



Third Quarter 2024
Earnings Presentation
October 30, 2024
5:00 PM Eastern / 2:00 PM Pacific

Registration link [3Q24 Registration Link](#)
Webcast link [Webcast](#)





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





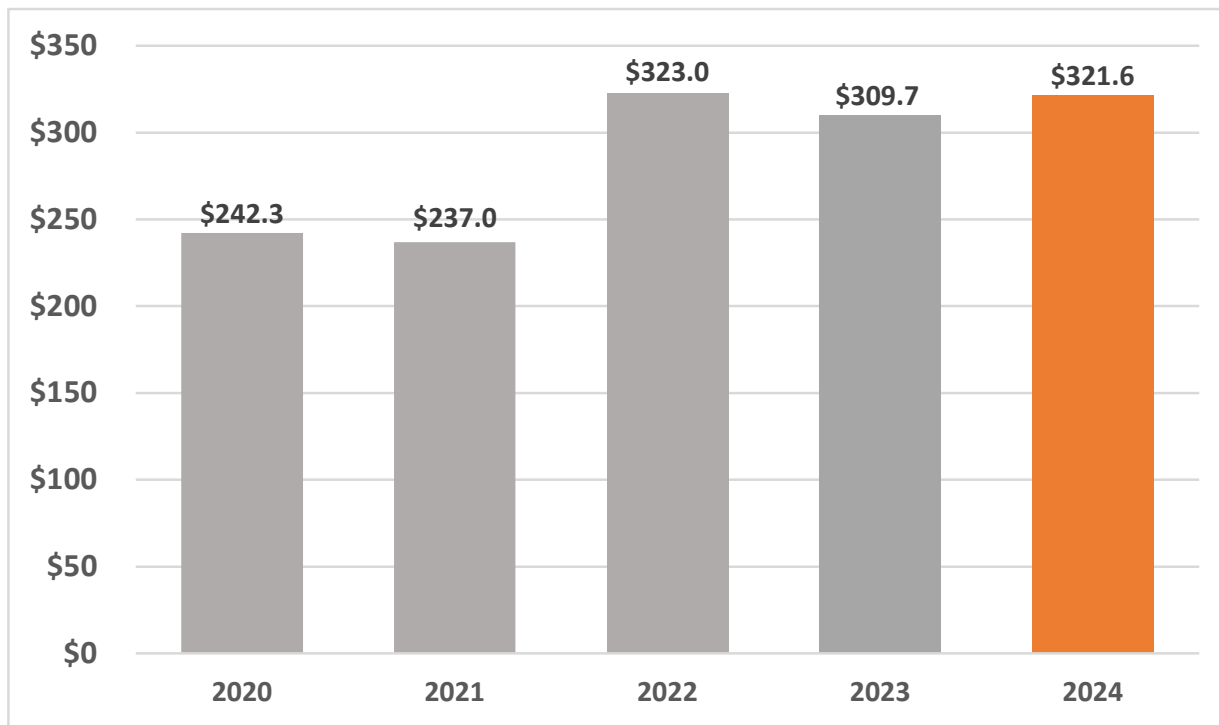
- Net sales were \$321.6 million, a year-over-year increase of 4%
- Gross margin of 33.8%, down 70 basis points vs. Q3 2023
- Gross profit of \$108.8 million, up \$1.8 million compared to \$107.0 million in Q3 2023
- Operating income of \$68.1 million, compared to an operating income of \$62.4 million in Q3 2023
- Adjusted net income attributable to common stockholders (a non-GAAP measure) of \$54.0 million (or \$4.79 per diluted share), compared to an adjusted net income attributable to common stockholders of \$50.1 million (or \$4.75 per diluted share) in Q3 2023
- Adjusted EBITDA (a non-GAAP measure) of \$74.4 million vs. \$67.1 million in Q3 2023





2024 Third Quarter Net Sales

\$ Millions



YoY % Change:

(2%)

36%

(4)%

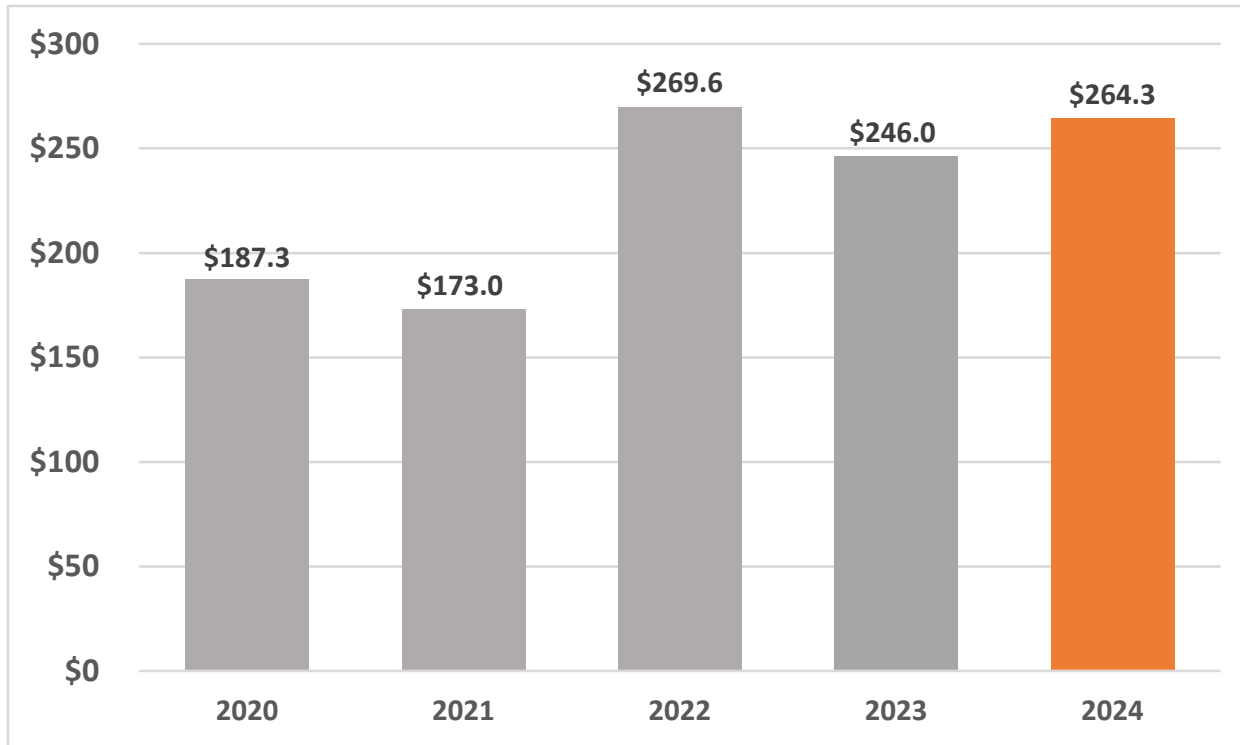
4%





2024 Third Quarter Toys/Consumer Products Net Sales

\$ Millions



YoY % Change:

(8)%

56%

(9)%

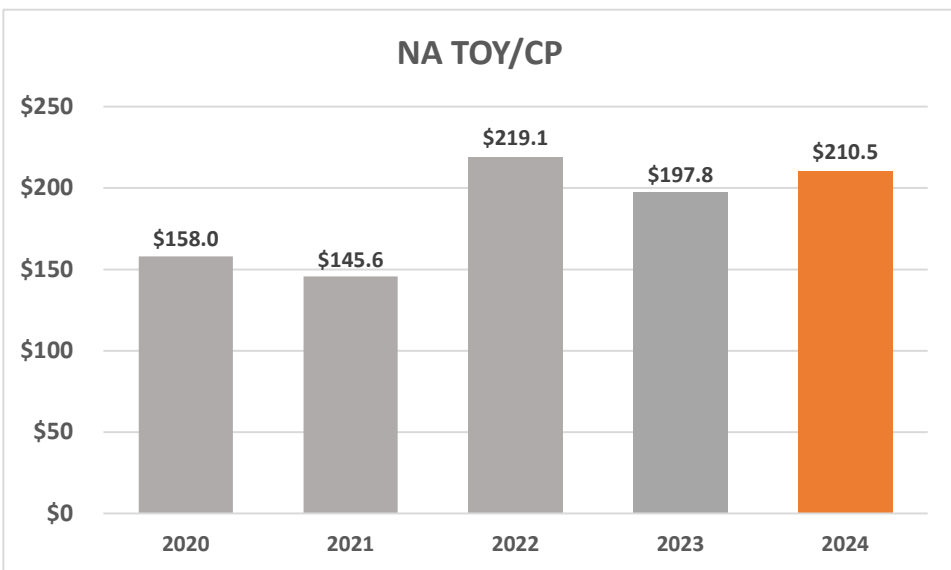
7%



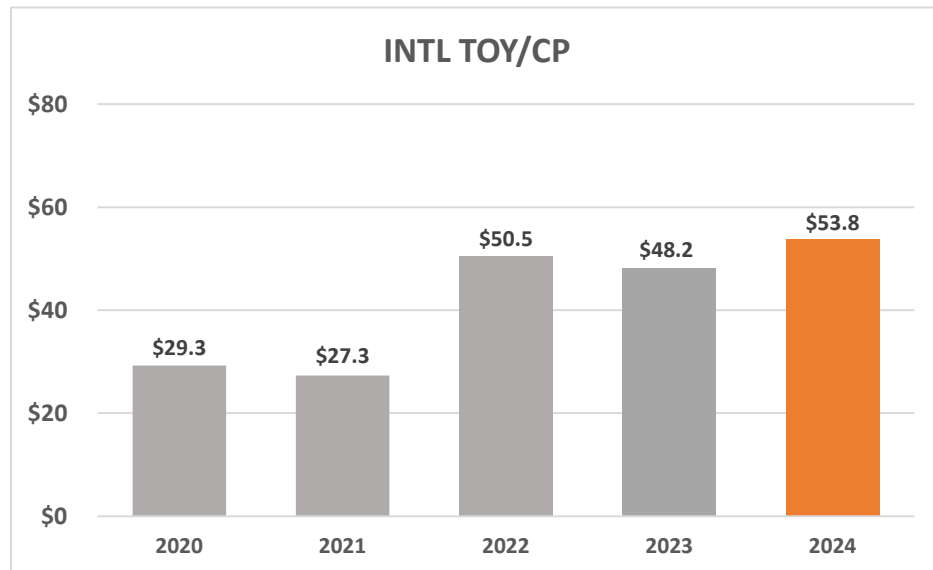


2024 Third Quarter Toys/Consumer Products Net Sales

\$ Millions



YoY % Change



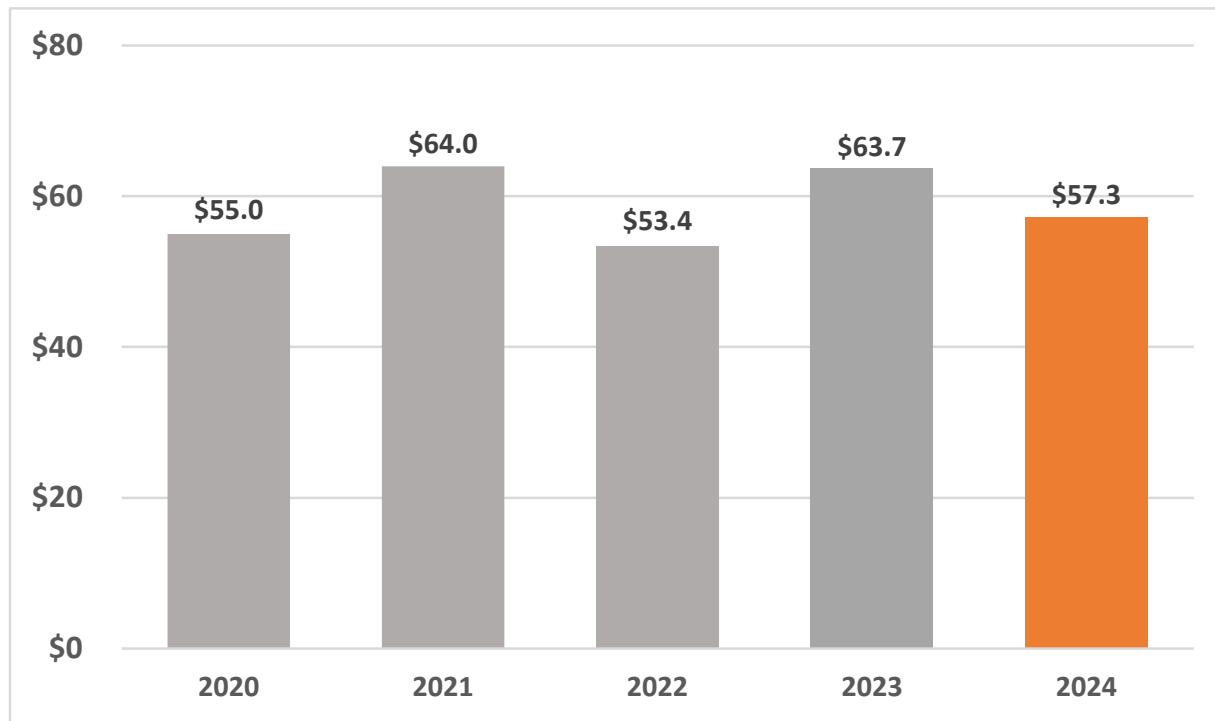
YoY % Change





2024 Third Quarter Costumes Net Sales

\$ Millions



YoY % Change:

16%

(17)%

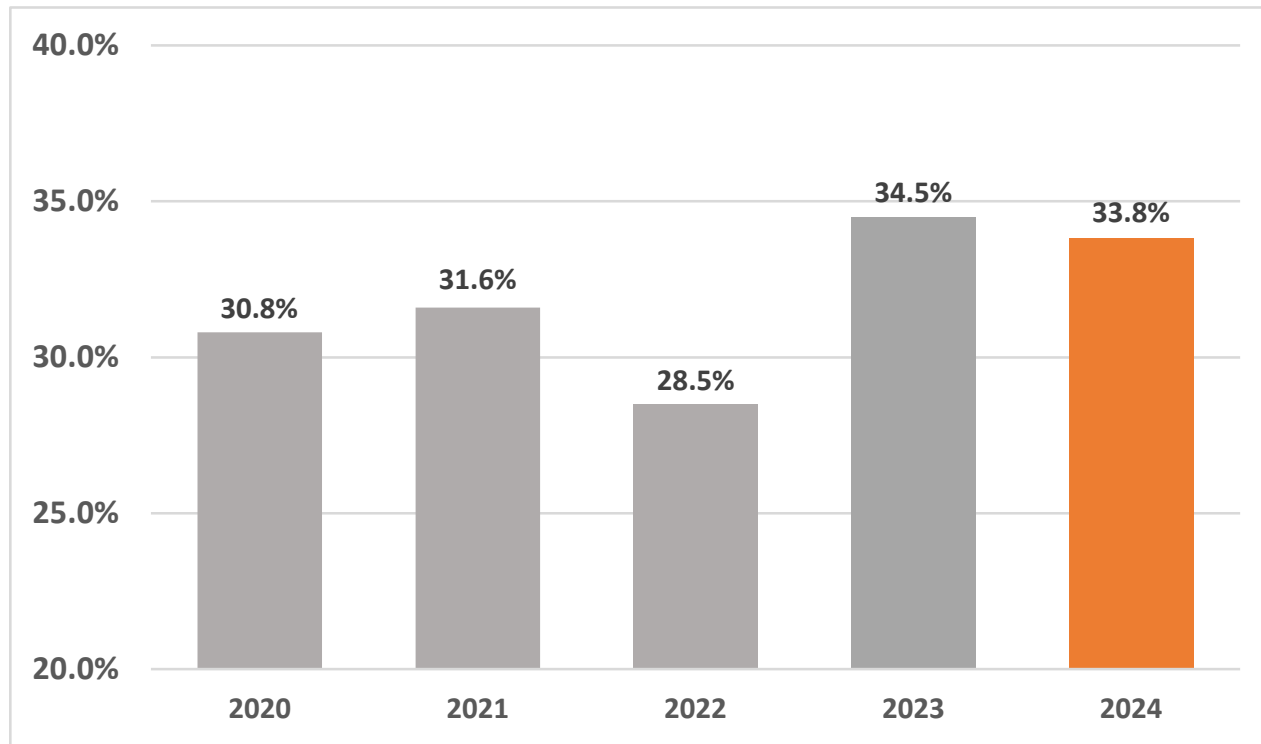
19%

(10)%





2024 Third Quarter Gross Margin %



YoY % Change:

80 bps

(310) bps

600 bps

(70 bps)

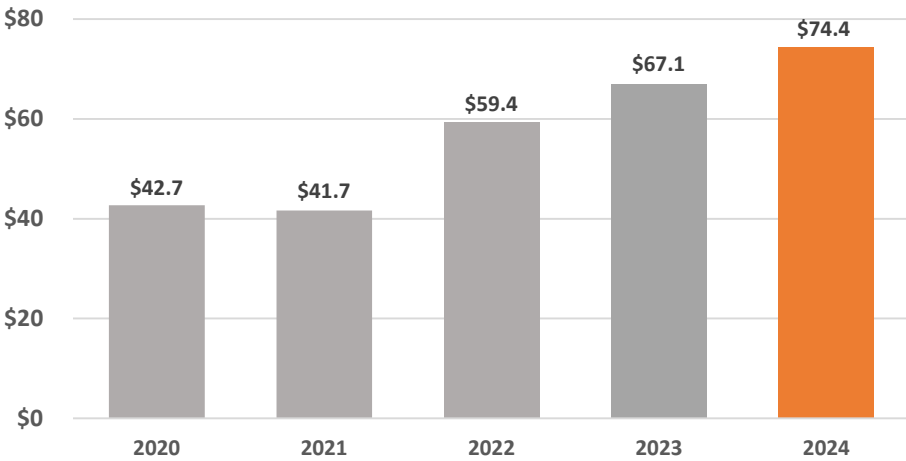




2024 Third Quarter Adj. EBITDA and Adj. Net Income

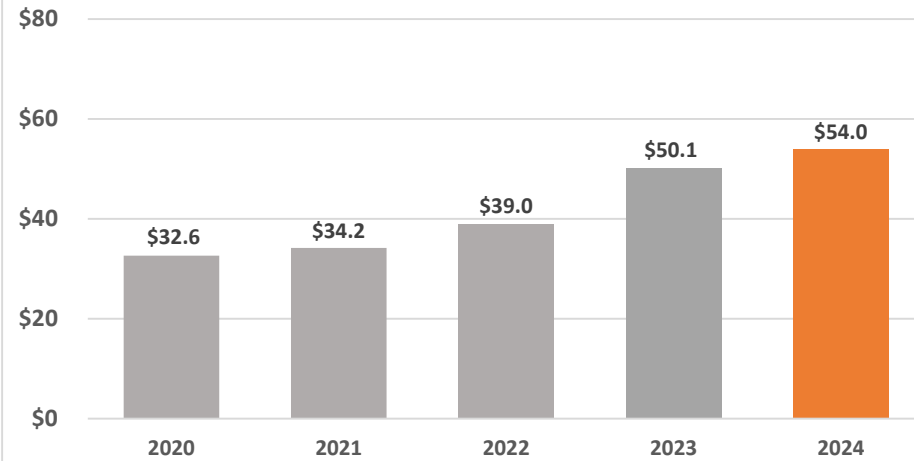
\$ Millions

Q3 ADJ EBITDA



Adj. EBITDA Margin %

Q3 ADJ NET INCOME



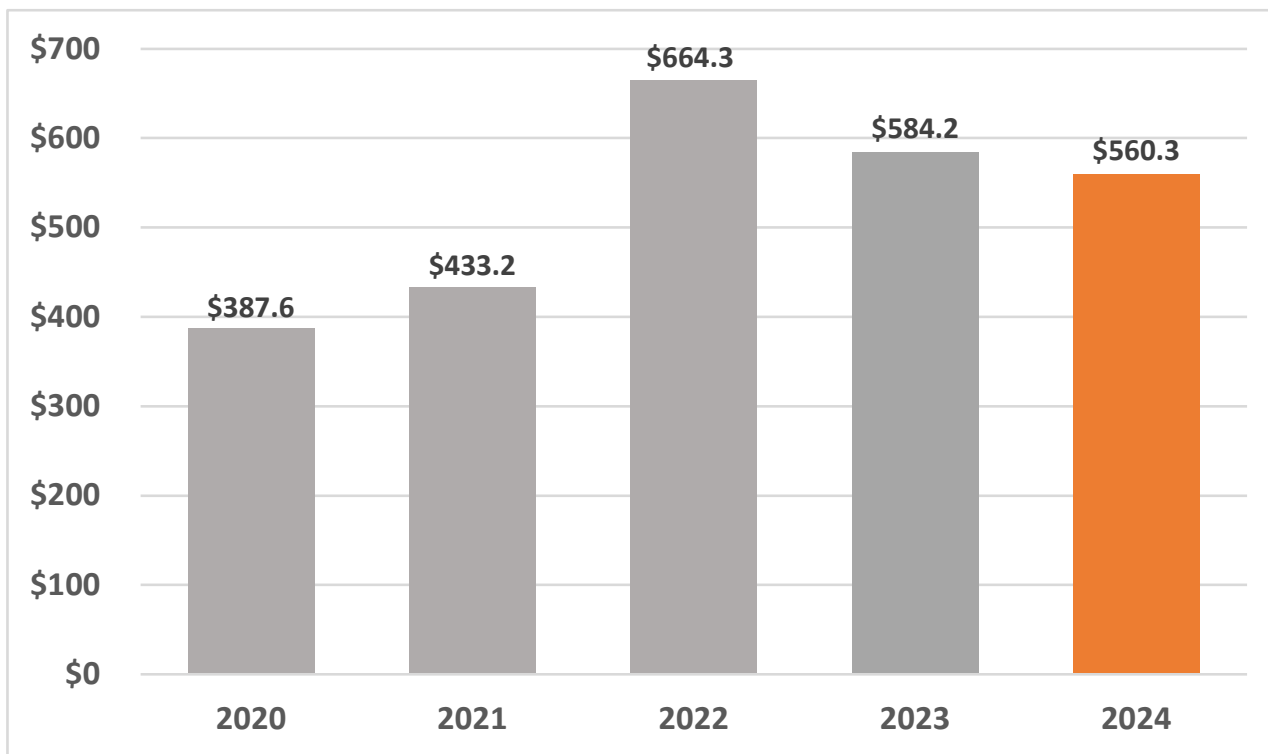
Adj. Net Income Margin %





2024 YTD 9 Month Net Sales

\$ Millions



YoY % Change:

12%

53%

(12)%

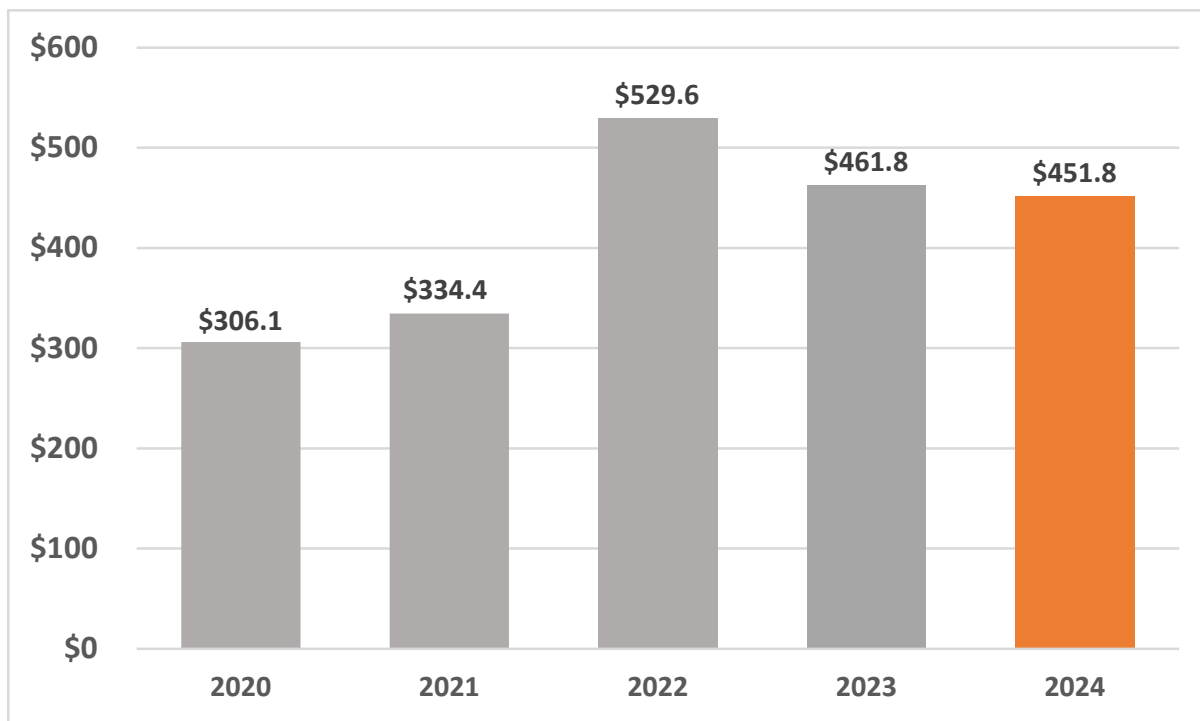
(4)%





2024 YTD 9 Month Toys/Consumer Products Net Sales

\$ Millions



YoY % Change:

9%

58%

(13)%

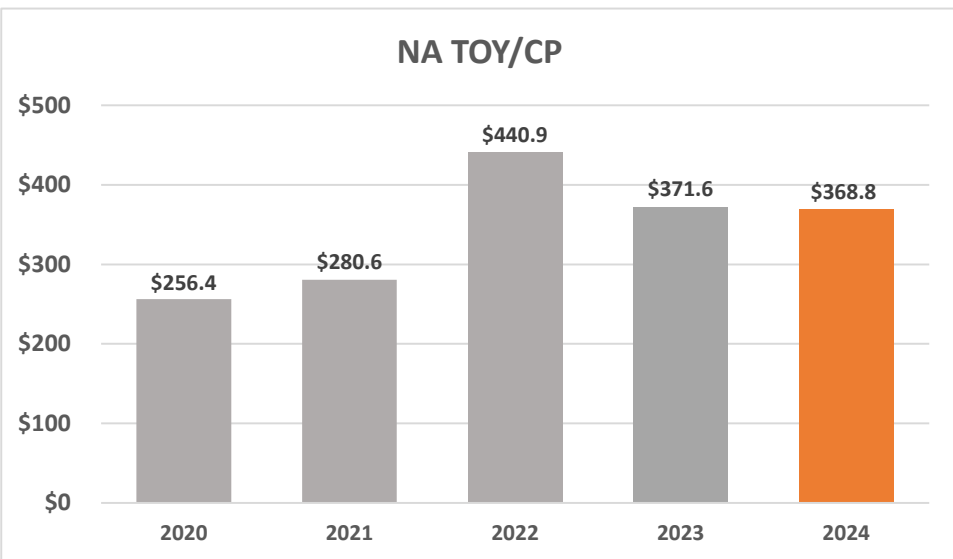
(2)%



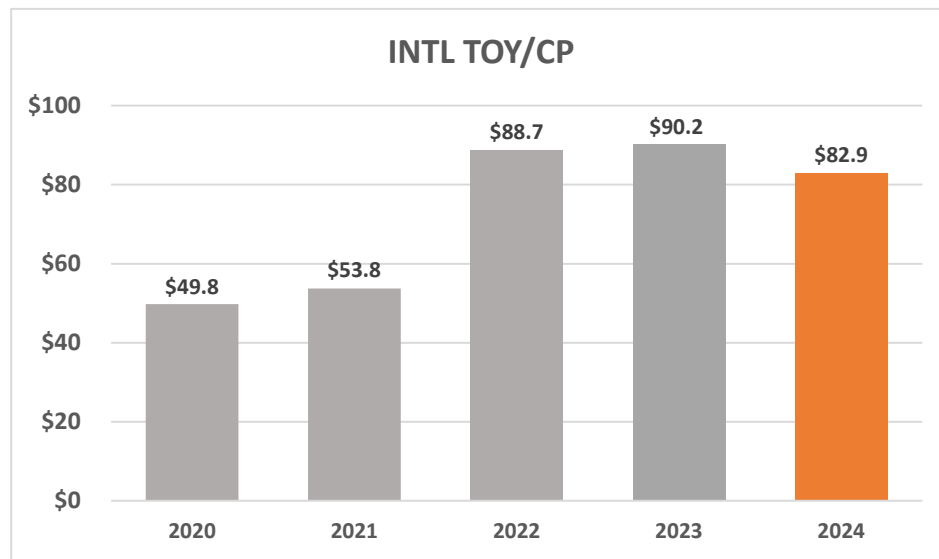


2024 YTD 9 Month Toys/Consumer Products Net Sales

\$ Millions



YoY % Change



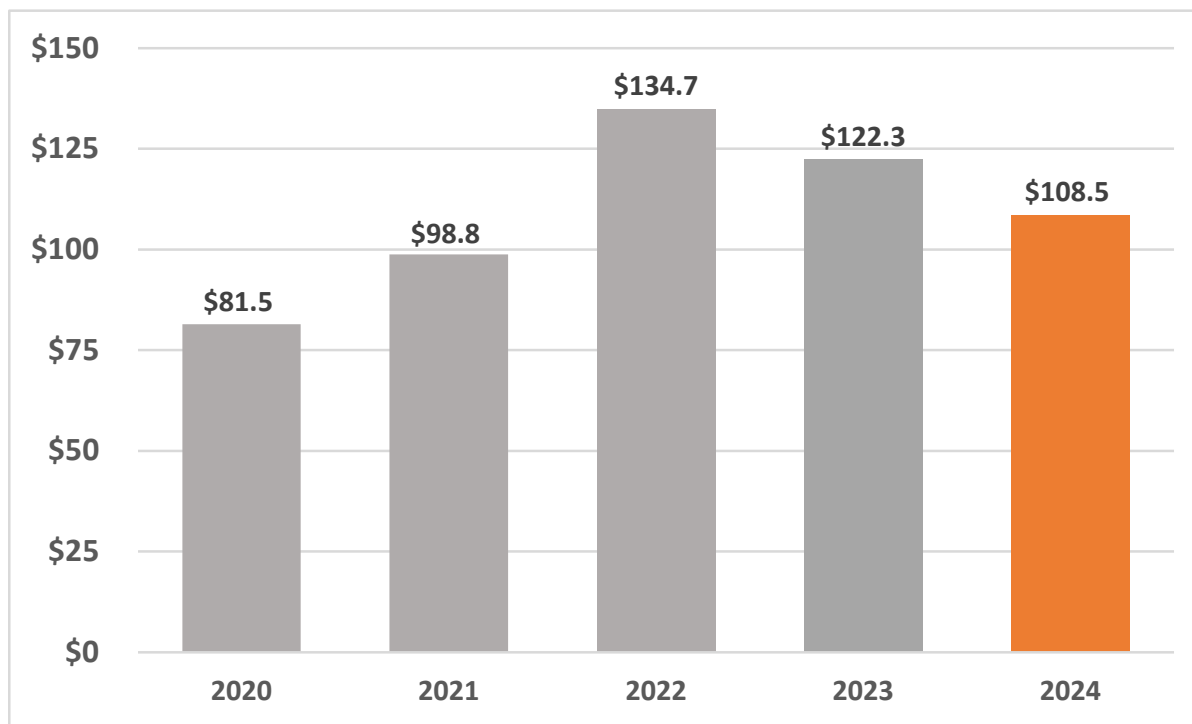
YoY % Change





2024 YTD 9 Month Costumes Net Sales

\$ Millions



YoY % Change:

21%

36%

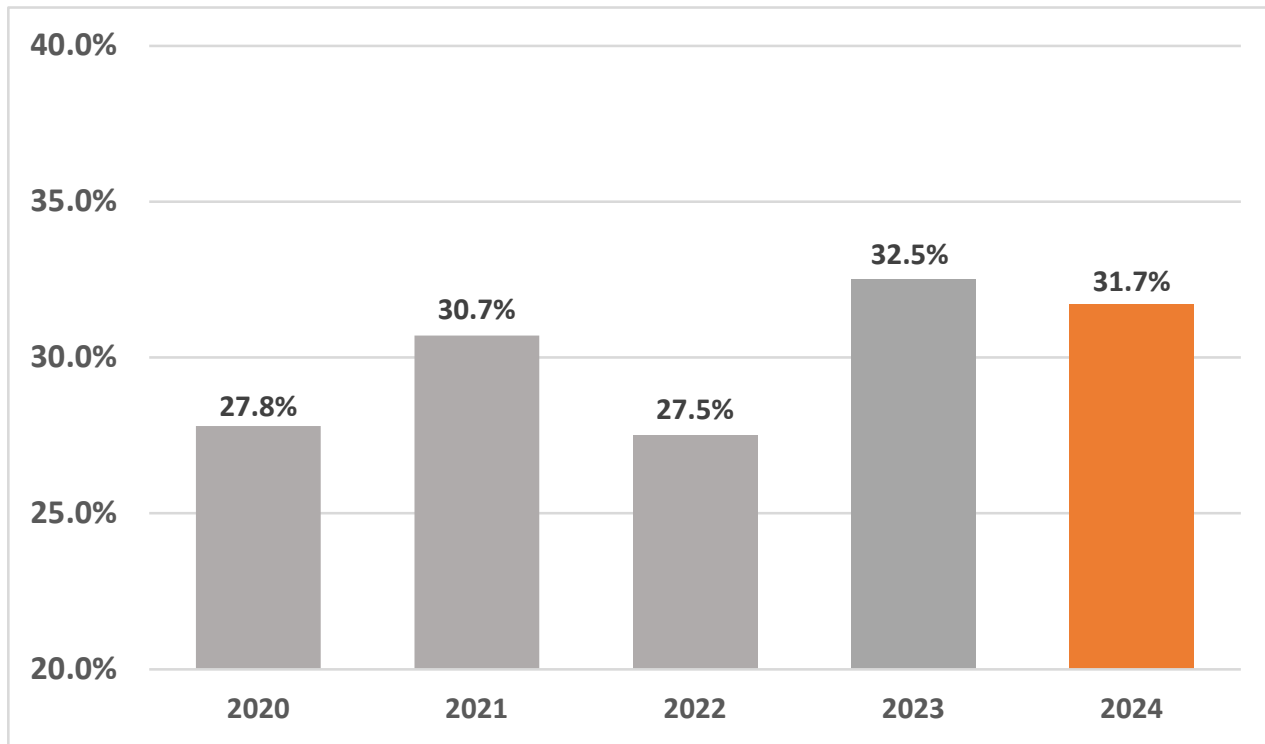
(9)%

(11)%





2024 YTD 9 Month Gross Margin %



YoY % Change:

290 bps

(320) bps

500 bps

(80) bps

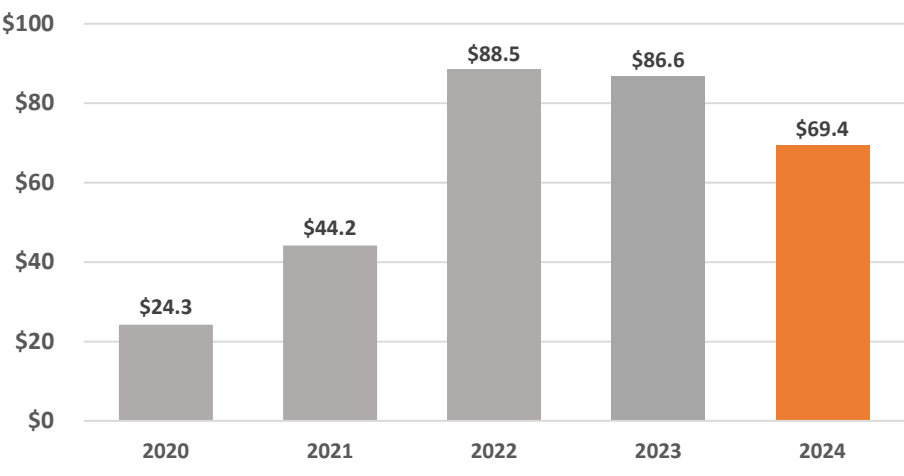




2024 YTD 9 Month Adj. EBITDA and Adj. Net Income

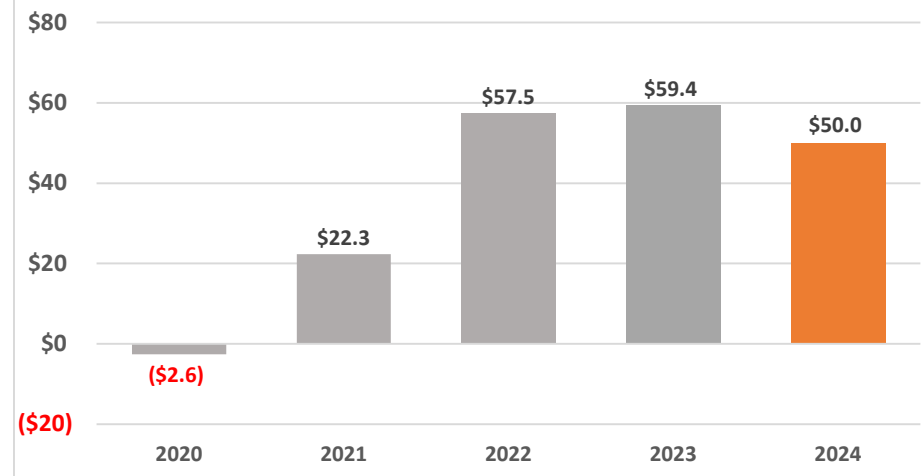
\$ Millions

9MO ADJ EBITDA



Adj. EBITDA Margin %

9MO ADJ NET INCOME



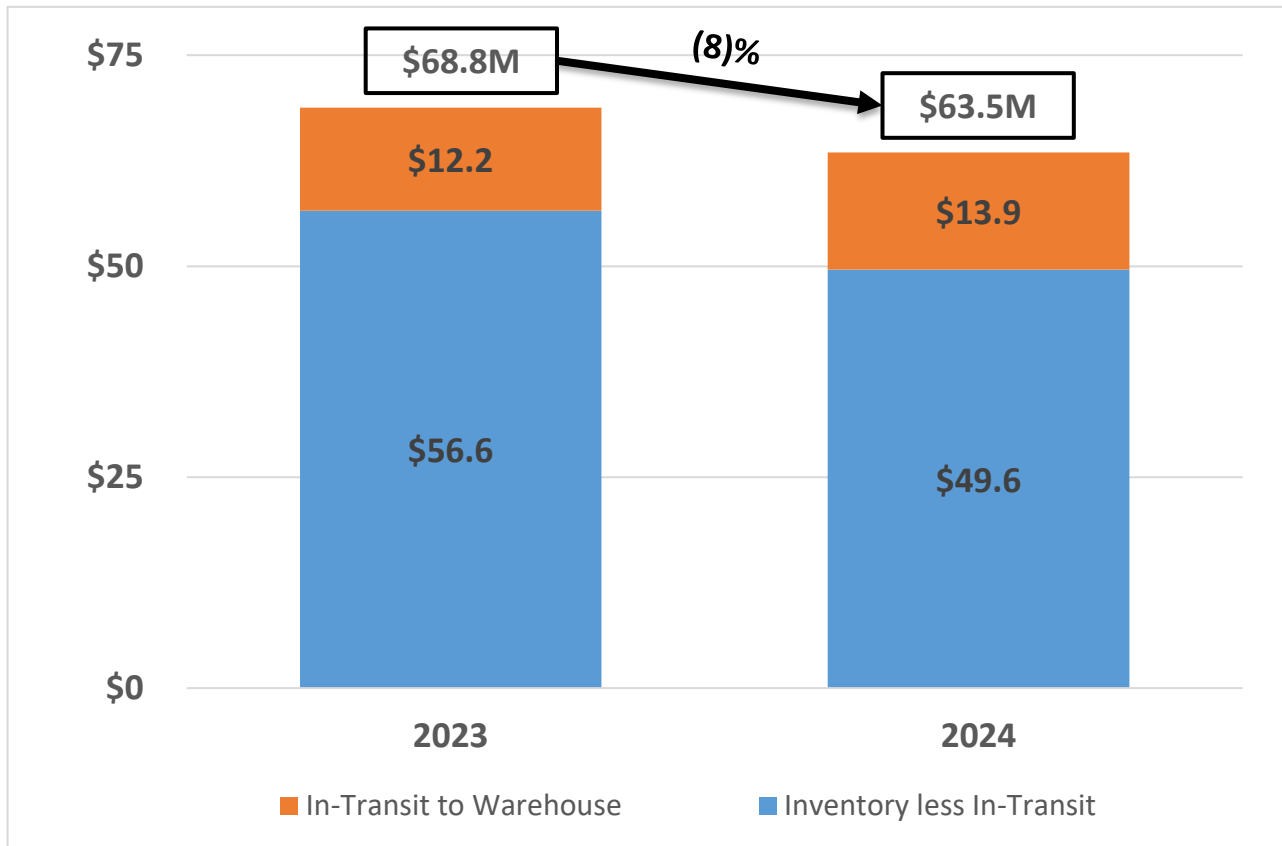
Adj. Net Income Margin %





Third Quarter Inventory - 2023 vs 2024 (Worldwide)

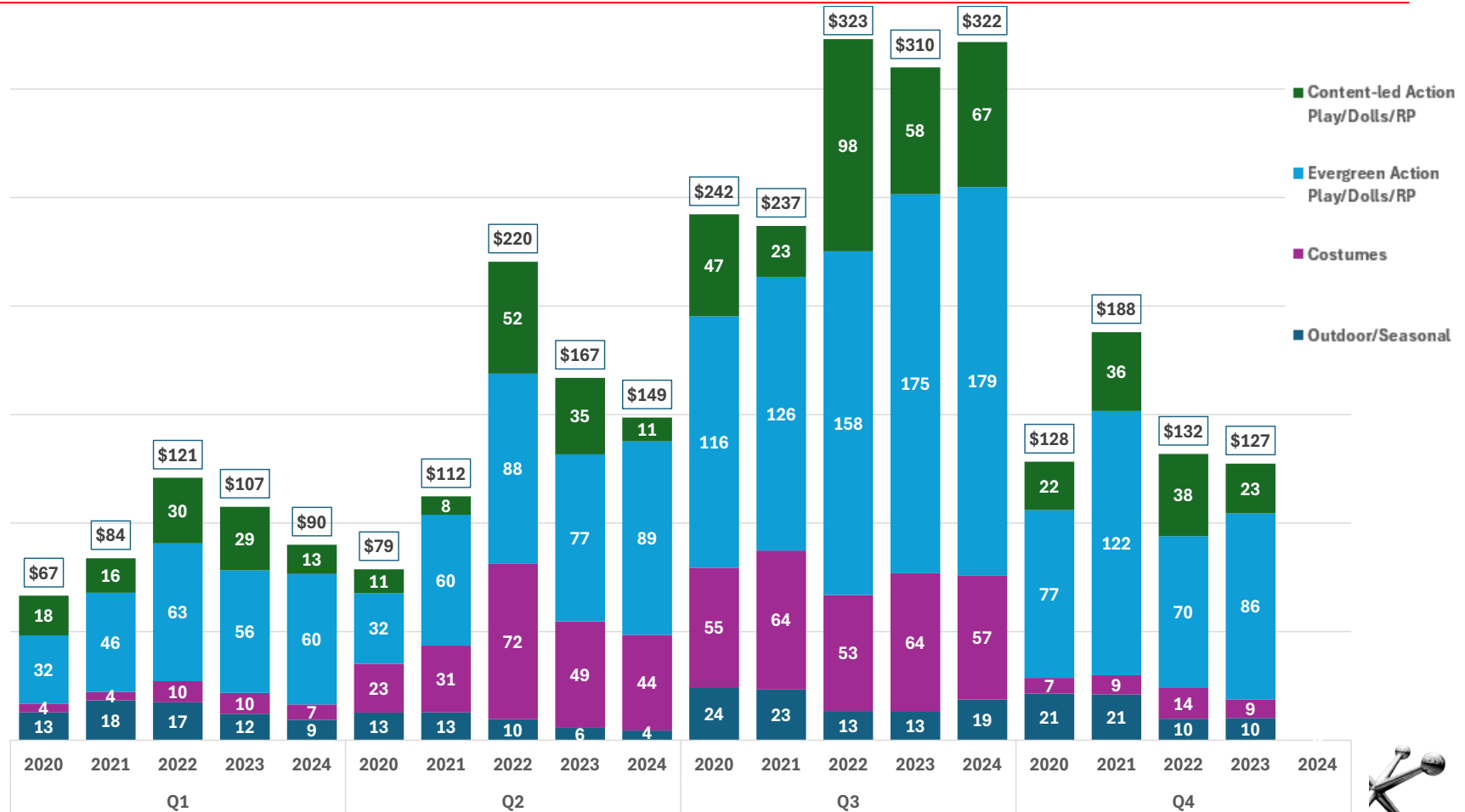
\$ Millions





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)

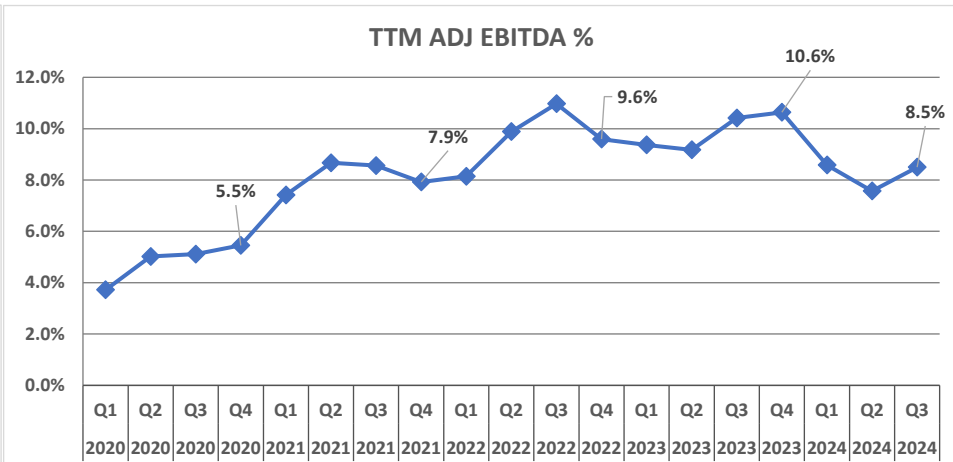
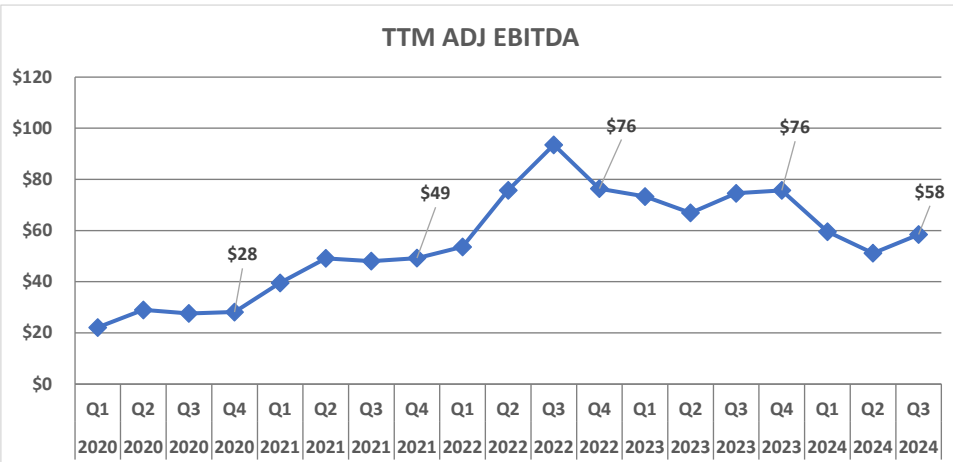
Note: Properties are listed in order of chronological product release.





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

\$ Millions







BLACK+DECKER®







jakks
custom
brands







SUPER MARIO™





SUPER MARIO™





LINK

WITH MASTER SWORD AND SHIELD
AVEC EPÉE DE LÉGENDE ET BOUCLIER
CON ESPADA MAESTRA Y ESCUDO
MIT MASTER-SCHWERT UND SCHILD
CON SPADA SUPREMA E SCUDO

WARNING:
CHOKING HAZARD - Small parts.
Not for children under 3 years.

ATTENTION:
DANGER D'ÉTOUFFEMENT - Petits éléments.
Ne convient pas aux enfants de moins de 3 ans.







SONIC™

THE HEDGEHOG





Disney MOANA 2





Disney

FROZEN





mix & match fashions!





Wild Manes





WICKED





The SIMPSONS™





TRANSFORM YOUR SETUP IN SECONDS

SLIDE & RIDE TECHNOLOGY
QUICK & EASY SETUP
NO TOOLS REQUIRED

TRICK **CRUISER**
TRAINER **BALANCE**
SOLD SEPARATELY



SWCH BOARD	TRICK	CRUISER	TRAINER	BALANCE SOLD SEPARATELY
ALL AROUND PERFORMANCE – 31" L 8" W Maple Blend Deck FEEL AND CONTROL – Full Concave AGILITY & VERSATILITY – 2 Slide & Ride Adapters	TECHNICAL TRICKS – 54mm x 96a PU Wheels CONSISTENCY & STABILITY – Injected PU Bushings STABILITY & AGILITY – 5.25" Aluminum Trick Trucks SPEED & DURABILITY – ABEC 5 Precision Bearings	TECHNICAL TRICKS – 54mm x 96a PU Wheels CONSISTENCY & STABILITY – Injected PU Bushings STABILITY & AGILITY – 5.25" Aluminum Trick Trucks SPEED & DURABILITY – ABEC 5 Precision Bearings	SOFT AND SAFE – Soft Trucks & Wheels To Save Furniture... & Shins CONSISTENCY & PROGRESS – Same Dimensions & Weight As Trick Truck Setup For A 1:1 Feel CONFIDENCE & STABILITY – Stationary Trucks & Wheels Keep The Board Stable For Quicker & Easier Learning	SAFE & FREE – Rail stoppers that keep roller safely under foot STABILITY & FLOW – Center Rail Provides a Stable "In-The-Groove" Side-To-Side Roll GRIP & DURABILITY – Strong and Grippy Roller For Riding Varied Terrain





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

	<u>Three Months Ended September 30,</u>			<u>Nine Months Ended September 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	\$ 321,606	\$ 309,744	4 %	\$ 560,301	\$ 584,161	(4) %
Less: Cost of sales						
Cost of goods	158,770	149,052	7	289,190	293,512	(1)
Royalty expense	50,011	51,141	(2)	86,181	95,074	(9)
Amortization of tools and molds	3,994	2,566	56	7,462	5,955	25
Cost of sales	<u>212,775</u>	<u>202,759</u>	<u>5</u>	<u>382,833</u>	<u>394,541</u>	<u>(3)</u>
Gross profit	108,831	106,985	2	177,468	189,620	(6)
Direct selling expenses	7,552	10,684	(29)	21,904	22,405	(2)
General and administrative expenses	33,101	33,821	(2)	100,887	92,492	9
Depreciation and amortization	95	81	17	275	276	-
Selling, general and administrative expenses	<u>40,748</u>	<u>44,586</u>	<u>(9)</u>	<u>123,066</u>	<u>115,173</u>	<u>7</u>
Income from operations	68,083	62,399	9	54,402	74,447	(27)
Other income (expense):						
Loss from joint ventures	-	-	-	-	(565)	nm
Other income (expense), net	84	(52)	nm	294	424	(31)
Change in fair value of preferred stock derivative liability	-	(793)	nm	-	(6,668)	nm
Loss on debt extinguishment	-	-	-	-	(1,023)	nm
Interest income	69	384	(82)	533	587	(9)
Interest expense	<u>(539)</u>	<u>(1,436)</u>	<u>(62)</u>	<u>(938)</u>	<u>(5,741)</u>	<u>(84)</u>
Income before provision for income taxes	67,697	60,502	12	54,291	61,461	(12)
Provision for income taxes	<u>15,425</u>	<u>12,381</u>	<u>25</u>	<u>10,978</u>	<u>12,476</u>	<u>(12)</u>
Net income	52,272	48,121	9	43,313	48,985	(12)
Net income (loss) attributable to non-controlling interests	-	(11)	nm	280	(289)	nm
Net income attributable to JAKKS Pacific, Inc.	<u>\$ 52,272</u>	<u>\$ 48,132</u>	<u>9 %</u>	<u>\$ 43,033</u>	<u>\$ 49,274</u>	<u>(13) %</u>
Net income attributable to common stockholders	<u>\$ 52,272</u>	<u>\$ 47,754</u>	<u>9 %</u>	<u>\$ 44,363</u>	<u>\$ 48,156</u>	<u>(8) %</u>
Earnings per share - basic	<u>\$ 4.78</u>	<u>\$ 4.77</u>		<u>\$ 4.14</u>	<u>\$ 4.85</u>	
Shares used in earnings per share - basic	<u>10,942</u>	<u>10,021</u>		<u>10,704</u>	<u>9,922</u>	
Earnings per share - diluted	<u>\$ 4.64</u>	<u>\$ 4.53</u>		<u>\$ 3.99</u>	<u>\$ 4.58</u>	
Shares used in earnings per share - diluted	<u>11,275</u>	<u>10,542</u>		<u>11,106</u>	<u>10,503</u>	





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

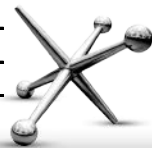
	September 30,		December 31,
	2024	2023	2023
	(In thousands)		
Assets			
Current assets:			
Cash and cash equivalents	\$ 22,070	\$ 96,252	\$ 72,350
Restricted cash	214	195	204
Accounts receivable, net	290,424	206,751	123,797
Inventory	63,509	68,832	52,647
Prepaid expenses and other assets	8,082	6,721	6,374
Total current assets	384,299	378,751	255,372
Property and equipment	144,072	135,821	135,956
Less accumulated depreciation and amortization	128,947	121,193	121,357
Property and equipment, net	15,125	14,628	14,599
Operating lease right-of-use assets, net	19,242	25,743	23,592
Deferred income tax assets, net	68,187	57,856	68,143
Goodwill	35,102	35,083	35,083
Other long-term assets	1,923	2,220	2,162
Total assets	\$ 523,878	\$ 514,281	\$ 398,951





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

	<u>September 30,</u>		<u>December 31,</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
	<u>(In thousands)</u>		
Liabilities, Preferred Stock and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 98,928	\$ 94,409	\$ 42,177
Accounts payable - Meisheng (related party)	35,011	27,977	12,259
Accrued expenses	71,748	65,609	45,102
Reserve for sales returns and allowances	40,837	43,512	38,531
Income taxes payable	-	17,422	3,785
Short term operating lease liabilities	7,405	6,415	7,380
Total current liabilities	<u>253,929</u>	<u>255,344</u>	<u>149,234</u>
Long term operating lease liabilities	14,536	19,283	16,666
Accrued expenses - long term	1,824	3,750	3,746
Preferred stock derivative liability	-	28,586	29,947
Income taxes payable	3,523	2,994	3,245
Total liabilities	<u>273,812</u>	<u>309,957</u>	<u>202,838</u>
Preferred stock accrued dividends	-	5,608	5,992
Stockholders' equity:			
Common stock, \$.001 par value	11	10	10
Additional paid-in capital	295,400	277,546	278,642
Accumulated deficit	(30,579)	(62,744)	(73,612)
Accumulated other comprehensive loss	(15,266)	(16,808)	(15,627)
Total JAKKS Pacific, Inc. stockholders' equity	<u>249,566</u>	<u>198,004</u>	<u>189,413</u>
Non-controlling interests	500	712	708
Total stockholders' equity	<u>250,066</u>	<u>198,716</u>	<u>190,121</u>
Total liabilities, preferred stock and stockholders' equity	<u>\$ 523,878</u>	<u>\$ 514,281</u>	<u>\$ 398,951</u>





JAKKS Pacific, Inc. and Subsidiaries
Supplemental Balance Sheet and Cash Flow Data (Unaudited)

Key Balance Sheet Data:

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

	September 30,	
	2024	2023
	83	61
	27	31

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

	Nine Months Ended	
	September 30,	
	2024	2023
	\$ (15,181)	\$ 89,421
	(8,989)	(7,427)
	(26,100)	(71,037)
	\$ (50,270)	\$ 10,957
Capital expenditures	\$ (7,344)	\$ (7,464)





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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Δ (\$)	2024	2023	Δ (\$)
	(In thousands)			(In thousands)		
EBITDA and Adjusted EBITDA						
Net income	\$ 52,272	\$ 48,121	\$ 4,151	\$ 43,313	\$ 48,985	\$ (5,672)
Interest expense	539	1,436	(897)	938	5,741	(4,803)
Interest income	(69)	(384)	315	(533)	(587)	54
Provision for income taxes	15,425	12,381	3,044	10,978	12,476	(1,498)
Depreciation and amortization	4,089	4,398	(309)	7,737	7,982	(245)
EBITDA	72,256	65,952	6,304	62,433	74,597	(12,164)
Adjustments:						
Loss from joint ventures (JAKKS Pacific, Inc. - 51%)	-	-	-	-	276	(276)
Loss from joint ventures (Meisheng - 49%)	-	-	-	-	289	(289)
Other (income) expense, net	(84)	52	(136)	(294)	(424)	130
Restricted stock compensation expense	2,186	2,025	161	7,280	5,970	1,310
Change in fair value of preferred stock derivative liability	-	793	(793)	-	6,668	(6,668)
Loss on debt extinguishment	-	-	-	-	1,023	(1,023)
Adjusted EBITDA	\$ 74,358	\$ 67,071	\$ 7,287	\$ 69,419	\$ 86,648	\$ (17,229)
Adjusted EBITDA/Net sales %	23.1 %	21.7 %	140 bps	12.4 %	14.8 %	-240 bps

	Trailing Twelve Months Ended		
	2024	2023	Δ (\$)
	(In thousands)		
TTM EBITDA and TTM Adjusted EBITDA			
TTM net income	\$ 32,441	\$ 87,094	\$ (54,653)
Interest expense	1,648	8,035	(6,387)
Interest income	(1,290)	(650)	(640)
Provision for (benefit from) income taxes	5,335	(41,855)	47,190
Depreciation and amortization	10,091	9,934	157
TTM EBITDA	48,225	62,558	(14,333)
Adjustments:			
Loss from joint ventures (JAKKS Pacific, Inc. - 51%)	-	276	(276)
Loss from joint ventures (Meisheng - 49%)	-	289	(289)
Other (income) expense, net	(433)	(701)	268
Restricted stock compensation expense	9,337	7,616	1,721
Change in fair value of preferred stock derivative liability	1,361	5,239	(3,878)
Molds and tooling capitalization	-	(1,751)	1,751
Loss on debt extinguishment	-	1,023	(1,023)
TTM Adjusted EBITDA	\$ 58,490	\$ 74,549	\$ (16,059)
TTM Adjusted EBITDA/TTM Net sales %	8.5 %	10.4 %	(22) %





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

	Three Months Ended September 30,			Nine Months Ended September 30,		
<u>Adjusted net income attributable to common stockholders</u>						
Net income attributable to common stockholders	\$ 52,272	\$ 47,754	\$ 4,518	\$ 44,363	\$ 48,156	\$ (3,793)
Restricted stock compensation expense	2,186	2,025	161	7,280	5,970	1,310
Change in fair value of preferred stock derivative liability	-	793	(793)	-	6,668	(6,668)
Loss on debt extinguishment	-	-	-	-	1,023	(1,023)
Loss from joint ventures (JAKKS Pacific, Inc. - 51%)	-	-	-	-	276	(276)
2021 BSP Term Loan prepayment penalty	-	-	-	-	150	(150)
Molds and Tooling capitalization	-	(1,751)	1,751	-	(1,751)	1,751
Tax impact of additional charges	(494)	1,268	(1,762)	(1,681)	(1,079)	(602)
Adjusted net income attributable to common stockholders	<u>\$ 53,964</u>	<u>\$ 50,089</u>	<u>\$ 3,875</u>	<u>\$ 49,962</u>	<u>\$ 59,413</u>	<u>\$ (9,451)</u>
Adjusted earnings per share - basic & diluted	<u>\$ 4.93</u>	<u>\$ 5.00</u>	<u>\$ (0.07)</u>	<u>\$ 4.67</u>	<u>\$ 5.99</u>	<u>\$ (1.32)</u>
Shares used in adjusted earnings per share - basic	<u>10,942</u>	<u>10,021</u>	<u>921</u>	<u>10,704</u>	<u>9,922</u>	<u>782</u>
Adjusted earnings per share - diluted	<u>\$ 4.79</u>	<u>\$ 4.75</u>	<u>\$ 0.04</u>	<u>\$ 4.50</u>	<u>\$ 5.66</u>	<u>\$ (1.16)</u>
Shares used in adjusted earnings per share - diluted	<u>11,275</u>	<u>10,542</u>	<u>733</u>	<u>11,106</u>	<u>10,503</u>	<u>603</u>





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

(In thousands)	QTD Q3				
				% Change	% Change
	2024	2023	2022	2024 v 2023	2023 v 2022
Divisions					
Toys/Consumer Products	\$ 264,306	\$ 246,004	\$ 269,607	7.4%	-8.8%
Dolls, Role-Play/Dress Up	146,893	139,177	190,452	5.5%	-26.9%
Action Play & Collectibles	98,750	93,717	65,752	5.4%	42.5%
Outdoor/Seasonal Toys	18,663	13,110	13,403	42.4%	-2.2%
Costumes	\$ 57,300	\$ 63,740	\$ 53,391	-10.1%	19.4%
Total	\$ 321,606	\$ 309,744	\$ 322,998	3.8%	-4.1%

(In thousands)	YTD Q3				
				% Change	% Change
	2024	2023	2022	2024 v 2023	2023 v 2022
Divisions					
Toys/Consumer Products	\$ 451,786	\$ 461,831	\$ 529,590	-2.2%	-12.8%
Dolls, Role-Play/Dress Up	251,075	246,689	354,644	1.8%	-30.4%
Action Play & Collectibles	168,313	184,134	134,620	-8.6%	36.8%
Outdoor/Seasonal Toys	32,398	31,008	40,326	4.5%	-23.1%
Costumes	\$ 108,515	\$ 122,330	\$ 134,711	-11.3%	-9.2%
Total	\$ 560,301	\$ 584,161	\$ 664,301	-4.1%	-12.1%

(In thousands)	QTD Q3				
				% Change	% Change
	2024	2023	2022	2024 v 2023	2023 v 2022
Regions					
United States	\$ 255,278	\$ 244,931	\$ 253,854	4.2%	-3.5%
Europe	30,034	31,676	38,075	-5.2%	-16.8%
Latin America	22,632	15,319	9,504	47.7%	61.2%
Canada	7,068	11,453	12,804	-38.3%	-10.6%
Asia	2,345	3,192	4,294	-26.5%	-25.7%
Australia & New Zealand	3,339	2,692	3,941	24.0%	-31.7%
Middle East & Africa	910	481	526	89.2%	-8.6%
Total	\$ 321,606	\$ 309,744	\$ 322,998	3.8%	-4.1%

(In thousands)	YTD Q3				
				% Change	% Change
	2024	2023	2022	2024 v 2023	2023 v 2022
Regions					
United States	\$ 451,545	\$ 461,561	\$ 543,388	-2.2%	-15.1%
Europe	46,033	58,476	65,911	-21.3%	-11.3%
Latin America	33,867	27,590	15,712	22.8%	75.6%
Canada	16,726	22,306	21,720	-25.0%	2.7%
Asia	4,578	6,403	8,733	-28.5%	-26.7%
Australia & New Zealand	6,292	6,056	7,014	3.9%	-13.7%
Middle East & Africa	1,260	1,769	1,823	-28.8%	-3.0%
Total	\$ 560,301	\$ 584,161	\$ 664,301	-4.1%	-12.1%

(In thousands)	QTD Q3				
				% Change	% Change
	2024	2023	2022	2024 v 2023	2023 v 2022
Regions					
North America	\$ 262,346	\$ 256,384	\$ 266,658	2.3%	-3.9%
International	59,260	53,360	56,340	11.1%	-5.3%
Total	\$ 321,606	\$ 309,744	\$ 322,998	3.8%	-4.1%

(In thousands)	YTD Q3				
				% Change	% Change
	2024	2023	2022	2024 v 2023	2023 v 2022
Regions					
North America	\$ 468,271	\$ 483,867	\$ 565,108	-3.2%	-14.4%
International	92,030	100,294	99,193	-8.2%	1.1%
Total	\$ 560,301	\$ 584,161	\$ 664,301	-4.1%	-12.1%

