
Full Year comparable to prior year¹

(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.



Q4 and FY 2024 Gross Billings by Region¹

Grew in three of four regions in Q4



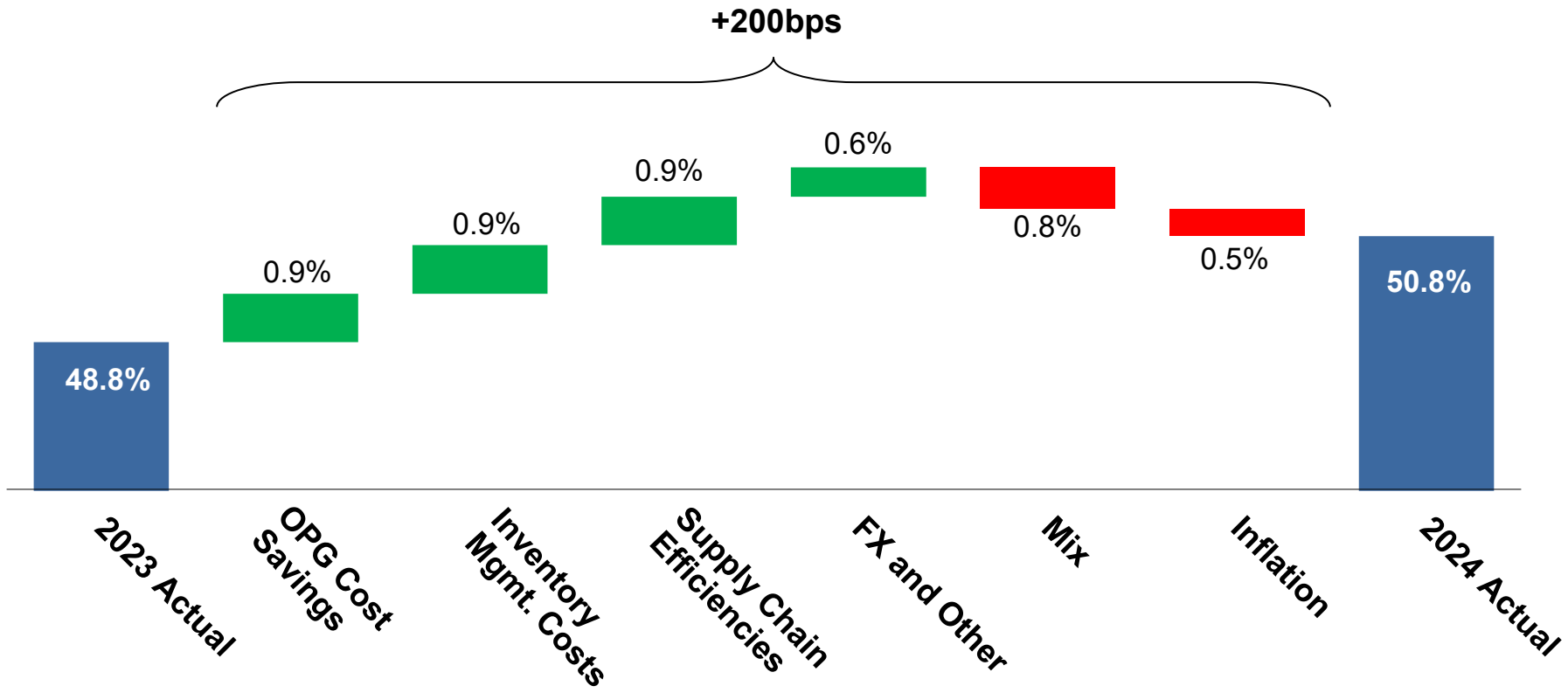
Retail inventory movements had a positive impact on growth in Q4

(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.
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Q4 2024 Adjusted Gross Margin¹

Another quarter of significant year-over-year gains

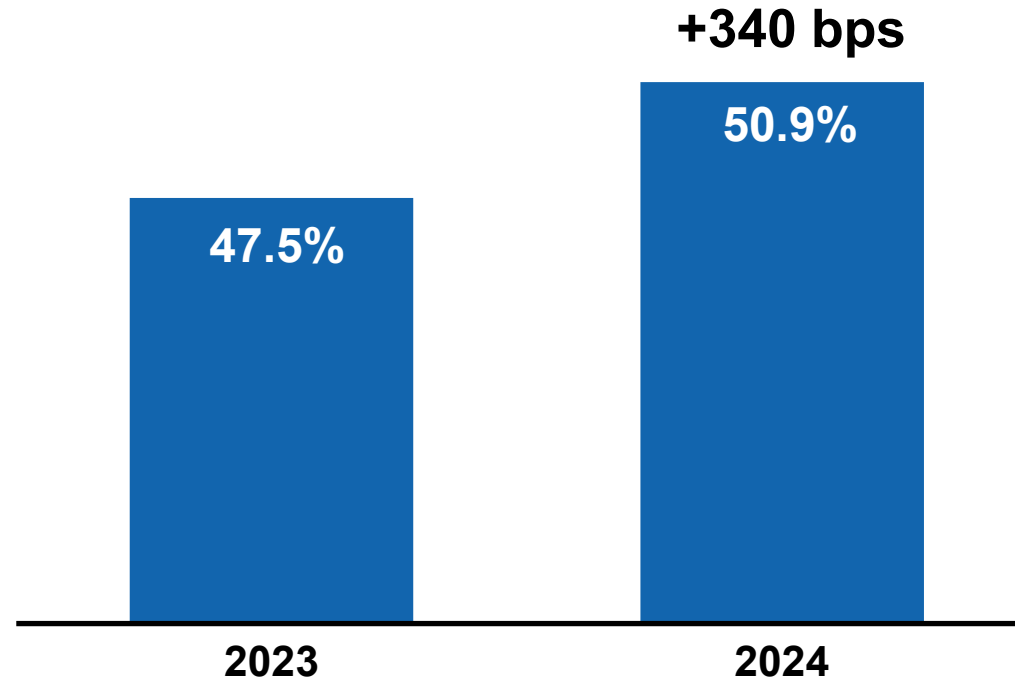


Benefiting primarily from costs savings and efficiency improvements

(1) Amounts may not sum due to rounding. Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator.
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FY 2024 Adjusted Gross Margin¹

Significant year-over-year increase



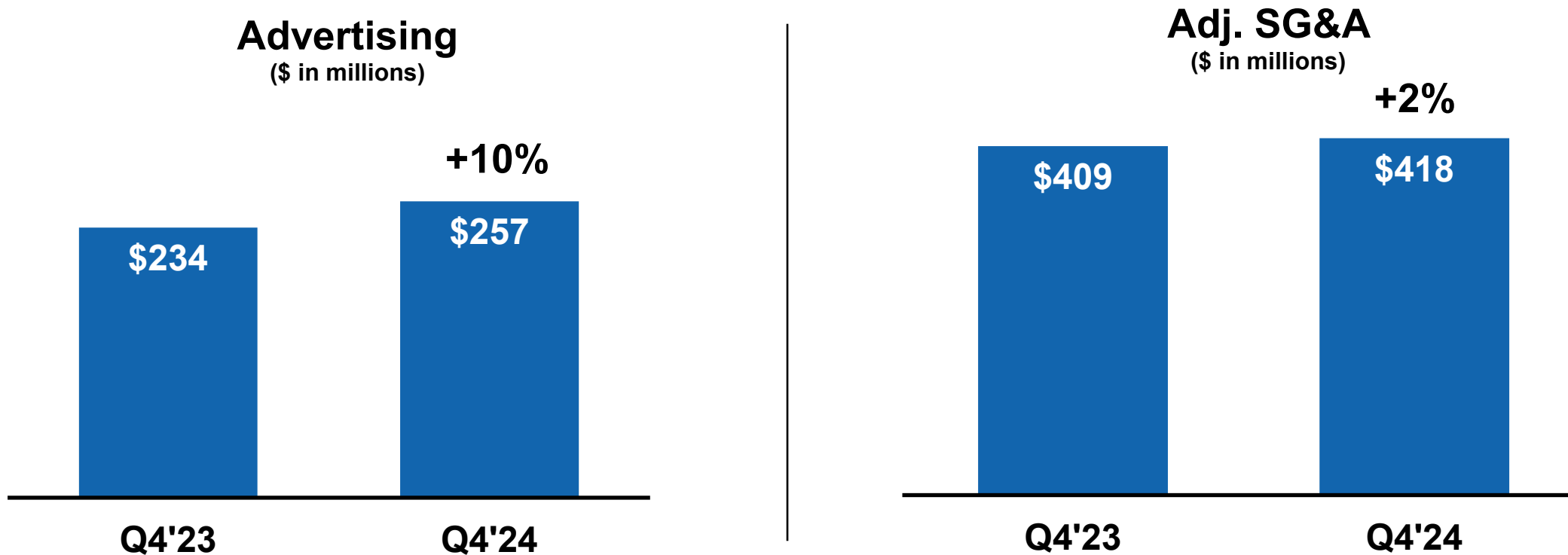
Increase primarily driven by supply chain efficiencies and cost savings, more than offsetting the prior year benefit from the Barbie movie

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



Q4 2024 Advertising and Adjusted SG&A¹

Advertising reflects shift of spend; Adjusted SG&A increased due to higher compensation partly offset by cost savings



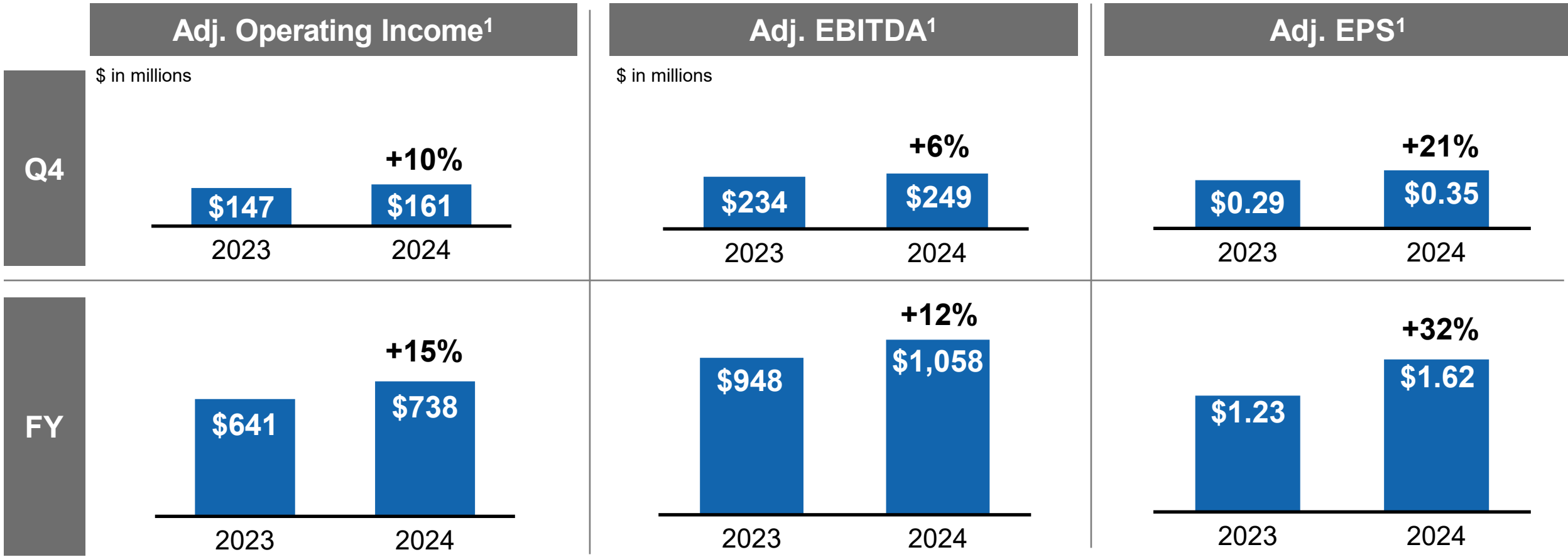
Full year Advertising decreased 3%; Adjusted SG&A increased 5%

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



Q4 and FY 2024 Adjusted Profit Metrics

Benefiting from strong Gross Margin



Full Year Adjusted Operating Income¹ margin expanded 190 bps to 13.7%

(1) Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator
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2024 Cash Flow

Cash flow generation was strong

(in millions) ¹	FY 2024	FY 2023
Net Income	\$542	\$214
Depreciation & Amortization	\$168	\$177
Share-Based Compensation	\$79	\$83
Other Non-Cash Charges	\$81	\$273
Changes in Working Capital & Other	(\$69)	\$122
Cash From Operations	\$801	\$870
Capital Expenditures	(\$203)	(\$160)
Free Cash Flow¹	\$598	\$709

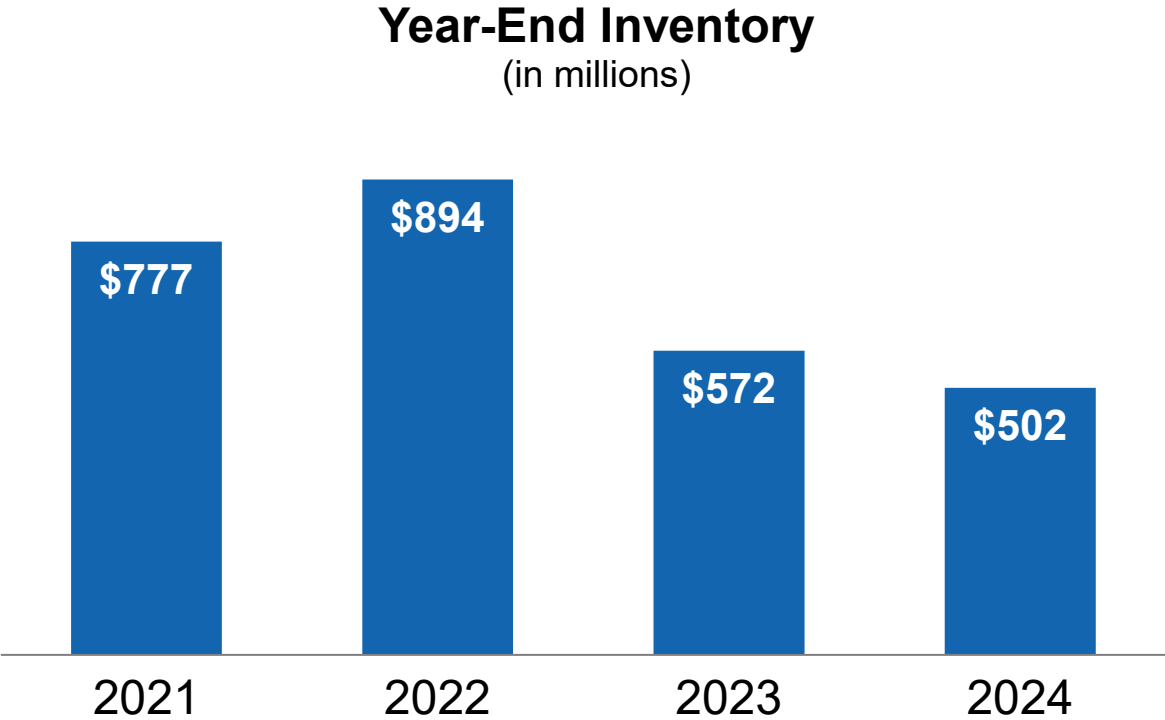
Repurchased \$400 million of shares in 2024



Balance Sheet Highlights

Another year of improving our financial position

(\$ in millions)	Q4 2024	Q4 2023
Cash	\$1,388	\$1,261
Accounts Receivable	\$1,003	\$1,082
Inventory	\$502	\$572
Debt	\$2,334	\$2,330
Leverage Ratio (Total Debt / Adj. EBITDA) ¹	2.2x	2.5x



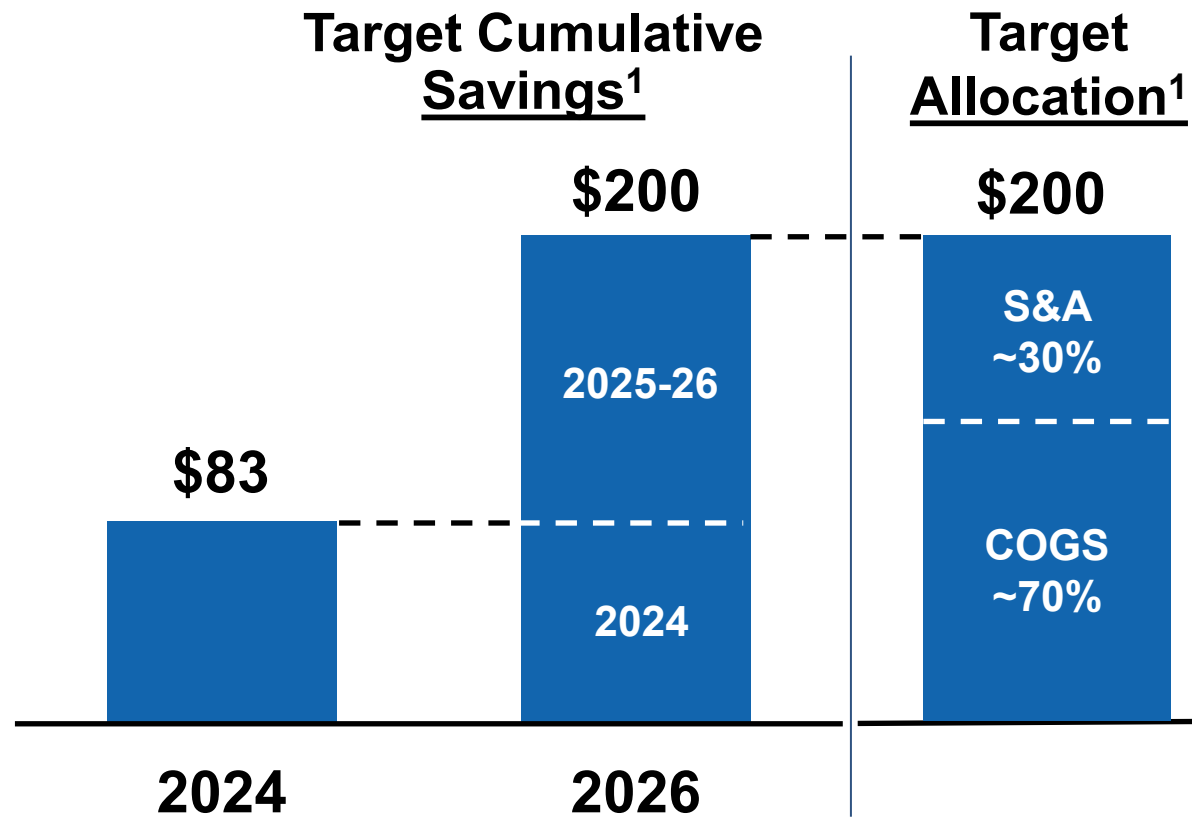
Leverage Ratio¹ continued to improve; Inventory is at lowest level in recent years

(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 ©2025 Mattel, Inc. All Rights Reserved.



Optimizing for Profitable Growth (OPG) 2024-2026

Realized cost savings of \$24 million in Q4 and \$83 million in full year 2024



On track to achieve target of \$200 million of cost savings by 2026

(1) In Millions. Amounts may sum add due to rounding. Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator ©2025 Mattel, Inc. All Rights Reserved.

2025 Guidance¹

Expect top and bottom-line growth

\$ in millions, except EPS and percentages ²	FY2025 Guidance	FY2024 Actual
Net Sales (Constant Currency)	+2% to 3%	\$5,380
Adjusted Gross Margin	Comparable	50.9%
Adjusted Operating Income	\$740 - \$765	\$738
Adjusted Tax Rate	23% - 24%	21%
Adjusted EPS	\$1.66 - \$1.72	\$1.62
Free Cash Flow	Approx. \$600	\$598

Confident in strategy to create shareholder value; targeting \$600 million of share repurchases

(1) Includes the anticipated impact of new U.S. tariffs on China, Mexico and Canada imports announced on February 1st, and mitigating actions we plan to take, including leveraging the strength of our supply chain, and potential pricing.

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

“2024 was a year of strong operational excellence for Mattel with topline growth in the fourth quarter. Our priorities for the year were to grow profitability, expand gross margin, and generate strong free cash flow and we achieved all three objectives, well ahead of expectations. As we progress through 2025, our 80th anniversary year, we look forward to growing both top and bottom line and continuing to successfully execute our multi-year strategy.”

- Ynon Kreiz, Chairman & CEO



YEARS OF INNOVATION



Appendix



Consolidated Statements of Operations

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT I

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)¹

(In millions, except per share and percentage information)	For the Three Months Ended December 31,						For the Year Ended December 31,					
	2024		2023		% Change as Reported	% Change in Constant Currency	2024		2023		% Change as Reported	% Change in Constant Currency
	\$ Amt	% Net Sales	\$ Amt	% Net Sales			\$ Amt	% Net Sales	\$ Amt	% Net Sales		
Net Sales	\$ 1,646.4		\$ 1,620.7		2%	3%	\$ 5,379.5		\$ 5,441.2		-1%	-1%
Cost of Sales	810.9	49.3%	830.5	51.2%	-2%		2,645.5	49.2%	2,857.5	52.5%	-7%	
Gross Profit	835.5	50.7%	790.2	48.8%	6%	7%	2,734.1	50.8%	2,583.7	47.5%	6%	6%
Advertising and Promotion Expenses	257.2	15.6%	234.4	14.5%	10%		507.3	9.4%	524.8	9.6%	-3%	
Other Selling and Administrative Expenses	420.0	25.5%	415.7	25.6%	1%		1,532.5	28.5%	1,497.3	27.5%	2%	
Operating Income	158.3	9.6%	140.1	8.6%	13%	12%	694.3	12.9%	561.7	10.3%	24%	27%
Interest Expense	29.4	1.8%	31.3	1.9%	-6%		118.8	2.2%	123.8	2.3%	-4%	
Interest (Income)	(12.0)	-0.7%	(9.8)	-0.6%	22%		(51.5)	-1.0%	(25.2)	-0.5%	104%	
Other Non-Operating (Income) Expense, Net	(4.3)		3.7				4.5		(2.3)			
Income Before Income Taxes	145.2	8.8%	114.9	7.1%	26%	34%	622.5	11.6%	465.4	8.6%	34%	41%
Provision (Benefit) from Income Taxes	10.9		(27.3)				105.6		269.5			
(Income) from Equity Method Investments	(6.5)		(5.1)				(24.9)		(18.4)			
Net Income	\$ 140.9	8.6%	\$ 147.3	9.1%	-4%		\$ 541.8	10.1%	\$ 214.4	3.9%	153%	
Net Income Per Common Share - Basic	\$ 0.42		\$ 0.42				\$ 1.59		\$ 0.61			
Weighted-Average Number of Common Shares	333.6		350.6				340.4		353.6			
Net Income Per Common Share - Diluted	\$ 0.42		\$ 0.42				\$ 1.58		\$ 0.60			
Weighted-Average Number of Common and Potential Common Shares	336.4		353.5				343.3		357.1			

¹ Amounts may not sum due to rounding.



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,	
	2024	2023
	(Unaudited)	
\$	1,387.9	\$ 1,261.4
	1,003.2	1,081.8
	501.7	571.6
	234.1	207.5
	3,126.9	3,122.3
	516.0	465.5
	326.4	313.2
	1,381.7	1,384.5
	1,193.0	1,150.2
\$	6,544.1	\$ 6,435.8

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

\$	1,277.7	\$ 1,308.6
	38.0	33.9
	1,315.7	1,342.5
	2,334.4	2,330.0
	278.2	259.5
	351.7	354.6
	2,264.1	2,149.2
\$	6,544.1	\$ 6,435.8

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,	
2024	2023
55	60

(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,	
2024	2023
\$ 800.6	\$ 869.8
(189.0)	(142.4)
(485.0)	(227.2)
\$ 126.5	\$ 500.1

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,		
	2024	2023	Change	2024	2023	Change
Gross Profit						
Gross Profit, As Reported	\$ 835.5	\$ 790.2		\$ 2,734.1	\$ 2,583.7	
Gross Margin	50.7 %	48.8 %	190 bps	50.8 %	47.5 %	330 bps
Adjustments:						
Severance and Restructuring Expenses	1.3	0.1		4.3	(1.2)	
Gross Profit, As Adjusted	\$ 836.7	\$ 790.3		\$ 2,738.3	\$ 2,582.6	
Adjusted Gross Margin	50.8 %	48.8 %	200 bps	50.9 %	47.5 %	340 bps
Other Selling and Administrative Expenses						
Other Selling and Administrative Expenses, As Reported	\$ 420.0	\$ 415.7	1%	\$ 1,532.5	\$ 1,497.3	2%
% of Net Sales	25.5 %	25.6 %	-10 bps	28.5 %	27.5 %	100 bps
Adjustments:						
Severance and Restructuring Expenses	—	2.1		(43.8)	(60.8)	
Inclined Sleeper Product Recalls	(1.7)	(9.0)		4.1	(18.1)	
Sale of Assets	—	—		—	(1.8)	
Other Selling and Administrative Expenses, As Adjusted	\$ 418.3	\$ 408.8	2%	\$ 1,492.7	\$ 1,416.6	5%
% of Net Sales	25.4 %	25.2 %	20 bps	27.7 %	26.0 %	170 bps
Operating Income						
Operating Income, As Reported	\$ 158.3	\$ 140.1	13%	\$ 694.3	\$ 561.7	24%
Operating Income Margin	9.6 %	8.6 %	100 bps	12.9 %	10.3 %	260 bps
Adjustments:						
Severance and Restructuring Expenses	1.3	(2.0)		48.1	59.7	
Inclined Sleeper Product Recalls	1.7	9.0		(4.1)	18.1	
Sale of Assets	—	—		—	1.8	
Operating Income, As Adjusted	\$ 161.3	\$ 147.1	10%	\$ 738.3	\$ 641.2	15%
Adjusted Operating Income Margin	9.8 %	9.1 %	70 bps	13.7 %	11.8 %	190 bps

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 per share and percentage information)	For the Three Months Ended December 31,			For the Year Ended December 31,		
	2024	2023	Change	2024	2023	Change
Earnings Per Share						
Net Income Per Common Share, As Reported	\$ 0.42	\$ 0.42	—%	\$ 1.58	\$ 0.60	163%
<i>Adjustments:</i>						
Severance and Restructuring Expenses	—	(0.01)		0.14	0.17	
Inclined Sleeper Product Recalls	0.01	0.03		(0.01)	0.05	
Sale of Assets	—	—		—	0.00	
Changes to Deferred Tax Assets ²	(0.07)	(0.14)		(0.06)	0.45	
Tax Effect of Adjustments ³	—	—		(0.03)	(0.04)	
Net Income Per Common Share, As Adjusted	<u>\$ 0.35</u>	<u>\$ 0.29</u>	21%	<u>\$ 1.62</u>	<u>\$ 1.23</u>	32%
EBITDA and Adjusted EBITDA						
Net Income, As Reported	\$ 140.9	\$ 147.3	-4%	\$ 541.8	\$ 214.4	153%
<i>Adjustments:</i>						
Interest Expense	29.4	31.3		118.8	123.8	
Provision (Benefit) from Income Taxes	10.9	(27.3)		105.6	269.5	
Depreciation	35.0	35.4		136.6	139.5	
Amortization	7.8	9.3		31.3	37.9	
EBITDA	<u>223.9</u>	<u>196.1</u>		<u>934.2</u>	<u>785.0</u>	
<i>Adjustments:</i>						
Share-Based Compensation	22.0	30.9		79.4	83.3	
Severance and Restructuring Expenses	1.3	(2.0)		48.1	59.7	
Inclined Sleeper Product Recalls	1.7	9.0		(4.1)	18.1	
Sale of Assets	—	—		—	1.8	
Adjusted EBITDA	<u>\$ 248.9</u>	<u>\$ 234.0</u>	6%	<u>\$ 1,057.6</u>	<u>\$ 947.8</u>	12%
Free Cash Flow						
Net Cash Flows Provided by Operating Activities				\$ 800.6	\$ 869.8	
Capital Expenditures				(202.6)	(160.3)	
Free Cash Flow				<u>\$ 597.9</u>	<u>\$ 709.5</u>	

¹ Amounts may not sum due to rounding.

² For the year ended December 31, 2023, Mattel recorded an expense of \$212.4 million related to the write-off 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.

³ 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

(In millions, except percentage and pts information)

Tax Rate

Income Before Income Taxes, As Reported

Adjustments:

Severance and Restructuring Expenses

Inclined Sleeper Product Recalls

Sale of Assets

Income Before Income Taxes, As Adjusted

Provision for Income Taxes, As Reported

Adjustments:

Changes to Deferred Tax Assets²

Tax Effect of Adjustments³

Provision for Income Taxes, As Adjusted

Tax Rate, As Reported

Tax Rate, As Adjusted

	For the Year Ended December 31,		
	2024	2023	Change
Income Before Income Taxes, As Reported	\$ 622.5	\$ 465.4	
<i>Adjustments:</i>			
Severance and Restructuring Expenses	48.1	59.7	
Inclined Sleeper Product Recalls	(4.1)	18.1	
Sale of Assets	—	1.8	
Income Before Income Taxes, As Adjusted	\$ 666.5	\$ 544.9	
Provision for Income Taxes, As Reported	\$ 105.6	\$ 269.5	
<i>Adjustments:</i>			
Changes to Deferred Tax Assets ²	21.1	(161.4)	
Tax Effect of Adjustments ³	10.2	15.3	
Provision for Income Taxes, As Adjusted	\$ 136.9	\$ 123.4	
Tax Rate, As Reported	17%	58%	-41 pts
Tax Rate, As Adjusted	21%	23%	-2 pts

Net Debt

Long-Term Debt

Adjustments:

Cash and Equivalents

Net Debt

	December 31,	
	2024	2023
Long-Term Debt	\$ 2,334.4	\$ 2,330.0
<i>Adjustments:</i>		
Cash and Equivalents	(1,387.9)	(1,261.4)
Net Debt	\$ 946.4	\$ 1,068.6

¹ Amounts may not sum due to rounding.

² For the year ended December 31, 2023, Mattel recorded an expense of \$212.4 million related to the write-off 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.

³ 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

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,		
	2024	2023	Change
Total Debt			
Long-Term Debt	\$ 2,334.4	\$ 2,330.0	
<i>Adjustments:</i>			
Debt Issuance Costs and Debt Discount	15.6	20.0	
Total Debt	<u>\$ 2,350.0</u>	<u>\$ 2,350.0</u>	
EBITDA and Adjusted EBITDA			
Net Income, As Reported	\$ 541.8	\$ 214.4	153%
<i>Adjustments:</i>			
Interest Expense	118.8	123.8	
Provision for Income Taxes	105.6	269.5	
Depreciation	136.6	139.5	
Amortization	31.3	37.9	
EBITDA	<u>934.2</u>	<u>785.0</u>	
<i>Adjustments:</i>			
Share-Based Compensation	79.4	83.3	
Severance and Restructuring Expenses	48.1	59.7	
Inclined Sleeper Product Recalls	(4.1)	18.1	
Sale of Assets	—	1.8	
Adjusted EBITDA	<u>\$ 1,057.6</u>	<u>\$ 947.8</u>	12%
Total Debt / Net Income	<u>4.3x</u>	<u>11.0x</u>	
Leverage Ratio (Total Debt / Adjusted EBITDA)	<u>2.2x</u>	<u>2.5x</u>	
Free Cash Flow			
Net Cash Flows Provided by Operating Activities	\$ 800.6	\$ 869.8	-8%
Capital Expenditures	(202.6)	(160.3)	
Free Cash Flow	<u>\$ 597.9</u>	<u>\$ 709.5</u>	-16%
Net Cash Flows Provided by Operating Activities / Net Income	<u>148%</u>	<u>406%</u>	-258 pts
Free Cash Flow Conversion (Free Cash Flow/Adjusted EBITDA)	<u>57%</u>	<u>75%</u>	-18 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,			
	2024	2023	% Change as Reported	% Change in Constant Currency	2024	2023	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
Worldwide Net Sales:								
Net Sales	\$ 1,646.4	\$ 1,620.7	2%	3%	\$ 5,379.5	\$ 5,441.2	-1%	-1%
Worldwide Gross Billings by Categories:								
Dolls	\$ 734.9	\$ 763.1	-4%	-3%	\$ 2,200.5	\$ 2,394.2	-8%	-8%
Infant, Toddler, and Preschool	276.2	292.2	-5	-4	951.3	1,000.8	-5	-4
Vehicles	543.8	475.1	14	16	1,791.2	1,641.0	9	10
Action Figures, Building Sets, Games, and Other	327.1	310.8	5	6	1,090.4	1,065.8	2	3
Gross Billings	<u>\$ 1,881.9</u>	<u>\$ 1,841.2</u>	2%	3%	<u>\$ 6,033.3</u>	<u>\$ 6,101.8</u>	-1%	—%
Supplemental Gross Billings Disclosure								
Worldwide Gross Billings by Top 3 Power Brands:								
Barbie	\$ 406.0	\$ 473.1	-14%	-13%	\$ 1,350.1	\$ 1,537.8	-12%	-12%
Hot Wheels	481.4	417.5	15	17	1,575.0	1,432.4	10	11
Fisher-Price ³	206.1	200.8	3	4	700.8	681.5	3	4
Other	788.5	749.8	5	6	2,407.4	2,450.2	-2	-1
Gross Billings	<u>\$ 1,881.9</u>	<u>\$ 1,841.2</u>	2%	3%	<u>\$ 6,033.3</u>	<u>\$ 6,101.8</u>	-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.

³ Beginning in the first quarter of 2024, the Fisher-Price power brand was revised to exclude Baby Gear and Imaginext products. Prior period amounts have been reclassified to conform to the current presentation.

Net Sales and Gross Billings by Segment



MATTEL, INC. AND SUBSIDIARIES

EXHIBIT V

NET SALES AND GROSS BILLINGS¹ BY SEGMENT (Unaudited)^{2,3}

	For the Three Months Ended December 31,				For the Year Ended December 31,			
	2024	2023	% Change as Reported	% Change in Constant Currency	2024	2023	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
North America Net Sales:								
Net Sales	\$ 975.5	\$ 968.5	1%	1%	\$ 3,168.1	\$ 3,210.4	-1%	-1%
North America Gross Billings by Categories:								
Dolls	\$ 441.9	\$ 448.9	-2%	-1%	\$ 1,280.1	\$ 1,368.0	-6%	-6%
Infant, Toddler, and Preschool	163.2	180.9	-10	-10	583.3	618.6	-6	-6
Vehicles	255.2	233.3	9	10	860.6	812.4	6	6
Action Figures, Building Sets, Games, and Other	196.8	180.1	9	9	670.6	633.5	6	6
Gross Billings	<u>\$ 1,057.0</u>	<u>\$ 1,043.2</u>	1%	1%	<u>\$ 3,394.6</u>	<u>\$ 3,432.5</u>	-1%	-1%
Supplemental Gross Billings Disclosure								
North America Gross Billings by Top 3 Power Brands:								
Barbie	\$ 217.4	\$ 252.8	-14%	-14%	\$ 734.9	\$ 840.4	-13%	-12%
Hot Wheels	220.3	198.5	11	11	741.3	690.8	7	7
Fisher-Price ⁴	120.7	119.0	1	1	421.3	404.9	4	4
Other	498.6	472.8	5	6	1,497.0	1,496.3	—	—
Gross Billings	<u>\$ 1,057.0</u>	<u>\$ 1,043.2</u>	1%	1%	<u>\$ 3,394.6</u>	<u>\$ 3,432.5</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.

³ In the first quarter of 2024, Mattel's American Girl business was integrated into its North America commercial organization and is reported within the North America operating segment. Prior period amounts have been reclassified to conform to the current period presentation.

⁴ Beginning in the first quarter of 2024, the Fisher-Price power brand was revised to exclude Baby Gear and Imaginext products. Prior period amounts have been reclassified to conform to the current presentation.



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,			
	2024	2023	% Change as Reported	% Change in Constant Currency	2024	2023	% Change as Reported	% Change in Constant Currency
(In millions, except percentage information)								
International Net Sales by Geographic Area:								
EMEA	\$ 402.6	\$ 366.5	10%	10%	\$ 1,240.4	\$ 1,241.5	—%	-1%
Latin America	153.4	182.4	-16	-6	608.2	658.0	-8	-2
Asia Pacific	114.9	103.3	11	11	362.8	331.3	10	11
Net Sales	<u>\$ 670.9</u>	<u>\$ 652.2</u>	3%	6%	<u>\$ 2,211.5</u>	<u>\$ 2,230.8</u>	-1%	1%
International Gross Billings by Geographic Area:								
EMEA	\$ 503.1	\$ 455.8	10%	10%	\$ 1,501.4	\$ 1,510.7	-1%	-2%
Latin America	190.7	223.5	-15	-5	722.1	776.4	-7	-1
Asia Pacific	131.1	118.7	10	10	415.3	382.3	9	10
Gross Billings	<u>\$ 824.9</u>	<u>\$ 798.1</u>	3%	6%	<u>\$ 2,638.7</u>	<u>\$ 2,669.4</u>	-1%	—%
International Gross Billings by Categories:								
Dolls	\$ 293.0	\$ 314.3	-7%	-4%	\$ 920.4	\$ 1,026.2	-10%	-9%
Infant, Toddler, and Preschool	113.0	111.3	2	5	368.0	382.2	-4	-2
Vehicles	288.6	241.9	19	23	930.5	828.6	12	14
Action Figures, Building Sets, Games, and Other	130.3	130.6	—	2	419.8	432.3	-3	-2
Gross Billings	<u>\$ 824.9</u>	<u>\$ 798.1</u>	3%	6%	<u>\$ 2,638.7</u>	<u>\$ 2,669.4</u>	-1%	—%
Supplemental Gross Billings Disclosure								
International Gross Billings by Top 3 Power Brands:								
Barbie	\$ 188.5	\$ 220.3	-14%	-12%	\$ 615.2	\$ 697.4	-12%	-11%
Hot Wheels	261.1	219.0	19	23	833.7	741.6	12	14
Fisher-Price ³	85.4	81.8	4	8	279.5	276.5	1	3
Other	289.8	277.0	5	7	910.3	953.8	-5	-3
Gross Billings	<u>\$ 824.9</u>	<u>\$ 798.1</u>	3%	6%	<u>\$ 2,638.7</u>	<u>\$ 2,669.4</u>	-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.

³ Beginning in the first quarter of 2024, the Fisher-Price power brand was revised to exclude Baby Gear and Imaginext products. Prior period amounts have been reclassified to conform to the current presentation.

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 presentation 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 related valuation allowances, 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, and the impact of sale of assets, 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 revolving credit agreement governing its revolving credit facility. 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 for 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 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, and the impact of sale of assets. 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 related valuation allowances 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.

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 Operating Income, Adjusted Tax Rate, Adjusted EPS, and Free Cash Flow 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 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.