Second Quarter 2026 Earnings

(Unaudited Results)
August 4, 2026

Forward-Looking Statements / Presentation Information

This presentation 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 or by their nature are uncertain and include statements regarding Mattel's guidance and goals for future periods and other future events. The use of words such as "anticipates," "expects," "intends," "plans," "projects," "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 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, 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; (xiv) the ability to secure, maintain, and renew popular licenses from licensors of entertainment properties; (xv) the ability to successfully develop, publish, and commercialize digital games; (xvi) the ability to attract and retain talented employees and adapt to evolving workplace models; (xvii) the risk of product recalls or product liability suits and costs associated with product safety regulations; (xviii) tariffs, tariff-related developments, including refunds, 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; (xix) business disruptions or other unforeseen impacts due to economic instability, political instability, civil unrest, armed hostilities, such as the conflict in the Middle East, terrorist activities, natural and man-made disasters, pandemics or other public health crises, or other catastrophic events; (xx) failure to realize the planned benefits from any investments or acquisitions made by Mattel, including Mattel163; (xxi) 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; (xxii) changes in financing markets or the inability of Mattel to obtain financing on attractive terms; (xxiii) the impact of litigation, arbitration, or regulatory decisions or settlement actions; (xxiv) Mattel's ability to navigate regulatory frameworks in connection with new areas of investment, product development, or other business activities, such as artificial intelligence; (xxv) the potential impact of the development, use, and integration of artificial intelligence and machine learning technologies in Mattel's business and products; (xxvi) the sufficiency of additional controls and procedures that Mattel has implemented to remediate the prior material weakness in Mattel's internal control over financial reporting, additional material weaknesses or other deficiencies in the future, or the failure to maintain an effective system of internal control; and (xxvii) other risks and uncertainties as may be described in Mattel's filings with the Securities and Exchange Commission, including the "Risk Factors" section of Mattel's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, and subsequent periodic filings, as well as in Mattel's other public statements. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so, except as required by law.

The financial results included herein are preliminary until Mattel's Form 10-Q is filed with the SEC. Actual results may differ from these preliminary results.

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

Mattel, Inc.

Who We Are

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

Our Purpose

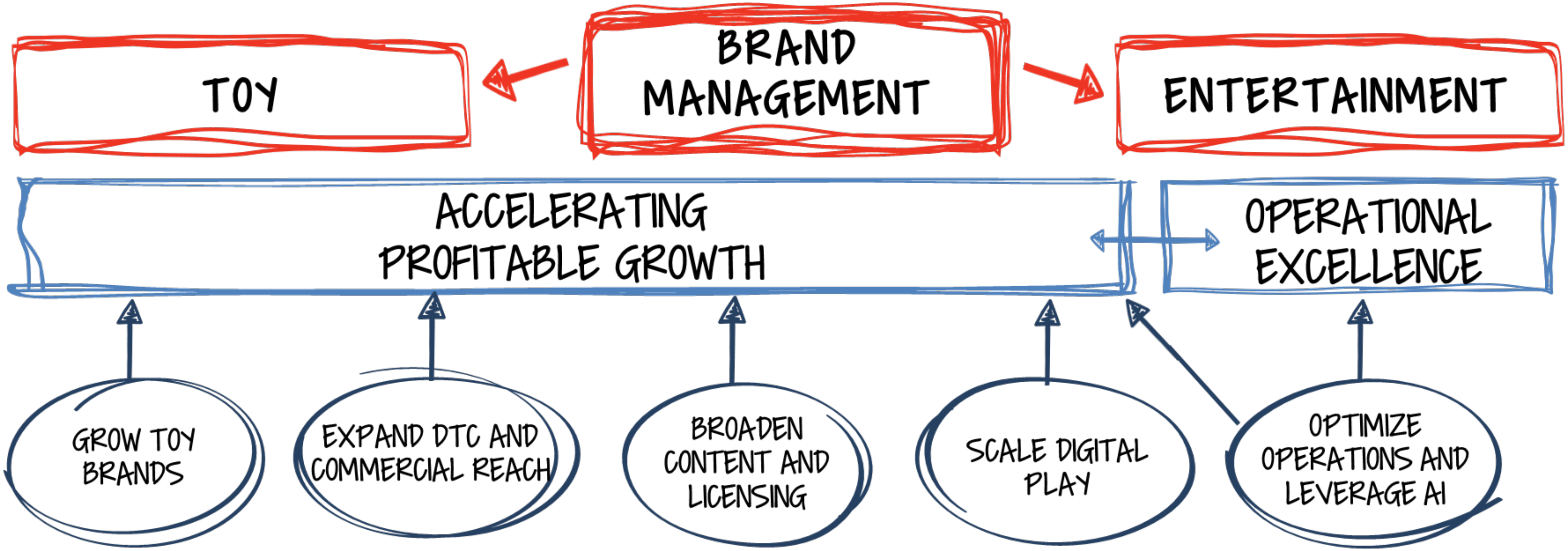
We empower generations to explore the wonder of childhood and reach their full potential.

Our Mission

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

Mattel's Brand-Centric Strategy

Grow IP-Driven Play and Family Entertainment Business



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

Q2 2026 CEO Overview

Executing strategy to grow IP-driven play and family entertainment business

- Net Sales grew strongly, double-digit growth in North America; driven by owned and partner IP, and digital games following the full acquisition of M163
- #1 globally in Dolls, Vehicles, and ITPS; gained share in Vehicles and Action Figures
- Executing capital allocation priorities: investing in organic growth and buying back shares, while maintaining strong balance sheet
- Strategic investments progressing well; expect high ROI, with a net positive contribution to bottom-line in 2027 and beyond
- Top-line growth has continued Q3 to-date, with positive POS YTD
- Toy industry growth continues; driven by toyetic theatrical slate and adult consumers

Well-positioned for the back half of 2026; reiterating 2026 guidance

Net Sales in constant currency; For Constant Currency, please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator; Source: Circana, LLC, Retail Tracking Service, G10 (US, CA, MX, BR, FR, IT, SP, DE, UK, AU), Dolls, Vehicles, and Infant Toddler & Preschool Supercategories, Projected USD, Apr - Jun 2026

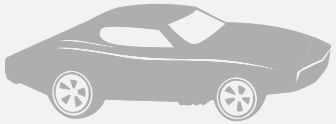
Q2 2026 Portfolio Highlights

Growth driven by Vehicles and Challenger categories

Vehicles +11%

Hot Wheels growth across both kids and adult collectors

Hot Wheels on track to achieve 9th consecutive record year



Dolls -7%

Barbie and Polly Pocket decline partially offset by growth in K-Pop Demon Hunters and Disney Princess & Frozen

Expect Barbie to return to growth in 2027

Infant, Toddler, and Preschool -13%

Decline primarily due to Fisher-Price

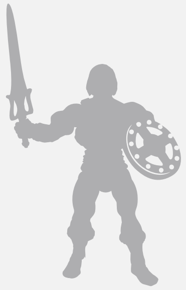
Little People grew high double-digits with new partnerships

Challenger +33%

Games growth led by UNO, including the contribution of M163

Action Figures grew strongly, driven by theatricals

Mattel Brick Shop performed very well



Diverse portfolio and complementary combination of owned and partner brands managed by brand-centric operating model

Percentages shown in constant currency. For Gross Billings and Constant Currency, please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator

Q2 2026 Entertainment Highlights

Strong progress in digital games and films

M163 integration progressing well

MOTU self-published mobile game launched, establishing capabilities

UNO Wild self-published mobile game in soft launch; commercial launch early 2027

Announced two licensed PC and console titles for Hot Wheels and Barbie

MOTU movie released in theaters globally; recently launched on streaming and was #1 most watched movie across all streaming platforms in the US in first week

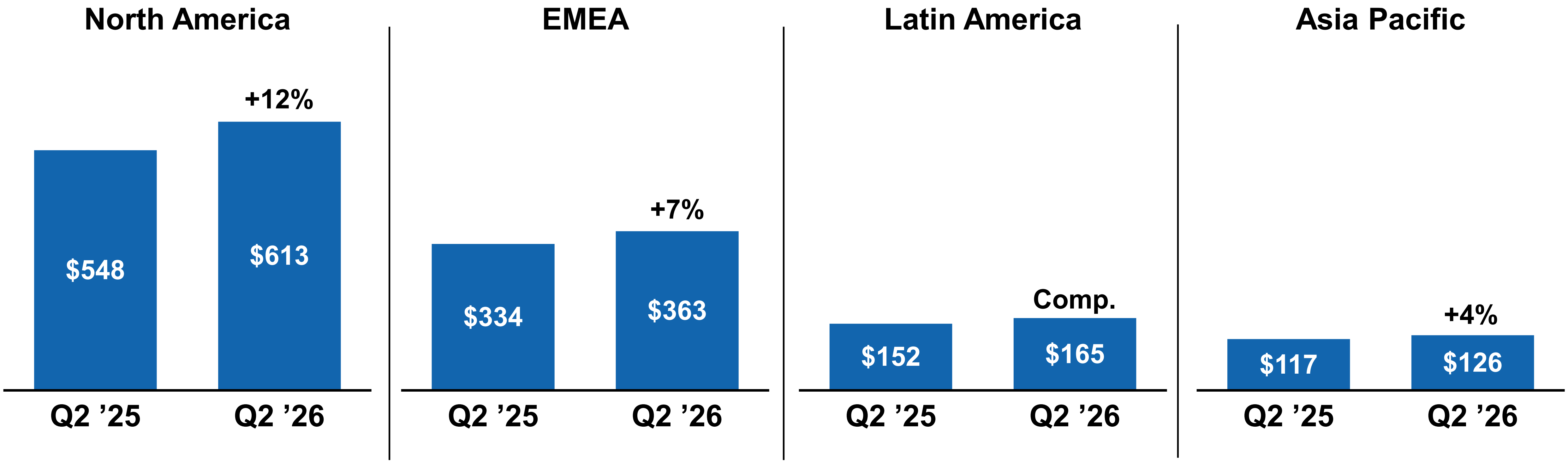
Matchbox movie to launch October 9th on Apple TV; strong product offering in Q4

Multi-year strategy to grow our IP-driven play and family entertainment business

Source: Per Luminate, Masters of the Universe was the #1 most-watched movie across the US streaming landscape in its debut week (7/20/2026–7/26/2026)

Q2 2026 Gross Billings by Region

North America up 12%, International up 5%

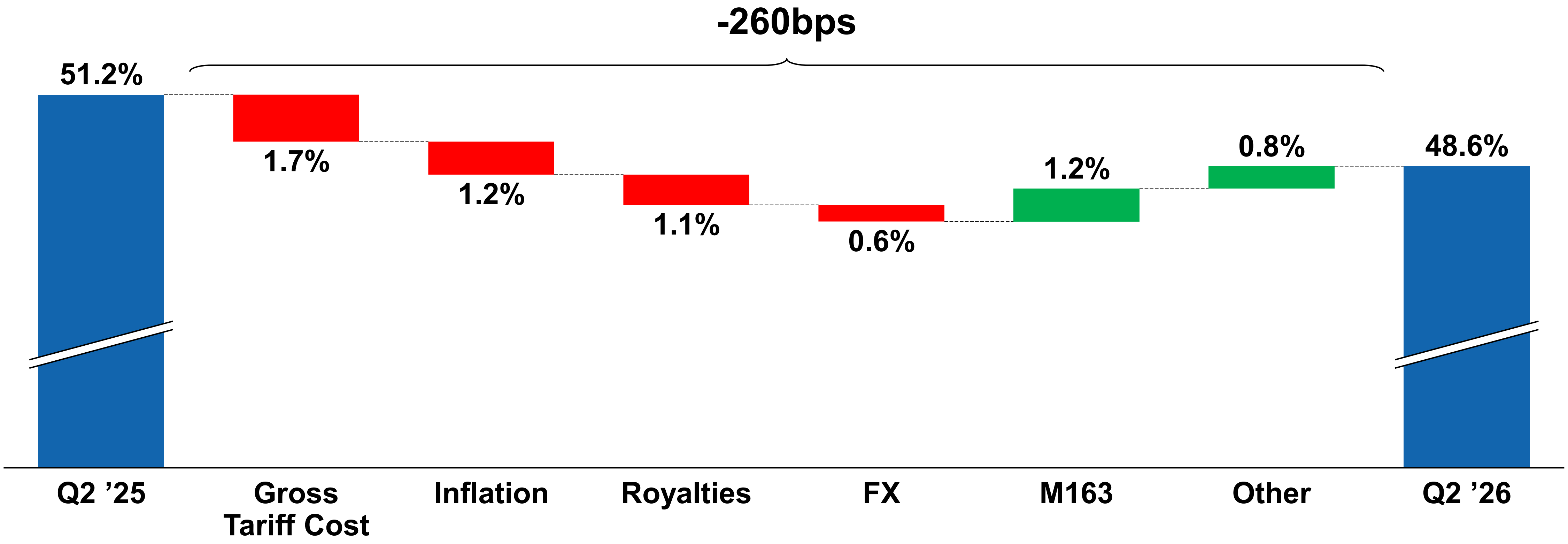


Believe US ordering patterns have now largely stabilized

In $M, as reported. Percentages shown in constant currency. For Gross Billings and Constant Currency, please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator

Q2 2026 Adjusted Gross Margin Comparison

Decline primarily due to the gross incremental cost of tariffs, inflation, and royalties



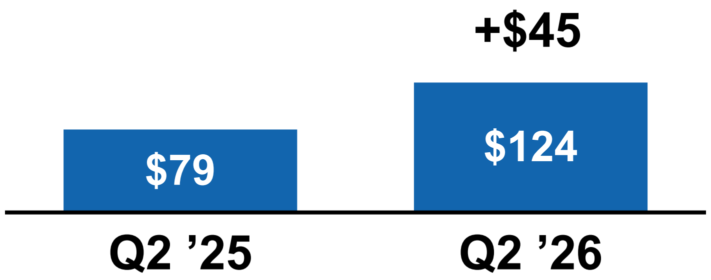
Digital strategy and tariff mitigation efforts partially offset margin pressures

Gross tariff cost refers to the gross incremental cost of tariffs. Other includes tariff mitigation actions and Optimizing for Profitable Growth savings. Amounts may not sum due to rounding. For Adjusted Gross Margin, please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator

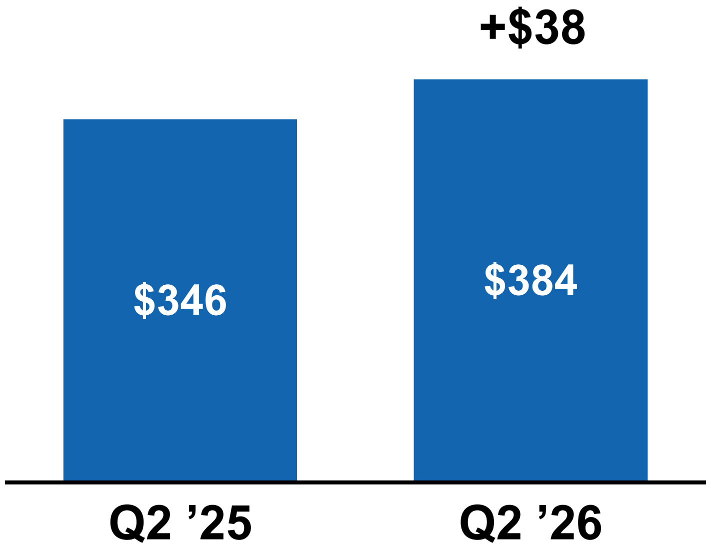
Q2 2026 Advertising and Adjusted SG&A

Increases primarily due to M163, marketing and engagement activities, and strategic investments

Advertising



Adj. SG&A



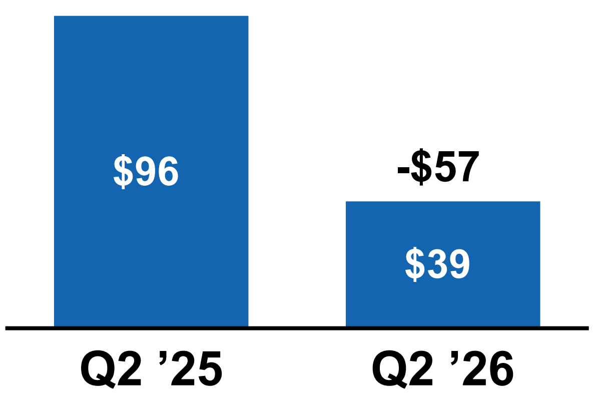
Strategic investments in 2026 expected to drive accelerated top and bottom-line growth in 2027

In $M. For Adjusted SG&A, please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator

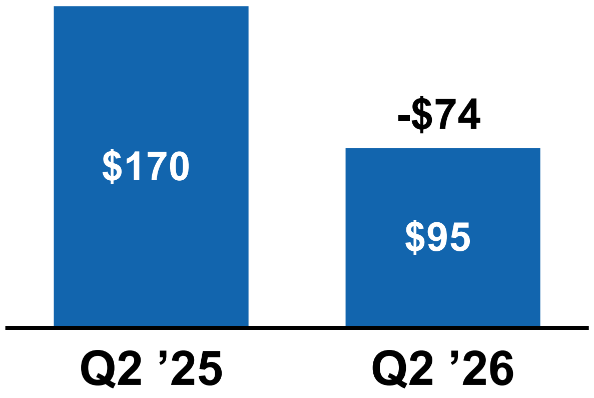
Q2 2026 Adjusted Profit Metrics

Bottom-line declined due to higher Advertising and Adjusted SG&A

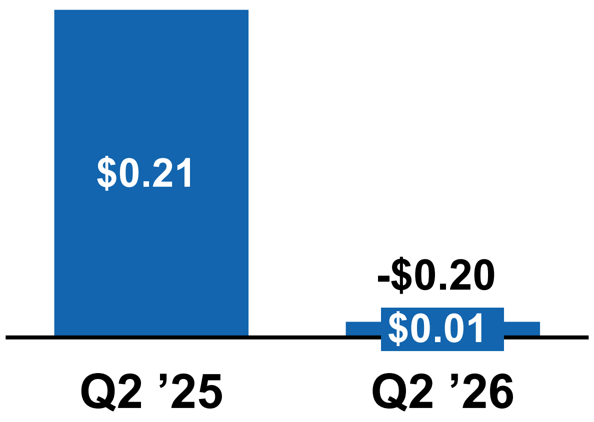
Adj. Operating Income



Adj. EBITDA



Adj. EPS



Strategic investments in 2026 expected to drive accelerated top and bottom-line growth in 2027

In $M, except Adjusted EPS. For Adjusted Operating Income, Adjusted EBITDA, Adjusted EPS, and Adjusted SG&A; please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator.

TTM 2026 Free Cash Flow

Reflecting lower Net Income excluding non-cash items, and higher capex

(in $M)	TTM 2026	TTM 2025
Cash from Operations	$666	$743
Capital Expenditures	($232)	($213)
Free Cash Flow	**$435**	**$530**

Repurchased $100M shares in Q2; total $1.5B since resuming program in 2023, reducing shares outstanding by approximately 23%

Amounts may not sum due to rounding. For Free Cash Flow, please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator. ~23% of shares outstanding based on Mattel's total shares outstanding as of February 10, 2023

Balance Sheet Highlights

Lower cash due to TTM share repurchases, capex, and M163 acquisition

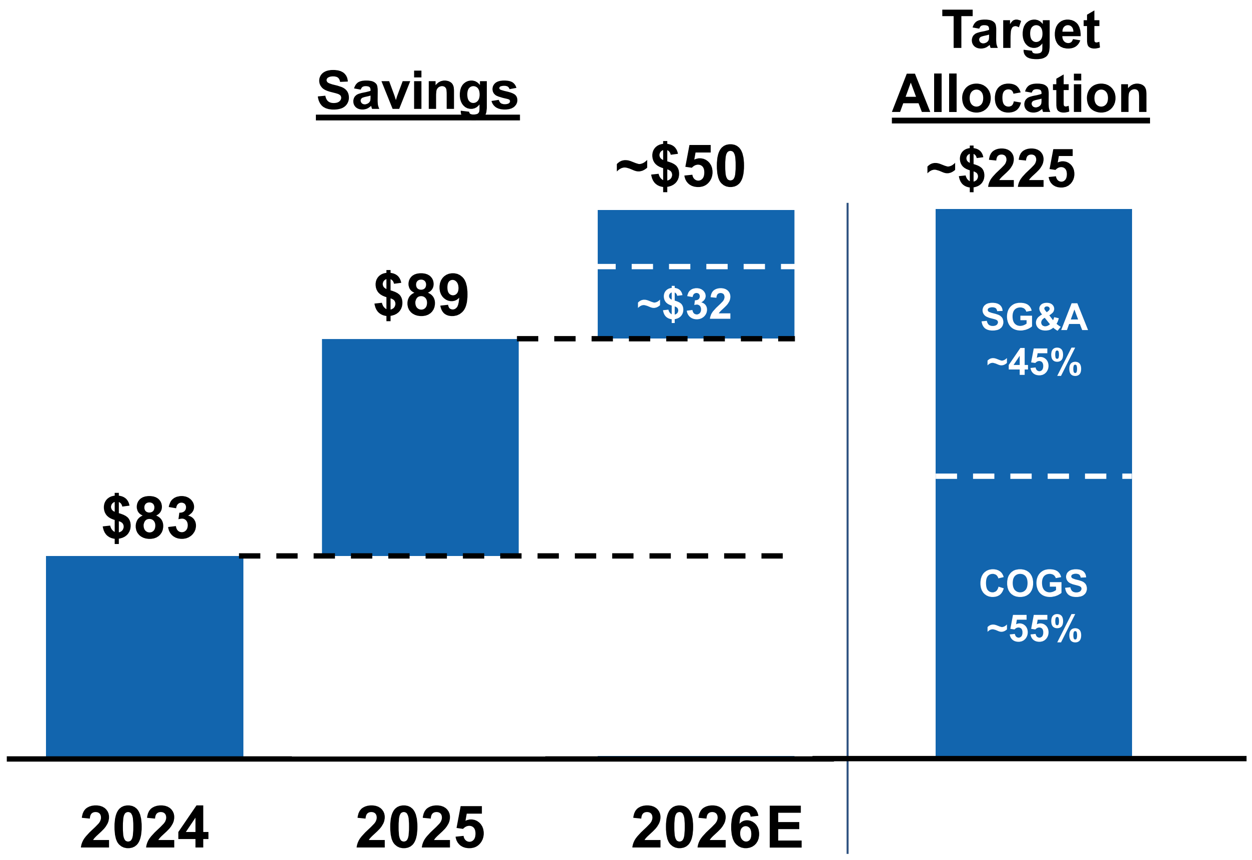
(in $M)	Q2 2026	Q2 2025
Cash	$524	$870
Inventory	$830	$868
Total Debt	$2,334	$2,337
Leverage Ratio (Total Debt / Adj. EBITDA)	3.0x	2.2x

Continue to manage balance sheet in line with capital allocation priorities; committed to maintaining an investment grade rating

Total Debt, includes Long Term and Current Portion. For Leverage Ratio, please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator. Total Debt consists of Short-term Borrowings and Long-Term Debt, excluding Debt Issuance Costs and Debt Discount

Optimizing for Profitable Growth

On plan to achieve target cost savings of $225M by end of 2026



$15M of savings in Q2

$205M of savings achieved since launching program in 2024

Targeting approximately $50M of efficiencies in 2026

In $M.

2026 Guidance Reiterated

Momentum in toys and entertainment

(In $M, except Adjusted EPS and percentages)	FY2026 Guidance	FY2025 Actuals
Net Sales	+3% to 6% *(CC)*	$5,348
Adjusted Gross Margin	Approx. 50%	48.9%
Adjusted Operating Income	$580 - $630	$652
Adjusted Tax Rate	Approx. 24%	20%
Adjusted EPS	$1.27 - $1.39	$1.49

Based on current spot rates, FX expected to have an approximate 1 percentage point benefit on full-year Net Sales

Guidance considers what the company is aware of today, but is subject to market volatility, unexpected disruptions, as well as other macro-economic risks and uncertainties. Guidance does not include any potential impact of tariff refunds. Net Sales guidance in constant currency. For Adjusted Gross Margin, Adjusted Operating Income, Adjusted Tax Rate, Adjusted EPS, and Constant Currency, please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicator

Closing

“We continued to execute our multi-year strategy to grow our IP-driven play and family entertainment business in the second quarter with strong growth in Net Sales. Growth has continued in the third quarter, and we expect to achieve our full year 2026 guidance. Our world-class brand portfolio and product offering, driven by our brand-centric operating model and global capabilities, position us well for the second half of the year.”

- Ynon Kreiz, Chairman & CEO

Appendix

Consolidated Statements of Operations

MATTEL, INC. AND SUBSIDIARIES **EXHIBIT I**

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)[1]

(In millions, except per share and percentage information)	For the Three Months Ended June 30, 2026 $ Amt	2026 % Net Sales	2025 $ Amt	2025 % Net Sales	% Change as Reported	% Change in Constant Currency	For the Six Months Ended June 30, 2026 $ Amt	2026 % Net Sales	2025 $ Amt	2025 % Net Sales	% Change as Reported	% Change in Constant Currency
Net Sales	$ 1,125.3		$ 1,018.6		10%	9%	$ 1,987.5		$ 1,845.2		8%	5%
Cost of Sales	583.2	51.8%	499.6	49.1%	17%		1,058.6	53.3%	918.1	49.8%	15%	
Gross Profit	542.1	48.2%	519.0	50.9%	4%	4%	928.9	46.7%	927.0	50.2%	—%	—%
Advertising and Promotion Expenses	124.3	11.0%	79.1	7.8%	57%		217.2	10.9%	149.3	8.1%	45%	
Other Selling and Administrative Expenses	406.9	36.2%	361.3	35.5%	13%		803.5	40.4%	752.2	40.8%	7%	
Operating Income (Loss)	10.9	1.0%	78.5	7.7%	-86%	-100%	(91.8)	-4.6%	25.5	1.4%	N/M	N/M
Interest Expense	31.8	2.8%	29.4	2.9%	8%		62.8	3.2%	58.6	3.2%	7%	
Interest (Income)	(7.0)	-0.6%	(12.4)	-1.2%	-43%		(17.7)	-0.9%	(28.3)	-1.5%	-38%	
Other Non-Operating Expense (Income), Net	4.1		(1.4)				(144.0)		11.6			
(Loss) Income Before Income Taxes	(18.0)	-1.6%	62.9	6.2%	N/M	N/M	7.0	0.4%	(16.4)	-0.9%	N/M	75%
Provision for (Benefit From) Income Taxes	0.2		16.2				(32.2)		(14.4)			
(Income) from Equity Method Investments	—		(6.6)				(3.6)		(15.1)			
Net (Loss) Income	$ (18.2)	-1.6%	$ 53.4	5.2%	N/M		$ 42.8	2.2%	$ 13.0	0.7%	N/M	
Net (Loss) Income Per Common Share - Basic	$ (0.06)		$ 0.16				$ 0.15		$ 0.04			
Weighted-Average Number of Common Shares	288.9		323.5				293.2		325.5			
Net (Loss) Income Per Common Share - Diluted	$ (0.06)		$ 0.16				$ 0.14		$ 0.04			
Weighted-Average Number of Common and Potential Common Shares	288.9		325.5				295.7		328.5			

[1] Amounts may not sum due to rounding.

N/M - Not meaningful

Condensed Consolidated Balance Sheets

MATTEL, INC. AND SUBSIDIARIES — EXHIBIT II

CONDENSED CONSOLIDATED BALANCE SHEETS[1]

(In millions)	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025
Assets			
Cash and Equivalents	$ 523.9	$ 870.5	$ 1,242.9
Accounts Receivable, Net	820.3	792.5	1,097.6
Inventories	829.8	867.9	563.1
Prepaid Expenses and Other Current Assets	279.5	268.2	227.1
Total Current Assets	2,453.4	2,799.0	3,130.8
Property, Plant, and Equipment, Net	635.6	527.3	590.0
Right-of-Use Assets, Net	384.7	313.8	319.5
Goodwill	1,582.4	1,392.1	1,390.2
Other Noncurrent Assets	1,301.0	1,216.7	1,209.9
Total Assets	$ 6,357.0	$ 6,248.9	$ 6,640.4
Liabilities and Stockholders' Equity			
Current Portion of Long-Term Debt	$ —	$ 598.9	$ —
Accounts Payable and Accrued Liabilities	1,282.7	1,123.0	1,428.3
Income Taxes Payable	7.1	4.2	29.9
Total Current Liabilities	1,289.8	1,726.1	1,458.2
Long-Term Debt	2,333.9	1,737.7	2,331.7
Noncurrent Lease Liabilities	334.7	264.9	268.4
Other Noncurrent Liabilities	400.5	348.4	349.1
Stockholders' Equity	1,998.1	2,171.9	2,233.0
Total Liabilities and Stockholders' Equity	$ 6,357.0	$ 6,248.9	$ 6,640.4

[1] Amounts may not sum due to rounding.

Supplemental Balance Sheet and Cash Flow Data

MATTEL, INC. AND SUBSIDIARIES | EXHIBIT II

SUPPLEMENTAL BALANCE SHEET AND CASH FLOW DATA (Unaudited)[1]

	June 30,	
	2026	2025
Key Balance Sheet Data:		
Accounts Receivable, Net Days of Sales Outstanding (DSO)	66	70

	For the Six Months Ended June 30,	
(In millions)	2026	2025
Condensed Cash Flow Data:		
Cash Flows (Used for) Operating Activities	$ (202.1)	$ (275.3)
Cash Flows (Used for) Investing Activities	(195.3)	(54.6)
Cash Flows (Used for) Financing Activities and Other	(321.7)	(187.6)
Decrease in Cash and Equivalents	$ (719.1)	$ (517.5)

[1] Amounts may not sum due to rounding.

Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES **EXHIBIT III**

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

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(In millions, except percentage information)	2026	2025	Change	2026	2025	Change
Gross Profit						
Gross Profit, As Reported	$ 542.1	$ 519.0		$ 928.9	$ 927.0	
Gross Margin	*48.2 %*	*50.9 %*	*-270 bps*	*46.7 %*	*50.2 %*	*-350 bps*
Adjustments:						
Amortization of Acquired Intangible Assets[2]	3.9	—		5.2	—	
Severance and Restructuring Expenses	0.2	2.1		0.8	3.7	
Acquisition-Related Expenses[3]	0.5	—		0.5	—	
Gross Profit, As Adjusted	$ 546.7	$ 521.0		$ 935.5	$ 930.7	
Adjusted Gross Margin	*48.6 %*	*51.2 %*	*-260 bps*	*47.1 %*	*50.4 %*	*-330 bps*
Other Selling and Administrative Expenses						
Other Selling and Administrative Expenses, As Reported	$ 406.9	$ 361.3	*13%*	$ 803.5	$ 752.2	*7%*
% of Net Sales	*36.2 %*	*35.5 %*	*70 bps*	*40.4 %*	*40.8 %*	*-40 bps*
Adjustments:						
Amortization of Acquired Intangible Assets[2]	(10.9)	(7.9)		(19.9)	(15.7)	
Severance and Restructuring Expenses	(2.7)	(2.1)		(19.2)	(23.5)	
Inclined Sleeper Product Recalls	(6.1)	(5.5)		(1.9)	(19.6)	
Acquisition-Related Expenses[3]	(3.6)	—		(12.7)	—	
Other Selling and Administrative Expenses, As Adjusted	$ 383.6	$ 345.9	*11%*	$ 750.0	$ 693.5	*8%*
% of Net Sales	*34.1 %*	*34.0 %*	*10 bps*	*37.7 %*	*37.6 %*	*10 bps*
Operating Income (Loss)						
Operating Income (Loss), As Reported	$ 10.9	$ 78.5	*-86%*	$ (91.8)	$ 25.5	*N/M*
Operating Income (Loss) Margin	*1.0 %*	*7.7 %*	*-670 bps*	*-4.6%*	*1.4 %*	*-600 bps*
Adjustments:						
Amortization of Acquired Intangible Assets[2]	14.8	7.9		25.1	15.7	
Severance and Restructuring Expenses	2.8	4.1		20.0	27.2	
Inclined Sleeper Product Recalls	6.1	5.5		1.9	19.6	
Acquisition-Related Expenses[3]	4.1	—		13.2	—	
Operating Income (Loss), As Adjusted	$ 38.8	$ 96.0	*-60%*	$ (31.6)	$ 88.0	*N/M*
Adjusted Operating Income (Loss) Margin	*3.4 %*	*9.4 %*	*-600 bps*	*-1.6%*	*4.8 %*	*-640 bps*

[1] Amounts may not sum due to rounding.

[2] In fiscal 2026, Mattel began excluding the impact of amortization of acquired intangible assets from non-GAAP financial measures to facilitate period-over-period comparisons of underlying business performance. Accordingly, Mattel has recast these non-GAAP financial measures for prior periods. Net sales generated from these acquired intangible assets during the periods presented, if applicable, are included in the adjusted financial measures.

[3] Acquisition-related expenses for the three months ended June 30, 2026 include $4.1 million of professional fees and integration expenses. Acquisition-related expenses for the six months ended June 30, 2026 include a $7.0 million charge associated with the effective settlement of a pre-existing relationship between Mattel and Mattel163 in connection with the acquisition, as well as $6.2 million of professional fees and integration expenses

Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES **EXHIBIT III**

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

(In millions, except per share and percentage information)	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025	Change	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025	Change
Earnings Per Share						
Net (Loss) Income Per Common Share, As Reported	$ (0.06)	$ 0.16	N/M	$ 0.14	$ 0.04	N/M
Adjustments:						
Amortization of Acquired Intangible Assets[2]	0.05	0.02		0.08	0.05	
Severance and Restructuring Expenses	0.01	0.01		0.07	0.08	
Inclined Sleeper Product Recalls	0.02	0.02		0.01	0.06	
Acquisition-Related Expenses, Net[3]	0.01	—		0.04	—	
(Gain) on Previously Held Equity Interest[4]	—	—		(0.50)	—	
Tax Effect of Adjustments[5]	(0.02)	(0.01)		(0.03)	(0.04)	
Net Income (Loss) Per Common Share, As Adjusted	$ 0.01	$ 0.21	N/M	$ (0.19)	$ 0.19	N/M
EBITDA and Adjusted EBITDA						
Net (Loss) Income, As Reported	$ (18.2)	$ 53.4	N/M	$ 42.8	$ 13.0	N/M
Adjustments:						
Interest Expense	31.8	29.4		62.8	58.6	
Provision for (Benefit from) Income Taxes	0.2	16.2		(32.2)	(14.4)	
Depreciation	33.9	34.7		67.6	68.7	
Amortization of Acquired Intangible Assets	14.8	7.9		25.1	15.7	
EBITDA	62.5	141.5		166.1	141.6	
Adjustments:						
Share-Based Compensation	19.9	18.7		32.9	38.6	
Severance and Restructuring Expenses	2.8	4.1		20.0	27.2	
Inclined Sleeper Product Recalls	6.1	5.5		1.9	19.6	
Acquisition-Related Expenses, Net[3]	4.1	—		10.8	—	
(Gain) on Previously Held Equity Interest[4]	—	—		(147.9)	—	
Adjusted EBITDA	$ 95.5	$ 169.9	-44%	$ 83.8	$ 227.0	-63%
Free Cash Flow						
Net Cash Flows (Used for) Operating Activities				$ (202.1)	$ (275.3)	
Capital Expenditures				(125.8)	(76.0)	
Free Cash Flow				$ (327.9)	$ (351.3)	

[1] Amounts may not sum due to rounding.

[2] In fiscal 2026, Mattel began excluding the impact of amortization of acquired intangible assets from non-GAAP financial measures to facilitate period-over-period comparisons of underlying business performance. Accordingly, Mattel has recast these non-GAAP financial measures for prior periods. Net sales generated from these acquired intangible assets during the periods presented, if applicable, are included in the adjusted financial measures.

[3] Acquisition-related expenses, net for the three months ended June 30, 2026 include $4.1 million of professional fees and integration expenses. Acquisition-related expenses, net for the six months ended June 30, 2026 include a $7.0 million charge associated with the effective settlement of a pre-existing relationship between Mattel and Mattel163 in connection with the acquisition, as well as $6.2 million of professional fees and integration expenses and ($2.5) million of other acquisition-related payments.

[4] Prior to the acquisition of the remaining 50% equity interest in Mattel163, Mattel accounted for its investment under the equity method. Upon obtaining control, Mattel remeasured its previously held 50% equity interest to its estimated fair value as of the acquisition date, resulting in a gain of $147.9 million recognized in other non-operating income, net.

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

Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES **EXHIBIT III**

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

	For the Three Months Ended June 30,		
(In millions, except percentage and pts information)	**2026**	**2025**	**Change**
Tax Rate			
(Loss) Income Before Income Taxes, As Reported	$ (18.0)	$ 62.9	
Adjustments:			
Amortization of Acquired Intangible Assets[2]	14.8	7.9	
Severance and Restructuring Expenses	2.8	4.1	
Inclined Sleeper Product Recalls	6.1	5.5	
Acquisition-Related Expenses[3]	4.1	—	
Income Before Income Taxes, As Adjusted	$ 9.9	$ 80.5	
Provision for Income Taxes, As Reported	$ 0.2	$ 16.2	
Adjustments:			
Tax Effect of Adjustments[4]	6.1	3.9	
Provision for Income Taxes, As Adjusted	$ 6.3	$ 20.1	
Tax Rate, As Reported	-1%	26%	-27 pts
Tax Rate, As Adjusted	63%	25%	*38 pts*

	June 30,	
	2026	**2025**
Net Debt		
Long-Term Debt	$ 2,333.9	$ 1,737.7
Current Portion of Long-Term Debt	—	598.9
Adjustments:		
Cash and Equivalents	(523.9)	(870.5)
Net Debt	$ 1,810.0	$ 1,466.1

[1] Amounts may not sum due to rounding.
[2] In fiscal 2026, Mattel began excluding the impact of amortization of acquired intangible assets from non-GAAP financial measures to facilitate period-over-period comparisons of underlying business performance. Accordingly, Mattel has recast these non-GAAP financial measures for prior periods. Net sales generated from these acquired intangible assets during the periods presented, if applicable, are included in the adjusted financial measures.
[3] Acquisition-related expenses for the three months ended June 30, 2026 include $4.1 million of professional fees and integration expenses.
[4] Tax effect of adjustments was determined using the effective tax rates on a jurisdictional basis of the respective adjustments.

Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES — EXHIBIT III

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

	For the Trailing Twelve Months Ended June 30,		
(In millions, except percentage and pts information)	2026	2025	Change
Leverage Ratio (Total Debt/Adjusted EBITDA)			
Total Debt			
Long-Term Debt	$ 2,333.9	$ 1,737.7	
Current Portion of Long-Term Debt	—	598.9	
Adjustments:			
Debt Issuance Costs and Debt Discount	16.1	13.5	
Total Debt	$ 2,350.0	$ 2,350.0	
EBITDA and Adjusted EBITDA			
Net Income, As Reported	$ 427.4	$ 526.3	-19%
Adjustments:			
Interest Expense	122.9	117.3	
Provision for Income Taxes	71.9	102.9	
Depreciation	135.3	136.7	
Amortization of Acquired Intangible Assets	41.0	31.3	
EBITDA	798.5	914.5	
Adjustments:			
Share-Based Compensation	74.0	80.3	
Severance and Restructuring Expenses	39.7	55.9	
Inclined Sleeper Product Recalls	9.0	9.6	
Acquisition-Related Expenses, Net[2]	10.8	—	
(Gain) on Previously Held Equity Interest[3]	(147.9)	—	
Adjusted EBITDA	$ 784.1	$ 1,060.3	-26%
Total Debt / Net Income	5.5x	4.5x	
Leverage Ratio (Total Debt / Adjusted EBITDA)	3.0x	2.2x	
Free Cash Flow			
Net Cash Flows Provided by Operating Activities	$ 666.4	$ 742.7	-10%
Capital Expenditures	(231.8)	(213.2)	
Free Cash Flow	$ 434.6	$ 529.5	-18%
Net Cash Flows Provided by Operating Activities / Net Income	156%	141%	*15 pts*
Free Cash Flow Conversion (Free Cash Flow/Adjusted EBITDA)	55%	50%	*5 pts*

[1] Amounts may not sum due to rounding.

[2] Acquisition-related expenses, net for the trailing twelve months ended June 30, 2026 include a $7.0 million charge associated with the effective settlement of a pre-existing relationship between Mattel and Mattel163 in connection with the acquisition, as well as $6.2 million of professional fees and integration expenses and ($2.5) million of other acquisition-related payments.

[3] Prior to the acquisition of the remaining 50% equity interest in Mattel163, Mattel accounted for its investment under the equity method. Upon obtaining control, Mattel remeasured its previously held 50% equity interest to its estimated fair value as of the acquisition date, resulting in a gain of $147.9 million

Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES — EXHIBIT III

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

(In millions, except percentage and per share information)	For the Year Ended December 31, 2025
Gross Profit	
Gross Profit, As Reported	$ 2,605.7
Gross Margin	*48.7 %*
Adjustments:	
Severance and Restructuring Expenses	7.8
Gross Profit, As Adjusted	$ 2,613.5
Adjusted Gross Margin	*48.9 %*
Operating Income	
Operating Income, As Reported	$ 546.4
Operating Income Margin	*10.2 %*
Adjustments:	
Amortization of Acquired Intangible Assets[2]	31.5
Severance and Restructuring Expenses	46.9
Inclined Sleeper Product Recalls	26.7
Operating Income, As Adjusted	$ 651.5
Adjusted Operating Income Margin	*12.2 %*
Earnings Per Share	
Net Income Per Common Share, As Reported	$ 1.24
Adjustments:	
Amortization of Acquired Intangible Assets[2]	0.10
Severance and Restructuring Expenses	0.15
Inclined Sleeper Product Recalls	0.08
Changes to Deferred Tax Assets	—
Tax Effect of Adjustments[3]	(0.07)
Net Income Per Common Share, As Adjusted	$ 1.49

[1] Amounts may not sum due to rounding.
[2] In fiscal 2026, Mattel began excluding the impact of amortization of acquired intangible assets from non-GAAP financial measures to facilitate period-over-period comparisons of underlying business performance. Accordingly, Mattel has recast these non-GAAP financial measures for prior periods. Net sales generated from these acquired intangible assets during the periods presented, if applicable, are included in the adjusted financial measures.
[3] The aggregate tax effect of adjustments was determined using the effective tax rates on a jurisdictional basis of the respective adjustments, and dividing by the reported weighted average number of common and potential common shares.

Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES | EXHIBIT III

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

(In millions, except percentage information)	For the Year Ended December 31, 2025
Tax Rate	
Income Before Income Taxes, As Reported	$ 459.5
Adjustments:	
Amortization of Acquired Intangible Assets[2]	31.5
Severance and Restructuring Expenses	46.9
Inclined Sleeper Product Recalls	26.7
Income Before Income Taxes, As Adjusted	$ 564.6
Provision for Income Taxes, As Reported	$ 89.8
Adjustments:	
Tax Effect of Adjustments[3]	23.9
Provision for Income Taxes, As Adjusted	$ 113.6
Tax Rate, As Reported	20%
Tax Rate, As Adjusted	20%
Free Cash Flow	
Net Cash Flows Provided by Operating Activities	$ 593.3
Capital Expenditures	(182.0)
Free Cash Flow	$ 411.3

1 Amounts may not sum due to rounding.
2 In fiscal 2026, Mattel began excluding the impact of amortization of acquired intangible assets from non-GAAP financial measures to facilitate period-over-period comparisons of underlying business performance. Accordingly, Mattel has recast these non-GAAP financial measures for prior periods. Net sales generated from these acquired intangible assets during the periods presented, if applicable, are included in the adjusted financial measures.
3 Tax effect of adjustments was determined using the effective tax rates on a jurisdictional basis of the respective adjustments.

Worldwide Net Sales and Gross Billings

MATTEL, INC. AND SUBSIDIARIES — EXHIBIT IV

WORLDWIDE NET SALES AND GROSS BILLINGS[1] (Unaudited)[2]

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2026	2025	% Change as Reported	% Change in Constant Currency	2026	2025	% Change as Reported	% Change in Constant Currency
	(In millions, except percentage information)							
Worldwide Net Sales:								
Net Sales	$ 1,125.3	$ 1,018.6	10%	9%	$ 1,987.5	$ 1,845.2	8%	5%
Worldwide Gross Billings by Categories:								
Dolls	$ 317.9	$ 335.2	-5%	-7%	$ 589.5	$ 631.8	-7%	-9%
Vehicles	463.3	407.5	14	11	824.7	715.9	15	12
Infant, Toddler, and Preschool	127.8	143.4	-11	-13	234.0	269.8	-13	-16
Action Figures, Building Sets, Games, and Other	357.9	264.5	35	33	590.5	457.1	29	27
Gross Billings	$ 1,266.8	$ 1,150.5	10%	8%	$ 2,238.7	$ 2,074.6	8%	5%
Supplemental Gross Billings Disclosure								
Worldwide Gross Billings by Top 3 Power Brands:								
Barbie	$ 169.0	$ 200.7	-16%	-17%	$ 315.1	$ 374.4	-16%	-18%
Hot Wheels	408.8	357.3	14	12	723.2	626.1	16	12
Fisher-Price	99.9	107.8	-7	-10	179.4	198.0	-9	-12
Other	589.2	484.7	22	20	1,021.0	876.1	17	14
Gross Billings	$ 1,266.8	$ 1,150.5	10%	8%	$ 2,238.7	$ 2,074.6	8%	5%

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

[2] Amounts may not sum due to rounding.

Net Sales and Gross Billings by Segment

MATTEL, INC. AND SUBSIDIARIES — EXHIBIT V

NET SALES AND GROSS BILLINGS[1] BY SEGMENT (Unaudited)[2]

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2026	2025	% Change as Reported	% Change in Constant Currency	2026	2025	% Change as Reported	% Change in Constant Currency
	(In millions, except percentage information)							
North America Net Sales:								
Net Sales	$ 574.3	$ 510.8	12%	12%	$ 1,049.5	$ 1,002.2	5%	5%
North America Gross Billings by Categories:								
Dolls	$ 175.7	$ 168.6	4%	4%	$ 328.6	$ 340.9	-4%	-4%
Vehicles	186.7	174.8	7	7	347.1	324.3	7	7
Infant, Toddler, and Preschool	64.3	69.9	-8	-8	124.6	150.0	-17	-17
Action Figures, Building Sets, Games, and Other	186.6	134.3	39	39	321.4	258.2	24	24
Gross Billings	$ 613.3	$ 547.5	12%	12%	$ 1,121.7	$ 1,073.5	4%	4%
Supplemental Gross Billings Disclosure								
North America Gross Billings by Top 3 Power Brands:								
Barbie	$ 79.2	$ 91.8	-14%	-14%	$ 151.8	$ 184.2	-18%	-18%
Hot Wheels	159.0	147.6	8	8	294.0	273.1	8	8
Fisher-Price	52.0	52.3	-	-	98.9	110.4	-10	-10
Other	323.0	255.9	26	26	577.0	505.9	14	14
Gross Billings	$ 613.3	$ 547.5	12%	12%	$ 1,121.7	$ 1,073.5	4%	4%

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

[2] Amounts may not sum due to rounding.

Net Sales and Gross Billings by Segment

MATTEL, INC. AND SUBSIDIARIES — EXHIBIT VI

NET SALES AND GROSS BILLINGS[1] BY SEGMENT (Unaudited)[2]

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2026	2025	% Change as Reported	% Change in Constant Currency	2026	2025	% Change as Reported	% Change in Constant Currency
	(In millions, except percentage information)							
International Net Sales by Geographic Area:								
EMEA	$ 301.5	$ 277.5	9%	7%	$ 533.0	$ 474.6	12%	8%
Latin America	139.9	128.6	9	-	214.1	193.2	11	1
Asia Pacific	109.6	101.7	8	5	191.0	175.2	9	6
Net Sales	$ 551.0	$ 507.8	9%	5%	$ 938.0	$ 843.0	11%	6%
International Gross Billings by Geographic Area:								
EMEA	$ 362.6	$ 334.4	8%	7%	$ 645.8	$ 573.0	13%	9%
Latin America	165.4	151.6	9	-	252.7	227.6	11	1
Asia Pacific	125.6	116.9	7	4	218.4	200.5	9	5
Gross Billings	$ 653.6	$ 602.9	8%	5%	$ 1,117.0	$ 1,001.1	12%	6%
International Gross Billings by Categories:								
Dolls	$ 142.2	$ 166.6	-15%	-18%	$ 260.9	$ 290.8	-10%	-15%
Vehicles	276.6	232.7	19	15	477.7	391.6	22	16
Infant, Toddler, and Preschool	63.5	73.5	-14	-18	109.4	119.9	-9	-14
Action Figures, Building Sets, Games, and Other	171.3	130.2	32	28	269.1	198.9	35	30
Gross Billings	$ 653.6	$ 602.9	8%	5%	$ 1,117.0	$ 1,001.1	12%	6%
Supplemental Gross Billings Disclosure								
International Gross Billings by Top 3 Power Brands:								
Barbie	$ 89.8	$ 108.9	-18%	-20%	$ 163.3	$ 190.3	-14%	-18%
Hot Wheels	249.8	209.7	19	15	429.2	353.0	22	16
Fisher-Price	47.9	55.5	-14	-18	80.5	87.6	-8	-14
Other	266.1	228.8	16	13	444.0	370.2	20	14
Gross Billings	$ 653.6	$ 602.9	8%	5%	$ 1,117.0	$ 1,001.1	12%	6%

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

[2] Amounts may not sum due to rounding.

Glossary of Non-GAAP Financial Measures & Key Performance Indicator

NON-GAAP FINANCIAL MEASURES

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

Adjusted Gross Profit and Adjusted Gross Margin

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

Adjusted Other Selling and Administrative Expenses

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

Adjusted Operating Income (Loss) and Adjusted Operating Income (Loss) Margin

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

Adjusted Earnings Per Share

Adjusted Earnings Per Share represents Mattel's reported Diluted Earnings Per Common Share, adjusted to exclude amortization of acquired intangible assets, severance and restructuring expenses, the impact of the inclined sleeper product recalls, acquisition-related expenses, net, including professional fees and integration expenses, and gain on previously held equity interest in Mattel163, which are not part of Mattel's core business. The aggregate tax effect of the adjustments was determined using the effective tax rates on a jurisdictional basis of the respective adjustments and dividing by the reported weighted-average number of common shares. Adjusted Earnings Per Share is presented to provide additional perspective on underlying trends in Mattel's core business. Mattel believes it is useful supplemental information for investors to gauge and compare Mattel's current earnings results from one period to another. Adjusted Earnings Per Share is a performance measure and should not be used as a measure of liquidity.

Glossary of Non-GAAP Financial Measures & Key Performance Indicator

NON-GAAP FINANCIAL MEASURES

EBITDA and Adjusted EBITDA

EBITDA represents Mattel's Net Income/Loss, adjusted to exclude the impact of interest expense, taxes, depreciation, and amortization. Adjusted EBITDA represents EBITDA adjusted to exclude share-based compensation, severance and restructuring expenses, the impact of the inclined sleeper product recalls, acquisition-related expenses, net, including professional fees and integration expenses, and gain on previously held equity interest in Mattel163, which are not part of Mattel's core business. Mattel believes EBITDA and Adjusted EBITDA are useful supplemental information for investors to gauge and compare Mattel's business performance to other companies in its industry with similar capital structures. The presentation of Adjusted EBITDA differs from how Mattel calculates EBITDA for purposes of covenant compliance under the indentures governing its high yield senior notes and the revolving credit agreement governing its revolving credit facility. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to invest in the growth of Mattel's business. As a result, Mattel relies primarily on its GAAP results and uses EBITDA and Adjusted EBITDA only supplementally.

Free Cash Flow and Free Cash Flow Conversion

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

Leverage Ratio (Total Debt / Adjusted EBITDA)

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

Net Debt

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

Adjusted Tax Rate

The Adjusted Tax Rate is calculated by dividing Adjusted Provision for Income Taxes by Adjusted Income Before Income Taxes. Adjusted Income Before Income Taxes represents reported Income Before Income Taxes, adjusted to exclude amortization of acquired intangible assets, severance and restructuring expenses, the impact of inclined sleeper product recalls, acquisition-related expenses, net, and gain on previously held equity interest in Mattel163. The Adjusted Provision for Income Taxes represents reported Provision for Income Taxes, adjusted to exclude the aggregate tax effect of adjustments. Mattel believes the adjusted tax rate provides useful supplemental information for investors to gauge and compare the impact of tax expense on Mattel's earnings results from one period to another.

Constant Currency

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

Glossary of Non-GAAP Financial Measures & Key Performance Indicator

NON-GAAP FINANCIAL MEASURES

2026 Guidance

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

KEY PERFORMANCE INDICATOR

Gross Billings

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