



Virtual Investor Presentation 2023

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

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Ynon Kreiz, Mattel Chairman and CEO

Opening

Hello from Mattel's headquarters in El Segundo, California, and welcome, everyone, to our 2023 investor presentation. We appreciate you joining us.

We are excited to present to you today the progress we have made on our strategic roadmap to grow Mattel's IP-driven toy business and expand our entertainment offering.

We will highlight the ongoing strength and resilience of the toy industry and discuss our strategy. You will hear what gives us such confidence in our plans for 2023, including our aim to outpace the industry and gain market share.

Richard Dickson, our President and Chief Operating Officer, will present an exciting preview of our key product drivers for 2023 and bring to life the Mattel Playbook impact on our portfolio's success.

Anthony DiSilvestro, our Chief Financial Officer, will then provide more detail on our financial outlook and capital deployment priorities.

So, let's get started.

Company Recap

Despite a challenging economic environment, 2022 was a growth year for Mattel in net sales in constant currency, and we ended the year on strong financial footing.

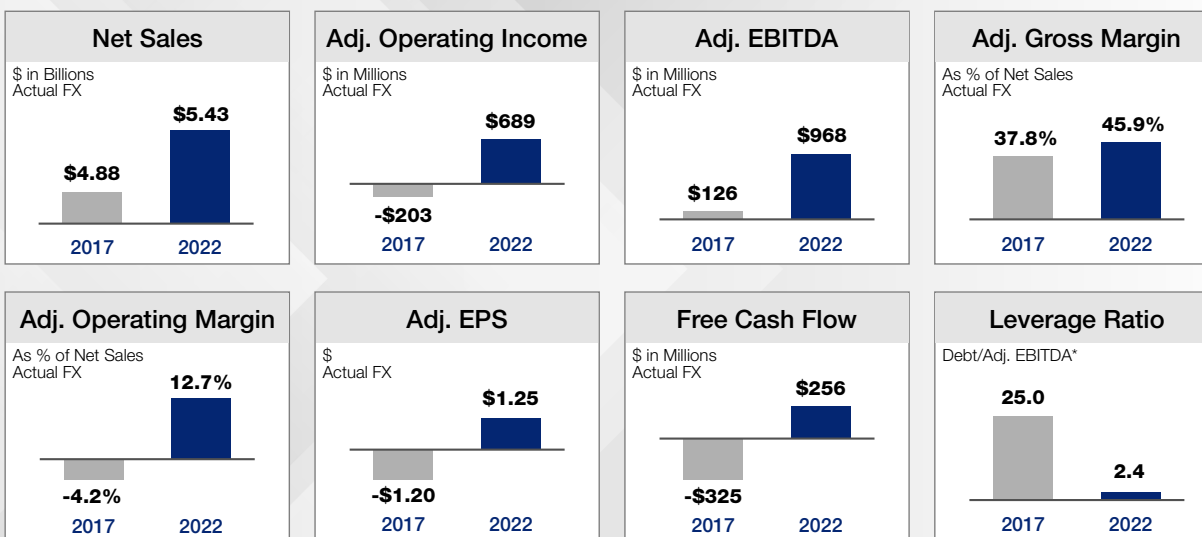
Over the past five years, since we started our transformation in 2018, you've watched Mattel become a fundamentally different company - stronger, more productive, and higher performing.

Looking at key financial metrics between 2018 and 2022, Mattel has significantly improved its financial position. We have,

- Grown topline for four consecutive years in constant currency,
- We Improved adjusted metrics, including, Operating Income, EBITDA, Gross Margin, Operating Margin, and EPS and...
- We meaningfully strengthened our balance sheet, increased free cash flow, and reduced our leverage ratio.

Company Recap

2017-2022 Key Financial Metrics



* Note: Includes Short-term Borrowings and Long-term Debt
Source: Please see Appendix – Reconciliation of Non-GAAP Financial Measures and Glossary of Non-GAAP Financial Measures & Key Performance Indicators

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When comparing our 2022 results to 2019, pre pandemic, net sales in constant currency were up more than 20%, Adjusted EBITDA more than doubled, and Adjusted Operating Income more than quadrupled.

Reflecting our strong financial position and confidence in our strategy, we have resumed share repurchases in 2023, the first time in nine years.

Along the way, we have made substantial progress on the toy side of the business:

- We established a category management structure to leverage our flagship brands, leadership expertise, global scale, and marketing resources to grow our business and gain market share,
- We elevated and strengthened the design function to amplify creativity and innovation,
- We restructured and diversified our supply chain, exited five owned and operated facilities, reduced complexity in the system, and eliminated unprofitable SKUs to increase productivity and optimize resources,
- We broadened our portfolio and relaunched several owned franchises, such as Polly Pocket, Masters of the Universe and Monster High,
- We expanded our relationships with the major entertainment companies, including Disney, Paramount, Universal, Warner Brothers, Pokémon, WWE, Microsoft, and Nintendo.

- We also reshaped our commercial teams and evolved demand creation, while growing our retail footprint and establishing industry leading e-commerce capabilities.
- During that time, we reduced our non-manufacturing workforce by 33% and achieved more than \$1.2 billion of cost savings.

We have also made important progress at the enterprise level:

- We have built a results-oriented, flexible, and dynamic organization led by a world-class leadership team.
- We advanced our ESG goals in three key areas: Sustainable Design and Development, Responsible Sourcing and Production, and Thriving and Inclusive Communities, as we aim to contribute to a more diverse, equitable, inclusive, and sustainable future.
- In December 2022 we achieved our highest employee engagement scores on record, in the midst of significant organizational changes, a global pandemic, and a worsening macro-economic environment. For that, we are being recognized by the world's leading authorities on workplace excellence.

We are committed to Mattel's purpose to empower the next generation to explore the wonder of childhood and reach their full potential and Mattel's mission to create innovative products and experiences that inspire, entertain, and develop children through play.

I am very proud of what our organization has accomplished in a few short years. We are focused on creating shareholder value and are confident we have the right team, the right strategy, and the right capabilities to grow the business and gain market share.

Industry Outlook

Turning now to the toy industry.

Mattel plays in a growth industry with attractive fundamentals that continues to demonstrate its resilience. As a leader in the toy industry, with 78 years of expertise, we know that play is here to stay.

Per NPD, in 2022 the toy industry equaled its record year achieved in 2021, following two years of double-digit growth, and is up 22% in retail sales compared to 2019, pre-pandemic.

Based on internal analysis, we expect the toy industry to be flat to slightly up in 2023, despite continuing macro-economic headwinds and market volatility that may impact consumer demand.

We expect the industry will grow over time and our aim is to outpace the industry and gain share.

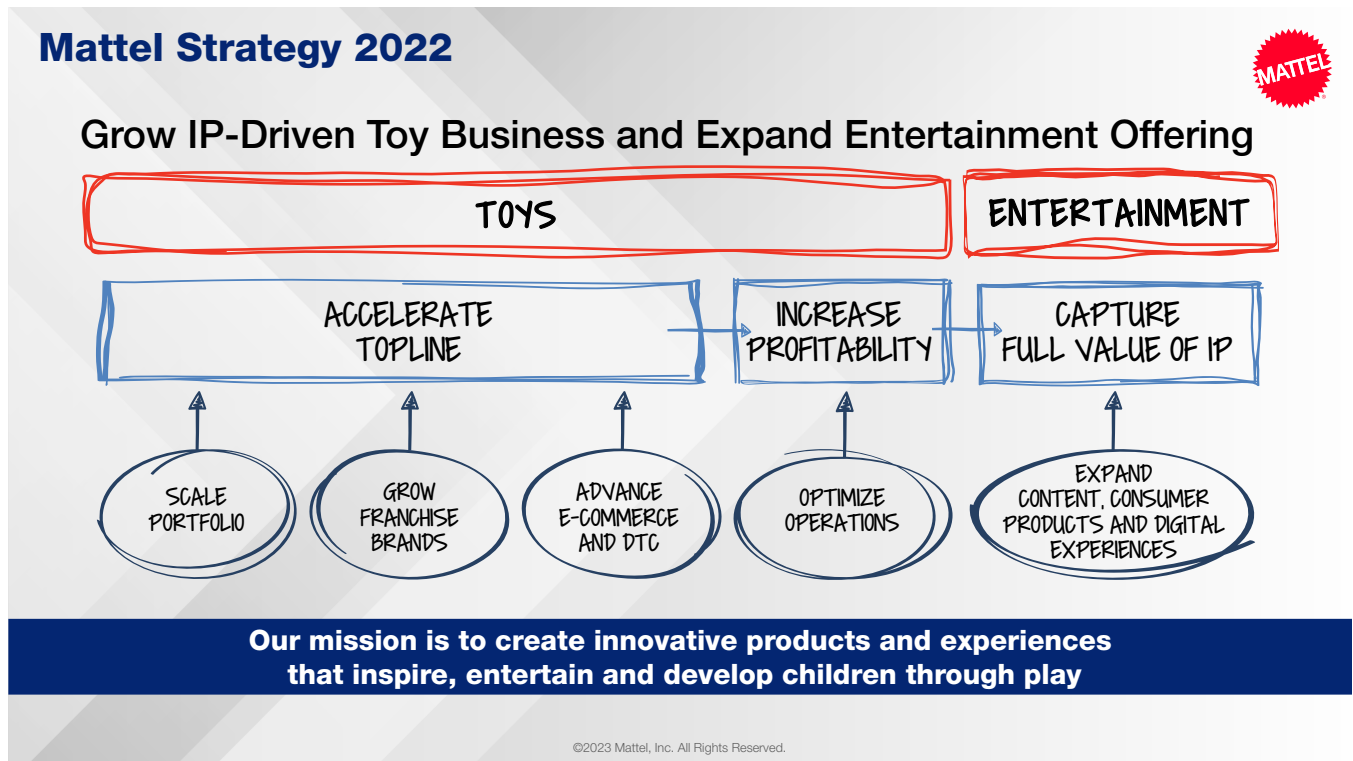
Mattel Strategy

Looking back at our initial transformation strategy to become an IP-driven high performing toy company, we evolved from being a toy manufacturer that was making items, to an IP company that is managing franchises. Of course, we still make product in our own factories, as well as through third party vendors and do a great job at that.

For more than seven decades, we have made toys that stand for quality, safety, and value for consumers. This is our core competency, but our DNA has changed.

We now think of our toy offering as a foundation for a holistic consumer experience that builds on the high level of emotional connection that fans have with our brands and look to create multiple touchpoints that drive engagement and capture more value for Mattel.

Last year, building on our success, we evolved our strategy to grow Mattel's IP-driven toy business and expand our entertainment offering.



We outlined three ways we aim to accelerate top line. These are: scale the portfolio, grow our franchise brands, and advance ecommerce and DTC.

Here's a look at our progress in each of these areas, starting with scaling our portfolio:

Scale the Portfolio

We will do this in several ways:

- *Expand our Power Brands.* With our expertise, resources, and capabilities, our Power Brands are playing to win. In just the last few months, Hot Wheels has expanded into RC and finger boards segments. Barbie launched its first doll line created especially for preschoolers. And Fisher-Price has just launched its Little People Collector sets with several sell-out offerings, including this year's Little People Super Bowl Championship set, featuring the Kansas City Chiefs.
- *Revitalize and re-launch Catalogue IP.* Last year we successfully rebooted the highly anticipated Monster High.
- *Develop new brands.* Mattel has created some of the most iconic franchises in history and has the capability to grow our portfolio organically.
- *Add and expand partner IP.* We continue to strengthen our relationships with the major entertainment companies, with new additions or extensions of key licenses in 2023, such as Disney Princess and Disney Frozen, Pokémon and Universal's Trolls. We have also just completed a multiyear licensing agreement to develop a line of toys for Disney's Wish franchise, with product rolling out in October.
- *Enter or expand in white space.* This includes Plush and Building Sets, where we see exciting opportunities to leverage our capabilities to compete in fast-growing segments. And,
- *Expand our footprint.* We continuously build on our global, omni-channel distribution. We are deepening our partnerships with the world's best retailers, enabling consumers to shop our product in more than 500,000 stores worldwide. Our commercial execution is consistently being recognized by the world's biggest and best retailers, IP holders, and industry associations, as a best-in-class partner. Most recently, Mattel was named 2022 Toy Supplier of the Year as part of the UK Toy Industry Awards held in January.

Grow Franchise Brands

Another part of our strategy is to grow our franchise brands:

Mattel owns many distinct brands that have a rich heritage and high awareness. These brands have multiple consumer touchpoints and the potential to drive meaningful business both in and outside of the toy aisle. These are highly recognized, iconic brands with extensive, passionate built-in fan bases and have each generated hundreds of millions of dollars of revenues over the years.

We call these Franchise Brands and, other than our power brands, Barbie, Hot Wheels, and Fisher-Price, they include: American Girl, Barney, Enchantimals, Imaginext, Little People, Masters of the Universe, Matchbox, MEGA, Monster High, Pictionary, Polly Pocket, Thomas & Friends, and UNO, among others.

The more Franchise Brands we own, and the more they grow, the more that we can strengthen, diversify, and scale our portfolio.

Just imagine what's coming as we activate even more Catalogue IP to become our next Franchise Brands, and as we evolve these Franchise Brands to one day become billion-dollar Power Brands. This represents a substantial opportunity for us in our next chapter of growth.

Advance E-commerce and DTC

Advancing ecommerce and DTC is another growth opportunity as we build for the future.

This is a key part of our omnichannel strategy. We are strengthening our capabilities, to complement the brick & mortar retail experience.

In the past few years, we've stepped up by building flagship digital destinations for Mattel brands that connect with and inspire consumers and showcase our IP in new ways.

We continue to build out the American Girl e-commerce and DTC platforms and have enhanced our digital capabilities.

Another important part of our consumer engagement strategy is MattelCreations.com, which is Mattel's Collector DTC business.

What began three years ago as an initiative to capture the rapidly growing collector audience, is today, one of Mattel's most exciting new offerings.

A branded destination for fans of all ages, Mattel Creations is a highly curated portal to pop culture where our iconic brands become a canvas for the world's most influential creators. It is an impressive ecommerce and content platform that leverages Mattel's powerful brand portfolio to create exclusive products and high engagement experiences for both existing fans of our brands as well as entirely new, previously non-toy consumers.

It is a business that is accelerating quickly because we're doing things differently to make collecting more fun and more accessible.

For instance:

- Mattel Creations was the first ecommerce toy site to offer NFT purchases in standard currency, which opened NFT collecting to mainstream collectors.
- Our first foray into livestream shopping, the Masters of the Universe Eternia Set, was a hit, with more livestream shopping planned for this year. And,
- In 2022, Mattel Creations introduced more than 100 special collections across 12 brands in our portfolio.

This is a business that clearly resonates with collectors, one of the fastest growing segments in toys, and we look forward to building on its success in 2023. Richard will tell you more about Mattel Creations.

Increasing Profitability

We also aim to increase profitability by optimizing our operations. This is a key priority as we continue to grow our business and strengthen core capabilities, including product innovation, category management, global supply chain, and demand creation.

Continuing our track record of achieving significant cost savings, we announced the Optimizing for Growth program in 2021 with a target of \$250 million costs savings by 2023.

Based on our progress and continued focus on optimizing our operations, we have increased the cost savings goal to \$300 million. Anthony will cover our progress and plans for this program in more detail.

Entertainment

Mattel is the owner of one of the strongest portfolios of children and family entertainment franchises in the world. In addition to the value that we believe can be created from the toy side of the company, there is significant upside in capturing the full value of our IP by expanding our offering in highly accretive business verticals including content, consumer products, and digital experiences.

Being an IP-driven company means that we think about those who buy Mattel products not only as consumers, but as fans. This shift in mindset is opening entirely new realms of opportunity. Places and spaces where we want to play.

Content

In today's world of ever-expanding content services, trusted brands with large, built-in audiences have the ability to rise above the noise. With the proliferation of streaming platforms and distributors' desire for more cost-effective content that viewers want to watch, Mattel's treasure trove of highly recognized IP gives us an advantage in this area.

We are excited by the progress we have made in expanding our entertainment offering in several verticals.

Mattel Films

By now you know that July 21, 2023, will be a milestone moment for Mattel, with the global theatrical release of the Barbie movie, which is shaping up to be a defining cultural event.

Here's just a glimpse of what to expect this summer.

[VIDEO]

The Barbie movie, which we are co-producing with Warner Brothers Pictures, Lucky Chap Entertainment and academy award nominee David Heyman, is emblematic of our approach for Mattel Films. As the IP owner, we don't just license our brands. We work hand in hand with our partners, from conception to execution, to develop movies and bring them to the big screen.

In addition to the Barbie movie, Mattel Films has announced a robust development slate of 14 live-action motion pictures to date.

Last year we announced our Hot Wheels film would be produced by J.J. Abrams' Bad Robot. Here to share a bit of his excitement for the film is JJ himself.

[VIDEO]

Thank you JJ, we can't wait to see your vision take off.

Our flexible partnership approach allows us to work with the right studio, on the right project, on the right terms, and join with the very best partners in development, production, financing, marketing, and distribution. This allows us to collaborate with the best in the industry, while developing and producing multiple projects concurrently, at scale.

Many of Mattel Films' partners are fans of our brands and characters from their own childhood. There is no bigger Polly Pocket fan than Golden Globe-winner Lena Dunham, who is writing and directing the film under her production banner. Lily Collins will co-produce and star in the family comedy, to be distributed by MGM. Here to give you a glimpse into her vision of the beloved pocket-sized character is Lena Dunham.

[VIDEO]

Thank you, Lena. We could not be more excited to partner with you, and look forward to audiences of all ages seeing your fresh approach to Polly, and Lily's take on the character when the film comes to life.

Mattel Television

Mattel Television's global offering grew yet again in 2022 with the release of 11 series and specials. Our television content now reaches audiences across 191 countries in 37 languages.

At last year's investor presentation, we talked about the relaunch of the Monster High franchise.

The Monster High live-action movie musical and animated series premiered last fall on Nickelodeon and Paramount+.

The movie was the number one kids and family movie on Paramount+ during its first week.

A movie sequel, as well as a second season of the animated Monster High series, are currently in production and will premiere on Nickelodeon and Paramount+ in 2023.

Let's take a look.

[VIDEO]

We also debuted two new animated Barbie movies last year on Netflix. Several more Barbie specials and series are coming this year to Netflix, in addition to non-exclusive titles distributed to television broadcasters globally.

A new season of Thomas & Friends was released on Cartoon Network in the U.S. and other broadcasters in key markets around the world in 2022, featuring the franchise's first-ever autistic character, Bruno.

In 2023, fans around the world will enjoy new seasons of Thomas & Friends, Polly Pocket, and Fireman Sam, as well as a second season of our new preschool series, Deepa & Anoop. The Pictionary game show hosted by Jerry O'Connell, has just been greenlit for a second season in the fall.

Hot Wheels Ultimate Challenge, a new car makeover competition show, has entered production and is slated to air in primetime on NBC later this year. The live action series will give superfans the chance to turn their car into a life-sized Hot Wheels of their dreams.

In total, Mattel Television will have 12 series and specials in 2023.

Looking ahead to 2024,

Masters of the Universe fans will be in for a treat with the recently announced return of Kevin Smith's Masters of the Universe: Revolution series on Netflix, featuring Mark Hamill, and the one and only William Shatner will also be joining the cast.

Mattel continues to surprise and delight fans with new and relaunched content from our extensive IP portfolio. Next up: Barney! We will reintroduce the famed Barney brand to a new generation of fans, beginning with an animated pre-school series in 2024 on broadcasters globally, followed by film, music, apparel and of course, a new line of toys.

There's a whole world of iconic brands and characters at Mattel Television. Take a look.

[VIDEO]

Consumer Products

We believe our Franchise and Consumer Products business has the potential to become meaningfully larger and another growth engine for Mattel. We are accelerating our plans and allocating more resources to this area. This is an important part of our strategy to extend and

deepen the emotional connection with our fans through high quality products, stories, and live experiences that complement our toy business.

Licensing is a growing global industry, with \$316 billion in annual retail sales.

We are entering new categories, targeting growing opportunities in international markets, and drawing on insights to strengthen the connection to our core consumers, while also expanding our audience.

We are coordinating content releases to be in sync with our consumer products business. Opportunities associated with the upcoming Barbie film, for example, have attracted great partners, and we are excited for what is coming as we get closer to the worldwide premiere.

We will also be expanding our current publishing capabilities across print and digital, as well as audio books, with the goal of attracting new fans into our portfolio of IP.

We are pursuing multiple opportunities in location-based entertainment, which will provide exciting new and immersive experiences for fans. This will be a capital light approach, whereby we partner with global operators with proven track records in this area.

Location-based entertainment formats already include Family Entertainment Centers such as Thomas and Friends World of Exploration, World of Barbie Traveling Expedition, Barbie Staycation hospitality experience by Hyatt and Hot Wheels Monster Truck Live show and will also include the recently announced Monster High Live Musical Tour.

Mattel Adventure Park, which is scheduled to open in Arizona in the fourth quarter this year in collaboration with Epic Resort Destinations, is another great example, featuring Barbie, Hot Wheels, Masters of the Universe, and Thomas & Friends.

Digital Experiences

Digital Experiences are another growing area to capture the full value of our IP, as people spend more time online and on screens. For owners of major franchises like Mattel, bringing together physical and digital worlds can be a game changer.

We have increased our offerings through licensing partnerships, game tie-ins, and standalone releases.

In 2022, we released several games on Roblox, as well as integrations of Mattel brands in major gaming experiences such as Hot Wheels in Forza-Horizon 5.

Digital art also offers great potential for major brands to engage more deeply and directly with passionate fans. Last year Mattel launched nine different Digital Collectible sets across Hot Wheels, Barbie, and Masters of The Universe.

Mattel163, our mobile gaming joint venture with NetEase, grew revenues from \$2 million in 2018 to over \$175 million in 2022. This incredible growth was achieved with only three game releases, Uno, Phase 10 and Skip-Bo, clearly demonstrating that our toy IP can translate and thrive in the digital domain. These games have collectively generated more than 300 million downloads and have over 14 million monthly active users.

The fourth game by Mattel 163 is expected in 2023.

Also, in 2023, our licensed partners will release several new Mattel games. Fans can look forward to titles for Barbie, Hot Wheels, and Monster High, additional integrations into third-party games like Minecraft, and a new Hot Wheels: Rift Rally mixed reality racing experience on PlayStation and iOS, launching this month.

As you can see, we are shifting our strategy into high gear in 2023 as we expand our entertainment offering.

In success, this can be transformative for Mattel.

We've covered a lot of ground so far, and these are just highlights of the many opportunities ahead for Mattel.

Richard Dickson will come up next to expand on the exciting innovation across our toy categories and the incredible product we are bringing to the market. This is the foundation of our strategy to grow our IP-driven toy business and expand our entertainment offering.

Over to you, Richard.

Richard Dickson, Mattel President and Chief Operating Officer

Richard Opening

Thanks, Ynon. And hi everybody!

It's great to be here with you, from Mattel's Design Center where every day, we create fun, innovative toys from brands that matter. Among them:

- Barbie, the it brand in dolls.
- Hot Wheels, the most epic brand in vehicles.
- Fisher-Price, the brand that's synonymous with Infant, Toddler and Preschool.
- UNO, the world's best card game. And,
- Mattel Creations, the hottest destination for adult Collectors.

As Ynon mentioned, despite a challenging 2022, Mattel's continued focus on strategy, the structure to fit our strategy, and the Playbook that's fulfilling our strategy – is working.

Our Category Management structure empowers teams to leverage Mattel's expertise, infrastructure, global resources, and leading franchises to drive growth across multiple brands, at scale.

Guided by the best talent in the industry, Category Management is why we can adapt quickly to changing dynamics, advantaging our brands, and mitigating potential downside. And the proof is in the performance.

From 2018 through 2022, our Dolls, Vehicles and Action Figures portfolios all grew. Adding to that, per The NPD Group, Mattel was the #1 toy company in the US overall and #1 globally in our leader categories, including: Dolls, Vehicles and Infant, Toddler and Preschool for both the fourth quarter and the full year 2022.

Design-led Innovation, which is a cornerstone of our Playbook, is also a key competitive advantage for us. A hallmark of Mattel since our start-up days, Design-led Innovation is a creativity that comes from really knowing our consumer and then exceeding their expectations with truly amazing product. And you'll see this play out in toy upon toy today.

For a big company like Mattel, that touches consumers all over the world, continuous innovation is essential to maintaining relevance, surprising, and delighting people in ways that keep them fully engaged.

And we do this in a couple of ways:

- One, through innovation that refreshes or evolves brands. Like a new die-cast car or a new doll in Barbie's Fashionistas line. And,
- Two, innovation that changes up, or in some cases, revolutionizes brands. Think Color Reveal technology, fingerboards, and NFTs.

Season after season we connect data and insights with great design instincts to create the next hit toys. Ideas we perfect in a distinctly Mattel way through design sprints, showcases and our virtual garage led by the best Innovation Programs team in toys.

This investment in design and development has not only supercharged Mattel's creative power, it makes us a magnet for the best creative talent in the industry.

And in a business as competitive as toys, that matters.

Last year alone, Mattel's design and development teams created:

- The monstrously successful relaunch of Monster High.
- Six TOTY nominees, including Action Figure of the Year.

- A whole new segment for Barbie.
- A break-out new segment in Vehicles. And,
- One of Time Magazine's Best Inventions of 2022.

It's the kind of innovation that can make a big difference, even in a tough year. As we've seen time and time again, parents believe in the power of play. And their belief in toys is only getting stronger.

Research suggests that fun, purpose-driven toys are especially aligned with parent priorities to instill life skills like resilience and independent thinking in their kids.

That's good news for the toy industry, and even better news for Mattel. Because as a mass marketer, our emphasis on mass mattering allows us to design to trends and priorities early, which gives us a huge advantage.

Today, Mattel can lead in toys that elevate play with extraordinary fun and purpose because Mattel, as a company, is made to matter. And, toys that matter, are our sweet spot.

So now, let's take a look at those toys, category by category, beginning with Dolls.

Dolls

Mattel continues to lead with the world's top doll portfolio, and the best talent creating the best toy ideas, in the Dolls supercategory.

Last year, that enabled us to grow the distance between Mattel and the #2 manufacturer in Dolls, per NPD. A gap that we believe will widen even more this year, with our massive launch of the Disney Princess and Disney Frozen franchises.

In 2022, our doll brands became more relevant than ever. In fact, Mattel created 19 of the top 50 Dolls items, in the US, per NPD.

As we love to say, no one knows dolls better than we do.

And this year, we'll prove it again in what we're calling The Year of Dolls.

Fueled by four theatrical movies including: the Barbie Movie with Warner Brothers, Disney's The Little Mermaid, Disney's Wish, and a new Trolls movie from Universal, 2023 is a doll maker's dream.

And Mattel has the portfolio to beat.

Our Dolls portfolio is intentionally built with brands that inspire and complement versus compete with one another as part of our portfolio strategy to drive broad-based success.

And it's anchored by Barbie, our brilliant Power Brand, a toy legend that continues to set the bar for leadership in Dolls. This is a brand that matters. Created to inspire the limitless potential in every girl, Barbie's powerful brand purpose resonates beyond childhood.

An inspiration to kids and parents and a muse to the world's most talented artists, designers, influencers and entertainers, today's Barbie doll is an icon, with true societal impact, that represents the very best of pop culture.

Now, leading a brand that's as complex and influential as Barbie, requires enormous focus and discipline. Guided by the Mattel Playbook, today's Barbie is a model of brand purpose, design-led innovation, cultural relevance, and executional excellence. And that's the genius of our Playbook – extraordinary execution driving remarkable outcomes.

In 2022, Barbie introduced:

- Spectacular fashion dolls from Fashionistas to Barbie's Family, and Career dolls to our Inspiring Women series.
- Incredible product innovation including Barbie's hit Reveal segment. The brand's first NFTs. And
- An idea so fresh, as I mentioned, it made Time Magazine's Best Inventions of the Year.

Of course, we can't talk Barbie without recognizing her continuing influence on pop culture. From her first Superbowl commercial to TikTok. Frenzied anticipation for this year's Barbie movie, which Ynon referred to. And a global fashion movement that's not called "Pinkcore" but Barbiecore.

So, it was a busy year for Barbie, and the runway to an even more eventful 2023.

Now, there are always way too many exceptional new toys to share in the time we have, so here's a look at some of our favorites:

- Fashionistas is the world's most diverse line of dolls. A huge success, half of the top 10 dolls sold in this line reflect diversity in some form, proving that purpose is profitable. Take a look at our spring Fashionistas line. It's a beautiful, ever-expanding, as a reflection of the world kids see every day. And by the way, the fall line is just as special, with some big announcements coming soon.
- Barbie's little sister, Chelsea, from our Barbie Family line, is our first ever doll with scoliosis. And she comes with a removable back brace.
- New Career dolls, which support our Dream Gap initiative, will highlight new STEM fields, and launch on International Women's Day.

- In celebration of Black History Month, we just launched our Bessie Coleman doll. Bessie was the first female Black and Native American pilot. And we've had lots of fun promoting the doll and Bessie's pathbreaking life.
- Dolls that celebrate Hispanic Heritage, Asian Pacific Islander and Pride months are all coming soon.
- We're introducing eight new dolls in our Cutie Reveal line. Check out Chelsea. Each doll comes with a wild costume and a furry friend. And we have a phenomenal new expression in the Reveal segment coming this Fall.
- Ynon mentioned My First Barbie, which is the first Barbie doll line created especially for preschoolers. Parents have been asking for this and we think it's a big idea. Dolls include Barbie, Brooklyn and Theresa. Each is thoughtfully designed with features that align with the dexterity level and play needs of very young kids, including: a softer overall aesthetic for snuggling, larger bodies, and closed hands to make dressing easy. It's a great expansion that reaches younger at a moment when Barbie's popularity has never been broader.
- For older kids and Collectors, look for dedicated Barbie movie product – an awesome line – that includes premium dolls, die cast vehicles, games, building sets and a hyper-stylish consumer products line. And,
- It's going to be a big year for our biggest Dreamhouse ever which includes - wait for it - the biggest slide ever. We'll reveal it later this year.

Polly Pocket is the original micro doll, and a Franchise Brand in our Dolls portfolio.

This year:

- Innovation continues to bring big fun at a micro scale, including a Rollaway Suitcase playset packed with adventure.
- Polly's first ever compact with fun fur.
- Look for two-in-one compacts that enhance play value like our Rainbow Unicorn Salon which includes our first-ever styling head with rooted hair. And,
- We'll announce an enormously fun new partnership with great Collector items coming in the back half of the year.

Last year, we told you that another Franchise Brand, Monster High would be the comeback story of the category. And it was. A hit in store, online and on TV, Monster High is also a star of social media. Last year, it had the largest Instagram organic engagement of any Mattel property.

We've recreated Monster High, with two key audiences in mind:

- Students: ages 6-10 who are mostly new to Monster High, and
- Alumni: a built-in fanbase of Millennials and Collectors who grew up with the original Monster High and continue to be very connected to the brand.

Purpose-driven right from the start, Monster High's inclusive message is more timely and more relevant than ever. And the brand's tagline is a great illustration of that: Be Yourself. Be Unique. Be a monster.

This year, Monster High goes global. And we expect a monstrous success.

- The Skulltimate Secrets line is sure to unbox a huge hit. Fun and highly innovative, one of our favorite new items is a monsterfied escape room with locks and keys. Check this out.

[VIDEO]

- Look for new accessories and playsets, coming soon, that give kids more ways to play and stories to conjure.
- We're launching unbelievable fashion collaborations and partnerships, that you'll hear more about later this year.
- Amazing new Collector dolls for Mattel Creations will continue to fuel the fandom. And,
- As Ynon mentioned, we'll support Monster High's global expansion with more live action and animated content timed to the debut of sensational new, series-inspired dolls.

Moving on to Disney Princess and Disney Frozen. Mattel's re-imagining of the dolls and toys inspired by these wonderful franchises, promises to be the debut of 2023.

Over the years, Mattel and Disney have collaborated in every toy category where Mattel plays, treating Disney IP as carefully as if it were our own to grow substantial businesses. And we're eager to do it again this year by marrying Mattel's unmatched expertise in dolls to one of the most successful doll franchises ever created.

The line is extraordinary, re-envisioned as only Mattel can, to provide incredible features and benefits including:

- Individualized storytelling. Our dolls are completely new sculpts to provide a better reflection of the characters kids see on screen. And that includes faces, film-accurate skin tones, and body types. We know from Barbie just how important it is to get diversity and inclusion right in every doll. And we've thoughtfully applied that expertise to this line.
- Innovation and surprise. Our dolls are crafted with major fun to reinforce the unique story of each character. From the graphics in the dresses, to companion items that celebrate key moments, including animal friends, we've thought of everything so that our dolls tell iconic princess stories better than ever.

- Attention to detail. Premium hair fibers inspire truly amazing hair play. And their outfits include premium metallic novelty fabric, fit for a princess.
- We believe our dolls provide better value on every dimension. And,
- We think you'll be royally amazed at the system of play we've designed across Fashion and Small Doll scales including dolls, playsets and playable packaging.
- Our Snow Reveal item for Frozen is a phenomenal key item that builds on our successful Reveal line. One of them even makes snow. You've got to see this.

[VIDEO]

In creating this line, we've leaned into consumer insights and our deep expertise in both how kids want to play and how consumers shop a doll line.

We think the results are truly magical.

Because just as we've welcomed the Disney Princess and Disney Frozen franchises back to Mattel, we've already been awarded additional businesses, including: toys that celebrate Disney's milestone 100th anniversary, the upcoming live action Disney's The Little Mermaid theatrical, and Disney's Wish.

American Girl

American Girl is Mattel's premium doll line and a Franchise Brand like no other where characters, stories, and experiential retail combine to engage multiple generations of fans.

Guided by the Mattel Playbook, we've thoughtfully evolved American Girl by:

- Creating a more modern purpose statement to center the brand.
- We put premium details back in the box.
- We are reconnecting the brand to girls and their parents by creating new relevance to drive the cultural conversation. And,
- We've enhanced the immersion American Girl is known for to provide a seamless, omnichannel experience that's rooted in data, insights, and performance-based marketing to drive commerce.

By design, it's a strategy that takes a long view, recognizing that in every bold turnaround there are hits and misses. And in 2022, as you know, American Girl had some challenges. Still, we're confident in our strategy and in the lessons of last year that we are applying this year and beyond, including:

- Characters and stories that speak to a wider audience.

- New timing for Girl of The Year. The new year always kicked off with a new Girl of the Year doll. Now we'll introduce her ahead of the holiday season, which allows us to own the conversation early and then target more occasions to promote high-value companion accessories and playsets throughout the year.
- Continued DTC enhancements, as Ynon mentioned, to further improve omni-channel experience – what we call a “flagship world” to drive engagement and conversion. And,
- Fewer, more experiential stores that are both memory-making for our fans and profitable for the brand.

This year, our favorite new items include:

- Not one, but twin Historical Characters, something fans have been asking for. They're straight out of the late 90s, a decade that's surging in popularity right now, with a girl power story all their own.
- We're reissuing a Classic Character doll from our archives that we know adult fans will be eager to re-meet.
- As mentioned, we'll debut an exciting new Girl of the Year at a new time.
- We have an unbelievable Collector line coming, including collaborations with Swarovski, more from Harry Potter, the NFL, and a big announcement coming later this year. And,
- American Girl's new Los Angeles flagship store, targeted to open in Q2, at the world-famous Westfield Century City.

So, there's a lot of good work happening to turn American Girl into a consistent performer. And we look forward to seeing the strategy play out this year.

Vehicles

At our last Analyst event, we told you that Mattel's Vehicles category had broken some major records. And we've just done it again. 2022 was the second consecutive biggest year ever for Mattel's Vehicles portfolio. Last year, every brand in this remarkable portfolio grew, including:

- Hot Wheels, our epic Power Brand, that creates the vehicles of every kid's fantasies.
- Matchbox, our fast-growing Franchise Brand of real-world vehicles. And,
- Disney and Pixar's Cars, a partner brand of lovable vehicle characters, inspired by the global franchise.

Like all Mattel categories, we manage our Vehicles portfolio using Mattel's proven Category Management model, which organizes our three Vehicles brands under one very talented, cross-functional team. This allows us to realize scale, coordination, efficiency, and above all, Vehicles expertise, in all that we do. And it shows.

Hot Wheels is the brand that ignites and nurtures the challenger spirit in every child. And by the way, a growing fandom of grown-ups, as well.

We've said it before and it's worth repeating, this brand is on fire. We've driven an extraordinary five-year growth trend. Last year, every segment where Hot Wheels competes was up. And we absolutely crushed it with an epic push into R/C. So epic, that in just one year, Mattel is now a top R/C maker, per NPD.

2022 was a bold year for Hot Wheels, that:

- Expanded the brand into two adjacent but competitive Vehicles sub-categories: Powered Vehicles with Hot Wheels R/C and Fingerboards with Hot Wheels Skate. And all the while continuing to drive growth in other segments: die-cast, tracks and playsets, Monster Trucks, entertainment, and Collector.
- We made Hot Wheels more culturally relevant than ever with an evergreen brand campaign called, Challenge Accepted. And,
- We nailed exciting collaborations with partners like the DeLorean Motor Company, BAPE, Adidas, and Nike, in parallel with our first ever large-scale adult targeted campaign, titled, Where Legends Are Made.

Now, here's a preview of what's coming this year:

- There's an all-new Hot Wheels Ultimate Garage and our first ever Hot Wheels Ultimate Hauler, which you've got to see to believe. No hauler has ever been so playable. Check this out. Our Hauler stores up to 28 vehicles. It also transforms into a T-Rex that not only inhales vehicles it launches them. There's a built-in racetrack, dino sounds and lights. And there are so many ways to play.
- Arena Smashers is a new system of play for Hot Wheels Monster Trucks.
- Also in Monster Trucks, look for Hot Wheels Monster Trucks R/C Transforming Rhinomite which combines two play patterns kids love: transformation and wild action. Take a look.

[VIDEO]

- Pull-Back Racers is a classic play pattern that's white space for Hot Wheels.
- Hot Wheels Racerverse is a totally new franchise that brings entertainment brands into the world of Hot Wheels. I mean, look at all of these characters. Kids can play and collect. Disney is our exclusive launch partner this year. And more will be announced soon.
- Mario Kart will feature new die-cast cars and a track set based on the Super Mario Brothers theatrical from Universal.
- We'll launch a Collector-targeted die-cast program for the Fast & Furious franchise timed to the Fast Ten theatrical from Universal.

- We've reimagined Track Builder to provide easy storage and organization.
- In digital, our NFTs have sold out in hours. And our treasure hunt dynamic has only fanned the craze with the tease of physical die-cast cars to a lucky few NFT buyers. It's been a highly effective strategy to drive Collectors of physical die-cast cars into the digital space. And this year, as Ynon mentioned, you'll see even more of it.

Now, let's take a look at Matchbox, the Franchise Brand in our vehicles portfolio.

When Mattel restructured around Category Management, you'll recall, we took the opportunity to rethink Matchbox, applying our Playbook to carve out a uniquely compelling purpose and design-led innovation strategy to differentiate it from Hot Wheels.

Now, two years after the global relaunch, Matchbox is thriving in a lane all its own with distinctive die-cast cars and R/C vehicles, playsets, content, and items inspired by partner IP.

2023 marks Matchbox's 70th year. And we plan to celebrate with products and activations that connect with fans and adults. You'll recall, the 50th anniversary of Hot Wheels energized the brand's Collector fanbase. Since then, we've more than tripled that business. And we think we can boost Matchbox sales with an exciting celebration of its own.

Disney and Pixar's Cars is a great demonstration of how we treat partner IP as our own, applying Mattel's exceptional brand building capability to create an evergreen toy business.

Last year, innovations including color change features generated a lot of excitement, revving up sales for a second consecutive year, and for the first time ever without a theatrical. This year, we're particularly excited about our new Glow Racing thematic. It's innovative, and an all-new glow-in-the-dark technology, developed by Mattel.

Now, let's move on to Infant, Toddler, and Preschool.

Infant, Toddler, and Preschool

Fisher-Price is the Power Brand in Mattel's Infant, Toddler and Preschool portfolio, which spans the critically important first five years of childhood. Per NPD, it's also the biggest player in that complex global category.

As a reminder, Fisher-Price has four components:

- Fisher-Price Core is the largest, and includes Baby Gear, Newborn & Infant, Core Preschool, Laugh & Learn, and Franchise Brands: Little People, and Imaginext.
- Fisher-Price Friends is our licensed partner segment.
- Franchise Brand, Thomas and Friends is our beloved content-driven, pre-school franchise brand that's all about trains. And,

- Power Wheels is a global leader in electric ride-on vehicles for young kids. The brand that is synonymous with the segment.

Today, the segments are distinct. Product propositions are clear. And Fisher-Price, as a brand, is as meaningful to parents as it's ever been.

This level of clarity and focus is driving strong innovation, across the portfolio, in a category where innovation is an especially big draw for parents.

This year some of our favorite toys include:

- The entire Little People line, which is hot.
- Little People Light up Learning Garage reinvents a classic format with tons of play potential. It's got an elevator, which is totally fun. It's a party at the car wash, colors and numbers that make learning fun, and, plenty of encouragement to help kids drive their own stories.
- Little People Barbie Dream Plane is set to take-off as part of our hugely successful Little People Barbie line.
- We'll introduce diverse, new Little People characters in the Core line. And wait until you see the expansion of our Little People Collector items – it's incredible.
- Also from Little People, Disney Magical Adventures Castle celebrates the return of the Disney Princess franchise.
- Our Mix & Learn DJ table from Laugh & Learn brings the DJ home trend to the playroom. Take a look.

[VIDEO]

- For preschoolers, we're introducing Imaginext DC Super Friends Ultimate Headquarters, in partnership with Warner Brothers and DC, as the next must-have toy from Imaginext.
- In Fisher-Price Friends, we're launching an entire line dedicated to the new BatWheels animated series including a very cool Transforming Bam R/C toy which is based on the show's Bam character.
- And in Thomas, look for innovative, all-new Talking Thomas vehicles and playsets. The toys, inspired by Thomas content, leverage Linkimals technology so that the toys interact. They're really fun.

So, great innovation in both our classic and new toy lines flexing Mattel's Infant, Toddler and Preschool portfolio to new strength.

Building Sets

Per NPD, MEGA, is a proud #2 in the Building Sets category.

Last year we told you that this Franchise Brand had built its way back to growth in a big way. 2022 continued that trend. And we have no intention of letting up.

Per NPD, Building Sets was one of the few categories to grow last year, driven by top entertainment IP and an expanding audience of adult builders. And our Franchise Brand, MEGA, is well positioned with both.

Like other Mattel brands, MEGA is gaining with adult fans. We are a partner in Building Sets to Pokemon, the #1 global toy franchise, per NPD. And Mattel's vast portfolio offers tremendous opportunity for continued cross collaboration within owned IP.

This year:

- We expect to continue to drive growth in standard building sets and maintain our strength in Preschool with the Bag +1 core product.
- We've amped up innovation across the portfolio. Our Pokemon World of Collection offers way cool, new-to-category motion feature play and even more Pokeballs to encourage every generation of fan to collect and connect. And,
- We'll continue to leverage owned IP including some amazing new items inspired by the Barbie movie that are still under wraps. And,
- Check out these collaborations with Hot Wheels.
- For kid builders, Mega and Hot Wheels teamed to create Smash and Crash. An exciting new building set kids build, wreck and rebuild. It doesn't get any more Monster Truck than that. And,
- For builders both young and grown, check out Mega Hot Wheels Aston Martin. An awesome build that partners Mattel's incredible toy brands with one of the world's most prestigious real world vehicle brands. As you'd expect, the attention to detail is off the charts. And unlike other building sets, this one comes with a highly collectible Hot Wheels die-cast car that's absolutely, a must-have.

Games

The Games & Puzzles category is dominated by iconic brands. And Mattel has some of the best, including UNO, Pictionary, and Scrabble.

Evergreen classics we innovate with modern, increasingly tech-enabled features, to appeal to kids as well as grown-ups.

Ours is one of the most powerful portfolios of branded game IP in the industry. So, while the Traditional Games segment had a challenging 2022, our Franchise Brand, UNO, actually grew share in this segment, per NPD.

And, this year, we'll look to continue our winning strategy with:

- UNO Flex, a new key item launched in December, and the first UNO game with cards that give players a choice in how they play the card.
- Our UNO Artiste series, which makes UNO a canvas for special collaborations, will feature work from a female artist who is a champion for mental health.
- We'll have big news in UNO Ultimate, our premium version for Collectors. And,
- If you love the NFL, UNO's got a suite of items that kicked off with a Superbowl themed deck. And,
- This fall, we'll introduce an exciting, giftable extension of UNO.

Pictionary is a classic family game we've continually evolved over the years to include award-winning innovations like Pictionary Air.

This year, we launch Pictionary Air 2 with great new features inspired by consumer insights. The pen is more intuitive and able to do more, like provide clues via smart phone, offer customization, and buy options. This allows us to introduce new theme packs faster to keep cultural relevance high. Take a look.

[VIDEO]

We'll introduce Pictionary Sketch Squad, a cooperative game where everybody draws one clue and then works together to solve the overall theme. A highly innovative, new way to play that reinforces the ease of drawing. And we've got a way cool new item in the works for Mattel Creations.

This year Scrabble turns 75. Another classic game that's fun in its original form, and at the same time, modernizing to meet new players.

Look for our Collectible 75th Anniversary Scrabble set. It represents the future of the brand including a double-sided board and a new, more casual way to play. By the way, it's our most sustainable Scrabble game ever - made with wood and sustainable resins.

Action Figures

Mattel Action Figures just had its biggest year ever, and its second, consecutive record-breaking year.

You'll recall, our portfolio is made up of incredible partner IP, including: Jurassic World, Toy Story, Minecraft and WWE - evergreen entertainment powerhouses that we manage as our own. And, Mattel's very own Masters of the Universe, a Franchise Brand.

Action Figures is almost entirely led by big budget theatricals, which means it often ebbs and flows with new releases.

Toyetic content years like 2022 are almost always good for business. But what makes Mattel such a valued partner in this category is that we're proving, through Category Management and the application of our Playbook, that we can develop and grow brands from events to evergreen franchises, even in non-theatrical years. Something we're doing by creating highly innovative, must-have toys, and working closely with our partners to strategically support those properties.

Mattel's partnership with Universal's Jurassic World franchise is a great example. Years ago, our dinosaurs reinvented dino play for a new generation. Universal noticed and made Mattel their partner of choice on this massive franchise. And the business has been a roaring success.

Recall that in 2021, without movies, Mattel nearly doubled the gross billings of Jurassic World action figures thanks to incredibly cool toys. And we can tell a similar success story throughout our long-standing partnership with WWE. Proof that great content in the hands of Mattel designers can fuel a consistent, often enormous, toy business.

Now, this year, we expect fewer movies, which means we've leaned into the Mattel Playbook even more, and dialed up innovation throughout our portfolio.

In partner IP,

- Fresh out of Jurassic World, you'll see dinos that offer valuable, feature-driven play. Our Fierce Changers Chase 'N Roar T-Rex transforms. And,
- The light-up camo feature on Indominus Rex is an all-new innovation. Check this out. One squeeze inspires a whole new way to play.
- We've got great items coming in our Disney and Pixar's evergreen lines that expand character and innovation in our 12" format.
- In WWE, we're building on our Wrekin' figure and vehicle format with a forklift – a huge fan favorite that's been frequently featured in WWE content through the years. Then, this fall, we'll launch a Monster Truck that, like the forklift, was featured in WWE storylines. Now, imagine the opportunities for content integration.
- Minecraft will soon launch Minecraft: Legends, an exciting new story of interdimensional invasions and friendships. And we've got awesome new action figures that continue the story, including: The Devourer. The Devourer, a leader of Piglin Hordes, and the first Mattel action figure that oozes slime.

In owned IP,

- Our re-launch of Masters of the Universe continues with new product and content designed for kids as well as Collectors. As expected, Collector product is resonating well. You won't believe the items ahead for Mattel Creations. And we're continuing to establish Masters of the Universe with a whole new generation.
- This is a fandom like no other with lots of opportunity. And Kevin Smith has been a brilliant partner. Look for more news to come on MOTU later this year.

Plush

Plush, as Ynon mentioned, is a white space opportunity for Mattel in a growing category.

In just three years, we've made our mark with truly great design applied to both the hottest entertainment IP franchises and owned IP. And this year, we're building on that design strength with incredible new items like:

- Barbie Walk & Flutter Pegasus.
- Barbie Glamour Career Pets.
- The Grogu Squeeze and Blink plush toy is inspired by the fan-favorite series, The Mandalorian. It's our latest Grogu creation. And it's particularly adorable. I mean look at this.
- We've got Trolls 3 Showtime Surprise Queen Poppy inspired by the upcoming Trolls movie. And,
- Fun Cuutopia items we'll announce soon, inspired by another upcoming movie.

Mattel Creations

And now, onto Mattel Creations, an innovation success story that just keeps getting better and better. Ynon talked about the strategy behind our latest hit business. Now let's look at what's next.

This year, we're expanding into more countries with a focus on Europe and Japan.

- In product, you'll see more drops and scaled scarcity across nearly every brand in our portfolio.
- We'll expand engagement with WWE and Jurassic crowdfunds that greenlight production based on fan response.

- We're exploring Luxury Auctions for one of a kind and archive products, a strategy to meet new Collectors. And,
- We'll continue to experiment with new offerings in emerging categories like NFTs. And,
- Of course, we've got phenomenal physical items coming throughout the year.
- In experience, we are committed to continuously evolving to keep engagement high for Collectors. So, look for new, behind-the-scenes content, fan votes, user generated content, and some wildly cool pop-ups at marquee influencer events like Art Basel, Fashion Week in multiple cities, Milan Design Week, and gallery exhibits in several cities.

Innovation comes in many forms. And Mattel Creations, an innovative business full of innovative items, embodies some of Mattel's best.

Richard Close

So, as you've just seen, we think 2023 will be an exciting year in what has become a trend of exciting years at Mattel.

We love this business. And while it's great to be in toys, especially when the industry is growing, it's even more satisfying to be part of a company of brands that are motivating growth, with an eye on the future. And that's Mattel.

Just as we're designing to delight today's consumer, we are actively creating all new ways to play that will ensure our legacy continues.

Motivated by our purpose, to empower the next generation to explore the wonder of childhood and reach their full potential, we are committed to our mission to create innovative products and experiences that inspire, entertain, and develop children through play.

Today, we've shown you an IP-driven, high-performing toy company that's leading with a sound strategy, a structure to fit that strategy and a Playbook that's both reinvigorating and creating new Mattel brands.

Brands that are purpose-driven, design-led, culturally relevant, and beautifully executed to lead categories and matter in the lives of kids and families. We've shown you how we're building on Mattel's extraordinary heritage of innovation to introduce:

- Remarkably fun toys.
- Strategic new brand segments in the categories where we compete. And,
- A pathbreaking new business that proves, while the need for toys begins in childhood, the market for toys is ageless.

We couldn't be prouder of our company, our people, and our potential. And we thank you for being here today.

And now I'll toss it to Anthony for the financial update. Anthony.

Anthony DiSilvestro, Mattel Chief Financial Officer

Thanks Richard, and hello everyone. I'd like to provide additional perspective on the company's financial outlook and capital allocation strategy.

2022 Recap

I'll start with a brief recap of our 2022 financial results which we covered in detail on our fourth quarter earnings call.

We faced several unanticipated challenges in 2022 including the impact of the war in Ukraine, accelerating inflation and interest rates, a stronger U.S. dollar and a recessionary outlook – all of which impacted consumer sentiment and spending.

Despite this very challenging macro-economic environment, we did make progress in 2022 as we:

- Grew net sales in constant currency by 3%, marking the company's fourth consecutive year of growth
- Grew Gross Billings in constant currency in each of our four regions
- Generated Adjusted EBITDA of \$968 million,
- Lowered our debt and further improved our leverage ratio and
- Ended the year with our balance sheet in its best position it has been in years, which will provide more flexibility to execute our strategy

POS was positive and improved in the fourth quarter, grew low-single digits for the year and was up in all four regions.

The full year growth in constant currency and increase in consumer demand for our product, speak to the strength of our portfolio as a whole, even in a challenging macro-economic environment.

2023 Outlook

Looking to this year, Richard has just highlighted several category management and product drivers which support our 2023 guidance and our expectation that we will grow consumer demand for our product with positive POS performance for the year.

We expect full year Net Sales in constant currency to be comparable to the prior year with growth in the Dolls and Vehicles categories, offset by declines in Infant, Toddler and Pre-school, and in our Challenger Categories in aggregate, as we lap very successful theatrical tie-ins.

With respect to the power brands, we expect Barbie and Hot Wheels to grow, and for Fisher-Price to decline.

We foresee a period of volatility and challenges impacting the consumer and there are two significant factors that will impact our 2023 performance:

- Anticipated retail inventory reductions will have a one-time negative impact of 3-to-4 percentage points on our topline, mostly impacting the first half, and
- Incentive compensation returning to target levels will increase SG&A by approximately \$100 million.

Looking at the guidance in a little more detail:

Adjusted gross margin is expected to increase to approximately 47% compared to 45.9% in 2022. This reflects the anticipated benefit from pricing and cost savings, partly offset by cost inflation and fixed cost absorption associated with lower production volumes.

We expect SG&A to increase as incentive compensation is forecast to return to target levels, while Advertising is expected to remain relatively stable as a percent of net sales.

Adjusted EPS is expected to be in the range of \$1.10-to-\$1.20 per share.

And Adjusted EBITDA is expected to be in the range of \$900-to-\$950 million.

Interest expense is expected to benefit from the 2022 debt paydown and the adjusted tax rate is forecast to be approximately 25-to-26%.

Capital expenditures are forecast to be in the range of \$175-to-\$200 million which includes continuing spend to increase capacity of fashion dolls and die cast cars supporting future growth.

Free cash flow in 2023 is expected to exceed \$400 million driven by a higher conversion ratio as we improve our working capital performance.

2023 Outlook



Comparable to Prior Year

Net Sales in Constant Currency

~47%

Adjusted Gross Margin

\$1.10-\$1.20

Adjusted EPS

\$900-\$950 Million

Adjusted EBITDA

25%-26%

Adjusted Tax Rate

\$175-\$200 Million

Capital Expenditures

>\$400 Million

Free Cash Flow



Source: Mattel Form 8-K filed 2/8/2023
(including Non-GAAP/KPI Glossary and Reconciliations)

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In terms of phasing, sales and earnings are expected to be down significantly in the first half as we wrap 20% topline growth last year and, in addition, reflecting the anticipated retail inventory reductions in 2023. This is expected to be followed by top and bottom-line growth in the second half.

It is important to reiterate that we are operating in a challenging macro-economic environment with higher volatility, that may impact consumer demand. The guidance considers what the company is aware of today, but remains subject to further market volatility, any unexpected disruption, and other macro-economic risks and uncertainties.

Beyond 2023, we believe our strategy will drive top and bottom-line growth.

Optimizing for Growth Program

As Ynon mentioned, we continue to focus on optimizing our operations and increased the savings target for our Optimizing for Growth program to \$300 million from \$250 million.

This program is a continuation of the company's cost reduction initiatives which have achieved more than \$1.2 billion dollars in savings since 2018. Our focus on optimizing operations have had a meaningful impact on the business, helping us to restore profitability and strengthen our balance sheet.

Through these programs we have improved our speed-to-market, enhanced the productivity of our design and development output, standardized global marketing processes, and scaled our logistics capabilities.

The Optimizing for Growth program is now entering its third year and has already generated savings of \$204 million. The additional \$50 million in targeted savings will come from several areas including actions to further streamline our organizational structure.

Free Cash Flow

Cash generation continues to be a major focus for us.

In 2022, we generated \$256 million in free cash flow and over the last 4 years have generated cumulative free cash flow totaling \$822 million. And, as I mentioned earlier, we expect to exceed \$400 million in free cash flow in 2023.

Over the last several years, free cash flow has been used to repay debt. Last year, we repaid \$250 million of debt and since the end of 2019, our debt level has been reduced by more than \$500 million.

Debt Profile

In 2022, we also transitioned our seasonal financing from an ABL to a secured cash flow revolver, giving us access to a fixed capacity of \$1.4 billion in financing.

Going forward, our outstanding bond portfolio is well-positioned with no maturities until 2026 and an average coupon rate of approximately 4.7%.

The combination of lower debt and increasing EBITDA has driven a significant improvement in our leverage ratio. Debt to Adjusted EBITDA finished 2022 at just 2.4 times compared to 2.6 times in 2021, 4.1 times in 2020, and 6.4 times in 2019.

As a result of this consistent improvement, we have achieved an investment grade rating from Moody's – one of the three major ratings agencies. This takes us one step closer to our investment grade goal which will provide us greater financial flexibility, access to additional liquidity, and reduce our cost of capital.

Capital Allocation

Our capital allocation priorities remain the same and are supported by our strong balance sheet and expectation to significantly improve free cash flow going forward.

Our **first priority** is to make investments to drive organic growth. This includes strengthening core capabilities such as direct-to-consumer, digital marketing, consumer products, and expanding digital experiences. And we will make targeted, strategic capital investments to increase our manufacturing capacity where we have a significant competitive cost advantage.

Our **second capital allocation priority** is to maintain a leverage ratio in the range of 2 to 2.5 times Debt-to-Adjusted EBITDA which will help us achieve an investment grade rating. On a trailing twelve-month basis, we have been in this target range now for three consecutive quarters.

Our **third priority**, with the benefit of a stronger balance sheet, is to pursue M&A and other corporate development opportunities, which we believe can advance our strategy, improve our growth profile, and create economic value for shareholders.

Fourth, we will repurchase shares as an effective and flexible capital deployment tool to manage our capital structure.

Capital allocation is a dynamic process that we evaluate continuously. As Ynon said, reflecting our strong financial position and confidence in our strategy, we have resumed share repurchases in 2023. We have approximately \$200 million remaining under the company's current authorization and plan to fund share repurchases with Free Cash Flow. This action is consistent with our capital allocation priorities and reflects confidence in our strategy.

Capital Allocation



Near-Term Priorities

1 Invest in Growth

- Strengthen Core Capabilities
- Increase Manufacturing Capacity

2 Maintain Leverage

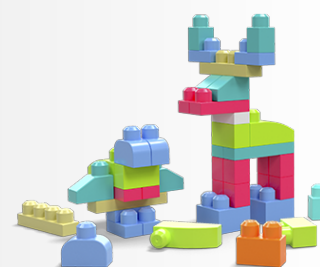
- Target 2.0 - 2.5 Debt/Adjusted EBITDA
- Committed to Investment Grade Rating

3 External Development

- Advance Strategy
- Improve Growth Profile

4 Manage Capital Structure

- Share Repurchases
- \$200M Authorization Available



Source: As of 2/8/2023 Mattel Q4 and FY 2022 Financial Results Slide Presentation 2/8/2023 and Mattel 2022 Analyst Presentation (including Non-GAAP/KPI Glossary and Reconciliations)

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Anthony Close

As you have seen through today's presentations, Mattel is successfully executing its business strategies. We continued to improve our financial position, further reduced our debt, and improved our leverage ratio. Our balance sheet is now a source of financial strength and will provide further flexibility to execute our strategy.

We believe we are well-positioned for success and remain focused on creating long-term shareholder value.

Thank you. I will now pass you back to Ynon for closing remarks.

Ynon Kreiz, Mattel Chairman and CEO

Presentation Close

Thank you, Richard and Anthony, for your presentations and your leadership.

Mattel is a purpose driven company. We are here to empower the next generation to explore the wonder of childhood and reach their full potential. We do that by creating innovative products and experiences that inspire, entertain, and develop children through play.

I would like to recognize the entire Mattel team for their commitment to our Purpose and Mission.

We are a leader in an industry that is growing and has proven to be resilient, especially in challenging economic times.

We are the owner of one of the strongest portfolios of children's and family entertainment franchises in the world and our strategy to grow our IP driven toy business and expand our entertainment offering is working.

We have made incredible progress over the past five years. Our portfolio is well balanced, our product is in demand, and our business fundamentals are strong. Looking ahead to 2023, despite continued macro-economic uncertainty, we are confident in our future plans.

Beyond 2023, we believe our strategy will drive top and bottom-line growth. We aim to outpace the toy industry and gain market share.

We will build on our success to create long-term shareholder value.

Thank you again for joining us and for your interest in Mattel.



Appendix

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Reconciliation of Non-GAAP Financial Measures



MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)^{1,2,3}

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2022 vs 2019 |
|---|------------|------------|------------|------------|------------|------------|--------------|
| (In millions, except percentage information) | | | | | | | |
| Worldwide Net Sales | | | | | | | |
| Net Sales | \$ 4,881.5 | \$ 4,512.2 | \$ 4,504.6 | \$ 4,588.4 | \$ 5,457.7 | \$ 5,434.7 | |
| % Change | -10% | -8% | 0% | 2% | 19% | 0% | 21% |
| Impact of Currency in % | 0% | -1% | -1% | -1% | 1% | -3% | -5% |
| Constant Currency % Change | -10% | -7% | 1% | 3% | 18% | 3% | 26% |
| Gross Profit | | | | | | | |
| Gross Profit, As Reported | \$ 1,824.6 | \$ 1,788.0 | \$ 1,977.3 | \$ 2,243.1 | \$ 2,626.7 | \$ 2,481.4 | |
| Gross Margin | 37.4% | 39.6% | 43.9% | 48.9% | 48.1% | 45.7% | |
| Adjustments: | | | | | | | |
| Asset Impairments | 20.6 | 5.8 | - | - | - | - | |
| Severance and Restructuring Expenses | - | 5.7 | 18.6 | 5.7 | 2.9 | 10.7 | |
| Inclined Sleeper Product Recalls | - | - | 21.7 | - | - | - | |
| Gross Profit, As Adjusted | \$ 1,845.2 | \$ 1,799.4 | \$ 2,017.6 | \$ 2,248.8 | \$ 2,629.5 | \$ 2,492.0 | |
| Adjusted Gross Margin | 37.8% | 39.9% | 44.8% | 49.0% | 48.2% | 45.9% | |

¹ 2018-2020 supplemental financial information reflect the impact of immaterial revisions to the financial statements. 2017 key financial metrics were not revised to reflect the impact of immaterial adjustments.

² Amounts may not foot due to rounding.

³ For further detail refer to Exhibits and Reg G for the respective periods.

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Reconciliation of Non-GAAP Financial Measures



MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)^{1,2,3}
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2022 vs 2019 |
|---|------------|------------|-----------|----------|----------|----------|--------------|
| (In millions, except percentage information) | | | | | | | |
| Operating (Loss) Income | | | | | | | |
| Operating (Loss) Income, As Reported | \$ (335.7) | \$ (237.4) | \$ 37.1 | \$ 374.7 | \$ 729.6 | \$ 675.5 | \$ 638.4 |
| Operating (Loss) Income Margin | -6.9% | -5.3% | 0.8% | 8.2% | 13.4% | 12.4% | |
| Adjustments: | | | | | | | |
| Asset Impairments | 56.3 | 11.9 | 25.9 | - | - | - | |
| Non-Recurring Executive Compensation | 11.3 | 1.0 | - | - | - | - | |
| Severance and Restructuring Expenses | 65.1 | 109.8 | 59.1 | 40.6 | 34.4 | 36.8 | |
| Inclined Sleeper Product Recalls | - | - | 32.0 | 26.2 | 15.1 | (0.3) | |
| Sale of Assets | - | (1.4) | - | - | (15.8) | (23.5) | |
| Operating (Loss) Income, As Adjusted | \$ (203.0) | \$ (116.1) | \$ 154.0 | \$ 441.5 | \$ 763.3 | \$ 688.6 | \$ 534.6 |
| Adjusted Operating (Loss) Income Margin | -4.2% | -2.6% | 3.4% | 9.6% | 14.0% | 12.7% | |
| Earnings Per Share | | | | | | | |
| Net (Loss) Income Per Common Share, As Reported | \$ (3.07) | \$ (1.55) | \$ (0.63) | \$ 0.35 | \$ 2.53 | \$ 1.10 | |
| Adjustments: | | | | | | | |
| Asset Impairments | 0.16 | 0.03 | 0.07 | - | - | - | |
| Non-Recurring Executive Compensation | 0.03 | - | - | - | - | - | |
| Severance and Restructuring Expenses | 0.19 | 0.32 | 0.17 | 0.12 | 0.10 | 0.10 | |
| Inclined Sleeper Product Recalls | - | - | 0.09 | 0.07 | 0.04 | - | |
| Sale of Assets/Business | - | - | - | - | (0.06) | (0.07) | |
| Loss on Debt Extinguishments | - | - | - | - | 0.28 | - | |
| Loss on Liquidation of Subsidiary | 0.17 | - | - | - | - | 0.13 | |
| Tax Effect of Adjustments | (0.03) | (0.01) | (0.02) | (0.01) | (0.08) | - | |
| Tax Items including Changes in Valuation Allowances | 1.34 | 0.05 | - | - | (1.51) | - | |
| Net (Loss) Income Per Common Share, As Adjusted | \$ (1.20) | \$ (1.16) | \$ (0.31) | \$ 0.54 | \$ 1.30 | \$ 1.25 | |

¹ 2018-2020 supplemental financial information reflect the impact of immaterial revisions to the financial statements. 2017 key financial metrics were not revised to reflect the impact of immaterial adjustments.

² Amounts may not foot due to rounding.

³ For further detail refer to Exhibits and Reg G for the respective periods.

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Reconciliation of Non-GAAP Financial Measures



MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)^{1,2,3}
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2022 vs 2019 |
|--|--------------|------------|------------|------------|------------|------------|--------------|
| (In millions) | | | | | | | |
| EBITDA and Adjusted EBITDA | | | | | | | |
| Net (Loss) Income, As Reported | \$ (1,054.6) | \$ (536.3) | \$ (218.8) | \$ 123.6 | \$ 903.0 | \$ 393.9 | \$ 612.7 |
| Adjustments: | | | | | | | |
| Interest Expense | 105.2 | 181.9 | 201.0 | 198.3 | 253.9 | 132.8 | |
| Provision (Benefit) for Income Taxes | 553.3 | 116.2 | 58.3 | 65.5 | (420.4) | 135.9 | |
| Depreciation | 240.8 | 232.8 | 204.4 | 154.5 | 146.3 | 144.6 | |
| Amortization | 33.9 | 39.1 | 40.1 | 38.9 | 38.0 | 37.9 | |
| EBITDA | (121.3) | 33.7 | 285.1 | 580.9 | 920.9 | 845.0 | |
| Adjustments: | | | | | | | |
| Asset Impairments | 56.3 | 11.9 | 25.9 | - | - | - | |
| Share-Based Compensation | 67.1 | 48.9 | 58.0 | 60.2 | 60.1 | 69.1 | |
| Severance and Restructuring Expenses | 65.1 | 104.1 | 52.0 | 39.1 | 30.7 | 32.7 | |
| Inclined Sleeper Product Recalls | - | - | 32.0 | 26.2 | 15.1 | (0.3) | |
| Sale of Assets/Business | - | (1.4) | - | - | (19.7) | (23.5) | |
| Loss on Liquidation of Subsidiary | 59.0 | - | - | - | - | 45.4 | |
| Adjusted EBITDA | \$ 126.2 | \$ 197.2 | \$ 450.9 | \$ 706.4 | \$ 1,007.0 | \$ 968.4 | \$ 517.5 |
| Leverage Ratio (Total Debt / Adjusted EBITDA) | | | | | | | |
| Total Debt: | | | | | | | |
| Long-Term Debt | \$ 2,873.1 | \$ 2,851.7 | \$ 2,846.8 | \$ 2,854.7 | \$ 2,571.0 | \$ 2,325.6 | |
| Current Portion of Long-Term Debt | 250.0 | - | - | - | - | - | |
| Short-Term Borrowings | - | 4.2 | - | 1.0 | - | - | |
| Adjustments: | | | | | | | |
| Debt Issuance Costs and Debt Discount | 26.9 | 48.3 | 53.2 | 45.3 | 29.0 | 24.4 | |
| Total Debt | \$ 3,150.0 | \$ 2,904.2 | \$ 2,900.0 | \$ 2,901.0 | \$ 2,600.0 | \$ 2,350.0 | |
| Total Debt / Net (Loss) Income | (3.0)x | (5.4)x | (13.2)x | 23.5x | 2.9x | 6.0x | |
| Leverage Ratio (Total Debt / Adjusted EBITDA) | 25.0x | 14.7x | 6.4x | 4.1x | 2.6x | 2.4x | |
| Free Cash Flow | | | | | | | |
| Net Cash Flows (Used For) Provided by Operating Activities | \$ (27.6) | \$ (24.2) | \$ 168.4 | \$ 285.7 | \$ 485.5 | \$ 442.8 | |
| Capital Expenditures | (297.2) | (155.5) | (103.8) | (118.8) | (151.4) | (186.5) | |
| Free Cash Flow | \$ (324.8) | \$ (179.7) | \$ 64.6 | \$ 166.9 | \$ 334.1 | \$ 256.3 | |

¹ 2019-2020 supplemental financial information reflect the impact of immaterial revisions to the financial statements. 2017 key financial metrics were not revised to reflect the impact of immaterial adjustments.

² Amounts may not foot due to rounding.

³ For further detail refer to Exhibits and Reg G for the respective periods.

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Supplemental Net Sales Information



MATTEL, INC. AND SUBSIDIARIES

WORLDWIDE NET SALES¹ (Unaudited)

| | For the Year Ended December 31, | | | |
|---|---------------------------------|------------|----------------------------|--|
| | 2022 | 2021 | % Change as Reported | % Change in Constant Currency |
| <i>(In millions, except percentage information)</i> | | | | |
| Worldwide Net Sales: | | | | |
| Net Sales | \$ 5,434.7 | \$ 5,457.7 | —% | 3% |
| North America Net Sales² | | | | |
| Net Sales | \$ 2,987.8 | \$ 2,968.3 | 1% | 1% |
| International Net Sales by Geographic Area: | | | | |
| EMEA | \$ 1,324.4 | \$ 1,375.5 | -4% | 6% |
| Latin America | 591.0 | 519.6 | 14 | 14 |
| Asia Pacific | 304.6 | 324.1 | -6 | 1 |
| Net Sales | \$ 2,220.0 | \$ 2,219.2 | —% | 7% |

¹ Amounts may not sum due to rounding.

² Excludes American Girl net sales.

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Reconciliation of Non-GAAP Financial Measures



MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)^{1,2} RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

| | For the Year Ended December 31, | | |
|---|---------------------------------|------------|--------|
| | 2022 | 2021 | Change |
| <i>(In millions, except percentage information)</i> | | | |
| EBITDA and Adjusted EBITDA | | | |
| Net Income, As Reported | \$ 393.9 | \$ 903.0 | -56% |
| <i>Adjustments:</i> | | | |
| Interest Expense | 132.8 | 253.9 | |
| Provision (Benefit) for Income Taxes | 135.9 | (420.4) | |
| Depreciation | 144.6 | 146.3 | |
| Amortization | 37.9 | 38.0 | |
| EBITDA | 845.0 | 920.9 | |
| <i>Adjustments:</i> | | | |
| Share-Based Compensation | 69.1 | 60.1 | |
| Severance and Restructuring Expenses | 32.7 | 30.7 | |
| Inclined Sleeper Product Recalls | (0.3) | 15.1 | |
| Sale of Assets/Business | (23.5) | (19.7) | |
| Loss on Liquidation of Subsidiary | 45.4 | — | |
| Adjusted EBITDA | \$ 968.4 | \$ 1,007.0 | -4% |

¹ Amounts may not sum due to rounding.

² For further detail refer to Exhibits and Reg G for the respective periods.

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Reconciliation of Non-GAAP Financial Measures



MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)^{1,2} RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

| | 2019 | 2020 | 2021 | 2022 |
|--|------------|------------|------------|------------|
| (In millions) | | | | |
| Leverage Ratio (Total Debt/Adjusted EBITDA) | | | | |
| <i>Total Debt</i> | | | | |
| Long-Term Debt | \$ 2,846.8 | \$ 2,854.7 | \$ 2,571.0 | \$ 2,325.6 |
| Short-Term Borrowings | - | 1.0 | - | - |
| <i>Adjustments:</i> | | | | |
| Debt Issuance Costs and Debt Discount | 53.2 | 45.3 | 29.0 | 24.4 |
| Total Debt | \$ 2,900.0 | \$ 2,901.0 | \$ 2,600.0 | \$ 2,350.0 |
| | | | | |
| Total Debt / Net (Loss) Income | (13.2)x | 23.5x | 2.9x | 6.0x |
| Leverage Ratio (Total Debt / Adjusted EBITDA) | 6.4x | 4.1x | 2.6x | 2.4x |
| | | | | |
| Free Cash Flow | | | | |
| Net Cash Flows (Used For) Provided by Operating Activities | \$ 168.4 | \$ 285.7 | \$ 485.5 | \$ 442.8 |
| Capital Expenditures | (103.8) | (118.8) | (151.4) | (186.5) |
| Free Cash Flow | \$ 64.6 | \$ 166.9 | \$ 334.1 | \$ 256.3 |

¹ Amounts may not foot due to rounding.

² For further detail refer to Exhibits and Reg G for the respective periods.

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Glossary of Non-GAAP Financial Measures & Key Performance Indicator



NON-GAAP FINANCIAL MEASURES

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

EBITDA and Adjusted EBITDA

EBITDA represents Mattel's Net Income, 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, the impact of sale of assets/business, and loss on liquidation of Argentina subsidiary, 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

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

Leverage Ratio (Total Debt / Adjusted EBITDA)

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

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.

2023 Guidance

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

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Glossary of Non-GAAP Financial Measures & Key Performance Indicator



NON-GAAP FINANCIAL MEASURES

To supplement our financial results presented in accordance with generally accepted accounting principles in the United States ("GAAP"), Mattel presents certain non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The non-GAAP financial measures that Mattel uses in this presentation includes Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Operating (Loss) Income, Adjusted Operating (Loss) Income Margin, Adjusted Earnings Per Share, earnings before interest expense, taxes, depreciation and amortization ("EBITDA"), Adjusted EBITDA, Free Cash Flow, Leverage Ratio (Total 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.

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 asset impairments, severance and restructuring expenses, and the impact of inclined sleeper product recalls. 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 Operating (Loss) Income and Adjusted Operating (Loss) Income Margin

Adjusted Operating (Loss) Income and Adjusted Operating (Loss) Income Margin represent reported Operating (Loss) Income and reported Operating (Loss) Income Margin, respectively, adjusted to exclude asset impairments, non-recurring executive compensation, 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 (Loss) Income Margin represents Mattel's Adjusted Operating (Loss) Income, as a percentage of Net Sales. Adjusted Operating (Loss) Income and Adjusted Operating (Loss) Income Margin are presented to provide additional perspective on underlying trends in Mattel's core operating results, which Mattel believes is useful supplemental information for investors to be able to gauge and compare Mattel's current business performance from one period to another.

Adjusted Earnings Per Share

Adjusted Earnings Per Share represents Mattel's reported Diluted Earnings Per Common Share, adjusted to exclude asset impairments, non-recurring executive compensation, severance and restructuring expenses, the impact of the inclined sleeper product recalls, the impact of sale of assets/business, loss on debt extinguishments, loss on liquidation of subsidiaries, and changes in valuation allowances, which are not part of Mattel's core business. The aggregate tax effect of the adjustments was determined using the effective tax rates on a jurisdictional basis of the respective adjustments, and dividing by the reported weighted-average number of common shares. Adjusted Earnings Per Share is presented to provide additional perspective on underlying trends in Mattel's core business. Mattel believes it is useful supplemental information for investors to gauge and compare Mattel's current earnings results from one period to another. Adjusted Earnings Per Share is a performance measure and should not be used as a measure of liquidity.

EBITDA and Adjusted EBITDA

EBITDA represents Mattel's Net Income, adjusted to exclude the impact of interest expense, taxes, depreciation, and amortization. Adjusted EBITDA represents EBITDA adjusted to exclude asset impairments, share-based compensation, severance and restructuring expenses, the impact of the inclined sleeper product recalls, the impact of sale of assets/business, and loss on liquidation of subsidiaries, 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.

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Glossary of Non-GAAP Financial Measures & Key Performance Indicator



NON-GAAP FINANCIAL MEASURES

Free Cash Flow

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

Leverage Ratio (Total Debt / Adjusted EBITDA)

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

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.

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