



Mattel Reports First Quarter 2021 Financial Results

April 22, 2021

- **Net Sales of \$874 million, up 47% as reported, and 46% in constant currency, versus prior year**
- **Reported Gross Margin of 46.8%, an improvement of 380 basis points; Adjusted Gross Margin of 47.0%, an improvement of 350 basis points**
- **Reported Operating Income of \$31 million, an improvement of \$181 million; Adjusted Operating Income of \$28 million, an improvement of \$161 million**
- **Reported Net Loss of \$115 million, an improvement of \$96 million**
- **Adjusted EBITDA of \$89 million, an increase of \$155 million**
- **Completed a \$1.2 billion refinancing transaction, reducing annual interest expense by \$40 million**
- **Updated 2021 guidance to be provided on the Company's Q1 2021 conference call and live webcast**

EL SEGUNDO, Calif.--(BUSINESS WIRE)--Apr. 22, 2021-- Mattel, Inc. (NASDAQ: MAT) today reported first quarter 2021 financial results.

Ynon Kreiz, Chairman and CEO of Mattel said: "This was another record quarter for the company, with truly exceptional results reflecting the success of the turnaround, as we continue to drive transformational improvements and acceleration in our business. Following the third consecutive quarter of growing market share, we are strengthening our position as a consistent leader in the toy industry. We believe we are very well-positioned to improve profitability and accelerate topline growth in 2021 and beyond."

Mr. Kreiz continued: "Even as markets gradually reopen, we remain focused on protecting the health and safety of our employees. I am proud of the outstanding performance of the entire Mattel global team and the significant progress we are making on our strategy to transform into an IP-driven, high-performing toy company. While growth this quarter was partially driven by year-over-year COVID-related comparisons, we believe our outstanding results, overall, are attributable to the strength of our brands, quality and breadth of our product, world-class supply chain, global commercial capabilities, and very effective demand creation in close collaboration with our retail partners."

Anthony DiSilvestro, CFO of Mattel said: "Mattel delivered another outstanding quarter, and we are very pleased with our start to the year. Free Cash Flow improved significantly along with our Free Cash Flow Conversion rate, leverage ratio continues to come down, and the debt refinancing provides additional flexibility as we continued to make further progress towards our strategy to improve profitability and accelerate topline growth. We believe we are well-positioned to gain momentum for the full year. We are revising 2021 guidance to reflect our stronger-than-anticipated first quarter performance and updated outlook for cost inflation."

For the first quarter, Net Sales were up 47% as reported, and 46% in constant currency, versus the prior year's first quarter. Reported Operating Income was \$31 million, an improvement of \$181 million, and Adjusted Operating Income was \$28 million, an improvement of \$161 million. Reported Loss Per Share was \$0.33, an improvement of \$0.28 per share, and Adjusted Loss Per Share was \$0.10, an improvement of \$0.46 per share.

Financial Overview

Net Sales in the North America segment increased 67% as reported, and 66% in constant currency, versus the prior year's first quarter.

Gross Billings in the North America segment increased 67% as reported and in constant currency, driven by growth in Dolls (including Barbie® and Spirit), Infant, Toddler, and Preschool (including Fisher-Price® and Thomas & Friends™), Vehicles (including Hot Wheel®), and Action Figures, Building Sets, Games, and Other (including Masters of the Universe, Jurassic World, Plush, WWE, and MEGA®).

Net Sales in the International segment increased 30% as reported and 27% in constant currency.

Gross Billings in the International segment increased 29% as reported, and 26% in constant currency, driven by growth in Dolls (including Barbie), Infant, Toddler, and Preschool (including Fisher-Price and Thomas & Friends), Vehicles (including Hot Wheels), and Action Figures, Building Sets, Games, and Other (including Jurassic World, Masters of the Universe, Games, Plush, and MEGA).

Net Sales in the American Girl® segment increased 22% as reported and in constant currency.

Gross Billings in the American Girl segment increased 22% as reported and in constant currency, primarily driven by higher direct-to-consumer billings, partially offset by lower billings of proprietary retail channels and the impact of permanent closure of certain retail stores.

Reported Gross Margin increased to 46.8%, versus 43.0% in the prior year's first quarter, and Adjusted Gross Margin increased to 47.0%, versus 43.5%. The increase in Reported and Adjusted Gross Margin was primarily driven by fixed cost absorption benefit associated with high sales growth in the quarter and savings from the Optimizing for Growth program, partially offset by input cost inflation in cost of goods sold.

Reported Other Selling and Administrative Expenses decreased by \$25 million, or 8%, to \$304 million. Adjusted Other Selling and Administrative Expenses decreased by \$6 million, or 2%, to \$309 million. The decrease in Reported Other Selling and Administrative Expenses was primarily driven by the gain on the sale of long-lived assets, as well as cost savings actions taken in 2020 and the Optimizing for Growth program, partially offset by higher compensation expenses. The decrease to Adjusted Other Selling and Administrative Expenses was primarily driven by the cost savings actions taken in 2020 and the Optimizing for Growth program, partially offset by higher compensation expenses.

For the three months ended March 31, 2021, Cash Flows Used for Operating Activities were \$41 million, an improvement of \$133 million, primarily driven by current year lower net loss, excluding the impact of non-cash charges. Cash Flows Provided by Investing Activities improved by \$87 million to \$6 million, primarily driven by proceeds from the disposal of assets and a business and lower net payments of foreign currency forward contracts. Cash Flows Used for Financing Activities and Other increased by \$237 million to \$112 million, primarily due to the partial redemption of long-term borrowings in 2021 as compared to proceeds from short-term borrowings in 2020.

Gross Billings by Categories

Worldwide Gross Billings for Dolls were \$381 million, up 69% as reported, and 68% in constant currency, versus the prior year's first quarter, primarily driven by growth in Barbie and American Girl.

Worldwide Gross Billings for Infant, Toddler, and Preschool were \$183 million, up 31% as reported, and 29% in constant currency, driven by growth in Fisher-Price and Thomas & Friends.

Worldwide Gross Billings for Vehicles were \$215 million, up 16% as reported, and 15% in constant currency, primarily driven by growth in Hot Wheels.

Worldwide Gross Billings for Action Figures, Building Sets, Games, and Other were \$199 million, up 69% as reported, and 66% in constant currency, primarily driven by growth in Masters of the Universe, Jurassic World, Plush, MEGA, and Games, including UNO®.

COVID-19 Business Update

Mattel's top priority continues to be the health and safety of its people, and at the same time, mitigating the disruption of the COVID-19 pandemic to the business. Mattel remains mindful of the COVID-19 volatility and other macro-economic uncertainties, which could negatively impact performance.

Conference Call and Live Webcast

At 5:00 p.m. (Eastern Time) today, Mattel will host a conference call with investors and financial analysts to discuss its first quarter financial results. The conference call will be webcast on Mattel's Investor Relations website, <https://investors.mattel.com/>. To listen to the live call, log on to the website at least 10 minutes early to register, download, and install any necessary audio software. An archive of the webcast will be available on Mattel's Investor Relations website for 90 days and may be accessed beginning approximately two hours after the completion of the live call. A telephonic replay of the call will be available beginning at 8:30 p.m. Eastern time the evening of the call until Thursday, April 29, 2021 and may be accessed by dialing +1-404-537-3406. The passcode is 8585728.

Forward-Looking Statements

This press release 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. The use of words such as "anticipates," "expects," "intends," "plans," "confident that" and "believes," among others, generally identify forward-looking statements. These forward-looking statements are based on currently available operating, financial, economic, and other information and assumptions, and are subject to a number of significant risks and uncertainties. A variety of factors, many of which are beyond our control, could cause actual future results to differ materially from those projected in the forward-looking statements, and are currently, and in the future may be, amplified by the COVID-19 pandemic. Specific factors that might cause such a difference include, but are not limited to: (i) potential impacts of and uncertainty regarding the COVID-19 pandemic (and actions taken in response to it by governments, businesses, and individuals) on our business operations, financial results and financial position and on the global economy, including its impact on our sales; (ii) Mattel's ability to design, develop, produce, manufacture, source, ship, and distribute products on a timely and cost-effective basis; (iii) sufficient interest in and demand for the products and entertainment we offer by retail customers and consumers to profitably recover Mattel's costs; (iv) 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; (v) 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; (vi) potential difficulties or delays Mattel may experience in implementing cost savings and efficiency enhancing initiatives; (vii) 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; (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, 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 which 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; (xiv) the risk of product recalls or product liability suits and costs associated with product safety regulations; (xv) changes in laws or regulations in the United States and/or in other major markets, such as China, in which Mattel operates, including, without limitation, with respect to taxes, tariffs, trade policies, or product safety, which may increase Mattel's product costs and other costs of doing business, and reduce Mattel's earnings; (xvi) failure to realize the planned benefits from any investments or acquisitions made by Mattel; (xvii) the impact of other market conditions or third party actions or approvals, including 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; (xviii) changes in financing markets or the inability of Mattel to obtain financing on attractive terms; (xix) the impact of litigation, arbitration, or regulatory decisions or settlement actions; (xx) uncertainty from the expected discontinuance of LIBOR and transition to any other interest rate benchmark; and (xxi) other risks and uncertainties as may be described in Mattel's periodic 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, 2020, 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.

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 may include Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Other Selling and Administrative Expenses, Adjusted Operating Income (Loss), Adjusted Operating Income (Loss) Margin, Adjusted Earnings (Loss) Per Share, earnings before interest expense, taxes, depreciation and amortization (“EBITDA”), Adjusted EBITDA, Free Cash Flow, Free Cash Flow Conversion, Leverage Ratio (Debt / Adjusted EBITDA), 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.

This earnings release and our earnings slide presentation are available on Mattel's Investor Relations website, <https://investors.mattel.com/>, under the subheading “Financial Information – Earnings Releases.”

Adjusted Gross Profit and Adjusted Gross Margin

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

Adjusted Other Selling and Administrative Expenses

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

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

Adjusted Operating Income (Loss) and Adjusted Operating Income (Loss) Margin represent reported Operating Income (Loss) and reported Operating Income (Loss) Margin, respectively, adjusted to exclude severance and restructuring expenses, the impact of the inclined sleeper product recalls, and the impact of sale of assets, which are not part of Mattel's core business. Adjusted Operating Income (Loss) Margin represents Mattel's Adjusted Operating Income (Loss), as a percentage of Net Sales. Adjusted Operating Income (Loss) and Adjusted Operating Income (Loss) 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 (Loss) Per Share

Adjusted Earnings (Loss) Per Share represents Mattel's reported Diluted Earnings (Loss) Per Common Share, adjusted to exclude severance and restructuring expenses, the impact of the inclined sleeper product recalls, the impact of sale of assets/business, and loss on debt extinguishment, which are not part of Mattel's core business. The aggregate tax effect of the adjustments is calculated by tax effecting the adjustments by the current effective tax rate, adjusting for certain discrete tax items, and dividing by the reported weighted-average number of common shares. Adjusted Earnings (Loss) 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 (Loss) Per Share is a performance measure and should not be used as a measure of liquidity.

EBITDA and Adjusted EBITDA

EBITDA represents Mattel's Net Income (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, and the impact of sale of assets/business, which are not part of Mattel's core business. Mattel believes EBITDA and Adjusted EBITDA are useful supplemental information for investors to gauge and compare Mattel's business performance to other companies in its industry with similar capital structures. The presentation of Adjusted EBITDA differs from how Mattel calculates EBITDA for purposes of covenant compliance under the indentures governing its high yield senior notes and the syndicated facility agreement governing its senior secured revolving credit facilities. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to invest in the growth of Mattel's business. As a result, Mattel relies primarily on its GAAP results and uses EBITDA and Adjusted EBITDA only supplementally.

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 (Debt / Adjusted EBITDA)

The leverage ratio is calculated by dividing Debt by Adjusted EBITDA. 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.

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.

Key Performance Indicator

Gross Billings

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

About Mattel

Mattel is a leading global toy company and owner of one of the strongest catalogs of children's and family entertainment franchises in the world. We create innovative products and experiences that inspire, entertain and develop children through play. We engage consumers through our portfolio of iconic brands, including Barbie, Hot Wheels, Fisher-Price, American Girl, Thomas & Friends, UNO, and MEGA, as well as other popular intellectual properties that we own or license in partnership with global entertainment companies. Our offerings include film and television content, gaming, music and live events. We operate in 35 locations and our products are available in more than 150 countries in collaboration with the world's leading retail and e-commerce companies. Since its founding in 1945, Mattel is proud to be a trusted partner in empowering children to explore the wonder of childhood and reach their full potential.

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT

I

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)¹

	For the Three Months Ended March 31,					
	2021		2020		% Change as Reported	% Change in Constant Currency
	\$ Amt	% Net Sales	\$ Amt	% Net Sales		
(In millions, except per share and percentage information)						
Net Sales	\$ 874.2		\$ 594.1		47%	46%
Cost of sales	465.2	53.2%	338.9	57.0%	37%	
Gross Profit	409.0	46.8%	255.2	43.0%	60%	67%
Advertising and promotion expenses	74.1	8.5%	76.3	12.8%	-3%	
Other selling and administrative expenses	303.9	34.8%	328.7	55.3%	-8%	
Operating Income (Loss)	31.0	3.6%	(149.8)	-25.2%	n/m	n/m
Interest expense	130.5	14.9%	49.0	8.2%	166%	
Interest (income)	(0.8)	-0.1%	(2.1)	-0.4%	-61%	
Other non-operating (income) expense, net	(1.1)		3.0			
Loss Before Income Taxes	(97.5)	-11.2%	(199.7)	-33.6%	-51%	-63%
Provision for income taxes	20.3		11.9			
Income from equity method investments	2.6		0.9			
Net Loss	\$ (115.2)	-13.2%	\$ (210.7)	-35.5%	-45%	
Net Loss Per Common Share - Basic	\$ (0.33)		\$ (0.61)			
Weighted-average number of common shares	349.0		346.9			
Net Loss Per Common Share - Diluted	\$ (0.33)		\$ (0.61)			
Weighted-average number of common and potential common shares	349.0		346.9			

¹ Amounts may not foot due to rounding.

n/m - Not meaningful

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

**CONDENSED CONSOLIDATED
BALANCE SHEETS¹**

	March 31,		December
	2021	2020	31,
(In millions)	(Unaudited)		2020
Assets			
Cash and equivalents	\$ 615.2	\$ 499.4	\$ 762.2
Accounts receivable, net	680.6	528.5	1,034.0
Inventories	609.8	560.6	514.7
Prepaid expenses and other current assets	187.2	218.5	172.1
Total current assets	2,092.9	1,807.1	2,482.9
Property, plant, and equipment, net	451.0	519.8	473.8
Right-of-use assets, net	294.8	298.3	291.6
Other noncurrent assets	2,263.6	2,179.2	2,272.8
Total Assets	\$ 5,102.3	\$ 4,804.4	\$ 5,521.1
Liabilities and Stockholders' Equity			
Short-term borrowings	\$ 0.9	\$ 150.0	\$ 1.0
Accounts payable and accrued liabilities	1,051.6	963.7	1,327.3
Income taxes payable	30.1	12.3	27.1
Total current liabilities	1,082.6	1,126.0	1,355.4
Long-term debt	2,837.7	2,848.9	2,854.7
Noncurrent lease liabilities	255.7	262.6	249.4
Other noncurrent liabilities	452.4	408.9	465.4
Stockholders' equity	473.9	157.9	596.3
Total Liabilities and Stockholders' Equity	\$ 5,102.3	\$ 4,804.4	\$ 5,521.1

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

SUPPLEMENTAL BALANCE SHEET AND CASH FLOW DATA (Unaudited)¹

	March 31,	
	2021	2020
Key Balance Sheet Data:		
Accounts receivable, net days of sales outstanding (DSO)	70	80
For the Three Months Ended March 31,		
(In millions)	2021	2020
Condensed Cash Flow Data:		
Cash flows used for operating activities	\$ (41)	\$ (174)
Cash flows provided by (used for) investing activities	6	(81)
Cash flows (used for) provided by financing activities and other	(112)	125
Decrease in cash and equivalents	\$ (147)	\$ (131)

¹ Amounts may not foot due to rounding.

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 March 31,		
	2021	2020	Change
Gross Profit			
Gross Profit, As Reported	\$ 409.0	\$ 255.2	
Gross Margin	46.8%	43.0%	+ 380 bps
<i>Adjustments:</i>			
Severance and Restructuring Expenses	1.9	3.1	
Gross Profit, As Adjusted	<u>\$ 410.9</u>	<u>\$ 258.2</u>	
Adjusted Gross Margin	47.0%	43.5%	+ 350 bps
Other Selling and Administrative Expenses			
Other Selling and Administrative Expenses, As Reported	\$ 303.9	\$ 328.7	-8%
% of Net Sales	34.8%	55.3%	
<i>Adjustments:</i>			
Severance and Restructuring Expenses	(5.7)	(7.5)	
Inclined Sleeper Product Recalls ²	(5.3)	(6.3)	
Sale of Assets ³	15.8	-	
Other Selling and Administrative Expenses, As Adjusted	<u>\$ 308.6</u>	<u>\$ 314.9</u>	-2%
% of Net Sales	35.3%	53.0%	
Operating Income (Loss)			
Operating Income (Loss), As Reported	\$ 31.0	\$ (149.8)	n/m
Operating Income (Loss) Margin	3.6%	-25.2%	
<i>Adjustments:</i>			
Severance and Restructuring Expenses	7.6	10.6	
Inclined Sleeper Product Recalls ²	5.3	6.3	
Sale of Assets ³	(15.8)	-	
Operating Income (Loss), As Adjusted	<u>\$ 28.2</u>	<u>\$ (133.0)</u>	n/m
Adjusted Operating Income (Loss) Margin	3.2%	-22.4%	

¹ Amounts may not foot due to rounding.

² For the three months ended March 31, 2021, and 2020, represents expenses related to inclined sleeper product recall litigation.

³ For the three months ended March 31, 2021, Mattel recorded a gain on sale of assets of \$15.8 million in Other Selling and Administrative Expenses, and a gain on sale of business of \$3.9 million in Other Non-Operating (Income) Expense, net.

n/m - Not meaningful

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 March 31,		
	2021	2020	Change
Earnings Per Share			
Net Loss Per Common Share, As Reported	\$ (0.33)	\$ (0.61)	-46%
<i>Adjustments:</i>			
Severance and Restructuring Expenses	0.02	0.03	
Inclined Sleeper Product Recalls ²	0.02	0.02	
Sale of Assets/Business ³	(0.06)	-	
Loss on Debt Extinguishment	0.24	-	
Tax Effect of Adjustments ⁴	0.01	-	

Net Loss Per Common Share, As Adjusted	<u>\$ (0.10)</u>	<u>\$ (0.56)</u>	-82%
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EBITDA and Adjusted EBITDA

Net Loss, As Reported	\$ (115.2)	\$ (210.7)	-45%
<i>Adjustments:</i>			
Interest Expense	130.5	49.0	
Provision for Income Taxes	20.3	11.9	
Depreciation	36.5	43.7	
Amortization	9.5	10.0	
EBITDA	<u>\$ 81.6</u>	<u>\$ (96.2)</u>	
<i>Adjustments:</i>			
Share-based Compensation	15.1	14.3	
Severance and Restructuring Expenses	7.0	10.3	
Inclined Sleeper Product Recalls ²	5.3	6.3	
Sale of Assets/Business ³	(19.7)	-	
Adjusted EBITDA	<u>\$ 89.3</u>	<u>\$ (65.4)</u>	n/m

Free Cash Flow

Net Cash Flows Used for Operating Activities	\$ (41.2)	\$ (174.5)
Capital Expenditures	<u>(30.3)</u>	<u>(35.3)</u>
Free Cash Flow	<u>\$ (71.5)</u>	<u>\$ (209.8)</u>

¹ Amounts may not foot due to rounding.

² For the three months ended March 31, 2021, and 2020, represents expenses related to inclined sleeper product recall litigation.

³ For the three months ended March 31, 2021, Mattel recorded a gain on sale of assets of \$15.8 million in Other Selling and Administrative Expenses, and a gain on sale of business of \$3.9 million in Other Non-Operating (Income) Expense, net.

⁴ The aggregate tax effect of the adjustments is calculated by tax effecting the adjustments by current effective tax rate, and dividing by the reported weighted average number of common and potential common shares. Adjustments for the U.S. and certain International affiliates were not tax effected because of the valuation allowance on deferred tax assets.

n/m - Not meaningful

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT III

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

<u>(In millions, except per share and percentage information)</u>	<u>For the Trailing Twelve Months Ended March 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Leverage Ratio (Debt / Adjusted EBITDA)			
<i>Debt</i>			
Long-term debt	\$ 2,837.7	\$ 2,848.9	
Current portion of long-term debt	-	-	
Short-term borrowings	0.9	150.0	
<i>Adjustments:</i>			
Debt issuance costs and debt discount	37.3	51.1	
Debt	<u>\$ 2,875.9</u>	<u>\$ 3,050.0</u>	
EBITDA and Adjusted EBITDA			
Net Income (Loss), As Reported	\$ 222.2	\$ (248.0)	n/m
<i>Adjustments:</i>			
Interest Expense	279.8	203.1	
Provision for Income Taxes	77.1	64.4	
Depreciation	153.9	196.0	
Amortization	38.5	39.6	
EBITDA	<u>\$ 771.4</u>	<u>\$ 255.2</u>	
<i>Adjustments:</i>			
Share-based Compensation	61.0	58.4	
Severance and Restructuring Expenses	35.9	53.5	

Inclined Sleeper Product Recalls	25.2	16.3	
Sale of Assets/Business	(19.7)	-	
Asset Impairments	-	25.9	
Adjusted EBITDA	<u>\$ 873.7</u>	<u>\$ 409.3</u>	113%
Debt / Net Income (Loss)	<u>12.9x</u>	<u>(12.3)x</u>	
Leverage Ratio (Debt / Adjusted EBITDA)	<u>3.3x</u>	<u>7.5x</u>	
Free Cash Flow			
Net Cash Flows Provided by Operating Activities	\$ 421.8	\$ 199.3	112%
Capital Expenditures	(116.6)	(127.5)	
Free Cash Flow	<u>\$ 305.2</u>	<u>\$ 71.8</u>	325%
Free Cash Flow Conversion (Free Cash Flow/Adjusted EBITDA)	<u>35%</u>	<u>18%</u>	

¹ Amounts may not foot due to rounding.

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT IV

**WORLDWIDE GROSS BILLINGS¹ (Unaudited)³
SUPPLEMENTAL KEY PERFORMANCE INDICATOR**

(In millions, except percentage information)

For the Three Months Ended March 31,

			% Change in	
	<u>2021</u>	<u>2020</u>	<u>as Reported</u>	<u>Constant</u>
				<u>Currency</u>
Worldwide Gross Billings:				
Net Sales	\$874.2	\$594.1	47%	46%
Sales Adjustments ²	104.8	75.9		
Gross Billings	<u>\$979.0</u>	<u>\$670.0</u>	46%	45%
Worldwide Gross Billings by Categories:				
Dolls	\$381.3	\$225.9	69%	68%
Infant, Toddler and Preschool	183.2	140.3	31	29
Vehicles	215.4	185.7	16	15
Action Figures, Building Sets, Games, and Other	199.2	118.1	69	66
Gross Billings	<u>\$979.0</u>	<u>\$670.0</u>	46%	45%

Supplemental Gross Billings Disclosure

Worldwide Gross Billings by Top 3 Power Brands:

Barbie	\$276.2	\$147.5	87%	86%
Hot Wheels	184.6	158.6	16	16
Fisher-Price and Thomas & Friends	171.6	128.8	33	32
Other	346.6	235.1	47	46
Gross Billings	<u>\$979.0</u>	<u>\$670.0</u>	46%	45%

¹ 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.

² Sales Adjustments are not allocated to individual products. As such, Net Sales are not presented on a categories or brand level.

³ Amounts may not foot due to rounding.

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT V

**GROSS BILLINGS¹ BY SEGMENT (Unaudited)³
SUPPLEMENTAL KEY PERFORMANCE INDICATOR**

For the Three Months Ended March 31,

(In millions, except percentage information)	2021		2020		% Change	% Change in
					as Reported	Constant Currency
North America Segment Gross Billings:						
Net Sales	\$479.7	\$287.6			67%	66%
Sales Adjustments ²	32.1	18.2				
Gross Billings	<u>\$511.8</u>	<u>\$305.8</u>			67%	67%
North America Gross Billings by Categories:						
Dolls	\$176.2	\$73.9			138%	138%
Infant, Toddler and Preschool	108.6	76.6			42	41
Vehicles	109.8	88.7			24	23
Action Figures, Building Sets, Games, and Other	117.2	66.5			76	75
Gross Billings	<u>\$511.8</u>	<u>\$305.8</u>			67%	67%

Supplemental Gross Billings Disclosure

North America Gross Billings by Top 3 Power Brands:

Barbie	\$156.9	\$67.8			132%	131%
Hot Wheels	92.7	74.1			25	25
Fisher-Price and Thomas & Friends	100.9	69.9			44	44
Other	161.3	94.0			72	71
Gross Billings	<u>\$511.8</u>	<u>\$305.8</u>			67%	67%

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MATTEL, INC. AND SUBSIDIARIES

EXHIBIT VI

GROSS BILLINGS¹ BY SEGMENT (Unaudited)³ SUPPLEMENTAL KEY PERFORMANCE INDICATOR

(In millions, except percentage information)	For the Three Months Ended March 31,		% Change	% Change in
	2021	2020		
International Segment Gross Billings:				
Net Sales	\$349.4	\$269.4	30%	27%
Sales Adjustments ²	71.6	56.8		
Gross Billings	<u>\$420.9</u>	<u>\$326.1</u>	29%	26%
International Gross Billings by Geographic Area:				
EMEA				
Net Sales	\$238.2	\$173.3	37%	34%
Sales Adjustments ²	52.9	42.0		
Gross Billings	<u>\$291.0</u>	<u>\$215.3</u>	35%	32%
Latin America				
Net Sales	\$56.3	\$51.3	10%	16%
Sales Adjustments ²	9.3	8.4		
Gross Billings	<u>\$65.6</u>	<u>\$59.7</u>	10%	16%
Asia Pacific				
Net Sales	\$54.9	\$44.8	23%	14%
Sales Adjustments ²	9.3	6.4		
Gross Billings	<u>\$64.3</u>	<u>\$51.2</u>	26%	16%
International Gross Billings by Categories:				

Dolls	\$158.7	\$113.9	39%	38%
Infant, Toddler and Preschool	74.6	63.8	17	14
Vehicles	105.5	96.9	9	7
Action Figures, Building Sets, Games, and Other	<u>82.0</u>	<u>51.5</u>	59	53
Gross Billings	<u>\$420.9</u>	<u>\$326.1</u>	29%	26%

Supplemental Gross Billings Disclosure

International Gross Billings by Top 3 Power Brands:

Barbie	\$119.3	\$ 79.7	50%	47%
Hot Wheels	91.9	84.5	9	8
Fisher-Price and Thomas & Friends	70.7	58.8	20	18
Other	<u>139.0</u>	<u>103.1</u>	35	31
Gross Billings	<u>\$420.9</u>	<u>\$326.1</u>	29%	26%

¹ 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.

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³ Amounts may not foot due to rounding.

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT VII

GROSS BILLINGS¹ BY SEGMENT (Unaudited)³ SUPPLEMENTAL KEY PERFORMANCE INDICATOR

(In millions, except percentage information)	For the Three Months Ended March 31,		
	2021	2020 as Reported	% Change in Constant Currency
<u>American Girl Segment Gross Billings:</u>			
Net Sales	\$ 45.2	\$ 37.2	22%
Sales Adjustments ²	<u>1.1</u>	<u>0.9</u>	
Gross Billings	<u>\$ 46.3</u>	<u>\$ 38.1</u>	22%

¹ 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.

² Sales Adjustments are not allocated to individual products.

³ Amounts may not foot due to rounding.

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