

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

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 25, 2022**

**JAKKS PACIFIC, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**0-28104**  
(Commission  
File Number)

**95-4527222**  
(IRS Employer  
Identification No.)

**2951 28th Street, Santa Monica, California**  
(Address of principal executive offices)

**90405**  
(Zip Code)

Registrant's telephone number, including area code: **(424) 268-9444**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$.001 par value	JAKK	NASDAQ Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

## **Item 2.02. Results of Operations and Financial Condition.**

On October 27, 2022, we issued a press release announcing our third quarter results for 2022. Following the issuance of the press release, on October 27, 2022 at 5:00 p.m. ET / 2:00 p.m. PT, we will host a teleconference and webcast for analysts, investors, media and others to discuss the results and other business topics. Such financial information included in the Exhibit attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

## **Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On October 25, 2022, the Company amended the employment agreement between the Company and Mr. Stephen G. Berman, Chief Executive Officer and President, and entered into Amendment No. 7 to Mr. Berman's Second Amended and Restated Employment Agreement, dated as of November 11, 2010 (the "Berman Employment Agreement"). The terms of Mr. Berman's Employment Agreement have been amended as follows: (i) to extend the Term of the Berman Employment Agreement for an additional two years through December 31, 2026; (ii) addition of a performance bonus opportunity for 2025 – 2026 in a range between twenty-five percent (25%) and three hundred percent (300%) of Base Salary, based upon the level of EBITDA achieved by the Company for the fiscal year, as determined by the Compensation Committee, which shall be payable in cash and is subject to additional terms and conditions as set forth therein; (iii) provision of an Annual Restricted Stock Unit Grant as provided for under section 3(b) of the Berman Employment Agreement, effective as of January 2025, of a number of shares of Restricted Stock Units granted pursuant to such Annual Restricted Stock Unit Grant equal the lesser of (a) \$3,500,000 in value (based on the closing price of a share of Common Stock on the last business day of the prior year), or (b) 2.25% of outstanding shares of Common Stock, which shall vest in three equal installments on each anniversary of grant, provided, that no such award under (a) or (b) above shall be made to Mr. Berman (and no cash substitute shall be provided to Mr. Berman) to the extent shares are not available for grant under the Plan as of such date; and, provided, further, that the Company shall not be obligated to amend the Plan and/or seek shareholder approval of any amendment to increase the amount of available shares under the Plan; and (iv) in consideration of Mr. Berman agreeing to extend the term of his employment agreement, a grant of 183,748 Restricted Stock Units, which shall vest in two equal installments of 91,874 Restricted Stock Units each on October 25, 2025 and October 25, 2026 (provided that Executive remains employed by the Company on such date(s), as applicable.) All capitalized terms used but not defined in the two previous sentences have the meanings ascribed thereto in the Berman Employment Agreement, as amended by the seventh amendment.

The foregoing description of the seventh amendment to the Berman Employment Agreement is qualified in its entirety by reference to the full text thereof, a copy of which is filed as Exhibit 10.1 to this Form 8-K and is incorporated by reference into this Item 5.02.

On October 25, 2022, the Company amended the employment letter agreement between the Company and Mr. John L. Kimble, Chief Financial Officer and Executive Vice President, and entered into Amendment No. 1 to Mr. Kimble's Letter Employment Agreement, dated as of November 18, 2019 (the "Kimble Employment Agreement"). The terms of Mr. Kimble's Employment Agreement have been amended as follows: (i) to extend the Term of the Kimble Employment Agreement for an additional two years through December 31, 2026; (ii) modification of existing cash performance bonus opportunity for 2023 – 2026 in a range between twenty-five percent (25%) and two hundred percent (200%) of Base Salary, based upon the level of EBITDA achieved by the Company for the fiscal year, as determined by the Compensation Committee, which shall be payable in cash and is subject to additional terms and conditions as set forth therein; (iii) modification of the Kimble Employment Agreement captioned "Restricted Stock Awards", effective as of January 2023, to provide for the annual grant of a number of shares of Restricted Stock Units equal to the lesser of (a) 150% of Base Salary in value (based on the closing price of a share of Common Stock on the last business day of the prior year), or (b) 1.50% of outstanding shares of Common Stock, which shall vest in three equal installments on each anniversary of grant, provided, that no such award under (a) or (b) above shall be made to Mr. Kimble (and no cash substitute shall be provided to Mr. Kimble) to the extent shares are not available for grant under the Plan as of such date; and, provided, further, that the Company shall not be obligated to amend the Plan and/or seek shareholder approval of any amendment to increase the amount of available shares under the Plan; and (iv) in consideration of Mr. Kimble agreeing to extend the term of his employment agreement, a grant of 41,988 Restricted Stock Units, which shall vest in two equal installments of 20,994 Restricted Stock Units each on October 25, 2025 and October 25, 2026 (provided that Executive remains employed by the Company on such date(s), as applicable.) All capitalized terms used but not defined in the previous sentence have the meanings ascribed thereto in the Kimble Employment Agreement, as amended by the first amendment.

The foregoing description of the second amendment to the Kimble Employment Agreement is qualified in its entirety by reference to the full text thereof, a copy of which is filed as Exhibit 10.2 to this Form 8-K and is incorporated by reference into this Item 5.02.

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## Item 9.01. Financial Statements and Exhibits

(d) Exhibits

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
10.1	<a href="#">Amendment No. 7 to the Employment Agreement of Stephen G. Berman</a>
10.2	<a href="#">Amendment No. 2 to the Employment Letter Agreement of John L. Kimble</a>
99.1	<a href="#">October 27, 2022 Third Quarter 2022 Earnings Press Release</a>
104	Cover Page Interactive Data File (formatted as Inline XBRL)

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**SIGNATURES**

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 hereunto duly authorized.

**JAKKS PACIFIC, INC.**

Dated: October 27, 2022

By: /s/ JOHN L. KIMBLE  
John L. Kimble, CFO

**AMENDMENT NO. 7 TO THE SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT BETWEEN  
STEPHEN G. BERMAN AND JAKKS PACIFIC CORP.**

**THIS AMENDMENT NO. 7 TO THE SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (this "Amendment") is entered into as of October 25, 2022 (the "Effective Date"), by and between Stephen G. Berman ("Berman" or "Executive") and JAKKS Pacific, Inc., a Delaware Corporation (the "Company"). The Company and Executive are sometimes referred to herein, each a "Party" and, collectively, the "Parties."

W I T N E S S E T H:

**WHEREAS**, Executive is currently employed by the Company pursuant to that certain Second Amended and Restated Employment Agreement, dated November 11, 2010 (the "2010 Amended and Restated Employment Agreement"), between Executive and the Company, as modified by the October 20, 2011 letter amendment (the "2011 Amendment"), and as amended by Amendment Number One, dated September 12, 2012 (the "2012 Amendment"), Amendment Number Two, dated June 7, 2016 (the "2016 Amendment"), Amendment Number Three, dated August 9, 2019 (the "August 2019 Amendment"), Amendment Number Four, dated November 18, 2019 (the "November 2019 Amendment"); Amendment Number Five, dated February 18, 2021 (the "February 2021 Amendment"); and Amendment Number Six, dated July 26, 2021 (the "July 2021 Amendment") (the 2010 Amended and Restated Employment Agreement, together with and as amended by the 2011 Amendment, the 2012 Amendment, the 2016 Amendment, the August 2019 Amendment, the November 2019 Amendment, the February 2021 Amendment, and the July 2021 Amendment the "Amended Employment Agreement"); and

**WHEREAS** the Parties desire to further amend the terms of the Amended Employment Agreement on the terms and subject to the conditions set forth in this Amendment No. 7 (the Amended Employment Agreement, as amended by this Amendment No. 7, referred to as the "Employment Agreement").

**NOW THEREFORE**, in consideration of the premises and the mutual covenants and obligations contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound hereby, pursuant to Section 21 of the 2010 Amended and Restated Employment Agreement and subject to the terms and conditions set forth herein, agree as follows:

1. Definitions. All references in the Amended Employment Agreement to "this Agreement" shall be deemed to refer to the Employment Agreement (including as amended by this Amendment). Capitalized terms not defined herein shall have the meanings set forth for such terms in the Amended Employment Agreement.
2. Amendments. The Parties hereby agree that, effective upon the Effective Date, the Amended Employment Agreement shall be deemed amended as follows:
  - (a) Section 2 of the Amended Employment Agreement is amended by deleting the current provision in its entirety and inserting, in lieu thereof, the following:

*"2. Term. The term of this Agreement shall commence as of the date hereof and the term of this Agreement and Executive's employment hereunder shall end on December 31, 2026, subject to earlier termination upon the terms and conditions provided elsewhere herein (the "Term"). As used herein, "Termination Date" shall mean the last day of the Term. "*

(b) The Amended Employment Agreement is further amended by adding a new Section 3(d)(ix), to provide as follows:

ix. *In consideration for Executive's agreement to extend the Term of his employment through December 31, 2026, the Executive is hereby granted 183,748 Restricted Stock Units, which shall vest in two equal installments of 91,874 each on October 25, 2025 and October 25, 2026 (provided that Executive remains employed by the Company on such date(s), as applicable.)*

(c) The Amended Employment Agreement is further amended by adding a new Section 3(d)(x), to provide as follows:

x. *Performance Bonus Opportunity for Fiscal Years 2025 and 2026. For the fiscal years commencing on January 1, 2025 and January 1, 2026 Executive shall be eligible to receive a performance-based bonus award in a range between Twenty-Five percent (25%) and Three Hundred percent (300%) of the Base Salary, based upon the level of EBITDA (defined below) achieved by the Company for such fiscal year prior to deduction of bonus expenses and one-time non-recurring costs for initiatives approved by the Board (each an "EBITDA Target Amount"), as determined by the Compensation Committee, and subject to the terms and conditions set forth herein (the "Additional Performance Bonus").*

*The Company's EBITDA has the same meaning as defined in Term Loan Facility Credit Agreement, dated as of June 2, 2021, by and among BSP Agency LLC, Benefit Street Partners L.L.C., the Financial Institutions party thereto, the Company, Disguise, Inc., JAKKS Sales LLC, Maui, Inc., and Moose Mountain Marketing, Inc. The Compensation Committee shall determine the EBITDA Target Amounts for fiscal years 2025 and 2026 during the first fiscal quarter of each such fiscal year, prior to deduction of bonus expenses and one-time nonrecurring costs for initiatives approved by the Board, and the amount of the Additional Performance Bonus for each such fiscal year shall be calculated according to five separate tranches in the manner utilized for calculation of the 2021 Performance Bonus, with the amount of the EBITDA target for each tranche determined by the Compensation Committee in its good faith discretion, as follows::*

A. *If the EBITDA Target Amount is less than a minimum EBITDA amount, no Additional Performance Bonus shall be paid for such fiscal year.*

B. *If the EBITDA Target Amount equals the minimum EBITDA amount for the preceding tranche, the Additional Performance Bonus shall be in an amount equal to Twenty-Five Percent (25%) of the Base Salary for such fiscal year.*

C. *If the EBITDA Target Amount equals an EBITDA amount higher than the EBITDA amount for the preceding tranche, the Additional Performance Bonus shall be in an amount equal to One Hundred Percent (100%) of the Base Salary for such fiscal year.*

D. *If the EBITDA Target Amount equals an EBITDA amount higher than the EBITDA amount for the preceding tranche, the Additional Performance Bonus shall be in an amount equal to Two Hundred Percent (200%) of the Base Salary for such fiscal year or*

E. If the EBITDA Target Amount equals an EBITDA amount higher than the EBITDA amount for the preceding tranche, the Additional Performance Bonus shall be in an amount equal to Three Hundred Percent (300%) of the Base Salary for such fiscal year.

To the extent that EBITDA exceeds the minimum EBITDA Target Amount, but falls between two EBITDA Target Amounts set forth in Sections 3(d) x. B. through E. above, the amount of the Additional Performance Bonus shall be determined by the Compensation Committee through linear interpolation. For the avoidance of doubt, the calculation of any Additional Performance Bonus shall be based upon only the highest EBITDA Target Amount achieved by the Company for the applicable fiscal year and shall not be a cumulative amount.

The Company shall pay any Additional Performance Bonus due Executive hereunder in cash, subject to any required tax withholding, not later than twenty-one (21) business days following the date on which the Auditors final report on the Company's financial statements for such fiscal year is issued and delivered to the Company and in any event not later than April 30 of the calendar year next succeeding such fiscal year (the "Additional Performance Bonus Award Date"). Except as otherwise provided herein, Executive must be employed on the Additional Performance Bonus Award Date to be eligible to receive the Additional Performance Bonus for the applicable fiscal year, or any portion thereof, for such fiscal year.

(d) The Amended Employment Agreement is further amended by deleting Section 3.b. ii. of the Amended Employment Agreement in its entirety and inserting in lieu thereof the following:

(ii) Pursuant to and subject to the terms of the Plan, the Company shall, to the extent shares are available for award under the Plan, issue to Executive on each of the first business days of 2025 and 2026 (provided that Executive remains employed by the Company on such date(s), as applicable) that number of Restricted Stock Units covering shares of the Company's common stock that are equal to the lesser of (A) \$3,500,000 in value (based on the closing price of a share of the Company's common stock on December 31, 2024 with respect to the 2025 award, and December 31, 2025, with respect to the 2026 award), or (B) 2.25% of common shares outstanding of the Company, which shall vest as set forth below in Section 3.b. (iii); provided, that no such award under (A) or (B) above shall be made to Executive (and no cash substitute shall be provided to Executive) to the extent shares are not available for grant under the Plan as of such date; and provided, further, that the Company shall not be obligated to amend the Plan and/or seek shareholder approval of any amendment to increase the amount of available shares under the Plan.

(iii) Granted Restricted Stock Units will vest in three equal installments on each anniversary of grant.

3. Ratification; Effect of Amendment. Except as expressly provided herein, this Amendment shall not, by implication or otherwise, alter, modify, amend or in any way affect any of the obligations, covenants or rights contained in the Amended Employment Agreement, all of which are ratified and confirmed in all respects by the Parties and shall continue in full force and effect. Each reference to the Employment Agreement or Amended Employment Agreement hereafter made in any document, agreement, instrument, notice or communication shall mean and be a reference to the Employment Agreement, as amended and modified hereby.

4. Miscellaneous.

(a) This Amendment shall be governed and construed as to its validity, interpretation, and effect by the laws of the State of California, without reference to its conflicts of laws provisions.

(b) The Section captions herein are for convenience of reference only, do not constitute part of this Amendment and shall not be deemed to limit or otherwise affect any of the provisions hereof.

(c) Each party hereto acknowledges that it has had an opportunity to consult with counsel and has participated in the preparation of this Amendment. No party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that the other party hereto drafted or controlled the drafting of this Amendment.

(d) This Amendment and the documents referenced herein, constitute the entire agreement among the Parties with respect to this amendment of the Amended Employment Agreement and supersede all prior agreements, negotiations, drafts, and understandings among the Parties with respect to such subject matter. This Amendment can only be changed or modified pursuant to a written instrument referring explicitly hereto, and duly executed by each of the Parties.

(e) This Amendment may be executed and delivered (by facsimile or PDF signature) in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument.

*[Signature page follows]*



IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the day and year first written above.

**THE COMPANY:**

JAKKS PACIFIC, INC.

By: \_\_\_\_\_  
Name: John Kimble  
Title: EVP-CFO

**EXECUTIVE:**

\_\_\_\_\_  
Name: Stephen G. Berman

**AMENDMENT NO. 2 TO THE EMPLOYMENT LETTER AGREEMENT BETWEEN  
JOHN KIMBLE AND JAKKS PACIFIC CORP.**

THIS AMENDMENT NO. 2 TO THE to an employment letter agreement dated November 18, 2019 is entered into as of October 25, 2022 by and between John Kimble, an individual ("Executive") and JAKKS Pacific, Inc., a Delaware corporation ("JAKKS" or the "Company"). The Company and Executive are sometimes referred to herein, each a "Party," and, collectively, the "Parties."

W I T N E S S E T H:

**WHEREAS**, Executive is currently employed by the Company pursuant to that certain employment letter agreement dated November 18, 2019 (the "2019 Employment Agreement"), between Executive and the Company, as amended by the First Amendment dated February 18, 2021 (the "February 2022 Amendment"); (the 2019 Employment Agreement, together with and as amended by the February 2022 Amendment, the "Amended Employment Agreement"); and

**WHEREAS** the Parties desire to further amend the terms of the Amended Employment Agreement on the terms and subject to the conditions set forth in this Amendment No. 2 (the Amended Employment Agreement, as amended by this Amendment No. 2, referred to as the "Employment Agreement").

**NOW THEREFORE**, in consideration of the premises and the mutual covenants and obligations contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound hereby, pursuant to Section 21 of the 2010 Amended and Restated Employment Agreement and subject to the terms and conditions set forth herein, agree as follows:

1. **Definitions.** All references in the Amended Employment Agreement to "this Agreement" shall be deemed to refer to the Employment Agreement (including as amended by this Amendment). Capitalized terms not defined herein shall have the meanings set forth for such terms in the Amended Employment Agreement.
2. **Amendments.** The Parties hereby agree that, effective upon the Effective Date, the Amended Employment Agreement shall be deemed to be further amended as follows:
  - (a) Section 2 of the February 2022 Amendment is amended by deleting the current provision in its entirety and inserting, in lieu thereof, the following:

*"2. (a) Term. The term of this Agreement shall commence as of the date hereof and the term of this Agreement and Executive's employment hereunder shall end on December 31, 2026, subject to earlier termination upon the terms and conditions provided elsewhere herein (the "Term"). As used herein, "Termination Date" shall mean the last day of the Term. "*

*(b) Grant of Restricted Stock Units. In consideration for Executive's agreement to extend the Term of his employment through December 31, 2026, the Executive is hereby granted 41,988 Restricted Stock Units, which shall vest in two equal installments of 20,994 each on October 25, 2025 and October 25, 2026 (provided that Executive remains employed by the Company on such date(s), as applicable.)*

(b) Section 3(b) of the February 2022 Amendment is amended to provide as follows:

(e). Performance Bonus Opportunity for Fiscal Years 2023, 2024, 2025 and 2026. For the fiscal years commencing on January 1, 2023, January 1, 2024, January 1, 2025 and January 1, 2026 Executive shall be eligible to receive a performance-based bonus award in a range between Twenty-Five percent (25%) and Two Hundred percent (200%) of the Base Salary, based upon the level of EBITDA (defined below) achieved by the Company for such fiscal year prior to deduction of bonus expenses and one-time non-recurring costs for initiatives approved by the Board (each an "EBITDA Target Amount"), as determined by the Compensation Committee, and subject to the terms and conditions set forth herein (the "Additional Performance Bonus").

The Company's EBITDA has the same meaning as defined in Term Loan Facility Credit Agreement, dated as of June 2, 2021, by and among BSP Agency LLC, Benefit Street Partners L.L.C., the Financial Institutions party thereto, the Company, Disguise, Inc., JAKKS Sales LLC, Maui, Inc., and Moose Mountain Marketing, Inc. The Compensation Committee shall determine the EBITDA Target Amounts for fiscal years 2023, 2024, 2025 and 2026 during the first fiscal quarter of each such fiscal year, prior to deduction of bonus expenses and one-time nonrecurring costs for initiatives approved by the Board, and the amount of the Additional Performance Bonus for each such fiscal year shall be calculated according to five separate tranches in the manner utilized for calculation of the 2021 Performance Bonus, with the amount of the EBITDA target for each tranche determined by the Compensation Committee in its good faith discretion, as follows::

- A. If the EBITDA Target Amount is less than a minimum EBITDA amount, no Additional Performance Bonus shall be paid for such fiscal year.
- B. If the EBITDA Target Amount equals the minimum EBITDA amount for the preceding tranche, the Additional Performance Bonus shall be in an amount equal to Twenty-Five Percent (25%) of the Base Salary for such fiscal year.
- C. If the EBITDA Target Amount equals an EBITDA amount higher than the EBITDA amount for the preceding tranche, the Additional Performance Bonus shall be in an amount equal to One Hundred Percent (100%) of the Base Salary for such fiscal year.
- D. If the EBITDA Target Amount equals an EBITDA amount higher than the EBITDA amount for the preceding tranche, the Additional Performance Bonus shall be in an amount equal to One Hundred and Fifty Percent (150%) of the Base Salary for such fiscal year or
- E. If the EBITDA Target Amount equals an EBITDA amount higher than the EBITDA amount for the preceding tranche, the Additional Performance Bonus shall be in an amount equal to Two Hundred Percent (200%) of the Base Salary for such fiscal year.

To the extent that EBITDA exceeds the minimum EBITDA Target Amount, but falls between two EBITDA Target Amounts set forth in Sections 3(e) B. through E. above, the amount of the Additional Performance Bonus shall be determined by the Compensation Committee through linear interpolation. For the avoidance of doubt, the calculation of any Additional Performance Bonus shall be based upon only the highest EBITDA Target Amount achieved by the Company for the applicable fiscal year and shall not be a cumulative amount.

*The Company shall pay any Additional Performance Bonus due Executive hereunder in cash, subject to any required tax withholding, not later than twenty-one (21) business days following the date on which the Auditors final report on the Company's financial statements for such fiscal year is issued and delivered to the Company and in any event not later than April 30 of the calendar year next succeeding such fiscal year (the "Additional Performance Bonus Award Date"). Except as otherwise provided herein, Executive must be employed on the Additional Performance Bonus Award Date to be eligible to receive the Additional Performance Bonus for the applicable fiscal year, or any portion thereof, for such fiscal year.*

(c) Section 3 of the of the February 2022 Amendment is amended by adding a new Section 3(e), to provide as follows:

*(f) Pursuant to and subject to the terms of the Plan, the Company shall, to the extent shares are available for award under the Plan, issue to Executive on each of the first business days of 2023, 2024, 2025 and 2026 (provided that Executive remains employed by the Company on such date(s), as applicable) that number of Restricted Stock Units covering shares of the Company's common stock that are equal to the lesser of (A) an amount in value (based on the closing price of a share of the Company's common stock on the last trading day immediately preceding the first business day of 2023, 2024, 2025 and 2026, as the case may be) equal to 150% of Executive's Base Salary in effect on January 1, 2023, January 1, 2024, January 1, 2025, or January 1, 2026, as the case may be,, or (B) 1.5% of common shares outstanding of the Company, which shall vest as set forth below in Section .(c). (iii); provided that no such award under (A) or (B) above shall be made to Executive (and no cash substitute shall be provided to Executive) to the extent shares are not available for grant under the Plan as of such date; and provided. further, that the Company shall not be obligated to amend the Plan and/or seek shareholder approval of any amendment to increase the amount of available shares under the Plan.*

*(iii) Granted Restricted Stock Units will vest in three equal installments on each anniversary of grant.*

(d) The Employment Agreement is further amended by modifying the provisions of the 2019 Employment Agreement entitled "Car Allowance" to provide for a car allowance of \$1,500.00 per month, less applicable tax withholding, payable semi-monthly, will be provided to Executive in lieu of mileage reimbursement.

3. Ratification; Effect of Amendment. Except as expressly provided herein, this Amendment shall not, by implication or otherwise, alter, modify, amend or in any way affect any of the obligations, covenants or rights contained in the Amended Employment Agreement, all of which are ratified and confirmed in all respects by the Parties and shall continue in full force and effect. Each reference to the Employment Agreement or Amended Employment Agreement hereafter made in any document, agreement, instrument, notice or communication shall mean and be a reference to the Employment Agreement, as amended and modified hereby.

4. Miscellaneous.

- (a) This Amendment shall be governed and construed as to its validity, interpretation, and effect by the laws of the State of California, without reference to its conflicts of laws provisions.
- (b) The Section captions herein are for convenience of reference only, do not constitute part of this Amendment and shall not be deemed to limit or otherwise affect any of the provisions hereof.
- (c) Each party hereto acknowledges that it has had an opportunity to consult with counsel and has participated in the preparation of this Amendment. No party hereto is entitled to any presumption with respect to the interpretation of any provision hereof or the resolution of any alleged ambiguity herein based on any claim that the other party hereto drafted or controlled the drafting of this Amendment.
- (d) This Amendment and the documents referenced herein, constitute the entire agreement among the Parties with respect to this amendment of the Amended Employment Agreement and supersede all prior agreements, negotiations, drafts, and understandings among the Parties with respect to such subject matter. This Amendment can only be changed or modified pursuant to a written instrument referring explicitly hereto, and duly executed by each of the Parties.
- (e) This Amendment may be executed and delivered (by facsimile or PDF signature) in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the day and year first written above.

**THE COMPANY:**

JAKKS PACIFIC, INC.

By: /s/STEPHEN G. BERMAN

Name: Stephen G. Berman

Title: CEO

**EXECUTIVE:**

/s/JOHN KIMBLE

Name: John Kimble



## JAKKS PACIFIC REPORTS THIRD QUARTER 2022 FINANCIAL RESULTS

*Sales through September 30, 2022 exceeded full-year 2021 sales levels*

SANTA MONICA, Calif., October 27, 2022 – JAKKS Pacific, Inc. (NASDAQ: JAKK) today reported financial results for the third quarter ended September 30, 2022.

### Third Quarter 2022 Overview

- Net sales were \$323.0 million, a year-over-year increase of 36%
  - Toys/Consumer Products were \$269.6 million, a year-over-year increase of 56%
  - Costumes were \$53.4 million, a year-over-year decrease of 17%
    - Costumes year-to-date are \$134.7 million, a 36% increase over 2021
- Year-to-date net sales were \$664.3 million, which exceeded full year 2021 net sales of \$621.1 million
- Gross margin of 28.5%, down 310 basis points vs. Q3 2021
- Operating income of \$53.7 million (16.7% of net sales) in Q3 2022 vs. \$36.7 million (15.5% of net sales) in Q3 2021
  - Year-to-date operating income of \$76.7 million (11.6% of net sales) vs. \$35.8 million (8.3% of net sales) for comparable period in 2021
- Net income attributable to common stockholders of \$30.3 million or \$2.96 per diluted share, compared to net income attributable to common stockholders of \$36.0 million or \$3.97 per diluted share in Q3 2021
- Adjusted net income attributable to common stockholders (a non-GAAP measure) of \$39.0 million or \$3.80 per diluted share, compared to adjusted net income attributable to common stockholders of \$34.2 million or \$3.76 per diluted share in Q3 2021
- Adjusted EBITDA (a non-GAAP measure) of \$59.4 million vs. \$41.7 million in Q3 2021

### Management Commentary

“We continued to see strong retail sell-thru for our product throughout the third quarter,” said Stephen Berman, CEO of JAKKS Pacific. “Our top three toy accounts in the US sustained point of sale results in the high teens in Q3 as we head into the all-important fourth quarter. By leaning into our heritage as an FOB-first company, we’ve managed to ship more of our product earlier in the year to avoid excessive supply-chain expenses and mitigate out-of-stock risks at retail. As a result, our customers are ready for the holiday season with a great range of product and promotional plans. We are on track to deliver full-year 2022 revenue growth around 20% vs. prior year for the second year in a row, which are exceptional results that the team and I are very proud of.

“In addition to the strength in our toy segment, our costume business is also performing at a very high level. We have already shipped 25% more costumes this year than the amount we shipped in all of 2021. Q3 2022 Disguise costumes sales were down compared to Q3 2021 as Halloween customers ordered product earlier this year. We are on track for our biggest year with Disguise since JAKKS acquired the company in 2008, and we are also excited about that momentum continuing into 2023.

“We have been clear about our desire to reduce our long-term debt and cash interest expense. To that end, based on our strong performance and near-term outlook we decided to make an optional \$17.5 million principal pay-down of our term loan this past quarter. This brings our year-to-date principal payments to \$29.0 million, or 29% of our balance as of January 1<sup>st</sup> of this year, and results in a principal balance of \$69.5 million.”

### Third Quarter 2022 Results

Net sales for the third quarter of 2022 were \$323.0 million, up 36% versus \$237.0 million last year. The Toys/Consumer Products segment sales were up 56% globally (50% North America; 85% International) and as noted sales of Disguise costumes were down 17% compared to last year (-23% North America; 144% International) as Halloween customers ordered product earlier this year than the traditional seasonality.

Year-to-date Toys/Consumer Products sales were up 58% over the comparable 2021 period. Year-to-date the Costumes segment was up 36% over the comparable 2021 period.

Year-to-date adjusted net income attributable to common stockholders was \$57.5 million (\$5.68 per diluted share), compared to \$22.3 million (\$3.15 per diluted share) in the first nine months of 2021. Year-to-date adjusted EBITDA of \$88.5 million (13.3% of net sales), was double the \$44.2 million (10.2% of net sales) in the comparable 2021 period.



### **Balance Sheet Highlights**

The Company's cash and cash equivalents (including restricted cash) totaled \$76.6 million as of September 30, 2022 compared to \$26.7 million as of September 30, 2021, and \$45.3 million as of December 31, 2021.

Total debt was \$67.7 million net of unamortized discounts and issuance costs, compared to \$95.8 million as of September 30, 2021, and \$95.5 million as of December 31, 2021. Total debt includes the amount outstanding under the Company's term loan, net of unamortized discounts and issuance costs.

Inventory levels are down from prior quarter but remain elevated, totaling \$109.2 million, of which \$20.5 million was in-transit to our distribution centers, compared to \$123.7 million in total inventory as of June 30, 2022 and \$89.8 million in total inventory as of September 30, 2021.

### **Use of Non-GAAP Financial Information**

In addition to the preliminary results reported in accordance with U.S. GAAP included in this release, the Company has provided certain non-GAAP financial information including Adjusted EBITDA which is a non-GAAP metric that excludes various items that are detailed in the financial tables and accompanying footnotes reconciling GAAP to non-GAAP results contained in this release. Management believes that the presentation of these non-GAAP financial measures provides useful information to investors because the information may allow investors to better evaluate ongoing business performance and certain components of the Company's results. In addition, the Company believes that the presentation of these financial measures enhances an investor's ability to make period-to-period comparisons of the Company's operating results. This information should be considered in addition to the results presented in accordance with GAAP, and should not be considered a substitute for the GAAP results. The Company has reconciled the non-GAAP financial information included in this release to the nearest GAAP measures. See the attached "Reconciliation of Non-GAAP Financial Information." "Total liquidity" is calculated as cash and cash equivalents, plus availability under the Company's \$67.5 million revolving credit facility.

### **Conference Call Live Webcast**

JAKKS Pacific, Inc. invites analysts, investors and media to listen to the teleconference scheduled for 5:00 p.m. ET / 2:00 p.m. PT on October 27, 2022. A live webcast of the call will be available on the "Investor Relations" page of the Company's website at [www.jakks.com/investors](http://www.jakks.com/investors). To access the call by phone, please go to this link (Registration Link), and you will be provided with dial in details. To avoid delays, we encourage participants to dial into the conference call fifteen minutes ahead of the scheduled start time. A replay of the webcast will also be available for a limited time at ([www.jakks.com/investors](http://www.jakks.com/investors)).

### **About JAKKS Pacific, Inc.**

JAKKS Pacific, Inc. is a leading designer, manufacturer and marketer of toys and consumer products sold throughout the world, with its headquarters in Santa Monica, California. JAKKS Pacific's popular proprietary brands include: Creepy Crawlers®, Fly Wheel®, Perfectly Cute®, ReDo Skateboard Co.®, WeeeDo™, Xtreme Power®, Disguise®, Maui®, Moose Mountain®, Kids Only!®, Eyeclops®; a wide range of entertainment-inspired products featuring premier licensed properties; and C'est Moi®, a New Generation of Clean Beauty®. Through JAKKS Cares, the company's commitment to philanthropy, JAKKS is helping to make a positive impact on the lives of children. Visit us at [www.jakks.com](http://www.jakks.com) and follow us on Instagram (@jakkstoys), Twitter (@jakkstoys) and Facebook (JAKKS Pacific).

### **Forward Looking Statements**

This press release may contain "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations, estimates and projections about JAKKS Pacific's business based partly on assumptions made by its management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such statements due to numerous factors, including, but not limited to, those described above, changes in demand for JAKKS Pacific's products, product mix, the timing of customer orders and deliveries, the impact of competitive products and pricing, or that the Recapitalization transaction or any future transactions will result in future growth or success of JAKKS. The "forward-looking statements" contained herein speak only as of the date on which they are made, and JAKKS undertakes no obligation to update any of them to reflect events or circumstances after the date of this release.

### **CONTACT:**

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

	September 30,		December 31,
	2022	2021	2021
	(In thousands)		
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 76,418	\$ 25,897	\$ 44,521
Restricted cash	178	808	811
Accounts receivable, net	204,856	209,190	147,394
Inventory	109,171	89,796	83,954
Prepaid expenses and other assets	11,124	12,370	10,877
Total current assets	<u>401,747</u>	<u>338,061</u>	<u>287,557</u>
Property and equipment	131,918	120,910	121,945
Less accumulated depreciation and amortization	116,558	108,125	108,796
Property and equipment, net	<u>15,360</u>	<u>12,785</u>	<u>13,149</u>
Operating lease right-of-use assets, net	22,154	18,535	16,950
Goodwill	35,083	35,083	35,083
Intangibles and other assets, net	2,770	4,644	4,308
Total assets	<u>\$ 477,114</u>	<u>\$ 409,108</u>	<u>\$ 357,047</u>
<b>Liabilities, Preferred Stock and Stockholders' Equity</b>			
Current liabilities:			
Accounts payable	\$ 77,126	\$ 77,690	\$ 50,237
Accounts payable - Meisheng (related party)	28,301	27,581	15,894
Accrued expenses	74,223	58,180	47,071
Reserve for sales returns and allowances	59,216	47,691	46,285
Income taxes payable	14,084	635	1,004
Short term operating lease liabilities	10,515	10,407	10,477
Short term debt, net	2,475	1,914	2,104
Total current liabilities	<u>265,940</u>	<u>224,098</u>	<u>173,072</u>
Long term operating lease liabilities	12,555	9,947	8,039
Debt, non-current portion, net	65,195	93,896	93,415
Preferred stock derivative liability	23,347	17,075	21,282
Income taxes payable	66	215	215
Deferred income taxes, net	53	123	51
Total liabilities	<u>367,156</u>	<u>345,354</u>	<u>296,074</u>
Preferred stock accrued dividends	4,128	2,733	3,074
Stockholders' equity:			
Common stock, \$.001 par value	10	9	10
Additional paid-in capital	274,040	272,568	272,941
Accumulated deficit	(149,987)	(200,259)	(203,431)
Accumulated other comprehensive loss	(18,594)	(12,609)	(12,952)
Total JAKKS Pacific, Inc. stockholders' equity	<u>105,469</u>	<u>59,709</u>	<u>56,568</u>
Non-controlling interests	361	1,312	1,331
Total stockholders' equity	<u>105,830</u>	<u>61,021</u>	<u>57,899</u>
Total liabilities, preferred stock and stockholders' equity	<u>\$ 477,114</u>	<u>\$ 409,108</u>	<u>\$ 357,047</u>



Supplemental Balance Sheet and Cash Flow Data (Unaudited)

	September 30,	
	2022	2021
<b>Key Balance Sheet Data:</b>		
Accounts receivable days sales outstanding (DSO)	58	81
Inventory turnover (DSI)	44	51
<b>Condensed Cash Flow Data:</b>		
	Nine Months Ended September 30,	
	2022	2021
	(In thousands)	
Cash flows provided by (used in) operating activities	\$ 75,793	\$ (26,942)
Cash flows used in investing activities	(8,619)	(6,343)
Cash flows used in financing activities and other	(35,910)	(32,703)
Increase/(decrease) in cash, cash equivalents and restricted cash	\$ 31,264	\$ (65,988)
Capital expenditures	\$ (8,621)	\$ (6,375)



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

	Three Months Ended September 30,			Δ (%)	Nine Months Ended September 30,			Δ (%)
	2022	2021			2022	2021		
	(In thousands, except per share data)				(In thousands, except per share data)			
Net sales	\$ 322,998	\$ 236,957		36%	\$ 664,301	\$ 433,152		53%
Less: Cost of sales								
Cost of goods	174,334	126,095		38	368,242	231,633		59
Royalty expense	52,868	32,251		64	106,262	61,546		73
Amortization of tools and molds	3,885	3,687		5	7,079	7,058		0
Cost of sales	231,087	162,033		43	481,583	300,237		60
Gross profit	91,911	74,924		23	182,718	132,915		37
Direct selling expenses	8,397	10,729		(22)	20,137	23,817		(15)
General and administrative expenses	29,400	26,846		10	84,067	71,450		18
Depreciation and amortization	373	606		(38)	1,547	1,807		(14)
Selling, general and administrative expenses	38,170	38,181		(0)	105,751	97,074		9
Intangibles impairment	-	-		nm	300	-		nm
Income from operations	53,741	36,743		46	76,667	35,841		114
Other income (expense):								
Other income (expense), net	251	129		95	520	256		103
Change in fair value of convertible senior notes	-	(3,651)		(100)	-	(16,495)		(100)
Change in fair value of preferred stock derivative liability	(7,449)	(99)		nm	(2,065)	(9,013)		(77)
Gain on loan forgiveness	-	6,206		(100)	-	6,206		(100)
Loss on debt extinguishment	-	-		-	-	(7,351)		(100)
Interest income	55	4		nm	64	10		nm
Interest expense	(4,350)	(2,658)		64	(8,889)	(11,903)		(25)
Income (loss) before provision for income taxes	42,248	36,674		15	66,297	(2,449)		nm
Provision for income taxes	11,572	298		nm	13,323	286		nm
Net income (loss)	30,676	36,376		(16)	52,974	(2,735)		nm
Net income (loss) attributable to non-controlling interests	(17)	42		nm	(470)	101		nm
Net income (loss) attributable to JAKKS Pacific, Inc.	\$ 30,693	\$ 36,334		(16)%	\$ 53,444	\$ (2,836)		nm%
Net income (loss) attributable to common stockholders	\$ 30,336	\$ 35,998		(16)%	\$ 52,390	\$ (3,829)		nm%
Earnings (loss) per share - basic	\$ 3.13	\$ 4.08			\$ 5.44	\$ (0.56)		
Shares used in earnings (loss) per share - basic	9,695	8,823			9,624	6,820		
Earnings (loss) per share - diluted	\$ 2.96	\$ 3.97			\$ 5.18	\$ (0.56)		
Shares used in earnings (loss) per share - diluted	10,260	9,073			10,111	6,820		



	Three Months Ended		$\Delta$ bps Fav/(Unfav)	Nine Months Ended		$\Delta$ bps Fav/(Unfav)
	September 30,			September 30,		
	2022	2021		2022	2021	
Net sales	100.0%	100.0%	-	100.0%	100.0%	-
Less: Cost of sales						
Cost of goods	54.0	53.2	(80)	55.4	53.4	(200)
Royalty expense	16.3	13.6	(270)	16.0	14.3	(170)
Amortization of tools and molds	1.2	1.6	40	1.1	1.6	50
Cost of sales	71.5	68.4	(310)	72.5	69.3	(320)
Gross profit	28.5	31.6	(310)	27.5	30.7	(320)
Direct selling expenses	2.6	4.5	190	3.0	5.5	250
General and administrative expenses	9.1	11.3	220	12.7	16.5	380
Depreciation and amortization	0.1	0.3	20	0.2	0.4	20
Selling, general and administrative expenses	11.8	16.1	430	15.9	22.4	650
Intangibles impairment	-	-	-	-	-	-
Income from operations	16.7	15.5	120	11.6	8.3	330
Other income (expense):						
Other income (expense), net	0.1	-	-	-	-	-
Change in fair value of convertible senior notes	-	(1.5)	-	-	(3.8)	-
Change in fair value of preferred stock derivative liability	(2.3)	-	-	(0.3)	(2.1)	-
Gain on loan forgiveness	-	2.6	-	-	1.4	-
Loss on debt extinguishment	-	-	-	-	(1.7)	-
Interest income	-	-	-	-	-	-
Interest expense	(1.4)	(1.1)	-	(1.3)	(2.7)	-
Income (loss) before provision for income taxes	13.1	15.5	-	10.0	(0.6)	-
Provision for income taxes	3.6	0.1	-	2.0	0.1	-
Net income (loss)	9.5	15.4	-	8.0	(0.7)	-
Net income (loss) attributable to non-controlling interests	-	-	-	-	-	-
Net income (loss) attributable to JAKKS Pacific, Inc.	9.5%	15.4%	-	8.0%	(0.7)%	-
Net income (loss) attributable to common stockholders	9.4%	15.2%	-	7.9%	(0.9)%	-



**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 September 30,			Nine Months Ended September 30,		
	2022	2021	Δ (\$)	2022	2021	Δ (\$)
	(In thousands)			(In thousands)		
<b>EBITDA and Adjusted EBITDA</b>						
Net income (loss)	\$ 30,676	\$ 36,376	\$ (5,700)	\$ 52,974	\$ (2,735)	\$ 55,709
Interest expense	4,350	2,658	1,692	8,889	11,903	(3,014)
Interest income	(55)	(4)	(51)	(64)	(10)	(54)
Provision for income taxes	11,572	298	11,274	13,323	286	13,037
Depreciation and amortization	4,258	4,293	(35)	8,626	8,865	(239)
EBITDA	50,801	43,621	7,180	83,748	18,309	65,439
<b>Adjustments:</b>						
Other (income) expense, net	(251)	(129)	(122)	(520)	(256)	(264)
Restricted stock compensation expense	1,411	615	796	3,436	1,380	2,056
Change in fair value of preferred stock derivative liability	7,449	99	7,350	2,065	9,013	(6,948)
Change in fair value of convertible senior notes	-	3,651	(3,651)	-	16,495	(16,495)
Employee Retention Credit/Gov't Employment Support	-	-	-	(249)	(1,900)	1,651
Gain on loan forgiveness	-	(6,206)	6,206	-	(6,206)	6,206
Loss on debt extinguishment	-	-	-	-	7,351	(7,351)
Adjusted EBITDA	<u>\$ 59,410</u>	<u>\$ 41,651</u>	<u>\$ 17,759</u>	<u>\$ 88,480</u>	<u>\$ 44,186</u>	<u>\$ 44,294</u>
Adjusted EBITDA/Net sales %	<u>18.4%</u>	<u>17.6%</u>	80 bps	<u>13.3%</u>	<u>10.2%</u>	310 bps



**Trailing Twelve Months Ended  
September 30,**

	<u>2022</u>		<u>2021</u>		<u>Δ (\$)</u>
	<u>(In thousands)</u>				
<b>TTM EBITDA and TTM Adjusted EBITDA</b>					
TTM Net income (loss)	\$	49,821	\$	(14,044)	\$ 63,865
Interest expense		11,090		16,809	(5,719)
Interest income		(67)		(12)	(55)
Provision for income taxes		13,263		740	12,523
Depreciation and amortization		10,012		10,809	(797)
TTM EBITDA		<u>84,119</u>		<u>14,302</u>	<u>69,817</u>
<b>Adjustments:</b>					
Other (income) expense, net		(710)		(391)	(319)
Restricted stock compensation expense		4,149		2,177	1,972
Change in fair value of convertible senior notes		(76)		21,517	(21,593)
Change in fair value of preferred stock derivative liability		6,272		11,204	(4,932)
Employee Retention Credit/Gov't Employment Support		(249)		(1,900)	1,651
Gain on loan forgiveness		-		(6,206)	6,206
Loss on debt extinguishment		-		7,351	(7,351)
TTM Adjusted EBITDA	\$	<u>93,505</u>	\$	<u>48,054</u>	\$ <u>45,451</u>
TTM Adjusted EBITDA/TTM Net sales %		<u>11.0%</u>		<u>8.6%</u>	<u>240 bps</u>

	<b>Three Months Ended September 30,</b>			<b>Nine Months Ended September 30,</b>		
	<u>2022</u>	<u>2021</u>	<u>Δ (\$)</u>	<u>2022</u>	<u>2021</u>	<u>Δ (\$)</u>
	<u>(In thousands, except per share data)</u>			<u>(In thousands, except per share data)</u>		
<b>Adjusted net income (loss) attributable to common stockholders</b>						
Net income (loss) attributable to common stockholders	\$	30,336	\$	35,998	\$	(5,662)
Restricted stock compensation expense		1,411		615		796
Change in fair value of preferred stock derivative liability		7,449		99		7,350
Change in fair value of convertible senior notes		-		3,651		(3,651)
Loss on debt extinguishment		-		-		-
Gain on loan forgiveness		-		(6,206)		6,206
Employee Retention Credit/Gov't Employment Support		-		-		-
2021 BSP Term Loan prepayment penalty		525		-		525
Tax impact of additional charges		(697)		-		(697)
Adjusted net income attributable to common stockholders	\$	<u>39,024</u>	\$	<u>34,157</u>	\$	<u>4,867</u>
Adjusted earnings per share - basic	\$	<u>4.03</u>	\$	<u>3.87</u>	\$	<u>0.15</u>
Shares used in adjusted earnings per share - basic		<u>9,695</u>		<u>8,823</u>		<u>872</u>
Adjusted earnings per share - diluted	\$	<u>3.80</u>	\$	<u>3.76</u>	\$	<u>0.04</u>
Shares used in adjusted earnings per share - diluted		<u>10,260</u>		<u>9,073</u>		<u>1,187</u>
		<u>57,470</u>		<u>52,390</u>		<u>5,080</u>
		<u>22,304</u>		<u>3,829</u>		<u>18,475</u>
		<u>35,166</u>		<u>56,219</u>		<u>(21,053)</u>
		<u>2,804</u>		<u>1,380</u>		<u>1,424</u>
		<u>2,53</u>		<u>3.15</u>		<u>(0.62)</u>
		<u>3,028</u>		<u>7,083</u>		<u>(4,055)</u>



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

(In thousands)

Divisions	QTD Q3			% Change 2022 v 2021	% Change 2021 v 2020
	2022	2021	2020		
Toys/Consumer Products	\$ 269,607	\$ 172,952	\$ 187,309	55.9%	-7.7%
Dolls, Role-Play/Dress Up	190,452	112,050	129,289	70.0%	-13.3%
Action Play & Collectibles	65,752	37,587	33,598	74.9%	11.9%
Outdoor/Seasonal	13,403	23,315	24,422	-42.5%	-4.5%
Costumes	53,391	64,005	54,981	-16.6%	16.4%
<b>Total</b>	<b>\$ 322,998</b>	<b>\$ 236,957</b>	<b>\$ 242,290</b>	<b>36.3%</b>	<b>-2.2%</b>

(In thousands)

Divisions	YTD Q3			% Change 2022 v 2021	% Change 2021 v 2020
	2022	2021	2020		
Toys/Consumer Products	\$ 529,590	\$ 334,365	\$ 306,088	58.4%	9.2%
Dolls, Role-Play/Dress Up	354,644	206,483	202,184	71.8%	2.1%
Action Play & Collectibles	134,620	73,614	53,951	82.9%	36.4%
Outdoor/Seasonal	40,326	54,268	49,953	-25.7%	8.6%
Costumes	134,711	98,787	81,517	36.4%	21.2%
<b>Total</b>	<b>\$ 664,301</b>	<b>\$ 433,152</b>	<b>\$ 387,605</b>	<b>53.4%</b>	<b>11.8%</b>

(In thousands)

Regions	QTD Q3			% Change 2022 v 2021	% Change 2021 v 2020
	2022	2021	2020		
United States	\$ 253,854	\$ 199,136	\$ 202,303	27.5%	-1.6%
Europe	38,075	20,836	21,045	82.7%	-1.0%
Canada	12,804	8,094	9,523	58.2%	-15.0%
Latin America	9,504	4,503	4,504	111.1%	0.0%
Asia	4,294	2,635	2,744	63.0%	-4.0%
Australia & New Zealand	3,941	1,490	1,936	164.5%	-23.0%
Middle East & Africa	526	263	235	100.0%	11.9%
<b>Total</b>	<b>\$ 322,998</b>	<b>\$ 236,957</b>	<b>\$ 242,290</b>	<b>36.3%</b>	<b>-2.2%</b>

(In thousands)

Regions	YTD Q3			% Change 2022 v 2021	% Change 2021 v 2020
	2022	2021	2020		
United States	\$ 543,388	\$ 363,317	\$ 320,998	49.6%	13.2%
Europe	65,911	38,103	34,424	73.0%	10.7%
Canada	21,720	12,403	14,555	75.1%	-14.8%
Latin America	15,712	8,123	6,586	93.4%	23.3%
Asia	8,733	6,214	5,976	40.5%	4.0%
Australia & New Zealand	7,014	3,927	4,269	78.6%	-8.0%
Middle East & Africa	1,823	1,065	797	71.2%	33.6%
<b>Total</b>	<b>\$ 664,301</b>	<b>\$ 433,152</b>	<b>\$ 387,605</b>	<b>53.4%</b>	<b>11.8%</b>

(In thousands)

Regions	QTD Q3			% Change 2022 v 2021	% Change 2021 v 2020
	2022	2021	2020		
North America	\$ 266,658	\$ 207,230	\$ 211,826	28.7%	-2.2%
International	56,340	29,727	30,464	89.5%	-2.4%
<b>Total</b>	<b>\$ 322,998</b>	<b>\$ 236,957</b>	<b>\$ 242,290</b>	<b>36.3%</b>	<b>-2.2%</b>

(In thousands)

Regions	YTD Q3			% Change 2022 v 2021	% Change 2021 v 2020
	2022	2021	2020		
North America	\$ 565,108	\$ 375,720	\$ 335,553	50.4%	12.0%
International	99,193	57,432	52,052	72.7%	10.3%
<b>Total</b>	<b>\$ 664,301</b>	<b>\$ 433,152</b>	<b>\$ 387,605</b>	<b>53.4%</b>	<b>11.8%</b>