



Second Quarter 2024
Earnings Presentation
July 31, 2024
5:00 PM Eastern / 2:00 PM Pacific

Webcast link [2Q24 Registration Link](#)





EXECUTIVE TEAM ON THE CALL

STEPHEN BERMAN

Chairman & Chief Executive Officer

JOHN KIMBLE

Executive Vice President & Chief Financial Officer





SAFE HARBOR STATEMENT

The Company would like to point out that any comments made about JAKKS Pacific's future performance, events or circumstances, including the estimates of sales and/or Adjusted EBITDA in 2024, as well as any other forward-looking statements concerning 2024 and beyond are subject to Safe Harbor protection under Federal securities laws. These statements reflect the Company's best judgment based on current market trends and conditions today, and are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected in forward-looking statements. For details concerning these and other such risks and uncertainties, you should consult JAKKS' most recent 10-K and 10-Q filings with the SEC, as well as the Company's other reports, subsequently filed with the SEC from time to time. As a reminder, this conference is being recorded.

Note: The following presentation includes unaudited information





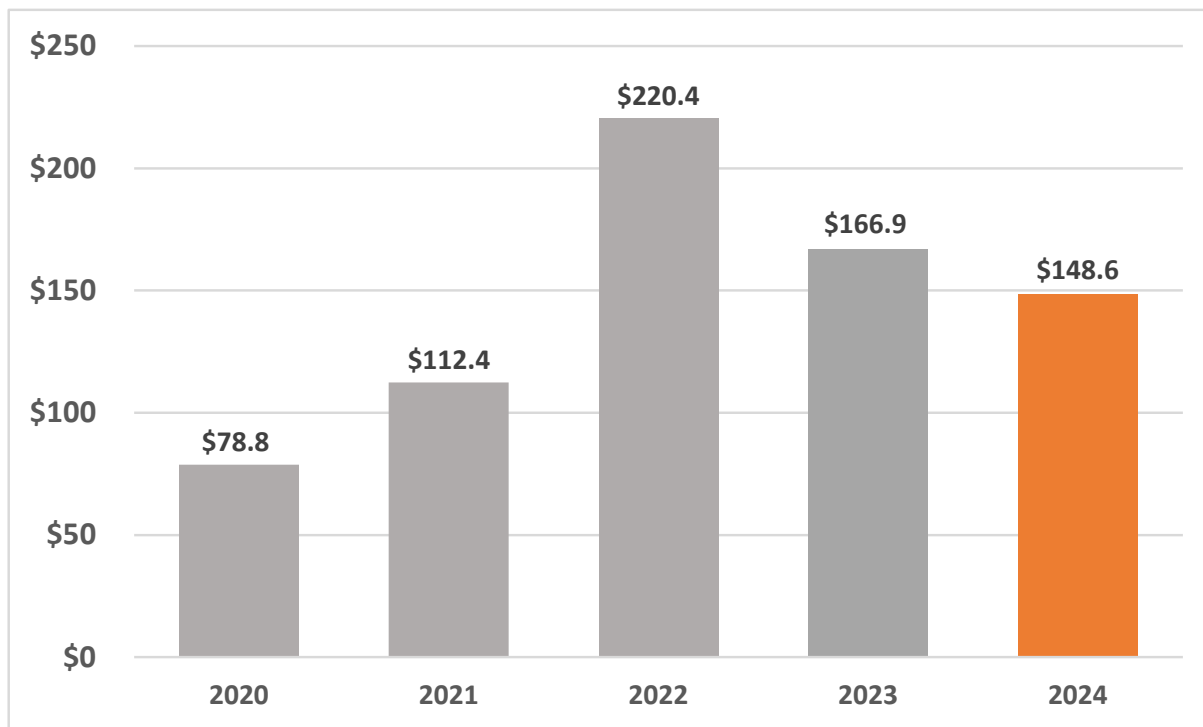
- Net sales were \$148.6 million, a year-over-year decrease of 11%, driven by a lack of new film releases vs. prior year
- Gross margin of 32.0%, up 130 basis points vs. Q2 2023
- Gross profit of \$47.6 million, down \$3.6 million compared to \$51.2 million in Q2 2023
- Operating income of \$7.6 million, compared to an operating income of \$16.4 million in Q2 2023
- Adjusted net income attributable to common stockholders (a non-GAAP measure) of \$7.3 million (or \$0.65 per diluted share), compared to an adjusted net income attributable to common stockholders of \$13.3 million (or \$1.26 per diluted share) in Q2 2023
- Adjusted EBITDA (a non-GAAP measure) of \$12.3 million vs. \$20.7 million in Q2 2023





2024 Second Quarter Net Sales

\$ Millions



YoY % Change:

43%

96%

(24)%

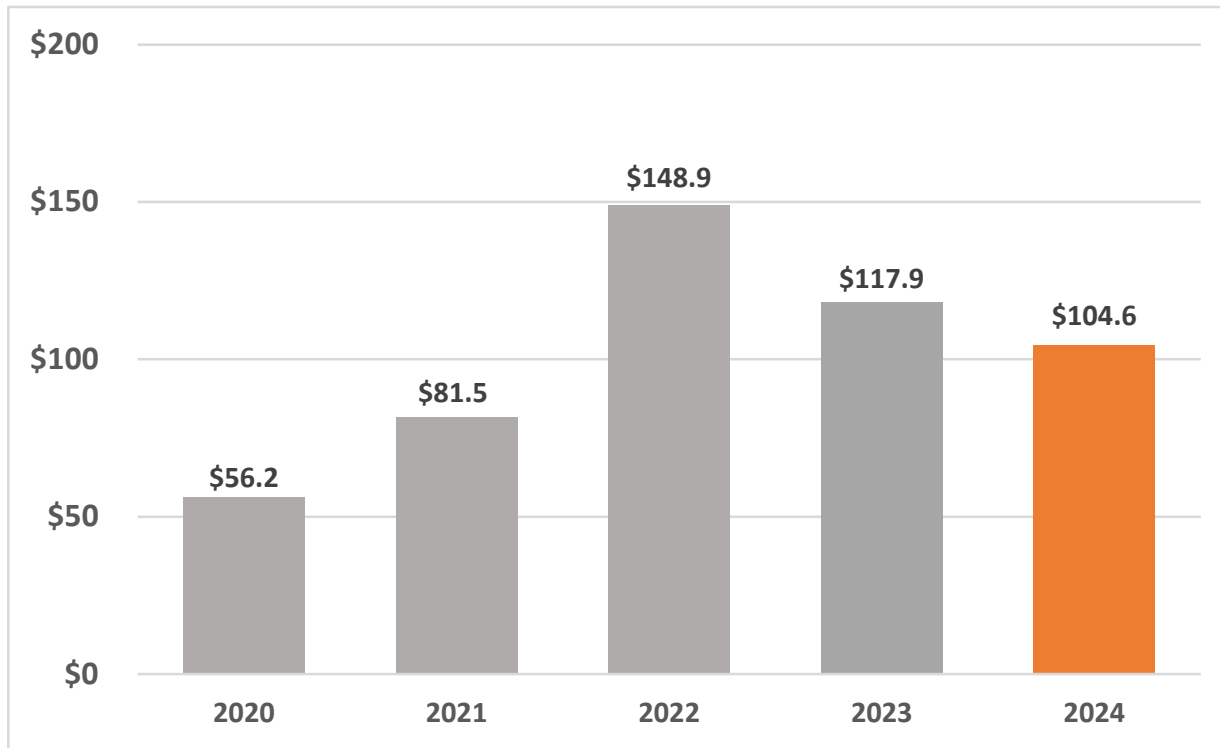
(11)%





2024 Second Quarter Toys/Consumer Products Net Sales

\$ Millions



YoY % Change:

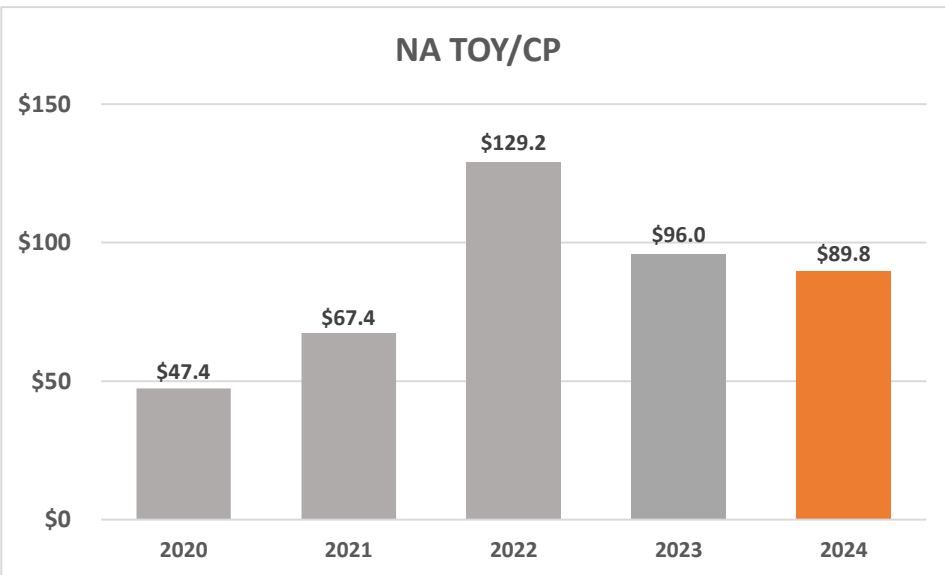
45%	83%	(21)%	(11)%
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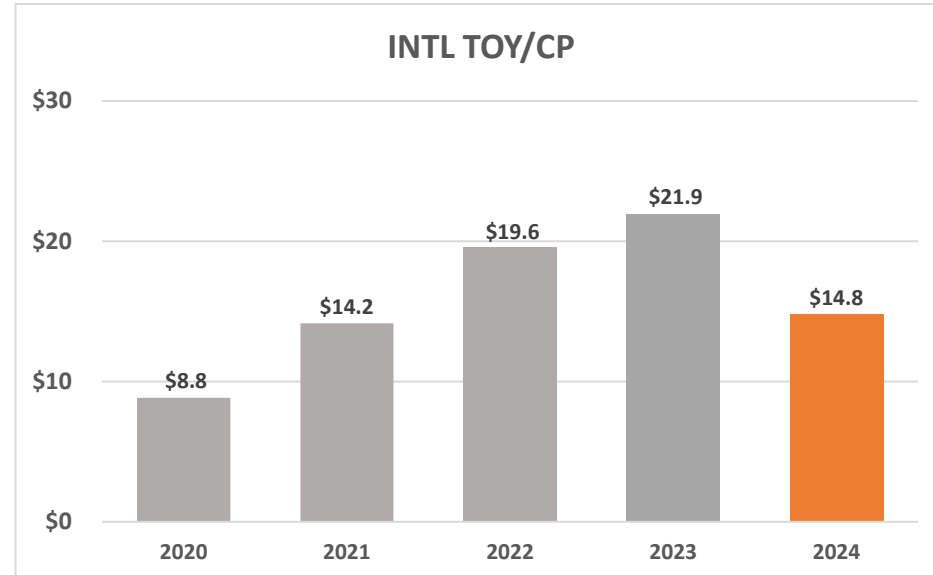


2024 Second Quarter Toys/Consumer Products Net Sales

\$ Millions



YoY % Change



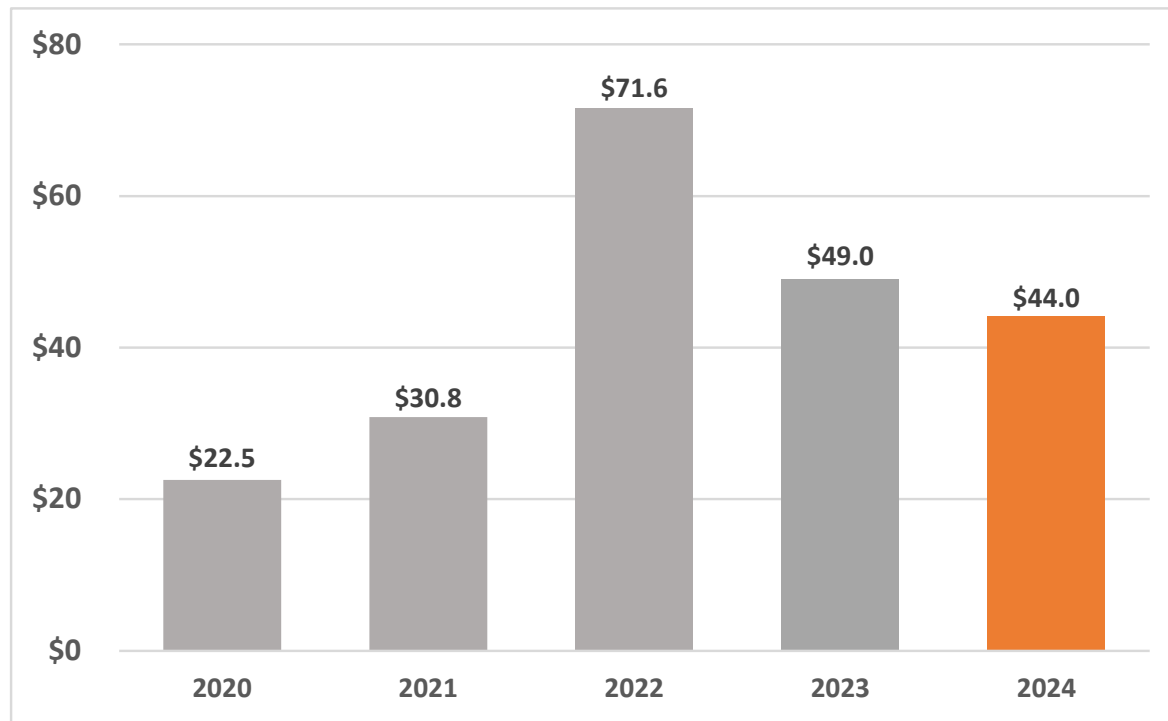
YoY % Change





2024 Second Quarter Costumes Net Sales

\$ Millions



YoY % Change:

37%

132%

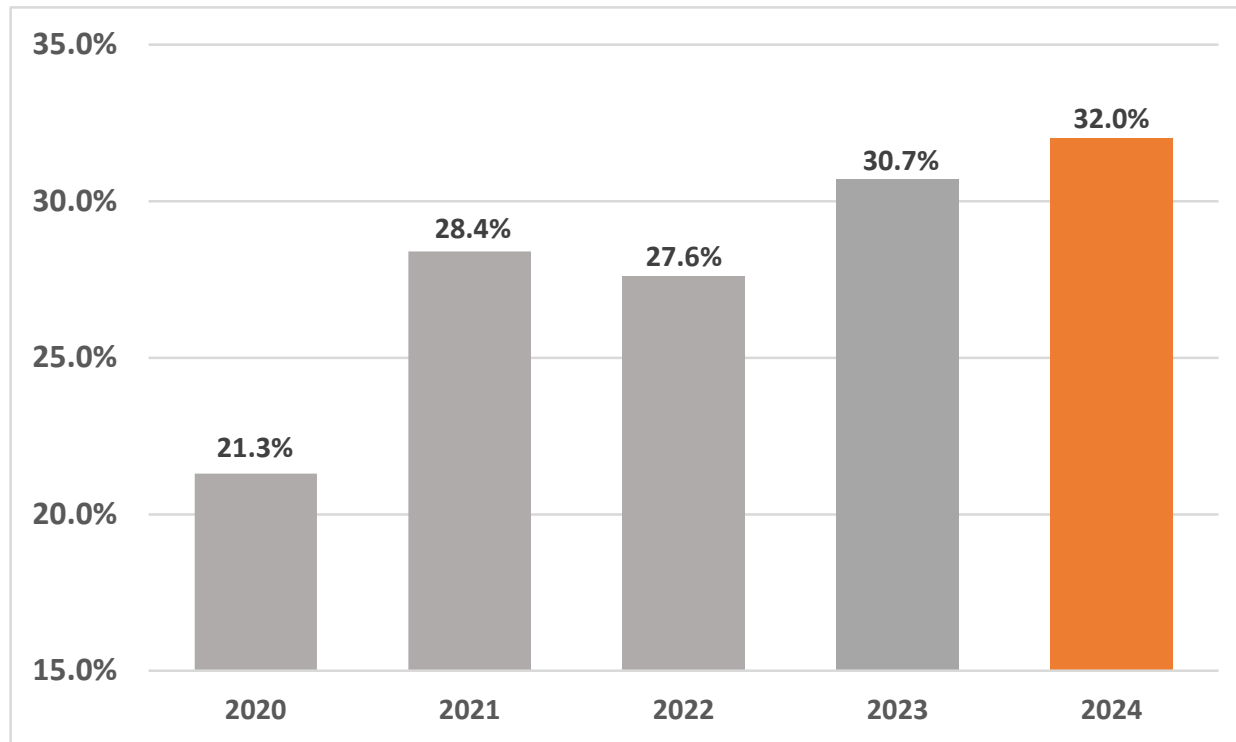
(32)%

(10)%





2024 Second Quarter Gross Margin %



YoY % Change:

710 bps

(80) bps

310 bps

130 bps

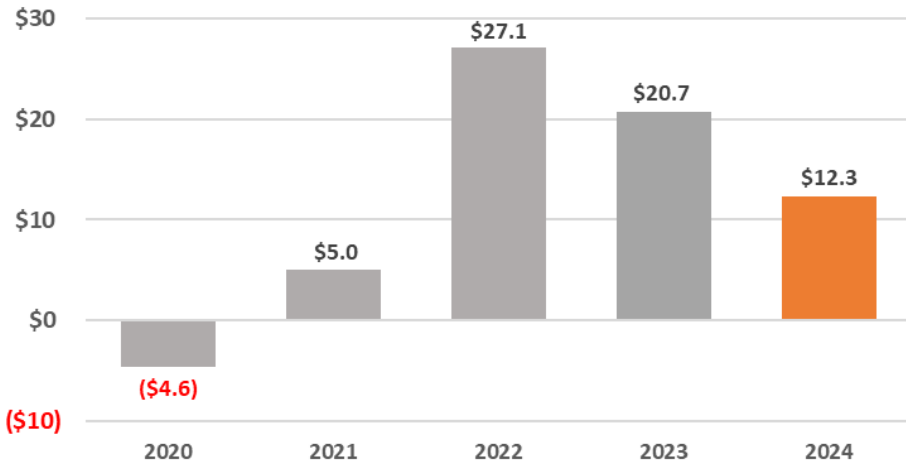




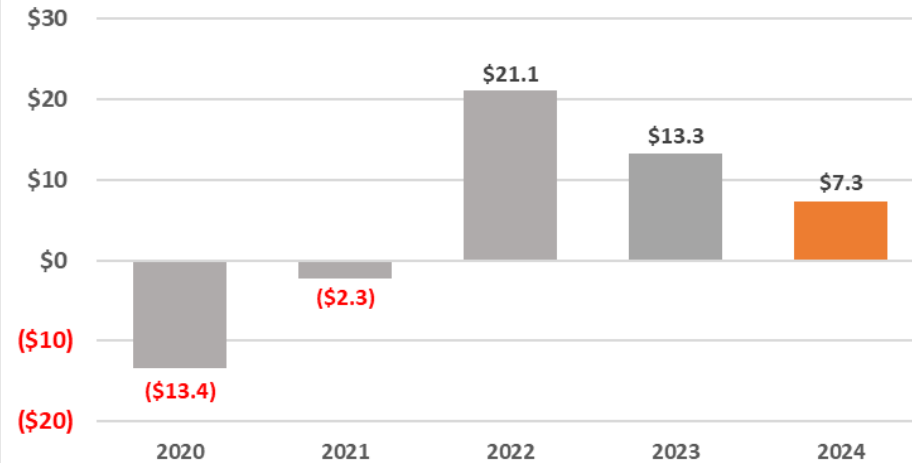
2024 Second Quarter Adj. EBITDA and Adj. Net Income

\$ Millions

Q2 ADJ EBITDA



Q2 ADJ NET INCOME



(5.8)%

4.4%

12.3%

12.4%

8.3%

Adj. EBITDA Margin %

(17.0)%

(2.1)%

9.6%

8.0%

4.9%

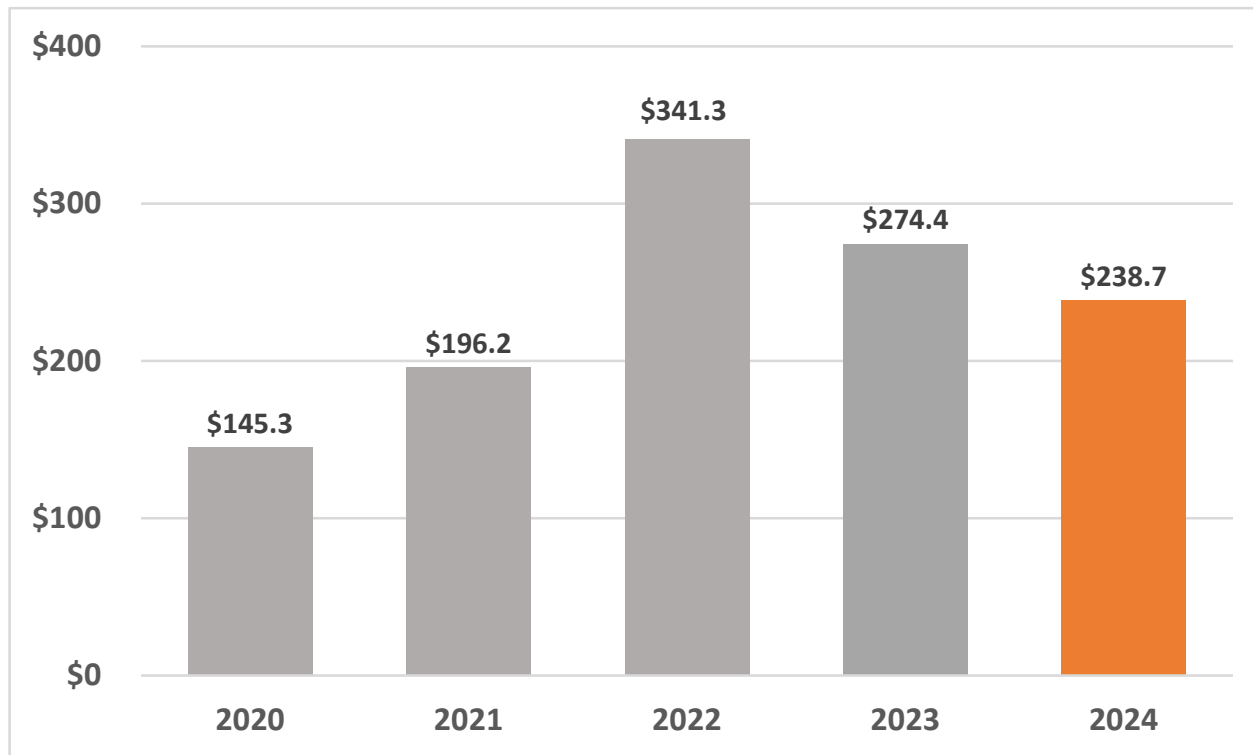
Adj. Net Income Margin %





2024 First Half Net Sales

\$ Millions



YoY % Change:

35%

74%

(20)%

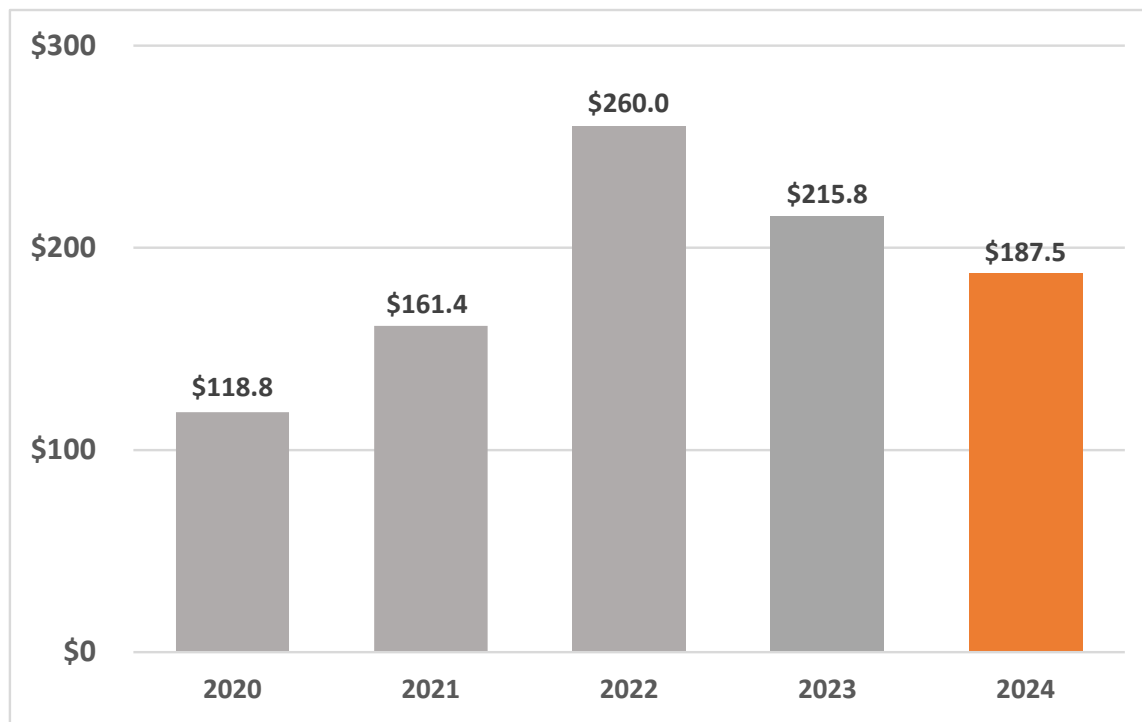
(13)%





2024 First Half Toys/Consumer Products Net Sales

\$ Millions



YoY % Change:

36%

61%

(17)%

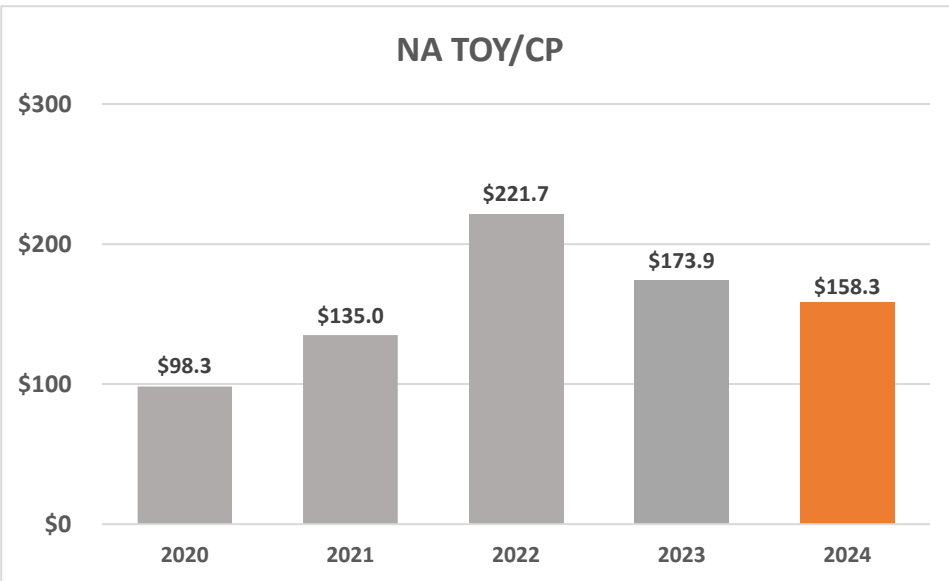
(13)%



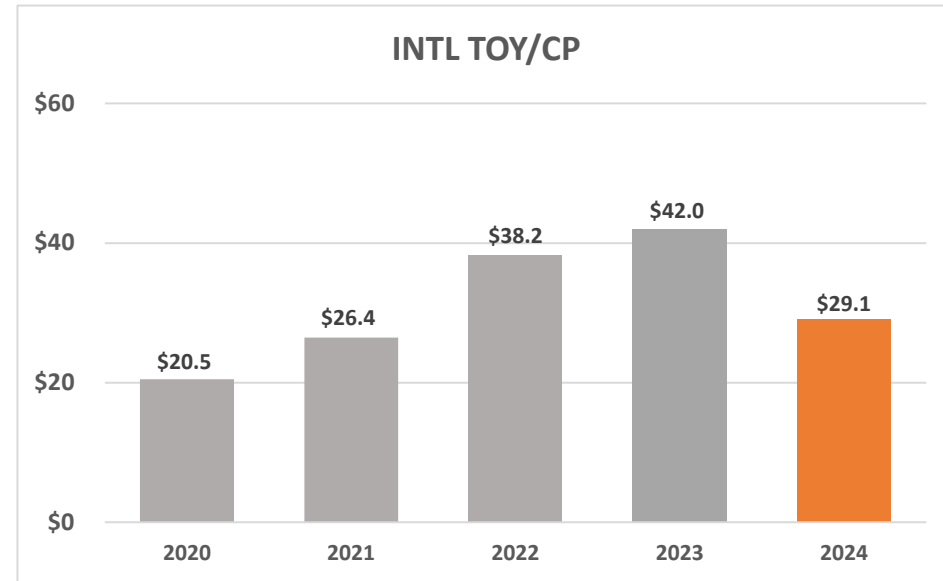


2024 First Half Toys/Consumer Products Net Sales

\$ Millions



YoY % Change



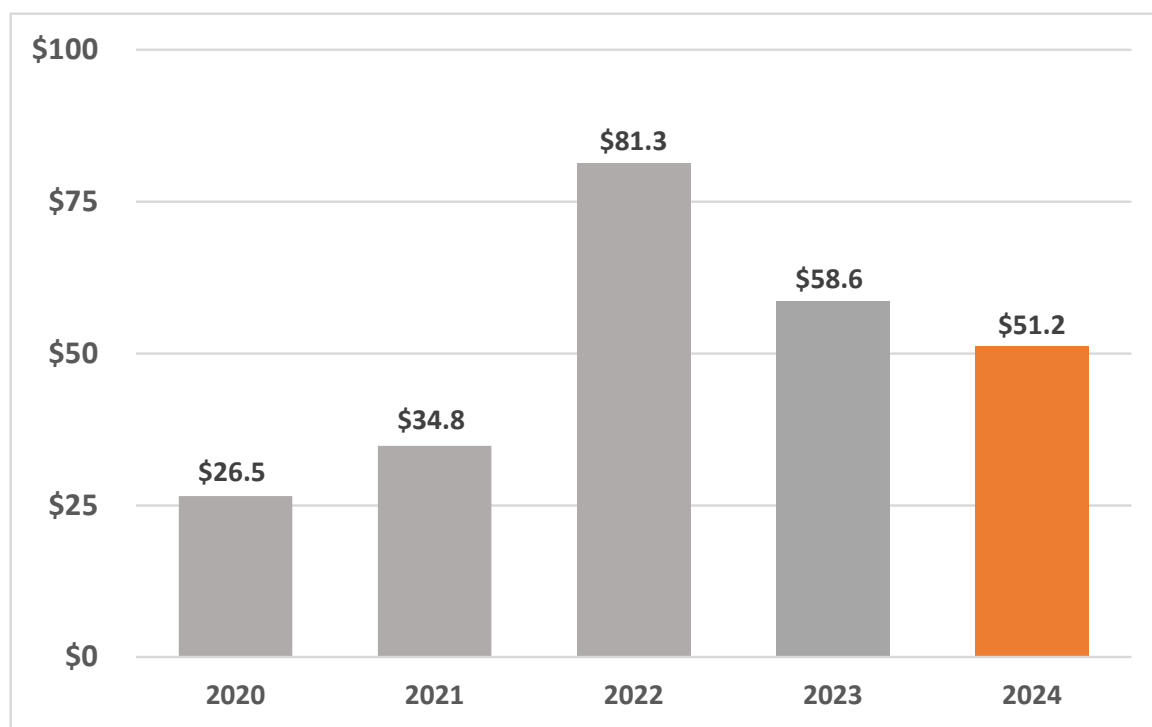
YoY % Change





2024 First Half Costumes Net Sales

\$ Millions



YoY % Change:

31%

134%

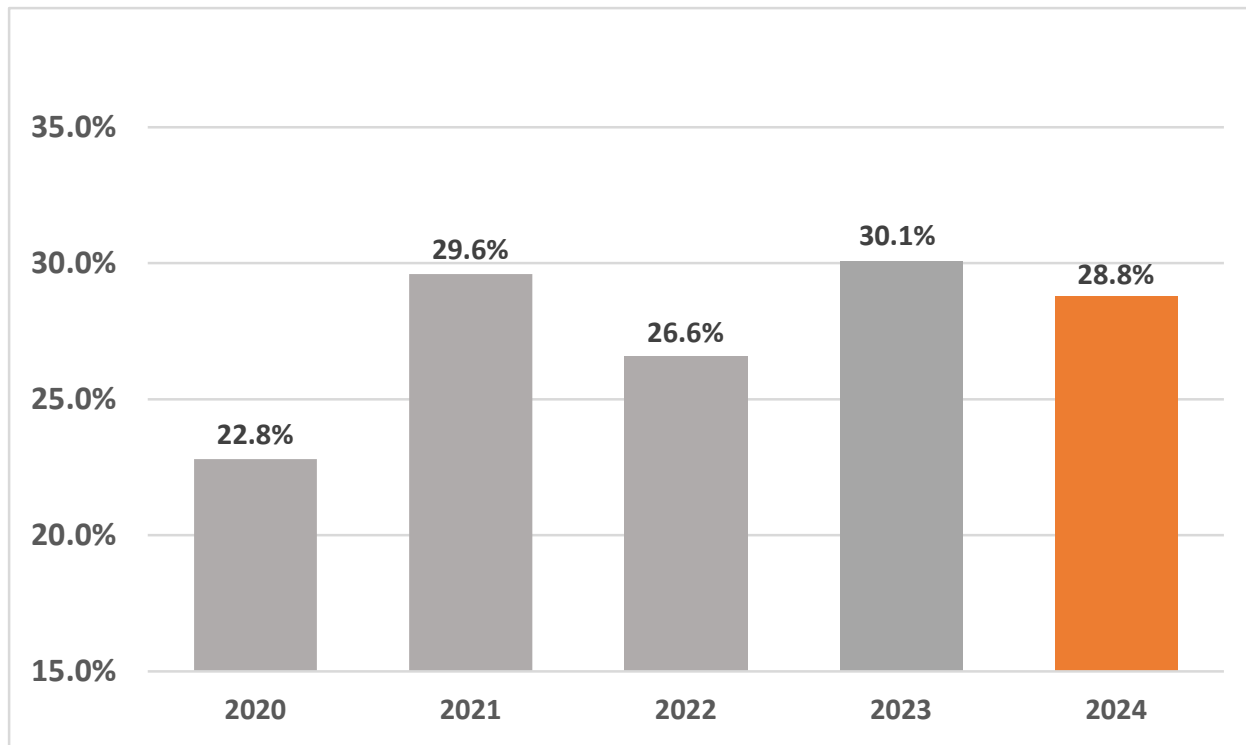
(28)%

(13)%





2024 First Half Gross Margin %



YoY % Change:

680 bps

(300) bps

350 bps

(130) bps

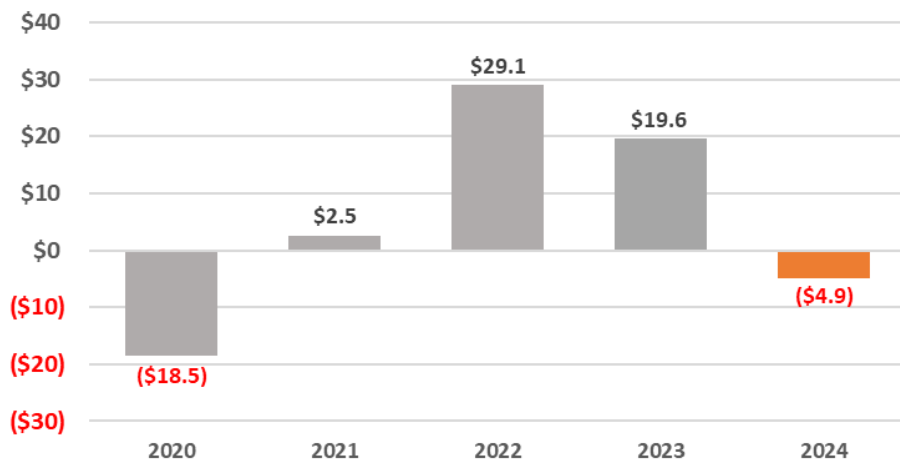




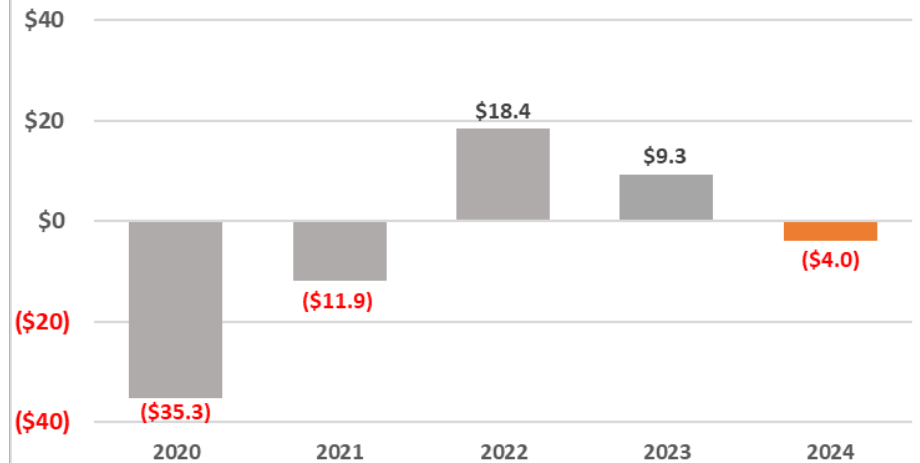
2024 First Half Adj. EBITDA and Adj. Net Income

\$ Millions

1H ADJ EBITDA



1H ADJ NET INCOME



(12.7)%

1.3%

8.5%

7.1%

(2.1)%

Adj. EBITDA Margin %

(24.3)%

(6.0)%

5.4%

3.4%

(1.7)%

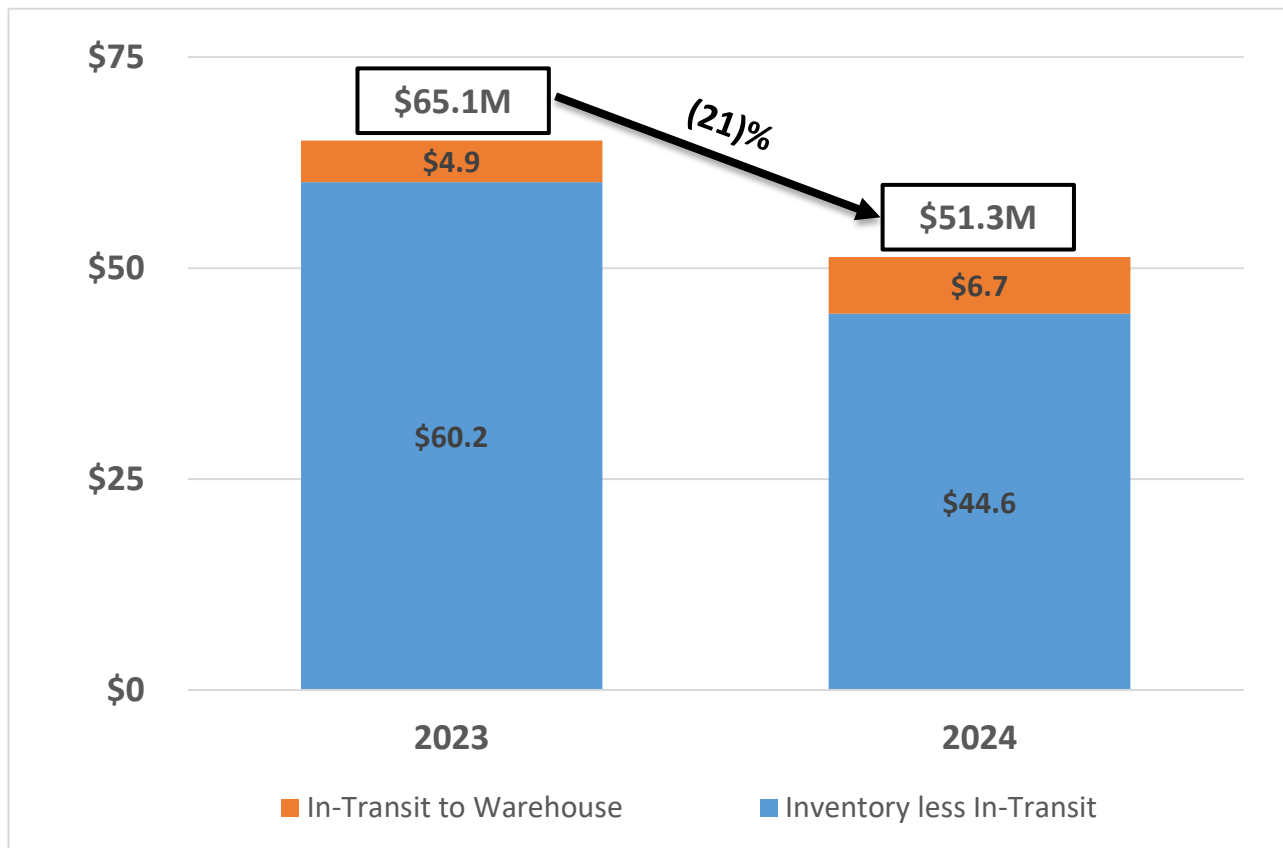
Adj. Net Income Margin %





Second Quarter Inventory - 2023 vs 2024 (Worldwide)

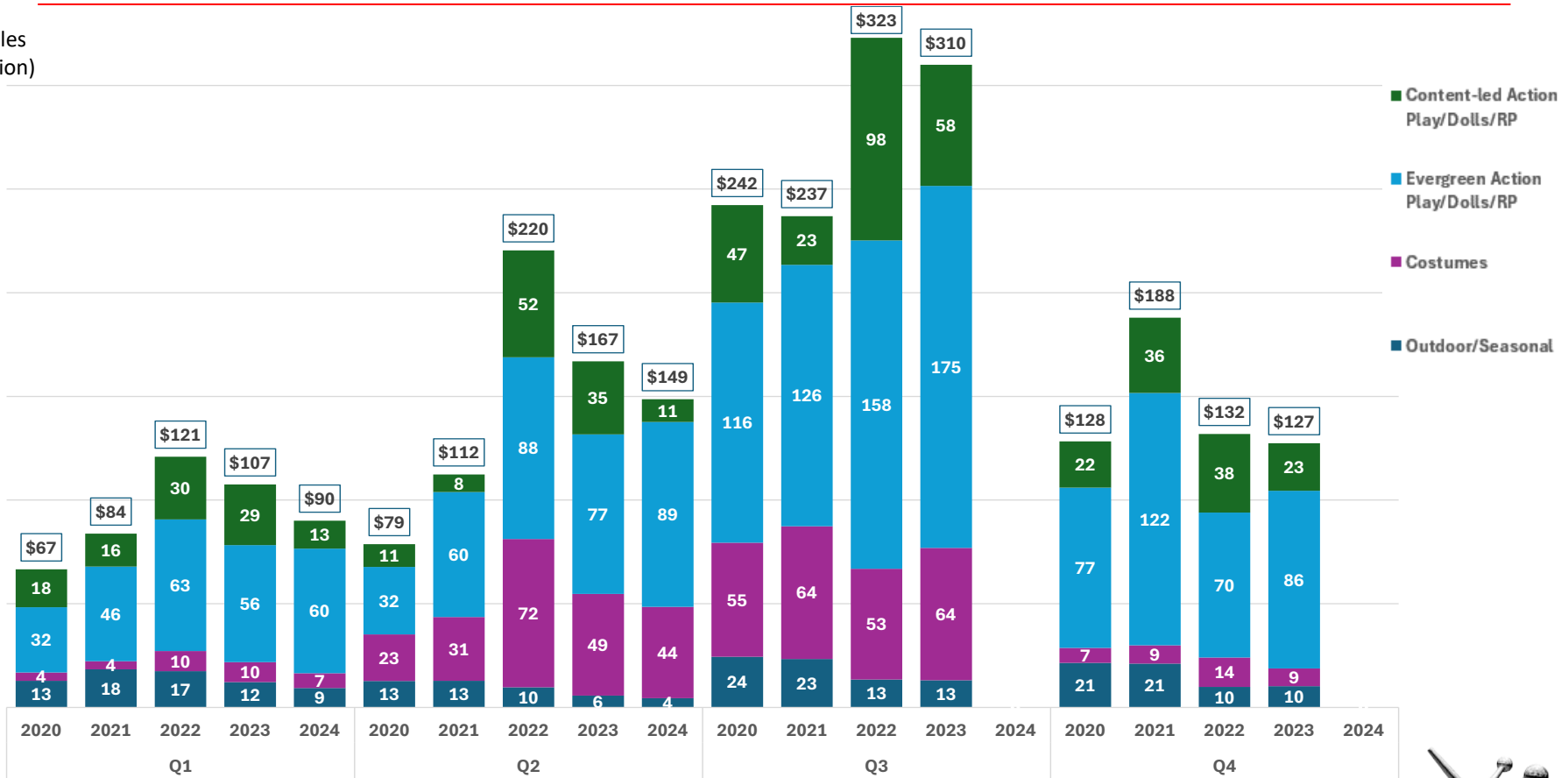
\$ Millions





Core, evergreen business has steadily increased over the past 4 years...

Net Sales
(\$ Million)



Note: Content-led sales represent those products branded to support a theatrical, television or streaming film/TV release and reported in either the company's Action Play or Dolls, Dress-up, Role Play divisions.





Top Entertainment Properties

2020	2021	2022	2023	2024
Disney Frozen 2 (Fall 2019)	Disney Frozen 2 (Fall 2019)	Disney Encanto (Fall 2021)	The Super Mario Bros. Movie (Spring 2023)	The Simpsons
	Disney Raya and the Last Dragon (Spring 2021)	Sonic the Hedgehog 2 (Spring 2022)	Disney The Little Mermaid (Live Action) (Spring 2023)	Disney Moana 2 (Fall 2024)
	Disney Encanto (Fall 2021)		Disney Wish (Fall 2023)	Sonic the Hedgehog 3 (Fall 2024)

Note: Order of properties is ranked based on the time of year when they are released (Prior Year, Spring and Fall)

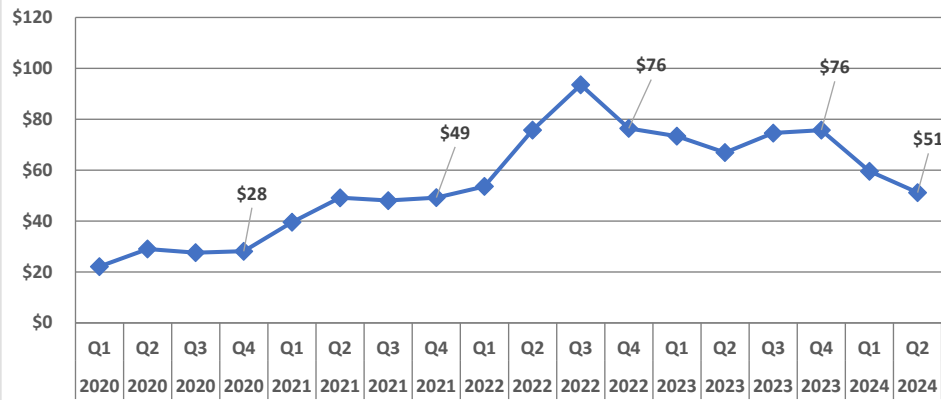




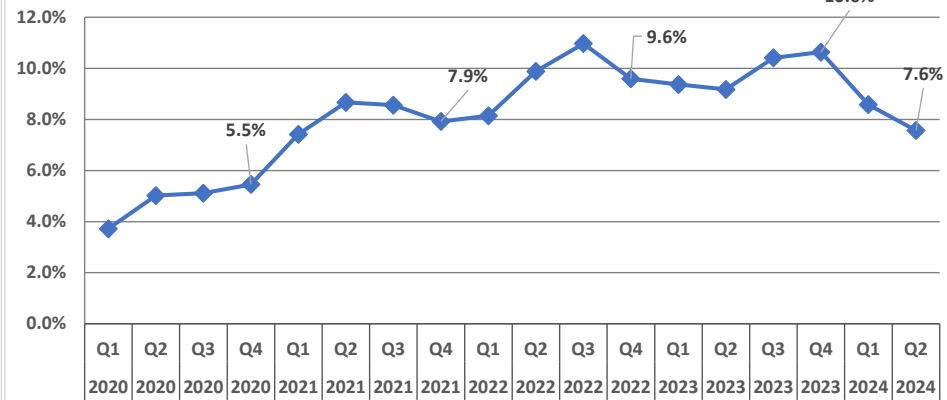
Trailing-Twelve-Month (TTM) Adjusted EBITDA (non-GAAP)

\$ Millions

TTM ADJ EBITDA



TTM ADJ EBITDA %





the SIMPSONS™





ROXY





Product

GLOBAL TOY LAUNCH
AUGUST 1, 2024

Retail Brand Pages

IMMERSIVE STORE FRONTS
ENHANCED BRAND CONTENT

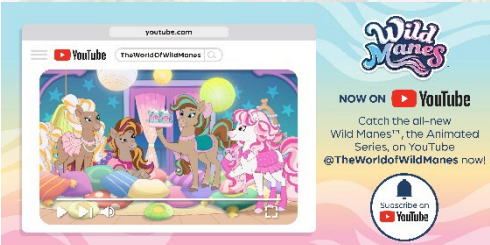


YouTube

ANIMATED SERIES
200+ MINUTES OF ORIGINAL CONTENT

Roblox

BRANDED GAME
MARKETING VEHICLE





Disney

FROZEN





Disney
MOANA 2





Disney

TSUM TSUM



MARVEL
TSUM TSUM





Disney Musical Minis







WICKED









A large, stylized graphic for the title "SONIC THE HEDGEHOG 3". The word "SONIC" is rendered in large, blue, glowing 3D letters with a motion blur effect. Below it, the words "THE HEDGEHOG" are written in smaller, blue, italicized capital letters. To the right, the number "3" is shown in a large, red, glowing 3D font, also with a motion blur effect. The background features a large, dark blue and red circular shape that resembles Sonic's head and quills.





SONIC™

THE HEDGEHOG





DREAMWORKS

DOG MAN





JAKKS Pacific, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)

	<u>Three Months Ended June 30,</u>			<u>Six Months Ended June 30,</u>		
	<u>2024</u>	<u>2023</u>	<u>Δ (%)</u>	<u>2024</u>	<u>2023</u>	<u>Δ (%)</u>
	<u>(In thousands, except per share data)</u>			<u>(In thousands, except per share data)</u>		
Net sales	\$ 148,619	\$ 166,933	(11) %	\$ 238,695	\$ 274,417	(13) %
Less: Cost of sales						
Cost of goods	76,599	86,156	(11)	130,420	144,460	(10)
Royalty expense	22,394	27,279	(18)	36,170	43,933	(18)
Amortization of tools and molds	2,041	2,300	(11)	3,468	3,389	2
Cost of sales	<u>101,034</u>	<u>115,735</u>	<u>(13)</u>	<u>170,058</u>	<u>191,782</u>	<u>(11)</u>
Gross profit	47,585	51,198	(7)	68,637	82,635	(17)
Direct selling expenses	6,255	3,980	57	14,352	11,721	22
General and administrative expenses	33,594	30,677	10	67,786	58,671	16
Depreciation and amortization	93	93	-	180	195	(8)
Selling, general and administrative expenses	<u>39,942</u>	<u>34,750</u>	<u>15</u>	<u>82,318</u>	<u>70,587</u>	<u>17</u>
Income (loss) from operations	7,643	16,448	(54)	(13,681)	12,048	nm
Other income (expense):						
Loss from joint ventures	-	(565)	nm	-	(565)	nm
Other income (expense), net	72	38	89	210	476	(56)
Change in fair value of preferred stock derivative liability	-	(6,022)	nm	-	(5,875)	nm
Loss on debt extinguishment	-	(1,023)	nm	-	(1,023)	nm
Interest income	88	86	2	464	203	129
Interest expense	<u>(256)</u>	<u>(1,302)</u>	<u>(80)</u>	<u>(399)</u>	<u>(4,305)</u>	<u>(91)</u>
Income (loss) before provision for (benefit from) income taxes	7,547	7,660	(1)	(13,406)	959	nm
Provision for (benefit from) income taxes	<u>2,281</u>	<u>1,478</u>	<u>54</u>	<u>(4,447)</u>	<u>95</u>	<u>nm</u>
Net income (loss)	5,266	6,182	(15)	(8,959)	864	nm
Net income (loss) attributable to non-controlling interests	-	(273)	nm	280	(278)	nm
Net income (loss) attributable to JAKKS Pacific, Inc.	<u>\$ 5,266</u>	<u>\$ 6,455</u>	<u>(18) %</u>	<u>\$ (9,239)</u>	<u>\$ 1,142</u>	<u>nm %</u>
Net income (loss) attributable to common stockholders	<u>\$ 5,266</u>	<u>\$ 6,082</u>	<u>(13) %</u>	<u>\$ (7,909)</u>	<u>\$ 402</u>	<u>nm %</u>
Earnings (loss) per share - basic	<u>\$ 0.49</u>	<u>\$ 0.62</u>		<u>\$ (0.75)</u>	<u>\$ 0.04</u>	
Shares used in earnings (loss) per share - basic	<u>10,801</u>	<u>9,871</u>		<u>10,577</u>	<u>9,871</u>	
Earnings (loss) per share - diluted	<u>\$ 0.47</u>	<u>\$ 0.58</u>		<u>\$ (0.75)</u>	<u>\$ 0.04</u>	
Shares used in earnings (loss) per share - diluted	<u>11,245</u>	<u>10,532</u>		<u>10,577</u>	<u>10,428</u>	





JAKKS Pacific, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)

	June 30,		December 31,
	2024	2023	2023
	(In thousands)		
Assets			
Current assets:			
Cash and cash equivalents	\$ 17,700	\$ 32,228	\$ 72,350
Restricted cash	202	203	204
Accounts receivable, net	140,006	132,479	123,797
Inventory	51,327	65,059	52,647
Prepaid expenses and other assets	26,457	11,227	6,374
Total current assets	235,692	241,196	255,372
Property and equipment	141,326	134,091	135,956
Less accumulated depreciation and amortization	124,580	116,813	121,357
Property and equipment, net	16,746	17,278	14,599
Operating lease right-of-use assets, net	20,667	15,249	23,592
Deferred income tax assets, net	68,141	57,804	68,143
Goodwill	35,029	35,083	35,083
Other long-term assets	1,976	2,331	2,162
Total assets	\$ 378,251	\$ 368,941	\$ 398,951





JAKKS Pacific, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)

Liabilities, Preferred Stock and Stockholders' Equity

Current liabilities:

Accounts payable	\$ 55,368	\$ 57,768	\$ 42,177
Accounts payable - Meisheng (related party)	19,130	18,612	12,259
Accrued expenses	45,026	46,448	45,102
Reserve for sales returns and allowances	29,456	37,851	38,531
Income taxes payable	-	5,808	3,785
Short term operating lease liabilities	7,777	9,226	7,380
Short term debt, net	5,000	-	-
Total current liabilities	161,757	175,713	149,234

Long term operating lease liabilities	14,859	6,220	16,666
Accrued expenses - long term	2,299	-	3,746
Preferred stock derivative liability	-	27,793	29,947
Income taxes payable	3,441	2,971	3,245
Total liabilities	182,356	212,697	202,838

Preferred stock accrued dividends	-	5,230	5,992
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Stockholders' equity:

Common stock, \$.001 par value	11	10	10
Additional paid-in capital	294,543	277,178	278,642
Accumulated deficit	(82,851)	(110,876)	(73,612)
Accumulated other comprehensive loss	(16,308)	(16,021)	(15,627)
Total JAKKS Pacific, Inc. stockholders' equity	195,395	150,291	189,413
Non-controlling interests	500	723	708
Total stockholders' equity	195,895	151,014	190,121
Total liabilities, preferred stock and stockholders' equity	\$ 378,251	\$ 368,941	\$ 398,951





JAKKS Pacific, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)

	June 30,	December 31,
	2024	2023
	(In thousands)	

Supplemental Balance Sheet and Cash Flow Data (Unaudited)

Key Balance Sheet Data:

Accounts receivable days sales outstanding (DSO)
 Inventory turnover (DSI)

	June 30,	
	2024	2023
	86	72
	46	51

Condensed Cash Flow Data:

Cash flows provided by (used in) operating activities
 Cash flows used in investing activities
 Cash flows used in financing activities and other
 Increase in cash, cash equivalents and restricted cash

	Six Months Ended	
	June 30,	
	2024	2023
	\$ (27,665)	\$ 20,805
	(6,174)	(4,893)
	(20,813)	(68,971)
	\$ (54,652)	\$ (53,059)
Capital expenditures	\$ (4,627)	\$ (4,918)





JAKKS Pacific, Inc. and Subsidiaries
Reconciliation of Non-GAAP Financial Information (Unaudited)

Reconciliation of GAAP to Non-GAAP measures:

This press release and accompanying schedules provide certain information regarding Adjusted EBITDA and Adjusted Net Income (Loss), which may be considered non-GAAP financial measures under the rules of the Securities and Exchange Commission. The non-GAAP financial measures included in the press release are reconciled to the corresponding GAAP financial measures below, as required under the rules of the Securities and Exchange Commission regarding the use of non-GAAP financial measures. We define Adjusted EBITDA as income (loss) from operations before depreciation, amortization and adjusted for certain non-recurring and non-cash charges, such as reorganization expenses and restricted stock compensation expense. Net income (loss) is similarly adjusted and tax-effected to arrive at Adjusted Net Income (Loss). Adjusted EBITDA and Adjusted Net Income (Loss) are not recognized financial measures under GAAP, but we believe that they are useful in measuring our operating performance. We believe that the use of the non-GAAP financial measures enhances an overall understanding of the Company's past financial performance, and provides useful information to the investor by comparing our performance across reporting periods on a consistent basis.

Investors should not consider these measures in isolation or as a substitute for net income, operating income, or any other measure for determining the Company's operating performance that is calculated in accordance with GAAP. In addition, because these measures are not calculated in accordance with GAAP, they may not necessarily be comparable to similarly titled measures employed by other companies.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Δ (\$)	2024	2023	Δ (\$)
	(In thousands)			(In thousands)		
<u>EBITDA and Adjusted EBITDA</u>						
Net income (loss)	\$ 5,266	\$ 6,182	\$ (916)	\$ (8,959)	\$ 864	\$ (9,823)
Interest expense	256	1,302	(1,046)	399	4,305	(3,906)
Interest income	(88)	(86)	(2)	(464)	(203)	(261)
Provision for income taxes	2,281	1,478	803	(4,447)	95	(4,542)
Depreciation and amortization	2,134	2,393	(259)	3,648	3,584	64
EBITDA	9,849	11,269	(1,420)	(9,823)	8,645	(18,468)
Adjustments:						
Loss from joint ventures (JAKKS Pacific, Inc. - 51%)	-	292	(292)	-	287	(287)
Loss from joint ventures (Meisheng - 49%)	-	273	(273)	-	278	(278)
Other (income) expense, net	(72)	(38)	(34)	(210)	(476)	266
Restricted stock compensation expense	2,519	1,856	663	5,094	3,945	1,149
Change in fair value of preferred stock derivative liability	-	6,022	(6,022)	-	5,875	(5,875)
Loss on debt extinguishment	-	1,023	(1,023)	-	1,023	(1,023)
Adjusted EBITDA	\$ 12,296	\$ 20,697	\$ (8,401)	\$ (4,939)	\$ 19,577	\$ (24,516)
Adjusted EBITDA/Net sales %	8.3 %	12.4 %	-410 bps	(2.1) %	7.1 %	-920 bps





**Trailing Twelve Months Ended
June 30,**

	<u>2024</u>	<u>2023</u>	<u>Δ (\$)</u>
	(In thousands)		
TTM net income	\$ 28,290	\$ 69,649	\$ (41,359)
Interest expense	2,545	10,949	(8,404)
Interest income	(1,605)	(321)	(1,284)
Provision for (benefit from) income taxes	2,291	(42,664)	44,955
Depreciation and amortization	10,400	9,794	606
TTM EBITDA	41,921	47,407	(5,486)
Adjustments:			
Loss from joint ventures (JAKKS Pacific, Inc. - 51%)	(11)	287	(298)
Loss from joint ventures (Meisheng - 49%)	11	278	(267)
Other (income) expense, net	(297)	(1,004)	707
Restricted stock compensation expense	9,176	7,002	2,174
Change in fair value of preferred stock derivative liability	2,154	11,895	(9,741)
Molds and tooling capitalization	(1,751)	-	(1,751)
Loss on debt extinguishment	-	1,023	(1,023)
TTM Adjusted EBITDA	<u>\$ 51,203</u>	<u>\$ 66,888</u>	<u>\$ (15,685)</u> (23) %
TTM Adjusted EBITDA/TTM Net sales %	<u>7.6 %</u>	<u>9.2 %</u>	-160 bps





	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Δ (\$)	2024	2023	Δ (\$)
	(In thousands, except per share data)			(In thousands, except per share data)		
Adjusted net loss attributable to common stockholders						
Net income (loss) attributable to common stockholders	\$ 5,266	\$ 6,082	\$ (816)	\$ (7,909)	\$ 402	\$ (8,311)
Restricted stock compensation expense	2,519	1,856	663	5,094	3,945	1,149
Change in fair value of preferred stock derivative liability	-	6,022	(6,022)	-	5,875	(5,875)
Loss on debt extinguishment	-	1,023	(1,023)	-	1,023	(1,023)
Loss from joint ventures (JAKKS Pacific, Inc. - 51%)	-	292	(292)	-	287	(287)
2021 BSP Term Loan prepayment penalty	-	-	-	-	150	(150)
Tax impact of additional charges	(530)	(1,979)	1,449	(1,187)	(2,347)	1,160
Adjusted net income (loss) attributable to common stockholders	<u>\$ 7,255</u>	<u>\$ 13,296</u>	<u>\$ (6,041)</u>	<u>\$ (4,002)</u>	<u>\$ 9,335</u>	<u>\$ (13,337)</u>
Adjusted earnings (loss) per share - basic & diluted	<u>\$ 0.67</u>	<u>\$ 1.35</u>	<u>\$ (0.68)</u>	<u>\$ (0.38)</u>	<u>\$ 0.95</u>	<u>\$ (1.33)</u>
Shares used in adjusted earnings (loss) per share - basic	<u>10,801</u>	<u>9,871</u>	<u>930</u>	<u>10,577</u>	<u>9,871</u>	<u>706</u>
Adjusted earnings (loss) per share - diluted	<u>\$ 0.65</u>	<u>\$ 1.26</u>	<u>\$ (0.61)</u>	<u>\$ (0.38)</u>	<u>\$ 0.90</u>	<u>\$ (1.28)</u>
Shares used in adjusted earnings (loss) per share - diluted	<u>11,245</u>	<u>10,532</u>	<u>713</u>	<u>10,577</u>	<u>10,428</u>	<u>149</u>





JAKKS Pacific, Inc. and Subsidiaries
Net Sales by Division and Geographic Region

(In thousands)	QTD Q2				
Divisions	2024	2023	2022	% Change 2024 v 2023	% Change 2023 v 2022
Toys/Consumer Products	\$104,570	\$117,934	\$148,860	-11.3%	-20.8%
Dolls, Role-Play/Dress Up	63,608	59,669	102,186	6.6%	-41.6%
Action Play & Collectibles	36,555	52,571	37,170	-30.5%	41.4%
Outdoor/Seasonal Toys	4,407	5,694	9,504	-22.6%	-40.1%
Costumes	\$44,049	\$48,999	\$71,562	-10.1%	-31.5%
Total	\$148,619	\$166,933	\$220,422	-11.0%	-24.3%

(In thousands)	YTD Q2				
Divisions	2024	2023	2022	% Change 2024 v 2023	% Change 2023 v 2022
Toys/Consumer Products	\$187,480	\$215,827	\$259,983	-13.1%	-17.0%
Dolls, Role-Play/Dress Up	104,182	107,512	164,192	-3.1%	-34.5%
Action Play & Collectibles	69,563	90,417	68,868	-23.1%	31.3%
Outdoor/Seasonal Toys	13,735	17,898	26,923	-23.3%	-33.5%
Costumes	\$51,215	\$58,590	\$81,320	-12.6%	-28.0%
Total	\$238,695	\$274,417	\$341,303	-13.0%	-19.6%

(In thousands)	QTD Q2				
Regions	2024	2023	2022	% Change 2024 v 2023	% Change 2023 v 2022
United States	\$125,837	\$136,187	\$192,484	-7.6%	-29.2%
Europe	10,264	16,638	14,447	-38.3%	15.2%
Latin America	3,239	3,067	3,823	5.6%	-19.8%
Canada	6,288	6,799	5,537	-7.5%	22.8%
Asia	1,268	1,831	2,363	-30.7%	-22.5%
Australia & New Zealand	1,607	1,756	1,582	-8.5%	11.0%
Middle East & Africa	116	655	186	-82.3%	252.2%
Total	\$148,619	\$166,933	\$220,422	-11.0%	-24.3%

(In thousands)	YTD Q2				
Regions	2024	2023	2022	% Change 2024 v 2023	% Change 2023 v 2022
United States	\$196,267	\$216,630	\$289,534	-9.4%	-25.2%
Europe	15,999	26,800	27,836	-40.3%	-3.7%
Latin America	11,235	12,271	6,208	-8.4%	97.7%
Canada	9,658	10,853	8,916	-11.0%	21.7%
Asia	2,233	3,211	4,439	-30.5%	-27.7%
Australia & New Zealand	2,953	3,364	3,073	-12.2%	9.5%
Middle East & Africa	350	1,288	1,297	-72.8%	-0.7%
Total	\$238,695	\$274,417	\$341,303	-13.0%	-19.6%

(In thousands)	QTD Q2				
Regions	2024	2023	2022	% Change 2024 v 2023	% Change 2023 v 2022
North America	\$132,125	\$142,986	\$198,021	-7.6%	-27.8%
International	16,494	23,947	22,401	-31.1%	6.9%
Total	\$148,619	\$166,933	\$220,422	-11.0%	-24.3%

(In thousands)	YTD Q2				
Regions	2024	2023	2022	% Change 2024 v 2023	% Change 2023 v 2022
North America	\$205,925	\$227,483	\$298,450	-9.5%	-23.8%
International	32,770	46,934	42,853	-30.2%	9.5%
Total	\$238,695	\$274,417	\$341,303	-13.0%	-19.6%

