



Mattel Reports Third Quarter 2021 Financial Results

October 21, 2021

- **Net Sales of \$1,762 million, up 8% as reported, and 7% in constant currency, versus prior year**
- **Reported Gross Margin of 47.8%, a decrease of 280 basis points; Adjusted Gross Margin of 47.8%, a decline of 280 basis points**
- **Reported Operating Income of \$389 million, an increase of \$10 million; Adjusted Operating Income of \$401 million, an improvement of \$4 million**
- **Reported Net Income of \$813 million, which includes a non-cash benefit of \$510 million resulting from the release of valuation allowances on deferred tax assets**
- **Adjusted EBITDA of \$463 million, a decline of \$2 million**
- **Company raises 2021 guidance for Net Sales in constant currency and Adjusted EBITDA**

EL SEGUNDO, Calif.--(BUSINESS WIRE)--Oct. 21, 2021-- Mattel, Inc. (NASDAQ: MAT) today reported third quarter 2021 financial results.

Ynon Kreiz, Chairman and CEO of Mattel, said: "This was another strong quarter for Mattel, with increased consumer demand for our products and results exceeding expectations. We successfully navigated ongoing global supply chain disruption, achieved sales growth and, per The NPD Group, continued to gain market share. We expect to grow for the balance of the year and have a strong holiday season. Our strength is foundational and broad-based, and we are on a clear path to improve profitability and accelerate top line growth. The Mattel team continues to execute on our strategy, and we are operating as an IP-driven, high-performing toy company."

Anthony DiSilvestro, CFO of Mattel, said: "We are very pleased with our overall financial performance and are consistently generating higher levels of cash flow, strengthening the balance sheet, and improving our credit metrics as we progress towards investment grade metrics."

For the third quarter, Net Sales were up 8% as reported, and 7% in constant currency, versus the prior year's third quarter. Reported Operating Income was \$389 million, an increase of \$10 million, and Adjusted Operating Income was \$401 million, an improvement of \$4 million. Reported Earnings Per Share was \$2.29, an improvement of \$1.40 per share, which includes a benefit of \$1.44 resulting from the release of valuation allowances on deferred tax assets, and Adjusted Earnings Per Share was \$0.84, a decrease of \$0.10 per share.

For the first nine months of the year, Net Sales were up 24% as reported, and 22% in constant currency, versus the prior year's first nine months. Reported Operating Income was \$472 million, an increase of \$285 million, and Adjusted Operating Income was \$499 million, an improvement of \$258 million. Reported Earnings Per Share was \$1.96, an improvement of \$1.98, which includes a benefit of \$1.44 resulting from the release of valuation allowances on deferred tax assets, and Adjusted Earnings Per Share was \$0.78, an improvement of \$0.65 per share.

Financial Overview

Net Sales in the North America segment increased 12% as reported and in constant currency, versus the prior year's third quarter.

Gross Billings in the North America segment increased 12% as reported, and 11% in constant currency, driven by growth in Action Figures, Building Sets, Games, and Other (including Jurassic World™, Masters of the Universe®, WWE™, Plush, and MEGA®), Vehicles (including Hot Wheels®), Dolls (including Barbie®, Spirit™, and Polly Pocket®), and Infant, Toddler, and Preschool (including Fisher-Price® and Thomas & Friends™).

Net Sales in the International segment increased 2% as reported and were flat in constant currency.

Gross Billings in the International segment increased 3% as reported, and 1% in constant currency, driven by growth in Action Figures, Building Sets, Games, and Other (including Masters of the Universe, Jurassic World, Plush, MEGA, and Games) and Dolls (including Barbie and Spirit), partially offset by declines in Infant, Toddler, and Preschool (including Fisher-Price and Thomas & Friends) and Vehicles (including Hot Wheels and CARS™).

Net Sales in the American Girl® segment increased 1% as reported and in constant currency.

Gross Billings in the American Girl segment were flat as reported and in constant currency. Sales performance was impacted by declines in non-proprietary channels, offset by growth in proprietary channels.

Reported Gross Margin and Adjusted Gross Margin decreased to 47.8%, versus 50.6% in the prior year's third quarter. The decrease was primarily due to input cost inflation partially offset by pricing. Other negative factors, such as product mix and unfavorable foreign exchange, were largely offset by the fixed cost absorption benefit and savings from the Optimizing for Growth program.

Reported Other Selling and Administrative Expenses decreased by \$10 million, or 3%, to \$336 million. Adjusted Other Selling and Administrative Expenses decreased by \$5 million, or 2%, to \$324 million. The decrease in Reported and Adjusted Other Selling and Administrative Expenses was primarily driven by benefits from our cost savings programs and lower incentive compensation expense.

For the nine months ended September 30, 2021, Cash Flows Used for Operating Activities were \$256 million, an improvement of \$186 million, versus the prior year's first nine months, primarily driven by higher net income, excluding the impact of non-cash items. Cash Flows Used for Investing Activities improved by \$36 million to \$71 million, primarily driven by proceeds from the disposal of assets and a business and lower payments for foreign currency forward contracts, partially offset by higher capital expenditures. Cash Flows Used for Financing Activities and Other were \$286

million, as compared to Cash Flows Provided by Financing Activities and Other of \$371 million in the prior year, with the decrease primarily due to the redemption of long-term borrowings and lower short-term borrowings in 2021.

Gross Billings by Categories

Worldwide Gross Billings for Dolls were \$720 million, up 4% as reported, and 3% in constant currency, versus the prior year's third quarter, driven by growth in Barbie, Spirit, and Polly Pocket, partially offset by a decline in Cave Club®.

Worldwide Gross Billings for Infant, Toddler, and Preschool were \$407 million, flat as reported, and down 1% in constant currency, primarily due to a decline in Fisher-Price and Thomas & Friends, partially offset by growth in Power Wheels®.

Worldwide Gross Billings for Vehicles were \$390 million, up 6% as reported, and 5% in constant currency, primarily driven by growth in Hot Wheels.

Worldwide Gross Billings for Action Figures, Building Sets, Games, and Other were \$446 million, up 26% as reported, and 25% in constant currency, primarily driven by growth in Action Figures (including Jurassic World, Masters of the Universe, and WWE), Plush, and Building Sets (including MEGA), partially offset by a decline in Games.

Updated 2021 Full-Year Guidance

Full-year Net Sales, in constant currency, are expected to increase by approximately 15% versus the prior year, up from prior guidance range of 12-14%. Adjusted Gross Margin guidance remains unchanged at a range of 47.6% to 48.1%. Adjusted EBITDA guidance is increasing by \$25 million to a range of \$900 to \$925 million. Capital expenditures guidance remains unchanged at a range of \$150 to \$175 million.

<u>(In millions, except percentages)</u>	<u>FY2020</u>	<u>Prior FY2021E (as of Q2 2021)</u>	<u>Revised FY2021E</u>
Net Sales	4,588	Up 12-14% (Constant currency)	Up approx. 15% (Constant currency)
Adjusted Gross Margin	49.0%	47.6-48.1%	47.6-48.1%
Adjusted EBITDA	706	875-900	900-925
Capital Expenditures	119	150-175	150-175

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, and Adjusted EBITDA, is not available without unreasonable effort. Mattel is unable to predict with sufficient certainty items that would be excluded from the corresponding GAAP measure, 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.

This guidance takes into account anticipated supply chain disruption that Mattel is aware of today but remains subject to any unexpected supply chain disruption, market volatility, and other macro-economic risks and uncertainties, including those associated with COVID-19, 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 third 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, October 28, 2021 and may be accessed by dialing +1-404-537-3406. The passcode is 6941839.

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," "believes," and "targeted," among others, generally identify forward-looking statements. These forward-looking statements are based on currently available operating, financial, economic, and other information and assumptions, and are subject to a number of significant risks and uncertainties. A variety of factors, many of which are beyond Mattel's control, could cause actual future results to differ materially from those projected in the forward-looking statements, 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 Mattel's business operations, financial results and financial position and on the global economy, including its impact on Mattel's 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 and inflation, 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 and plant shutdowns, 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 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 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.

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 (Free Cash Flow / Adjusted EBITDA), 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, loss on debt extinguishment, and releases of valuation allowances, 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 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.

MAT-FIN MAT-CORP

EXHIBIT

MATTEL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)¹

(In millions, except per share and percentage information)	For the Three Months Ended September 30,					For the Nine Months Ended September 30,						
	2021		2020 ²		% Change as Reported	2021 ²		2020 ²		% Change as Reported	% Change in Constant Currency	
	\$ Amt	% Net Sales	\$ Amt	% Net Sales		\$ Amt	% Net Sales	\$ Amt	% Net Sales			
Net Sales	\$1,762.3		\$1,636.5		8%	7%	\$3,662.9		\$2,962.7		24%	22%

Cost of sales	919.8	52.2%	808.7	49.4%	14%		1,920.5	52.4%	1,555.8	52.5%	23%	
Gross Profit	842.5	47.8%	827.7	50.6%	2%	2%	1,742.4	47.6%	1,406.9	47.5%	24%	25%
Advertising and promotion expenses	117.6	6.7%	102.5	6.3%	15%		280.1	7.6%	239.0	8.1%	17%	
Other selling and administrative expenses	335.8	19.1%	345.7	21.1%	-3%		990.2	27.0%	981.2	33.1%	1%	
Operating Income	389.1	22.1%	379.5	23.2%	3%	4%	472.1	12.9%	186.7	6.3%	153%	169%
Interest expense	52.1	3.0%	50.4	3.1%	3%		220.7	6.0%	149.0	5.0%	48%	
Interest (income)	(0.8)	0.0%	(0.5)	0.0%	65%		(2.2)	-0.1%	(3.6)	-0.1%	-39%	
Other non-operating expense, net	3.9		1.3				3.3		7.0			
Income Before Income Taxes	333.9	18.9%	328.2	20.1%	2%	4%	250.2	6.8%	34.2	1.2%	632%	628%
(Benefit) provision for income taxes	(474.3)		22.1				(433.4)		46.8			
Income from equity method investments	4.5		5.2				11.1		7.1			
Net Income (Loss)	<u>\$ 812.6</u>	46.1%	<u>\$ 311.3</u>	19.0%	161%		<u>\$ 694.7</u>	19.0%	<u>\$ (5.5)</u>	-0.2%	n/m	
Net Income (Loss) Per Common Share - Basic	<u>\$ 2.32</u>		<u>\$ 0.90</u>				<u>\$ 1.99</u>		<u>\$ (0.02)</u>			
Weighted-average number of common shares	<u>350.4</u>		<u>347.6</u>				<u>349.6</u>		<u>347.2</u>			
Net Income (Loss) per Common Share - Diluted	<u>\$ 2.29</u>		<u>\$ 0.89</u>				<u>\$ 1.96</u>		<u>\$ (0.02)</u>			
Weighted-average number of common and potential common shares	<u>354.2</u>		<u>348.7</u>				<u>354.3</u>		<u>347.2</u>			

¹ Amounts may not sum due to rounding.

² Reflects the impact of immaterial revisions to the financial statements.

n/m - Not meaningful

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT II

CONDENSED CONSOLIDATED BALANCE SHEETS¹

(In millions)	September 30,		December 31,
	2021 ²	2020 ²	2020 ²
	(Unaudited)		
Assets			
Cash and equivalents	\$ 148.5	\$ 452.2	\$ 762.2
Accounts receivable, net	1,437.9	1,326.1	1,034.0
Inventories	854.5	679.5	528.5
Prepaid expenses and other current assets	188.3	157.9	172.1

Total current assets	2,629.2	2,615.7	2,496.7
Property, plant, and equipment, net	455.9	462.5	473.8
Right-of-use assets, net	325.9	291.1	291.6
Other noncurrent assets	2,783.7	2,244.2	2,272.8
Total Assets	\$ 6,194.6	\$ 5,613.5	\$ 5,534.9

Liabilities and Stockholders' Equity

Short-term borrowings	\$ 128.0	\$ 400.0	\$ 1.0
Accounts payable and accrued liabilities	1,371.2	1,228.2	1,327.3
Income taxes payable	101.6	21.3	27.1
Total current liabilities	1,600.8	1,649.4	1,355.4
Long-term debt	2,569.8	2,852.8	2,854.7
Noncurrent lease liabilities	288.2	252.0	249.4
Other noncurrent liabilities	404.5	439.6	465.4
Stockholders' equity	1,331.2	419.8	610.1
Total Liabilities and Stockholders' Equity	\$ 6,194.6	\$ 5,613.5	\$ 5,534.9

MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL BALANCE SHEET AND CASH FLOW DATA (Unaudited)¹

	September 30,	
	2021	2020 ²
Accounts receivable, net days of sales outstanding (DSO)	73	73

	Nine Months Ended September 30,	
	2021 ²	2020 ²
Cash flows used for operating activities	\$ (256)	\$ (442)
Cash flows used for investing activities	(71)	(107)
Cash flows (used for) provided by financing activities and other	(286)	371
Decrease in cash and equivalents	\$ (614)	\$ (178)

Key Balance Sheet Data:

Accounts receivable, net days of sales outstanding (DSO)

(In millions)

Condensed Cash Flow Data:

Cash flows used for operating activities
Cash flows used for investing activities
Cash flows (used for) provided by financing activities and other
Decrease in cash and equivalents

¹ Amounts may not sum due to rounding.

² Reflects the impact of immaterial revisions to the financial statements.

EXHIBIT
III

MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION

(Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2021	2020 ²	Change	2021 ²	2020 ²	Change
(In millions, except per share and percentage information)						
Gross Profit						
Gross Profit, As Reported	\$ 842.5	\$ 827.7		\$ 1,742.4	\$ 1,406.9	
Gross Margin	47.8%	50.6%	-280 bps	47.6%	47.5%	+ 10 bps
Adjustments:						
Severance and Restructuring Expenses	0.1	0.3		1.9	4.8	
Gross Profit, As Adjusted	\$ 842.7	\$ 828.1		\$ 1,744.3	\$ 1,411.7	
Adjusted Gross Margin	47.8%	50.6%	-280 bps	47.6%	47.6%	flat
Other Selling and Administrative Expenses						
Other Selling and Administrative Expenses, As Reported	\$ 335.8	\$ 345.7	-3%	\$ 990.2	\$ 981.2	1%

% of Net Sales	19.1%	21.1%		27.0%	33.1%	
<i>Adjustments:</i>						
Severance and Restructuring Expenses	(9.2)	(6.7)		(25.7)	(30.5)	
Inclined Sleeper Product Recalls ³	(2.8)	(10.1)		(14.9)	(19.2)	
Sale of Assets ⁴	-	-		15.8	-	
Other Selling and Administrative Expenses, As Adjusted	<u>\$ 323.8</u>	<u>\$ 328.9</u>	-2%	<u>\$ 965.4</u>	<u>\$ 931.6</u>	4%
% of Net Sales	18.4%	20.1%		26.4%	31.4%	

Operating Income

Operating Income, As Reported	\$ 389.1	\$ 379.5	3%	\$ 472.1	\$ 186.7	153%
<i>Operating Income Margin</i>	22.1%	23.2%		12.9%	6.3%	
<i>Adjustments:</i>						
Severance and Restructuring Expenses	9.3	7.0		27.6	35.3	
Inclined Sleeper Product Recalls ³	2.8	10.1		14.9	19.2	
Sale of Assets ⁴	-	-		(15.8)	-	
Operating Income, As Adjusted	<u>\$ 401.2</u>	<u>\$ 396.6</u>	1%	<u>\$ 498.8</u>	<u>\$ 241.1</u>	107%
<i>Adjusted Operating Income Margin</i>	22.8%	24.2%		13.6%	8.1%	

¹ Amounts may not sum due to rounding.

² Reflects the impact of immaterial revisions to the financial statements.

³ For the three and nine months ended September 30, 2021 and 2020, represents expenses related to inclined sleeper product recall litigation.

⁴ For the nine months ended September 30, 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 Expense, net.

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT III

SUPPLEMENTAL FINANCIAL INFORMATION

(Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2021	2020 ²	Change	2021 ²	2020 ²	Change
(In millions, except per share and percentage information)						
Earnings Per Share						
Net Income (Loss) Per Common Share, As Reported	\$ 2.29	\$ 0.89	157%	\$ 1.96	\$ (0.02)	n/m
<i>Adjustments:</i>						
Severance and Restructuring Expenses	0.03	0.02		0.08	0.10	
Inclined Sleeper Product Recalls ³	0.01	0.03		0.04	0.06	
Sale of Assets/Business ⁴	-	-		(0.06)	-	
Loss on Debt Extinguishment	0.05	-		0.29	-	
Valuation Allowance Releases ⁵	(1.44)	-		(1.44)	-	
Tax Effect of Adjustments ⁶	(0.10)	-		(0.10)	(0.01)	
Net Income Per Common Share, As Adjusted	<u>\$ 0.84</u>	<u>\$ 0.94</u>	-11%	<u>\$ 0.78</u>	<u>\$ 0.13</u>	500%
EBITDA and Adjusted EBITDA						
Net Income (Loss), As Reported	\$ 812.6	\$ 311.3	161%	\$ 694.7	\$ (5.5)	n/m
<i>Adjustments:</i>						
Interest Expense	52.1	50.4		220.7	149.0	
(Benefit) Provision for Income Taxes	(474.3)	22.1		(433.4)	46.8	
Depreciation	36.1	38.1		108.8	120.1	
Amortization	9.5	9.8		28.6	29.5	
EBITDA	<u>\$ 436.0</u>	<u>\$ 431.7</u>		<u>\$ 619.5</u>	<u>\$ 339.9</u>	
<i>Adjustments:</i>						
Share-based Compensation	16.2	16.5		46.5	39.9	
Severance and Restructuring Expenses	8.3	6.8		24.9	34.6	
Inclined Sleeper Product Recalls ³	2.8	10.1		14.9	19.2	
Sale of Assets/Business ⁴	-	-		(19.7)	-	

Adjusted EBITDA	\$ 463.3	\$ 465.1	0%	\$ 686.0	\$ 433.6	58%
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Free Cash Flow

Net Cash Flows Used for Operating Activities	\$ (255.9)	\$ (442.0)
Capital Expenditures	(115.2)	(82.4)
Free Cash Flow	\$ (371.1)	\$ (524.4)

¹ Amounts may not sum due to rounding.

² Reflects the impact of immaterial revisions to the financial statements.

³ For the three and nine months ended September 30, 2021 and 2020, represents expenses related to inclined sleeper product recall litigation.

⁴ For the nine months ended September 30, 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 Expense, net.

⁵ For the three and nine months ended September 30, 2021, the amount includes a net benefit of approximately \$510 million related to the release of valuation allowances against deferred tax assets of the U.S. and certain International affiliates.

⁶ During the first half 2021, adjustments for the U.S. and certain International affiliates were not tax effected because of the valuation allowance on deferred tax assets, which were released during the three months ended September 30, 2021. For the three months ended September 30, 2021, the tax effect of adjustments includes an \$0.08 impact related to adjustments not previously tax effected during the first half of 2021 and a \$0.02 impact related to adjustments during the three months ended September 30, 2021. The aggregate tax effect of the adjustments is calculated by tax effecting the adjustments by the current effective tax rate, and dividing by the reported weighted average number of common and potential common shares.

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 Trailing Twelve Months Ended September 30,		
	2021 ²	2020 ²	Change
Leverage Ratio (Debt / Adjusted EBITDA)			
<i>Debt</i>			
Long-term debt	\$ 2,569.8	\$ 2,852.8	
Current portion of long-term debt	-	-	
Short-term borrowings	128.0	400.0	
<i>Adjustments:</i>			
Debt issuance costs and debt discount	30.2	47.2	
Debt	\$ 2,728.0	\$ 3,300.0	
<i>EBITDA and Adjusted EBITDA</i>			
Net Income (Loss), As Reported	\$ 823.8	\$ (9.1)	n/m
<i>Adjustments:</i>			
Interest Expense	270.0	209.2	
(Benefit) Provision for Income Taxes	(414.6)	58.9	
Depreciation	143.3	168.2	
Amortization	38.0	39.4	
EBITDA	\$ 860.5	\$ 466.7	
<i>Adjustments:</i>			
Share-based Compensation	66.7	56.8	
Severance and Restructuring Expenses	29.5	46.6	
Inclined Sleeper Product Recalls	21.9	22.2	
Sale of Assets/Business	(19.7)	-	
Asset Impairments	-	25.9	
Adjusted EBITDA	\$ 958.8	\$ 618.1	55%
Debt / Net Income (Loss)	3.3x	(364.5)x	
Leverage Ratio (Debt / Adjusted EBITDA)	2.8x	5.3x	
Free Cash Flow			
Net Cash Flows Provided by Operating Activities	\$ 471.8	\$ 251.0	88%
Capital Expenditures	(151.6)	(121.4)	
Free Cash Flow	\$ 320.3	\$ 129.5	147%
Net Cash Flows Provided by Operating Activities / Net Income (Loss)	57%	-2758%	

Free Cash Flow Conversion (Free Cash Flow/Adjusted EBITDA)

33% 21%

¹ Amounts may not sum due to rounding.

² Reflects the impact of immaterial revisions to the financial statements.

n/m - Not meaningful

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT IV

**WORLDWIDE GROSS BILLINGS¹ (Unaudited)⁴
SUPPLEMENTAL KEY PERFORMANCE INDICATOR**

(In millions, except percentage information)	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2021	2020 ²	% Change as Reported	% Change in Constant Currency	2021	2020 ²	% Change as Reported	% Change in Constant Currency
Worldwide Gross Billings:								
Net Sales	\$ 1,762.3	\$ 1,636.5	8%	7%	\$ 3,662.9	\$ 2,962.7	24%	22%
Sales Adjustments ³	200.4	186.7			427.4	345.0		
Gross Billings	<u>\$ 1,962.7</u>	<u>\$ 1,823.2</u>	8%	7%	<u>\$ 4,090.3</u>	<u>\$ 3,307.7</u>	24%	22%
Worldwide Gross Billings by Categories:								
Dolls	\$ 719.5	\$ 690.5	4%	3%	\$ 1,495.5	\$ 1,177.4	27%	25%
Infant, Toddler and Preschool	406.9	408.8	0	-1	819.4	749.0	9	8
Vehicles	389.9	369.4	6	5	871.6	713.7	22	20
Action Figures, Building Sets, Games, and Other	446.4	354.5	26	25	903.7	667.6	35	33
Gross Billings	<u>\$ 1,962.7</u>	<u>\$ 1,823.2</u>	8%	7%	<u>\$ 4,090.3</u>	<u>\$ 3,307.7</u>	24%	22%
Supplemental Gross Billings Disclosure								
Worldwide Gross Billings by Top 3 Power Brands:								
Barbie	\$ 555.2	\$ 532.2	4%	3%	\$ 1,122.7	\$ 879.0	28%	26%
Hot Wheels	329.9	312.8	5	4	741.9	607.9	22	20
Fisher-Price and Thomas & Friends	383.7	387.6	-1	-2	763.0	692.7	10	9
Other	693.9	590.5	18	16	1,462.6	1,128.1	30	28
Gross Billings	<u>\$ 1,962.7</u>	<u>\$ 1,823.2</u>	8%	7%	<u>\$ 4,090.3</u>	<u>\$ 3,307.7</u>	24%	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 Reflects the impact of immaterial revisions to the financial statements.

³ Sales Adjustments are not allocated to individual products. As such, Net Sales are not presented on a categories or brand level.

⁴ Amounts may not sum due to rounding.

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT V

GROSS BILLINGS¹ BY SEGMENT (Unaudited)⁴

**SUPPLEMENTAL KEY
PERFORMANCE
INDICATOR**

(In millions, except percentage information)	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2021	2020²	% Change as Reported	% Change in Constant Currency	2021	2020²	% Change as Reported	% Change in Constant Currency
North America Segment Gross Billings:								
Net Sales	\$ 1,037.0	\$ 926.6	12%	12%	\$ 2,077.5	\$ 1,647.1	26%	26%
Sales Adjustments ³	73.1	66.9			142.2	113.8		
Gross Billings	<u>\$ 1,110.1</u>	<u>\$ 993.5</u>	12%	11%	<u>\$ 2,219.7</u>	<u>\$ 1,760.8</u>	26%	26%
North America Gross Billings by Categories:								
Dolls	\$ 349.6	\$ 328.6	6%	6%	\$ 698.4	\$ 523.6	33%	33%
Infant, Toddler and Preschool	271.8	257.2	6	5	520.2	466.2	12	11
Vehicles	216.7	189.6	14	14	457.8	356.2	29	28
Action Figures, Building Sets, Games, and Other	272.0	218.1	25	24	543.3	414.8	31	31
Gross Billings	<u>\$ 1,110.1</u>	<u>\$ 993.5</u>	12%	11%	<u>\$ 2,219.7</u>	<u>\$ 1,760.8</u>	26%	26%
Supplemental Gross Billings Disclosure								
North America Gross Billings by Top 3 Power Brands:								
Barbie	\$ 308.8	\$ 297.6	4%	4%	\$ 617.1	\$ 477.7	29%	29%
Hot Wheels	181.1	156.5	16	15	383.5	296.8	29	29
Fisher-Price and Thomas & Friends	252.4	241.6	4	4	476.1	423.2	13	12
Other	367.8	297.8	23	23	743.0	563.2	32	31
Gross Billings	<u>\$ 1,110.1</u>	<u>\$ 993.5</u>	12%	11%	<u>\$ 2,219.7</u>	<u>\$ 1,760.8</u>	26%	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.

² Reflects the impact of immaterial revisions to the financial statements.

³ Sales Adjustments are not allocated to individual products. As such, Net Sales are not presented on a categories or brand level.

⁴ Amounts may not sum due to rounding.

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT VI

**GROSS BILLINGS¹ BY
SEGMENT (Unaudited)⁴
SUPPLEMENTAL KEY
PERFORMANCE
INDICATOR**

(In millions, except percentage information)	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2021	2020²	% Change as Reported	% Change in Constant Currency	2021	2020²	% Change as Reported	% Change in Constant Currency
International Segment Gross Billings:								
Net Sales	\$ 673.3	\$ 658.4	2%	0%	\$ 1,447.5	\$ 1,198.8	21%	17%

Sales Adjustments ³	<u>125.7</u>	<u>117.5</u>			<u>281.6</u>	<u>227.2</u>		
Gross Billings	<u>\$ 799.0</u>	<u>\$ 775.9</u>	3%	1%	<u>\$ 1,729.1</u>	<u>\$ 1,426.0</u>	21%	17%

International Gross Billings by Geographic Area:

EMEA								
Net Sales	\$ 420.8	\$ 410.2	3%	2%	\$ 905.8	\$ 735.5	23%	20%
Sales Adjustments ³	<u>83.8</u>	<u>75.2</u>			<u>189.3</u>	<u>149.3</u>		
Gross Billings	<u>\$ 504.7</u>	<u>\$ 485.5</u>	4%	3%	<u>\$ 1,095.2</u>	<u>\$ 884.8</u>	24%	21%

Latin America								
Net Sales	\$ 180.8	\$ 159.0	14%	8%	\$ 329.6	\$ 268.0	23%	18%
Sales Adjustments ³	<u>30.8</u>	<u>27.7</u>			<u>56.2</u>	<u>46.0</u>		
Gross Billings	<u>\$ 211.6</u>	<u>\$ 186.6</u>	13%	8%	<u>\$ 385.8</u>	<u>\$ 314.0</u>	23%	18%

Asia Pacific								
Net Sales	\$ 71.7	\$ 89.2	-20%	-21%	\$ 212.2	\$ 195.4	9%	3%
Sales Adjustments ³	<u>11.0</u>	<u>14.6</u>			<u>36.0</u>	<u>31.9</u>		
Gross Billings	<u>\$ 82.7</u>	<u>\$ 103.8</u>	-20%	-22%	<u>\$ 248.2</u>	<u>\$ 227.2</u>	9%	3%

International Gross Billings by Categories:

Dolls	\$ 316.4	\$ 308.2	3%	1%	\$ 655.8	\$ 532.9	23%	20%
Infant, Toddler and Preschool	135.1	151.6	-11	-13	299.2	282.8	6	2
Vehicles	173.2	179.8	-4	-5	413.7	357.5	16	12
Action Figures, Building Sets, Games, and Other	<u>174.4</u>	<u>136.4</u>	28	25	<u>360.4</u>	<u>252.7</u>	43	37
Gross Billings	<u>\$ 799.0</u>	<u>\$ 775.9</u>	3%	1%	<u>\$ 1,729.1</u>	<u>\$ 1,426.0</u>	21%	17%

Supplemental Gross Billings Disclosure

International Gross Billings by Top 3 Power Brands:

Barbie	\$ 246.4	\$ 234.6	5%	3%	\$ 505.6	\$ 401.3	26%	22%
Hot Wheels	148.8	156.3	-5	-7	358.4	311.1	15	12
Fisher-Price and Thomas & Friends	131.3	146.1	-10	-12	286.9	269.5	6	3
Other	<u>272.5</u>	<u>238.9</u>	14	11	<u>578.2</u>	<u>444.1</u>	30	26
Gross Billings	<u>\$ 799.0</u>	<u>\$ 775.9</u>	3%	1%	<u>\$ 1,729.1</u>	<u>\$ 1,426.0</u>	21%	17%

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 Reflects the impact of immaterial revisions to the financial statements.

³ Sales Adjustments are not allocated to individual products. As such, Net Sales are not presented on a categories or brand level.

⁴ Amounts may not sum due to rounding.

GROSS BILLINGS¹ BY SEGMENT

(Unaudited)³

SUPPLEMENTAL KEY PERFORMANCE INDICATOR

For the Three Months Ended September 30,

For the Nine Months Ended September 30,

(In millions, except percentage information)								
	2021	2020	% Change as Reported	% Change in Constant Currency	2021	2020	% Change as Reported	% Change in Constant Currency
American Girl Segment Gross Billings:								
Net Sales	\$ 52.0	\$ 51.4	1%	1%	\$ 137.8	\$ 116.8	18%	18%
Sales Adjustments ²	1.6	2.3			3.6	4.1		
Gross Billings	<u>\$ 53.6</u>	<u>\$ 53.7</u>	0%	0%	<u>\$ 141.4</u>	<u>\$ 120.9</u>	17%	17%

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 sum due to rounding.

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