

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2019	December 31, 2018
	(In thousands, except share data)	
<u>ASSETS</u>		
Current Assets		
Cash and equivalents	\$ 630,028	\$ 594,481
Accounts receivable, net of allowances of \$18.5 million and \$22.0 million in 2019 and 2018, respectively	936,359	970,083
Inventories	495,504	542,889
Prepaid expenses and other current assets	186,083	239,747
Total current assets	2,247,974	2,347,200
Noncurrent Assets		
Property, plant, and equipment, net	550,139	657,595
Right-of-use assets, net	303,187	—
Goodwill	1,390,714	1,386,424
Other noncurrent assets	833,212	847,006
Total Assets	\$ 5,325,226	\$ 5,238,225
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities		
Short-term borrowings	\$ —	\$ 4,176
Accounts payable	459,357	537,965
Accrued liabilities	769,513	694,271
Income taxes payable	48,037	13,520
Total current liabilities	1,276,907	1,249,932
Noncurrent Liabilities		
Long-term debt	2,846,751	2,851,723
Noncurrent lease liabilities	270,853	—
Other noncurrent liabilities	439,001	469,669
Total noncurrent liabilities	3,556,605	3,321,392
Commitments and Contingencies (See Note 12)		
Stockholders' Equity		
Common stock \$1.00 par value, 1.0 billion shares authorized; 441.4 million shares issued	441,369	441,369
Additional paid-in capital	1,825,569	1,812,682
Treasury stock at cost: 94.6 million shares and 96.1 million shares in 2019 and 2018, respectively	(2,318,921)	(2,354,617)
Retained earnings	1,413,181	1,626,693
Accumulated other comprehensive loss	(869,484)	(859,226)
Total stockholders' equity	491,714	666,901
Total Liabilities and Stockholders' Equity	\$ 5,325,226	\$ 5,238,225

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

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended		
	December 31, 2019	December 31, 2018	December 31, 2017
	(In thousands, except per share amounts)		
Net Sales	\$ 4,504,571	\$ 4,514,810	\$ 4,881,493
Cost of sales	2,523,792	2,716,127	3,056,922
Gross Profit	1,980,779	1,798,683	1,824,571
Advertising and promotion expenses	551,517	524,288	642,286
Other selling and administrative expenses	1,390,022	1,508,744	1,517,983
Operating Income (Loss)	39,240	(234,349)	(335,698)
Interest expense	201,044	181,886	105,214
Interest (income)	(6,166)	(6,463)	(7,777)
Other non-operating expense, net	2,650	7,331	68,110
Loss Before Income Taxes	(158,288)	(417,103)	(501,245)
Provision for income taxes	55,224	116,196	553,334
Net Loss	\$ (213,512)	\$ (533,299)	\$ (1,054,579)
Net Loss Per Common Share - Basic	\$ (0.62)	\$ (1.55)	\$ (3.07)
Weighted average number of common shares	346,127	345,012	343,564
Net Loss Per Common Share - Diluted	\$ (0.62)	\$ (1.55)	\$ (3.07)
Weighted average number of common and potential common shares	346,127	345,012	343,564

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

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended		
	December 31, 2019	December 31, 2018	December 31, 2017
	(In thousands)		
Cash Flows From Operating Activities:			
Net loss	\$ (213,512)	\$ (533,299)	\$ (1,054,579)
Adjustments to reconcile net loss to net cash flows provided by (used for) operating activities:			
Depreciation	204,406	232,837	240,818
Amortization	40,112	39,095	33,949
Share-based compensation	55,968	48,915	67,119
Bad debt expense	967	40,894	17,568
Inventory obsolescence	75,139	74,974	127,592
Asset impairments	38,729	18,203	56,324
Deferred income taxes	(22,625)	13,349	(18,010)
Indefinite reinvestment assertion and U.S. Tax Act	—	18,275	(107,049)
Establishment of valuation allowance on U.S. deferred tax assets	—	—	566,346
Loss on discontinuation of Venezuelan operations	—	—	58,973
Changes in assets and liabilities:			
Accounts receivable	41,029	72,415	(3,484)
Inventories	(26,920)	(53,840)	(91,644)
Prepaid expenses and other current assets	47,971	54,230	33,681
Accounts payable, accrued liabilities, and income taxes payable	(58,679)	(47,397)	93,844
Other, net	(1,608)	(5,968)	(49,062)
Net cash flows provided by (used for) operating activities	180,977	(27,317)	(27,614)
Cash Flows From Investing Activities:			
Purchases of tools, dies, and molds	(50,509)	(74,662)	(128,940)
Purchases of other property, plant, and equipment	(65,843)	(77,752)	(168,219)
(Payments for) proceeds from foreign currency forward exchange contracts	(681)	(18,615)	60,993
Other, net	2,857	10,271	503
Net cash flows used for investing activities	(114,176)	(160,758)	(235,663)
Cash Flows From Financing Activities:			
Payments of short-term borrowings, net	(4,176)	—	(1,611,586)
Proceeds from short-term borrowings, net	—	4,176	1,419,418
Payments of long-term borrowings	(607,898)	(750,000)	—
Proceeds from long-term borrowings, net	588,244	471,797	988,622
Payments of dividends on common stock	—	—	(311,973)
Proceeds from exercise of stock options	—	—	1,775
Other, net	(9,308)	(11,130)	(27,806)
Net cash flows (used for) provided by financing activities	(33,138)	(285,157)	458,450
Effect of Currency Exchange Rate Changes on Cash	1,884	(11,508)	14,517
Increase (Decrease) in Cash and Equivalents	35,547	(484,740)	209,690
Cash and Equivalents at Beginning of Period	594,481	1,079,221	869,531
Cash and Equivalents at End of Period	<u>\$ 630,028</u>	<u>\$ 594,481</u>	<u>\$ 1,079,221</u>
Supplemental Cash Flow Information:			
Cash paid during the year for:			
Income taxes, gross	\$ 72,647	\$ 99,586	\$ 117,690
Interest	190,922	173,951	103,339

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