



Mattel Reports First Quarter 2022 Financial Results

April 27, 2022

First Quarter 2022 Highlights Versus Prior Year

- Net Sales of \$1,041 million, up 19% as reported, and 22% in constant currency
- Reported Gross Margin of 46.4%, a decrease of 70 basis points; Adjusted Gross Margin of 46.6%, a decrease of 70 basis points
- Reported Operating Income of \$80 million, up 136%, an increase of \$46 million; Adjusted Operating Income of \$90 million, up 190%, an increase of \$59 million
- Reported Net Income of \$21 million, an improvement of \$134 million
- Reported EPS of \$0.06, an improvement of \$0.38 per share; Adjusted EPS of \$0.08, an improvement of \$0.18 per share
- Adjusted EBITDA of \$152 million, up 65%, an increase of \$60 million
- Company reiterates 2022 guidance and 2023 goals

EL SEGUNDO, Calif.--(BUSINESS WIRE)--Apr. 27, 2022-- Mattel, Inc. (NASDAQ: MAT) today reported first quarter financial results.

Ynon Kreiz, Chairman and CEO of Mattel, said: "Mattel achieved its highest first quarter results we have on record for net sales, operating income, and EBITDA. Our strong performance continued, with growth across regions, categories, and our three power brands. These results are in line with our strategy to grow Mattel's IP-driven toy business. Having completed our turnaround in 2021, we are firmly in growth mode and operating as an IP-driven, high-performing toy company."

Mr. Kreiz continued: "Mattel's supply chain is playing a key role in our success. All of our factories are fully operational, and we are working with our retail partners to ensure product is available on shelves to meet consumer demand. The full-year outlook is strong, we expect to grow market share, and we are reiterating our 2022 guidance and 2023 goals."

Anthony DiSilvestro, CFO of Mattel, said: "Mattel executed another outstanding quarter, and we are very pleased with the start of the year. Our topline performance benefited from increased points of distribution, as well as retailers restocking low inventories following the strong holiday season and gearing up to support product launches tied to the upcoming theatrical releases. Looking ahead, we continue to expect to grow net sales in 2022 by 8-10% in constant currency, driven by growth in our leader categories, led by our power brands and American Girl, as well as our Challenger categories. We expect to achieve strong growth in the second quarter, and to continue to improve free cash flow, conversion rate, and leverage ratio for the full year."

Financial Overview

First Quarter 2022

For the first quarter, Net Sales were up 19% as reported, and 22% in constant currency, versus the prior year's first quarter. Reported Operating Income was \$80 million, an increase of \$46 million, and Adjusted Operating Income was \$90 million, an increase of \$59 million. Reported Earnings Per Share were \$0.06, an improvement of \$0.38 per share, and Adjusted Earnings Per Share were \$0.08, an improvement of \$0.18 per share.

Net Sales in the North America segment increased 26% as reported and in constant currency, versus the prior year's first quarter.

Gross Billings in the North America segment increased 25% as reported and in constant currency, driven by growth in Action Figures, Building Sets, Games, and Other (including Jurassic World™, Lightyear, and MEG[®]), Vehicles (including Hot Wheels[®]), Infant, Toddler, and Preschool (including Fisher-Price[®] and Thomas & Friends™), and Dolls (including Barbie[®] and Polly Pocket[®]).

Net Sales in the International segment increased 16% as reported, and 24% in constant currency.

Gross Billings in the International segment increased 16% as reported, and 24% in constant currency, driven by growth in Vehicles (including Hot Wheels), Dolls (including Barbie and Polly Pocket), and Action Figures, Building Sets, Games, and Other (including Jurassic World, MEGA, and Lightyear).

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

Gross Billings in the American Girl segment decreased 22% as reported and in constant currency, compared to a very strong prior year.

Reported Gross Margin decreased to 46.4%, versus 47.1% in the prior year's first quarter. Adjusted Gross Margin decreased to 46.6%, versus 47.3% in the prior year's first quarter. The decrease in Reported and Adjusted Gross Margin was primarily due to input cost inflation, partially offset by favorable foreign exchange, pricing, favorable fixed cost absorption, and savings from the Optimizing for Growth program.

Reported Other Selling and Administrative Expenses increased by \$25 million versus the prior year to \$329 million. Adjusted Other Selling and Administrative Expenses increased by \$13 million to \$322 million. The increase in Adjusted Other Selling and Administrative Expenses was primarily due to higher employee-related expenses, partially offset by savings from the Optimizing for Growth program.

For the three months ended March 31, 2022, Cash Flows Used for Operating Activities were \$144 million, an increase of \$108 million, versus the prior year's first quarter, primarily due to higher working capital usage, partially offset by higher net income, excluding the impact of non-cash charges. Cash Flows Used for Investing Activities were \$55 million, an increase of \$56 million, primarily due to the impact of prior year proceeds from the disposal of assets and a business and higher net payments of foreign currency forward contracts. Cash Flows Provided by Financing Activities and Other were \$4 million, as compared to a use of \$112 million in the prior year's first quarter, with the change primarily due to the cash used for repayment and refinancing of long-term borrowings in the first quarter of 2021.

Gross Billings by Categories

First Quarter 2022

Worldwide Gross Billings for Dolls were \$396 million, up 4% as reported, and 8% in constant currency, versus the prior year's first quarter, primarily driven by growth in Barbie and Polly Pocket, partially offset by declines in American Girl.

Worldwide Gross Billings for Infant, Toddler, and Preschool were \$206 million, up 12% as reported, and 15% in constant currency, primarily driven by growth in Fisher-Price and Thomas & Friends.

Worldwide Gross Billings for Vehicles were \$282 million, up 31% as reported, and 36% in constant currency, primarily driven by growth in Hot Wheels.

Worldwide Gross Billings for Action Figures, Building Sets, Games, and Other were \$281 million, up 41% as reported, and 44% in constant currency, primarily driven by growth in Action Figures (including Jurassic World and Lightyear) and Building Sets (including MEGA).

2022 Guidance and 2023 Goals

Mattel's 2022 guidance remains as follows:

(in millions,
except EPS and percentages) FY2022 Expected FY2021

Net Sales	+8 - 10%	
	(Constant Currency)	\$5,458
Adjusted Gross Margin	~47%	48.2%
Adjusted EBITDA	\$1,100 - \$1,125	\$1,007
Adjusted EPS	\$1.42 - \$1.48	\$1.30
Adjusted Tax Rate	26 - 28%	25%
Capital Expenditures	\$175 - \$200	\$151

Mattel's 2023 goals remain as follows:

	FY2023
Net Sales	+ High-Single Digit % (Constant Currency)
Adjusted Operating Income Margin	~16 - 17% of Net Sales
Adjusted EPS	> \$1.90

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 Margin, Adjusted EBITDA, and Adjusted EPS 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.

Mattel's guidance and goals take into account anticipated supply chain disruption that the company 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 Standard 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 Standard time the evening of the call until Wednesday, May 4, 2022 and may be accessed by dialing +1-404-537-3406. The passcode is 3845555.

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 Mattel offers 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) inflation and currency fluctuations, including movements in foreign exchange rates, which can lower Mattel's net revenues and earnings, and significantly impact Mattel's costs; (ix) the concentration of Mattel's customers, potentially increasing the negative impact to Mattel of difficulties experienced by any of Mattel's customers, such as bankruptcies or liquidations or a general lack of success, or changes in their purchasing or selling patterns; (x) the inventory policies of Mattel's retail customers, as well as the concentration of Mattel's revenues in the second half of the year, which coupled with reliance by retailers on quick response inventory management techniques, increases the risk of underproduction, overproduction, and shipping delays; (xi) legal, reputational, and financial risks related to security breaches or cyberattacks; (xii) work disruptions, including as a result of supply chain disruption such as plant or port closures, which may impact Mattel's ability to manufacture or deliver product in a timely and cost-effective manner; (xiii) the impact of competition on revenues, margins, and other aspects of Mattel's business, including the ability to offer products that consumers choose to buy instead of competitive products, the ability to secure, maintain, and renew popular licenses from licensors of entertainment properties, and the ability to attract and retain talented employees and adapt to evolving workplace models; (xiv) the risk of product recalls or product liability suits and costs associated with product safety regulations; (xv) changes in laws or regulations in the United States and/or in other major markets, such as China or Russia, 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) business disruptions or other unforeseen impacts due to economic instability, political instability, civil unrest, armed hostilities (including the impact of the war in Ukraine), natural and manmade disasters, or other catastrophic events; (xvii) failure to realize the planned benefits from any investments or acquisitions made by Mattel; (xviii) the impact of other market conditions or third party actions or approvals, including those that result in any significant failure, inadequacy, or interruption from vendors or outsourcers, which could reduce demand for Mattel's products, delay or increase the cost of implementation of Mattel's programs, or alter Mattel's actions and reduce actual results; (xix) changes in financing markets or the inability of Mattel to obtain financing on attractive terms; (xx) the impact of litigation, arbitration, or regulatory decisions or settlement actions; (xxi) Mattel's ability to navigate regulatory frameworks in connection with new areas of investment, product development, or other business activities, such as non-fungible tokens and cryptocurrency; (xxii) uncertainty from the expected discontinuance of the London Interbank Offer Rate and transition to any other interest rate benchmark; and (xxiii) 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, 2021 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.

Presentation Information / Non-GAAP Financial Measures

The financial results included herein represent the most current information available to management and 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 earnings release may include Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Other Selling and Administrative Expenses, Adjusted Operating Income, Adjusted Operating Income 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), 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.

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 – Quarterly Earnings."

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 and Adjusted Operating Income Margin

Adjusted Operating Income and Adjusted Operating Income Margin represent reported Operating Income and reported Operating Income 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 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 (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.

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 for Income Taxes represents Reported Income Before Income Taxes, adjusted to exclude severance and restructuring expenses, the impact of inclined sleeper product recalls, the impact of sale of assets/business, and loss on debt extinguishment. The Adjusted Provision for Income Taxes represents Reported (Benefit) for Income Taxes, adjusted to exclude the impact of releases of valuation allowance and 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.

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®, Masters of the Universe®, 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 and digital experiences, music, and live events. Founded in 1945, we operate in 35 locations and our products are available in more than 150 countries in collaboration with the world's leading retail and ecommerce companies. Mattel is proud to be a trusted partner in empowering children to explore the wonder of childhood and reach their full potential. Visit us online at mattel.com.

MAT-FIN MAT-CORP

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT I

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)¹

	For the Three Months Ended March 31,					
	2022		2021 ²		% Change as Reported	% Change in Constant Currency
	\$ Amt	% Net Sales	\$ Amt	% Net Sales		
(In millions, except per share and percentage information)						
Net Sales	\$1,041.3		\$ 874.2		19%	22%
Cost of Sales	558.4	53.6%	462.4	52.9%	21%	
Gross Profit	482.9	46.4%	411.8	47.1%	17%	17%
Advertising and Promotion Expenses	73.8	7.1%	74.1	8.5%	0%	
Other Selling and Administrative Expenses	329.1	31.6%	303.9	34.8%	8%	
Operating Income	80.1	7.7%	33.9	3.9%	136%	88%
Interest Expense	33.0	3.2%	130.5	14.9%	-75%	
Interest (Income)	(1.2)	-0.1%	(0.8)	-0.1%	47%	
Other Non-Operating Expense (Income), Net	9.1		(1.1)			
Income (Loss) Before Income Taxes	39.1	3.8%	(94.7)	-10.8%	n/m	n/m
Provision for Income Taxes	23.9		20.3			
(Income) from Equity Method Investments	(6.3)		(2.6)			
Net Income (Loss)	<u>\$ 21.5</u>	2.1%	<u>\$(112.4)</u>	-12.9%	n/m	
Net Income (Loss) Per Common Share - Basic	<u>\$ 0.06</u>		<u>\$(0.32)</u>			
Weighted-Average Number of Common Shares	352.2		349.0			
Net Income (Loss) Per Common Share - Diluted	<u>\$ 0.06</u>		<u>\$(0.32)</u>			
Weighted-Average Number of Common and Potential Common Shares	359.0		349.0			

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

	March 31,		December 31,
	2022	2021 ²	2021
	(Unaudited)		
(In millions)			
Assets			
Cash and Equivalents	\$ 536.6	\$ 615.2	\$ 731.4
Accounts Receivable, Net	862.2	680.6	1,072.7
Inventories	969.2	626.5	777.2
Prepaid Expenses and Other Current Assets	267.7	187.2	293.3
Total Current Assets	2,635.7	2,109.5	2,874.5
Property, Plant, and Equipment, Net	452.0	451.0	456.0
Right-of-Use Assets, Net	339.7	294.8	325.5
Goodwill	1,387.1	1,392.3	1,390.2
Other Noncurrent Assets	1,332.9	871.3	1,347.7
Total Assets	<u>\$6,147.4</u>	<u>\$ 5,118.9</u>	<u>\$ 6,393.9</u>

Liabilities and Stockholders' Equity

Short-Term Borrowings	\$ -	\$ 0.9	\$ -
Current Portion of Long-Term Debt	250.0	-	-
Accounts Payable and Accrued Liabilities	1,278.0	1,051.6	1,570.7
Income Taxes Payable	16.7	30.1	27.5
Total Current Liabilities	1,544.7	1,082.6	1,598.3
Long-Term Debt	2,322.1	2,837.7	2,571.0
Noncurrent Lease Liabilities	296.4	255.7	283.6
Other Noncurrent Liabilities	366.1	452.4	372.2
Stockholders' Equity	1,618.1	490.6	1,568.8
Total Liabilities and Stockholders' Equity	\$6,147.4	\$ 5,118.9	\$ 6,393.9

MATTEL, INC. AND SUBSIDIARIES**SUPPLEMENTAL BALANCE SHEET AND CASH FLOW DATA (Unaudited)¹**

	March 31,	
	2022	2021
Key Balance Sheet Data:		
Accounts Receivable, Net Days of Sales Outstanding (DSO)	75	70
	For the Three Months Ended March 31,	
	2022	2021 ²
(In millions)		
Condensed Cash Flow Data:		
Cash Flows Used for Operating Activities	\$ (144)	\$ (36)
Cash Flows (Used for) Provided by Investing Activities	(55)	1
Cash Flows Provided by (Used for) Financing Activities and Other	4	(112)
Decrease in Cash and Equivalents	\$ (195)	\$ (147)

¹ Amounts may not sum due to rounding.

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

MATTEL, INC. AND SUBSIDIARIES**EXHIBIT III****SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹
RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES**

	For the Three Months Ended March 31,		
	2022	2021 ²	Change
(In millions, except percentage information)			
Gross Profit			
Gross Profit, As Reported	\$ 482.9	\$ 411.8	
Gross Margin	46.4%	47.1%	-70 bps
Adjustments:			
Severance and Restructuring Expenses	2.7	1.9	
Gross Profit, As Adjusted	\$ 485.6	\$ 413.8	
Adjusted Gross Margin	46.6%	47.3%	-70 bps
Other Selling and Administrative Expenses			
Other Selling and Administrative Expenses, As Reported	\$ 329.1	\$ 303.9	8%
% of Net Sales	31.6%	34.8%	
Adjustments:			
Severance and Restructuring Expenses	(6.8)	(5.7)	
Inclined Sleeper Product Recalls ³	(0.6)	(5.3)	
Sale of Assets ⁴	-	15.8	
Other Selling and Administrative Expenses, As Adjusted	\$ 321.7	\$ 308.6	4%
% of Net Sales	30.9%	35.3%	

Operating Income

Operating Income, As Reported	\$ 80.1	\$ 33.9	136%
<i>Operating Income Margin</i>	7.7%	3.9%	380 bps
<i>Adjustments:</i>			
Severance and Restructuring Expenses	9.5	7.6	
Inclined Sleeper Product Recalls ³	0.6	5.3	
Sale of Assets ⁴	-	(15.8)	
Operating Income, As Adjusted	<u>\$ 90.1</u>	<u>\$ 31.0</u>	190%
<i>Adjusted Operating Income Margin</i>	8.7%	3.5%	520 bps

¹ Amounts may not sum due to rounding.

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

³ For the three months ended March 31, 2022 and 2021, represents expenses related to inclined sleeper product recall litigation.

⁴ 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.

MATTEL, INC. AND SUBSIDIARIES

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 Three Months Ended March 31,</u>		
	<u>2022</u>	<u>2021²</u>	<u>Change</u>
<u>Earnings Per Share</u>			
Net Income (Loss) Per Common Share, As Reported	\$ 0.06	\$ (0.32)	n/m
<i>Adjustments:</i>			
Severance and Restructuring Expenses	0.03	0.02	
Inclined Sleeper Product Recalls ³	-	0.02	
Sale of Assets/Business ⁴	-	(0.06)	
Loss on Debt Extinguishment	-	0.24	
Tax Effect of Adjustments ⁵	(0.01)	0.01	
Net Income (Loss) Per Common Share, As Adjusted	<u>\$ 0.08</u>	<u>\$ (0.10)</u>	n/m
<u>EBITDA and Adjusted EBITDA</u>			
Net Income (Loss), As Reported	\$ 21.5	\$ (112.4)	n/m
<i>Adjustments:</i>			
Interest Expense	33.0	130.5	
Provision for Income Taxes	23.9	20.3	
Depreciation	35.9	36.5	
Amortization	9.3	9.5	
EBITDA	123.6	84.5	
<i>Adjustments:</i>			
Share-Based Compensation	19.3	15.1	
Severance and Restructuring Expenses	8.4	7.0	
Inclined Sleeper Product Recalls ³	0.6	5.3	
Sale of Assets/Business ⁴	-	(19.7)	
Adjusted EBITDA	<u>\$ 152.0</u>	<u>\$ 92.2</u>	65%
<u>Free Cash Flow</u>			
Net Cash Flows Used for Operating Activities	\$ (143.8)	\$ (35.7)	
Capital Expenditures	(36.0)	(35.8)	
Free Cash Flow	<u>\$ (179.8)</u>	<u>\$ (71.5)</u>	

¹ Amounts may not sum due to rounding.

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

³ For the three months ended March 31, 2022 and 2021, represents expenses related to inclined sleeper product recall litigation.

⁴ 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 expense (income), net.

⁵ 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**SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹
RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES**

(In millions, except percentage and pts information)	For the Trailing Twelve Months Ended March 31,		
	2022	2021²	Change
Leverage Ratio (Debt / Adjusted EBITDA)			
Debt			
Long-Term Debt	\$ 2,322.1	\$ 2,837.7	
Current Portion of Long-Term Debt	250.0	-	
Short-Term Borrowings	-	0.9	
<i>Adjustments:</i>			
Debt Issuance Costs and Debt Discount	27.9	37.3	
Debt	\$ 2,600.0	\$ 2,875.9	
EBITDA and Adjusted EBITDA			
Net Income, As Reported	\$ 1,036.8	\$ 216.9	378%
<i>Adjustments:</i>			
Interest Expense	156.5	279.8	
(Benefit) Provision for Income Taxes	(416.8)	74.0	
Depreciation	145.6	147.4	
Amortization	37.8	38.5	
EBITDA	960.0	756.6	
<i>Adjustments:</i>			
Share-Based Compensation	64.3	61.0	
Severance and Restructuring Expenses	32.1	35.9	
Inclined Sleeper Product Recalls	10.4	25.2	
Sale of Assets/Business	-	(19.7)	
Adjusted EBITDA	\$ 1,066.8	\$ 858.9	24%
Debt / Net Income	2.5x	13.3x	
Leverage Ratio (Debt / Adjusted EBITDA)	2.4x	3.3x	
Free Cash Flow			
Net Cash Flows Provided by Operating Activities	\$ 377.4	\$ 427.4	-12%
Capital Expenditures	(151.6)	(122.3)	
Free Cash Flow	\$ 225.8	\$ 305.2	-26%
Net Cash Flows Provided by Operating Activities / Net Income	36%	197%	(161) pts
Free Cash Flow Conversion (Free Cash Flow/Adjusted EBITDA)	21%	36%	(15) pts

¹ Amounts may not sum due to rounding.

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

MATTEL, INC. AND SUBSIDIARIES**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,	
	2021	
Gross Profit		
Gross Profit, As Reported	\$ 2,626.7	
Gross Margin	48.1%	
<i>Adjustments:</i>		
Severance and Restructuring Expenses	2.9	
Gross Profit, As Adjusted	\$ 2,629.5	
Adjusted Gross Margin	48.2%	
Earnings Per Share		
Net Income Per Common Share, As Reported	\$ 2.53	

<i>Adjustments:</i>	
Severance and Restructuring Expenses	0.10
Inclined Sleeper Product Recalls ²	0.04
Sale of Assets/Business ³	(0.06)
Loss on Debt Extinguishment	0.28
Valuation Allowance Releases ⁴	(1.51)
Tax Effect of Adjustments ⁵	(0.08)
Net Income Per Common Share, As Adjusted	<u>\$ 1.30</u>

EBITDA and Adjusted EBITDA

Net Income, As Reported	\$ 903.0
<i>Adjustments:</i>	
Interest Expense	253.9
(Benefit) for Income Taxes	(420.4)
Depreciation	146.3
Amortization	38.0
EBITDA	<u>920.9</u>
<i>Adjustments:</i>	
Share-Based Compensation	60.1
Severance and Restructuring Expenses	30.7
Inclined Sleeper Product Recalls ²	15.1
Sale of Assets/Business ³	(19.7)
Adjusted EBITDA	<u>\$ 1,007.0</u>

¹ Amounts may not sum due to rounding.

² For the year ended December 31, 2021, represents expenses related to inclined sleeper product recall litigation.

³ For the year ended December 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 expense, net.

⁴ For the year ended December 31, 2021, the amount includes a net benefit of approximately \$541 million, related to the release of valuation allowances against deferred tax assets of the U.S. and certain International affiliates.

⁵ 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.

MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)¹

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

	<u>For the Year Ended December 31, 2021</u>
<u>(In millions, except percentage information)</u>	
<u>Tax Rate</u>	
Income before Income Taxes, As Reported	\$ 470.8
<i>Adjustments:</i>	
Severance and Restructuring Expenses	34.4
Inclined Sleeper Product Recalls ²	15.1
Sale of Assets/Business ³	(19.7)
Loss on Debt Extinguishment	101.7
Income before Income Taxes, As Adjusted	<u>\$ 602.2</u>
(Benefit) for Income Taxes, As Reported	\$ (420.4)
<i>Adjustments:</i>	
Valuation Allowance Releases ⁴	540.8
Tax Effect of Adjustments	27.9
Provision for Income Taxes, As Adjusted	<u>\$ 148.4</u>
Tax Rate, As Reported	<u>-89%</u>
Tax Rate, As Adjusted	<u>25%</u>

¹ Amounts may not sum due to rounding.

² For the year ended December 31, 2021, represents expenses related to inclined sleeper product recall litigation.

³ For the year ended December 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 expense, net.

⁴ For the year ended December 31, 2021, the amount includes a net benefit of approximately \$541 million, related to the release of valuation allowances against deferred tax assets of the U.S. and certain International affiliates.

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,			
	2022	2021	% Change as Reported	% Change in Constant Currency
<u>Worldwide Gross Billings:</u>				
Net Sales	\$ 1,041.3	\$ 874.2	19%	22%
Sales Adjustments ²	123.1	104.8		
Gross Billings	<u>\$ 1,164.4</u>	<u>\$ 979.0</u>	19%	23%
<u>Worldwide Gross Billings by Categories:</u>				
Dolls	\$ 396.1	\$ 381.3	4%	8%
Infant, Toddler, and Preschool	205.5	183.2	12	15
Vehicles	282.1	215.4	31	36
Action Figures, Building Sets, Games, and Other	280.7	199.2	41	44
Gross Billings	<u>\$ 1,164.4</u>	<u>\$ 979.0</u>	19%	23%

Supplemental Gross Billings Disclosure

Worldwide Gross Billings by Top 3 Power Brands:

Barbie	\$ 298.0	\$ 276.2	8%	12%
Hot Wheels	241.4	184.6	31	36
Fisher-Price and Thomas & Friends	189.3	171.6	10	13
Other	435.7	346.6	26	29
Gross Billings	<u>\$ 1,164.4</u>	<u>\$ 979.0</u>	19%	23%

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 sum due to rounding.

MATTEL, INC. AND SUBSIDIARIES

EXHIBIT V

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

(In millions, except percentage information)	For the Three Months Ended March 31,			
	2022	2021	% Change as Reported	% Change in Constant Currency
<u>North America Segment Gross Billings:</u>				
Net Sales	\$ 602.1	\$ 479.7	26%	26%
Sales Adjustments ²	39.7	32.1		
Gross Billings	<u>\$ 641.8</u>	<u>\$ 511.8</u>	25%	25%
<u>North America Gross Billings by Categories:</u>				
Dolls	\$ 182.2	\$ 176.2	3%	3%
Infant, Toddler, and Preschool	131.5	108.6	21	21
Vehicles	146.8	109.8	34	34
Action Figures, Building Sets, Games, and Other	181.3	117.2	55	55
Gross Billings	<u>\$ 641.8</u>	<u>\$ 511.8</u>	25%	25%

Supplemental Gross Billings Disclosure

North America Gross Billings by Top 3 Power Brands:

Barbie	\$ 164.0	\$ 156.9	5%	5%
Hot Wheels	121.7	92.7	31	31
Fisher-Price and Thomas & Friends	121.3	100.9	20	20
Other	<u>234.8</u>	<u>161.3</u>	46	46
Gross Billings	<u>\$ 641.8</u>	<u>\$ 511.8</u>	25%	25%

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 sum due to rounding.

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,			
	2022	2021	% Change as Reported	% Change in Constant Currency
<u>International Segment Gross Billings:</u>				
Net Sales	\$ 403.8	\$ 349.4	16%	24%
Sales Adjustments ²	<u>82.4</u>	<u>71.6</u>		
Gross Billings	<u>\$ 486.3</u>	<u>\$ 420.9</u>	16%	24%
<u>International Gross Billings by Geographic Area:</u>				
EMEA				
Net Sales	\$ 277.7	\$ 238.2	17%	28%
Sales Adjustments ²	<u>62.6</u>	<u>52.9</u>		
Gross Billings	<u>\$ 340.4</u>	<u>\$ 291.0</u>	17%	29%
Latin America				
Net Sales	\$ 72.0	\$ 56.3	28%	28%
Sales Adjustments ²	<u>11.3</u>	<u>9.3</u>		
Gross Billings	<u>\$ 83.2</u>	<u>\$ 65.6</u>	27%	28%
Asia Pacific				
Net Sales	\$ 54.1	\$ 54.9	-1%	2%
Sales Adjustments ²	<u>8.5</u>	<u>9.3</u>		
Gross Billings	<u>\$ 62.7</u>	<u>\$ 64.3</u>	-2%	1%
<u>International Gross Billings by Categories:</u>				
Dolls	\$ 177.6	\$ 158.7	12%	21%
Infant, Toddler, and Preschool	74.0	74.6	-1	6
Vehicles	135.3	105.5	28	39
Action Figures, Building Sets, Games, and Other	<u>99.4</u>	<u>82.0</u>	21	29
Gross Billings	<u>\$ 486.3</u>	<u>\$ 420.9</u>	16%	24%

Supplemental Gross Billings Disclosure**International Gross Billings by Top 3 Power Brands:**

Barbie	\$ 134.0	\$ 119.3	12%	22%
Hot Wheels	119.7	91.9	30	40
Fisher-Price and Thomas & Friends	68.1	70.7	-4	3
Other	<u>164.6</u>	<u>139.0</u>	18	27
Gross Billings	<u>\$ 486.3</u>	<u>\$ 420.9</u>	16%	24%

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 sum 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,			
	2022	2021	% Change as Reported	% Change in Constant Currency
American Girl Segment Gross Billings:				
Net Sales	\$ 35.3	\$ 45.2	-22%	-22%
Sales Adjustments ²	1.0	1.1		
Gross Billings	<u>\$ 36.3</u>	<u>\$ 46.3</u>	-22%	-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 sum due to rounding.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20220427005218/en/): <https://www.businesswire.com/news/home/20220427005218/en/>

News Media

Catherine Frymark
catherine.frymark@mattel.com

Securities Analysts

David Zbojniewicz
david.zbojniewicz@mattel.com

Source: Mattel, Inc.