UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2024**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from **to**

Commission File Number 001-05647

MATTEL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**95-1567322**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
333 Continental Blvd. El Segundo, CA	**90245-5012**
(Address of principal executive offices)	**(Zip Code)**

(310) 252-2000
(Registrant's telephone number, including area code)

NONE
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $1.00 per share	**MAT**	**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares outstanding of registrant's common stock, $1.00 par value, as of July 15, 2024: 339.9 million shares

MATTEL, INC. AND SUBSIDIARIES

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(Cautionary Note Regarding Forward-Looking Statements)

Mattel cautions investors that this Quarterly Report on Form 10-Q includes forward-looking statements, which are statements that relate to the future and are, by their nature, uncertain. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. The use of words such as "anticipates," "expects," "intends," "plans," "projects," "looks forward," "confident that," "believes," and "targeted," among others, generally identify forward-looking statements. These forward-looking statements are based on currently available operating, financial, economic, and other information and assumptions, and are subject to a number of significant risks and uncertainties. A variety of factors, many of which are beyond Mattel's control, could cause actual future results to differ materially from those projected in the forward-looking statements. Specific factors that might cause such a difference include, but are not limited to: (i) Mattel's ability to design, develop, produce, manufacture, source, ship, and distribute products on a timely and cost-effective basis; (ii) sufficient interest in and demand for the products and entertainment Mattel offers by retail customers and consumers to profitably recover Mattel's costs; (iii) downturns in economic conditions affecting Mattel's markets which can negatively impact retail customers and consumers, and which can result in lower employment levels and lower consumer disposable income and spending, including lower spending on purchases of Mattel's products; (iv) other factors which can lower discretionary consumer spending, such as higher costs for fuel and food, drops in the value of homes or other consumer assets, and high levels of consumer debt; (v) potential difficulties or delays Mattel may experience in implementing cost savings and efficiency enhancing initiatives; (vi) other economic and public health conditions or regulatory changes in the markets in which Mattel and its customers and suppliers operate, which could create delays or increase Mattel's costs, such as higher commodity prices, labor costs or transportation costs, or outbreaks of disease; (vii) the effect of inflation on Mattel's business, including cost inflation in supply chain inputs and increased labor costs, as well as pricing actions taken in an effort to mitigate the effects of inflation; (viii) currency fluctuations, including movements in foreign exchange rates, which can lower Mattel's net revenues and earnings, and significantly impact Mattel's costs; (ix) the concentration of Mattel's customers, potentially increasing the negative impact to Mattel of difficulties experienced by any of Mattel's customers, such as bankruptcies or liquidations or a general lack of success, or changes in their purchasing or selling patterns; (x) the inventory policies of Mattel's retail customers, as well as the concentration of Mattel's revenues in the second half of the year, which coupled with reliance by retailers on quick response inventory management techniques, increases the risk of underproduction, overproduction, and shipping delays; (xi) legal, reputational, and financial risks related to security breaches or cyberattacks; (xii) work disruptions, including as a result of supply chain disruption such as plant or port closures, which may impact Mattel's ability to manufacture or deliver product in a timely and cost-effective manner; (xiii) the impact of competition on revenues, margins, and other aspects of Mattel's business, including the ability to offer products that consumers choose to buy instead of competitive products, the ability to secure, maintain, and renew popular licenses from licensors of entertainment properties, and the ability to attract and retain talented employees and adapt to evolving workplace models; (xiv) the risk of product recalls or product liability suits and costs associated with product safety regulations; (xv) changes in laws or regulations in the United States and/or in other major markets, such as China, in which Mattel operates, including, without limitation, with respect to taxes, tariffs, trade policies, product safety, or sustainability, which may increase Mattel's product costs and other costs of doing business, and reduce Mattel's earnings and liquidity; (xvi) business disruptions or other unforeseen impacts due to economic instability, political instability, civil unrest, armed hostilities (including the impact of the war in Ukraine and geopolitical developments in the Middle East), natural and man-made disasters, pandemics or other public health crises, or other catastrophic events; (xvii) failure to realize the planned benefits from any investments or acquisitions made by Mattel; (xviii) the impact of other market conditions or third-party actions or approvals, including those that result in any significant failure, inadequacy, or interruption from vendors or outsourcers, which could reduce demand for Mattel's products, delay or increase the cost of implementation of Mattel's programs, or alter Mattel's actions and reduce actual results; (xix) changes in financing markets or the inability of Mattel to obtain financing on attractive terms; (xx) the impact of litigation, arbitration, or regulatory decisions or settlement actions; (xxi) Mattel's ability to navigate regulatory frameworks in connection with new areas of investment, product development, or other business activities, such as artificial intelligence, non-fungible tokens, and cryptocurrency; (xxii) an inability to remediate the material weakness in Mattel's internal control over financial reporting, or additional material weaknesses or other deficiencies in the future or the failure to maintain an effective system of internal control; and (xxiii) other risks and uncertainties detailed in Part I, Item 1A "Risk Factors" in Mattel's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Annual Report on Form 10-K"), and subsequent periodic filings. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so, except as required by law.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

MATTEL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	June 30, 2024	June 30, 2023	December 31, 2023
	(Unaudited; in thousands, except share data)		
ASSETS			
Current Assets			
Cash and equivalents	$ 722,410	$ 299,918	$ 1,261,363
Accounts receivable, net of allowances for credit losses of $8.5 million, $13.2 million, and $8.8 million, respectively	839,419	890,882	1,081,827
Inventories	776,863	971,614	571,609
Prepaid expenses and other current assets	265,678	261,321	207,548
Total current assets	2,604,370	2,423,735	3,122,347
Noncurrent Assets			
Property, plant, and equipment, net	444,879	464,111	465,523
Right-of-use assets, net	292,362	296,231	313,191
Goodwill	1,383,406	1,384,245	1,384,512
Deferred income tax assets	293,748	480,062	299,157
Intangible assets, net	376,668	411,759	393,039
Other noncurrent assets	510,387	437,701	458,053
Total Assets	$ 5,905,820	$ 5,897,844	$ 6,435,822
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	$ 377,092	$ 365,580	$ 442,286
Accrued liabilities	628,330	656,097	866,283
Income taxes payable	5,741	9,404	33,911
Total current liabilities	1,011,163	1,031,081	1,342,480
Noncurrent Liabilities			
Long-term debt	2,332,169	2,327,807	2,329,986
Noncurrent lease liabilities	243,206	243,768	259,548
Other noncurrent liabilities	346,149	332,814	354,595
Total noncurrent liabilities	2,921,524	2,904,389	2,944,129
Stockholders' Equity			
Common stock $1.00 par value, 1.00 billion shares authorized; 441.4 million shares issued	441,369	441,369	441,369
Additional paid-in capital	1,755,660	1,770,597	1,774,911
Treasury stock at cost: 101.5 million shares, 87.4 million shares, and 92.9 million shares, respectively	(2,379,419)	(2,120,765)	(2,224,160)
Retained earnings	3,090,640	2,768,425	3,062,061
Accumulated other comprehensive loss	(935,117)	(897,252)	(904,968)
Total stockholders' equity	1,973,133	1,962,374	2,149,213
Total Liabilities and Stockholders' Equity	$ 5,905,820	$ 5,897,844	$ 6,435,822

The accompanying notes are an integral part of these consolidated financial statements.

MATTEL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Unaudited; in thousands, except per share amounts)			
Net Sales	$ 1,079,728	$ 1,087,164	$ 1,889,237	$ 1,901,743
Cost of sales	548,992	597,358	969,631	1,086,150
Gross Profit	530,736	489,806	919,606	815,593
Advertising and promotion expenses	73,719	90,026	145,160	166,073
Other selling and administrative expenses	373,810	337,005	726,757	701,783
Operating Income (Loss)	83,207	62,775	47,689	(52,263)
Interest expense	29,984	30,642	60,044	61,770
Interest (income)	(12,398)	(4,321)	(29,680)	(10,840)
Other non-operating expense (income), net	6,110	(2,147)	11,721	(3,586)
Income (loss) Before Income Taxes	59,511	38,601	5,604	(99,607)
Provision (benefit) from income taxes	9,196	14,424	(11,594)	(12,575)
(Income) from equity method investments	(6,545)	(3,010)	(11,381)	(7,747)
Net Income (Loss)	$ 56,860	$ 27,187	$ 28,579	$ (79,285)
Net Income (Loss) Per Common Share - Basic	$ 0.17	$ 0.08	$ 0.08	$ (0.22)
Weighted-average number of common shares	342,200	354,577	344,555	354,748
Net Income (Loss) Per Common Share - Diluted	$ 0.17	$ 0.08	$ 0.08	$ (0.22)
Weighted-average number of common and potential common shares	344,409	357,214	347,359	354,748

The accompanying notes are an integral part of these consolidated financial statements.

MATTEL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Unaudited; in thousands)			
Net Income (Loss)	$ 56,860	$ 27,187	$ 28,579	$ (79,285)
Other Comprehensive (Loss) Income, Net of Tax				
Currency translation adjustments	(23,381)	2,181	(41,327)	30,281
Employee benefit plan adjustments	249	729	2,447	1,456
Net unrealized gains (losses) on derivative instruments:				
Unrealized holding gains (losses)	9,828	(7,479)	23,052	(9,251)
Reclassification adjustments included in net income (loss)	(6,080)	(4,365)	(14,321)	(8,260)
	3,748	(11,844)	8,731	(17,511)
Other Comprehensive (Loss) Income, Net of Tax	(19,384)	(8,934)	(30,149)	14,226
Comprehensive Income (Loss)	$ 37,476	$ 18,253	$ (1,570)	$ (65,059)

The accompanying notes are an integral part of these consolidated financial statements.

MATTEL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended	
	June 30, 2024	June 30, 2023
	(Unaudited; in thousands)	
Cash Flows From Operating Activities:		
Net income (loss)	$ 28,579	$ (79,285)
Adjustments to reconcile net income (loss) to net cash flows used for operating activities:		
Depreciation	68,645	68,019
Amortization of intangible assets	15,640	18,986
Share-based compensation	37,763	36,933
Inventory obsolescence	20,978	32,951
Deferred income taxes	(569)	(5,091)
Income from equity method investments	(11,381)	(7,747)
Content assets amortization	40,714	20,863
Changes in assets and liabilities:		
Accounts receivable, net	223,377	(17,828)
Inventories	(255,907)	(103,905)
Prepaid expenses and other current assets	(60,024)	(44,198)
Accounts payable, accrued liabilities, and income taxes payable	(295,704)	(171,783)
Content assets spend	(14,446)	(26,683)
Other, net	(15,070)	(46,813)
Net cash flows used for operating activities	(217,405)	(325,581)
Cash Flows From Investing Activities:		
Purchases of tools, dies, and molds	(33,409)	(36,415)
Purchases of other property, plant, and equipment	(32,036)	(37,026)
Proceeds from foreign currency forward exchange contracts, net	442	12,684
Other, net	(7,695)	(1,231)
Net cash flows used for investing activities	(72,698)	(61,988)
Cash Flows From Financing Activities:		
Share repurchases	(199,986)	(49,861)
Tax withholdings for share-based compensation	(14,162)	(24,678)
Proceeds from stock option exercises	4,815	4,962
Other, net	(30,686)	(1,802)
Net cash flows used for financing activities	(240,019)	(71,379)
Effect of Currency Exchange Rate Changes on Cash and Equivalents	(8,831)	(2,369)
Decrease in Cash and Equivalents	(538,953)	(461,317)
Cash and Equivalents at Beginning of Period	1,261,363	761,235
Cash and Equivalents at End of Period	$ 722,410	$ 299,918

The accompanying notes are an integral part of these consolidated financial statements.

MATTEL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	(Unaudited; in thousands)					
Balance, December 31, 2023	$ 441,369	$ 1,774,911	$ (2,224,160)	$ 3,062,061	$ (904,968)	$ 2,149,213
Net loss	—	—	—	(28,281)	—	(28,281)
Other comprehensive loss, net of tax	—	—	—	—	(10,765)	(10,765)
Share repurchases	—	—	(100,758)	—	—	(100,758)
Issuance of treasury stock for stock option exercises	—	(2,754)	7,053	—	—	4,299
Issuance of treasury stock for restricted stock units vesting	—	(17,932)	11,607	—	—	(6,325)
Share-based compensation	—	17,929	—	—	—	17,929
Balance, March 31, 2024	$ 441,369	$ 1,772,154	$ (2,306,258)	$ 3,033,780	$ (915,733)	$ 2,025,312
Net income	—	—	—	56,860	—	56,860
Other comprehensive loss, net of tax	—	—	—	—	(19,384)	(19,384)
Share repurchases	—	—	(100,954)	—	—	(100,954)
Issuance of treasury stock for stock option exercises	—	(437)	953	—	—	516
Issuance of treasury stock for restricted stock units vesting	—	(35,743)	26,692	—	—	(9,051)
Deferred compensation	—	(148)	148	—	—	—
Share-based compensation	—	19,834	—	—	—	19,834
Balance, June 30, 2024	$ 441,369	$ 1,755,660	$ (2,379,419)	$ 3,090,640	$ (935,117)	$ 1,973,133

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	(Unaudited; in thousands)					
Balance, December 31, 2022	$ 441,369	$ 1,808,308	$ (2,129,639)	$ 2,847,709	$ (911,478)	$ 2,056,269
Net loss	—	—	—	(106,471)	—	(106,471)
Other comprehensive income, net of tax	—	—	—	—	23,160	23,160
Share repurchases	—	—	(33,986)	—	—	(33,986)
Issuance of treasury stock for stock option exercises	—	(1,144)	3,189	—	—	2,045
Issuance of treasury stock for restricted stock units vesting	—	(51,311)	31,012	—	—	(20,299)
Share-based compensation	—	16,943	—	—	—	16,943
Balance, March 31, 2023	$ 441,369	$ 1,772,796	$ (2,129,424)	$ 2,741,238	$ (888,318)	$ 1,937,661
Net income	—	—	—	27,187	—	27,187
Other comprehensive loss, net of tax	—	—	—	—	(8,934)	(8,934)
Share repurchases	—	—	(15,875)	—	—	(15,875)
Issuance of treasury stock for stock option exercises	—	(4,075)	10,670	—	—	6,595
Issuance of treasury stock for restricted stock units vesting	—	(18,079)	13,698	—	—	(4,381)
Deferred compensation	—	(36)	166	—	—	130
Share-based compensation	—	19,991	—	—	—	19,991
Balance, June 30, 2023	$ 441,369	$ 1,770,597	$ (2,120,765)	$ 2,768,425	$ (897,252)	$ 1,962,374

The accompanying notes are an integral part of these consolidated financial statements.

MATTEL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements and related disclosures have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") applicable to interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments, consisting of only those of a normal recurring nature, considered necessary for a fair statement of the financial position and interim results of Mattel, Inc. and its subsidiaries ("Mattel") as of and for the periods presented have been included.

The December 31, 2023 balance sheet data was derived from audited financial statements; however, the accompanying interim notes to the consolidated financial statements do not include all of the annual disclosures required by GAAP. As Mattel's business is seasonal, results for interim periods are not necessarily indicative of those that may be expected for a full year. The financial information included herein should be read in conjunction with Mattel's consolidated financial statements and related notes in the 2023 Annual Report on Form 10-K.

Certain prior period amounts have been reclassified to conform to the current period presentation.

2. Accounts Receivable, Net

Mattel estimates current expected credit losses based on collection history and management's assessment of the current economic trends, business environment, customers' financial condition, and accounts receivable aging that may impact the level of future credit losses. Accounts receivable were net of allowances for credit losses of $8.5 million, $13.2 million, and $8.8 million as of June 30, 2024, June 30, 2023, and December 31, 2023, respectively.

3. Inventories

Inventories included the following:

	June 30, 2024	June 30, 2023	December 31, 2023
		(In thousands)	
Raw materials and work in process	$ 112,077	$ 125,410	$ 92,902
Finished goods	664,786	846,204	478,707
	$ 776,863	$ 971,614	$ 571,609

4. Property, Plant, and Equipment, Net

Property, plant, and equipment, net included the following:

	June 30, 2024	June 30, 2023	December 31, 2023
		(In thousands)	
Land	$ 19,785	$ 19,813	$ 19,838
Buildings	314,063	323,936	313,750
Machinery and equipment	622,727	663,994	628,089
Software	233,550	336,587	233,224
Tools, dies, and molds	494,555	493,122	488,170
Leasehold improvements	122,107	111,021	121,571
Construction in progress	38,410	54,320	48,483
	1,845,197	2,002,793	1,853,125
Less: accumulated depreciation	(1,400,318)	(1,538,682)	(1,387,602)
	$ 444,879	$ 464,111	$ 465,523

In July 2024, Mattel completed the purchase of an office building located in El Segundo, California for cash consideration of approximately $59 million. The building totals approximately 168,000 square feet and, upon completion of an interior build-out, will replace a leased facility that supports global design and development and other activities. The building will support the North America and International segments.

5. Goodwill and Intangible Assets, Net

Goodwill

Goodwill is allocated to various reporting units for the purpose of evaluating whether goodwill is impaired. Mattel's reporting units are: (i) North America; (ii) American Girl; and (iii) International. Components of the reporting units have been aggregated into single reporting units where the components have similar economic characteristics. The similar economic characteristics include the nature of the products, the nature of the production processes, the customers, and the manner in which the products are distributed. Mattel tests its goodwill for impairment annually in the third quarter and whenever events or changes in circumstances indicate that the carrying amount of a reporting unit may exceed its fair value.

The change in the carrying amount of goodwill by reporting unit for the six months ended June 30, 2024 is shown below. Brand-specific goodwill held by foreign subsidiaries is allocated to the North America reporting unit selling those brands, resulting in a foreign currency translation impact.

	December 31, 2023	Currency Exchange Rate Impact	June 30, 2024
		(In thousands)	
North America	$ 733,487	$ (198)	$ 733,289
American Girl	207,571	—	207,571
International	443,454	(908)	442,546
	$ 1,384,512	$ (1,106)	$ 1,383,406

Intangible Assets, Net

Identifiable intangible assets were $376.7 million, net of accumulated amortization of $423.7 million, $411.8 million, net of accumulated amortization of $389.4 million, and $393.0 million, net of accumulated amortization of $408.5 million as of June 30, 2024, June 30, 2023, and December 31, 2023, respectively.

Mattel's amortizable intangible assets primarily consist of trademarks and trade names. Mattel tests its amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Mattel's amortizable intangible assets were not impaired during the three and six months ended June 30, 2024 and 2023.

6. Accrued Liabilities

Accrued liabilities included the following:

	June 30, 2024	June 30, 2023	December 31, 2023
		(In thousands)	
Lease liabilities	$ 75,842	$ 76,795	$ 77,254
Incentive compensation	60,094	57,340	143,091
Advertising and promotion	53,643	73,098	102,217
Royalties	50,420	58,824	86,475
Deferred income	48,501	53,884	56,900

7. Supplier Finance Program

Mattel has an agreement with a third-party financial institution that allows certain participating suppliers the opportunity to voluntarily finance payment obligations of Mattel under a supplier finance program. Under this program, participating suppliers may accelerate the timing of collection of their receivables due from Mattel, prior to their scheduled due dates, by selling one or more of their receivables at a discounted price to the third-party financial institution. The range of payment terms Mattel negotiates with suppliers are consistent, regardless of whether the suppliers participate in the supplier finance program and Mattel does not have any economic interest in any suppliers' decision to participate in the supplier finance program. Suppliers participating in the program are able to select which individual Mattel invoices they sell to the third-party financial institution. All Mattel payments of the full amounts due to participating suppliers are paid on the invoice due date based on the terms originally negotiated with the supplier, regardless of whether the individual invoice due to the supplier is sold to the third-party financial institution. Included in Mattel's accounts payable in the consolidated balance sheets as of June 30, 2024, June 30, 2023, and December 31, 2023 were $64.9 million, $64.7 million, and $54.3 million of outstanding payment obligations due to suppliers, respectively, under the supplier finance program. All payment activities related to the supplier finance program were presented within operating activities in the consolidated statements of cash flows.

8. Seasonal Financing

On July 15, 2024, Mattel entered into a revolving credit agreement (the "New Credit Agreement"), among Mattel, as the borrower, Bank of America, N.A., as administrative agent, and the other lenders and financial institutions party thereto, providing for $1.40 billion in aggregate principal amount of senior unsecured revolving credit facilities (the "New Revolving Credit Facility"). The New Revolving Credit Facility matures on July 15, 2029. In connection with the New Revolving Credit Facility, Mattel terminated the commitments and satisfied all outstanding obligations under the revolving credit agreement (the "Prior Credit Agreement"), dated as of September 15, 2022 (as amended), among Mattel, as the borrower, Bank of America, N.A., as administrative agent, and the other lenders and financial institutions party thereto, which provided for a senior secured revolving credit facility in an aggregate principal amount of $1.40 billion (the "Prior Revolving Credit Facility").

As of June 30, 2024, Mattel was in compliance with all covenants contained in the Prior Credit Agreement. Mattel had no borrowings outstanding under the Prior Revolving Credit Facility and no other short-term borrowings outstanding as of June 30, 2024, June 30, 2023, and December 31, 2023. Outstanding letters of credit under the Prior Revolving Credit Facility totaled approximately $9 million, $8 million, and $9 million as of June 30, 2024, June 30, 2023, and December 31, 2023, respectively.

Borrowings under the New Revolving Credit Facility will bear interest at a floating rate, which for U.S. Dollar-denominated loans can be, at Mattel’s option, either (a) Term SOFR (as defined in the New Credit Agreement), plus an applicable margin ranging from 0.875% to 1.375% per annum, or (b) Base Rate (as defined in the New Credit Agreement), plus an applicable margin ranging from 0.000% to 0.375% per annum, in each case, such applicable margins to be determined based on Mattel’s debt rating.

In addition to paying interest on the outstanding principal under the New Revolving Credit Facility, Mattel will be required to pay (i) an unused line fee per annum of the average daily unused portion of the New Revolving Credit Facility, (ii) a letter of credit fronting fee based on a percentage of the aggregate face amount of outstanding letters of credit, and (iii) certain other customary fees and expenses of the lenders and agents.

The New Credit Agreement contains customary covenants, including, but not limited to, restrictions on Mattel's and its subsidiaries' ability to merge and consolidate with other companies, dispose of all or substantially all assets, incur indebtedness, or grant liens or other security interests on assets, in each case, subject to certain customary exceptions. No subsidiaries of Mattel were required to guarantee the New Revolving Credit Facility as of the closing date thereof.

The New Credit Agreement requires the maintenance of (a) an interest coverage ratio of not less than 2.75 to 1.00 as of the end of each fiscal quarter and (b) a total leverage ratio as of the end of each fiscal quarter, not to exceed (x) 3.75 to 1.00 with respect to fiscal quarters ending on March 31, June 30 and December 31 of each year, and (y) 4.00 to 1.00 with respect to fiscal quarters ending on September 30 of each year. The total leverage ratio financial covenant is subject to a step-up to 4.25 to 1.00, with respect to fiscal quarters in which certain material acquisitions are consummated, and for a period of four fiscal quarters thereafter, and subject to certain customary exceptions.

The New Credit Agreement is a material agreement, and failure to comply with its covenants may result in an event of default under the terms of the New Revolving Credit Facility. If Mattel were to default under the terms of the New Revolving Credit Facility, its ability to meet its seasonal financing requirements could be adversely affected.

9. Long-Term Debt

Long-term debt included the following:

	June 30, 2024	June 30, 2023	December 31, 2023
	(In thousands)		
2010 Senior Notes due October 2040	$ 250,000	$ 250,000	$ 250,000
2011 Senior Notes due November 2041	300,000	300,000	300,000
2019 Senior Notes due December 2027	600,000	600,000	600,000
2021 Senior Notes due April 2026	600,000	600,000	600,000
2021 Senior Notes due April 2029	600,000	600,000	600,000
Debt issuance costs and debt discount	(17,831)	(22,193)	(20,014)
	$ 2,332,169	$ 2,327,807	$ 2,329,986
Less: current portion	—	—	—
Total long-term debt	$ 2,332,169	$ 2,327,807	$ 2,329,986

Mattel's 2019 Senior Notes due 2027 were issued pursuant to an indenture dated November 20, 2019, and its 2021 Senior Notes due 2026 and 2021 Senior Notes due 2029 were issued pursuant to an indenture dated March 19, 2021. These indentures contain covenants that limit Mattel's (and some of its subsidiaries') ability to, among other things: (i) incur additional debt or issue certain preferred shares; (ii) pay dividends on or make other distributions in respect of their capital stock or make other restricted payments; (iii) make investments in unrestricted subsidiaries; (iv) create liens; (v) enter into certain sale/leaseback transactions; (vi) merge or consolidate, or sell, transfer or otherwise dispose of substantially all of their assets; and (vii) designate subsidiaries as unrestricted. The indentures also provided that certain of these covenants would be suspended if Mattel achieved a debt rating of BBB-, Baa3, and/or BBB- (or higher) from any two of S&P, Moody's, and Fitch, respectively, and no event of default has occurred.

In April 2023, S&P upgraded Mattel's credit rating from BB+ to BBB- and maintained a positive outlook, and in November 2022, Moody's upgraded Mattel's credit rating from Ba1 to Baa3. As a result of the upgraded credit ratings and no events of default, the covenants limiting Mattel's ability to incur additional debt or issue certain preferred shares, pay dividends on or make other distributions in respect of their capital stock or make other restricted payments, and make investments in unrestricted subsidiaries, and certain provisions of the covenant limiting Mattel's ability to merge or consolidate, or sell, transfer or otherwise dispose of substantially all of their assets, are suspended. If Mattel ceases to have credit ratings of BBB-, Baa3, and/or BBB- (or higher) from any two of S&P, Moody's, and Fitch, respectively, Mattel will thereafter be subject to the suspended covenants with respect to future events.

10. Accumulated Other Comprehensive Income (Loss)

The following tables present changes in the accumulated balances for each component of other comprehensive income (loss), including current period other comprehensive income (loss) and reclassifications from accumulated other comprehensive income (loss):

	For the Three Months Ended June 30, 2024			
	Derivative Instruments	Employee Benefit Plans	Currency Translation Adjustments	Total
	(In thousands)			
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of March 31, 2024	$ 1,520	$ (140,718)	$ (776,535)	$ (915,733)
Other comprehensive income (loss) before reclassifications	9,828	(1,458)	(23,381)	(15,011)
Amounts reclassified from accumulated other comprehensive income (loss)	(6,080)	1,707	—	(4,373)
Net change in other comprehensive income (loss)	3,748	249	(23,381)	(19,384)
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of June 30, 2024	$ 5,268	$ (140,469)	$ (799,916)	$ (935,117)

	For the Six Months Ended June 30, 2024			
	Derivative Instruments	Employee Benefit Plans	Currency Translation Adjustments	Total
	(In thousands)			
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of December 31, 2023	$ (3,463)	$ (142,916)	$ (758,589)	$ (904,968)
Other comprehensive income (loss) before reclassifications	23,052	34	(41,327)	(18,241)
Amounts reclassified from accumulated other comprehensive income (loss)	(14,321)	2,413	—	(11,908)
Net change in other comprehensive income (loss)	8,731	2,447	(41,327)	(30,149)
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of June 30, 2024	$ 5,268	$ (140,469)	$ (799,916)	$ (935,117)

	For the Three Months Ended June 30, 2023			
	Derivative Instruments	Employee Benefit Plans	Currency Translation Adjustments	Total
	(In thousands)			
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of March 31, 2023	$ 17,065	$ (137,771)	$ (767,612)	$ (888,318)
Other comprehensive income (loss) before reclassifications	(7,479)	8	2,181	(5,290)
Amounts reclassified from accumulated other comprehensive income (loss)	(4,365)	721	—	(3,644)
Net change in other comprehensive income (loss)	(11,844)	729	2,181	(8,934)
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of June 30, 2023	$ 5,221	$ (137,042)	$ (765,431)	$ (897,252)

	For the Six Months Ended June 30, 2023			
	Derivative Instruments	Employee Benefit Plans	Currency Translation Adjustments	Total
	(In thousands)			
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of December 31, 2022	$ 22,732	$ (138,498)	$ (795,712)	$ (911,478)
Other comprehensive income (loss) before reclassifications	(9,251)	15	30,281	21,045
Amounts reclassified from accumulated other comprehensive income (loss)	(8,260)	1,441	—	(6,819)
Net change in other comprehensive income (loss)	(17,511)	1,456	30,281	14,226
Accumulated Other Comprehensive Income (Loss), Net of Tax, as of June 30, 2023	$ 5,221	$ (137,042)	$ (765,431)	$ (897,252)

The following tables present the classification and amount of the reclassifications from accumulated other comprehensive income (loss) to the consolidated statements of operations:

	For the Three Months Ended		
	June 30, 2024	June 30, 2023	Statements of Operations Classification
	(In thousands)		
Derivative Instruments:			
Gain on foreign currency forward exchange and other contracts	$ 6,073	$ 4,320	Cost of sales
Tax effect	7	45	Provision/benefit from income taxes
	$ 6,080	$ 4,365	Net income/loss
Employee Benefit Plans:			
Amortization of prior service credit (a)	$ 462	$ 471	Other non-operating income/expense, net
Recognized actuarial loss (a)	(1,895)	(1,410)	Other non-operating income/expense, net
	(1,433)	(939)	
Tax effect	(274)	218	Provision/benefit from income taxes
	$ (1,707)	$ (721)	Net income/loss

	For the Six Months Ended		
	June 30, 2024	June 30, 2023	Statements of Operations Classification
	(In thousands)		
Derivative Instruments:			
Gain on foreign currency forward exchange and other contracts	$ 14,298	$ 7,924	Cost of sales
Tax effect	23	336	Provision/benefit from income taxes
	$ 14,321	$ 8,260	Net income/loss
Employee Benefit Plans:			
Amortization of prior service credit (a)	$ 923	$ 943	Other non-operating income/expense, net
Recognized actuarial loss (a)	(3,791)	(2,818)	Other non-operating income/expense, net
	(2,868)	(1,875)	
Tax effect	455	434	Provision/benefit from income taxes
	$ (2,413)	$ (1,441)	Net income/loss

(a) *The amortization of prior service credit and recognized actuarial loss are included in the computation of net periodic benefit cost. Refer to "Note 15 to the Consolidated Financial Statements—Employee Benefit Plans" for additional information regarding Mattel's net periodic benefit cost.*

Currency Translation Adjustments

During the six months ended June 30, 2024, currency translation adjustments resulted in a net loss of $41.3 million, due to the general weakening of most currencies, including the Mexican peso and Brazilian real, against the U.S. dollar, partially offset by the strengthening of the Russian ruble against the U.S. dollar.

During the six months ended June 30, 2023, currency translation adjustments resulted in a net gain of $30.3 million, primarily due to the strengthening of the Mexican peso, British pound sterling, and Brazilian real against the U.S. dollar, partially offset by the weakening of the Russian ruble and Malaysian ringgit against the U.S. dollar.

11. Foreign Currency Transaction Exposure

Currency transaction gains (losses) included in the consolidated statements of operations were as follows:

	For the Three Months Ended		
	June 30, 2024	June 30, 2023	Statements of Operations Classification
	(In thousands)		
Currency transaction (losses), net	$ (6,158)	$ (9,762)	Operating income/expense
Currency transaction (losses) gains, net	(5,698)	538	Other non-operating income/expense, net
Currency transaction (losses), net	$ (11,856)	$ (9,224)	

	For the Six Months Ended		
	June 30, 2024	June 30, 2023	Statements of Operations Classification
	(In thousands)		
Currency transaction (losses), net	$ (6,040)	$ (9,712)	Operating income/expense
Currency transaction (losses) gains, net	(4,984)	2,089	Other non-operating income/expense, net
Currency transaction (losses), net	$ (11,024)	$ (7,623)	

12. Derivative Instruments

Mattel seeks to mitigate its exposure to foreign currency transaction risk by monitoring its foreign currency transaction exposure for the year and partially hedging such exposure using foreign currency forward exchange contracts. Mattel uses foreign currency forward exchange contracts as cash flow hedges primarily to hedge its purchases and sales of inventory denominated in foreign currencies. These contracts have maturity dates of up to 24 months. These derivative instruments have been designated as effective cash flow hedges, whereby the unsettled hedges are reported in Mattel's consolidated balance sheets at fair value, with changes in the fair value of the hedges reflected in other comprehensive income ("OCI"). Realized gains and losses for these contracts are recorded in the consolidated statements of operations in the period in which the inventory is sold to customers. Mattel uses foreign currency forward exchange contracts to hedge intercompany loans and advances denominated in foreign currencies. Due to the short-term nature of the contracts involved, Mattel does not use hedge accounting for these contracts, and as such, changes in fair value are recorded in the period of change in the consolidated statements of operations. Mattel utilizes derivative contracts to hedge certain purchases of commodities, which were not material. As of June 30, 2024, June 30, 2023, and December 31, 2023, Mattel held foreign currency forward exchange contracts and other commodity derivative instruments, with notional amounts of approximately $642 million, $740 million, and $609 million, respectively.

The following tables present Mattel's derivative assets and liabilities:

	Derivative Assets			
		Fair Value		
	Balance Sheet Classification	June 30, 2024	June 30, 2023	December 31, 2023
		(In thousands)		
Derivatives Designated as Hedging Instruments:				
Foreign currency forward exchange and other contracts	Prepaid expenses and other current assets	$ 8,872	$ 7,440	$ 2,198
Foreign currency forward exchange and other contracts	Other noncurrent assets	1,121	109	52
Total Derivatives Designated as Hedging Instruments		$ 9,993	$ 7,549	$ 2,250
Derivatives Not Designated as Hedging Instruments:				
Foreign currency forward exchange and other contracts	Prepaid expenses and other current assets	$ 513	$ 1,175	$ 578
Total Derivatives Not Designated as Hedging Instruments		$ 513	$ 1,175	$ 578
		$ 10,506	$ 8,724	$ 2,828

	Derivative Liabilities			
		Fair Value		
	Balance Sheet Classification	June 30, 2024	June 30, 2023	December 31, 2023
		(In thousands)		
Derivatives Designated as Hedging Instruments:				
Foreign currency forward exchange and other contracts	Accrued liabilities	$ 1,739	$ 6,601	$ 7,520
Foreign currency forward exchange and other contracts	Other noncurrent liabilities	127	484	1,575
Total Derivatives Designated as Hedging Instruments		$ 1,866	$ 7,085	$ 9,095
Derivatives Not Designated as Hedging Instruments:				
Foreign currency forward exchange and other contracts	Accrued liabilities	$ 517	$ 492	$ 449
Foreign currency forward exchange and other contracts	Other noncurrent liabilities	—	—	20
Total Derivatives Not Designated as Hedging Instruments		$ 517	$ 492	$ 469
		$ 2,383	$ 7,577	$ 9,564

The following tables present the classification and amount of gains and losses, net of tax, from derivatives reported in the consolidated statements of operations:

	Derivatives Designated as Hedging Instruments		
	For the Three Months Ended		
	June 30, 2024	June 30, 2023	Statements of Operations Classification
	(In thousands)		
Foreign Currency Forward Exchange and Other Contracts:			
Amount of gains (losses) recognized in OCI	$ 9,828	$ (7,479)	
Amount of gains reclassified from accumulated OCI to the consolidated statements of operations	6,080	4,365	Cost of sales

	Derivatives Designated as Hedging Instruments		
	For the Six Months Ended		
	June 30, 2024	June 30, 2023	Statements of Operations Classification
	(In thousands)		
Foreign Currency Forward Exchange and Other Contracts:			
Amount of gains (losses) recognized in OCI	$ 23,052	$ (9,251)	
Amount of gains reclassified from accumulated OCI to the consolidated statements of operations	$ 14,321	8,260	Cost of sales

The net gains reclassified from accumulated other comprehensive loss to the consolidated statements of operations during the three and six months ended June 30, 2024 and 2023, respectively, were offset by changes in cash flows associated with the underlying hedged transactions.

	Derivatives Not Designated as Hedging Instruments		
	For the Three Months Ended		
	June 30, 2024	June 30, 2023	Statements of Operations Classification
	(In thousands)		
Amount of Net Gains (Losses) Recognized in the Statements of Operations:			
Foreign currency forward exchange and other contracts	$ (4,713)	$ 7,974	Other non-operating income/expense, net

	Derivatives Not Designated as Hedging Instruments		
	For the Six Months Ended		
	June 30, 2024	June 30, 2023	Statements of Operations Classification
	(In thousands)		
Amount of Net Gains (Losses) Recognized in the Statements of Operations:			
Foreign currency forward exchange and other contracts	$ 350	$ 18,278	Other non-operating income/expense, net

The net gains and losses recognized in the consolidated statements of operations during the three and six months ended June 30, 2024 and June 30, 2023, respectively, were offset by foreign currency transaction gains and losses on the related derivative balances.

13. Fair Value Measurements

The following tables present information about Mattel's financial assets and liabilities measured and reported in the financial statements at fair value on a recurring basis as of June 30, 2024, June 30, 2023, and December 31, 2023 and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 – Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
- Level 3 – Valuations based on inputs that are unobservable, supported by little or no market activity, and that are significant to the fair value of the assets or liabilities.

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Foreign currency forward exchange and other contracts (a)	$ —	$ 10,506	$ —	$ 10,506
Liabilities:				
Foreign currency forward exchange and other contracts (a)	$ —	$ 2,383	$ —	$ 2,383

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Foreign currency forward exchange and other contracts (a)	$ —	$ 8,724	$ —	$ 8,724
Liabilities:				
Foreign currency forward exchange and other contracts (a)	$ —	$ 7,577	$ —	$ 7,577

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Foreign currency forward exchange and other contracts (a)	$ —	$ 2,828	$ —	$ 2,828
Liabilities:				
Foreign currency forward exchange and other contracts (a)	$ —	$ 9,564	$ —	$ 9,564

(a) *The fair value of the foreign currency forward exchange and other contracts was based on dealer quotes of market forward rates and reflects the amount that Mattel would receive or pay at their maturity dates for contracts involving the same notional amounts, currencies, and maturity dates.*

Other Financial Instruments

Mattel's financial instruments included cash and equivalents, accounts receivable and payable, accrued liabilities, short-term borrowings, and long-term debt. The fair values of these instruments, excluding long-term debt, approximate their carrying amounts because of their short-term nature. Cash and equivalents were classified as Level 1 and all other financial instruments were classified as Level 2 within the fair value hierarchy.

The estimated fair value of Mattel's long-term debt was $2.25 billion (compared to a carrying amount of $2.35 billion) as of June 30, 2024, $2.14 billion (compared to a carrying amount of $2.35 billion) as of June 30, 2023, and $2.23 billion (compared to a carrying amount of $2.35 billion) as of December 31, 2023. The estimated fair values have been calculated based on broker quotes or rates for the same or similar instruments and were classified as Level 2 within the fair value hierarchy.

14. Earnings Per Share

The following table reconciles basic and diluted earnings per common share for the three and six months ended June 30, 2024 and 2023:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands, except per share amounts)			
Basic:				
Net income (loss)	$ 56,860	$ 27,187	$ 28,579	$ (79,285)
Weighted-average number of common shares	342,200	354,577	344,555	354,748
Basic net income (loss) per common share	$ 0.17	$ 0.08	$ 0.08	$ (0.22)
Diluted:				
Net income (loss)	$ 56,860	$ 27,187	$ 28,579	$ (79,285)
Weighted-average number of common shares	342,200	354,577	344,555	354,748
Dilutive share-based awards (a)	2,209	2,637	2,804	—
Weighted-average number of common and potential common shares	344,409	357,214	347,359	354,748
Diluted net income (loss) per common share	$ 0.17	$ 0.08	$ 0.08	$ (0.22)

(a) *For each of the three and six months ended June 30, 2024, 7.8 million share-based awards were excluded from the calculation of diluted net income (loss) per common share because their effect would be antidilutive. For the three and six months ended June 30, 2023, 11.3 million and 15.4 million share-based awards, respectively, were excluded from the calculation of diluted net income (loss) per common share because their effect would be antidilutive.*

15. Employee Benefit Plans

Mattel and certain of its subsidiaries have qualified and nonqualified retirement plans covering substantially all employees of these companies, which are more fully described in Part II, Item 8 "Financial Statements and Supplementary Data—Note 4 to the Consolidated Financial Statements–Employee Benefit Plans" in the 2023 Annual Report on Form 10-K.

The components of Mattel's net periodic benefit cost for defined benefit pension plans were as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Service cost	$ 839	$ 858	$ 1,698	$ 1,701
Interest cost	5,030	5,237	10,083	10,435
Expected return on plan assets	(4,678)	(5,097)	(9,359)	(10,177)
Amortization of prior service cost	47	38	96	75
Recognized actuarial loss	1,943	1,467	3,886	2,932
Net periodic benefit cost	$ 3,181	$ 2,503	$ 6,404	$ 4,966

The components of Mattel's net periodic benefit cost (credit) for postretirement benefit plans were as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Interest cost	$ 45	$ 45	$ 90	$ 90
Amortization of prior service credit	(509)	(509)	(1,019)	(1,018)
Recognized actuarial gain	(48)	(57)	(95)	(114)
Net periodic benefit credit	$ (512)	$ (521)	$ (1,024)	$ (1,042)

Mattel's service cost component is recorded within operating income (loss) while other components of net periodic pension cost and postretirement benefit cost are recorded within other non-operating expense (income), net.

During the six months ended June 30, 2024, Mattel made cash contributions totaling approximately $3 million related to its defined benefit pension and postretirement benefit plans. During the remainder of 2024, Mattel expects to make additional cash contributions of approximately $11 million.

16. Share-Based Payments

Mattel has various stock compensation plans, which are described in Part II, Item 8 "Financial Statements and Supplementary Data—Note 9 to the Consolidated Financial Statements—Share-Based Payments" in the 2023 Annual Report on Form 10-K. Under the Mattel, Inc. Amended and Restated 2010 Equity and Long-Term Compensation Plan, Mattel has the ability to grant nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance RSUs ("performance awards"), dividend equivalent rights, and shares of common stock to officers, employees, non-employee directors, and consultants providing services to Mattel. Stock options are granted with exercise prices at the fair market value of Mattel's common stock on the applicable grant date and expire no later than ten years from the date of grant. Stock options, RSUs, and performance awards generally provide for vesting over, or at the end of, a period of three years from the date of grant.

Compensation expense, included within other selling and administrative expenses in the consolidated statements of operations, related to stock options, RSUs, and performance awards was as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Stock option compensation expense	$ 753	$ 1,778	$ 1,798	$ 4,596
RSU compensation expense	16,077	14,588	28,325	24,704
Performance award compensation expense	3,004	3,625	7,640	7,633
	$ 19,834	$ 19,991	$ 37,763	$ 36,933

As of June 30, 2024, total unrecognized compensation expense related to unvested share-based payments totaled $136.1 million and is expected to be recognized over a weighted-average period of 2.2 years.

Mattel uses treasury shares purchased under its share repurchase program to satisfy stock option exercises and the vesting of RSUs and performance awards. Cash received for stock option exercises, net of taxes, was $4.8 million and $5.0 million for the six months ended June 30, 2024 and 2023, respectively.

17. Other Selling and Administrative Expenses

Other selling and administrative expenses included the following:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Design and development	$ 47,419	$ 49,782	$ 95,029	$ 98,538
Amortization of intangible assets	7,817	9,525	15,640	18,986

18. Restructuring Charges

Optimizing for Profitable Growth

On February 7, 2024, Mattel announced the Optimizing for Profitable Growth program (the "OPG program"), a multi-year cost savings program that follows the Optimizing for Growth program (the "OFG program"), which concluded in the fourth quarter of 2023. The OPG program is designed to achieve further efficiency and cost savings opportunities, primarily within Mattel's global supply chain, including its manufacturing footprint.

In connection with the OPG program, Mattel recorded severance and other restructuring costs in the following cost and expense categories within operating income in the consolidated statements of operations:

	For the Three Months Ended	For the Six Months Ended
	June 30, 2024	June 30, 2024
	(In thousands)	
Cost of sales (a)	$ 412	$ 2,625
Other selling and administrative expenses (b)	10,456	17,974
	$ 10,868	$ 20,599

(a) *Severance and other restructuring charges recorded within cost of sales in the consolidated statements of operations are included in segment operating income in "Note 21 to the Consolidated Financial Statements—Segment Information."*

(b) *Severance and other restructuring charges recorded within other selling and administrative expenses in the consolidated statements of operations are included in corporate and other expense in "Note 21 to the Consolidated Financial Statements—Segment Information."*

The following tables summarize Mattel's severance and other restructuring charges activity within operating income related to the OPG program:

	Liability at December 31, 2023	Charges	Payments/Utilization	Liability at June 30, 2024
	(In thousands)			
Severance	$ 25,096	$ 19,558	$ (11,943)	$ 32,711
Other restructuring charges (a)	—	1,041	(1,041)	—
	$ 25,096	$ 20,599	$ (12,984)	$ 32,711

(a) *Other restructuring charges consist primarily of expenses associated with the consolidation of manufacturing facilities.*

As of June 30, 2024, in connection with the OPG program, Mattel had recorded cumulative severance and other restructuring charges of approximately $46 million, which included approximately $1 million of non-cash charges. Total expected cash expenditures are approximately $130 to $165 million and total non-cash charges are expected to be up to $5 million.

Other Cost Savings Actions

As of December 31, 2023, Mattel concluded the OFG program, which was a multi-year cost savings program that had integrated and expanded upon the previous Capital Light program. In connection with the OFG program, Mattel recorded severance and other restructuring charges of $7.8 million and $28.5 million within other selling and administrative expenses during the three and six months ended June 30, 2023, respectively, and a credit to severance and restructuring charges of ($1.2) million within cost of sales during the three and six months ended June 30, 2023 in the consolidated statement of operations.

Additionally, during the three and six months ended June 30, 2023, Mattel executed actions to further streamline its organizational structure that were not included in the OFG program. In connection with these actions, Mattel recorded severance charges of $2.0 million and $5.2 million within other selling and administrative expenses during the three and six months ended June 30, 2023, respectively, in the consolidated statement of operations.

19. Income Taxes

Mattel's provision for income taxes was an expense of $9.2 million and a benefit of $11.6 million for the three and six months ended June 30, 2024, respectively, and an expense of $14.4 million and a benefit of $12.6 million for the three and six months ended June 30, 2023, respectively. Mattel recognized a net discrete income tax benefit of $4.5 million during the three months ended June 30, 2024, primarily related to reassessments of prior years' tax liabilities. Mattel recognized a net discrete income tax benefit of $12.9 million during the six months ended June 30, 2024, primarily related to tax elections filed to amortize certain intangible assets transferred as part of Mattel's intra-group intellectual property rights transfer and reassessments of prior years' tax liabilities. Mattel recognized a net discrete income tax expense of $0.2 million and $0.3 million during the three and six months ended June 30, 2023, respectively, primarily related to undistributed earnings of certain foreign subsidiaries and reassessments of prior years' tax liabilities.

Evaluating the need for and the amount of a valuation allowance for deferred tax assets often requires significant judgment and extensive analysis of all available evidence to determine whether it is more-likely-than-not that these assets will be realizable. Mattel routinely assesses the positive and negative evidence for this realizability, including the evaluation of sustained profitability and three years of cumulative pretax income for each tax jurisdiction. For the three and six months ended June 30, 2024 and 2023, there were no changes to Mattel's valuation allowance.

In the normal course of business, Mattel is regularly audited by federal, state, and foreign tax authorities. Based on the current status of federal, state, and foreign audits, Mattel believes it is reasonably possible that in the next 12 months, the total unrecognized tax benefits could decrease by $14.5 million related to the settlement of tax audits and/or the expiration of statutes of limitations. The ultimate settlement of any particular issue with the applicable taxing authority could have a material impact on Mattel's consolidated financial statements.

20. Contingencies

Litigation Related to Yellowstone do Brasil Ltda.

In April 1999, Yellowstone do Brasil Ltda. (formerly known as Trebbor Informática Ltda.) filed a lawsuit against Mattel do Brasil before the 15th Civil Court of Curitiba, State of Parana, requesting the annulment of its security bonds and promissory notes given to Mattel do Brasil as well as damages due to an alleged breach of an oral exclusive distribution agreement between the parties relating to the supply and sale of toys in Brazil. Yellowstone's complaints sought alleged loss of profits plus an unspecified amount of damages.

Mattel do Brasil filed its defenses to these claims and simultaneously presented a counterclaim for unpaid accounts receivable for goods supplied to Yellowstone.

In April 2018, Mattel do Brasil entered into a settlement agreement to resolve this matter, but the settlement remains the subject of ongoing appeals.

In October 2018, the Superior Court of Justice issued a final ruling in favor of Yellowstone on the merits of Yellowstone's claims. Previously, the courts had ruled in Mattel's favor on its counterclaim.

In October 2019, Mattel reached an agreement with Yellowstone's former counsel regarding payment of the attorney's fees portion of the judgment. In November 2019, Yellowstone initiated an action to enforce its judgment against Mattel, but did not account for an offset for Mattel's counterclaim. In January 2020, Mattel obtained an injunction, staying Yellowstone's enforcement action pending resolution of Mattel's appeal to enforce the parties' April 2018 settlement. As of June 30, 2024, Mattel assessed its probable loss related to this matter and has accrued an estimated liability, which is not material.

Litigation Related to the Fisher-Price Rock 'n Play Sleeper

A number of putative class action lawsuits filed between April 2019 and October 2019 are pending against Fisher-Price, Inc. and/or Mattel, Inc. asserting claims for false advertising, negligent product design, breach of warranty, fraud, and other claims in connection with the marketing and sale of the Fisher-Price Rock 'n Play Sleeper (the "Sleeper"). In general, the lawsuits allege that the Sleeper should not have been marketed and sold as safe and fit for prolonged and overnight sleep for infants. The putative class action lawsuits propose nationwide and over 10 statewide consumer classes comprised of those who purchased the Sleeper as marketed as safe for prolonged and overnight sleep. The class actions have been consolidated before a single judge in the United States District Court for the Western District of New York for pre-trial purposes pursuant to the U.S. federal courts' Multi-District Litigation program. In June 2022, the court denied the plaintiffs' motion to certify damages and injunctive relief classes under New York law, but granted plaintiffs' request to certify a New York issue class to resolve two issues on a class-wide basis. In October 2022, the United States Court of Appeals for the Second Circuit denied plaintiffs' petition to appeal the denial of certification of the damages and injunctive relief classes. On February 13, 2024, the parties filed a notice of settlement informing the court that they have reached a settlement in principle of this litigation. The settlement in principle is subject to preliminary and final approval by the court. As of June 30, 2024, Mattel assessed its probable loss related to this matter and has accrued an estimated liability, which is not material.

Twenty-eight additional lawsuits filed between April 2019 and May 2024 are pending against Fisher-Price, Inc. and Mattel, Inc. alleging that a product defect in the Sleeper caused the fatalities of or injuries to twenty-eight children. More than two dozen lawsuits have been settled and/or dismissed. Additionally, Fisher-Price, Inc. and/or Mattel, Inc. have also received letters from lawyers purporting to represent additional plaintiffs who have threatened to assert similar claims.

In addition, a stockholder has filed a derivative action in the Court of Chancery for the State of Delaware (Kumar v. Bradley, et al., filed July 7, 2020) alleging breach of fiduciary duty and unjust enrichment related to the development, marketing, and sale of the Sleeper. The defendants in the derivative action are certain of Mattel's current and former officers and directors. In August 2021, a second similar derivative action was filed in the Court of Chancery for the State of Delaware (Armon v. Bradley, et al., filed August 30, 2021).

The lawsuits seek compensatory damages, punitive damages, statutory damages, restitution, disgorgement, attorneys' fees, costs, interest, declaratory relief, and/or injunctive relief. Mattel believes that it has substantial defenses to the allegations in the lawsuits and intends to vigorously defend against them. A reasonable estimate of the amount of any possible loss or range of loss cannot be made at this time.

21. Segment Information

Mattel designs, manufactures, and markets a broad variety of toy products worldwide, which are sold to its customers and directly to consumers.

Segment Data

In the first quarter of 2024, Mattel announced an organizational change that resulted in the American Girl business being integrated into Mattel's North America commercial organization. Such integration resulted in a change to Mattel's operating and reportable segments. Mattel's reportable segments are: (i) North America; and (ii) International. The prior period amounts have been reclassified to conform to the current period presentation. The North America and International segments sell products across Mattel's categories, although some products are developed and adapted for particular international markets, and American Girl products are only sold in North America.

The following tables present information regarding Mattel's net sales, operating income (loss), and assets by reportable segment. The corporate and other expense category includes operating costs not allocated to individual segments, including charges related to incentive and share-based compensation, corporate headquarters functions managed on a worldwide basis, the impact of changes in foreign currency exchange rates on intercompany transactions, and certain severance and other restructuring costs. It is generally impracticable for Mattel to present net sales by categories, brands, or products, as trade discounts and other allowances are generally recorded in the financial accounting systems by customer.

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Net Sales by Segment				
North America	$ 606,480	$ 624,452	$ 1,084,267	$ 1,094,938
International	473,248	462,712	804,970	806,805
Net sales	$ 1,079,728	$ 1,087,164	$ 1,889,237	$ 1,901,743

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Operating Income (Loss) by Segment (a)				
North America	$ 136,927	$ 132,353	$ 209,917	$ 164,496
International	77,311	42,911	86,582	43,224
	214,238	175,264	296,499	207,720
Corporate and other expense (b)	(131,031)	(112,489)	(248,810)	(259,983)
Operating income (loss)	83,207	62,775	47,689	(52,263)
Interest expense	29,984	30,642	60,044	61,770
Interest (income)	(12,398)	(4,321)	(29,680)	(10,840)
Other non-operating expense (income), net	6,110	(2,147)	11,721	(3,586)
Income (loss) before income taxes	$ 59,511	$ 38,601	$ 5,604	$ (99,607)

(a) *Segment operating income (loss) included severance and other restructuring charges of $0.4 million and $2.6 million for the three and six months ended June 30, 2024, respectively, and $(1.2) million for each of the three and six months ended June 30, 2023, which were allocated to the North America and International segments.*

(b) *Corporate and other expense included (i) severance and other restructuring charges of $10.4 million and $16.7 million for the three and six months ended June 30, 2024, respectively, and $9.8 million and $33.7 million for the three and six months ended June 30, 2023, respectively; and (ii) inclined sleeper product recall litigation expense of $2.2 million and $5.9 million for the three and six months ended June 30, 2024, respectively and $3.4 million and $7.7 million for the three and six months ended June 30, 2023, respectively.*

Segment assets are comprised of accounts receivable, net and inventories.

	June 30, 2024	June 30, 2023	December 31, 2023
	(In thousands)		
Assets by Segment			
North America	$ 779,167	$ 913,998	$ 845,113
International	719,869	833,407	735,236
	1,499,036	1,747,405	1,580,349
Corporate and other	117,246	115,091	73,087
Accounts receivable, net and inventories	$ 1,616,282	$ 1,862,496	$ 1,653,436

Geographic Information

The following table presents information regarding Mattel's net sales by geographic area. Net sales are attributed to countries based on the location of the customer:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(In thousands)			
Net Sales by Geographic Area				
North America	$ 606,480	$ 624,452	$ 1,084,267	$ 1,094,938
International				
EMEA	250,688	241,692	435,927	451,048
Latin America	134,597	138,046	214,248	213,577
Asia Pacific	87,963	82,974	154,795	142,180
Total International	473,248	462,712	804,970	806,805
Net sales	$ 1,079,728	$ 1,087,164	$ 1,889,237	$ 1,901,743

22. New Accounting Pronouncements

Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. ASU 2023-07 requires incremental disclosure of significant segment expenses on an annual and interim basis to enable investors to develop more decision-useful financial analyses. The guidance in ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Mattel is currently evaluating the impact of the adoption of ASU 2023-07 on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 requires enhanced income tax disclosures on an annual basis for specific categories in the rate reconciliation and disclosure of income taxes paid by jurisdiction. The guidance in ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. Mattel is currently evaluating the impact of the adoption of ASU 2023-09 on its consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

In the discussion that follows, "Mattel" refers to Mattel, Inc. and/or one or more of its subsidiaries.

The following discussion should be read in conjunction with the consolidated financial statements and the related notes that appear in Part I, Item 1 "Financial Statements" of this Quarterly Report on Form 10-Q. Mattel's business is seasonal with consumers making a large percentage of all toy purchases during the traditional holiday season; therefore, results of operations are most comparable to corresponding periods.

The following discussion includes currency exchange rate impact, a non-GAAP financial measure within the meaning of Regulation G promulgated by the SEC ("Regulation G"), to supplement the financial results as reported in accordance with GAAP. The currency exchange rate impact reflects the portion (expressed as a percentage) of changes in Mattel's reported results that are attributable to fluctuations in currency exchange rates. Mattel uses this non-GAAP financial measure to analyze its continuing operations and to monitor, assess, and identify meaningful trends in its operating and financial performance. Management believes that the disclosure of this non-GAAP financial measure provides useful supplemental information to investors to allow them to better evaluate ongoing business performance and certain components of Mattel's results. This measure is not, and should not be viewed as, a substitute for GAAP financial measures.

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

Amounts shown in millions or billions within this Item 2 may not sum due to rounding.

Overview

Mattel is a leading global toy and family entertainment company and owner of one of the most iconic brand portfolios in the world. Mattel creates innovative products and experiences that inspire fans, entertain audiences, and develop children through play. Mattel is focused on the following strategy to grow its intellectual property ("IP") driven toy business and expand its entertainment offering:

- Grow toy business profitably through scaling Mattel's portfolio, optimizing operations, evolving demand creation, and growing franchise brands; and
- Expand entertainment offering to capture the full value of Mattel's IP outside the toy aisle in highly accretive business verticals, by growing franchise brands and accelerating content, consumer products, and digital and live experiences.

Mattel is the owner of a portfolio of iconic brands and partners with global entertainment companies to license other IP. Mattel's portfolio of owned and licensed brands and products are organized into the following categories:

Dolls—including brands such as *Barbie*, *American Girl*, *Disney Princess* and *Disney Frozen*, *Monster High*, and *Polly Pocket*. Mattel's Dolls portfolio is driven by the flagship *Barbie* brand and a collection of complementary brands offered globally. Empowering girls since 1959, *Barbie* has inspired the limitless potential of every girl by showing them that they can be anything. *American Girl*, with an extensive portfolio of dolls and accessories, content, gaming, and lifestyle products, is best known for imparting valuable life lessons that instill confidence through its inspiring dolls and books, featuring diverse characters from past and present.

Infant, Toddler, and Preschool—including brands such as *Fisher-Price* (including *Little People*) and *Thomas & Friends*. As a leader in play and child development, *Fisher-Price*'s mission is to help families by making the most fun, enriching products for infants, toddlers, and preschoolers. *Thomas & Friends* is an award-winning preschool train brand franchise that brings meaningful life lessons of friendship and teamwork to kids through toys, content, live events, and other consumer products.

In the first quarter of 2024, Mattel further divided its Infant, Toddler, and Preschool category into three subcategories. The first subcategory is *Fisher-Price*, the power brand, which includes the core Infant, *Little People*, and Newborn product lines, as well as the recently launched *Fisher-Price Wood* product line. The second subcategory is Preschool Entertainment, which includes owned IP such as *Thomas & Friends* and *Barney*, Mattel's character based *Imaginext* line, and partner entertainment brands. The third subcategory is Baby Gear and *Power Wheels*, in which Mattel has decided to strategically out-license or exit certain product lines.

Vehicles—including brands such as *Hot Wheels* (including *Hot Wheels Monster Trucks* and *Hot Wheels Mario Kart (Nintendo)), Matchbox*, and *Cars (Disney Pixar)*. In production for over 50 years, *Hot Wheels* continues to push the limits of performance and design, and ignites and nurtures the challenger spirit of kids, adults, and collectors. From die-cast vehicles to tracks, playsets, and accessories, the Mattel Vehicles portfolio has broad appeal that engages and excites fans of all ages.

Action Figures, Building Sets, Games, and Other—including brands such as *Masters of the Universe*, *MEGA*, *UNO*, *Jurassic World* (*NBCUniversal*), *Minecraft (Microsoft), WWE*, and *Star Wars* (*Disney's Lucasfilm*). Mattel's Action Figures portfolio is comprised of product lines associated with licensed entertainment franchises, such as *Jurassic World* and *WWE*, as well as product lines from Mattel-owned IP, such as *Masters of the Universe.* As the challenger brand in Building Sets, *MEGA* inspires creativity through authentic building experiences for builders of all ages and fans of global franchises. Within Games, *UNO* is the classic matching card game that is easy to learn and fast fun for everyone. Other includes Plush, which contains products associated with movie releases from licensed entertainment franchises, as well as Mattel-owned IP.

Recent Developments

During the second quarter of 2024, Mattel made additional progress in executing its multi-year strategy to grow its IP-driven toy business and expand its entertainment offering, as it achieved gross margin expansion, continued to improve in profitability, and ended the quarter in a strong financial position.

Mattel's second quarter and first half net sales declined 1% compared to the second quarter and first half of 2023. Mattel's second quarter results included an improvement to operating cash flows, as well as gross margin expansion to 49.2%, from 45.1% in the second quarter of 2023, with benefits from the Optimizing for Profitable Growth program ("OPG program"), cost deflation, lower sales adjustments, and lower inventory management costs. Earnings per share in the second quarter of 2024 increased to $0.17, compared to $0.08 in the second quarter of 2023.

Mattel ended the second quarter with a cash balance of $722.4 million, compared to $299.9 million in the second quarter of 2023. Cash increased primarily due to Mattel's cash flows from operations, which were $978.0 million in the trailing twelve months, driven by improved working capital, partially offset by cash used for share repurchases and capital expenditures.

On February 5, 2024, the Board of Directors authorized a $1.00 billion share repurchase program. During the first half of 2024, Mattel executed $200.0 million of share repurchases under the program.

Additionally, in July 2024, Mattel entered into a new $1.40 billion revolving credit facility (the "New Revolving Credit Facility"), which replaced its prior revolving credit facility (the "Prior Revolving Credit Facility"). The New Revolving Credit Facility matures in July 2029.

Mattel is operating in a macro-economic environment that may impact consumer demand. To the extent the macro-economic environment worsens, it may have a material effect on Mattel's results of operations and financial condition. Refer to Part I, Item 1A "Risk Factors" in the 2023 Annual Report on Form 10-K for further discussion regarding potential impacts on Mattel's business.

Results of Operations—Second Quarter

Consolidated Results

The following table presents Mattel's consolidated results for the second quarter of 2024 and 2023:

	For the Three Months Ended				Year/Year Change	
	June 30, 2024		June 30, 2023			
	Amount	% of Net Sales	Amount	% of Net Sales	%	Basis Points of Net Sales
	(In millions, except percentage and basis point information)					
Net sales	$ 1,079.7		$ 1,087.2		-1 %	
Cost of sales	549.0	50.8 %	597.4	54.9 %	-8 %	(410)
Gross profit	530.7	49.2 %	489.8	45.1 %	8 %	410
Advertising and promotion expenses	73.7	6.8 %	90.0	8.3 %	-18 %	(150)
Other selling and administrative expenses	373.8	34.6 %	337.0	31.0 %	11 %	360
Operating income	83.2	7.7 %	62.8	5.8 %	33 %	190
Interest expense	30.0	2.8 %	30.6	2.8 %	-2 %	—
Interest (income)	(12.4)	-1.1 %	(4.3)	-0.4 %	187 %	(70)
Other non-operating expense (income), net	6.1		(2.1)			
Income before income taxes	59.5	5.5 %	38.6	3.6 %	54 %	190
Provision for income taxes	9.2		14.4			
(Income) from equity method investments	(6.5)		(3.0)			
Net income	$ 56.9	5.3 %	$ 27.2	2.5 %	109 %	280

Sales

Net sales in the second quarter of 2024 were $1.08 billion, a decrease of $7.4 million, or 1%, as compared to $1.09 billion in the second quarter of 2023. The decrease in net sales was due to a decrease in gross billings of $26.2 million, partially offset by a decrease in sales adjustments of $18.7 million.

Gross billings represent amounts invoiced to a customer and do not include the impact of sales adjustments, such as trade discounts and other allowances. Changes in gross billings are discussed below because, while Mattel records the details of sales adjustments in its financial accounting systems at the time of sale, such sales adjustments are generally recorded by customer and are not associated with categories, brands, or individual products. The following tables provide a summary of Mattel's consolidated gross billings by categories, along with supplemental information by brand, for the second quarter of 2024 and 2023:

	For the Three Months Ended			
	June 30, 2024	June 30, 2023	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Gross Billings by Categories				
Dolls	$ 414.0	$ 440.5	-6 %	-1 %
Infant, Toddler, and Preschool	190.3	197.3	-4 %	— %
Vehicles	369.7	363.8	2 %	-1 %
Action Figures, Building Sets, Games, and Other	227.3	225.9	1 %	— %
Gross Billings	$ 1,201.3	$ 1,227.5	-2 %	— %
Supplemental Gross Billings Disclosure				
Gross Billings by Top 3 Power Brands				
Barbie	$ 266.1	$ 282.7	-6 %	-1 %
Hot Wheels	327.4	315.2	4 %	-1 %
Fisher-Price (a)	135.9	123.3	10 %	— %
Other	471.9	506.3	-7 %	— %
Gross Billings	$ 1,201.3	$ 1,227.5	-2 %	— %

(a) *Beginning in the first quarter of 2024, the Fisher-Price power brand was revised to exclude Baby Gear and Imaginext products. Prior period amounts have been reclassified to conform to the current presentation.*

Gross billings were $1.20 billion in the second quarter of 2024, a decrease of $26.2 million, or 2%, as compared to $1.23 billion in the second quarter of 2023. The decrease in gross billings was primarily due to lower billings of Dolls and Infant, Toddler, and Preschool products, partially offset by higher billings of Vehicles and Action Figures, Building Sets, Games, and Other products.

Dolls gross billings decreased 6%, of which 4% was due to lower billings of *Barbie* and 2% was due to lower billings of *Disney Princess* and *Disney Frozen* products.

Infant, Toddler, and Preschool gross billings decreased 4%, of which 5% was due to lower billings of Preschool Entertainment products and 5% was due to lower billings of Baby Gear and *Power Wheels* products, partially offset by higher billings of *Fisher-Price* products of 6%.

Vehicles gross billings increased 2%, due to higher billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings increased 1%, of which 8% was due to higher billings of Games products, partially offset by lower billings of Action Figures products of 5%.

Sales adjustments generally represent arrangements with Mattel's customers to provide sales incentives, support customer promotions, and provide allowances for returns and defective merchandise. Such programs are based primarily on customer purchases, customer performance of specified promotional activities, and other specified factors such as sales to consumers. Additionally, sales adjustments may include foreign currency transaction gains and losses from the remeasurement of accounts receivable denominated in currencies that are different from the relevant entity's functional currency. Sales adjustments decreased to $121.6 million in the second quarter of 2024, from $140.3 million in the second quarter of 2023. Sales adjustments as a percentage of net sales decreased to 11.3% in the second quarter of 2024, as compared to 12.9% in the second quarter of 2023. The decrease in sales adjustments as a percentage of net sales was primarily due to $12.7 million of net foreign currency transaction losses from the remeasurement of certain accounts receivable denominated in foreign currencies in the second quarter of 2023.

Cost of Sales

Cost of sales decreased by $48.4 million, or 8%, to $549.0 million in the second quarter of 2024 from $597.4 million in the second quarter of 2023. Within cost of sales, product and other costs decreased by $47.6 million, or 10%, to $426.2 million in the second quarter of 2024 from $473.8 million in the second quarter of 2023. Royalty expense decreased by $2.9 million to $47.7 million in the second quarter of 2024, as compared to $50.6 million in the second quarter of 2023. Freight and logistics expenses increased by $2.2 million to $75.2 million in the second quarter of 2024, as compared to $73.0 million in the second quarter of 2023.

Gross Margin

Gross margin increased to 49.2% in the second quarter of 2024 from 45.1% in the second quarter of 2023. The increase in gross margin included realized savings from the OPG program of 120 basis points, cost deflation of 110 basis points, lower sales adjustments of 60 basis points, lower inventory management costs of 40 basis points, including lower inventory obsolescence and close-out sales, and favorability from other factors of 80 basis points.

Advertising and Promotion Expenses

Advertising and promotion expenses primarily consist of: (i) media costs, which include the media, planning, and buying fees for television, print, and online advertisements, (ii) non-media costs, which include commercial and website production, merchandising, and promotional costs, (iii) retail advertising costs, which include consumer direct catalogs; and (iv) generic advertising costs, which include trade show costs. Advertising and promotion expenses as a percentage of net sales decreased to 6.8% in the second quarter of 2024, as compared to 8.3% in the second quarter of 2023, primarily due to a shift in the timing of expected advertising and promotion programs to the second half of 2024.

Other Selling and Administrative Expenses

Other selling and administrative expenses were $373.8 million, or 34.6% of net sales, in the second quarter of 2024, an increase of $36.8 million, as compared to $337.0 million, or 31.0% of net sales, in the second quarter of 2023. The increase in other selling and administrative expenses was primarily due to market-related pay increases of $23.6 million and higher information technology and administrative costs of $14.9 million.

Interest Expense

Interest expense was $30.0 million in the second quarter of 2024, relatively flat as compared to $30.6 million in the second quarter of 2023.

Interest Income

Interest income increased by $8.1 million to $12.4 million in the second quarter of 2024 from $4.3 million in the second quarter of 2023, primarily due to higher average invested cash balances in the second quarter of 2024.

Provision for Income Taxes

Mattel's provision for income taxes was an expense of $9.2 million in the second quarter of 2024, as compared to $14.4 million in the second quarter of 2023. The decrease in provision for income taxes was primarily due to higher discrete tax benefits and a change in the jurisdictional mix of income, partially offset by higher income before income taxes. During the second quarter of 2024, Mattel recognized a net discrete tax benefit of $4.5 million primarily related to reassessments of prior years' tax liabilities. During the second quarter of 2023, Mattel recognized a net discrete income tax expense of $0.2 million, primarily related to undistributed earnings of certain foreign subsidiaries and reassessments of prior years' tax liabilities.

Evaluating the need for and the amount of a valuation allowance for deferred tax assets often requires significant judgment and extensive analysis of all available evidence to determine whether it is more-likely-than-not that these assets will be realizable. Mattel routinely assesses the positive and negative evidence for this realizability, including the evaluation of sustained profitability and three years of cumulative pretax income for each tax jurisdiction. For the second quarter of 2024 and 2023, there were no changes to Mattel's valuation allowance.

The Organization for Economic Co-operation and Development ("OECD") reached an agreement among various countries to implement a minimum 15% tax rate on certain multinational enterprises, commonly referred to as Pillar Two. Many countries continue to announce changes in their tax laws and regulations based on the Pillar Two rules. Mattel is continuing to evaluate the impact of these proposed and enacted legislative changes as new guidance becomes available. Some of the legislative changes could impact Mattel's effective tax rate and tax liabilities. When and how these laws and regulations are adopted or enacted by various countries in which Mattel operates could increase tax complexity and uncertainty and may adversely affect Mattel's worldwide effective tax rate, income tax expense, and cash flows. Mattel does not expect the provisions effective in 2024 to have a materially adverse impact on its results of operations, financial position, or cash flows.

Segment Results

North America Segment

Beginning in the first quarter of 2024, Mattel's American Girl business was integrated into its North America commercial organization and is reported within the North America operating segment. Prior to the first quarter of 2024, Mattel's American Girl business was a separate reportable operating segment. Prior period amounts have been reclassified to conform to the current period presentation.

The following tables provide a summary of Mattel's net sales, segment operating income, and gross billings by categories, along with supplemental information by brand, for the North America segment for the second quarter of 2024 and 2023:

	For the Three Months Ended			
	June 30, 2024	June 30, 2023	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Net Sales	$ 606.5	$ 624.5	-3 %	— %
Segment Operating Income	136.9	132.4	3 %	

Net sales for the North America segment in the second quarter of 2024 were $606.5 million, a decrease of $18.0 million, or 3%, as compared to $624.5 million in the second quarter of 2023. The decrease in net sales was primarily due to a decrease in gross billings of $18.8 million.

	For the Three Months Ended			
	June 30, 2024	June 30, 2023	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Gross Billings by Categories				
Dolls	$ 231.1	$ 239.2	-3 %	— %
Infant, Toddler, and Preschool	111.6	119.9	-7 %	— %
Vehicles	166.8	173.5	-4 %	— %
Action Figures, Building Sets, Games, and Other	137.3	133.0	3 %	— %
Gross Billings	$ 646.9	$ 665.7	-3 %	— %
Supplemental Gross Billings Disclosure				
Gross Billings by Top 3 Power Brands				
Barbie	$ 140.0	$ 148.1	-5 %	— %
Hot Wheels	144.6	146.9	-2 %	— %
Fisher-Price (a)	78.4	70.3	11 %	— %
Other	283.9	300.4	-5 %	— %
Gross Billings	$ 646.9	$ 665.7	-3 %	— %

(a) *Beginning in the first quarter of 2024, the Fisher-Price power brand was revised to exclude Baby Gear and Imaginext products. Prior period amounts have been reclassified to conform to the current presentation.*

Gross billings for the North America segment were $646.9 million in the second quarter of 2024, a decrease of $18.8 million, or 3%, as compared to $665.7 million in the second quarter of 2023. The decrease in the North America segment gross billings was due to lower billings of Infant, Toddler, and Preschool, Dolls, and Vehicles products, partially offset by higher billings of Action Figures, Building Sets, Games, and Other products.

Dolls gross billings decreased 3%, primarily due to lower billings of *Barbie*.

Infant, Toddler, and Preschool gross billings decreased 7%, of which 8% was due to lower billings of Preschool Entertainment products and 6% was due to lower billings of Baby Gear and *Power Wheels* products, partially offset by higher billings of *Fisher-Price* products of 7%.

Vehicles gross billings decreased 4%, of which 2% was due to lower billings of *Matchbox* products and 1% was due to lower billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings increased 3%, of which 6% was due to higher billings of Games products, partially offset by lower billings of Action Figures products of 2%.

Sales adjustments decreased to $40.4 million in the second quarter of 2024 from $41.2 million in the second quarter of 2023. Sales adjustments as a percentage of net sales was relatively consistent at 6.7% in the second quarter of 2024, as compared to 6.6% in the second quarter of 2023.

Cost of sales decreased by $29.2 million, or 8%, to $319.8 million in the second quarter of 2024 from $349.0 million in the second quarter of 2023, primarily due to a decrease in product and other costs of $29.0 million.

Gross margin increased to 47.3% in the second quarter of 2024 from 44.1% in the second quarter of 2023. The increase in gross margin included cost deflation of 150 basis points, realized savings from the OPG program of 110 basis points, and favorability from other factors of 60 basis points.

North America segment operating income was $136.9 million in the second quarter of 2024, as compared to $132.4 million in the second quarter of 2023, due to higher gross profit of $11.2 million and lower advertising and promotion expenses of $6.3 million, partially offset by higher other selling and administrative expenses of $13.0 million.

International Segment

The following tables provide a summary of Mattel's net sales, segment operating income, and gross billings by categories, along with supplemental information by brand, for the International segment for the second quarter of 2024 and 2023:

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Net Sales	$ 473.2	$ 462.7	2 %	-1 %
Segment Operating Income	77.3	42.9	80 %	

Net sales for the International segment in the second quarter of 2024 were $473.2 million, an increase of $10.5 million, or 2%, as compared to $462.7 million in the second quarter of 2023. The increase in net sales was due to a decrease in sales adjustments of $17.9 million, partially offset by a decrease in gross billings of $7.3 million.

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Gross Billings by Categories				
Dolls	$ 182.9	$ 201.4	-9 %	-1 %
Infant, Toddler, and Preschool	78.7	77.4	2 %	— %
Vehicles	202.9	190.2	7 %	-1 %
Action Figures, Building Sets, Games, and Other	90.0	92.9	-3 %	-1 %
Gross Billings	$ 554.5	$ 561.8	-1 %	-1 %
Supplemental Gross Billings Disclosure				
Gross Billings by Top 3 Power Brands				
Barbie	$ 126.0	$ 134.6	-6 %	-1 %
Hot Wheels	182.9	168.3	9 %	-1 %
Fisher-Price (a)	57.6	53.0	9 %	— %
Other	188.0	205.9	-9 %	-1 %
Gross Billings	$ 554.5	$ 561.8	-1 %	-1 %

(a) *Beginning in the first quarter of 2024, the Fisher-Price power brand was revised to exclude Baby Gear and Imaginext products. Prior period amounts have been reclassified to conform to the current presentation.*

Gross billings for the International segment were $554.5 million in the second quarter of 2024, a decrease of $7.3 million, or 1%, as compared to $561.8 million in the second quarter of 2023, with an unfavorable impact from changes in currency exchange rates of one percentage point. The decrease in the International segment gross billings was due to lower billings of Dolls and Action Figures, Building Sets, Games, and Other products, partially offset by higher billings of Vehicles and Infant, Toddler, and Preschool products.

Dolls gross billings decreased 9%, of which 4% was due to lower billings of *Barbie* and 3% was due to lower billings of *Disney Princess* and *Disney Frozen* products.

Infant, Toddler, and Preschool gross billings increased 2%, of which 6% was due to higher billings of *Fisher-Price* products, partially offset by lower billings of Baby Gear and *Power Wheels* products of 3% and lower billings of Preschool Entertainment products of 1%.

Vehicles gross billings increased 7% due to higher billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings decreased 3%, of which 10% was due to lower billings of Action Figures products and 3% was due to lower billings of Other products, partially offset by higher billings of Games products of 10%.

Sales adjustments decreased to $81.2 million in the second quarter of 2024 from $99.1 million in the second quarter of 2023. Sales adjustments as a percentage of net sales decreased to 17.2% in the second quarter of 2024, as compared to 21.4% in the second quarter of 2023. The decrease in sales adjustments as a percentage of net sales was primarily due to $12.7 million of net foreign currency transaction losses from the remeasurement of certain accounts receivable denominated in foreign currencies in the second quarter of 2023.

Cost of sales decreased by $17.3 million, or 7%, to $247.9 million in the second quarter of 2024 from $265.1 million in the second quarter of 2023, primarily due to a decrease in product and other costs of $16.4 million.

Gross margin increased to 47.6% in the second quarter of 2024 from 42.7% in the second quarter of 2023. The increase in gross margin included lower sales adjustments of 160 basis points, realized savings from the OPG program of 140 basis points, lower inventory management costs of 80 basis points, including lower inventory obsolescence and close-out sales, cost deflation of 60 basis points, and favorable other supply chain costs of 140 basis points, partially offset by unfavorable foreign currency exchange of 90 basis points.

International segment operating income was $77.3 million in the second quarter of 2024, as compared to $42.9 million in the second quarter of 2023, primarily due to higher gross profit of $27.8 million and lower advertising and promotion expenses of $10.0 million.

Results of Operations—First Half

Consolidated Results

The following table presents Mattel's consolidated results for the first half of 2024 and 2023:

	For the Six Months Ended					
	June 30, 2024		June 30, 2023		Year/Year Change	
	Amount	% of Net Sales	Amount	% of Net Sales	%	Basis Points of Net Sales
	(In millions, except percentage and basis point information)					
Net sales	$ 1,889.2		$ 1,901.7		-1 %	
Cost of sales	969.6	51.3 %	1,086.1	57.1 %	-11 %	(580)
Gross profit	919.6	48.7 %	815.6	42.9 %	13 %	580
Advertising and promotion expenses	145.2	7.7 %	166.1	8.7 %	-13 %	(100)
Other selling and administrative expenses	726.8	38.5 %	701.8	36.9 %	4 %	160
Operating income (loss)	47.7	2.5 %	(52.3)	-2.7 %	N/M	N/M
Interest expense	60.0	3.2 %	61.8	3.2 %	-3 %	—
Interest (income)	(29.7)	-1.6 %	(10.8)	-0.6 %	174 %	(100)
Other non-operating expense (income), net	11.7		(3.6)			
Income (loss) before income taxes	5.6	0.3 %	(99.6)	-5.2 %	N/M	N/M
Benefit from income taxes	(11.6)		(12.6)			
(Income) from equity method investments	(11.4)		(7.7)			
Net income (loss)	$ 28.6	1.5 %	$ (79.3)	-4.2 %	N/M	N/M

N/M - not meaningful

Sales

Net sales in the first half of 2024 were $1.89 billion, a decrease of $12.5 million, or 1%, as compared to $1.90 billion in the first half of 2023. The decrease in net sales was due to a decrease in gross billings of $38.6 million, partially offset by a decrease in sales adjustments of $26.1 million.

Gross billings represent amounts invoiced to a customer and do not include the impact of sales adjustments, such as trade discounts and other allowances. Changes in gross billings are discussed below because, while Mattel records the details of sales adjustments in its financial accounting systems at the time of sale, such sales adjustments are generally recorded by customer and are not associated with categories, brands, or individual products. The following tables provide a summary of Mattel's consolidated gross billings by categories, along with supplemental information by brand, for the first half of 2024 and 2023:

	For the Six Months Ended			
	June 30, 2024	June 30, 2023	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Gross Billings by Categories				
Dolls	$ 708.5	$ 746.6	-5 %	— %
Infant, Toddler, and Preschool	325.3	347.5	-6 %	— %
Vehicles	667.4	647.4	3 %	— %
Action Figures, Building Sets, Games, and Other	399.0	397.4	— %	— %
Gross Billings	$ 2,100.3	$ 2,138.8	-2 %	— %
Supplemental Gross Billings Disclosure				
Gross Billings by Top 3 Power Brands				
Barbie	$ 443.5	$ 459.6	-3 %	— %
Hot Wheels	585.5	560.1	5 %	— %
Fisher-Price (a)	229.3	216.4	6 %	— %
Other	841.9	902.8	-7 %	— %
Gross Billings	$ 2,100.3	$ 2,138.8	-2 %	— %

(a) *Beginning in the first quarter of 2024, the Fisher-Price power brand was revised to exclude Baby Gear and Imaginext products. Prior period amounts have been reclassified to conform to the current presentation.*

Gross billings were $2.10 billion in the first half of 2024, a decrease of $38.6 million, or 2%, as compared to $2.14 billion in the first half of 2023. The decrease in gross billings was primarily due to lower billings of Dolls and Infant, Toddler, and Preschool products, partially offset by higher billings of Vehicles products.

Dolls gross billings decreased 5%, of which 3% was due to lower billings of *Disney Princess* and *Disney Frozen* products and 2% was due to lower billings of *Barbie*.

Infant, Toddler, and Preschool gross billings decreased 6%, of which 6% was due to lower billings of Baby Gear and *Power Wheels* products and 4% was due to lower billings of Preschool Entertainment products, partially offset by higher billings of *Fisher-Price* products of 4%.

Vehicles gross billings increased 3%, primarily due to higher billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings were relatively flat year-over-year, with higher billings of Games products of 5%, substantially offset by lower billings of Action Figures products of 3% and lower billings of Other products of 3%.

Sales adjustments generally represent arrangements with Mattel's customers to provide sales incentives, support customer promotions, and provide allowances for returns and defective merchandise. Such programs are based primarily on customer purchases, customer performance of specified promotional activities, and other specified factors such as sales to consumers. Additionally, sales adjustments may include foreign currency transaction gains and losses from the remeasurement of accounts receivable denominated in currencies that are different from the relevant entity’s functional currency. Sales adjustments decreased to $211.0 million in the first half of 2024 from $237.1 million in the first half of 2023. Sales adjustments as a percentage of net sales decreased to 11.2% in the first half of 2024, as compared to 12.5% in the first half of 2023. The decrease in sales adjustments as a percentage of net sales was primarily due to $13.8 million of net foreign currency transaction losses from the remeasurement of certain accounts receivable denominated in foreign currencies in the first half of 2023 and a shift in sales channel mix resulting in a higher proportion of sales with lower average sales adjustment rates.

Cost of Sales

Cost of sales decreased by $116.5 million, or 11%, to $969.6 million in the first half of 2024 from $1.09 billion in the first half of 2023. Within cost of sales, product and other costs decreased by $115.3 million, or 13%, to $745.2 million in the first half of 2024 from $860.6 million in the first half of 2023. Royalty expense decreased by $3.5 million to $83.8 million in the first half of 2024 from $87.3 million in the first half of 2023. Freight and logistics expenses increased by $2.4 million to $140.6 million in the first half of 2024, as compared to $138.3 million in the first half of 2023.

Gross Margin

Gross margin increased to 48.7% in the first half of 2024 from 42.9% in the first half of 2023. The increase in gross margin was primarily due to cost deflation of 160 basis points, incremental realized savings from the OPG program of 120 basis points, lower inventory management costs of 80 basis points, including lower inventory obsolescence and close-out sales, lower sales adjustments of 50 basis points, and favorability from other factors of 170 basis points.

Advertising and Promotion Expenses

Advertising and promotion expenses primarily consist of: (i) media costs, which include the media, planning, and buying fees for television, print, and online advertisements, (ii) non-media costs, which include commercial and website production, merchandising, and promotional costs, (iii) retail advertising costs, which include consumer direct catalogs; and (iv) generic advertising costs, which include trade show costs. Advertising and promotion expenses as a percentage of net sales decreased to 7.7% in the first half of 2024, as compared to 8.7% in the first half of 2023, primarily due to a shift in the timing of expected advertising and promotion programs to the second half of 2024.

Other Selling and Administrative Expenses

Other selling and administrative expenses were $726.8 million, or 38.5% of net sales, in the first half of 2024, an increase of $25.0 million, as compared to $701.8 million, or 36.9% of net sales, in the first half of 2023. The increase in other selling and administrative expenses was primarily due to market-related pay increases of $30.6 million and higher information technology and administrative costs of $21.4 million, partially offset by lower severance and restructuring charges of $17.0 million, and realized savings from cost savings programs of $16.0 million.

Interest Expense

Interest expense was $60.0 million in the first half of 2024, relatively flat as compared to $61.8 million in the first half of 2023.

Interest Income

Interest income increased by $18.8 million to $29.7 million in the first half of 2024 from $10.8 million in the first half of 2023, primarily due to higher average invested cash balances in the first half of 2024.

Benefit from Income Taxes

Mattel's benefit from income taxes was $11.6 million for the first half of 2024, as compared to $12.6 million for the first half of 2023. The decrease in benefit for income taxes was due to higher income before income taxes, offset by higher discrete tax benefits. During the first half of 2024, Mattel recognized a net discrete tax benefit of $12.9 million, primarily related to tax elections filed to amortize certain intangible assets transferred as part of Mattel's intra-group IP rights transfer and reassessments of prior years' tax liabilities. During the first half of 2023, Mattel recognized a net discrete income tax expense of $0.3 million, primarily related to undistributed earnings of certain foreign subsidiaries and reassessments of prior years' tax liabilities.

Evaluating the need for and the amount of a valuation allowance for deferred tax assets often requires significant judgment and extensive analysis of all available evidence to determine whether it is more-likely-than-not that these assets will be realizable. Mattel routinely assesses the positive and negative evidence for this realizability, including the evaluation of sustained profitability and three years of cumulative pretax income for each tax jurisdiction. For the first half of 2024 and 2023, there were no changes to Mattel's valuation allowance.

The OECD reached an agreement among various countries to implement a minimum 15% tax rate on certain multinational enterprises, commonly referred to as Pillar Two. Many countries continue to announce changes in their tax laws and regulations based on the Pillar Two rules. Mattel is continuing to evaluate the impact of these proposed and enacted legislative changes as new guidance becomes available. Some of the legislative changes could impact Mattel's effective tax rate and tax liabilities. When and how these laws and regulations are adopted or enacted by various countries in which Mattel operates could increase tax complexity and uncertainty and may adversely affect Mattel's worldwide effective tax rate, income tax expense and cash flows. Mattel does not expect the provisions effective in 2024 to have a materially adverse impact on its results of operations, financial position, or cash flows.

Segment Results

North America Segment

Beginning in the first quarter of 2024, Mattel's American Girl business was integrated into its North America commercial organization and is reported within the North America operating segment. Prior to the first quarter of 2024, Mattel's American Girl business was a separate reportable operating segment. Prior period amounts have been reclassified to conform to the current period presentation.

The following tables provide a summary of Mattel's net sales, segment operating income, and gross billings by categories, along with supplemental information by brand, for the North America segment for the first half of 2024 and 2023:

	For the Six Months Ended			
	June 30, 2024	June 30, 2023	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Net Sales	$ 1,084.3	$ 1,094.9	-1 %	— %
Segment Operating Income	209.9	164.5	28 %	

Net sales for the North America segment in the first half of 2024 were $1.08 billion, a decrease of $10.7 million, or 1%, as compared to $1.09 billion in the first half of 2023. The decrease in net sales was due to a decrease in gross billings of $15.2 million, partially offset by a decrease in sales adjustments of $4.5 million.

	For the Six Months Ended			
	June 30, 2024	June 30, 2023	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Gross Billings by Categories				
Dolls	$ 395.9	$ 406.3	-3 %	— %
Infant, Toddler, and Preschool	192.1	207.1	-7 %	— %
Vehicles	317.0	315.7	— %	— %
Action Figures, Building Sets, Games, and Other	248.3	239.3	4 %	— %
Gross Billings	$ 1,153.3	$ 1,168.4	-1 %	— %
Supplemental Gross Billings Disclosure				
Gross Billings by Top 3 Power Brands				
Barbie	$ 232.4	$ 237.7	-2 %	— %
Hot Wheels	271.3	266.6	2 %	— %
Fisher-Price (a)	132.1	119.4	11 %	— %
Other	517.5	544.8	-5 %	— %
Gross Billings	$ 1,153.3	$ 1,168.4	-1 %	— %

(a) *Beginning in the first quarter of 2024, the Fisher-Price power brand was revised to exclude Baby Gear and Imaginext products. Prior period amounts have been reclassified to conform to the current presentation.*

Gross billings for the North America segment were $1.15 billion in the first half of 2024, a decrease of $15.2 million, or 1%, as compared to $1.17 billion in the first half of 2023. The decrease in gross billings was primarily due to lower billings of Infant, Toddler, and Preschool and Dolls, partially offset by higher billings of Action Figures, Building Sets, Games, and Other.

Dolls gross billings decreased 3% due to lower billings of *Disney Princess* and *Disney Frozen* products.

Infant, Toddler, and Preschool gross billings decreased 7%, of which 8% was due to lower billings of Baby Gear and *Power Wheels* products and 5% was due to lower billings of Preschool Entertainment products, partially offset by higher billings of *Fisher-Price* products of 6%.

Vehicles gross billings were flat year-over-year.

Action Figures, Building Sets, Games, and Other gross billings increased 4% due to higher billings of Games products.

Sales adjustments decreased to $69.0 million in the first half of 2024 from $73.5 million in the first half of 2023, primarily due to lower gross billings. Sales adjustments as a percentage of net sales were relatively consistent at 6.4% for the first half of 2024, as compared to 6.7% for the first half of 2023.

Cost of sales decreased by $64.7 million, or 10%, to $576.9 million in the first half of 2024 from $641.6 million in the first half of 2023, primarily due to a decrease in product and other costs of $66.8 million.

Gross margin in the first half of 2024 increased to 46.8% from 41.4% in the first half of 2023, primarily due to cost deflation of 190 basis points, realized savings from the OPG program of 110 basis points, lower inventory management costs of 90 basis points, including lower inventory obsolescence and close-out sales, and favorability from other factors of 150 basis points.

North America segment operating income increased by $45.4 million to $209.9 million in the first half of 2024, as compared to $164.5 million in the first half of 2023, primarily due to higher gross profit of $54.0 million, partially offset by higher other selling and administrative expenses of $16.8 million.

International Segment

The following tables provide a summary of Mattel's net sales, segment operating income, and gross billings by categories, along with supplemental information by brand, for the International segment for the first half of 2024 and 2023:

	For the Six Months Ended			
	June 30, 2024	June 30, 2023	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Net Sales	$ 805.0	$ 806.8	— %	— %
Segment Operating Income	86.6	43.2	100 %	

Net sales for the International segment were relatively consistent at $805.0 million in the first half of 2024, as compared to $806.8 million in the first half 2023. The decrease in gross billings was substantially offset by a decrease in sales adjustments in the first half of 2024.

	For the Six Months Ended			
	June 30, 2024	June 30, 2023	% Change as Reported	Currency Exchange Rate Impact
	(In millions, except percentage information)			
Gross Billings by Categories				
Dolls	$ 312.7	$ 340.2	-8 %	— %
Infant, Toddler, and Preschool	133.2	140.4	-5 %	1 %
Vehicles	350.4	331.7	6 %	— %
Action Figures, Building Sets, Games, and Other	150.6	158.1	-5 %	— %
Gross Billings	$ 947.0	$ 970.4	-2 %	— %
Supplemental Gross Billings Disclosure				
Gross Billings by Top 3 Power Brands				
Barbie	$ 211.1	$ 221.9	-5 %	— %
Hot Wheels	314.2	293.6	7 %	— %
Fisher-Price (a)	97.2	97.0	— %	1 %
Other	324.4	358.0	-9 %	— %
Gross Billings	$ 947.0	$ 970.4	-2 %	— %

(a) *Beginning in the first quarter of 2024, the Fisher-Price power brand was revised to exclude Baby Gear and Imaginext products. Prior period amounts have been reclassified to conform to the current presentation.*

Gross billings for the International segment were $947.0 million in the first half of 2024, a decrease of $23.4 million, or 2%, as compared to $970.4 million in the first half of 2023. The decrease in gross billings was due to lower billings of Dolls, Action Figures, Building Sets, Games, and Other, and Infant, Toddler, and Preschool products, partially offset by higher billings of Vehicles products.

Dolls gross billings decreased 8%, of which 5% was due to lower billings of *Disney Princess* and *Disney Frozen* products and 3% was due to lower billings of *Barbie*.

Infant, Toddler, and Preschool gross billings decreased 5%, of which 3% was due to lower billings of Baby Gear and *Power Wheels* products and 3% was due to lower billings of Preschool Entertainment products.

Vehicles gross billings increased 6%, due to higher billings of *Hot Wheels* products.

Action Figures, Building Sets, Games, and Other gross billings decreased 5%, of which 9% was due to lower billings of Action Figures products and 3% was due to lower billings of Other products, partially offset by higher billings of Games products of 8%.

Sales adjustments decreased to $142.0 million in the first half of 2024 from $163.6 million in the first half of 2023. Sales adjustments as a percentage of net sales decreased to 17.6% for the first half of 2024, as compared to 20.3% for the first half of 2023. The decrease in sales adjustments as a percentage of net sales was primarily due to $13.8 million of net foreign currency transaction losses from the remeasurement of certain accounts receivable denominated in foreign currencies in the first half of 2023.

Cost of sales decreased by $34.8 million, or 7%, to $431.9 million in the first half of 2024 from $466.8 million in the first half of 2023, primarily due to a decrease in product and other costs of $32.1 million.

Gross margin increased to 46.3% in the first half of 2024 from 42.1% in the first half of 2023, primarily due to realized savings from the OPG program of 140 basis points, cost deflation of 110 basis points, lower sales adjustments of 90 basis points, lower inventory management costs of 70 basis points, including lower inventory obsolescence and close-out sales, and favorability from other factors of 240 basis points, partially offset by unfavorable foreign currency exchange of 230 basis points.

International segment operating income increased by $43.3 million to $86.6 million in the first half of 2024, as compared to $43.2 million in the first half of 2023, primarily due to higher gross profit of $33.0 million and lower advertising and promotion expenses of $12.7 million.

Cost Savings Program

Optimizing for Profitable Growth

On February 7, 2024, Mattel announced the OPG program, a multi-year cost savings program that follows the Optimizing for Growth program (the "OFG program"), which concluded in the fourth quarter of 2023. The OPG program is designed to achieve further efficiency and cost savings opportunities, primarily within Mattel's global supply chain, including its manufacturing footprint. The OPG program includes cost savings actions in connection with discontinuing production at a plant in China as previously announced in the third quarter of 2023, as well as savings from other previous actions that were not recognized in the OFG program. Targeted annual gross cost savings from actions associated with the OPG program, which are expected to be completed by 2026, are $200 million. Of the $200 million in targeted annual gross costs savings, approximately 70% is expected to benefit cost of sales and 30% is expected to benefit other selling and administrative expenses. Total expected cash expenditures under the OPG program are expected to be between $130 and $165 million and total non-cash charges are expected to be up to $5 million.

The costs associated with the OPG program are expected to include the following:

Optimizing for Profitable Growth – Actions	Estimate of Cost
Employee severance	$90 to $105 million
Other restructuring costs	$10 to $20 million
Non-cash charges	up to $5 million
Total estimated severance and restructuring costs (a)	**$100 to $130 million**
Investments	$30 to $40 million
Total estimated actions	**$130 to $170 million**

In connection with the OPG program, Mattel recorded severance and other restructuring costs in the following cost and expense categories within operating income in the consolidated statements of operations:

	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024
	(In millions)	
Cost of sales (a)	$ 0.4	$ 2.6
Other selling and administrative expenses (b)	10.5	18.0
	$ 10.9	$ 20.6

(a) *Severance and other restructuring costs recorded within cost of sales in the consolidated statements of operations are included in segment operating income in "Note 21 to the Consolidated Financial Statements—Segment Information."*

(b) *Severance and other restructuring costs recorded within other selling and administrative expenses in the consolidated statements of operations are included in corporate and other expense in "Note 21 to the Consolidated Financial Statements—Segment Information."*

As of June 30, 2024, Mattel has recorded cumulative severance and other restructuring charges related to the OPG program of approximately $46 million, which includes approximately $1 million of non-cash charges. Mattel realized cumulative cost savings (before severance, restructuring costs, and cost inflation) of approximately $37 million, which represents approximately 60% benefit to cost of sales, and 40% benefit to other selling and administrative expenses, as of June 30, 2024, in connection with the OPG Program.

Other Cost Savings Actions

As of December 31, 2023, Mattel concluded the OFG program, which was a multi-year cost savings program that had integrated and expanded upon the previous Capital Light program. The OFG program, excluding previous actions taken under the Capital Light program, had realized gross annual cost savings of approximately $343 million upon conclusion of the program. In connection with the OFG program, Mattel recorded severance and other restructuring charges of $7.8 million and $28.5 million within other selling and administrative expenses during the three and six months ended June 30, 2023, respectively, and a credit to severance and restructuring charges of ($1.2) million within cost of sales during the three and six months ended June 30, 2023 in the consolidated statement of operations.

Additionally, during the three and six months ended June 30, 2023, Mattel executed actions to further streamline its organizational structure that were not included in the OFG program. In connection with these actions, Mattel recorded severance charges of $2.0 million and $5.2 million within other selling and administrative expenses during the three and six months ended June 30, 2023, respectively, in the consolidated statement of operations.

Liquidity and Capital Resources

Mattel's primary sources of liquidity are its domestic and foreign cash and equivalents balances, short-term borrowing facilities, including its $1.40 billion New Revolving Credit Facility, which on July 15, 2024 replaced the Prior Revolving Credit Facility, and access to capital markets to fund its operations and obligations. Such obligations may include capital expenditures, debt service, future royalty payments pursuant to licensing agreements, future inventory and service purchases, and required cash contributions and payments related to benefit plans. Of Mattel's $722.4 million in cash and equivalents at June 30, 2024, $562.4 million was held by foreign subsidiaries, including $62.4 million held in Russia. Mattel's cash held in Russia can be used within the country; however, its movement out of Russia is currently limited. In early 2022, Mattel paused all shipments into Russia.

Cash flows from operating activities could be negatively impacted by decreased demand for Mattel's products, which could result from factors such as, but not limited to, adverse economic conditions and changes in public and consumer preferences, or by increased costs associated with manufacturing and distribution of products or shortages in raw materials or component parts. Additionally, Mattel's ability to issue long-term debt and obtain seasonal financing could be adversely affected by factors such as, but not limited to, global economic crises and tight credit environments, an inability to comply with its debt covenants and its New Revolving Credit Facility covenants, or deterioration of Mattel's credit ratings. However, based on Mattel's current business plan and factors known to date, it is expected that existing cash and equivalents, cash flows from operations, availability under the New Revolving Credit Facility, and access to capital markets will be sufficient to meet working capital and operating expenditure requirements for the next twelve months and in the long-term.

Current Market Conditions

Mattel is exposed to financial market risk resulting from changes in interest and foreign currency exchange rates.

Mattel intends to utilize its existing cash and cash equivalents, cash flow from operations, and borrowings under the New Revolving Credit Facility to meet its short-term liquidity needs. At June 30, 2024, Mattel had no outstanding borrowings under the Prior Revolving Credit Facility and approximately $9 million in outstanding letters of credit under the Prior Revolving Credit Facility.

Market conditions could affect certain terms of other debt instruments that Mattel enters into from time to time.

Mattel monitors the third-party depository institutions that hold Mattel's cash and equivalents. Mattel's emphasis is primarily on safety and liquidity of principal, and secondarily on maximizing the yield on those funds. Mattel diversifies its cash and equivalents among counterparties and securities to minimize risks.

Mattel is subject to credit risks relating to the ability of its counterparties in hedging transactions to meet their contractual payment obligations. The risks related to creditworthiness and nonperformance have been considered in the fair value measurements of Mattel's foreign currency forward exchange contracts. Mattel closely monitors its counterparties and takes action, as necessary, to manage its counterparty credit risk.

Mattel expects that some of its customers and vendors may experience difficulty in obtaining the liquidity required to buy inventory or raw materials. Mattel monitors its customers' financial condition and their liquidity in order to mitigate accounts receivable collectability risks, and customer terms and credit limits are adjusted, if necessary. Additionally, Mattel uses a variety of financial arrangements to support the collectability of accounts receivable of customers deemed to be a credit risk, including requiring letters of credit, purchasing various forms of credit insurance with unrelated third parties, or requiring cash in advance of shipment.

Mattel sponsors defined benefit pension plans and postretirement benefit plans for its employees. Actual returns below the expected rate of return, along with changes in interest rates that affect the measurement of the liability, would impact the amount and timing of Mattel's future contributions to these plans.

Cash Flow Activities

Cash flows used for operating activities were $217.4 million in the first half of 2024, as compared to $325.6 million in the first half of 2023. The change was primarily due to an increase in net income, excluding the impact of non-cash items.

Cash flows used for investing activities were $72.7 million in the first half of 2024, as compared to $62.0 million in the first half of 2023. The change was primarily due to lower proceeds from foreign currency forward exchange contracts of $12.2 million in the first half of 2024.

Cash flows used for financing activities were $240.0 million in the first half of 2024, as compared to $71.4 million in the first half of 2023. The change was primarily due to $150.1 million of increased share repurchases in the first half of 2024 as compared to the first half of 2023.

Seasonal Financing

See Part I, Item 1 "Financial Statements—Note 8 to the Consolidated Financial Statements—Seasonal Financing" of this Quarterly Report on Form 10-Q.

Financial Position

Mattel's cash and equivalents decreased $539.0 million to $722.4 million at June 30, 2024 from $1.26 billion at December 31, 2023, primarily due to cash flows used for operating activities of $217.4 million, share repurchases of $200.0 million and capital expenditures of $65.4 million during the six months ended June 30, 2024. Mattel's cash and equivalents increased $422.5 million to $722.4 million at June 30, 2024 from $299.9 million at June 30, 2023, primarily due to cash flows generated from operating activities of $978.0 million in the trailing twelve months, partially offset by $353.1 million of share repurchases and $152.3 million of capital expenditures in the trailing twelve months.

Accounts receivable decreased $242.4 million to $839.4 million at June 30, 2024 from $1.08 billion at December 31, 2023, primarily due to seasonal declines as year-end receivables are collected. Accounts receivable decreased by $51.5 million to $839.4 million at June 30, 2024 from $890.9 million at June 30, 2023, primarily due to timing of sales and collections.

Inventories increased $205.3 million to $776.9 million at June 30, 2024 from $571.6 million at December 31, 2023, primarily due to seasonal inventory build. Inventories decreased $194.8 million to $776.9 million at June 30, 2024 from $971.6 million at June 30, 2023, primarily due to lower production and product cost deflation.

Prepaid expenses and other current assets increased $58.1 million to $265.7 million at June 30, 2024 from $207.5 million at December 31, 2023, which included increases in prepaid value added taxes of $19.2 million, prepaid income taxes of $15.1 million, and prepaid insurance of $7.1 million. Prepaid expenses and other current assets were $265.7 million at June 30, 2024, relatively flat as compared to $261.3 million at June 30, 2023.

Accounts payable and accrued liabilities decreased $303.1 million to $1.01 billion at June 30, 2024 from $1.31 billion at December 31, 2023, due to seasonal declines in expenditure levels and the timing of incentive compensation payments. Accounts payable and accrued liabilities were $1.01 billion at June 30, 2024 relatively flat as compared to $1.02 billion at June 30, 2023.

A summary of Mattel's capitalization is as follows:

	June 30, 2024		June 30, 2023		December 31, 2023	
	(In millions, except percentage information)					
Cash and equivalents	$ 722.4		$ 299.9		$ 1,261.4	
2010 Senior Notes due October 2040	250.0		250.0		250.0	
2011 Senior Notes due November 2041	300.0		300.0		300.0	
2019 Senior Notes due December 2027	600.0		600.0		600.0	
2021 Senior Notes due April 2026	600.0		600.0		600.0	
2021 Senior Notes due April 2029	600.0		600.0		600.0	
Debt issuance costs and debt discount	(17.8)		(22.2)		(20.0)	
Total debt	2,332.2	54 %	2,327.8	54 %	2,330.0	52 %
Stockholders' equity	1,973.1	46	1,962.4	46	2,149.2	48
Total capitalization (debt plus equity)	$ 4,305.3	100 %	$ 4,290.2	100 %	$ 4,479.2	100 %

Total debt was $2.33 billion at June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

Stockholders' equity decreased $176.1 million to $1.97 billion at June 30, 2024 from $2.15 billion at December 31, 2023, primarily due to share repurchases of $200.0 million, partially offset by the impact of share-based compensation on additional paid-in capital of $37.8 million for the first six months of 2024. Stockholders' equity increased $10.8 million to $1.97 billion at June 30, 2024 from $1.96 billion at June 30, 2023, primarily due to net income of $322.2 million and the impact of share-based compensation on additional paid-in capital of $84.2 million during the trailing twelve months, partially offset by $353.1 million of share repurchases and $37.9 million of other comprehensive loss during the trailing twelve months.

Litigation

See Part I, Item 1 "Financial Statements—Note 20 to the Consolidated Financial Statements—Contingencies" of this Quarterly Report on Form 10-Q.

Application of Critical Accounting Policies and Estimates

Mattel's critical accounting policies and estimates are included in the 2023 Annual Report on Form 10-K and did not materially change during the first half of 2024.

New Accounting Pronouncements

See Part I, Item 1 "Financial Statements—Note 22 to the Consolidated Financial Statements—New Accounting Pronouncements" of this Quarterly Report on Form 10-Q.

Non-GAAP Financial Measure

To supplement the financial results presented in accordance with GAAP, Mattel presents a non-GAAP financial measure within the meaning of Regulation G promulgated by the SEC. The non-GAAP financial measure that Mattel presents is currency exchange rate impact. Mattel uses this measure to analyze its continuing operations and to monitor, assess, and identify meaningful trends in its operating and financial performance. Mattel believes that the disclosure of this non-GAAP financial measure provides useful supplemental information to investors to be able to better evaluate ongoing business performance and certain components of Mattel's results. This measure is not, and should not be viewed as, a substitute for GAAP financial measures and may not be comparable to similarly-titled measures used by other companies.

Currency Exchange Rate Impact

The currency exchange rate impact reflects the portion (expressed as a percentage) of changes in Mattel's reported results that are attributable to fluctuations in currency exchange rates.

For entities reporting in currencies other than the U.S. dollar, Mattel calculates the percentage change of period-over-period results at constant currency exchange rates (established as described below) by translating current period and prior period results using these rates and then determines the currency exchange rate impact percentage by calculating the difference between the percentage change at such constant currency exchange rates and the percentage change at actual 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 currency 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.

Mattel believes that the disclosure of the percentage impact of currency changes 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 currency changes could potentially mask underlying sales trends. The disclosure of the percentage impact of currency exchange allows investors to calculate the impact on a constant currency basis and also enhances their ability to compare financial results from one period to another.

Key Performance Indicator

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Foreign Currency Exchange Rate Risk

Currency exchange rate fluctuations may impact Mattel's results of operations and cash flows. The Euro, Chinese yuan, and Mexican peso were the primary currencies that caused foreign currency transaction exposure for Mattel during the first half of 2024. Mattel seeks to mitigate its foreign currency exchange risk by monitoring its foreign currency transaction exposure for the year and partially hedging such exposure using foreign currency forward exchange contracts primarily to hedge its purchase and sale of inventory and other intercompany transactions denominated in foreign currencies. These contracts generally have maturity dates of up to 24 months. For those intercompany receivables and payables that are not hedged, the transaction gains or losses are recorded in the consolidated statements of operations in the period in which the exchange rate changes as part of operating income or other non-operating expense (income), net based on the nature of the underlying transaction. Transaction gains or losses on hedged intercompany inventory transactions are recorded in the consolidated statements of operations in the period in which the inventory is sold to customers. In addition, Mattel manages its exposure to currency exchange rate fluctuations through the selection of currencies used for international borrowings. Mattel does not trade in financial instruments for speculative purposes.

Mattel's financial position is also impacted by currency exchange rate fluctuations on translation of its net investments in subsidiaries with non-U.S. dollar functional currencies. Assets and liabilities of subsidiaries with non-U.S. dollar functional currencies are translated into U.S. dollars at fiscal period-end exchange rates. Income, expense, and cash flow items are translated at weighted-average exchange rates prevailing during the fiscal period. The resulting currency translation adjustments are recorded as a component of accumulated other comprehensive loss within stockholders' equity. Mattel's primary currency translation adjustments for the six months ended June 30, 2024 were related to its net investments in entities having functional currencies denominated in the Mexican peso, Brazilian real, and Russian ruble.

There are numerous factors impacting the amount by which Mattel's financial results are affected by foreign currency translation and transaction gains and losses resulting from changes in currency exchange rates, including, but not limited to, the level of foreign currency forward exchange contracts in place at a given time and the volume of foreign currency-denominated transactions in a given period. However, assuming that such factors were held constant, Mattel estimates that a one percent change in the U.S. dollar would have impacted Mattel's second quarter net sales by approximately 0.3% and would have less than a $0.01 impact to Mattel's net income per share.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of June 30, 2024, Mattel's disclosure controls and procedures were evaluated, with the participation of Mattel's principal executive officer and principal financial officer, to assess whether they are effective in providing reasonable assurance that information required to be disclosed by Mattel in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Based on this evaluation, Ynon Kreiz, Mattel's principal executive officer, and Anthony DiSilvestro, Mattel's principal financial officer, concluded that these disclosure controls and procedures are not effective as of June 30, 2024 due to a material weakness in Mattel's internal control over financial reporting, which is more fully described in Management's Report on Internal Control Over Financial Reporting, in Part II, Item 8 "Financial Statements and Supplementary Data" in the 2023 Annual Report on Form 10-K.

Remediation Plan

Management is in the process of implementing its remediation plan to address the material weakness, which includes the adoption of new program change management controls, and the design of new user access provisioning and review controls. Additional time is required to test the operating effectiveness of the program change management controls and to complete the design, implementation, and testing of the user access provisioning and review controls, to demonstrate the effectiveness of the remediation efforts. The material weakness cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting that occurred during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, Mattel's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The content of Part I, Item 1 "Financial Statements—Note 20 to the Consolidated Financial Statements—Contingencies" of this Quarterly Report on Form 10-Q is hereby incorporated by reference in its entirety in this Item 1.

Item 1A. Risk Factors.

There have been no material changes to the risk factors disclosed under Part I, Item 1A "Risk Factors" in the 2023 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Equity Securities

During the second quarter of 2024, Mattel did not sell any unregistered equity securities.

Issuer Purchases of Equity Securities

The following table provides certain information with respect to Mattel's purchases of its common stock during the second quarter of 2024:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (b)
April 1-30	904,579	$ 18.43	433,858	$ 892,000,740
May 1-31	4,918,409	18.73	4,911,957	800,014,073
June 1-30	14,425	17.11	—	—
Total	5,837,413	$ 18.68	5,345,815	$ 800,014,073

(a) *The total number of shares purchased includes 491,598 shares withheld from employees to satisfy minimum tax withholding obligations that occur upon settlement of equity awards, which were not purchased as part of a publicly announced repurchase plan or program.*

(b) *On February 5, 2024, the Board of Directors authorized a $1.00 billion share repurchase program. As of June 30, 2024, Mattel had a remaining authorization of $800.0 million under the program. Repurchases under the share repurchase program will take place from time to time, depending on market conditions. Mattel's share repurchase program has no expiration date.*

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) None.
(b) Not applicable.
(c) None.

Item 6. Exhibits.

		Incorporated by Reference			
Exhibit No.	Exhibit Description	Form	File No.	Exhibit(s)	Filing Date
3.0	Restated Certificate of Incorporation of Mattel, Inc.	8-K	001-05647	99.0	May 21, 2007
3.1	Amended and Restated Bylaws of Mattel, Inc.	8-K	001-05647	3.1	September 15, 2023
4.0	Specimen Stock Certificate with respect to Mattel, Inc.	10-Q	001-05647	4.0	August 3, 2007
10.1+*	Letter Agreement between Mattel, Inc. and Karen Ancira, dated April 18, 2024, regarding an offer of employment for the position of Executive Vice President and Chief People Officer				
10.2+	Mattel, Inc. Amended and Restated 2010 Equity and Long-Term Compensation Plan	8-K	001-05647	10.1	June 4, 2024
31.0*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.1*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.0**	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS*	Inline XBRL Instance Document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104*	The cover page from this Quarterly Report on Form 10-Q, formatted in Inline XBRL.				

+ *Management contract or compensatory plan or arrangement.*

* *Filed herewith.*

** *Furnished herewith. This exhibit should not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934.*

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MATTEL, INC.
Registrant

By: /s/ Yoon Hugh

Yoon Hugh
Senior Vice President and Corporate Controller (Duly Authorized Officer and Chief Accounting Officer)

Date: July 30, 2024

April 18, 2024

Karen Ancira

Dear Karen,

Congratulations! We are excited to invite you to join us at Mattel, where we empower generations to explore the wonder of childhood and reach their full potential.

Mattel would like to extend you an offer of employment for the position of Executive Vice President and Chief People Officer at the El Segundo, California location, contingent on the terms and conditions set forth in the General Information section below, with an anticipated start date of May 15, 2024. This letter provides an overview of some of the offerings that would be available to you as an employee of Mattel, should you choose to accept our offer. For purposes of this letter, "Mattel" will refer to Mattel, Inc. and its subsidiaries.

At Mattel, we aim to empower a culture of growth, optimism and wellbeing, where every employee can reach their full potential.

- A purpose-led community that fosters a sense of belonging and cultivates an environment that promotes equality, inclusion and empowerment
- Comprehensive benefits, tools and programming to support overall wellbeing
- Competitive total pay programs and resources to thrive now and in the future
- Career development opportunities and experiences to encourage ongoing learning

BASE PAY

Your annual base pay will be $500,000, payable on a bi-weekly basis, less applicable federal and state taxes and other required withholdings. As this is an exempt position, you are not eligible for overtime pay. Paychecks are issued every other Friday for the previous two weeks. For payroll purposes, our workweek is Monday through Sunday.

BONUS - MATTEL INCENTIVE PLAN

The Mattel Incentive Plan ("MIP") is an annual, discretionary, global cash bonus plan that provides employees the opportunity to earn an award based on Mattel's financial performance and individual performance results. You are eligible for a target MIP award of 65% of your eligible earnings, up to a maximum of 130% your eligible earnings. The amount of your actual award, if any, may be more or less than your target, depending on Mattel's financial performance results and your individual performance results. Mattel must achieve a minimum financial performance goal before an award pool is generated and funded.

You are eligible for an MIP award for the plan year of your hire, if you commence active employment in a Regular status (as defined in the Employee Handbook) on or before the first Monday in October of that plan year, and your award, if any, will be pro-rated based on your hire date. Awards are typically paid around the beginning of the second quarter of the following year. In order to earn an award under the MIP, you need to be continuously employed as an active Regular employee of Mattel in good standing (as determined by Mattel in its discretion) through the payment date. Mattel reserves the right to reduce MIP awards in its discretion, even if you satisfy these requirements.

SIGNING BONUS

You will receive a signing bonus in the gross amount of $450,000, less applicable federal and state taxes and other required withholdings, typically payable on the next pay period following 30 days from your hire date. In order to earn the signing bonus, you must complete one year of service from your hire date. If, within one year of your hire date, you choose to voluntarily terminate your employment with Mattel, or you are discharged for "cause" as defined below, the signing bonus will not have been earned, and you agree to repay this entire gross amount in full within 30 days of your termination date. You agree to repay this entire gross amount even if you are unable to recover some or all of the taxes paid with respect to the signing bonus.

CAR ALLOWANCE

You will receive a monthly car allowance in the amount of $2,000, payable on a biweekly basis, less applicable federal and state taxes and other required withholdings. The car allowance is intended to cover all automobile expenses including mileage, gasoline, maintenance and insurance.

STOCK GRANT

New Hire Stock Grant

You will receive a new hire stock grant with a value of $900,000 and a grant date of the last trading day of the month in which you commence employment at Mattel.

- The grant dollar value will be converted into a number of Restricted Stock Units (**"**RSUs**"**) by dividing the grant dollar value by Mattel's closing stock price on the grant date.
- If you remain employed by Mattel, the RSUs will vest over the three-year period following the grant date: 33% on the first anniversary of the grant, 33% on the second anniversary of the grant, and 34% on the third anniversary of the grant.
- Upon vesting, you will receive shares of Mattel stock, less applicable federal and state taxes and other required withholdings.

Annual Stock Grant

You will be eligible to receive an annual stock grant beginning in the year following your year of hire with a target value of $800,000. Annual stock grants are anticipated to be made around the end of April of each year. Your annual stock grant recommendation may vary each year and will be subject to Compensation Committee of the Board of Directors approval.

Please note this is a summary of your stock grants**,** and once approved, in order to receive your grants, you will be required to enter into stock grant agreements setting forth the terms and conditions that govern your stock grants.

STOCK OWNERSHIP

You will be subject to stock ownership guidelines established as a multiple of base pay. Your stock ownership requirement will be three times your then-current base pay. You will have five years from your hire date to attain your targeted level of ownership. Our stock ownership guidelines provide that if the target level ownership is not met within the compliance deadline, you must retain 100% of after-tax shares acquired from stock grants until such guidelines are met. Our stock ownership guidelines are reviewed annually by our Compensation Committee for individual compliance.

RELOCATION ASSISTANCE

Mattel will provide assistance to help you move to your new work location, in accordance with Mattel's Executive Homeowner Relocation Guide. Contact Mattel Global Mobility (globalmobility@mattel.com) for any questions and to initiate services.

Receipt of these benefits is contingent upon Mattel's receipt of your signed offer letter and attached Repayment Agreement, which generally provides that if, within 24 months of your relocation date, you choose to voluntarily terminate your employment with Mattel, or you are discharged for "cause" as defined below, the relocation benefits will not have been fully earned, and you agree to repay all or any part of the relocation benefits (including any tax gross-ups) that have not been earned within 30 days of your termination date.

BENEFITS AND EMPLOYEE PROGRAMS

Mattel offers a comprehensive benefits package and an extensive array of valuable programs and services designed to support your total wellbeing.

Health and Welfare

You and your qualified dependents, if applicable, will be eligible to participate in Mattel's health and welfare benefits (some of which require enrollment) as of your hire date, with the exception of short & long-term disability insurance, which will be available upon the completion of the 90-day introductory period. You will receive information about Mattel's health and welfare benefits in your new hire materials.

Retirement/401(k)

Mattel provides eligible employees the opportunity to participate in a 401(k)-retirement program, the Mattel, Inc. Personal Investment Plan ("PIP"), that provides a variety of investment options. You will be automatically enrolled in the PIP if you are age 20 or older. The PIP currently provides generous Mattel Automatic and Matching contributions, in addition to your own contributions.

- Mattel Automatic Contributions: Mattel will make automatic contributions to your account ranging from 3% to 7% of your eligible pay, based on your age, even if you do not contribute.
- Employee Contributions: The PIP allows for voluntary employee contributions up to 80% of your eligible pay, subject to Internal Revenue Code ("IRC") limitations. You will be initially enrolled at 2% of your eligible compensation on a pre-tax basis, which will be matched 50% by Mattel, to help you get started. This contribution will begin automatically after 30 days from your hire date. You will have the opportunity to opt-out of the 2% pre-tax contribution before the first deduction from your paycheck and may make changes anytime.
- Mattel Matching Contributions: Mattel will match your contributions 50% up to the first 6% of your eligible pay. If you elect an employee contribution of at least 6%, you will receive the maximum Mattel matching contribution.

You will receive PIP information in your new hire materials that provides additional details regarding your contribution and investment options, including your right to opt out of automatic enrollment.

Deferred Compensation

You will be eligible to participate in the Mattel, Inc. Deferred Compensation & PIP Excess Plan ("DCP"). Under this plan, you may elect to defer (pre-income tax) a portion of your base pay or annual MIP bonus, as well as continue deferrals and Mattel contributions that cannot be made into our 401(k) plan due to IRC limitations, with various investment and payment options available.

You will receive DCP information around 30 days from your hire date that provides additional details regarding your enrollment options.

Flexible Paid Time Off

Mattel recognizes the value of rest and relaxation and provides eligible exempt employees Flexible Paid Time Off ("Flexible PTO") for personal and leisure time away from work, following successful completion of the introductory period (usually on the 90th day of continuous employment). While you do not have a specified amount of Flexible PTO, use of Flexible PTO is subject to the needs of the business and the Chief Executive Officer's discretion. For leaves of absence, jury duty, and sick leave, different practices apply.

COMPENSATION RECOVERY POLICY

As an executive at the Executive Vice President level and a Section 16 Officer, you will be subject to Mattel's Compensation Recovery Policy ("Clawback Policy"), which provides for forfeiture or reimbursement of certain cash and stock incentive compensation that was paid, granted, or vested based on financial results that, when recalculated to include the impact of a material financial restatement, were not achieved. An acknowledgement will be provided to you for signature, along with a copy of the Clawback Policy.

EXECUTIVE SEVERANCE PLAN

As a direct report to the Chief Executive Officer, you will be covered under the Executive Severance Plan upon Mattel's receipt of a signed Participation Letter Agreement, which will be provided to you, along with a copy of the Executive Severance Plan.

GENERAL INFORMATION

This offer letter is only a summary of your pay, benefit, and employee program offerings. More details and plan provisions are provided in our Summary Plan Descriptions, plan documents or program summaries, which govern and are subject to periodic modification and revision. You will receive specific benefit information, enrollment instructions, and additional employee program information upon hire. If there are any conflicts between the terms of this letter and any plan documents, the terms of the plan documents will apply.

This offer letter supersedes any prior communications you may have had with Mattel employees and/or representatives and reflects the entire understanding between you and Mattel, with respect to Mattel's offer of employment. No Mattel employee and/or representative has the authority to make any promise related to this offer that is not contained in this letter and, by signing below, you affirm that you have not signed this offer letter in reliance on any such promise. By signing below, you confirm that your negotiation, acceptance and/or performance of the terms of this offer does not violate any contract or arrangement you may have with any third party. If Mattel (in its sole discretion) determines that your confirmation may be inaccurate for any reason, it can be a basis for terminating your employment with "cause" as defined below. By signing below, you agree to indemnify Mattel and the Mattel family of companies against any claims that may be brought against such companies relating to any allegation that you violated any contract or arrangement between you and such third party.

For purposes of this offer letter only, and without altering the at-will employment offered by Mattel, "cause" shall mean Mattel's good faith belief that you: *(i) neglected significant duties you were required to perform; (ii) violated a material Mattel policy, rule or guideline; (iii) engaged in an act of dishonesty, fraud, misrepresentation or other act of moral turpitude; (iv) engaged in an act or omission in the course of your employment which constitutes gross negligence; or (v) willfully failed to obey a lawful direction of Mattel's Board of Directors or Mattel.*

The terms of this offer letter do not imply employment for a definite period. This means that your employment will be at-will, and either you or Mattel can terminate it at any time, for any or no reason, with or without cause or advance notice. This at-will relationship cannot be changed by any statement, act, series of events, or pattern of conduct and can only be changed by an express, written agreement signed by Mattel's Chief Executive Officer. For purposes of clarity, your participation in any incentive or benefit program will not be construed as (i) any assurance of continuing employment for any particular period of time, or (ii) a restriction on Mattel's right to terminate your employment at-will.

This offer is contingent upon satisfactory completion of a background check, including verification of information listed on your resume, employment application and any other supporting documentation provided, such as previous employers, academic institutions attended, and eligibility to work in the United States. Should you choose to accept this offer and become an employee of Mattel, you will be subject to Mattel's employment policies and Code of Conduct. As a condition of your employment, you must read and sign the following documents:

- Employee Handbook, State Supplement and if applicable, business unit-specific addendum and Acknowledgement
- Mutual Arbitration Agreement
- Employee Confidentiality and Inventions Agreement (in which you will be asked to disclose all prior inventions, if any, that you own) and Addendum
- Mattel's Code of Conduct and Acknowledgement
- Conflict of Interest Questionnaire

If you would like to review any of these documents before you make your decision to accept our offer, your recruiter can provide them.

Should you choose to accept our offer, you will receive onboarding information via email (based on your location) providing information and forms that you will need to complete before or on your hire date.

Also, please note that as an executive of Mattel, and an officer, you will be considered an Insider for purposes of Mattel's Insider Trading Policy (the "Policy") and are subject to trading window period and pre-clearance restrictions. This means that you are generally restricted to conducting pre-cleared transactions in Mattel stock only during open trading window periods and in accordance with the Policy. Examples of such transactions include sales of shares of Mattel stock and changes in contribution elections to the Mattel stock fund under the PIP (Mattel's 401(k) Plan) and DCP. You will receive additional information about the Policy and its restrictions shortly after your hire date.

Karen, we are sincerely pleased to extend this contingent offer of employment and look forward to hearing from you soon. If you accept the terms of our offer as noted above, please sign below and return this letter. If I can answer any questions, please do not hesitate to contact me.

We hope you will join us in our mission to create innovative products and experiences that inspire fans, entertain audiences, and develop children through play!

Sincerely,

/s/ Jonathan Anschell

Jonathan Anschell

Executive Vice President, Chief Legal Officer, and Secretary

Agreed and accepted:

/s/ Karen Ancira   Apr 18, 2024

Karen Ancira   Date

Repayment Agreement

In exchange for receiving relocation benefits offered to me in the Executive Homeowner Relocation Guide, I acknowledge and agree to the following conditions:

1. I understand and agree that the relocation benefits that have been and/or are extended by Mattel to me have not been earned and are conditional upon my continued employment with Mattel for a minimum of twenty-four (24) months from my relocation date, as determined by Mattel in its sole discretion ("effective relocation date"). My effective relocation date is the date I actually relocate, as determined by Mattel, regardless of when my relocation benefits are paid. Because these benefits are being provided in consideration for my relocation and continued employment for twenty-four (24) months, all amounts expended by Mattel pursuant to this Agreement, including benefits provided in cash or in kind and any tax gross-ups and withholdings, constitute compensation that has not been earned and remains subject to forfeiture in the event that I voluntarily terminate my employment or if I am terminated by Mattel for Cause, as defined by Mattel in my offer letter ("Cause"), prior to the twenty-four (24)-month anniversary of my effective relocation date. Fifty (50) percent of the cost of these relocation benefits, including tax costs borne by Mattel, will be earned upon my completion of twelve (12) months of employment following the effective relocation date, and the remaining fifty (50) percent will be earned upon my completion of twenty-four (24) months of employment following the effective relocation date.

2. I understand and agree that if I voluntarily terminate my employment or if I am terminated by Mattel for Cause, within twenty-four (24) months from the effective relocation date, I hereby promise to repay to Mattel, within thirty (30) days, any relocation benefits expended by Mattel and not yet earned by me. If the termination occurs within twelve (12) months of the effective relocation date I hereby agree to repay all relocation benefits. Should the termination occur within twenty-four (24) months of the effective relocation date, but after the initial twelve (12) months, I hereby agree to repay half of all relocation benefits. The relocation benefits subject to repayment will include the gross amount paid to me by Mattel, including benefits provided in cash or in kind and any tax gross-ups and withholdings on amounts paid to me by Mattel. I agree to repay this entire gross amount even if I am unable to recover some or all of the taxes paid with respect to my relocation benefits.

3. The exact amount to be repaid and repayment details will be communicated by Mattel's Global Mobility team as soon as is administratively practical. Should any additional relocation related expenses be identified after the initial communication, these trailing relocation expenses will be communicated separately. I hereby agree to reimburse Mattel within thirty (30) days from the date repayment details are confirmed, for all or any part of the relocation benefits which I have not earned as of the date of my voluntary termination of employment or involuntary termination for Cause.

4. If I breach this Agreement by failing to repay any amount that I am required to repay under this Agreement by the time set forth herein, Mattel agrees to provide me with written notice of such failure to pay. If I fail to make the required payment within fifteen (15) days after receipt of such notice, I understand and agree to reimburse Mattel for any and all costs incurred in enforcing this Agreement for such payment, including but not limited to attorneys' fees and court costs, to the extent permitted by law.

5. I understand and agree that this Agreement does not constitute a contract of employment or a guarantee of employment for any period of time. My employment is at-will at all times, which means that either I or Mattel may terminate the employment relationship at any time with or without cause and with or without notice.

6. I understand that this Agreement represents the entire agreement between me and Mattel with respect to the repayment of relocation benefits and supersedes any prior agreements, whether written or oral, with respect to the repayment of relocation benefits. The terms of this Agreement may not be modified or waived unless such modification or waiver is agreed to in writing signed by me and an authorized representative of Mattel. Nothing contained herein shall be held to alter, vary, or affect any of the terms or conditions of my employment with Mattel. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

Agreed and accepted:

/s/ Karen Ancira   Apr 18, 2024

Karen Ancira   Date

EXHIBIT 31.0

CERTIFICATION

I, Ynon Kreiz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mattel, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	July 30, 2024	By:	/s/ Ynon Kreiz
			Ynon Kreiz **Chairman and Chief Executive Officer** **(Principal Executive Officer)**

EXHIBIT 31.1

CERTIFICATION

I, Anthony DiSilvestro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mattel, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	July 30, 2024	By:	/s/ Anthony DiSilvestro
			Anthony DiSilvestro **Chief Financial Officer** **(Principal Financial Officer)**

EXHIBIT 32.0

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Mattel, Inc. a Delaware corporation (the “Company”), on Form 10-Q for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission (the “Report”), Ynon Kreiz, Chairman and Chief Executive Officer, and Anthony DiSilvestro, Chief Financial Officer, of the Company, do each hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350) that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 30, 2024

By: /s/ Ynon Kreiz
Ynon Kreiz
Chairman and Chief Executive Officer

/s/ Anthony DiSilvestro
Anthony DiSilvestro
Chief Financial Officer