

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **September 30, 2025**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-05647

MATTEL, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

333 Continental Blvd.
El Segundo, CA
(Address of principal executive offices)

95-1567322
(I.R.S. Employer
Identification No.)

90245-5012
(Zip Code)

(310) 252-2000
(Registrant's telephone number, including area code)

NONE
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$1.00 per share	MAT	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares outstanding of registrant's common stock, \$1.00 par value, as of October 17, 2025: 310.8 million shares.

MATTEL, INC. AND SUBSIDIARIES

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Forward-Looking Statements

This Quarterly Report on Form 10-Q contains a number of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 goals for future periods and other future events. The use of words such as "anticipates," "expects," "intends," "plans," "projects," "looks 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 or combination of factors, many of which are beyond Mattel's control, may cause actual future results or outcomes, or the timing of those results or outcomes, to differ materially from those contained in any 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 in a timely and cost-effective manner; (ii) sufficient interest in and demand for the products and entertainment Mattel offers by retail customers and consumers to profitably recover Mattel's costs; (iii) downturns in economic conditions affecting Mattel's markets which can negatively impact retail customers and consumers, and which can result in lower employment levels and lower consumer disposable income and spending, including lower spending on purchases of Mattel's products; (iv) other factors which can lower discretionary consumer spending, such as higher costs for fuel and food, drops in the value of homes or other consumer assets, and high levels of consumer debt; (v) potential difficulties or delays Mattel may experience in implementing cost savings and efficiency enhancing initiatives; (vi) other economic and public health conditions or regulatory changes in the markets in which Mattel and its customers and suppliers operate, which could create delays or increase Mattel's costs, such as higher commodity prices, labor costs or transportation costs, or outbreaks of disease; (vii) the effect of inflation on Mattel's business, including cost inflation in supply chain inputs and increased labor costs, as well as pricing actions taken in an effort to mitigate the effects of inflation; (viii) currency fluctuations, including movements in foreign exchange rates, which can lower Mattel's net revenues and earnings, and significantly impact Mattel's costs; (ix) the concentration of Mattel's customers, potentially increasing the negative impact to Mattel of difficulties experienced by any of Mattel's customers, such as bankruptcies or liquidations or a general lack of success, or changes in their purchasing or selling patterns; (x) the inventory policies of Mattel's retail customers, as well as the concentration of Mattel's revenues in the second half of the year, which coupled with reliance by retailers on quick response inventory management techniques, increases the risk of underproduction, overproduction, and shipping delays; (xi) legal, reputational, and financial risks related to security breaches or cyberattacks; (xii) work disruptions, including as a result of supply chain disruption such as plant or port closures, which may impact Mattel's ability to manufacture or deliver product in a timely and cost-effective manner; (xiii) the impact of competition on revenues, margins, and other aspects of Mattel's business, including the ability to offer products that consumers choose to buy instead of competitive products, the ability to secure, maintain, and renew popular licenses from licensors of entertainment properties, and the ability to attract and retain talented employees and adapt to evolving workplace models; (xiv) the risk of product recalls or product liability suits and costs associated with product safety regulations; (xv) tariffs, trade restrictions, or trade barriers, which depending on the effective date and duration of such measures, changes in the amount, scope, and nature of such measures 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 Russia-Ukraine war and geopolitical developments in the Middle East) or terrorist activities, natural and man-made 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 detailed in Part I, Item 1A "Risk Factors" in Mattel's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the "2024 Annual Report on Form 10-K"), Part II, Item 1A "Risk Factors" in Mattel's Quarterly Report on Form 10-Q for the three months ended March 31, 2025, and subsequent periodic filings. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so, except as required by law.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

MATTEL, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	September 30, 2025	September 30, 2024	December 31, 2024
(Unaudited; in thousands, except share data)			
ASSETS			
Current Assets			
Cash and equivalents	\$ 691,893	\$ 723,532	\$ 1,387,908
Accounts receivable, net of allowances for credit losses of \$8.4 million, \$8.2 million, and \$8.2 million, respectively	1,390,300	1,477,364	1,003,178
Inventories	826,582	737,182	501,732
Prepaid expenses and other current assets	246,888	242,302	234,099
Total current assets	3,155,663	3,180,380	3,126,917
Noncurrent Assets			
Property, plant, and equipment, net	542,432	513,769	516,049
Right-of-use assets, net	305,374	277,627	326,394
Goodwill	1,389,856	1,388,991	1,381,721
Deferred income tax assets	302,017	260,180	296,862
Identifiable intangible assets, net	344,668	374,706	360,563
Other noncurrent assets	553,420	518,080	535,578
Total Assets	\$ 6,593,430	\$ 6,513,733	\$ 6,544,084
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Current portion of long-term debt	\$ 599,249	\$ —	\$ —
Accounts payable	492,834	439,203	398,983
Accrued liabilities	829,745	803,204	878,710
Income taxes payable	52,814	56,212	38,030
Total current liabilities	1,974,642	1,298,619	1,315,723
Noncurrent Liabilities			
Long-term debt	1,738,375	2,333,260	2,334,351
Noncurrent lease liabilities	254,676	229,223	278,174
Other noncurrent liabilities	364,523	339,685	351,711
Total noncurrent liabilities	2,357,574	2,902,168	2,964,236
Stockholders' Equity			
Common stock \$1.00 par value, 1.00 billion shares authorized; 441.4 million shares issued	441,369	441,369	441,369
Additional paid-in capital	1,772,907	1,759,000	1,780,259
Treasury stock at cost: 130.5 million shares, 104.5 million shares, and 111.4 million shares, respectively	(2,925,108)	(2,434,734)	(2,566,929)
Retained earnings	3,895,269	3,463,016	3,603,878
Accumulated other comprehensive loss	(923,223)	(915,705)	(994,452)
Total stockholders' equity	2,261,214	2,312,946	2,264,125
Total Liabilities and Stockholders' Equity	\$ 6,593,430	\$ 6,513,733	\$ 6,544,084

The accompanying notes are an integral part of these consolidated financial statements.

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(Unaudited; in thousands, except per share amounts)			
Net Sales	\$ 1,735,972	\$ 1,843,904	\$ 3,581,163	\$ 3,733,141
Cost of sales	867,720	864,908	1,785,864	1,834,539
Gross Profit	868,252	978,996	1,795,299	1,898,602
Advertising and promotion expenses	118,137	104,956	267,459	250,117
Other selling and administrative expenses	370,266	385,699	1,122,472	1,112,455
Operating Income	379,849	488,341	405,368	536,030
Interest expense	29,416	29,371	88,004	89,415
Interest (income)	(9,027)	(9,787)	(37,344)	(39,466)
Other non-operating expense (income), net	965	(2,924)	12,588	8,796
Income Before Income Taxes	358,495	471,681	342,120	477,285
Provision from income taxes	86,884	106,350	72,529	94,756
(Income) from equity method investments	(6,747)	(7,045)	(21,799)	(18,426)
Net Income	\$ 278,358	\$ 372,376	\$ 291,390	\$ 400,955
Net Income Per Common Share - Basic	\$ 0.88	\$ 1.10	\$ 0.90	\$ 1.17
Weighted-average number of common shares	315,834	339,059	322,255	342,707
Net Income Per Common Share - Diluted	\$ 0.88	\$ 1.09	\$ 0.90	\$ 1.16
Weighted-average number of common and potential common shares	318,068	341,216	325,129	345,380

The accompanying notes are an integral part of these consolidated financial statements.

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(Unaudited; in thousands)			
Net Income	\$ 278,358	\$ 372,376	\$ 291,390	\$ 400,955
Other Comprehensive (Loss) Income, Net of Tax				
Currency translation adjustments	(9,893)	24,442	105,665	(16,885)
Employee benefit plan adjustments	1,407	994	3,977	3,441
Net unrealized gains (losses) on derivative instruments:				
Unrealized holding gains (losses)	3,332	(13,288)	(50,530)	9,764
Reclassification adjustments included in net income	(1,159)	7,264	12,117	(7,057)
	2,173	(6,024)	(38,413)	2,707
Other Comprehensive (Loss) Income, Net of Tax	(6,313)	19,412	71,229	(10,737)
Comprehensive Income	\$ 272,045	\$ 391,788	\$ 362,619	\$ 390,218

The accompanying notes are an integral part of these consolidated financial statements.

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended	
	September 30, 2025	September 30, 2024
	(Unaudited; in thousands)	
Cash Flows From Operating Activities:		
Net income	\$ 291,390	\$ 400,955
Adjustments to reconcile net income to net cash flows used for operating activities:		
Depreciation	102,395	101,682
Amortization of intangible assets	23,559	23,503
Share-based compensation	60,954	57,448
Inventory obsolescence	22,429	30,023
Deferred income taxes	(2,968)	23,020
Income from equity method investments	(21,799)	(18,426)
Valuation allowance on foreign deferred tax assets	—	3,200
Content assets amortization	45,580	62,333
Changes in assets and liabilities:		
Accounts receivable, net	(357,971)	(408,662)
Inventories	(306,377)	(201,954)
Prepaid expenses and other current assets	(22,365)	(42,695)
Accounts payable, accrued liabilities, and income taxes payable	6,188	(32,262)
Content assets spend	(13,388)	(16,944)
Other, net	(30,926)	(42,804)
Net cash flows used for operating activities	(203,299)	(61,583)
Cash Flows From Investing Activities:		
Purchases of tools, dies, and molds	(49,949)	(48,337)
Purchases of other property, plant, and equipment	(74,902)	(108,598)
Proceeds from foreign currency forward exchange contracts, net	9,333	1,578
Other, net	18,013	3,617
Net cash flows used for investing activities	(97,505)	(151,740)
Cash Flows From Financing Activities:		
Share repurchases	(412,474)	(268,307)
Tax withholdings for share-based compensation	(15,100)	(17,375)
Proceeds from stock option exercises	5,546	6,184
Other, net	(4,233)	(34,730)
Net cash flows used for financing activities	(426,261)	(314,228)
Effect of Currency Exchange Rate Changes on Cash and Equivalents	31,050	(10,280)
Change in Cash and Equivalents	(696,015)	(537,831)
Cash and Equivalents at Beginning of Period	1,387,908	1,261,363
Cash and Equivalents at End of Period	\$ 691,893	\$ 723,532

The accompanying notes are an integral part of these consolidated financial statements.

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
(Unaudited; in thousands)						
Balance, December 31, 2024	\$ 441,369	\$ 1,780,259	\$ (2,566,929)	\$ 3,603,878	\$ (994,452)	\$ 2,264,125
Net loss	—	—	—	(40,319)	—	(40,319)
Other comprehensive income, net of tax	—	—	—	—	47,865	47,865
Share repurchases	—	—	(161,440)	—	—	(161,440)
Issuance of treasury stock for stock option exercises	—	(1,151)	2,819	—	—	1,668
Issuance of treasury stock for restricted stock units vesting	—	(6,535)	4,312	—	—	(2,223)
Deferred compensation	—	(73)	73	—	—	—
Share-based compensation	—	19,904	—	—	—	19,904
Balance, March 31, 2025	\$ 441,369	\$ 1,792,404	\$ (2,721,165)	\$ 3,563,559	\$ (946,587)	\$ 2,129,580
Net income	—	—	—	53,352	—	53,352
Other comprehensive income, net of tax	—	—	—	—	29,677	29,677
Share repurchases	—	—	(50,462)	—	—	(50,462)
Issuance of treasury stock for stock option exercises	—	(3,292)	6,391	—	—	3,099
Issuance of treasury stock for restricted stock units vesting	—	(51,100)	38,698	—	—	(12,402)
Deferred compensation	—	(61)	356	—	—	295
Share-based compensation	—	18,720	—	—	—	18,720
Balance, June 30, 2025	\$ 441,369	\$ 1,756,671	\$ (2,726,182)	\$ 3,616,911	\$ (916,910)	\$ 2,171,859
Net income	—	—	—	278,358	—	278,358
Other comprehensive loss, net of tax	—	—	—	—	(6,313)	(6,313)
Share repurchases	—	—	(204,406)	—	—	(204,406)
Issuance of treasury stock for stock option exercises	—	(425)	1,204	—	—	779
Issuance of treasury stock for restricted stock units vesting	—	(5,579)	4,184	—	—	(1,395)
Deferred compensation	—	(90)	92	—	—	2
Share-based compensation	—	22,330	—	—	—	22,330
Balance, September 30, 2025	\$ 441,369	\$ 1,772,907	\$ (2,925,108)	\$ 3,895,269	\$ (923,223)	\$ 2,261,214

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
(Unaudited; in thousands)						
Balance, December 31, 2023	\$ 441,369	\$ 1,774,911	\$ (2,224,160)	\$ 3,062,061	\$ (904,968)	\$ 2,149,213
Net loss	—	—	—	(28,281)	—	(28,281)
Other comprehensive loss, net of tax	—	—	—	—	(10,765)	(10,765)
Share repurchases	—	—	(100,758)	—	—	(100,758)
Issuance of treasury stock for stock option exercises	—	(2,754)	7,053	—	—	4,299
Issuance of treasury stock for restricted stock units vesting	—	(17,932)	11,607	—	—	(6,325)
Share-based compensation	—	17,929	—	—	—	17,929
Balance, March 31, 2024	\$ 441,369	\$ 1,772,154	\$ (2,306,258)	\$ 3,033,780	\$ (915,733)	\$ 2,025,312
Net income	—	—	—	56,860	—	56,860
Other comprehensive loss, net of tax	—	—	—	—	(19,384)	(19,384)
Share repurchases	—	—	(100,954)	—	—	(100,954)
Issuance of treasury stock for stock option exercises	—	(437)	953	—	—	516
Issuance of treasury stock for restricted stock units vesting	—	(35,743)	26,692	—	—	(9,051)
Deferred compensation	—	(148)	148	—	—	—
Share-based compensation	—	19,834	—	—	—	19,834
Balance, June 30, 2024	\$ 441,369	\$ 1,755,660	\$ (2,379,419)	\$ 3,090,640	\$ (935,117)	\$ 1,973,133
Net income	—	—	—	372,376	—	372,376
Other comprehensive income, net of tax	—	—	—	—	19,412	19,412
Share repurchases	—	—	(68,907)	—	—	(68,907)
Issuance of treasury stock for stock option exercises	—	(1,186)	2,556	—	—	1,370
Issuance of treasury stock for restricted stock units vesting	—	(15,159)	11,036	—	—	(4,123)
Share-based compensation	—	19,685	—	—	—	19,685
Balance, September 30, 2024	\$ 441,369	\$ 1,759,000	\$ (2,434,734)	\$ 3,463,016	\$ (915,705)	\$ 2,312,946

The accompanying notes are an integral part of these consolidated financial statements.

MATTEL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements and related disclosures have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") applicable to interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments, consisting of only those of a normal recurring nature, considered necessary for a fair statement of the financial position and interim results of Mattel, Inc. and its subsidiaries ("Mattel") as of and for the periods presented have been included.

The December 31, 2024 balance sheet data was derived from audited financial statements; however, the accompanying interim notes to the consolidated financial statements do not include all of the annual disclosures required by GAAP. As Mattel's business is seasonal, results for interim periods are not necessarily indicative of those that may be expected for a full year. The financial information included herein should be read in conjunction with Mattel's consolidated financial statements and related notes in the 2024 Annual Report on Form 10-K.

2. Accounts Receivable, Net

Mattel estimates current expected credit losses based on collection history and management's assessment of the current economic trends, business environment, customers' financial condition, accounts receivable aging, and customer disputes that may impact the level of future credit losses. Accounts receivable were net of allowances for credit losses of \$8.4 million, \$8.2 million, and \$8.2 million as of September 30, 2025, September 30, 2024, and December 31, 2024, respectively.

3. Inventories

Inventories included the following:

	September 30, 2025	September 30, 2024	December 31, 2024
	(In thousands)		
Raw materials and work in process	\$ 99,289	\$ 109,335	\$ 94,755
Finished goods	727,293	627,847	406,977
	<u>\$ 826,582</u>	<u>\$ 737,182</u>	<u>\$ 501,732</u>

4. Property, Plant, and Equipment, Net

Property, plant, and equipment, net included the following:

	September 30, 2025	September 30, 2024	December 31, 2024
	(In thousands)		
Land	\$ 48,480	\$ 42,924	\$ 42,584
Buildings	374,028	357,969	350,920
Machinery and equipment	627,455	641,999	605,311
Software	235,394	234,928	234,699
Tools, dies, and molds	481,774	501,220	476,551
Leasehold improvements	110,028	120,929	107,139
Construction in progress	73,938	42,243	62,130
	<u>1,951,097</u>	<u>1,942,212</u>	<u>1,879,334</u>
Less: accumulated depreciation	(1,408,665)	(1,428,443)	(1,363,285)
	<u>\$ 542,432</u>	<u>\$ 513,769</u>	<u>\$ 516,049</u>

5. Goodwill and Identifiable Intangible Assets, Net

Goodwill

Mattel's reporting units are (i) North America, which consists of the United States and Canada, (ii) International, and (iii) American Girl. Goodwill related to the American Girl reporting unit is included in the North America operating segment. Mattel's reportable segments are: (i) North America and (ii) International. Certain components of the operating segments have been aggregated into a single reporting unit as the components have similar economic characteristics. The similar economic characteristics include the nature of the products, the nature of the production processes, the customers, and the manner in which the products are distributed. Mattel tests its goodwill for impairment annually in the third quarter and whenever events or changes in circumstances indicate that the carrying amount of a reporting unit may exceed its fair value.

Mattel performed a quantitative goodwill impairment assessment as of August 1, 2025, and determined that goodwill was not impaired. The quantitative goodwill impairment assessment includes the use of certain assumptions and estimates to calculate the estimated fair value of Mattel's reporting units. To the extent assumptions, estimates, or market factors, including seasonality, differ from Mattel's current estimates, the estimated fair value of Mattel's reporting units may be susceptible to significant changes. The reporting unit that is most susceptible to changes in assumptions and estimates given its smaller size is American Girl, as excess fair value over carrying value is a lesser dollar and percentage value than the other reporting units.

The change in the carrying amount of goodwill by reporting unit for the nine months ended September 30, 2025 is shown below. Goodwill is allocated to Mattel's reporting units based on the reporting units that are expected to receive the related benefits of the business combination at the acquisition date, thereby causing foreign currency translation impact.

	December 31, 2024	Currency Exchange Rate Impact	September 30, 2025
	(In thousands)		
North America	\$ 732,995	\$ 2,145	\$ 735,140
International	441,155	5,990	447,145
American Girl	207,571	—	207,571
	<u>\$ 1,381,721</u>	<u>\$ 8,135</u>	<u>\$ 1,389,856</u>

Identifiable Intangible Assets, Net

Mattel's identifiable intangible assets, net consisted of the following:

	September 30, 2025	September 30, 2024	December 31, 2024
	(In thousands)		
Identifiable intangible assets	\$ 811,224	\$ 809,851	\$ 798,655
Less: accumulated amortization	(466,556)	(435,145)	(438,092)
	<u>\$ 344,668</u>	<u>\$ 374,706</u>	<u>\$ 360,563</u>

Mattel's amortizable intangible assets primarily consist of trademarks and trade names. Mattel tests its amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. Mattel's amortizable intangible assets were not impaired during the three and nine months ended September 30, 2025 and 2024.

6. Accrued Liabilities

Accrued liabilities included the following:

	September 30, 2025	September 30, 2024	December 31, 2024
	(In thousands)		
Royalties	\$ 87,099	\$ 80,141	\$ 80,754
Lease liabilities	82,479	74,871	74,755
Advertising and promotion	74,188	71,993	120,290
Incentive compensation	61,944	104,136	157,699

7. Supplier Finance Program

Mattel has an agreement with a third-party financial institution that allows certain participating suppliers the opportunity to voluntarily finance payment obligations of Mattel under a supplier finance program. Under this program, participating suppliers may accelerate the timing of collection of their receivables due from Mattel, prior to their scheduled due dates, by selling one or more of their receivables at a discounted price to the third-party financial institution. The range of payment terms Mattel negotiates with suppliers are consistent, regardless of whether the suppliers participate in the supplier finance program and Mattel does not have any economic interest in any suppliers' decision to participate in the supplier finance program. Suppliers participating in the program are able to select which individual Mattel invoices they sell to the third-party financial institution. All Mattel payments of the full amounts due to participating suppliers are paid on the invoice due date based on the terms originally negotiated with the supplier, regardless of whether the individual invoice due to the supplier is sold to the third-party financial institution. Included in Mattel's accounts payable in the consolidated balance sheets as of each of September 30, 2025, September 30, 2024, and December 31, 2024 were \$163.6 million, \$112.3 million, and \$69.2 million of outstanding payment obligations due to suppliers, respectively, under the supplier finance program. All payment activities related to the supplier finance program were presented within operating activities in the consolidated statements of cash flows.

8. Seasonal Financing

On July 15, 2024, Mattel entered into a revolving credit agreement (the "Credit Agreement"), among Mattel, as the borrower, Bank of America, N.A., as administrative agent, and the other lenders and financial institutions party thereto, providing for \$1.40 billion in aggregate principal amount of senior unsecured revolving credit facilities (the "Credit Facility"). The Credit Facility matures on July 15, 2029. In connection with the Credit Facility, Mattel terminated the commitments and satisfied all outstanding obligations under Mattel's prior revolving credit agreement, dated as of September 15, 2022 (as amended), among Mattel, as the borrower, Bank of America, N.A., as administrative agent, and the other lenders and financial institutions party thereto, which provided for a senior secured revolving credit facility in an aggregate principal amount of \$1.40 billion.

Borrowings under the Credit Facility bear interest at a floating rate, which for U.S. dollar-denominated loans can be, at Mattel's option, either (a) Term SOFR (as defined in the Credit Agreement), plus an applicable margin ranging from 0.875% to 1.375% per annum, or (b) Base Rate (as defined in the Credit Agreement), plus an applicable margin ranging from 0.000% to 0.375% per annum, in each case, such applicable margins to be determined based on Mattel's debt rating.

In addition to paying interest on the outstanding principal amount under the Credit Facility, Mattel is required to pay (i) an unused line fee per annum of the average daily unused portion of the Credit Facility, (ii) a letter of credit fronting fee based on a percentage of the aggregate face amount of outstanding letters of credit, and (iii) certain other customary fees and expenses of the lenders and agents.

The Credit Agreement contains customary covenants, including, but not limited to, (a) restrictions on Mattel's and its subsidiaries' ability to merge and consolidate with other companies, dispose of all or substantially all assets, incur indebtedness, or grant liens or other security interests on assets, in each case, subject to certain customary exceptions and (b) the requirement that the obligations of Mattel under the Credit Facility be guaranteed by any existing or future direct or indirect domestic subsidiary of Mattel that guarantees other indebtedness of Mattel in an aggregate principal or committed amount in excess of \$50 million, subject to certain customary exceptions. As of September 30, 2025, no subsidiaries of Mattel were required to guarantee the Credit Facility.

The Credit Agreement requires the maintenance of (a) an interest coverage ratio of not less than 2.75 to 1.00 as of the end of each fiscal quarter and (b) a total leverage ratio as of the end of each fiscal quarter, not to exceed (x) 3.75 to 1.00 with respect to fiscal quarters ending on March 31, June 30 and December 31 of each year, and (y) 4.00 to 1.00 with respect to fiscal quarters ending on September 30 of each year. The total leverage ratio financial covenant is subject to a step-up to 4.25 to 1.00, with respect to fiscal quarters in which certain material acquisitions are consummated, and for a period of four fiscal quarters thereafter, and subject to certain customary exceptions.

As of September 30, 2025, Mattel was in compliance with all covenants contained in the Credit Agreement. Mattel had no borrowings outstanding under the Credit Facility and no other short-term borrowings outstanding as of September 30, 2025, September 30, 2024, and December 31, 2024. Outstanding letters of credit under the Credit Facility totaled approximately \$9 million as of September 30, 2025, September 30, 2024, and December 31, 2024.

The Credit Agreement is a material agreement, and failure to comply with its covenants may result in an event of default under the terms of the Credit Facility. If Mattel were to default under the terms of the Credit Facility, its ability to meet its seasonal financing requirements could be adversely affected.

9. Long-Term Debt

Long-term debt included the following:

	September 30, 2025	September 30, 2024	December 31, 2024
	(In thousands)		
2010 Senior Notes due October 2040	\$ 250,000	\$ 250,000	\$ 250,000
2011 Senior Notes due November 2041	300,000	300,000	300,000
2019 Senior Notes due December 2027	600,000	600,000	600,000
2021 Senior Notes due April 2026	600,000	600,000	600,000
2021 Senior Notes due April 2029	600,000	600,000	600,000
Debt issuance costs and debt discount	(12,376)	(16,740)	(15,649)
	2,337,624	2,333,260	2,334,351
Less: current portion	(599,249)	—	—
Total long-term debt	\$ 1,738,375	\$ 2,333,260	\$ 2,334,351

Mattel's 2019 Senior Notes due 2027 were issued pursuant to an indenture dated November 20, 2019, and its 2021 Senior Notes due 2026 and 2021 Senior Notes due 2029 were issued pursuant to an indenture dated March 19, 2021. These indentures contain covenants that limit Mattel's (and some of its subsidiaries') ability to, among other things: (i) incur additional debt or issue certain preferred shares; (ii) pay dividends on or make other distributions in respect of their capital stock or make other restricted payments; (iii) make investments in unrestricted subsidiaries; (iv) create liens; (v) enter into certain sale/leaseback transactions; (vi) merge or consolidate, or sell, transfer or otherwise dispose of substantially all of their assets; and (vii) designate future guarantors. The 2019 and 2021 indentures also provided that certain of these covenants would be suspended if Mattel achieved a debt rating of BBB-, Baa3, and/or BBB- (or higher) from any two of S&P, Moody's, and Fitch, respectively, and no event of default has occurred.

In 2024, Fitch changed Mattel's credit rating from BB+ to BBB- with a stable outlook, S&P changed Mattel's credit rating from BBB- to BBB with a stable outlook, and Moody's maintained Mattel's credit rating of Baa3 with a stable outlook. As a result of the current credit ratings and no events of default, the covenants in the 2019 and 2021 indentures limiting Mattel's ability to incur additional debt or issue certain preferred shares, pay dividends on or make other distributions in respect of its capital stock or make other restricted payments, and make investments in unrestricted subsidiaries, and certain provisions of the covenant limiting Mattel's ability to merge or consolidate, or sell, transfer or otherwise dispose of substantially all of its assets and designate future guarantors, are suspended. If Mattel ceases to have credit ratings of BBB-, Baa3, and/or BBB- (or higher) from any two of S&P, Moody's, and Fitch, respectively, Mattel will thereafter be subject to the suspended covenants with respect to future events.

Mattel's 2010 Senior Notes due 2040 and 2011 Senior Notes due 2041 were issued pursuant to an indenture dated September 23, 2010. That indenture contains covenants that limit Mattel's and its subsidiaries' ability to, among other things, create liens, enter into certain sale/leaseback transactions and merge or consolidate, or sell, transfer or otherwise dispose of substantially all of their assets.

10. Accumulated Other Comprehensive Income (Loss)

The following tables present changes in the accumulated balances for each component of other comprehensive income (loss), including current period other comprehensive income (loss) and reclassifications from accumulated other comprehensive income (loss):

For the Three Months Ended September 30, 2025				
	Derivative Instruments	Employee Benefit Plans	Currency Translation Adjustments	Total
(In thousands)				
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of June 30, 2025	\$ (26,279)	\$ (137,093)	\$ (753,538)	\$ (916,910)
Other comprehensive income (loss) before reclassifications	3,332	29	(9,893)	(6,532)
Amounts reclassified from accumulated other comprehensive income (loss)	(1,159)	1,378	—	219
Net change in other comprehensive income (loss)	2,173	1,407	(9,893)	(6,313)
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of September 30, 2025	<u>\$ (24,106)</u>	<u>\$ (135,686)</u>	<u>\$ (763,431)</u>	<u>\$ (923,223)</u>
For the Nine Months Ended September 30, 2025				
	Derivative Instruments	Employee Benefit Plans	Currency Translation Adjustments	Total
(In thousands)				
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of December 31, 2024	\$ 14,307	\$ (139,663)	\$ (869,096)	\$ (994,452)
Other comprehensive income (loss) before reclassifications	(50,530)	92	105,665	55,227
Amounts reclassified from accumulated other comprehensive income (loss)	12,117	3,885	—	16,002
Net change in other comprehensive income (loss)	(38,413)	3,977	105,665	71,229
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of September 30, 2025	<u>\$ (24,106)</u>	<u>\$ (135,686)</u>	<u>\$ (763,431)</u>	<u>\$ (923,223)</u>
For the Three Months Ended September 30, 2024				
	Derivative Instruments	Employee Benefit Plans	Currency Translation Adjustments	Total
(In thousands)				
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of June 30, 2024	\$ 5,268	\$ (140,469)	\$ (799,916)	\$ (935,117)
Other comprehensive income (loss) before reclassifications	(13,288)	16	24,442	11,170
Amounts reclassified from accumulated other comprehensive income (loss)	7,264	978	—	8,242
Net change in other comprehensive income (loss)	(6,024)	994	24,442	19,412
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of September 30, 2024	<u>\$ (756)</u>	<u>\$ (139,475)</u>	<u>\$ (775,474)</u>	<u>\$ (915,705)</u>

For the Nine Months Ended September 30, 2024				
	Derivative Instruments	Employee Benefit Plans	Currency Translation Adjustments	Total
(In thousands)				
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of December 31, 2023	\$ (3,463)	\$ (142,916)	\$ (758,589)	\$ (904,968)
Other comprehensive income (loss) before reclassifications	9,764	50	(16,885)	(7,071)
Amounts reclassified from accumulated other comprehensive income (loss)	(7,057)	3,391	—	(3,666)
Net change in other comprehensive income (loss)	2,707	3,441	(16,885)	(10,737)
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of September 30, 2024	<u>\$ (756)</u>	<u>\$ (139,475)</u>	<u>\$ (775,474)</u>	<u>\$ (915,705)</u>

The following tables present the classification and amount of the reclassifications from accumulated other comprehensive income (loss) to the consolidated statements of operations:

	For the Three Months Ended		Statements of Operations Classification
	September 30, 2025	September 30, 2024	
	(In thousands)		
Derivative Instruments:			
Gain (loss) on foreign currency forward exchange and other contracts	\$ 1,217	\$ (7,275)	Cost of sales
Tax effect	(58)	11	Provision/benefit from income taxes
	<u>\$ 1,159</u>	<u>\$ (7,264)</u>	Net income/loss
Employee Benefit Plans:			
Amortization of prior service credit (a)	\$ 449	\$ 460	Other non-operating income/expense, net
Recognized actuarial loss (a)	(2,100)	(1,902)	Other non-operating income/expense, net
	(1,651)	(1,442)	
Tax effect	273	464	Provision/benefit from income taxes
	<u>\$ (1,378)</u>	<u>\$ (978)</u>	Net income/loss
	For the Nine Months Ended		Statements of Operations Classification
	September 30, 2025	September 30, 2024	
	(In thousands)		
Derivative Instruments:			
(Loss) gain on foreign currency forward exchange and other contracts	\$ (12,098)	\$ 7,023	Cost of sales
Tax effect	(19)	34	Provision/benefit from income taxes
	<u>\$ (12,117)</u>	<u>\$ 7,057</u>	Net income/loss
Employee Benefit Plans:			
Amortization of prior service credit (a)	\$ 1,349	\$ 1,383	Other non-operating income/expense, net
Recognized actuarial loss (a)	(6,294)	(5,693)	Other non-operating income/expense, net
	(4,945)	(4,310)	
Tax effect	1,060	919	Provision/benefit from income taxes
	<u>\$ (3,885)</u>	<u>\$ (3,391)</u>	Net income/loss

(a) The amortization of prior service credit and recognized actuarial loss are included in the computation of net periodic benefit cost. Refer to "Note 15 to the Consolidated Financial Statements—Employee Benefit Plans" for additional information regarding Mattel's net periodic benefit cost.

Currency Translation Adjustments

During the nine months ended September 30, 2025, currency translation adjustments resulted in a net gain of \$105.7 million, primarily due to the strengthening of the Russian ruble, Mexican peso, and British pound sterling against the U.S. dollar.

During the nine months ended September 30, 2024, currency translation adjustments resulted in a net loss of \$16.9 million, primarily due to the weakening of the Mexican peso and Brazilian real against the U.S. dollar, partially offset by the strengthening of the British pound sterling against the U.S. dollar.

11. Foreign Currency Transaction Exposure

Currency transaction gains (losses) included in the consolidated statements of operations were as follows:

	For the Three Months Ended		Statements of Operations Classification
	September 30, 2025	September 30, 2024	
	(In thousands)		
Currency transaction (losses), net	\$ (4,128)	\$ (10,047)	Operating income/expense
Currency transaction gains, net	72	4,758	Other non-operating income/expense, net
Currency transaction (losses), net	<u>\$ (4,056)</u>	<u>\$ (5,289)</u>	

	For the Nine Months Ended		Statements of Operations Classification
	September 30, 2025	September 30, 2024	
	(In thousands)		
Currency transaction (losses), net	\$ (1,473)	\$ (16,087)	Operating income/expense
Currency transaction (losses), net	(8,333)	(226)	Other non-operating income/expense, net
Currency transaction (losses), net	<u>\$ (9,806)</u>	<u>\$ (16,313)</u>	

12. Derivative Instruments

Mattel seeks to mitigate its exposure to foreign currency transaction risk by monitoring its foreign currency transaction exposure for the year and partially hedging such exposure using foreign currency forward exchange contracts. Mattel uses foreign currency forward exchange contracts as cash flow hedges primarily to hedge its purchases and sales of inventory denominated in foreign currencies. These contracts have maturity dates of up to 24 months. These derivative instruments have been designated as effective cash flow hedges, whereby the unsettled hedges are reported in Mattel's consolidated balance sheets at fair value, with changes in the fair value of the hedges reflected in other comprehensive income ("OCI"). Realized gains and losses for these contracts are recorded in the consolidated statements of operations in the period in which the inventory is sold to customers. Mattel uses foreign currency forward exchange contracts to hedge intercompany loans and advances denominated in foreign currencies. Due to the short-term nature of the contracts involved, Mattel does not use hedge accounting for these contracts, and as such, changes in fair value are recorded in the period of change in the consolidated statements of operations. Mattel utilizes derivative contracts to hedge certain purchases of commodities, which were not material. As of September 30, 2025, September 30, 2024, and December 31, 2024, Mattel held foreign currency forward exchange contracts and other commodity derivative instruments, with notional amounts of approximately \$840 million, \$748 million, and \$628 million, respectively.

The following tables present Mattel's derivative assets and liabilities:

		Derivative Assets		
		Fair Value		
		September 30, 2025	September 30, 2024	December 31, 2024
Balance Sheet Classification		(In thousands)		
Derivatives Designated as Hedging Instruments:				
Foreign currency forward exchange and other contracts	Prepaid expenses and other current assets	\$ 1,802	\$ 2,196	\$ 17,290
Foreign currency forward exchange and other contracts	Other noncurrent assets	65	34	2,775
Total Derivatives Designated as Hedging Instruments		\$ 1,867	\$ 2,230	\$ 20,065
Derivatives Not Designated as Hedging Instruments:				
Foreign currency forward exchange and other contracts	Prepaid expenses and other current assets	\$ 1,030	\$ 1,251	\$ 1,966
Total Derivatives Not Designated as Hedging Instruments		\$ 1,030	\$ 1,251	\$ 1,966
		\$ 2,897	\$ 3,481	\$ 22,031
Derivative Liabilities				
		Fair Value		
		September 30, 2025	September 30, 2024	December 31, 2024
Balance Sheet Classification		(In thousands)		
Derivatives Designated as Hedging Instruments:				
Foreign currency forward exchange and other contracts	Accrued liabilities	\$ 20,735	\$ 8,571	\$ 1,370
Foreign currency forward exchange and other contracts	Other noncurrent liabilities	4,129	2,026	65
Total Derivatives Designated as Hedging Instruments		\$ 24,864	\$ 10,597	\$ 1,435
Derivatives Not Designated as Hedging Instruments:				
Foreign currency forward exchange and other contracts	Accrued liabilities	\$ 1,254	\$ 608	\$ 902
Total Derivatives Not Designated as Hedging Instruments		\$ 1,254	\$ 608	\$ 902
		\$ 26,118	\$ 11,205	\$ 2,337

The following tables present the classification and amount of gains and losses, net of tax, from derivatives reported in the consolidated statements of operations:

	Derivatives Designated as Hedging Instruments				
	For the Three Months Ended		Statements of Operations Classification		
	September 30, 2025	September 30, 2024			
	(In thousands)				
Foreign Currency Forward Exchange and Other Contracts:					
Amount of gains (losses) recognized in OCI	\$	3,332	\$	(13,288)	
Amount of gains (losses) reclassified from accumulated OCI to the consolidated statements of operations		1,159		(7,264)	Cost of sales

	Derivatives Designated as Hedging Instruments			Statements of Operations Classification
	For the Nine Months Ended			
	September 30, 2025	September 30, 2024		
	(In thousands)			
Foreign Currency Forward Exchange and Other Contracts:				
Amount of (losses) gains recognized in OCI	\$	(50,530)	\$	9,764
Amount of (losses) gains reclassified from accumulated OCI to consolidated statements of operations		(12,117)		7,057
				Cost of sales

The net (losses) gains reclassified from accumulated other comprehensive loss to the consolidated statements of operations during the three and nine months ended September 30, 2025 and 2024 were offset by changes in cash flows associated with the underlying hedged transactions.

	Derivatives Not Designated as Hedging Instruments		
	For the Three Months Ended		
	September 30, 2025	September 30, 2024	Statements of Operations Classification
	(In thousands)		
Amount of Net (Losses) Gains Recognized in the Statements of Operations:			
Foreign currency forward exchange and other contracts	\$ (172)	\$ 1,845	Other non-operating income/expense, net
	Derivatives Not Designated as Hedging Instruments		
	For the Nine Months Ended		
	September 30, 2025	September 30, 2024	Statements of Operations Classification
	(In thousands)		
Amount of Net Gains Recognized in the Statements of Operations:			
Foreign currency forward exchange and other contracts	\$ 8,046	\$ 2,195	Other non-operating income/expense, net

The net gains and losses recognized in the consolidated statements of operations during the three and nine months ended September 30, 2025 and September 30, 2024, respectively, were offset by foreign currency transaction gains and losses on the related derivative balances.

13. Fair Value Measurements

The following tables present information about Mattel's financial assets and liabilities measured and reported in the financial statements at fair value on a recurring basis as of September 30, 2025, September 30, 2024, and December 31, 2024 and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 – Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
- Level 3 – Valuations based on inputs that are unobservable, supported by little or no market activity, and that are significant to the fair value of the assets or liabilities.

		September 30, 2025							
		Level 1		Level 2		Level 3		Total	
		(In thousands)							
Assets:									
Foreign currency forward exchange and other contracts									
(a)	\$	—	\$	2,897	\$	—	\$	2,897	

Liabilities:					
Foreign currency forward exchange and other contracts (a)	\$	—	\$ 26,118	\$ —	\$ 26,118

		September 30, 2024							
		Level 1		Level 2		Level 3		Total	
		(In thousands)							
Assets:									
Foreign currency forward exchange and other contracts									
(a)	\$		—	\$	3,481	\$		—	\$ 3,481

Liabilities:					
Foreign currency forward exchange and other contracts (a)	\$	—	\$ 11,205	\$ —	\$ 11,205

		December 31, 2024							
		Level 1		Level 2		Level 3		Total	
		(In thousands)							
Assets:									
Foreign currency forward exchange and other contracts									
(a)	\$	—	\$	22,031	\$	—	\$	22,031	

Liabilities:					
Foreign currency forward exchange and other contracts (a)	\$	—	\$ 2,337	\$ —	\$ 2,337

(a) The fair value of the foreign currency forward exchange and other contracts was based on dealer quotes of market forward rates and reflects the amount that Mattel would receive or pay at their maturity dates for contracts involving the same notional amounts, currencies, and maturity dates.

Other Financial Instruments

Mattel's financial instruments included cash and equivalents, accounts receivable and payable, accrued liabilities, short-term borrowings, and long-term debt. The fair values of these instruments, excluding long-term debt, approximate their carrying amounts because of their short-term nature. Cash and equivalents were classified as Level 1 and all other financial instruments were classified as Level 2 within the fair value hierarchy.

The estimated fair value of Mattel's long-term debt was \$2.31 billion (compared to a carrying amount of \$2.35 billion) as of September 30, 2025, \$2.31 billion (compared to a carrying amount of \$2.35 billion) as of September 30, 2024, and \$2.27 billion (compared to a carrying amount of \$2.35 billion) as of December 31, 2024. The estimated fair values have been calculated based on broker quotes or rates for the same or similar instruments and were classified as Level 2 within the fair value hierarchy.

14. Earnings Per Share

The following table reconciles basic and diluted earnings per common share for the three and nine months ended September 30, 2025 and 2024:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
(In thousands, except per share amounts)				
Basic:				
Net income	\$ 278,358	\$ 372,376	\$ 291,390	\$ 400,955
Weighted-average number of common shares	315,834	339,059	322,255	342,707
Basic net income per common share	\$ 0.88	\$ 1.10	\$ 0.90	\$ 1.17
Diluted:				
Net income	\$ 278,358	\$ 372,376	\$ 291,390	\$ 400,955
Weighted-average number of common shares	315,834	339,059	322,255	342,707
Dilutive share-based awards (a)	2,234	2,157	2,874	2,673
Weighted-average number of common and potential common shares	318,068	341,216	325,129	345,380
Diluted net income per common share	\$ 0.88	\$ 1.09	\$ 0.90	\$ 1.16

(a) For the three and nine months ended September 30, 2025, share-based awards totaling 5.3 million and 6.3 million, respectively, were excluded from the calculation of diluted net income per common share because their effect would be antidilutive. For the three and nine months ended September 30, 2024, share-based awards totaling 6.9 million and 7.7 million, respectively, were excluded from the calculation of diluted net income per common share because their effect would be antidilutive.

15. Employee Benefit Plans

Mattel and certain of its subsidiaries have qualified and nonqualified retirement plans covering substantially all employees of these companies, which are more fully described in Part II, Item 8 "Financial Statements and Supplementary Data—Note 4 to the Consolidated Financial Statements—Employee Benefit Plans" in the 2024 Annual Report on Form 10-K.

The components of Mattel's net periodic benefit cost for defined benefit pension plans were as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
(In thousands)				
Service cost	\$ 872	\$ 851	\$ 2,543	\$ 2,548
Interest cost	5,189	5,059	15,379	15,142
Expected return on plan assets	(4,422)	(4,693)	(13,177)	(14,052)
Amortization of prior service cost	50	49	149	145
Recognized actuarial loss	2,173	1,950	6,513	5,836
Net periodic benefit cost	\$ 3,862	\$ 3,216	\$ 11,407	\$ 9,619

The components of Mattel's net periodic benefit credit for postretirement benefit plans were as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(In thousands)			
Interest cost	\$ 36	\$ 45	\$ 108	\$ 135
Amortization of prior service credit	(499)	(509)	(1,498)	(1,528)
Recognized actuarial gain	(73)	(48)	(219)	(143)
Net periodic benefit credit	<u>\$ (536)</u>	<u>\$ (512)</u>	<u>\$ (1,609)</u>	<u>\$ (1,536)</u>

Mattel's service cost component is recorded within operating income while other components of net periodic benefit costs for defined benefit pension and postretirement benefit plans are recorded within other non-operating (income) expense, net.

During the nine months ended September 30, 2025, Mattel made cash contributions totaling approximately \$18 million related to its defined benefit pension and postretirement benefit plans. During the remainder of 2025, Mattel expects to make additional cash contributions of approximately \$5 million.

16. Share-Based Payments

Mattel has various stock compensation plans, which are described in Part II, Item 8 "Financial Statements and Supplementary Data—Note 9 to the Consolidated Financial Statements—Share-Based Payments" in the 2024 Annual Report on Form 10-K. Under the Mattel, Inc. Amended and Restated 2010 Equity and Long-Term Compensation Plan, Mattel has the ability to grant nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance RSUs ("performance awards"), dividend equivalent rights, and shares of common stock to officers, employees, non-employee directors, and consultants providing services to Mattel. Stock options are granted with exercise prices at the fair market value of Mattel's common stock on the applicable grant date and expire no later than ten years from the grant date. Stock options, RSUs, and performance awards related to Mattel's long-term incentive program generally provide for vesting over, or at the end of, a period of three years from the grant date.

On May 21, 2025, annual performance awards were granted to officers and key employees of Mattel under the Long-Term Incentive Program ("LTIP") for 2025-2027. Under the 2025-2027 LTIP, shares of Mattel's common stock may be earned based on Mattel's relative Total Shareholder Return ("relative TSR") over the three-year performance measurement period. Performance awards previously granted under Mattel's LTIP during the nine months ended September 30, 2025 and 2024, may be earned based on Mattel's performance against three-year cumulative Adjusted Free Cash Flow targets, with the final payout subject to modification based on Mattel's relative TSR over the same periods. The actual number of shares earned under both the 2025-2027 LTIP and prior LTIP awards may range from 0% to 200% of the target award, depending on performance against the applicable metrics.

On September 30, 2024, a one-time retention performance award was granted to Ynon Kreiz, Mattel's Chief Executive Officer, which vests over a period of five years from the grant date, subject to potential acceleration upon certain qualifying terminations of employment.

Compensation expense, included within other selling and administrative expenses in the consolidated statements of operations, related to stock options, RSUs, and performance awards, was as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(In thousands)			
Stock option compensation expense	\$ 400	\$ 716	\$ 1,431	\$ 2,515
RSU compensation expense	14,901	13,860	43,370	42,185
Performance award compensation expense	7,029	5,109	16,153	12,748
	<u>\$ 22,330</u>	<u>\$ 19,685</u>	<u>\$ 60,954</u>	<u>\$ 57,448</u>

As of September 30, 2025, total unrecognized compensation expense related to unvested share-based payments totaled \$136.4 million and is expected to be recognized over a weighted-average period of 2.3 years.

Mattel uses treasury shares purchased under its share repurchase program to satisfy stock option exercises and the vesting of RSUs and performance awards. Cash received for stock option exercises, net of taxes, was \$5.5 million and \$6.2 million for the nine months ended September 30, 2025 and 2024, respectively.

17. Other Selling and Administrative Expenses

Other selling and administrative expenses included the following:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(In thousands)			
Design and development	\$ 54,528	\$ 46,842	\$ 150,706	\$ 141,871
Identifiable intangible asset amortization	7,906	7,863	23,559	23,503

18. Restructuring Charges

Optimizing for Profitable Growth

On February 7, 2024, Mattel announced the Optimizing for Profitable Growth program (the "OPG program"), a multi-year cost savings program that follows the Optimizing for Growth program (the "OFG program"), which concluded in the fourth quarter of 2023. The OPG program is designed to achieve further efficiency and cost savings opportunities, primarily within Mattel's global supply chain, including its manufacturing footprint. The OPG program includes cost savings actions in connection with discontinuing production at a plant in China as previously announced in the third quarter of 2023, as well as savings from other previous actions taken in 2023 that were not recognized in the OFG program.

In connection with the OPG program, Mattel recorded severance and other restructuring costs in the following cost and expense categories within operating income in the consolidated statements of operations:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(In thousands)			
Cost of sales (a)	\$ 2,432	\$ 392	\$ 6,123	\$ 3,016
Other selling and administrative expenses (b)	307	26,769	19,799	44,743
	<u>\$ 2,739</u>	<u>\$ 27,161</u>	<u>\$ 25,922</u>	<u>\$ 47,759</u>

(a) Severance and other restructuring charges recorded within cost of sales in the consolidated statements of operations are included in segment operating income in "Note 21 to the Consolidated Financial Statements—Segment Information."

(b) Severance and other restructuring charges recorded within other selling and administrative expenses in the consolidated statements of operations are included in corporate and other expense in "Note 21 to the Consolidated Financial Statements—Segment Information."

The following tables summarize Mattel's severance and other restructuring charges activity within operating income related to the OPG program:

	Liability at December 31, 2024	Charges	Payments/Utilization	Liability at September 30, 2025
	(In thousands)			
Severance	\$ 32,661	\$ 17,551	\$ (34,902)	\$ 15,310
Other restructuring charges (a)	10	8,371	(8,302)	79
	<u>\$ 32,671</u>	<u>\$ 25,922</u>	<u>\$ (43,204)</u>	<u>\$ 15,389</u>

	Liability at December 31, 2023	Charges	Payments/Utilization	Liability at September 30, 2024
	(In thousands)			
Severance	\$ 25,096	\$ 46,108	\$ (30,732)	\$ 40,472
Other restructuring charges (a)	—	1,651	(1,617)	34
	<u>\$ 25,096</u>	<u>\$ 47,759</u>	<u>\$ (32,349)</u>	<u>\$ 40,506</u>

(a) *Other restructuring charges consist primarily of expenses associated with the consolidation of manufacturing and distribution facilities.*

As of September 30, 2025, in connection with the OPG program, Mattel recorded cumulative severance and other restructuring charges of approximately \$100 million, which included approximately \$5 million of non-cash charges. Total expected cash expenditures are approximately \$115 to \$140 million and total non-cash charges are expected to be up to \$5 million.

19. Income Taxes

Mattel's provision for income taxes was \$86.9 million and \$72.5 million for the three and nine months ended September 30, 2025, respectively, and \$106.4 million and \$94.8 million for the three and nine months ended September 30, 2024, respectively. Mattel recognized a net discrete income tax benefit of \$2.3 million during the three months ended September 30, 2025. Mattel recognized a net discrete income tax benefit of \$12.6 million during the nine months ended September 30, 2025, primarily related to a change of its indefinite reinvestment assertion with respect to certain foreign subsidiary earnings. Mattel recognized a net discrete income tax benefit of \$3.4 million during the three months ended September 30, 2024, primarily related to previously unrecognized tax benefits, partially offset by the establishment of a valuation allowance on certain foreign deferred tax assets. Mattel recognized a net discrete income tax benefit of \$16.3 million during the nine months ended September 30, 2024, primarily related to tax elections filed to amortize certain intangible assets transferred as part of Mattel's intra-group intellectual property rights transfer and previously unrecognized tax benefits.

Evaluating the need for and the amount of a valuation allowance for deferred tax assets often requires significant judgment and extensive analysis of all available evidence to determine whether it is more-likely-than-not that these assets will be realizable. Mattel routinely assesses the positive and negative evidence for this realizability, including the evaluation of sustained profitability and three years of cumulative pretax income for each tax jurisdiction. For the three and nine months ended September 30, 2025 and 2024, there were no material changes to Mattel's valuation allowance.

In the normal course of business, Mattel is regularly audited by federal, state, and foreign tax authorities. Based on the current status of federal, state, and foreign audits, Mattel believes it is reasonably possible that in the next 12 months, the total unrecognized tax benefits could decrease by \$15.7 million related to the settlement of tax audits and/or the expiration of statutes of limitations. The ultimate settlement of any particular issue with the applicable taxing authority could have a material impact on Mattel's consolidated financial statements.

On July 4, 2025, H.R.1- the One Big Beautiful Bill Act ("OBBBA") was enacted in the United States. The OBBBA contains significant provisions, including the permanent extension or restoration of certain expiring corporate income tax provisions, originally introduced by the Tax Cuts and Jobs Act of 2017, and incremental modifications to the international tax framework. The legislation has multiple effective dates, with certain provisions effective for the tax year beginning after December 31, 2024, and others effective for tax years beginning after December 31, 2025. Mattel has evaluated the OBBBA provisions enacted during the quarter and has included the related impact in the provision for income taxes for the three months ended September 30, 2025, which was not material. Mattel will continue to assess the potential future tax implications of this legislation and monitor future developments, including regulatory guidance and interpretations as they become available.

20. Contingencies

Litigation Related to Yellowstone do Brasil Ltda.

In April 1999, Yellowstone do Brasil Ltda. (formerly known as Trebbor Informática Ltda.) filed a lawsuit against Mattel do Brasil before the 15th Civil Court of Curitiba, State of Parana, requesting the annulment of its security bonds and promissory notes given to Mattel do Brasil as well as damages due to an alleged breach of an oral exclusive distribution agreement between the parties relating to the supply and sale of toys in Brazil. Yellowstone's complaints sought alleged loss of profits plus an unspecified amount of damages.

Mattel do Brasil filed its defenses to these claims and simultaneously presented a counterclaim for unpaid accounts receivable for goods supplied to Yellowstone.

In April 2018, Mattel do Brasil entered into a settlement agreement to resolve this matter, but the settlement remains the subject of ongoing litigation.

In October 2018, the Superior Court of Justice issued a final ruling in favor of Yellowstone on the merits of Yellowstone's claims. Previously, the courts had ruled in Mattel's favor on its counterclaim.

In October 2019, Mattel reached an agreement with Yellowstone's former counsel regarding payment of the attorney's fees portion of the judgment. In November 2019, Yellowstone initiated an action to enforce its judgment against Mattel, but did not account for an offset for Mattel's counterclaim. In January 2020, Mattel obtained an injunction, staying Yellowstone's enforcement action pending resolution of Mattel's appeal to enforce the parties' April 2018 settlement. As of September 30, 2025, Mattel assessed its probable loss related to this matter and has accrued an estimated liability, which is not material.

Litigation Related to the Fisher-Price Rock 'n Play Sleeper

A number of putative class action lawsuits were filed between April 2019 and October 2019 against Fisher-Price, Inc. and/or Mattel, Inc. asserting claims for false advertising, negligent product design, breach of warranty, fraud, and other claims in connection with the marketing and sale of the Fisher-Price Rock 'n Play Sleeper (the "Sleeper"). In general, the lawsuits alleged that the Sleeper should not have been marketed and sold as safe and fit for prolonged and overnight sleep for infants. The putative class action lawsuits proposed nationwide and over 10 statewide consumer classes comprised of those who purchased the Sleeper as marketed as safe for prolonged and overnight sleep. The class actions were consolidated before a single judge in the United States District Court for the Western District of New York for pre-trial purposes pursuant to the U.S. federal courts' Multi-District Litigation program. In July 2024, the parties filed a settlement agreement with the court to resolve this litigation. In August 2024, the court preliminarily approved, and Mattel paid, the settlement amount, which was not material. In February 2025, the court granted final approval of the settlement.

Twelve products liability lawsuits filed between April 2019 and September 2024 are pending against Fisher-Price, Inc. and Mattel, Inc. alleging that a product defect in the Sleeper caused the fatalities of or injuries to twelve children. More than fifty lawsuits have been settled and/or dismissed. As of September 30, 2025, Mattel assessed its probable loss related to these matters and has accrued estimated liabilities where appropriate, which are not material. Additionally, Fisher-Price, Inc. and/or Mattel, Inc. have also received letters from lawyers purporting to represent additional plaintiffs who have threatened to assert similar claims.

In addition, a stockholder filed a derivative action in the Court of Chancery for the State of Delaware (Kumar v. Bradley, et al., filed July 7, 2020) alleging breach of fiduciary duty and unjust enrichment related to the development, marketing, and sale of the Sleeper. The defendants in the derivative action included certain of Mattel's current and former officers and directors. In August 2021, a second similar derivative action was filed in the Court of Chancery for the State of Delaware (Armon v. Bradley, et al., filed August 30, 2021). The parties reached a settlement in principle of this litigation, which was approved by the court in April 2025. During the second quarter of 2025, Mattel received its portion of the settlement, which was not material.

The lawsuits seek compensatory damages, punitive damages, statutory damages, restitution, disgorgement, attorneys' fees, costs, interest, declaratory relief, and/or injunctive relief. As noted above, Mattel has reached settlements in some of these lawsuits, and in the ongoing cases, Mattel believes that it has substantial defenses to the allegations made and intends to vigorously defend against them.

Insurance Litigation

On January 6, 2023, Mattel, Inc. and Fisher-Price, Inc. filed a lawsuit against their products liability insurers in the Superior Court of the State of Delaware seeking a declaratory judgment regarding the obligations of the insurers to defend and indemnify Mattel for the Sleeper products liability lawsuits. On March 28, 2025 and June 2, 2025, the court issued summary judgment rulings which determined, among other things, that the Sleeper products liability claims constitute a single occurrence under Mattel's insurance policies, and that each claim is allocated to the policy year in which the incident occurred. As of September 30, 2025, Mattel assessed its probable loss related to this matter and has accrued an estimated liability, which is not material.

Litigation Related to the Fisher-Price Snuga Swings

A number of putative class action lawsuits were filed against Fisher-Price, Inc. and Mattel, Inc. between October 2024 and February 2025 asserting claims for false advertising, breach of contract, breach of warranty, fraud, negligence, and other claims in connection with the marketing and sale of Fisher-Price Snuga Swings (the "Swings"). In general, the lawsuits allege that the Swings were falsely marketed and sold as safe for infant use, particularly infant sleep, and failed to disclose a risk of suffocation. The lawsuits propose nationwide and several state consumer classes comprised of those who purchased the Swings. The lawsuits have been consolidated before a single judge in the United States District Court for the Western District of New York. In May 2025, the parties reached a contingent settlement of the litigation, which is subject to court approval.

The lawsuits seek unspecified compensatory damages, punitive and treble damages, statutory damages, restitution, rescission, disgorgement, attorneys' fees, costs, interest, and injunctive relief. Mattel believes that it has substantial defenses to the allegations in the lawsuits and, to the extent the settlement is not finalized or approved, intends to vigorously defend against them. As of September 30, 2025, Mattel assessed its probable loss related to this matter and has accrued an estimated liability, which is not material.

21. Segment Information

Mattel designs, manufactures, and markets a broad variety of toy products worldwide, which are sold to its customers and directly to consumers.

Segment Data

Mattel's reportable segments are (i) North America and (ii) International. The North America and International segments sell products across Mattel's categories, although some products are developed and adapted for particular international markets, and American Girl products are sold only in North America.

Mattel's reportable segments are aligned to the structure used by its Chief Executive Officer, who is also the Chief Operating Decision Maker ("CODM"), to allocate resources and assess performance. Mattel's CODM evaluates segment performance based on each segment's gross profit and operating income. The CODM also uses these metrics in the annual budgeting and quarterly forecasting process to inform decisions about allocating capital and other resources to each segment.

The following tables present information regarding Mattel's statement of operations information by segment. The corporate and other category includes operating costs not allocated to individual segments, including charges related to incentive and share-based compensation, corporate headquarters functions managed on a worldwide basis, the impact of changes in foreign currency exchange rates on intercompany transactions, and certain severance and other restructuring costs. It is impracticable for Mattel to present net sales by categories, brands, or products, as trade discounts and other allowances are generally recorded in the financial accounting systems by customer.

	For the Three Months Ended September 30, 2025				
	North America	International	Total Reportable Segments	Corporate and other	Consolidated
	(In thousands)				
Net Sales	\$ 978,091	\$ 757,881	\$ 1,735,972	\$ —	\$ 1,735,972
Cost of sales (a)	487,483	375,809	863,292	4,428	867,720
Gross Profit	490,608	382,072	872,680	(4,428)	868,252
Advertising and promotion expenses	55,263	62,874	118,137	—	118,137
Other selling and administrative expenses (b)	120,147	110,590	230,737	139,529	370,266
Operating Income	315,198	208,608	523,806	(143,957)	379,849
Interest expense				29,416	29,416
Interest (income)				(9,027)	(9,027)
Other non-operating expense, net				965	965
Income Before Income Taxes					\$ 358,495

(a) Cost of sales included severance and other restructuring charges of approximately \$2 million which was allocated to the North America and International segments.

(b) Other selling and administrative expenses included severance and other restructuring charges, the impact of inclined sleeper product recall litigation, incentive compensation, and share-based compensation of approximately \$1 million, \$5 million, \$8 million, and \$22 million, respectively, which were recorded in corporate and other.

For the Nine Months Ended September 30, 2025					
	North America	International	Total Reportable Segments	Corporate and other	Consolidated
	(In thousands)				
Net Sales	\$ 1,980,252	\$ 1,600,911	\$ 3,581,163	\$ —	\$ 3,581,163
Cost of sales (a)	1,009,492	796,365	1,805,857	(19,993)	1,785,864
Gross Profit	970,760	804,546	1,775,306	19,993	1,795,299
Advertising and promotion expenses	128,791	138,668	267,459	—	267,459
Other selling and administrative expenses (b)	349,888	319,020	668,908	453,564	1,122,472
Operating Income	492,081	346,858	838,939	(433,571)	405,368
Interest expense				88,004	88,004
Interest (income)				(37,344)	(37,344)
Other non-operating expense, net				12,588	12,588
Income Before Income Taxes					\$ 342,120

- (a) Cost of sales included severance and other restructuring charges of approximately \$6 million which was allocated to the North America and International segments.
- (b) Other selling and administrative expenses included severance and other restructuring charges, the impact of inclined sleeper product recall litigation, incentive compensation, and share-based compensation of approximately \$24 million, \$24 million, \$51 million, and \$61 million, respectively, which were recorded in corporate and other.

For the Three Months Ended September 30, 2024					
	North America	International	Total Reportable Segments	Corporate and other	Consolidated
	(In thousands)				
Net Sales	\$ 1,108,288	\$ 735,616	\$ 1,843,904	\$ —	\$ 1,843,904
Cost of sales (a)	534,821	355,598	890,419	(25,511)	864,908
Gross Profit	573,467	380,018	953,485	25,511	978,996
Advertising and promotion expenses	44,490	60,466	104,956	—	104,956
Other selling and administrative expenses (b)	116,552	101,877	218,429	167,270	385,699
Operating Income	412,425	217,675	630,100	(141,759)	488,341
Interest expense				29,371	29,371
Interest (income)				(9,787)	(9,787)
Other non-operating (income), net				(2,924)	(2,924)
Income Before Income Taxes					\$ 471,681

- (a) Cost of sales included severance and other restructuring charges of approximately \$1 million which was allocated to the North America and International segments.
- (b) Other selling and administrative expenses included severance and other restructuring charges, the impact of inclined sleeper product recall litigation, incentive compensation, and share-based compensation of approximately \$27 million, \$(12) million, \$41 million, and \$20 million, respectively, which were recorded in corporate and other.

For the Nine Months Ended September 30, 2024					
	North America	International	Total Reportable Segments	Corporate and other	Consolidated
	(In thousands)				
Net Sales	\$ 2,192,555	\$ 1,540,586	\$ 3,733,141	\$ —	\$ 3,733,141
Cost of sales (a)	1,111,739	787,534	1,899,273	(64,734)	1,834,539
Gross Profit	1,080,816	753,052	1,833,868	64,734	1,898,602
Advertising and promotion expenses	111,182	138,935	250,117	—	250,117
Other selling and administrative expenses (b)	347,292	309,860	657,152	455,303	1,112,455
Operating Income	622,342	304,257	926,599	(390,569)	536,030
Interest expense				89,415	89,415
Interest (income)				(39,466)	(39,466)
Other non-operating expense, net				8,796	8,796
Income Before Income Taxes					<u>\$ 477,285</u>

(a) Cost of sales included severance and other restructuring charges of approximately \$3 million which was allocated to the North America and International segments.

(b) Other selling and administrative expenses included severance and other restructuring charges, the impact of inclined sleeper product recall litigation, incentive compensation, and share-based compensation of approximately \$44 million, \$(6) million, \$94 million, and \$57 million, respectively, which were recorded in corporate and other.

The following tables present information regarding depreciation and amortization by segment, as well as assets by segment.

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(In thousands)		(In thousands)	
Depreciation and Amortization by Segment				
North America	\$ 22,797	\$ 22,873	\$ 68,920	\$ 70,257
International	13,916	13,199	42,026	40,698
	36,713	36,072	110,946	110,955
Corporate and other	4,869	4,828	15,008	14,230
Depreciation and amortization	<u>\$ 41,582</u>	<u>\$ 40,900</u>	<u>\$ 125,954</u>	<u>\$ 125,185</u>

Segment assets were comprised of accounts receivable and inventories, net of applicable reserves and allowances.

	September 30, 2025	September 30, 2024	December 31, 2024
	(In thousands)		
Assets by Segment			
North America	\$ 1,166,907	\$ 1,160,846	\$ 757,552
International	957,990	952,726	651,738
	2,124,897	2,113,572	1,409,290
Corporate and other	91,985	100,974	95,620
Accounts receivable, net and inventories	<u>\$ 2,216,882</u>	<u>\$ 2,214,546</u>	<u>\$ 1,504,910</u>

Geographic Information

The following table presents information regarding Mattel's net sales by geographic area. Net sales are attributed to countries based on the location of the customer:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
(In thousands)				
Net Sales by Geographic Area				
North America	\$ 978,091	\$ 1,108,288	\$ 1,980,252	\$ 2,192,555
International				
EMEA	424,037	401,942	898,612	837,869
Latin America	230,339	240,563	423,551	454,811
Asia Pacific	103,505	93,111	278,748	247,906
Total International	757,881	735,616	1,600,911	1,540,586
Net sales	\$ 1,735,972	\$ 1,843,904	\$ 3,581,163	\$ 3,733,141

22. New Accounting Pronouncements

Accounting Pronouncements Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 requires enhanced income tax disclosures on an annual basis for specific categories in the rate reconciliation and disclosure of income taxes paid by jurisdiction. The guidance in ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 on a prospective basis, with the option to apply the standard retrospectively. Mattel is currently evaluating the impact of the adoption of ASU 2023-09 on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses for public business entities. ASU 2024-03 requires enhanced disclosures of each expense caption in the income statement to improve transparency and provide financial statement users with more detailed information about the nature, amount and timing of expenses impacting financial performance. Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. The guidance in ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The ASU may be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to all prior periods presented in the financial statements. Mattel is currently evaluating the impact of the adoption of ASU 2024-03 on its consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. ASU 2025-05 provides the option to use a practical expedient to address implementation challenges related to the estimation of expected credit losses for current accounts receivable and current assets arising from transactions accounted for under revenue recognition (Topic 606) and assets acquired through business combinations. The practical expedient allows entities to assume current conditions as of the balance sheet date remain unchanged over the life of these assets when developing forecasts. The guidance allows entities to bypass the requirement to incorporate macroeconomic data into their forecast when such data is not expected to materially affect the estimate. The guidance in ASU 2025-05 is effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years. Early adoption is permitted. Mattel is currently evaluating the impact of the adoption of ASU 2025-05 on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. ASU 2025-06 modernizes certain aspects of the accounting for software costs to develop or obtain software for internal use under Accounting Standards Codification 350-40. The ASU requires entities to begin capitalizing software costs when management authorizes and commits to funding the software project, and it is probable that the project will be completed and the software will be used for its intended purpose. The guidance in ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. Early adoption is permitted. The amendments in ASU 2025-06 permit entities to apply the new guidance using a prospective, retrospective, or modified transition approach. Mattel is currently evaluating the impact of the adoption of ASU 2025-06 on its consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

In the discussion that follows, "Mattel" refers to Mattel, Inc. and/or one or more of its subsidiaries.

The following discussion should be read in conjunction with the consolidated financial statements and the related notes that appear in Part I, Item 1 "Financial Statements" of this Quarterly Report on Form 10-Q. Mattel's business is seasonal with consumers making a large percentage of all toy purchases during the traditional holiday season; therefore, results of operations are most comparable to corresponding periods.

The following discussion includes currency exchange rate impact, a non-GAAP financial measure within the meaning of Regulation G promulgated by the SEC ("Regulation G"), to supplement the financial results as reported in accordance with GAAP. The currency exchange rate impact reflects the portion (expressed as a percentage) of changes in Mattel's reported results that are attributable to fluctuations in currency exchange rates. Mattel uses this non-GAAP financial measure to analyze its continuing operations and to monitor, assess, and identify meaningful trends in its operating and financial performance. Management believes that the disclosure of this non-GAAP financial measure provides useful supplemental information to investors to allow them to better evaluate ongoing business performance and certain components of Mattel's results. This measure is not, and should not be viewed as, a substitute for GAAP financial measures.

The following discussion also includes the use of gross billings, a key performance indicator. 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 recorded by customer and not associated with categories, brands, or individual products.

Amounts shown in millions or billions within this Item 2 may not sum due to rounding.

Overview

Mattel is a leading global toy and family entertainment company and owner of one of the most iconic brand portfolios in the world. Mattel creates innovative products and experiences that inspire fans, entertain audiences, and develop children through play. Mattel is focused on the following strategy to grow its intellectual property ("IP") driven toy business and expand its entertainment offering:

- Grow toy business profitably through scaling Mattel's portfolio, optimizing operations, evolving demand creation, and growing franchise brands; and
- Expand entertainment offering to capture the full value of Mattel's IP outside the toy aisle in highly accretive business verticals, by growing franchise brands and accelerating content, consumer products, and digital and live experiences.

Mattel is the owner of a portfolio of iconic brands and partners with global entertainment companies to license other IP. Mattel's portfolio of owned and licensed brands and products are organized into the following categories:

Dolls—including brands such as *Barbie*, *American Girl*, *Disney Princess*, *Disney Frozen*, *Monster High*, and *Polly Pocket*. Mattel's Dolls portfolio is driven by the flagship *Barbie* brand and a collection of complementary brands offered globally. Empowering girls since 1959, *Barbie* has inspired the limitless potential of every girl by showing them that they can be anything. *Monster High*, a character-driven franchise, engages fans of all ages, encouraging them to be their authentic selves and celebrate what makes them unique. *American Girl*, with an extensive portfolio of dolls and accessories, content, gaming, and lifestyle products, is best known for imparting valuable life lessons that instill confidence through its inspiring dolls and books, featuring characters from past and present.

Infant, Toddler, and Preschool—including brands such as *Fisher-Price* (including *Little People* and *Fisher-Price Wood*), *Imaginext*, and *Thomas & Friends*. As a leader in play and child development, *Fisher-Price* is dedicated to giving families the best possible start to life by making the most fun, enriching products for infants, toddlers, and preschoolers. *Thomas & Friends* is an award-winning preschool train brand franchise that lays the tracks to inspire, entertain, and develop young train fans through toys, content, live events, and other consumer products.

Infant, Toddler, and Preschool is further divided into three subcategories. The first subcategory is *Fisher-Price*, the power brand, which includes the core Infant, *Little People*, and Newborn product lines, as well as the recently launched *Fisher-Price Wood* product line. The second subcategory is Preschool Entertainment, which includes owned IP such as *Thomas & Friends* and *Barney*, Mattel's character based *Imaginext* line, and partner entertainment brands. The third subcategory is Baby Gear and *Power Wheels*, in which Mattel is strategically out-licensing or exiting certain product lines.

Vehicles—including brands such as *Hot Wheels* (including *Hot Wheels Monster Trucks* and *Hot Wheels RC*), *Matchbox*, and *Cars* (Disney Pixar). In production for over 50 years, *Hot Wheels* continues to push the limits of performance and design, and ignites and nurtures the challenger spirit of kids, adults, and collectors. From die-cast vehicles to tracks, playsets, and accessories, the Mattel Vehicles portfolio has broad appeal that engages and excites fans of all ages.

Action Figures, Building Sets, Games, and Other—including brands such as *Masters of the Universe*, *MEGA*, *UNO*, *Jurassic World* (NBCUniversal), *Minecraft* (Microsoft), *WWE*, and *Star Wars* (Disney's Lucasfilm). Mattel's Action Figures portfolio is comprised of product lines associated with licensed entertainment franchises, such as *Jurassic World* and *WWE*, as well as product lines from Mattel-owned IP, such as *Masters of the Universe*. As the challenger brand in Building Sets, *MEGA* inspires creativity through authentic building experiences for builders of all ages and fans of global franchises. Within Games, *UNO* is the classic matching card game that is easy to learn and fast fun for everyone. Other includes Plush, which contains products associated with movie releases from licensed entertainment franchises, as well as Mattel-owned IP.

Recent Developments

During the third quarter of 2025, Mattel's U.S. business continued to be challenged by industry-wide shifts in retailer ordering patterns, which impacted Mattel's net sales. Notwithstanding the impact of the current trade dynamics, the fundamentals of Mattel's business remained strong and Mattel continued to advance its strategy to grow its IP-driven toy business and expand its entertainment offering.

Mattel's net sales in the third quarter of 2025 decreased 6%, as compared to the third quarter of 2024. Gross margin was 50.0% in the third quarter of 2025, as compared to 53.1% in the third quarter of 2024, with unfavorable impacts from foreign currency exchange rates, inflation, tariff costs, and higher sales adjustments, partially offset by cost savings from the OPG program. Net income per diluted common share was \$0.88 in the third quarter of 2025, as compared to \$1.09 in the third quarter of 2024. Additionally, Mattel ended the third quarter of 2025 with cash and equivalents of \$691.9 million, as compared to \$723.5 million at the end of the third quarter of 2024, after \$544.2 million of share repurchases during the twelve months ending September 30, 2025.

Global trade policy continues to evolve with significant U.S. tariffs imposed or proposed on imports from China, Vietnam, Mexico, and other countries. There is substantial uncertainty about the duration of existing tariffs, potential changes or pauses to such tariffs, tariff levels, and whether additional tariffs or other retaliatory actions may be imposed, modified, or suspended, and the impacts of such actions on Mattel's business. Mattel continues to monitor and evaluate these developments and assess their potential impact on Mattel's business and operations.

Mattel is operating in an uncertain macro-economic environment with significant volatility that may impact consumer demand. To the extent the macro-economic environment worsens, it may have a material effect on Mattel's results of operations and financial condition. Refer to Part I, Item 1A "Risk Factors" in the 2024 Annual Report on Form 10-K and Part II, Item 1A "Risk Factors" in the Quarterly Report on Form 10-Q for the three months ended March 31, 2025 for further discussion regarding potential impacts on Mattel's business.

Results of Operations—Third Quarter

Consolidated Results

The following table presents Mattel's consolidated results for the third quarter of 2025 and 2024:

	For the Three Months Ended				Year/Year Change	
	September 30, 2025		September 30, 2024			
	Amount	% of Net Sales	Amount	% of Net Sales	%	Basis Points of Net Sales
(In millions, except percentage and basis point information)						
Net sales	\$ 1,736.0		\$ 1,843.9		-6 %	
Cost of sales	867.7	50.0 %	864.9	46.9 %	— %	310
Gross profit	868.3	50.0 %	979.0	53.1 %	-11 %	(310)
Advertising and promotion expenses	118.1	6.8 %	105.0	5.7 %	13 %	110
Other selling and administrative expenses	370.3	21.3 %	385.7	20.9 %	-4 %	40
Operating income	379.8	21.9 %	488.3	26.5 %	-22 %	(460)
Interest expense	29.4	1.7 %	29.4	1.6 %	— %	10
Interest (income)	(9.0)	-0.5 %	(9.8)	-0.5 %	-8 %	—
Other non-operating expense (income), net	1.0		(2.9)			
Income before income taxes	358.5	20.7 %	471.7	25.6 %	-24 %	(490)
Provision for income taxes	86.9		106.4			
(Income) from equity method investments	(6.7)		(7.0)			
Net income	\$ 278.4	16.0 %	\$ 372.4	20.2 %	-25 %	(420)

Sales

Net sales in the third quarter of 2025 were \$1.74 billion, a decrease of \$107.9 million, or 6%, as compared to \$1.84 billion in the third quarter of 2024. The decrease in net sales was due to a decrease in gross billings of \$84.3 million and an increase in sales adjustments of \$23.6 million.

Gross billings represent amounts invoiced to a customer and do not include the impact of sales adjustments, such as trade discounts and other allowances. Changes in gross billings are discussed below because, while Mattel records the details of sales adjustments in its financial accounting systems at the time of sale, such sales adjustments are generally recorded by customer and are not associated with categories, brands, or individual products. The following tables provide a summary of Mattel's consolidated gross billings by categories, along with supplemental information by brand, for the third quarter of 2025 and 2024:

	For the Three Months Ended		% Change as Reported	Currency Exchange Rate Impact
	September 30, 2025	September 30, 2024		
(In millions, except percentage information)				
Gross Billings by Categories				
Dolls	\$ 674.1	\$ 757.1	-11 %	1 %
Infant, Toddler, and Preschool	262.5	349.8	-25 %	1 %
Vehicles	626.2	580.0	8 %	2 %
Action Figures, Building Sets, Games, and Other	404.0	364.3	11 %	1 %
Gross Billings	<u>\$ 1,966.8</u>	<u>\$ 2,051.1</u>	-4 %	1 %
Supplemental Gross Billings Disclosure				
Gross Billings by Top 3 Power Brands				
Barbie	\$ 413.9	\$ 500.6	-17 %	1 %
Hot Wheels	547.2	508.2	8 %	2 %
Fisher-Price	215.4	265.4	-19 %	1 %
Other	790.2	777.0	2 %	1 %
Gross Billings	<u>\$ 1,966.8</u>	<u>\$ 2,051.1</u>	-4 %	1 %

Gross billings were \$1.97 billion in the third quarter of 2025, a decrease of \$84.3 million, or 4%, as compared to \$2.05 billion in the third quarter of 2024, with a favorable impact from changes in currency exchange rates of one percentage point. The decrease in gross billings was primarily due to lower billings of Infant, Toddler, and Preschool and Dolls products, partially offset by higher billings of Vehicles and Action Figures, Building Sets, Games, and Other products.

Dolls gross billings decreased 11%, primarily due to lower billings of *Barbie* products.

Infant, Toddler, and Preschool gross billings decreased 25%, of which 14% was due to lower billings of *Fisher-Price* products, 7% was due to lower billings of Preschool Entertainment products, and 3% was due to lower billings of Baby Gear and *Power Wheels* products, due to the continued strategic exit from certain product lines in Baby Gear and *Power Wheels*.

Vehicles gross billings increased 8%, primarily due to higher billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings increased 11%, of which 18% was due to higher billings of Action Figures products, primarily due to higher billings of *Jurassic World* and *Minecraft* products in connection with their theatrical releases in 2025, partially offset by lower billings of Building Sets products of 5%.

Sales adjustments generally represent arrangements with Mattel's customers to provide sales incentives, support customer promotions, and provide allowances for returns and defective merchandise. Such programs are based primarily on customer purchases, customer performance of specified promotional activities, and other specified factors such as sales to consumers. Additionally, sales adjustments may include foreign currency transaction gains and losses from the remeasurement of accounts receivable denominated in currencies that are different from the relevant entity's functional currency. Sales adjustments increased to \$230.8 million in the third quarter of 2025 from \$207.2 million in the third quarter of 2024. Sales adjustments as a percentage of net sales increased to 13.3% in the third quarter of 2025, as compared to 11.2% in the third quarter of 2024, primarily due to increased promotional activities and a shift in sales channel mix resulting in a higher proportion of sales with higher average sales adjustment rates.

Cost of Sales

Cost of sales was relatively consistent at \$867.7 million in the third quarter of 2025, as compared to \$864.9 million in the third quarter of 2024. Within cost of sales, product and other costs decreased by \$8.1 million, or 1%, to \$688.0 million in the third quarter of 2025 from \$696.1 million in the third quarter of 2024. Freight and logistics expenses increased by \$6.3 million, or 7%, to \$91.3 million in the third quarter of 2025, as compared to \$84.9 million in the third quarter of 2024. Royalty expense increased by \$4.5 million, or 5%, to \$88.5 million in the third quarter of 2025 from \$83.9 million in the third quarter of 2024.

Gross Margin

Gross margin decreased to 50.0% in the third quarter of 2025 from 53.1% in the third quarter of 2024. The decrease in gross margin was primarily due to unfavorable foreign currency exchange of 120 basis points, cost inflation of 110 basis points, tariff costs of 100 basis points, higher sales adjustments of 80 basis points, partially offset by incremental realized savings from the OPG program of 80 basis points, and other factors of 20 basis points.

Advertising and Promotion Expenses

Advertising and promotion expenses primarily consist of: (i) media costs, which include the media, planning, and buying fees for television, print, and online advertisements, (ii) non-media costs, which include commercial and website production, merchandising, and promotional costs, (iii) retail advertising costs, which include consumer direct catalogs, and (iv) general advertising costs, which include trade show costs. Advertising and promotion expenses as a percentage of net sales increased to 6.8% in the third quarter of 2025, as compared to 5.7% in the third quarter of 2024. The increase in advertising and promotion expenses as a percentage of net sales was primarily due to a shift in the timing of advertising and promotion programs to support consumer demand and lower sales in the third quarter of 2025, as compared to the third quarter of 2024.

Other Selling and Administrative Expenses

Other selling and administrative expenses were \$370.3 million, or 21.3% of net sales, in the third quarter of 2025, a decrease of \$15.4 million, as compared to \$385.7 million, or 20.9% of net sales, in the third quarter of 2024. The decrease in other selling and administrative expenses was primarily due to lower severance and restructuring charges of \$26.7 million, lower employee compensation related expenses of \$19.8 million, and realized savings from the OPG program of \$9.1 million, partially offset by higher expenses related to inclined sleeper product recalls of \$16.3 million and higher outside services and other expenses of \$23.9 million.

Interest Expense

Interest expense was \$29.4 million in the third quarter of 2025, flat as compared to \$29.4 million in the third quarter of 2024.

Interest Income

Interest income was \$9.0 million in the third quarter of 2025, relatively flat as compared to \$9.8 million in the third quarter of 2024.

Provision for Income Taxes

Mattel's provision for income taxes was \$86.9 million in the third quarter of 2025, as compared to \$106.4 million in the third quarter of 2024. The decrease in provision for income taxes was primarily due to lower income before income taxes, partially offset by a non-recurring discrete income tax benefit from previously unrecognized tax benefits recognized in the third quarter of 2024. During the third quarter of 2025, Mattel recognized a net discrete income tax benefit of \$2.3 million. During the third quarter of 2024, Mattel recognized a net discrete income tax benefit of \$3.4 million, primarily related to previously unrecognized tax benefits, partially offset by the establishment of a valuation allowance on certain foreign deferred tax assets.

Evaluating the need for and the amount of a valuation allowance for deferred tax assets often requires significant judgment and extensive analysis of all available evidence to determine whether it is more-likely-than-not that these assets will be realizable. Mattel routinely assesses the positive and negative evidence for this realizability, including the evaluation of sustained profitability and three years of cumulative pretax income for each tax jurisdiction. For the third quarter of 2025 and 2024, there were no material changes to Mattel's valuation allowance.

Segment Results

North America Segment

The following tables provide a summary of Mattel's net sales, segment operating income, and gross billings by categories, along with supplemental information by brand, for the North America segment for the third quarter of 2025 and 2024:

	For the Three Months Ended				
	September 30, 2025	September 30, 2024	% Change as Reported	Currency Exchange Rate Impact	
	(In millions, except percentage information)				
Net Sales	\$ 978.1	\$ 1,108.3	-12 %		— %
Segment Operating Income	315.2	412.4	-24 %		

Net sales for the North America segment in the third quarter of 2025 were \$978.1 million, a decrease of \$130.2 million, or 12%, as compared to \$1.11 billion in the third quarter of 2024. The decrease in net sales was primarily due to a decrease in gross billings of \$124.4 million.

	For the Three Months Ended			Currency Exchange Rate Impact
	September 30, 2025	September 30, 2024	% Change as Reported	
	(In millions, except percentage information)			
Gross Billings by Categories				
Dolls	\$ 393.8	\$ 442.3	-11 %	— %
Infant, Toddler, and Preschool	157.1	228.0	-31 %	— %
Vehicles	276.5	288.5	-4 %	— %
Action Figures, Building Sets, Games, and Other	232.5	225.5	3 %	— %
Gross Billings	\$ 1,059.9	\$ 1,184.3	-11 %	— %

Supplemental Gross Billings Disclosure

Gross Billings by Top 3 Power Brands

Barbie	\$ 234.2	\$ 285.1	-18 %	— %
Hot Wheels	235.7	249.7	-6 %	— %
Fisher-Price	129.9	168.5	-23 %	— %
Other	460.2	481.0	-4 %	— %
Gross Billings	<u>\$ 1,059.9</u>	<u>\$ 1,184.3</u>	-11 %	— %

Gross billings for the North America segment were \$1.06 billion in the third quarter of 2025, a decrease of \$124.4 million, or 11%, as compared to \$1.18 billion in the third quarter of 2024. The decrease in the North America segment gross billings was due to lower billings of Infant, Toddler, and Preschool, Dolls, and Vehicles products, partially offset by higher billings of Action Figures, Building Sets, Games, and Other products.

Dolls gross billings decreased 11%, primarily due to lower billings of *Barbie* products.

Infant, Toddler, and Preschool gross billings decreased 31%, of which 17% was due to lower billings of *Fisher-Price* products, 10% was due to lower billings of Preschool Entertainment products, and 5% was due to lower billings of Baby Gear and *Power Wheels* products, due to the continued strategic exit from certain product lines in Baby Gear and *Power Wheels*.

Vehicles gross billings decreased 4%, primarily due to lower billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings increased 3%, of which 16% was due to higher billings of Action Figures products, primarily due to higher billings of *Jurassic World* and *Minecraft* products in connection with their theatrical releases in 2025, partially offset by lower billings of Building Sets products of 6% and lower billings of Games products of 5%.

Sales adjustments increased to \$81.8 million in the third quarter of 2025 from \$76.0 million in the third quarter of 2024. Sales adjustments as a percentage of net sales increased to 8.4% in the third quarter of 2025 from 6.9% in the third quarter of 2024, primarily due to increased promotional activities and a shift in sales channel mix resulting in a higher proportion of sales with higher average sales adjustment rates.

Cost of sales decreased by \$47.3 million, or 9%, to \$487.5 million in the third quarter of 2025 from \$534.8 million in the third quarter of 2024, primarily due to a decrease in product and other costs of \$48.2 million.

Gross margin decreased to 50.2% in the third quarter of 2025 from 51.7% in the third quarter of 2024. The decrease in gross margin was primarily due to tariff costs of 180 basis points, cost inflation of 110 basis points, and higher sales adjustments of 70 basis points, partially offset by incremental realized savings from the OPG program of 90 basis points, and other factors of 120 basis points.

North America segment operating income was \$315.2 million in the third quarter of 2025, as compared to \$412.4 million in the third quarter of 2024, primarily due to lower gross profit of \$82.9 million and higher advertising and promotion expenses of \$10.8 million.

International Segment

The following tables provide a summary of Mattel's net sales, segment operating income, and gross billings by categories, along with supplemental information by brand, for the International segment for the third quarter of 2025 and 2024:

	For the Three Months Ended			
	September 30, 2025	September 30, 2024	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Net Sales	\$ 757.9	\$ 735.6	3 %	3 %
Segment Operating Income	208.6	217.7	-4 %	

Net sales for the International segment in the third quarter of 2025 were \$757.9 million, an increase of \$22.3 million, or 3%, as compared to \$735.6 million in the third quarter of 2024. The increase in net sales was primarily due to an increase in gross billings of \$40.1 million, partially offset by an increase in sales adjustments of \$17.8 million.

	For the Three Months Ended		% Change as Reported	Currency Exchange Rate Impact
	September 30, 2025	September 30, 2024		
	(In millions, except percentage information)			
Gross Billings by Categories				
Dolls	\$ 280.2	\$ 314.8	-11 %	3 %
Infant, Toddler, and Preschool	105.3	121.8	-14 %	2 %
Vehicles	349.8	291.5	20 %	3 %
Action Figures, Building Sets, Games, and Other	171.6	138.8	24 %	4 %
Gross Billings	<u>\$ 906.9</u>	<u>\$ 866.8</u>	5 %	3 %

Supplemental Gross Billings Disclosure

Gross Billings by Top 3 Power Brands				
Barbie	\$ 179.8	\$ 215.5	-17 %	2 %
Hot Wheels	311.6	258.4	21 %	3 %
Fisher-Price	85.6	96.9	-12 %	2 %
Other	330.0	296.1	11 %	3 %
Gross Billings	<u>\$ 906.9</u>	<u>\$ 866.8</u>	5 %	3 %

Gross billings for the International segment were \$906.9 million in the third quarter of 2025, an increase of \$40.1 million, or 5%, as compared to \$866.8 million in the third quarter of 2024, with a favorable impact from changes in currency exchange rates of three percentage points. The increase in the International segment gross billings was due to higher billings of Vehicles and Action Figures, Building Sets, Games, and Other products, partially offset by lower billings of Dolls and Infant, Toddler, and Preschool products.

Dolls gross billings decreased 11%, primarily due to lower billings of *Barbie* products.

Infant, Toddler, and Preschool gross billings decreased 14%, of which 9% was due to lower billings of *Fisher-Price* products and 3% was due to lower billings of Preschool Entertainment products.

Vehicles gross billings increased 20%, primarily due to higher billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings increased 24%, of which 22% was due to higher billings of Action Figures products, primarily due to higher billings of *Jurassic World* and *Minecraft* products in connection with their theatrical releases in 2025, and 6% was due to higher billings of Games products, partially offset by lower billings of Building Sets products of 2%.

Sales adjustments increased to \$149.0 million in the third quarter of 2025 from \$131.2 million in the third quarter of 2024. Sales adjustments as a percentage of net sales increased to 19.7% in the third quarter of 2025, as compared to 17.8% in the third quarter of 2024. The increase in sales adjustments as a percentage of net sales was primarily due to increased promotional activities and a shift in sales channel mix resulting in a higher proportion of sales with higher average sales adjustment rates.

Cost of sales increased by \$20.2 million, or 6%, to \$375.8 million in the third quarter of 2025 from \$355.6 million in the third quarter of 2024, primarily due to an increase in product and other costs of \$10.2 million and an increase in royalty expense of \$5.9 million.

Gross margin decreased to 50.4% in the third quarter of 2025 from 51.7% in the third quarter of 2024. The decrease in gross margin was primarily due to cost inflation of 90 basis points, higher sales adjustments of 60 basis points, and other factors of 40 basis points, partially offset by incremental realized savings from the OPG program of 60 basis points.

International segment operating income was \$208.6 million in the third quarter of 2025, as compared to \$217.7 million in the third quarter of 2024, primarily due to higher other selling and administrative expenses of \$8.7 million.

Results of Operations—First Nine Months

Consolidated Results

The following table presents Mattel's consolidated results for the first nine months of 2025 and 2024:

	For the Nine Months Ended				Year/Year Change	
	September 30, 2025		September 30, 2024			
	Amount	% of Net Sales	Amount	% of Net Sales	%	Basis Points of Net Sales
(In millions, except percentage and basis point information)						
Net sales	\$ 3,581.2		\$ 3,733.1		-4 %	
Cost of sales	1,785.9	49.9 %	1,834.5	49.1 %	-3 %	80
Gross profit	1,795.3	50.1 %	1,898.6	50.9 %	-5 %	(80)
Advertising and promotion expenses	267.5	7.5 %	250.1	6.7 %	7 %	80
Other selling and administrative expenses	1,122.5	31.3 %	1,112.5	29.8 %	1 %	150
Operating income	405.4	11.3 %	536.0	14.4 %	-24 %	(310)
Interest expense	88.0	2.5 %	89.4	2.4 %	-2 %	10
Interest (income)	(37.3)	-1.0 %	(39.5)	-1.1 %	-5 %	10
Other non-operating expense, net	12.6		8.8			
Income before income taxes	342.1	9.6 %	477.3	12.8 %	-28 %	(320)
Provision for income taxes	72.5		94.8			
(Income) from equity method investments	(21.8)		(18.4)			
Net income	\$ 291.4	8.1 %	\$ 401.0	10.7 %	-27 %	(260)

Sales

Net sales in the first nine months of 2025 were \$3.58 billion, a decrease of \$152.0 million, or 4%, as compared to \$3.73 billion in the first nine months of 2024. The decrease in net sales was due to a decrease in gross billings of \$110.0 million and an increase in sales adjustments of \$42.0 million.

Gross billings represent amounts invoiced to a customer and do not include the impact of sales adjustments, such as trade discounts and other allowances. Changes in gross billings are discussed below because, while Mattel records the details of sales adjustments in its financial accounting systems at the time of sale, such sales adjustments are generally recorded by customer and are not associated with categories, brands, or individual products. The following tables provide a summary of Mattel's consolidated gross billings by categories, along with supplemental information by brand, for the first nine months of 2025 and 2024:

	For the Nine Months Ended		% Change as Reported	Currency Exchange Rate Impact
	September 30, 2025	September 30, 2024		
(In millions, except percentage information)				
Gross Billings by Categories				
Dolls	\$ 1,305.8	\$ 1,465.6	-11 %	— %
Infant, Toddler, and Preschool	532.3	675.1	-21 %	— %
Vehicles	1,342.2	1,247.4	8 %	— %
Action Figures, Building Sets, Games, and Other	861.2	763.2	13 %	— %
Gross Billings	<u>\$ 4,041.4</u>	<u>\$ 4,151.4</u>	-3 %	— %
Supplemental Gross Billings Disclosure				
Gross Billings by Top 3 Power Brands				
Barbie	\$ 788.3	\$ 944.1	-16 %	— %
Hot Wheels	1,173.3	1,093.7	7 %	— %
Fisher-Price	413.4	494.7	-16 %	— %
Other	1,666.3	1,618.9	3 %	— %
Gross Billings	<u>\$ 4,041.4</u>	<u>\$ 4,151.4</u>	-3 %	— %

Gross billings were \$4.04 billion in the first nine months of 2025, a decrease of \$110.0 million, or 3%, as compared to \$4.15 billion in the first nine months of 2024. The decrease in gross billings was primarily due to lower billings of Dolls and Infant, Toddler, and Preschool products, partially offset by higher billings of Action Figures, Building Sets, Games, and Other and Vehicles products.

Dolls gross billings decreased 11%, primarily due to lower billings of *Barbie* products.

Infant, Toddler, and Preschool gross billings decreased 21%, of which 12% was due to lower billings of *Fisher-Price* products, 5% was due to lower billings of *Baby Gear* and *Power Wheels* products, due to the continued strategic exit from certain product lines in *Baby Gear* and *Power Wheels*, and 4% was due to lower billings of Preschool Entertainment products.

Vehicles gross billings increased 8%, primarily due to higher billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings increased 13%, of which 21% was due to higher billings of Action Figures products, primarily due to higher billings of *Jurassic World* and *Minecraft* products in connection with their theatrical releases in 2025, partially offset by lower billings of Building Sets products of 6%.

Sales adjustments generally represent arrangements with Mattel's customers to provide sales incentives, support customer promotions, and provide allowances for returns and defective merchandise. Such programs are based primarily on customer purchases, customer performance of specified promotional activities, and other specified factors such as sales to consumers. Additionally, sales adjustments may include foreign currency transaction gains and losses from the remeasurement of accounts receivable denominated in currencies that are different from the relevant entity's functional currency. Sales adjustments increased to \$460.3 million in the first nine months of 2025 from \$418.3 million in the first nine months of 2024. Sales adjustments as a percentage of net sales increased to 12.9% in the first nine months of 2025, as compared to 11.2% in the first nine months of 2024. The increase in sales adjustments as a percentage of net sales was primarily due to increased promotional activities and a shift in sales channel mix resulting in a higher proportion of sales with higher average sales adjustment rates.

Cost of Sales

Cost of sales decreased by \$48.7 million, or 3%, to \$1.79 billion in the first nine months of 2025 from \$1.83 billion in the first nine months of 2024. Within cost of sales, product and other costs decreased by \$66.0 million, or 5%, to \$1.38 billion in the first nine months of 2025 from \$1.44 billion in the first nine months of 2024. Royalty expense increased by \$14.4 million, or 9%, to \$182.2 million in the first nine months of 2025, as compared to \$167.7 million in the first nine months of 2024. Freight and logistics expenses increased by \$2.9 million, or 1%, to \$228.5 million in the first nine months of 2025 from \$225.5 million in the first nine months of 2024.

Gross Margin

Gross margin decreased to 50.1% in the first nine months of 2025 from 50.9% in the first nine months of 2024. The decrease in gross margin was primarily due to cost inflation of 100 basis points, higher sales adjustments of 70 basis points, tariff costs of 50 basis points, and other factors of 20 basis points, partially offset by incremental realized savings from the OPG program of 100 basis points, and lower inventory management costs of 60 basis points, due to lower close-out sales and inventory obsolescence.

Advertising and Promotion Expenses

Advertising and promotion expenses primarily consist of: (i) media costs, which include the media, planning, and buying fees for television, print, and online advertisements, (ii) non-media costs, which include commercial and website production, merchandising, and promotional costs, (iii) retail advertising costs, which include consumer direct catalogs, and (iv) general advertising costs, which include trade show costs. Advertising and promotion expenses as a percentage of net sales increased to 7.5% in the first nine months of 2025 from 6.7% in the first nine months of 2024, primarily due to a shift in the timing of advertising and promotion programs to support consumer demand, and lower sales in the first nine months of 2025 as compared to the first nine months of 2024.

Other Selling and Administrative Expenses

Other selling and administrative expenses were \$1.12 billion, or 31.3% of net sales, in the first nine months of 2025, an increase of \$10.0 million, as compared to \$1.11 billion, or 29.8% of net sales, in the first nine months of 2024. The increase in other selling and administrative expenses was primarily due to higher expenses related to inclined sleeper product recalls of \$30.0 million and higher outside services and other expenses of \$39.3 million, partially offset by realized savings from the OPG program of \$29.4 million, lower severance and restructuring charges of \$19.9 million, and lower employee compensation related expenses of \$10.0 million.

Interest Expense

Interest expense was \$88.0 million in the first nine months of 2025, relatively flat as compared to \$89.4 million in the first nine months of 2024.

Interest Income

Interest income was \$37.3 million in the first nine months of 2025, relatively flat as compared to \$39.5 million in the first nine months of 2024.

Provision for Income Taxes

Mattel's provision for income taxes was \$72.5 million for the first nine months of 2025, as compared to \$94.8 million for the first nine months of 2024. The decrease in provision for income taxes was primarily due to lower income before income taxes, partially offset by lower discrete income tax benefits. During the first nine months of 2025, Mattel recognized a net discrete income tax benefit of \$12.6 million, primarily related to a change of its indefinite reinvestment assertion relating to certain foreign subsidiary earnings. During the first nine months of 2024, Mattel recognized a net discrete income tax benefit of \$16.3 million, primarily related to tax elections filed to amortize certain intangible assets transferred as part of Mattel's intra-group IP rights transfer and previously unrecognized tax benefits.

Evaluating the need for and the amount of a valuation allowance for deferred tax assets often requires significant judgment and extensive analysis of all available evidence to determine whether it is more-likely-than-not that these assets will be realizable. Mattel routinely assesses the positive and negative evidence for this realizability, including the evaluation of sustained profitability and three years of cumulative pretax income for each tax jurisdiction. For the first nine months of 2025 and 2024, there were no material changes to Mattel's valuation allowance.

Segment Results

North America Segment

The following tables provide a summary of Mattel's net sales, segment operating income, and gross billings by categories, along with supplemental information by brand, for the North America segment for the first nine months of 2025 and 2024:

	For the Nine Months Ended		% Change as Reported	Currency Exchange Rate Impact
	September 30, 2025	September 30, 2024		
	(In millions, except percentage information)			
Net Sales	\$ 1,980.3	\$ 2,192.6	-10 %	— %
Segment Operating Income	492.1	622.3	-21 %	

Net sales for the North America segment in the first nine months of 2025 were \$1.98 billion, a decrease of \$212.3 million, or 10%, as compared to \$2.19 billion in the first nine months of 2024. The decrease in net sales was primarily due to a decrease in gross billings of \$204.2 million.

	For the Nine Months Ended		% Change as Reported	Currency Exchange Rate Impact
	September 30, 2025	September 30, 2024		
	(In millions, except percentage information)			
Gross Billings by Categories				
Dolls	\$ 734.8	\$ 838.2	-12 %	— %
Infant, Toddler, and Preschool	307.1	420.1	-27 %	— %
Vehicles	600.8	605.5	-1 %	— %
Action Figures, Building Sets, Games, and Other	490.7	473.8	4 %	— %
Gross Billings	\$ 2,133.4	\$ 2,337.6	-9 %	— %

Supplemental Gross Billings Disclosure

Gross Billings by Top 3 Power Brands				
Barbie	\$ 418.3	\$ 517.5	-19 %	— %
Hot Wheels	508.7	521.1	-2 %	— %
Fisher-Price	240.3	300.6	-20 %	— %
Other	966.1	998.4	-3 %	— %
Gross Billings	<u>\$ 2,133.4</u>	<u>\$ 2,337.6</u>	-9 %	— %

Gross billings for the North America segment were \$2.13 billion in the first nine months of 2025, a decrease of \$204.2 million, or 9%, as compared to \$2.34 billion in the first nine months of 2024. The decrease in gross billings was primarily due to lower billings of Infant, Toddler, and Preschool, Dolls, and Vehicles products, partially offset by higher billings of Action Figures, Building Sets, Games, and Other products.

Dolls gross billings decreased 12%, primarily due to lower billings of *Barbie* products.

Infant, Toddler, and Preschool gross billings decreased 27%, of which 14% was due to lower billings of *Fisher-Price* products, 7% was due to lower billings of *Baby Gear* and *Power Wheels* products, due to the continued strategic exit from certain product lines in *Baby Gear* and *Power Wheels*, and 5% was due to lower billings of Preschool Entertainment products.

Vehicles gross billings decreased 1%, primarily due to lower billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings increased 4%, of which 17% was due to higher billings of Action Figures products, primarily due to higher billings of *Jurassic World* and *Minecraft* products in connection with their theatrical releases in 2025, partially offset by lower billings of Building Sets products of 8% and lower billings of Games products of 4%.

Sales adjustments increased to \$153.1 million in the first nine months of 2025 from \$145.0 million in the first nine months of 2024. Sales adjustments as a percentage of net sales increased to 7.7% for the first nine months of 2025, as compared to 6.6% for the first nine months of 2024, primarily due to increased promotional activities and a shift in sales channel mix resulting in a higher proportion of sales with higher average sales adjustment rates.

Cost of sales decreased by \$102.2 million, or 9%, to \$1.01 billion in the first nine months of 2025 from \$1.11 billion in the first nine months of 2024, primarily due to a decrease in product and other costs of \$101.0 million.

Gross margin in the first nine months of 2025 decreased to 49.0% from 49.3% in the first nine months of 2024, primarily due to cost inflation of 100 basis points, tariff costs of 100 basis points, and higher sales adjustments of 50 basis points, partially offset by incremental realized savings from the OPG program of 100 basis points, lower inventory management costs of 50 basis points, due to lower close-out sales and inventory obsolescence, and other factors of 70 basis points.

North America segment operating income decreased by \$130.3 million to \$492.1 million in the first nine months of 2025, as compared to \$622.3 million in the first nine months of 2024, primarily due to lower gross profit of \$110.1 million and higher advertising and promotion expenses of \$17.6 million.

International Segment

The following tables provide a summary of Mattel's net sales, segment operating income, and gross billings by categories, along with supplemental information by brand, for the International segment for the first nine months of 2025 and 2024:

	For the Nine Months Ended			
	September 30, 2025	September 30, 2024	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Net Sales	\$ 1,600.9	\$ 1,540.6	4 %	— %
Segment Operating Income	346.9	304.3	14 %	

Net sales for the International segment in the first nine months of 2025 were \$1.60 billion, an increase of \$60.3 million, or 4%, as compared to \$1.54 billion in the first nine months of 2024. The increase in net sales was due to an increase in gross billings of \$94.2 million, partially offset by an increase in sales adjustments of \$33.9 million.

	For the Nine Months Ended			% Change as Reported	Currency Exchange Rate Impact	
	September 30, 2025	September 30, 2024				
	(In millions, except percentage information)					
Gross Billings by Categories						
Dolls	\$	571.0	\$	627.5	-9 %	1 %
Infant, Toddler, and Preschool		225.2		255.0	-12 %	— %
Vehicles		741.3		641.9	15 %	— %
Action Figures, Building Sets, Games, and Other		370.4		289.4	28 %	1 %
Gross Billings	\$	1,908.0	\$	1,813.8	5 %	— %

Supplemental Gross Billings Disclosure

Gross Billings by Top 3 Power Brands

Barbie	\$ 370.0	\$ 426.6	-13 %	1 %
Hot Wheels	664.6	572.6	16 %	— %
Fisher-Price	173.2	194.1	-11 %	— %
Other	700.3	620.5	13 %	1 %
Gross Billings	<u>\$ 1,908.0</u>	<u>\$ 1,813.8</u>	5 %	— %

Gross billings for the International segment were \$1.91 billion in the first nine months of 2025, an increase of \$94.2 million, or 5%, as compared to \$1.81 billion in the first nine months of 2024. The increase in gross billings was due to higher billings of Vehicles and Action Figures, Building Sets, Games, and Other products, partially offset by lower billings of Dolls and Infant, Toddler, and Preschool products.

Dolls gross billings decreased 9%, primarily due to lower billings of *Barbie* products.

Infant, Toddler, and Preschool gross billings decreased 12%, of which 8% was due to lower billings of *Fisher-Price* products, 2% was due to lower billings of Baby Gear and *Power Wheels* products, due to the continued strategic exit from certain product lines in Baby Gear and *Power Wheels*, and 2% was due to lower billings of Preschool Entertainment products.

Vehicles gross billings increased 15%, primarily due to higher billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings increased 28%, of which 27% was due to higher billings of Action Figures products, primarily due to higher billings of *Jurassic World* and *Minecraft* products in connection with their theatrical releases in 2025, and 6% was due to higher billings of Games products, partially offset by lower billings of Building Sets products of 4%.

Sales adjustments increased to \$307.1 million in the first nine months of 2025 from \$273.2 million in the first nine months of 2024. Sales adjustments as a percentage of net sales increased to 19.2% for the first nine months of 2025, as compared to 17.7% for the first nine months of 2024. The increase in sales adjustments as a percentage of net sales was primarily due to increased promotional activities.

Cost of sales increased by \$8.8 million, or 1%, to \$796.4 million in the first nine months of 2025 from \$787.5 million in the first nine months of 2024, primarily due to an increase in royalty expense of \$12.9 million.

Gross margin increased to 50.3% in the first nine months of 2025 from 48.9% in the first nine months of 2024, primarily due to incremental realized savings from the OPG program of 90 basis points, lower inventory management costs of 70 basis points, due to lower close-out sales and inventory obsolescence, and other factors of 140 basis points, partially offset by cost inflation of 110 basis points and higher sales adjustments of 50 basis points.

International segment operating income increased by \$42.6 million to \$346.9 million in the first nine months of 2025, as compared to \$304.3 million in the first nine months of 2024, primarily due to higher gross profit of \$51.5 million.

Cost Savings Program

Optimizing for Profitable Growth

On February 7, 2024, Mattel announced the OPG program, a multi-year cost savings program that follows the Optimizing for Growth program (the "OFG program"), which concluded in the fourth quarter of 2023. The OPG program is designed to achieve further efficiency and cost savings opportunities, primarily within Mattel's global supply chain, including its manufacturing footprint. The OPG program includes cost savings actions in connection with discontinuing production at a plant in China, as previously announced in the third quarter of 2023, as well as savings from other previous actions taken in 2023 that were not recognized in the OFG program. Targeted annual gross cost savings from actions associated with the OPG program, which are expected to be completed by 2026, are \$200 million. Of the \$200 million in targeted annual gross costs savings, approximately 60% is expected to benefit cost of sales and 40% is expected to benefit other selling and administrative expenses. Total cash expenditures under the OPG program are expected to be between \$115 and \$140 million and total non-cash charges are expected to be up to \$5 million.

The costs associated with the OPG program are expected to include the following:

Optimizing for Profitable Growth – Actions	Estimate of Cost
Employee severance	\$105 to \$120 million
Other restructuring costs	\$5 to \$10 million
Non-cash charges	up to \$5 million
Total estimated severance and other restructuring costs	\$110 to \$135 million
Investments	\$5 to \$10 million
Total estimated actions	\$115 to \$145 million

In connection with the OPG program, Mattel recorded severance and other restructuring costs in the following cost and expense categories within operating income in the consolidated statements of operations:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	(In millions)			
Cost of sales (a)	\$ 2.4	\$ 0.4	\$ 6.1	\$ 3.0
Other selling and administrative expenses (b)	0.3	26.8	19.8	44.7
	\$ 2.7	\$ 27.2	\$ 25.9	\$ 47.7

- (a) *Severance and other restructuring costs recorded within cost of sales in the consolidated statements of operations are included in segment operating income in "Note 21 to the Consolidated Financial Statements—Segment Information."*
- (b) *Severance and other restructuring costs recorded within other selling and administrative expenses in the consolidated statements of operations are included in corporate and other expense in "Note 21 to the Consolidated Financial Statements—Segment Information."*

As of September 30, 2025, Mattel has recorded cumulative severance and other restructuring charges related to the OPG program of approximately \$100 million, which includes approximately \$5 million of non-cash charges. Mattel realized cumulative cost savings (before severance, restructuring costs, and cost inflation) of approximately \$148 million, which represents approximately 60% benefit to cost of sales, and 40% benefit to other selling and administrative expenses, as of September 30, 2025, in connection with the OPG program.

Liquidity and Capital Resources

Mattel's primary sources of liquidity are its domestic and foreign cash and equivalents balances, driven by cash flows from operating activities, short-term borrowing facilities, including its \$1.40 billion Credit Facility, and access to capital markets to fund its operations and obligations. Such obligations may include capital expenditures, debt service, future royalty payments pursuant to licensing agreements, future inventory and service purchases, and required cash contributions and payments related to benefit plans. Of Mattel's \$691.9 million in cash and equivalents at September 30, 2025, \$479.1 million was held by foreign subsidiaries, including \$70.0 million held in Russia. Mattel's cash held in Russia can be used within the country; however, its movement out of Russia is currently limited. In early 2022, Mattel paused all shipments into Russia.

Cash flows from operating activities could be negatively impacted by decreased demand for Mattel's products, which could result from factors such as, but not limited to, adverse economic conditions and changes in public and consumer preferences, or by increased costs associated with manufacturing and distribution of products, such as tariffs, or shortages in raw materials or component parts. Additionally, Mattel's ability to issue long-term debt and obtain seasonal financing could be adversely affected by factors such as, but not limited to, global economic crises and tight credit environments, an inability to comply with its debt covenants and its Credit Facility covenants, or deterioration of Mattel's credit ratings. However, based on Mattel's current business plan and factors known to date, it is expected that existing cash and equivalents, cash flows from operations, availability under the Credit Facility, and access to capital markets will be sufficient to meet working capital, operating expenditure, and other contractual requirements for the next twelve months and in the long-term.

Current Market Conditions

Mattel is exposed to financial market risk resulting from changes in interest and foreign currency exchange rates.

Mattel intends to utilize its existing cash and equivalents, cash flow from operations, and borrowings under the Credit Facility to meet its short-term liquidity needs. At September 30, 2025, Mattel had no outstanding borrowings under the Credit Facility and approximately \$9 million in outstanding letters of credit under the Credit Facility.

Mattel has \$600.0 million of 2021 Senior Notes due 2026 that are scheduled to mature in April 2026, which Mattel intends to repay or refinance prior to the scheduled maturity date.

Market conditions could affect certain terms of other debt instruments that Mattel enters into from time to time.

Mattel monitors the third-party depository institutions that hold Mattel's cash and equivalents. Mattel's emphasis is primarily on safety and liquidity of principal, and secondarily on maximizing the yield on those funds. Mattel diversifies its cash and equivalents among counterparties and securities to minimize risks.

Mattel is subject to credit risks relating to the ability of its counterparties in hedging transactions to meet their contractual payment obligations. The risks related to creditworthiness and nonperformance have been considered in the fair value measurements of Mattel's foreign currency forward exchange contracts. Mattel closely monitors its counterparties and takes action, as necessary, to manage its counterparty credit risk.

Mattel expects that some of its customers and vendors may experience difficulty in obtaining the liquidity required to buy inventory or raw materials. Mattel monitors its customers' financial condition and their liquidity in order to mitigate accounts receivable collectability risks, and customer terms and credit limits are adjusted, if necessary. Additionally, Mattel uses a variety of financial arrangements to support the collectability of accounts receivable of customers deemed to be a credit risk, including requiring letters of credit, purchasing various forms of credit insurance with unrelated third parties, or requiring cash in advance of shipment.

Mattel sponsors defined benefit pension plans and postretirement benefit plans for its employees. Actual returns below the expected rate of return, along with changes in interest rates that affect the measurement of the liability, would impact the amount and timing of Mattel's future contributions to these plans.

Cash Flow Activities

Cash flows used for operating activities were \$203.3 million in the first nine months of 2025, as compared to \$61.6 million in the first nine months of 2024. The increase in cash flows used for operating activities was primarily due to a decrease in net income, excluding the impact of non-cash items, partially offset by a decrease in cash used for working capital of \$20.5 million.

Cash flows used for investing activities were \$97.5 million in the first nine months of 2025, as compared to \$151.7 million in the first nine months of 2024. The decrease in cash flows used for investing activities was primarily due to a decrease in purchases of other property, plant, and equipment of \$33.7 million, which included the purchase of an office building for \$58.8 million in July 2024.

Cash flows used for financing activities were \$426.3 million in the first nine months of 2025, as compared to \$314.2 million in the first nine months of 2024. The increase in cash flows used for financing activities was primarily due to \$144.2 million of increased share repurchases in the first nine months of 2025 as compared to the first nine months of 2024.

Seasonal Financing

See Part I, Item 1 "Financial Statements—Note 8 to the Consolidated Financial Statements—Seasonal Financing" of this Quarterly Report on Form 10-Q.

Financial Position

Mattel's cash and equivalents decreased \$696.0 million to \$691.9 million at September 30, 2025 from \$1.39 billion at December 31, 2024, primarily due to share repurchases of \$412.5 million, cash flows used for operating activities of \$203.3 million, and capital expenditures of \$124.9 million, partially offset by favorable effects of currency exchange rate changes on cash of \$31.1 million. Mattel's cash and equivalents decreased \$31.6 million to \$691.9 million at September 30, 2025 from \$723.5 million at September 30, 2024, primarily due to cash paid for share repurchases of \$544.2 million and capital expenditures of \$170.5 million during the twelve months ended September 30, 2025, partially offset by cash flows generated from operating activities of \$658.9 million during that twelve month period.

Accounts receivable increased \$387.1 million to \$1.39 billion at September 30, 2025 from \$1.00 billion at December 31, 2024, primarily due to the seasonality of Mattel's business. Accounts receivable decreased by \$87.1 million to \$1.39 billion at September 30, 2025 from \$1.48 billion at September 30, 2024, primarily due to lower net sales and timing of collections.

Inventories increased \$324.9 million to \$826.6 million at September 30, 2025 from \$501.7 million at December 31, 2024, primarily due to seasonal inventory build. Inventories increased \$89.4 million to \$826.6 million at September 30, 2025 from \$737.2 million at September 30, 2024, primarily due to tariff related impacts and lower sales in the third quarter of 2025 as compared to the third quarter of 2024 and the impact of foreign currency translation.

Prepaid expenses and other current assets increased \$12.8 million to \$246.9 million at September 30, 2025 from \$234.1 million at December 31, 2024, primarily due to increases in prepaid royalties of \$28.2 million, partially offset by a decrease in derivative receivables of \$16.4 million. Prepaid expenses and other current assets were \$246.9 million at September 30, 2025, relatively flat as compared to \$242.3 million at September 30, 2024.

Accounts payable and accrued liabilities increased \$44.9 million to \$1.32 billion at September 30, 2025 from \$1.28 billion at December 31, 2024, primarily due to an increase in accounts payable of \$93.9 million, an increase in interest payable of \$27.0 million, an increase in other accrued liabilities of \$22.7 million, and an increase in derivative liabilities of \$19.7 million, partially offset by lower accrued incentive compensation of \$95.7 million, including the timing of incentive compensation payments and lower accrued advertising of \$46.1 million. Accounts payable and accrued liabilities increased \$80.2 million to \$1.32 billion at September 30, 2025 from \$1.24 billion at September 30, 2024, primarily due to an increase in accounts payable of \$53.6 million, other accrued liabilities of \$33.9 million, and derivative liabilities of \$12.8 million, partially offset by lower accrued incentive compensation of \$42.2 million.

A summary of Mattel's capitalization is as follows:

	September 30, 2025		September 30, 2024		December 31, 2024	
	(In millions, except percentage information)					
Cash and equivalents	\$	691.9	\$	723.5	\$	1,387.9
2010 Senior Notes due October 2040		250.0		250.0		250.0
2011 Senior Notes due November 2041		300.0		300.0		300.0
2019 Senior Notes due December 2027		600.0		600.0		600.0
2021 Senior Notes due April 2026		600.0		600.0		600.0
2021 Senior Notes due April 2029		600.0		600.0		600.0
Debt issuance costs and debt discount		(12.4)		(16.7)		(15.6)
Total debt		2,337.6	51 %	2,333.3	50 %	2,334.4
Stockholders' equity		2,261.2	49	2,312.9	50	2,264.1
Total capitalization (total debt plus stockholders' equity)	\$	4,598.8	100 %	\$ 4,646.2	100 %	\$ 4,598.5

Total debt was \$2.34 billion at September 30, 2025, and \$2.33 billion at both December 31, 2024 and September 30, 2024. Mattel has \$600.0 million of 2021 Senior Notes due 2026 that mature in April 2026, which Mattel intends to repay or refinance prior to the scheduled maturity date.

Stockholders' equity was flat at \$2.26 billion at September 30, 2025 and December 31, 2024, with share repurchases of \$416.3 million during the nine months ended September 30, 2025 being substantially offset by net income of \$291.4 million, currency translation adjustments of \$105.7 million, and share-based compensation of \$61.0 million during that period. Stockholders' equity decreased \$51.7 million to \$2.26 billion at September 30, 2025 from \$2.31 billion at September 30, 2024, primarily due to share repurchases of \$549.2 million during the twelve months ended September 30, 2025, partially offset by net income of \$432.3 million and the impact of share-based compensation on additional paid-in capital of \$82.9 million during that twelve month period.

Litigation

See Part I, Item 1 "Financial Statements—Note 20 to the Consolidated Financial Statements—Contingencies" of this Quarterly Report on Form 10-Q.

Application of Critical Accounting Policies and Estimates

Mattel's critical accounting policies and estimates are included in the 2024 Annual Report on Form 10-K and did not materially change during the first nine months of 2025.

New Accounting Pronouncements

See Part I, Item 1 "Financial Statements—Note 22 to the Consolidated Financial Statements—New Accounting Pronouncements" of this Quarterly Report on Form 10-Q.

Non-GAAP Financial Measure

To supplement the financial results presented in accordance with GAAP, Mattel presents a non-GAAP financial measure within the meaning of Regulation G promulgated by the SEC. The non-GAAP financial measure that Mattel presents is currency exchange rate impact. Mattel uses this measure to analyze its continuing operations and to monitor, assess, and identify meaningful trends in its operating and financial performance. Mattel believes that the disclosure of this non-GAAP financial measure provides useful supplemental information to investors to be able to better evaluate ongoing business performance and certain components of Mattel's results. This measure is not, and should not be viewed as, a substitute for GAAP financial measures and may not be comparable to similarly-titled measures used by other companies.

Currency Exchange Rate Impact

The currency exchange rate impact reflects the portion (expressed as a percentage) of changes in Mattel's reported results that are attributable to fluctuations in currency exchange rates.

For entities reporting in currencies other than the U.S. dollar, Mattel calculates the percentage change of period-over-period results at constant currency exchange rates (established as described below) by translating current period and prior period results using these rates and then determines the currency exchange rate impact percentage by calculating the difference between the percentage change at such constant currency exchange rates and the percentage change at actual 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 currency 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.

Mattel believes that the disclosure of the percentage impact of currency changes 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 currency changes could potentially mask underlying sales trends. The disclosure of the percentage impact of currency exchange allows investors to calculate the impact on a constant currency basis and also enhances their ability to compare financial results from one period to another.

Key Performance Indicator

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 recorded by customer and not associated with categories, brands, or individual products.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Foreign Currency Exchange Rate Risk

Currency exchange rate fluctuations may impact Mattel's results of operations and cash flows. The Hong Kong dollar, Euro, and Chinese yuan were the primary currencies that caused foreign currency transaction exposure for Mattel during the first nine months of 2025. Mattel seeks to mitigate its foreign currency exchange risk by monitoring its foreign currency transaction exposure for the year and partially hedging such exposure using foreign currency forward exchange contracts primarily to hedge its purchase and sale of inventory and other intercompany transactions denominated in foreign currencies. These contracts generally have maturity dates of up to 24 months. For those intercompany receivables and payables that are not hedged, the transaction gains or losses are recorded in the consolidated statements of operations in the period in which the exchange rate changes as part of operating income or other non-operating expense (income), net based on the nature of the underlying transaction. Transaction gains or losses on hedged intercompany inventory transactions are recorded in the consolidated statements of operations in the period in which the inventory is sold to customers. In addition, Mattel manages its exposure to currency exchange rate fluctuations through the selection of currencies used for international borrowings. Mattel does not trade in financial instruments for speculative purposes.

Mattel's financial position is also impacted by currency exchange rate fluctuations on translation of its net investments in subsidiaries with non-U.S. dollar functional currencies. Assets and liabilities of subsidiaries with non-U.S. dollar functional currencies are translated into U.S. dollars at fiscal period-end exchange rates. Income, expense, and cash flow items are translated at weighted-average exchange rates prevailing during the fiscal period. The resulting currency translation adjustments are recorded as a component of accumulated other comprehensive loss within stockholders' equity. Mattel's primary currency translation adjustments for the nine months ended September 30, 2025 were related to its net investments in entities having functional currencies denominated in the Russian ruble, Mexican peso, and the British pound sterling.

There are numerous factors impacting the amount by which Mattel's financial results are affected by foreign currency translation and transaction gains and losses resulting from changes in currency exchange rates, including, but not limited to, the level of foreign currency forward exchange contracts in place at a given time and the volume of foreign currency-denominated transactions in a given period. However, assuming that such factors were held constant, Mattel estimates that a one percent change in the U.S. dollar would have impacted Mattel's third quarter 2025 net sales by approximately 0.3% and would have less than a \$0.01 impact to Mattel's net income per share.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of September 30, 2025, Mattel's disclosure controls and procedures were evaluated, with the participation of Mattel's principal executive officer and principal financial officer, to assess whether they are effective in providing reasonable assurance that information required to be disclosed by Mattel in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Based on this evaluation, Ynon Kreiz, Mattel's principal executive officer, and Paul Ruh, Mattel's principal financial officer, concluded that these disclosure controls and procedures are not effective as of September 30, 2025 due to a material weakness in Mattel's internal control over financial reporting, which is more fully described in Management's Report on Internal Control Over Financial Reporting, in Part II, Item 8 "Financial Statements and Supplementary Data" in the 2024 Annual Report on Form 10-K.

Remediation Plan

Management is in the process of executing its remediation plan to address the material weakness. During the quarter ended September 30, 2025, management tested the operating effectiveness of user access provisioning controls for certain systems. Additional time is required to further test the operating effectiveness of these controls to demonstrate the effectiveness of the remediation efforts. The material weakness cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting that occurred during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, Mattel's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The content of Part I, Item 1 "Financial Statements—Note 20 to the Consolidated Financial Statements—Contingencies" of this Quarterly Report on Form 10-Q is hereby incorporated by reference in its entirety in this Item 1.

Item 1A. Risk Factors.

Other than as provided in Mattel's Quarterly Report on Form 10-Q for the three months ended March 31, 2025, there have been no material changes to the risk factors disclosed under Part I, Item 1A "Risk Factors" in the 2024 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Equity Securities

During the third quarter of 2025, Mattel did not sell any unregistered equity securities.

Issuer Purchases of Equity Securities

The following table provides certain information with respect to Mattel's purchases of its common stock during the third quarter of 2025:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (b) (In millions)
July 1-31	3,468,147	\$ 17.31	3,465,694	\$ 330.0
August 1-31	8,200,570	17.40	8,189,659	187.5
September 1-30	67,554	16.85	—	187.5
Total	11,736,271	\$ 17.37	11,655,353	\$ 187.5

(a) The total number of shares purchased includes 80,918 shares withheld from employees to satisfy minimum tax withholding obligations that occur upon settlement of equity awards, which were not purchased as part of a publicly announced repurchase plan or program.

(b) On February 5, 2024, Mattel's Board of Directors authorized a \$1.00 billion share repurchase program. As of September 30, 2025, Mattel had a remaining authorization of \$187.5 million under the program. Repurchases under the share repurchase program will take place from time to time, depending on market conditions. Mattel's share repurchase program has no expiration date.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

- (a) None.
- (b) Not applicable.
- (c) None.

Item 6. Exhibits.

Exhibit No.	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
3.0	Restated Certificate of Incorporation of Mattel, Inc.	8-K	001-05647	99.0	May 21, 2007
3.1	Certificate of Amendment of the Restated Certificate of Incorporation of Mattel, Inc.	8-K	001-05647	3.1	May 30, 2025
3.2	Amended and Restated Bylaws of Mattel, Inc.	8-K	001-05647	3.1	September 15, 2023
4.0	Specimen Stock Certificate with respect to Mattel, Inc.'s Common Stock	10-Q	001-05647	4.0	August 3, 2007
10.1 ⁺	Amendment No. 6 to the Deferred Compensation and PIP Excess Plan (Post-2004)				
10.2 ⁺	Amendment No. 2 to the Mattel, Inc. Deferred Compensation Plan for Non-Employee Directors (as amended and restated effective January 1, 2009)				
31.0 [*]	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.1 [*]	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.0 ^{**}	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS [*]	Inline XBRL Instance Document				
101.SCH [*]	Inline XBRL Taxonomy Extension Schema Document				
101.CAL [*]	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF [*]	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB [*]	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE [*]	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104 [*]	The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL.				

+ *Management contract or compensatory plan or arrangement.*

* *Filed herewith.*

** *Furnished herewith. This exhibit should not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934.*

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MATTEL, INC.
Registrant

By: /s/ Yoon Hugh
Yoon Hugh
Senior Vice President and Corporate Controller (Duly
Authorized Officer and Chief Accounting Officer)

Date: October 29, 2025

**AMENDMENT NO. 6 to the
MATTEL, INC.
DEFERRED COMPENSATION AND PIP EXCESS PLAN (POST-2004)**

WHEREAS, Mattel, Inc. (“Mattel”) maintains the Mattel, Inc. Deferred Compensation and PIP Excess Plan (Post-2004), as it may be amended (the “Plan”), for the benefit of eligible management employees of Mattel and its subsidiaries;

WHEREAS, pursuant to Section 9.10(a) of the Plan, the Compensation Committee (the “Committee”) of the Board of Directors of Mattel has the right to amend the Plan in whole or in part from time to time, provided that no such action shall cancel or reduce the amount of a participant’s previously accrued vested benefits;

WHEREAS, the Committee desires to amend the Plan to modernize and simplify Plan administration, and align the Plan with broad market practice.

NOW, THEREFORE, BE IT RESOLVED, that the Plan is amended as follows, effective January 1, 2026:

1. Section 1.2 (“Definitions”) is amended by adding new subsections (rr) and (ss), and all subsequent subsections and all cross-references thereto shall be adjusted accordingly:

(rr) **“Post-2025 Benefits”** shall mean deferrals of Post-2025 Compensation, Company Contributions attributable to Post-2025 Compensation, and any earnings attributable thereto.

(ss) **“Post-2025 Compensation”** shall mean Base Salary for services performed on and after January 1, 2026, and any Short-Term Incentive Bonus, Long-Term Incentive Bonus or Discretionary Payment with respect to which the relevant performance period commences on or after January 1, 2026.

2. Section 3.2 (“Company Automatic Contributions”) is amended by replacing “the last day of the preceding month” with “the last day of the applicable payroll period to which the Base Salary relates,” and by making a corresponding modification to the table set forth in such Section.

3. Section 7.1(a) (“Distribution at Severance other than on Account of Retirement”) is amended by deleting the last sentence in its entirety and replacing it with the following sentence:

This subsection (a) shall not apply to Post-2025 Benefits.

4. Section 7.1(b) (“Distribution at Retirement”) is amended by deleting the last sentence in its entirety and replacing it with the following sentence:

This subsection (b) shall not apply to Post-2025 Benefits.

5. A new Section 7.1(c) is added to read as follows, and all subsequent subsections in Section 7.1 and all cross-references thereto are re-lettered accordingly:

(c) **Distribution of Post-2025 Benefits.** With respect to elections to commence distributions of Post-2025 Benefits upon a Severance (regardless of whether such Severance constitutes a Retirement), a Participant shall elect to receive his or her Distributable Amount (determined on a Plan Year basis) in (i) two to fifteen annual installments as specified by the Committee in a Deferral Election Form, provided that in no event shall any installment payment remain payable after the fifteenth Plan Year following the Plan Year in which the Participant’s Severance occurs, or (ii) a lump sum. Except as provided in Section 3.4, all amounts deferred for any Plan Year that are payable upon a Participant’s Severance must be payable upon the same distribution schedule (for this purpose, Short-Term Incentive Bonus amounts shall be deemed deferred during the Plan Year to which the actual performance relates, Long-Term Incentive Bonus amounts shall be deemed to have been deferred in the first Plan Year of the applicable performance period, and all other Compensation (and related Company Contributions) shall be deemed deferred during the Plan Year such Compensation otherwise would have been paid to the Participant). Payment shall be made or commence, as applicable, on or as soon as administratively practicable following the Payment Date. If no distribution election is made, the distribution shall be in the form of a lump sum.

6. Section 7.1(d) (“Distribution upon Disability”) (Section 7.1(c) prior to this Amendment) is amended by adding the following sentence at the end of the existing text:

Notwithstanding the foregoing, Post-2025 Benefits shall be paid in the form of a lump sum in the event of a Participant’s Disability, and the Participant shall not be permitted to elect any other form of payment with respect to such benefits.

7. Section 7.1(e) (“Distribution upon Death”) (Section 7.1(d) prior to this Amendment) is amended by adding the following sentence at the end of the existing text:

Notwithstanding the foregoing, Post-2025 Benefits shall be paid in the form of a lump sum in the event of a Participant's death, and the Participant shall not be permitted to elect any other form of payment with respect to such benefits.

8. Section 7.1 ("Distribution of Accounts") is amended by adding the following as a new subsection (g):

(g) Notwithstanding any Plan provision to the contrary, in the case of a distribution described in subsection (a), (b), (c), (d) or (e), if the Distributable Amount (taking into account all Plan Years) does not exceed the dollar limit set forth in Internal Revenue Code section 402(g) for the year in which the distributions are scheduled to begin, the entire Distributable Amount shall be paid in the form of a lump sum.

9. Section 7.4(a) ("Changes to Distribution Elections") is amended to read in its entirety as follows:

(a) **Changes to Distribution Elections.** A Participant may make an election to postpone the Payment Date of any distribution hereunder on account of a Participant's Retirement (or Severance, in the case of Post-2025 Benefits) by giving the Committee notice, in a form and in the manner provided by the Committee, provided that (i) a Participant may make only one election to postpone the Payment Date(s) set forth in such Participant's initial Deferral Election Form for each Plan Year, (ii) any such election to postpone must be made prior to the date upon which a Participant's Accounts become distributable pursuant to Section 7.1(b), (iii) any such election to postpone shall take effect only on the first anniversary of such election, (iv) any such election must postpone the date of distribution by at least five years (except that it may provide for earlier payment upon death or Disability or in the event of a Hardship), and (v) in no event shall any amount remain payable under the Plan following the last date upon which the Participant must receive installment payments pursuant to Section 7.1(b).

10. Section 7.4(d) ("Calculating Installments") is amended to read in its entirety as follows:

(d) **Calculating Installments.** The Distributable Amount or Withdrawal Amount of the Participant's Accounts shall be valued as of the close of business on the last business day of the month immediately preceding the month in which installment payments commence. The installment payments made under the Plan shall be determined in accordance with the annual fractional payment method, calculated by multiplying the balance as determined

above by a fraction, the numerator of which is one, and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects five annual installments, the first payment shall be 1/5 of the balance of such Participant's Accounts calculated as described above. The following year, the payment shall be 1/4 of the balance of such Participant's Accounts, calculated as described above.

11. Except as expressly or by necessary implication amended hereby, all terms and provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Mattel has caused this Amendment No. 6 to be executed, effective as of the date specified herein.

MATTEL, INC.

By: _____

Karen Ancira

Executive Vice President and Chief People Officer

Dated: _____

**AMENDMENT NO. 2 to the
MATTEL, INC. DEFERRED COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS
(AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2009)**

WHEREAS, Mattel, Inc. (“Mattel”) maintains the Mattel, Inc. Deferred Compensation Plan for Non-Employee Directors (as amended and restated effective January 1, 2009), as it may be amended (the “Plan”);

WHEREAS, pursuant to Section 5(f) of the Plan, Mattel reserved the right to amend the Plan in whole or in part from time to time by action of the Board of Directors of Mattel (the “Board”);

WHEREAS, the Board desires to amend the Plan to modernize and simplify Plan administration, and align the Plan with broad market practice.

NOW, THEREFORE, BE IT RESOLVED, that the Plan is amended as follows, effective January 1, 2026 except as otherwise provided herein:

1. Section 2(a) (“Election to Participate”) is amended by modifying the first sentence to read as follows (changes in bold and italics):

Prior to the beginning of any Plan Year and during the period specified by the Administrator from time to time, each eligible Director may elect to participate in this Plan by directing that all or any part (*in increments permitted by the Administrator*) of the compensation (including ~~all of~~ the Common Stock amount earned as an RSU Award) which would otherwise have been payable currently for services as a Director (including any periodic and/or annual retainer, Board and committee meeting fees (including any special committee fees) and any additional annual retainer payable for services as a chair or member of a committee of the Board but excluding expense reimbursements, amounts realized upon the exercise or vesting of equity-based compensation other than RSU Awards, or any other amounts paid to the Director) during such Plan Year shall be credited to his or her Account, subject to the terms of this Plan.

2. Section 4(b) (“Distribution Options”) is amended to read in its entirety as follows (changes in bold and italics):

(b) Distribution Options.

- (i) *For Plan Years prior to 2026, a* ~~A~~ Participant may elect to receive payment of his or her Account determined on a Plan Year basis in (1) a single payment or (2) in 10 annual
-

installments. The election shall direct that the first installment (or the single payment if the Participant has so elected) be paid as soon as administratively practicable following the first business day of April of the Plan Year following either (A) the Plan Year in which the Participant has a Severance and ceases to be a Director of the Company, or (B) the later of (x) the Plan Year in which the Participant has a Severance and ceases to be a Director of the Company or (y) the year in which the Participant attains the age specified in such election, which age shall not be later than age 72.

(ii) ***For Plan Years after 2025, a Participant may elect to receive payment of his or her Account determined on a Plan Year basis in (1) a single payment or (2) in 2 to 10 annual installments. The election shall direct that the first installment (or the single payment if the Participant has so elected) be paid as soon as administratively practicable following the first business day of April of (A) the Plan Year following the Plan Year in which the Participant has a Severance and ceases to be a Director of the Company, (B) the Plan Year specified in such election, which shall not be earlier than the third Plan Year following the year in which the compensation is earned, or (C) the earlier or later of (A) or (B).***

(iii) ***Notwithstanding (i) and (ii) above***, if a Participant is a "specified employee" (within the meaning of Section 409A(a)(2)(B) (i) of the Code) as of the date of the Participant's Severance, the first installment payment or the single payment shall not be made until the later of (A) the date in April determined above or (B) the earlier of the first business day of the seventh (7th) month following such Severance or the date of the Participant's death.

(iv) Each distribution shall be made pro-rata from (A) amounts not credited to the Participant's Stock Equivalent Sub-Account or the Restricted Stock Unit Sub-Account, (B) amounts credited to the Participant's Stock Equivalent Sub-Account and (C) vested amounts credited to the Participant's Restricted Stock Unit Sub-Account, each as determined on the applicable payment date (determined on a Plan Year basis). Each distribution shall be determined by multiplying the value of the Participant's Account as of the most recent Valuation Date (determined on a Plan Year basis) by a fraction. The numerator of the fraction shall be one (1) and the denominator of the fraction shall be the number of annual installments remaining to be paid (which, in the case of a single payment, shall be one (1)). For purposes of this Section 4(b), the value of the Stock Equivalent Sub-Account and the vested portion of the Restricted Stock Unit Sub-Account on any payment date shall be determined by multiplying the number of such hypothetical shares of Common Stock allocated to the Stock Equivalent Sub-Account and the vested portion of the Restricted Stock Unit Sub-Account, respectively, by the Fair Market Value

of a share of Common Stock as of the most recent Valuation Date. If no distribution election is made or if the distributable amount (determined on a Plan Year basis, ***but only for Plan Years before 2026***) is less than \$5,000, the distribution shall be in a single payment. For purposes of the immediately preceding sentence, if a Participant elects to receive a distributable amount in the form of annual installments, the distributable amount shall be determined as of the most recent Valuation Date prior to the payment date of the first annual installment.

- (v) If a Participant dies after the date distributions commence pursuant to this Section 4(b), the Participant's Account shall continue to be distributed to the Participant's Beneficiary or Beneficiaries designated in writing by the Participant, or if no designation has been made, to the estate of the Participant, in accordance with the Participant's election under this Section 4(b).
- (vi) ***Notwithstanding the foregoing provisions in this Section 4(b), if the distributable amount (taking into account all Plan Years) does not exceed the dollar limit set forth in Internal Revenue Code section 402(g) for the year in which the distributions are scheduled to begin, the entire distributable amount shall be paid in the form of a lump sum.***

3. Section 4 ("Distribution") is amended by adding a new subsection (h) to read as follows:

(h) **Changes to Distribution Elections.** A Participant may make an election to postpone the payment of any distribution hereunder on account of a Participant's Severance or attainment of a specified age or year by giving the Administrator notice, in a form and in the manner provided by the Administrator, provided that (i) a Participant may make only one election to postpone the payment date(s) set forth in such Participant's Enrollment Form for each Plan Year, (ii) any such election to postpone must be made prior to the date upon which a Participant's Account becomes distributable pursuant to this Section 4, provided that any election to postpone an amount payable upon attainment of a specified age or year must be made not less than 12 months prior to the first business day of April of the applicable year, (iii) any such election to postpone shall take effect only on the first anniversary of such election, (iv) any such election must postpone the date of distribution by at least five years (except that it may provide for earlier payment upon death or in the event of a Hardship), and (v) in no event shall any amount remain payable under the Plan following the last date upon which the Participant must receive installment payments with respect to the applicable payment event pursuant to Section 4(b).

4. Except as expressly or by necessary implication amended hereby, all terms and provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, Mattel has caused this Amendment No. 2 to be executed, effective as of the date specified herein.

MATTEL, INC.

By: _____

Karen Ancira

Executive Vice President and Chief People Officer

Dated: _____

CERTIFICATION

I, Ynon Kreiz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mattel, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2025

By: /s/ Ynon Kreiz
Ynon Kreiz
Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Paul Ruh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mattel, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2025

By: /s/ Paul Ruh
Paul Ruh
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Ynon Kreiz
Ynon Kreiz
Chairman and Chief Executive Officer

/s/ Paul Ruh
Paul Ruh
Chief Financial Officer