REFINITIV STREETEVENTS

EDITED TRANSCRIPT

MAT.OQ - Mattel Inc at UBS Global Consumer and Retail Conference

EVENT DATE/TIME: MARCH 13, 2025 / 1:00PM GMT

OVERVIEW:

Company Summary

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

CORPORATE PARTICIPANTS

Ynon Kreiz *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Anthony DiSilvestro *Mattel Inc - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Arpine Kocharyan *UBS Securities, LLC - Analyst*

PRESENTATION

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Why don't we get started? Okay. Perfect. Thank you. Good morning and thank you all for joining us today. I'm Arpine Kocharyan, leisure gaming and lodging analyst with UBS. And I'm very pleased to have with us today, Ynon Kreiz, Chairman and Chief Executive Officer at Mattel; and Anthony DiSilvestro, Chief Financial Officer at Mattel.

We are going to be talking about the state of the toy industry, then, more specifically, Mattel's strategy of driving growth as the company continues transforming into a more IP-driven business. I'm also hoping to cover balance sheet and capital allocation from Mattel. But before we begin, just quickly, as research analysts, we have some disclosures in terms of our relationship and that of UBS on companies that we might talk about today, all of which could be found at ubs.com/disclosures or we can also provide them to you after this meeting.

Ynon, Anthony, thank you so much for being with us today.

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Thank you for inviting us. It's great to be here.

Anthony DiSilvestro - *Mattel Inc - Chief Financial Officer*

Thank you.

QUESTIONS AND ANSWERS

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Thank you. So I have a few questions to start off, and then we'll try to weave questions as I get them sort of from the audience into our discussion. Maybe to start with you, Ynon, before we get into the state of the toy industry, I wanted to ask where you think Mattel is in terms of the broader transformation that really started with your leadership back in 2018.

Since then, Mattel has done an impressive job of rightsizing cost structure, but more importantly, really focusing on its intellectual property more versus just manufacturing toys, right? Could you give a quick preview of that vision today and remind us where you are in that transformation journey?

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Yes. Thank you. Yes, we've been on this journey for a few years now. And the financial transformation has been all out there. Of course, you've followed the story, Arpine, and you know it well, but we went from an adjusted EBITDA of [$126 million] (corrected by company after the call) in 2017 to well over $1 billion in 2024. Our adjusted gross margin went from the 30s to the low 50s; our free cash flow from a negative $325 million in 2017 to a positive $600 million; and leverage ratio started at 25 times debt to adjusted EBITDA, down to investment grade today at 2.2. And we ended the year with $1.4 billion of cash after we spent $400 million to buy back shares. So financially, the company today, we believe, is in the strongest position it's been in many, many years.

Importantly, we've also evolved the company in terms of where it started, where the company used to describe itself as a toy manufacturing company to become what Mattel is today is an IP company. And from a company that was selling items off a shelf, we're now managing franchises with global audiences. And perhaps the biggest change in our own thinking and DNA is to regard people who buy our product, not just as consumers, but as fans that have an emotional relationship with product that we make and experiences that we create.

And this has served us very well in terms of how we infuse brand purpose and control relevance into everything we do. And while we reduced our non-manufacturing workforce by over 35%, we've cut SKUs by more than 35%, reducing our manufacturing -- the factories that we own by five factories and six this year, we actually grew our top line by $0.5 billion. And that is about operational excellence and how we manage the company.

But to your point, the exciting part is how we evolve to become an IP company and find opportunities to capture value from our intellectual properties outside of the toy aisle. The Barbie movie is an obvious example. That is one that is out there, and everybody saw that success and understands what it represents and the potential of our product to become great movies. But it's not just Barbie and not just movies, it's an entire portfolio that is evergreen, cultural with important societal impact with a built-in fan base and very broad across demographic, genre, and opportunities to translate to experiences outside of the toy aisle. And we're still early in that process, but already seeing multiple examples and showcases for the potential and opportunities that we have in front of us.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Fantastic. Ynon, the toy industry finished the year, if you look at the numbers, down slightly this year, just like flattish to down slightly. If you look at retail, toy sales are still up more than high-teens, I want to say, versus pre-pandemic levels. Can you talk a little bit about current state of the toy consumer and how retailers are thinking about the category and where you think demand ends up for 2025? There's been a lot of great deal of concern among investors about the state of the consumer just even the last two weeks in terms of what's been going on.

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Yes. The toy industry is a growth industry. The toy industry has been growing consistently over the last 25 years, with a few exceptions, a few years of exception. The last two years being notable exceptions, primarily driven by post-COVID era or period and the slowdown in the movie industry, given COVID and then the strike that slowed down or reduced the number of toyetic movies, toyetic theatrical movies that were out there. That impacted not just the action figure space that is normally closer to movies, but also the buoyancy of the industry.

Post-COVID and after the -- or when movies are now returning, we believe the industry will return to its normal cadence. We're already seeing it. The industry declined less than 1% in 2024, which is much better than anyone expected. Even we thought it will not do as well. I mean, it didn't grow, but it declined less than 1%. And we believe that the fundamentals of the industry are very strong. Toys is a human behavior that is not going to change. Parents will always prioritize spending money on their children, especially when it comes to quality product and trusted brands.

Retailers see the toy industry as a strategic category that is experiential. It drives foot traffic. Every retailer has a toy aisle. It's not just Walmart and Target, but every department store, every supermarket, every pharmacy, every gas station have a toy aisle. So we say that the toy industry is well positioned. And it's also important to note that the growth in the toy industry has been driven by both units and price. It's a healthy combination.

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

And the toy industry has been outpacing the decline in birth rates, which is also a factor. But nevertheless, toys has been growing even with the advent of digital experiences, screen time, and other changes in the economy over the last 25 years. So we believe the toy industry will return to growth over time and that, overall, it's in a healthy place. And in relation to 2025, we believe the industry will be flat to slightly up and improving trends that will continue to drive growth over time.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Great. Actually, that was a nice segue to my next question to Anthony, which was if we look at POS versus 2019, the double-digit increase versus pre-pandemic was mostly pricing, if you look at the numbers, right, sort of flattish. Anthony, this is for you. How do you look at that composition or that dynamic for 2025? Do you expect a fairly balanced growth, both from volume and price?

Anthony DiSilvestro - *Mattel Inc - Chief Financial Officer*

Thanks, Arpine. So as we look at our business from 2019, as Ynon said, we're significantly higher today than we were in 2019 pre-pandemic. And our data suggests that, that growth for us has come from a combination of units and price. If you look back at 2021 and 2022, we did experience some rather significant cost inflation. So we took some pricing actions to help mitigate that impact, as we continued to expand our gross margins. Importantly, on the volume side, during that time, we've expanded our fan base, our audience. We've extended our product line. We have increased distribution. So all those things have helped drive on the volume side.

As we look at 2025, we see a combination of volume and price. And given the tariff situation, pricing is likely to enter the mix this year given the potential actions that we would take on that front. As we look at our portfolio, importantly, we range all prices, right, from $1.25 Hot Wheel to a more expensive Barbie Dreamhouse to an American Girl to adult collector items that are more than $500. So we think we offer a full range of price points for our consumers.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Great. Anthony, you've talked about slightly elevated inventories coming out of Q4. But it seems like the impact on Q1 was not as big as initially thought maybe. Could you maybe take a moment to cover inventory situation, retail, the health of that inventory? Where are pockets of that inventory? And how should we think about Q1 versus Q2? Because you have FX impact, you also have Easter shift, there's a lot going on in a seasonally small quarter.

Anthony DiSilvestro - *Mattel Inc - Chief Financial Officer*

Sure. Sure. I think the backdrop there is a seasonally small quarter. So small things can have an outsized impact. But in terms of retail inventory levels, we did end the year in terms of dollars and weeks of supply at the same place we did the year before. And those levels slightly elevated, and I use the word slightly, right?

The inventory is of good quality, but we'll work through it in the first quarter. So as we look at our gross billings performance for Q1, a couple of things to consider. One is that impact of retail inventory levels, kind of modest impact, a modest headwind. The second is the timing of the Easter holiday. It's three weeks later this year than last year, right? So that also is likely to have an impact on both POS and shipments in Q1.

And the third factor, which you alluded to, is the negative impact from currency translation on our top line. It's getting a little better in the last week or so, but we would expect that also to have a modest negative impact on our Q1 performance. Importantly, to us, and again, Q1 is a seasonally small quarter, as we look to the full year, we expect to grow our top line 2% to 3% in constant currency.

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Great. And that's actually my next question in terms of sort of returning to growth for 2025 on a constant currency basis. Could you maybe talk about what visibility you have? What are drivers of that growth? And what drivers are more meaningful than others maybe? And what really gives you the confidence to guide for constant currency growth in this environment?

Anthony DiSilvestro - *Mattel Inc - Chief Financial Officer*

Sure. We definitely have the confidence around our 2% to 3% constant currency guidance. And there's a number of important factors supporting that. I would say growth in vehicles, driven by Hot Wheels. It's coming off its seventh record year, on its way to its eighth, so that business is doing fantastic. In games, driven by UNO. UNO had its best year on record in 2024. We expect it to grow in 2025 as well. In the dolls category, the theatrical tie-ins with Snow White and the second Wicked movie as well as improving trends in Barbie are going to be a driver for improved performance.

Within infant, toddler, and preschool, the continued roll out of Fisher-Price wood product line will be a driver as well. And then importantly, within action figures, we have the theatrical tie-in with Jurassic World movie, Minecraft movie, and also the continued expansion of WWE will be a driver for us. So we have, if you look across our categories and our portfolio, a number of key drivers that give us confidence.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Great. Ynon, this one is for you. Your bottom-line performance despite tougher Barbie comps this past year was pretty solid and impressive because investors have historically had a tendency to think of Mattel's performance as very tied to Barbie, right? But when you look at your portfolio, it was amazing to see Hot Wheels for the first time surpassing Barbie in terms of volume of sales, which speaks to sort of this further diversification. What other brands you think you see contributing to that diversification longer term?

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Yes. And I should point when we say performance with Barbie, this is also against the Barbie movie, not just Barbie as a brand. So we had to wrap a $100 million operating income contribution in 2023 to achieve the growth that we drove in 2024, including 340 basis points improvement in gross margin and 32% growth in our EPS against $100 million operating income that you can say was a onetime event given the movie.

But of course, we expect to do more of those over time. But this really underscores the strength and resilience of our business model, whereby we manage the company as a portfolio organized by categories with strong brands per category that are driving -- or in the locomotives of that category, but an entire strategy per category to manage a portfolio.

Now inevitably, there are always going to be puts and takes when you run a complex varied business with different brands. And our job is to manage that as a whole and make sure that there are -- we have the ability to offset and find growth opportunities within the portfolio. And this is the way we think about what we do. And it's not that we expect Barbie to continue to decline. And of course, every brand is important, and we believe that each brand has the potential to grow and drive more profitability. But it's really about the portfolio management that is serving us so well.

If you look at, across the portfolio, other than the brands that we mentioned, Barbie, Hot Wheels, UNO, you're seeing Monster High in its second year since its relaunch doing extremely well, being the fastest-growing doll's brand in the industry. You're seeing Fisher-Price now returning to growth. Fisher-Price grew for the full year and in each of the last three quarters. American Girl grew in the fourth quarter and the full year. And you're seeing more brands that are now adding to the growth momentum that we expect to achieve in 2025 and beyond.

And it is all about a portfolio strategy. And yes, it used to be all about Barbie. And Barbie, of course, is a hugely important brand, and we couldn't be more proud and confident of how far Barbie can go. But it's not just about Barbie. And therefore, this is where the strength of our portfolio, yet again, is playing out in toys, but of course, it will continue to evolve outside of the toy aisle.

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Great. Anthony, this one is for you because it's regarding supply chain. Your supply chain has been a strategic advantage, just even looking at COVID years and how you navigated what was a pretty disruptive situation for really every consumer company out there. Could you take a moment maybe to help us understand how a more nimble supply chain allows you to navigate current tariff situation? And how exactly do you plan to mitigate tariffs?

Anthony DiSilvestro - *Mattel Inc - Chief Financial Officer*

Sure. Absolutely. We do view our supply chain as a strategic and competitive advantage for us. And we've demonstrated this over a number of years. What we've been doing over the last several years is diversifying our manufacturing footprint, optimizing our supply chain. And today, we source product from seven different countries. So fairly diversified geographically. And in 2025, less than 40% of our total production is expected to come from China, and that compares to an industry average of around 80%. And with half of our business in the US, our exposure is about 20% on a total production basis. And with respect to Canada and Mexico, we source nothing from Canada today and less than 10% of our product from Mexico.

And as we continue to evolve by 2027, we do not expect any single country to represent more than 25% of our global production. And again, you can cut that in half in terms of the US exposure. So this gives us a competitive advantage and a good position when it comes to managing the tariff exposure.

And without getting into too many details for competitive reasons, we have flexibility in terms of sourcing, in terms of destination, in terms of supply chain. We also are looking at potential pricing actions to mitigate the impact of tariffs because it is our intent to protect our gross margins from tariffs in terms of profitability levels. And we have plans in place to do that. And as we look at our guidance for 2025, we have taken into account what we know of today. Obviously, those things evolve, but we've taken into account the tariffs and the mitigating actions we would take against those.

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

I should add that the -- all this work that started six years ago to diversify our supply chain was not about China or tariffs. It was about a business judgment that we took in terms of diversifying and rebalancing our supply chain to make sure that we have a flexible, modular, agile model that can respond and adjust to changes in market conditions. And our success during COVID, at a time when supply chain was disrupted globally, we stood out as a high-performing company, given the strength and resilience of our supply chain.

So it proved its capability and success at that time. We believe it will serve us well during the potential disruption around tariffs or other things down the road. But it wasn't about China or tariff. It's just having a resilient, flexible supply chain that can respond and adjust to changes in market conditions.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Anthony, just to go back to broader margin question. You've taken considerable cost out of the business, right? And it sounds as if cost discipline is something you sort of remain very focused on. Could you talk a little bit about where you're finding further opportunities to right-size that cost structure? Is it like that it's -- what's going to drive that? Is it more COGS or SG&A at this point?

Anthony DiSilvestro - *Mattel Inc - Chief Financial Officer*

All the above. So the way I'll answer the question is in the context of our optimizing for profitable growth program. And this is a program we launched at the beginning of 2024, targeting $200 million of cost savings by 2026, with 70% coming through cost of goods sold, 30% coming

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

through SG&A. And this program is about identifying opportunities to leverage our scale and also cost-saving opportunities within our supply chain.

For example, we've been rationalizing our manufacturing footprint, reducing the number of plants, shifting to lower-cost manufacturing countries. Those have generated significant cost savings. On the SG&A front, opportunities to leverage our scale, which is quite global. We continue to find opportunities there. And then even in things in advertising and promotion, where we invest in tools to not only improve the efficiency but also to improve the effectiveness. In our design and development capabilities, trying to shorten the cycle and improve speed to market, right? So this can reduce costs, improve speed to market. So all these things are designed not only to simply reduce costs, but to improve our flexibility, our agility, and the effectiveness of what we do.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Great. Ynon, there's a question from the audience, and it happens to be on my list as well, which is about you recently announced a major licensing deal with DC. Can you talk to how this partnership will enhance your growth profile and your strategy for growth? And how you think about partnerships in general going forward?

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Yes, given the scale and global capabilities we have in design, in supply chain, in commercial execution, the fact that we sell product in 500,000 physical stores, and of course have a robust online retail and e-commerce capabilities, we have a very strong platform. And that is something we believe we can leverage and position Mattel as a partner of choice for the major entertainment companies that own important brands.

We've seen that what -- we know how to do that really well, whether it's about Jurassic World or Disney Princess and Frozen and other important brands, and we look to continue to -- and of course, WWE that we mentioned, I can go on and on. But the point is that we're now, as part of our portfolio management, running these brands as our own, led by people who are experts for a category, industry leaders for a category, and leverage our scale and resources to create great products and build big businesses that will be profitable, accretive for Mattel, but also a big win for our partners.

And so the DC partnership is an important partnership. It's among the upper echelon of brands in the industry overall and for Mattel as well in terms of an important partner that we believe would become a meaningful business, starting in the second half of 2026. We actually have not just kids product, but also adult collective product, so it's a broad range. And it will be an important part of our portfolio and one that we believe we can elevate from its current level and take it to new heights. But the important message behind it is our ability to win and grow our portfolio.

We're very fortunate to have a very strong brand portfolio of our own. And this is the main part of our business. But given the scale that we have, we can leverage that to participate and partner in other categories with other brands that are important in the marketplace. So we're being very selective. It's about big brands that move the market, that stand out, that we can take to new heights and manage as part of our overall portfolio. But this is yet another signal, another example of our ability to attract and partner with key brands that will be an important part of our offering.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Great. Ynon, with your Barbie success, one of the key questions we get from investors is consumer product licensing business and where it could go, mostly because this can be such an accretive revenue stream with very high margins. Could you maybe take a few moments to talk about that segment and how you see that growing over time?

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Yes. The consumer products and licensing business is a multi-hundred billion dollar industry that is almost open-ended. It really is about how far you take it, how far you imagine the opportunities. It's primarily a licensing business, a royalty business, whereby you partner with third parties that make product based on your brands. And in today's world, with unlimited shelf space given online retail and e-commerce, with so much competition for share of mind and awareness, everybody is gravitating towards the big brands that have a built-in fan base, that have a built-in audience, where people are proactively looking to find product and engage with those brands.

And this is where we stand out again. And that's where we see very exciting opportunities for Mattel. This is very high margin because it's purely royalty that drops to the bottom line. Of course, we have our own small organization, relatively speaking. It's not small, small, but it's more relatively speaking, that needs to manage those relationships. And that's again where we partner with the best of the best partners that will represent and express our brands in different forms and different experiences. And we see a very exciting opportunity for Mattel to participate in other areas.

And I might expand that. And this is not just about physical product such as beddings or apparel or T-shirts. This expands to any form of engagement that people have using your brands. And one such example is in digital or mobile game. And this is one where we actually see an even more exciting opportunity than the traditional licensing, and this is where we're now stepping into self-publishing in order to capture more of the upside.

And we know that the mobile gaming industry evolves. It used to be that you needed to own the game engine, the studio and production capabilities, and today, you can actually outsource that and work on a cost-plus basis, but retain most of the upside as the owner of the underlying brand. So for a cost of $5 million to $10 million, single-digit million dollars, you can develop a game. And along the way, you can actually adjust and test and modulate the game. So by the time you finish the development, you know the game actually works.

And then what is more costly is user acquisition; that's vastly capital. But today, the user acquisition is performance marketing. You know your ROI in real time, and you only spend the money to the extent you know it will actually deliver results. Now because of that, barriers to entry are low, more people can do more games, which is why you have a crowded market. And that's where big brands come into play and change the economics and the equation in the marketplace where branded games have that much higher level of success just because the people are more likely to try them and engage with them.

And as the owner of the brand, we have, we believe, an asymmetric opportunity to do our own self-publishing and capture more of the upside in a large industry that for us is white space. We have a joint venture with NetEase called Mattel163 that we own half of. That launched six years ago on the back of $7 million investment by each party. This business today is doing over $200 million of revenue at high mobile game margin business.

But the interesting fact is that this business just launched just three games for Mattel: UNO, which is known; and then Phase10 and Skip-Bo that are less known. But for us, it was an interesting showcase of the potential of our brands to attract audience and build, with just three games, a very profitable, fast, double-digit growing business that is meaningful just because of the strength of the IP.

The games are good games. I wouldn't say they are groundbreaking games, but they are good games. The underlying driver is the strength of the brand. So for us, between the set of the industry and seeing what Mattel163 did as co-owner was an eye-opener in terms of the opportunities for us to capture more value of our brands in other categories. And in digital, it will be a combination of licensing that you asked about, but also self-publishing. In other parts of the economy, we will participate as a licensor and capture high-margin royalties that can be meaningful in the aggregate.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Right. No, that's great. We had a question from the audience and also it was on my list of questions because gaming is such an incredible opportunity for you. I wanted to go back to Barbie. Incredibly successful 2023, then you had to comp that, but the brand is stronger than ever when you actually talk to the trade. My question is, how hard is it to replicate that level of success with other properties? Could you maybe talk about what's next in terms of franchise investment when it comes to box office based on your own brands?

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Yes. The Barbie movie was very successful, as many people know. It became Warner Bros' most successful movie ever in a 100-year history of one of Hollywood's bigger studios, which in itself is very telling. We know that not every movie will be the next Barbie. But we intend to apply the same approach, the same methodology in terms of attracting the best talent, working with the best studios, and creating demand behind our movies. That said, you don't need a Barbie-level success for movies to have real impact on Mattel, economic impact on Mattel, because the Barbie movie, for example, was not very toyetic. It wasn't targeting kids.

Other movies can be less successful at the box office, but still have meaningful economic impact for the company. And here again, we manage a portfolio. We currently have many projects in motion: two movies in live production right now, Masters of the Universe, which is shooting in London and looks incredible. I've been to the set and it's going to be another great movie. Very different from Barbie, but will speak to the breadth of our portfolio and the expression of our brands. This movie will release on June 5, 2026, worldwide theatrical release and will be an important event like our second movie out there, Matchbox.

Sorry, the Masters of the Universe we're doing in partnership with Amazon MGM. Then Matchbox is also currently in production, shooting right now in Morocco, but this is a production with different geographies. This is in partnership with Skydance. And as you know, Skydance, they don't know how to make small movies. This will be a great, I say it with -- I mean, I admire the work and I think we couldn't have a better partner for this project. It will be a high action, super exciting movie with another genre, reviving one of our heritage brands and bringing it to life to the big screen. So that will be exciting. It will be initially released on Apple, but we haven't talked about a theatrical release yet, but it's going to be another great representation of our brand as a big movie.

And then we have 14 other movies that are currently in development that we've announced and a few others that we haven't announced yet. So there's a whole slate of exciting films that will come out of Mattel. And this is next to television projects that we're developing and continue to position Mattel as an important player in Hollywood, given the strength of our brands, representing one of the most important iconic portfolios of children and family entertainment franchises in the industry.

So it is about how do you express it in a new way, how do you attract and partner with the best partners. We don't say that we are the ones who will make these great movies, but we partner with the best of the best, whether it's the Amazon MGM team or the Skydance team. Sam Hargrave directing Matchbox and Travis Knight directing Masters of the Universe; with a great cast, from Jared Leto and Idris Alba, Nicholas Galitzine at Masters of the Universe, to John Cena at Matchbox, and other partnerships that we have with the best in Hollywood.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

That's very exciting. Ynon, just briefly on Fisher-Price. You've pruned that brand considerably, right? You went after new segments like Fisher-Price Wood that has been nicely additive to your business. But whenever we talk about Fisher-Price and preschool, infant, toddler, there is always this nagging concern among investors about sort of declining birth rates and age contraction. Where do you see Fisher-Price in 2025 and beyond, more importantly? And do you see those concerns as more structural headwinds for the brand looking out longer term?

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

So Fisher-Price is the number one brand in the infant, toddler, preschool category. It's been around for about 95 years, this brand, one of the most known heritage brands in the industry. It represents trust and important relationships with parents and families. We've done work over the past few years. As you know, it has declined. Much of the decline came from very specific areas: in baby gear, in power wheels, entertainment partnerships.

But Fisher-Price Core has been stable at $700 million for the last five years. And when we've entered the last phase of the transformation of Fisher-Price, we've divided this business into three areas: the infant, toddler, which is product-driven, targeting the parents; versus the entertainment part, which is brand-driven targeting a child -- and catering, marketing to a child.

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

And we've reorganized that business where the infant and toddler part is managed out of East Aurora, where we own our own facility or design facility with the best people in the industry for this category; and the brand-driven business, the entertainment piece, is managed out of Los Angeles, where we have the best brand managers in the industry, maybe in the world, for this category. And that's where brands like Thomas or Barney will be managed.

Barney, for example, is now in development. We have a movie in development with A24. A24 is one of the highest regarded producers in the industry consistently winning Oscars for quality pictures, is our partner for Barney. And people said, Barney and A24, how does that work? And it's just like people asked about Barbie and Greta Gerwig at the time. So it is about how do you attract and partner with innovators in their own domain to create new representation of our brand.

So Fisher-Price entertainment we'll manage out of LA. We have exited most of the baby gear and power wheel business. This was no growth or declining and unprofitable. So we pruned that. And now seeing Fisher-Price growing, driven by our entry into the woods category. Little People, Little People collector as well. We saw Fisher-Price growing for three of the last four quarters and for the full year. And we believe the brand is positioned for continued growth and profitability.

But this is a good -- even for Mattel, a good case study of how you innovate your business model and how you run your company more efficiently, leveraging iconic brands that are important in the marketplace by adjusting how you manage them and where you focus on to drive growth and profitability. And we believe Fisher-Price is in a very good position to continue to grow and be an important contributor to our portfolio.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Okay. Great. Anthony, this one for you. I wanted to briefly touch on capital allocation, and we are getting questions on that as well from the audience. You have been buying stock back and just announced further buybacks, which was an acceleration from last year. Could you go over maybe your capital allocation priorities? And has anything changed in your strategy?

Anthony DiSilvestro - *Mattel Inc - Chief Financial Officer*

Sure. Our capital allocation priorities have been fairly consistent over the last several years. And it really starts with our ability to generate meaningful and consistent levels of free cash flow, right? $600 million last year. We're guiding to $600 million this year. The first priority is to make investments to drive organic growth. And a great example Ynon touched on is the investments we're currently making on self-publishing digital mobile games, right? That's a great example of making investments today to drive future growth top line and bottom line.

The second is to maintain our investment-grade rating, i.e., leverage ratio, debt-to-EBITDA 2 to 2.5 times. We're in that range. We're at 2.2 times on a gross basis, and that doesn't include the $1.4 billion of cash that sits on the balance sheet. And this investment-grade rating is important to us. It represents financial flexibility, greater access to capital and at a lower cost. And we're in that range now, and the intent is to maintain it.

The third is M&A, right? These are opportunities that would drive our strategy, accelerate growth, generate meaningful economic returns. We're very disciplined in this regard. We haven't done anything, but we continue to believe there might be opportunities for us on the M&A front. And the fourth is share repurchases. We view share repurchases as a very effective and flexible tool to manage our capital structure.

We also believe our stock is undervalued today in the marketplace. So we've been very active on this front. We did about $200 million in 2023. We did $400 million in 2024. We're guiding to $600 million in 2025. You put that together, that's 20% of our market cap. So a significant level of share repurchases, which really is a demonstration of the confidence that we have in our ability to execute our strategy and to create value for our shareholders.

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Great. And I do want to go back to M&A just for a second as a potential way you could allocate capital. As you said, you have a pristine balance sheet, solid cash flow. And it seems like M&A is still on your list of potential ways you could deploy capital and even ahead of share buybacks. At the same time, you have accelerated share buyback. What might or might not make sense for Mattel at this point?

Anthony DiSilvestro - *Mattel Inc - Chief Financial Officer*

Yes. So capital allocation is a dynamic process. It's something we talk a lot about, right, and we make adjustments. We do believe there is the potential for M&A to create value and to accelerate the achievement of our strategic objectives, which, as you know, are to profitably grow the toy business and to capture the value of our IP in these entertainment verticals.

So there may be examples and it's hard to get into too much in terms of hypotheticals, right? But the key is we have a great balance sheet. We have the financial flexibility. We are taking a balanced approach between keeping a strong balance sheet and continuing to buy back shares, right, so to do both, right? And we think we're in a great position to be able to do that.

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

And to add to that, while it is ranking higher than share buyback, M&A ranks higher relative to share buyback on our capital allocation priorities, the fact is that we haven't done any M&A in the last six years. And yet, we bought $200 million of shares in 2023, $400 million of share in 2024 and we said we're targeting $600 million of share buyback in 2025. So our job is to create value for our shareholders, that's the North Star. This is how we think about our capital allocation priorities. And if there is an opportunity, an M&A opportunity that would do that, we will carefully consider that. In the meantime, we believe our own shares are very undervalued.

And this is the best investment that we can make that we see out there using our cash to buy our own shares given where we're trading, but see very exciting opportunities ahead. And given the strength of our portfolio, the health of the toy industry, a $100 billion industry where Mattel is a leader, second to [Lego] (corrected by company after the call), but an industry leader, we're playing across multiple categories that are important in the industry and an exciting opportunity to capture more value, significant value outside of the toy aisle, given the success of our brands.

At this point, with a proven model, this is not just a concept or an aspiration. We've shown what our brands can do when executed well. Now it's about doing it at scale. And if you can do that at scale together with strong performance, continued performance within the toy industry, this is where you create significant shareholder value.

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Great. We are out of time. This is a great place to conclude. Thank you so much, Ynon, Anthony, for joining.

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Thank you, Arpine.

Anthony DiSilvestro - *Mattel Inc - Chief Financial Officer*

Thank you.

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

REFINITIV

Arpine Kocharyan - *UBS Securities, LLC - Analyst*

Thank you, everyone, for joining.

Ynon Kreiz - *Mattel Inc - Chairman of the Board, Chief Executive Officer*

Thank you, everyone.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2025, Refinitiv. All Rights Reserved.

©2025 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

