

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

**FORM 10-Q**

(Mark one)

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

For the quarterly period ended June 30, 2025

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **001-35448**

**JAKKS Pacific, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**95-4527222**

(I.R.S. 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**

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock \$.001 Par Value	JAKK	The NASDAQ Global Select Market

The number of shares outstanding of the issuer's common stock is 11,146,831 as of August 1, 2025.

**JAKKS PACIFIC, INC. AND SUBSIDIARIES**  
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**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**JAKKS PACIFIC, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share amounts)

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
	<u>(Unaudited)</u>	<u></u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 38,195	\$ 69,936
Restricted cash	4,861	201
Accounts receivable, net of allowance for credit losses of \$5,258 and \$4,919 at June 30, 2025 and December 31, 2024, respectively	124,489	131,629
Inventory	71,811	52,780
Prepaid expenses and other assets	22,575	14,141
<b>Total current assets</b>	<u>261,931</u>	<u>268,687</u>
<b>Property and equipment</b>		
Office furniture and equipment	10,081	10,049
Molds and tooling	129,385	125,618
Leasehold improvements	7,195	6,956
<b>Total</b>	<u>146,661</u>	<u>142,623</u>
Less accumulated depreciation and amortization	126,890	126,981
Property and equipment, net	19,771	15,642
Operating lease right-of-use assets, net	49,931	53,254
Other long-term assets	1,734	1,781
Deferred income tax assets, net	70,401	70,394
Goodwill	34,950	35,111
<b>Total assets</b>	<u>\$ 438,718</u>	<u>\$ 444,869</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 65,422	\$ 42,560
Accounts payable - Meisheng (related party)	—	13,461
Accrued expenses	45,890	48,456
Reserve for sales returns and allowances	29,116	35,817
Income taxes payable	—	1,035
Short-term operating lease liabilities	12,405	8,091
<b>Total current liabilities</b>	<u>152,833</u>	<u>149,420</u>
Long-term operating lease liabilities	43,881	48,433
Accrued expenses – long term	3,222	2,563
Income taxes payable	2,045	3,620
<b>Total liabilities</b>	<u>201,981</u>	<u>204,036</u>
<b>Stockholders' Equity</b>		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 11,146,831 and 11,025,582 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	11	11
Additional paid-in capital	299,110	297,198
Accumulated deficit	(49,965)	(39,692)
Accumulated other comprehensive loss	(12,919)	(17,184)
<b>Total JAKKS Pacific, Inc. stockholders' equity</b>	<u>236,237</u>	<u>240,333</u>
Non-controlling interests	500	500
<b>Total stockholders' equity</b>	<u>236,737</u>	<u>240,833</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 438,718</u>	<u>\$ 444,869</u>

*See accompanying notes to condensed consolidated financial statements.*

**JAKKS PACIFIC, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
(In thousands, except per share data)

	Three Months Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2025	2024	2025	2024
	\$	\$	\$	\$
Net sales	119,094	148,619	232,347	238,695
Cost of sales:				
Cost of goods	58,784	76,599	113,410	130,420
Royalty expense	19,509	22,394	37,677	36,170
Amortization of tools and molds	1,778	2,041	3,224	3,468
Cost of sales	80,071	101,034	154,311	170,058
Gross profit	39,023	47,585	78,036	68,637
Direct selling expenses	6,710	6,255	15,406	14,352
General and administrative expenses	34,974	33,594	68,935	67,786
Depreciation and amortization	122	93	235	180
Selling, general and administrative expenses	41,806	39,942	84,576	82,318
Income (loss) from operations	(2,783)	7,643	(6,540)	(13,681)
Other income (expense), net	25	72	30	210
Loss on debt extinguishment	(417)	—	(417)	—
Interest income	395	88	757	464
Interest expense	(145)	(256)	(300)	(399)
Income (loss) before provision for (benefit from) income taxes	(2,925)	7,547	(6,470)	(13,406)
Provision for (benefit from) income taxes	(606)	2,281	(1,769)	(4,447)
Net income (loss)	(2,319)	5,266	(4,701)	(8,959)
Net income attributable to non-controlling interests	—	—	—	280
Net income (loss) attributable to Jakks Pacific, Inc.	\$ (2,319)	\$ 5,266	\$ (4,701)	\$ (9,239)
Net income (loss) attributable to common stockholders	\$ (2,319)	\$ 5,266	\$ (4,701)	\$ (7,909)
Earnings (loss) per share - basic	\$ (0.21)	\$ 0.49	\$ (0.42)	\$ (0.75)
Shares used in earnings (loss) per share - basic	11,146	10,801	11,146	10,577
Earnings (loss) per share - diluted	\$ (0.21)	\$ 0.47	\$ (0.42)	\$ (0.75)
Shares used in earnings (loss) per share - diluted	11,146	11,245	11,146	10,577
Comprehensive income (loss)	\$ 1,318	\$ 5,150	\$ (436)	\$ (9,640)
Comprehensive income (loss) attributable to JAKKS Pacific, Inc.	\$ 1,318	\$ 5,150	\$ (436)	\$ (9,920)

*See accompanying notes to condensed consolidated financial statements.*

**JAKKS PACIFIC, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In thousands)

**Three and Six Months Ended June 30, 2025**  
(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	JAKKS Pacific, Inc. Stockholders' Equity	Non- Controlling Interests	Total Stockholders' Equity
Balance, December 31, 2024	\$ 11	\$ 297,198	\$ (39,692)	\$ (17,184)	\$ 240,333	\$ 500	\$ 240,833
Share-based compensation expense	—	2,552	—	—	2,552	—	2,552
Repurchase of common stock for employee tax withholding	—	(3,819)	—	—	(3,819)	—	(3,819)
Cash dividend declared, \$0.25 per share	—	—	(2,786)	—	(2,786)	—	(2,786)
Net loss	—	—	(2,382)	—	(2,382)	—	(2,382)
Foreign currency translation adjustment	—	—	—	628	628	—	628
Balance, March 31, 2025	11	295,931	(44,860)	(16,556)	234,526	500	235,026
Share-based compensation expense	—	3,188	—	—	3,188	—	3,188
Repurchase of common stock for employee tax withholding	—	(9)	—	—	(9)	—	(9)
Cash dividend declared, \$0.25 per share	—	—	(2,786)	—	(2,786)	—	(2,786)
Net loss	—	—	(2,319)	—	(2,319)	—	(2,319)
Foreign currency translation adjustment	—	—	—	3,637	3,637	—	3,637
Balance, June 30, 2025	<u>\$ 11</u>	<u>\$ 299,110</u>	<u>\$ (49,965)</u>	<u>\$ (12,919)</u>	<u>\$ 236,237</u>	<u>\$ 500</u>	<u>\$ 236,737</u>

**Three and Six Months Ended June 30, 2024**  
(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	JAKKS Pacific, Inc. Stockholders' Equity	Non- Controlling Interests	Total Stockholders' Equity
Balance, December 31, 2023	\$ 10	\$ 278,642	\$ (73,612)	\$ (15,627)	\$ 189,413	\$ 708	\$ 190,121
New stock issuance	1	—	—	—	1	—	1
Share-based compensation expense	—	2,575	—	—	2,575	—	2,575
Non-controlling interests – capital reduction	—	—	—	—	—	(488)	(488)
Repurchase of common stock for employee tax withholding	—	(5,132)	—	—	(5,132)	—	(5,132)
Preferred stock accrued dividends	—	(390)	—	—	(390)	—	(390)
Preferred stock redemption	—	16,329	—	—	16,329	—	16,329
Net income (loss)	—	—	(14,505)	—	(14,505)	280	(14,225)
Foreign currency translation adjustment	—	—	—	(565)	(565)	—	(565)
Balance, March 31, 2024	11	292,024	(88,117)	(16,192)	187,726	500	188,226
Share-based compensation expense	—	2,519	—	—	2,519	—	2,519
Net income	—	—	5,266	—	5,266	—	5,266
Foreign currency translation adjustment	—	—	—	(116)	(116)	—	(116)
Balance, June 30, 2024	<u>\$ 11</u>	<u>\$ 294,543</u>	<u>\$ (82,851)</u>	<u>\$ (16,308)</u>	<u>\$ 195,395</u>	<u>\$ 500</u>	<u>\$ 195,895</u>

*See accompanying notes to condensed consolidated financial statements.*

**JAKKS PACIFIC, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>(Unaudited)</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
Net loss	\$ (4,701)	\$ (8,959)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for credit losses	422	1,509
Depreciation and amortization	3,459	3,648
Write-off and amortization of debt issuance costs	450	158
Share-based compensation expense	5,740	5,094
Loss on disposal of property and equipment	31	118
Changes in operating assets and liabilities:		
Accounts receivable	6,718	(17,718)
Inventory	(19,031)	1,320
Prepaid expenses and other assets	(6,826)	(18,449)
Accounts payable	18,958	12,520
Accounts payable - Meisheng (related party)	(12,706)	6,254
Accrued expenses	(2,878)	(565)
Reserve for sales returns and allowances	(6,701)	(9,075)
Income taxes payable	(2,610)	(3,589)
Other liabilities	3,744	68
Total adjustments	(11,230)	(18,707)
Net cash used in operating activities	(15,931)	(27,666)
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(4,470)	(4,627)
Investments in employee deferred compensation trusts	(1,545)	(1,549)
Proceeds from sale of property and equipment	—	2
Net cash used in investing activities	(6,015)	(6,174)
<b>Cash flows from financing activities</b>		
Repurchase of common stock for employee tax withholding	(3,828)	(5,131)
Proceeds from credit facility borrowings	—	5,000
Redemption of preferred stock	—	(20,000)
Cash dividend paid	(5,572)	—
Net cash used in financing activities	(9,400)	(20,131)
Net decrease in cash, cash equivalents and restricted cash	(31,346)	(53,971)
Effect of foreign currency translation	4,265	(681)
Cash, cash equivalents and restricted cash, beginning of period	70,137	72,554
Cash, cash equivalents and restricted cash, end of period	\$ 43,056	\$ 17,902
<b>Supplemental disclosure of non-cash activities:</b>		
Right-of-use assets exchanged for lease liabilities	\$ 5,068	\$ 3,690
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for income taxes, net	\$ 2,199	\$ 13,093
Cash paid for interest	\$ —	\$ 104

As of June 30, 2025 and 2024, there was \$6.1 million and \$4.3 million, respectively, of property and equipment purchases included in accounts payable.

As of June 30, 2025, the debt issuance costs of \$0.3 million associated with the Company's revolving credit facility with BMO Bank N.A. that was entered into on June 24, 2025 were included in accrued expenses (see Note 5 – Credit Facilities).

On March 11, 2024, the Company issued \$15.0 million in common stock as part of the consideration to redeem the preferred stock derivative liability (see Note 8 – Common Stock and Preferred Stock).

See Notes 5 and 8 for additional supplemental information to the condensed consolidated statements of cash flows.

*See accompanying notes to condensed consolidated financial statements.*

**JAKKS PACIFIC, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**June 30, 2025**

**Note 1 — Basis of Presentation**

The accompanying unaudited interim condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to prevent the information presented from being misleading. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K, which contains audited financial information for the three years in the period ended December 31, 2024.

The information provided in this report reflects all adjustments (consisting solely of normal recurring items) that are, in the opinion of management, necessary to present fairly the financial position and the results of operations for the periods presented. Interim results are not necessarily, especially given seasonality, indicative of results to be expected for a full year.

The condensed consolidated financial statements include the accounts of JAKKS Pacific, Inc. and its wholly-owned subsidiaries (collectively, “the Company”).

In August 2020, the FASB issued ASU 2020-06, “Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity.” The new guidance eliminates two of the three models in ASC 470-20, which required entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock. As a result, only conversion features accounted for under the substantial premium model in ASC 470-20 and those that require bifurcation in accordance with ASC 815-15 will be accounted for separately. In addition, the amendments in ASU 2020-06 eliminate some of the requirements in ASC 815-40 related to equity classification. The amendments in ASU 2020-06 further revised the guidance in ASC 260, Earnings Per Share (“EPS”), to address how convertible instruments are accounted for in calculating diluted EPS and require enhanced disclosures about the terms of convertible instruments and contracts in an entity’s own equity. The new standard is effective for the Company for fiscal years beginning after December 15, 2023, including interim periods within these fiscal years, with early adoption permitted. The Company adopted ASU 2020-06 on January 1, 2024. The adoption of this new accounting standard did not have a material impact on the Company’s condensed consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.” The amendments in this update improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The new standard is effective for the Company for fiscal years beginning after December 15, 2023, with early adoption permitted. The Company adopted this standard as of December 31, 2024, which resulted in incremental segment disclosures. See Note 2 - Business Segments, Geographic Data and Sales by Major Customers.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” This ASU provides standardization of tax disclosures, primarily related to the rate reconciliation and income taxes paid information. The new standard is effective for the Company for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact that the updated disclosure will have on its condensed consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses”. The new guidance improves disclosures about a public business entity’s expenses by requiring disaggregated disclosures of certain types of expenses, including purchases of inventory, employee compensation, depreciation, intangible amortization and depletion, as applicable, for each income statement caption that includes those expenses. In addition, the standard will require entities to define and disclose total selling expenses. The standard is effective for public business entities such as the Company for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted, and entities may apply the standard prospectively or retrospectively. The Company is currently evaluating the impact of adopting this standard on its condensed consolidated financial statements and related disclosures.

No new additional accounting pronouncements were issued or adopted for the three and six months ended June 30, 2025 that materially impacted the Company.

**JAKKS PACIFIC, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**June 30, 2025**

**Note 2 — Business Segments, Geographic Data and Sales by Major Customers**

The Company is a worldwide producer and marketer of children’s toys and other consumer products, principally engaged in the design, development, production, marketing and distribution of its diverse portfolio of products. The Company’s segments are (i) Toys/Consumer Products (“TCP”) and (ii) Costumes.

The Toys/Consumer Products segment includes action figures, vehicles, play sets, plush products, dolls, electronic products, construction toys, infant and pre-school toys, child-sized and hand-held role play toys and everyday costume play, foot-to-floor ride-on vehicles, wagons, novelty toys, seasonal and outdoor products, kids’ indoor and outdoor furniture, and related products.

The Costumes segment, under its Disguise branding, designs, develops, markets and sells a wide range of every-day and special occasion dress-up costumes and related accessories in support of Halloween, Carnival, Children’s Day, Book Day/Week, and every-day/any-day costume play.

The Company’s Chief Executive Officer and Chief Financial Officer have been identified jointly as the Chief Operating Decision Maker (“CODM”). The CODM manages and allocates resources on a segment basis. The determination of the two segments is consistent with the financial information regularly reviewed by the CODM for purposes of evaluating performance. Results are regularly reviewed in comparison with current budget, prior forecast, prior year and recent years’ performance in that quarter.

Segment performance is measured at the operating income (loss) level. All sales are made to external customers and general corporate expenses have been attributed to the segments based upon relative sales volumes. Segment assets are primarily comprised of accounts receivable and inventories, net of applicable reserves and allowances, goodwill and other assets. Certain assets which are not tracked by operating segment and/or that benefit multiple operating segments have been allocated on the same basis.

**JAKKS PACIFIC, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**June 30, 2025**

Results are not necessarily those which would be achieved if each segment was an unaffiliated business enterprise. Information by segment and a reconciliation to reported amounts for the three and six months ended June 30, 2025 and 2024 and as of June 30, 2025 and December 31, 2024 are as follows (in thousands):

	<b>Three Months Ended June 30,</b>					
	<b>2025</b>			<b>2024</b>		
	<b>TCP</b>	<b>Costumes</b>	<b>Total</b>	<b>TCP</b>	<b>Costumes</b>	<b>Total</b>
Net Sales	\$ 80,379	\$ 38,715	\$ 119,094	\$ 104,570	\$ 44,049	\$ 148,619
Cost of Sales <sup>(A)</sup>	53,293	26,778	80,071	67,519	33,515	101,034
Gross Profit	27,086	11,937	39,023	37,051	10,534	47,585
Direct selling expenses	4,987	1,723	6,710	4,179	2,076	6,255
Product development and testing expenses	2,180	889	3,069	2,053	1,346	3,399
Divisional general and administrative expenses <sup>(A), (B)</sup>	5,805	2,956	8,761	6,826	2,536	9,362
Allocated headquarter general & administrative expenses <sup>(A), (C)</sup>	15,782	7,484	23,266	14,283	6,643	20,926
Income (loss) from operations	<u>(1,668)</u>	<u>(1,115)</u>	<u>(2,783)</u>	<u>9,710</u>	<u>(2,067)</u>	<u>7,643</u>
Other income (expense), net			25			72
Loss on debt extinguishment			(417)			—
Interest income			395			88
Interest expense			(145)			(256)
Income (loss) before provision for (benefit from) income taxes			<u>\$ (2,925)</u>			<u>\$ 7,547</u>

(A) Includes depreciation and amortization \$ 1,858 \$ 42 \$ 1,900 \$ 2,095 \$ 39 \$ 2,134

(B) Consist mainly of payroll and related expenses, rent, depreciation and other general and administrative expenses.

(C) Consist mainly of payroll related expenses, rent, depreciation and other general and administrative expenses.

**JAKKS PACIFIC, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**June 30, 2025**

	Six Months Ended June 30,					
	2025			2024		
	TCP	Costumes	Total	TCP	Costumes	Total
Net Sales	\$ 187,817	\$ 44,530	\$ 232,347	\$ 187,480	\$ 51,215	\$ 238,695
Cost of Sales <sup>(A)</sup>	122,532	31,779	154,311	132,574	37,484	170,058
Gross Profit	65,285	12,751	78,036	54,906	13,731	68,637
Direct selling expenses	12,954	2,452	15,406	11,025	3,327	14,352
Product development and testing expenses	4,195	1,273	5,468	3,719	1,645	5,364
Divisional general and administrative expenses <sup>(A), (B)</sup>	11,362	6,188	17,550	13,061	6,548	19,609
Allocated headquarter general & administrative expenses <sup>(A), (C)</sup>	37,522	8,630	46,152	34,601	8,392	42,993
Loss from operations	(748)	(5,792)	(6,540)	(7,500)	(6,181)	(13,681)
Other income (expense), net			30			210
Loss on debt extinguishment			(417)			—
Interest income			757			464
Interest expense			(300)			(399)
Loss before benefit from income taxes			<u>\$ (6,470)</u>			<u>\$ (13,406)</u>

(A) Includes depreciation and amortization \$ 3,409 \$ 50 \$ 3,459 \$ 3,595 \$ 53 \$ 3,648

(B) Consist mainly of payroll and related expenses, rent, depreciation and other general and administrative expenses.

(C) Consist mainly of payroll related expenses, rent, depreciation and other general and administrative expenses.

	June 30, 2025	December 31, 2024
<b>Assets</b>		
Toys/Consumer Products	\$ 378,535	\$ 429,254
Costumes	60,183	15,615
	<u>\$ 438,718</u>	<u>\$ 444,869</u>

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Net revenues are categorized based upon location of the customer, while long-lived assets are categorized based upon the location of the Company's assets. The following tables present information about the Company by geographic area as of June 30, 2025 and December 31, 2024 and for the three and six months ended June 30, 2025 and 2024 (in thousands):

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
<b>Long-lived Assets</b>		
United States	\$ 47,805	\$ 53,020
China	17,576	13,553
Hong Kong	2,093	582
Italy	796	754
United Kingdom	677	808
Mexico	619	31
Canada	103	107
France	33	41
	<u>\$ 69,702</u>	<u>\$ 68,896</u>

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<b>Net Sales by Customer Area</b>				
United States	\$ 86,990	\$ 125,837	\$ 175,934	\$ 196,267
Europe	14,657	10,264	26,467	15,999
Canada	8,826	6,288	12,105	9,658
Latin America	6,047	3,239	13,506	11,235
Asia	1,448	1,268	2,199	2,233
Australia & New Zealand	886	1,607	1,499	2,953
Middle East & Africa	240	116	637	350
	<u>\$ 119,094</u>	<u>\$ 148,619</u>	<u>\$ 232,347</u>	<u>\$ 238,695</u>

**Major Customers**

Net sales to major customers globally for the three and six months ended June 30, 2025 and 2024 were as follows (in thousands, except for percentages):

	<u>Three Months Ended June 30,</u>				<u>Six Months Ended June 30,</u>			
	<u>2025</u>		<u>2024</u>		<u>2025</u>		<u>2024</u>	
	<u>Amount</u>	<u>Percentage</u> <u>of Net Sales</u>	<u>Amount</u>	<u>Percentage</u> <u>of Net Sales</u>	<u>Amount</u>	<u>Percentage</u> <u>of Net Sales</u>	<u>Amount</u>	<u>Percentage</u> <u>of Net Sales</u>
Target	\$ 30,122	25.3%	\$ 41,412	27.8%	\$ 66,382	28.6%	\$ 68,079	28.5%
Walmart	30,630	25.7	34,745	23.4	60,074	25.8	56,039	23.5
	<u>\$ 60,752</u>	<u>51.0%</u>	<u>\$ 76,157</u>	<u>51.2%</u>	<u>\$ 126,456</u>	<u>54.4%</u>	<u>\$ 124,118</u>	<u>52.0%</u>

No other customer accounted for more than 10% of the Company's total net sales.

The concentration of the Company's business with a relatively small number of customers may expose the Company to material adverse effects if one or more of its large customers were to experience financial difficulty. The Company performs ongoing credit evaluations of its top customers and maintains an allowance for potential credit losses.

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**Note 3 — Inventory**

Inventory, which includes the ex-factory cost of goods, capitalized warehouse costs, and in-bound freight and duty, is valued at the lower of cost or net realizable value, net of inventory obsolescence reserve, and consists of the following (in thousands):

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Finished goods	<u>\$ 71,811</u>	<u>\$ 52,780</u>

The inventory obsolescence reserve was \$3.3 million and \$10.9 million as of June 30, 2025 and December 31, 2024, respectively.

**Note 4 — Revenue Recognition and Reserve for Sales Returns and Allowances**

The Company's contracts with customers only include one performance obligation (i.e., sale of the Company's products). Revenue is recognized in the gross amount at a point in time when delivery is completed and control of the promised goods is transferred to the customers. Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for those goods. The Company's contracts do not involve financing elements as payment terms with customers are less than one year. Further, because revenue is recognized at the point in time goods are sold to customers, there are no contract assets or contract liability balances.

The Company disaggregates its revenues from contracts with customers by reporting segment: Toys/Consumer Products and Costumes. The Company further disaggregates revenues by major geographic regions (See Note 2 - Business Segments, Geographic Data and Sales by Major Customers, for further information).

The Company offers various discounts, pricing concessions, and other allowances to customers, all of which are considered in determining the transaction price. Certain discounts and allowances are fixed and determinable at the time of sale and are recorded at the time of sale as a reduction to revenue. Other discounts and allowances can vary and are determined at management's discretion (variable consideration). Specifically, the Company occasionally grants discretionary credits to facilitate markdowns and sales of slow-moving merchandise, and consequently accrues an allowance based on historic credits and management estimates. The Company also participates in cooperative advertising arrangements with some customers, whereby it allows a discount from invoiced product amounts in exchange for customer-purchased advertising that features the Company's products. Generally, these allowances range from 0.5% to 30% of gross sales and are generally based upon product purchases or specific advertising campaigns. Such allowances are accrued when the related revenue is recognized. To the extent these cooperative advertising arrangements provide a distinct benefit at fair value, they are accounted for as direct selling expenses, otherwise they are recorded as a reduction to revenue. Further, while the Company generally does not allow product returns, the Company does make occasional exceptions to this policy and consequently records a sales return allowance based upon historic return amounts and management estimates. These allowances (variable consideration) are estimated using the expected value method and are recorded at the time of sale as a reduction to revenue. The Company adjusts its estimate of variable consideration at least quarterly or when facts and circumstances used in the estimation process may change. The variable consideration is not constrained as the Company has sufficient history on the related estimates and does not believe there is a risk of significant revenue reversal.

Sales commissions are expensed when incurred as the related revenue is recognized at a point in time and therefore the amortization period is less than one year. As a result, these costs are recorded as direct selling expenses, as incurred. For the three and six months ended June 30, 2025 sales commissions were \$0.5 million and \$0.9 million, respectively. For the three and six months ended June 30, 2024 sales commissions were \$0.3 million and \$0.6 million, respectively.

Shipping and handling activities are considered part of the Company's obligation to transfer the products and therefore are recorded as direct selling expenses, as incurred. For the three and six months ended June 30, 2025, shipping and handling costs were \$1.7 million and \$3.9 million, respectively. For the three and six months ended June 30, 2024, shipping and handling costs were \$1.4 million and \$3.0 million, respectively.

The Company's reserve for sales returns and allowances amounted to \$29.1 million as of June 30, 2025, compared to \$35.8 million as of December 31, 2024.

The Company's net accounts receivable as of June 30, 2025 and December 31, 2024 were \$124.5 million and \$131.6 million, respectively.

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**Note 5 — Credit Facilities**

***JPMorgan Chase***

On June 2, 2021, the Company and certain of its subsidiaries, as borrowers, entered into a Credit Agreement (the “JPMorgan ABL Credit Agreement”) with JPMorgan Chase Bank, N.A., as agent and lender, providing a \$67.5 million senior secured revolving credit facility (the “JPMorgan ABL Facility”) maturing in June 2026.

On June 24, 2025, in connection with the execution of a new credit facility with BMO Bank N.A., the Company voluntarily terminated the JPMorgan ABL Facility. At the time of termination, there were no borrowings outstanding under the JPMorgan ABL Facility. The termination of the JPMorgan ABL Facility did not result in any prepayment penalties or early termination fees. Unamortized debt issuance costs associated with the JPMorgan ABL Facility were written off and recorded as a loss on extinguishment of debt in the amount of \$0.4 million, which is reflected in interest expense in the condensed consolidated statements of operations and comprehensive income (loss) for the three and six months ended June 30, 2025.

The JPMorgan ABL Facility was replaced with a new senior secured revolving credit facility with BMO Bank N.A., as described below.

***BMO Bank***

On June 24, 2025, the Company and certain of its subsidiaries entered into a new Credit Agreement (the “BMO Credit Agreement”) with BMO Bank N.A., as administrative agent, and a syndicate of lenders. The BMO Credit Agreement provides for a senior secured revolving credit facility (the “Revolving Facility”) with aggregate commitments of up to \$70.0 million, including a \$10.0 million sublimit for swingline loans and a \$25.0 million sublimit for letters of credit. The Revolving Facility matures on June 24, 2030, unless extended pursuant to its terms. Capitalized terms used below have the meanings assigned to them in the BMO Credit Agreement.

Borrowings under the Revolving Facility bear interest, at the Company’s election, at either (i) the Adjusted Term Secured Overnight Financing Rate (“SOFR”) plus an applicable margin or (ii) the Base Rate plus an applicable margin. The applicable margin varies based on the Company’s Total Net Leverage Ratio and ranges from 1.50% to 2.00% for SOFR loans and from 0.50% to 1.00% for Base Rate loans. The Company is also subject to a commitment fee on the unused portion of the Revolving Facility ranging from 0.20% to 0.30%, and a fee on outstanding letters of credit ranging from 1.50% to 2.00%.

The BMO Credit Agreement contains customary affirmative and negative covenants, including limitations on indebtedness, liens, investments, asset sales, and dividends. Financial covenants include a minimum Consolidated Interest Coverage Ratio of 3.00 to 1.00, and maximum Total Net Leverage Ratio of 2.00 to 1.00, tested quarterly.

The obligations under the BMO Credit Agreement are guaranteed by certain of the Company’s U.S., Canadian and Hong Kong subsidiaries and are secured by substantially all of the assets of the Company and certain of its subsidiaries, including equity interests in certain subsidiaries, subject to certain customary exclusions.

As of June 30, 2025, the amount of outstanding borrowings was nil and the total excess borrowing availability was \$70.0 million.

As of June 30, 2025, off-balance sheet arrangements include letters of credit issued by JPMorgan of \$4.4 million temporarily secured with cash as collateral. New letters of credit will be issued with BMO as part of the new lending agreement announced on June 24, 2025.

Amortization expense classified as interest expense related to the \$0.3 million of debt issuance costs associated with the transaction that closed on June 24, 2025 (i.e., BMO Credit Agreement) was \$1.0 thousand for the three months ended June 30, 2025.

As of June 30, 2025, the Company was in compliance with the financial covenants under the BMO Credit Agreement.

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**Note 6 — Income Taxes**

The Company's income tax benefit of \$0.6 million for the three months ended June 30, 2025, reflects an effective tax rate of 20.7%. The Company's income tax expense of \$2.3 million for the three months ended June 30, 2024, reflects an effective tax rate of 30.2%. The decrease in tax expense for the quarter ended June 30, 2025 compared to the corresponding period in 2024 is primarily attributable to a change in the forecasted annual effective tax rate driven by the change in the jurisdictional mix of earnings.

The Company's income tax benefit of \$1.8 million for the six months ended June 30, 2025 reflects an effective tax rate of 27.3%. The Company's income tax benefit of \$4.4 million for the six months ended June 30, 2024 reflects an effective tax rate of 33.2%. The decrease in tax benefit during the six months ended June 30, 2025 compared to the corresponding period in 2024 was primarily due to a decrease in benefits from discrete items.

From time to time, in the normal course of business, the Company may be audited by federal, state and foreign tax authorities. At this time, the Company has at least one audit underway. The Company currently cannot assess the impact of the outcome on its condensed consolidated financial statements.

**Note 7 — Earnings (Loss) Per Share**

The following table is a reconciliation of the weighted average shares used in the computation of loss per share for the periods presented (in thousands, except per share data):

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
<b><u>Earnings (loss) per share - basic and diluted</u></b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Net income (loss)	\$ (2,319)	\$ 5,266	\$ (4,701)	\$ (8,959)
Net income attributable to non-controlling interests	—	—	—	280
Net income (loss) attributable to JAKKS Pacific, Inc.	(2,319)	5,266	(4,701)	(9,239)
Redemption of preferred stock	—	—	—	1,330
Net income (loss) attributable to common stockholders *	\$ (2,319)	\$ 5,266	\$ (4,701)	\$ (7,909)
Weighted average common shares outstanding - basic	11,146	10,801	11,146	10,577
Earnings (loss) per share available to common stockholder- basic	\$ (0.21)	\$ 0.49	\$ (0.42)	\$ (0.75)
Weighted average common shares outstanding - diluted	11,146	11,245	11,146	10,577
Earnings (loss) per share available to common stockholder- diluted	\$ (0.21)	\$ 0.47	\$ (0.42)	\$ (0.75)

\* Net income (loss) attributable to common stockholders was computed by deducting the difference between the fair value of the consideration transferred to the holders of the preferred stock and the carrying amount of the preferred stock and fair value of the related derivative liability of \$1.3 million for the six months ended June 30, 2024.

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the weighted average number of common shares and common share equivalents outstanding during the period (which consist of restricted stock units to the extent they are dilutive). Potentially dilutive restricted stock units of 250,349 for the three months ended June 30, 2025, and 340,270 and 514,687 for the six months ended June 30, 2025 and 2024, respectively, were excluded from the computation of diluted loss per share since they would have been anti-dilutive.

**Note 8 — Common Stock and Preferred Stock**

***Common Stock***

All issuances of common stock, including those issued pursuant to restricted stock or unit grants, are issued from the Company's authorized but not issued and outstanding shares.

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During 2025, certain employees, including two executive officers, surrendered an aggregate of 136,071 shares of restricted stock units for \$3.8 million to cover income taxes due for the vesting of restricted shares. Additionally, an aggregate of 3,549 shares of restricted stock granted in 2022, 2023 and 2024 with a value of approximately \$0.1 million was forfeited during 2025.

During 2024, certain employees, including two executive officers, surrendered an aggregate of 147,612 shares of restricted stock units for \$5.1 million to cover income taxes due for the vesting of restricted shares. Additionally, an aggregate of 17,471 shares of restricted stock granted in 2022 and 2023 with a value of approximately \$0.3 million was forfeited during 2024.

A quarterly dividend of \$0.25 per share for owners of record as of May 30, 2025 was declared on April 28, 2025 and paid on June 27, 2025. No dividend was declared or paid in 2024.

***At the Market Offering***

On July 1, 2022, the Company entered into an At the Market Issuance Sales Agreement (“ATM Agreement”) with B. Riley, as agent pursuant to which the Company may, from time to time, sell shares of its common stock, up to \$75 million of common stock, in one or more offerings in amounts, prices and at terms that the Company will determine at the time of the offering.

As of June 30, 2025, the Company did not sell any shares of common stock under the ATM Agreement.

The Company has on file with the SEC an effective registration statement pursuant to which it may issue, from time to time, up to \$150 million of securities (which will be reduced by any amount of securities sold pursuant to the ATM Agreement) consisting of, or any combination of, common stock, preferred stock, debt securities, warrants, rights and/or units, in one or more offerings in amounts, prices and at terms that the Company will determine at the time of the offering.

As of June 30, 2025, the Company has not sold any securities pursuant to its shelf registration statement.

***Redeemable Preferred Stock***

On August 9, 2019, the Company entered into and consummated multiple, binding definitive agreements (collectively, the “Recapitalization Transaction”) among various investor parties to recapitalize the Company’s balance sheet. In connection with the Recapitalization Transaction, the Company issued 200,000 shares of Series A Senior Preferred Stock (the “Series A Preferred Stock”), \$0.001 par value per share, to the Investor Parties (the “New Preferred Equity”).

On March 11, 2024, the Company redeemed all of the outstanding shares of Series A Senior Preferred Stock for an aggregate price of \$20.0 million cash and 571,295 of its common shares, representing a value of \$15.0 million based on a share price of \$26.26, settling the preferred stock derivative liability of \$29.9 million and the preferred stock accrued dividends of \$6.0 million as of December 31, 2023.

Each share of Series A Preferred Stock had an initial value of \$100 per share, which was automatically increased for any accrued and unpaid dividends (the “Accreted Value”).

The Series A Preferred Stock had the right to receive dividends on a quarterly basis equal to 6.0% per annum, payable in cash or, if not paid in cash, by an automatic accretion of the Series A Preferred Stock. No cash dividends had been declared or paid. Prior to the redemption, for the three months ended June 30, 2024, the Company recorded \$0.4 million of preferred stock dividends as an increase in the value of the Series A Preferred Stock.

The Series A Preferred Stock had no stated maturity, however, the Company had the right to redeem all or a portion of the Series A Preferred Stock at its Liquidation Preference (as defined below) at any time after payment in full of the 2019 Recap Term Loan. In addition, upon the occurrence of certain change of control type events, holders of the Series A Preferred Stock were entitled to receive an amount (the “Liquidation Preference”), in preference to holders of Common Stock or other junior stock, equal to (i) 20% of the Accreted Value in the case of a certain specified transaction, or (ii) otherwise, 150% of the Accreted value, plus any accrued and unpaid dividends.

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The Company had the right, but was not required, to repurchase all or a portion of the Series A Preferred Stock at its Liquidation Preference at any time after payment in full of the 2019 Recap Term Loan. The Series A Preferred Stock did not have any voting rights, except to the extent required by the Delaware General Corporation Law, except for the exclusive right to elect the Series A Preferred Directors (as described below) and except for certain approval rights over certain transactions (as described below). These approval rights required the prior consent of specified percentages of holders (or in certain cases, all holders) of the Series A Preferred Stock in order for the Company to take certain actions, including the issuance of additional shares of Series A Preferred Stock or parity stock, the issuance of senior stock, certain amendments to the Amended and Restated Certificate of Incorporation, the Certificate of Designations of the Series A Preferred Stock (the “Certificate of Designations”), the Second Amended and Restated By-laws or the Amended and Restated Nominating and Corporate Governance Committee Charter, material changes in the Company’s line of business and certain change of control type transactions. In addition, the Certificate of Designations provided that the approval of at least six directors was required for any related person transaction within the meaning of Item 404 of Regulation S-K under the Securities Act of 1933, as amended, including, without limitation, the adoption of, or any amendment, modification or waiver of, any agreement or arrangement related to any such transaction. The Certificate of Designations also included restrictions on the ability of the Company to pay dividends on or make distributions with respect to, or redeem or repurchase, shares of Common Stock or other junior stock. In addition, holders of the Series A Preferred Stock had preemptive rights regarding future issuance of Series A Preferred Stock or parity stock. In 2022, an agreement was reached with the preferred shareholders to eliminate their ability to elect members to the Company’s Board of Directors on a going-forward basis.

Prior to the redemption, the Series A Preferred Stock redemption amount was contingent upon certain events with no stated redemption date. In accordance with the SEC guidance within ASC Topic 480, *Distinguishing Liabilities from Equity: Classification and Measurement of Redeemable Securities*, the Company classified the Series A Preferred Stock as temporary equity as the Series A Preferred Stock contained a redemption feature which was contingent upon certain deemed liquidation events, the occurrence of which may not solely have been within the control of the Company.

Under ASC 815, *Derivatives and Hedging*, certain contractual terms that meet the accounting definition of a derivative must be accounted for separately from the financial instrument in which they are embedded. The Company had concluded that the redemption upon a change of control and the repurchase option by the Company constitute embedded derivatives.

The embedded redemption upon a change of control must be accounted for separately from the Series A Preferred Stock. The redemption provision specified if certain events that constitute a change of control occur, the Company may be required to settle the Series A Preferred Stock at 150% of its accreted amount. Accordingly, the redemption provision met the definition of a derivative, and its economic characteristics were not considered clearly and closely related to the economic characteristics of the Series A Preferred Stock, and is more akin to a debt instrument than equity.

The Company considered the repurchase option to have no value as the likelihood was remote that this event, within the Company’s control, would ever occur. The liability was accounted for at fair value, with changes in fair value recognized as other income (expense) on the Company’s condensed consolidated statements of operations (see Note 13 – Fair Value Measurement). The value of the redemption provision explicitly considered the present value of the potential premium that would be paid related to, and the probability of, an event that would trigger its payment. The probability of a triggering event was based on management’s estimates of the probability of a change of control event occurring.

Accordingly, these two embedded derivatives were accounted for separately from the Series A Preferred Stock at fair value.

As of June 30, 2024, the Company had redeemed all of the outstanding shares of the Series A Preferred Stock.

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The following table provides a reconciliation of the beginning and ending balances of the Series A Preferred Stock, which was recorded in temporary equity:

	<b>2024</b>
Balance, January 1,	\$ 5,992
Preferred stock accrued dividends	390
Preferred stock redemption	(6,382)
Balance, June 30,	\$ —

**Note 9 — Goodwill**

The Company applies a fair value-based impairment test to the carrying value of goodwill and indefinite-lived intangible assets on an annual basis and, on an interim basis, if certain events or circumstances indicate that an impairment loss may have been incurred. Goodwill impairment exists when the estimated fair value of goodwill is less than its carrying value. For the three months ended June 30, 2025, there were no events or circumstances that indicated that an impairment loss may have been incurred.

Based on the Company's April 1 annual assessment, it determined that the fair values of its reporting units were not less than the carrying amounts.

During the three-months ended June 30, 2025, the Company identified certain macroeconomic developments that represented potential indicators of impairment of goodwill in the form of rising import costs for the U.S. market. As a result, the Company performed an interim quantitative impairment test for its reporting units as of May 31, 2025, consistent with the guidance in ASC 350. The results of this analysis indicated that the fair value of each reporting unit continued to exceed its carrying amount. The Company will continue to monitor relevant events and conditions on an ongoing basis.

No goodwill impairment was determined to have occurred for the six months ended June 30, 2025 and June 30, 2024.

**Note 10 — Comprehensive Income (Loss)**

The table below presents the components of the Company's comprehensive income (loss) for the three and six months ended June 30, 2025 and 2024 (in thousands):

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Net income (loss)</b>	\$ (2,319)	\$ 5,266	\$ (4,701)	\$ (8,959)
Other comprehensive income (loss):				
Foreign currency translation adjustment	3,637	(116)	4,265	(681)
Comprehensive income (loss)	1,318	5,150	(436)	(9,640)
Less: Comprehensive income attributable to non-controlling interests	—	—	—	280
Comprehensive income (loss) attributable to JAKKS Pacific, Inc.	\$ 1,318	\$ 5,150	\$ (436)	\$ (9,920)

**Note 11 — Litigation and Contingencies**

The Company is a party to, and certain of its property is the subject of, various pending claims and legal proceedings that routinely arise in the ordinary course of its business. The Company accrues for losses when the loss is deemed probable and the liability can reasonably be estimated. Where a liability is probable and there is a range of estimated loss with no best estimate in the range, the Company records the minimum estimated liability related to the claim. As additional information becomes available, the Company assesses the potential liability related to its pending litigation and revises its estimates.

In the normal course of business, the Company may provide certain indemnifications and/or other commitments of varying scope to a) its licensors, customers and certain other parties, including against third-party claims of intellectual property infringement, and b) its officers, directors and employees, including against third-party claims regarding the periods in which they serve in such capacities with the Company. The duration and amount of such obligations is, in certain cases, indefinite. The Company's director's and officer's liability insurance policy may, however, enable it to recover a portion of any future payments related to its officer, director or employee indemnifications. For the past five years, costs related to director and officer indemnifications have not been significant. Other than certain liabilities recorded in the normal course of business related to royalty payments due to the Company's licensors, no liabilities have been recorded for indemnifications and/or other commitments.

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**Note 12 — Share-Based Payments**

The Company's 2002 Stock Award and Incentive Plan (the "Plan"), as amended, provides for the awarding of stock options, restricted stock and restricted stock units to certain key employees, executive officers and non-employee directors. Current awards under the Plan include grants to executive officers and certain key employees of restricted stock units, with vesting contingent upon the completion of specified service periods ranging from one to four years and/or (b) meeting certain financial performance and/or market-based metrics. Shares for the restricted stock units are not issued until they vest.

The following table summarizes the total share-based compensation expense recognized for the three and six months ended June 30, 2025 and 2024 (in thousands):

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Share-based compensation expense	\$ 3,188	\$ 2,545	\$ 5,740	\$ 5,094

*Restricted Stock Units*

Restricted stock unit activity (including those with performance-based vesting criteria) for the three months ended June 30, 2025 is summarized as follows:

	<b>Restricted Stock Units</b>	
	<b>Number of Shares</b>	<b>Weighted Average Grant Date Fair Value</b>
Outstanding, December 31, 2024	1,008,400	\$ 22.51
Granted	269,259	30.62
Vested	(257,320)	16.45
Forfeited	(3,549)	28.06
Outstanding, June 30, 2025	<u>1,016,790</u>	<u>26.17</u>

As of June 30, 2025, there was \$15.9 million of total unrecognized compensation cost related to non-vested restricted stock units, which is expected to be recognized over a weighted-average period of 1.9 years.

As of June 30, 2025, the fair market value of non-vested restricted stock units was \$21.1 million.

**Note 13 — Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based upon these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based upon observable inputs used in the valuation techniques, the Company is required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values into three broad levels as follows:

- Level 1: Valuations for assets and liabilities traded in active markets from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3: Valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

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In instances where the determination of the fair value measurement is based upon inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based upon the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following tables summarize the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2025 and December 31, 2024 (in thousands):

	Carrying Amount as of June 30, 2025	Fair Value Measurements As of June 30, 2025		
		Level 1	Level 2	Level 3
		Level 1	Level 2	Level 3
Money market funds	\$ 22,625	\$ 22,625	\$ —	\$ —
Investments in employee deferred compensation trusts	3,231	3,231	—	—

  

	Carrying Amount as of December 31, 2024	Fair Value Measurements As of December 31, 2024		
		Level 1	Level 2	Level 3
		Level 1	Level 2	Level 3
Money market funds	\$ 39,907	\$ 39,907	\$ —	\$ —
Investments in employee deferred compensation trusts	1,686	1,686	—	—

Money market funds are included in cash and cash equivalents on the condensed consolidated balance sheets. Investments in employee deferred compensation trusts which are comprised of mutual funds are classified as trading securities are included in prepaid and other assets on the condensed consolidated balance sheets. For the six months ended June 30, 2025 and 2024, changes in the fair value of securities held in the rabbi trust and offsetting increases or decreases in the deferred compensation obligation totaled \$(52.2) thousand and \$44.1 thousand, respectively, and are recognized in other general and administrative expenses in the Company's condensed consolidated statements of operations and comprehensive income (loss).

The following tables provide a reconciliation of the beginning and ending balances of liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

<b>Preferred stock derivative liability</b>	<b>2024</b>
Balance, January 1,	\$ 29,947
Change in fair value	—
Extinguishment through redemption of preferred stock	(29,947)
Balance, June 30,	\$ —

The Company's Series A Preferred derivative liability was classified within Level 3 of the fair value hierarchy because unobservable inputs were used in estimating the fair value. The fair value of the redemption provision embedded in the Series A Preferred Stock is estimated based on a discounted cash flow model and probability assumptions based on management's estimates of a change of control event occurring. The value of the redemption provision explicitly considered the present value of the potential premium that would be paid related to, and the probability of, an event that would trigger its payment. In subsequent periods, the derivative liability was accounted for at fair value, with changes in fair value recognized as other income (expense) on the Company's condensed consolidated statements of operations and comprehensive income (loss).

**JAKKS PACIFIC, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**June 30, 2025**

The preferred stock derivative liability was extinguished on March 11, 2024.

The Company's cash and cash equivalents including restricted cash, accounts receivable, accounts payable, and accrued expenses represent financial instruments. The carrying value of these financial instruments is a reasonable approximation of fair value due to the short-term nature of the instruments.

**Note 14 — Related Party Transactions**

In March 2017, the Company entered into an equity purchase agreement with Hong Kong Meisheng Cultural Company Limited ("Meisheng") which provided, among other things, that as long as Meisheng and its affiliates hold 10% or more of the issued and outstanding shares of common stock of the Company, Meisheng shall have the right from time to time to designate a nominee for election to the Company's board of directors. Since such time, Mr. Xiaoqiang Zhao was Meisheng's nominee. Meisheng and its affiliates own less than 10% of the Company's outstanding shares of common stock. Mr. Zhao did not stand for reelection as director at the Company's 2024 annual meeting. Since December 6, 2024, Meisheng is not represented on the Company's board of directors and thus ceased to be a related party to the company.

Meisheng continues to be a significant manufacturer of the Company. For the three and six months ended June 30, 2024 the Company made inventory-related payments to Meisheng of approximately \$13.9 million and \$28.8 million, respectively. As of December 31, 2024, amounts due to Meisheng for inventory received by the Company, but not paid totaled \$13.5 million.

**Note 15 — Prepaid Expenses and Other Assets**

Prepaid expenses and other assets as of June 30, 2025 and December 31, 2024 consist of the following (in thousands):

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Income tax receivable	\$ 10,246	\$ 8,798
Prepaid expenses	5,780	2,306
Royalty advances	2,902	941
Employee retention credit	285	285
Other assets	3,362	1,811
Prepaid expenses and other assets	<u>\$ 22,575</u>	<u>\$ 14,141</u>

**Note 16 — Subsequent events**

On July 4, 2025, changes to the US Tax code were signed into law. These changes were enacted after the close of Q2 2025 and will be accounted for in Q3 2025.

On July 22, 2025, the Company's Board of Directors declared a quarterly cash dividend of \$0.25 per common share. The dividend will be payable on September 30, 2025, to shareholders of record at the close of business on August 29, 2025.

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

The following discussion and analysis of financial condition and results of operations should be read together with our condensed consolidated financial statements and notes thereto, which appear elsewhere herein.

### Disclosure Regarding Forward-Looking Statements

This Report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. For example, statements included in this Report regarding our financial position, business strategy and other plans and objectives for future operations, and assumptions and predictions about future product demand, supply, manufacturing, costs, marketing and pricing factors are all forward-looking statements. When we use words like “intend,” “anticipate,” “believe,” “estimate,” “plan” or “expect,” or other words of a similar import, we are making forward-looking statements. We believe that the assumptions and expectations reflected in such forward-looking statements are reasonable, based upon information available to us on the date hereof, but we cannot assure you that these assumptions and expectations will prove to have been correct or that we will take any action that we may presently be planning. We have disclosed certain important factors (e.g., see “Risk Factors”) that could cause our actual results to differ materially from our current expectations elsewhere in this Report. You should understand that forward-looking statements made in this Report are necessarily qualified by these factors. We are not undertaking to publicly update or revise any forward-looking statement if we obtain new information or upon the occurrence of future events or otherwise.

### Critical Accounting Estimates

Our critical accounting policies and estimates are included in the 2024 Annual Report on Form 10-K and did not materially change during the first six months of 2025.

### New Accounting Pronouncements

See Note 1 to the condensed consolidated financial statements.

### Results of Operations

The following unaudited table sets forth, for the periods indicated, certain statement of income data as a percentage of net sales:

	Three Months Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2025	2024	2025	2024
Net sales	100%	100.0%	100%	100.0%
Cost of sales:				
Cost of goods	49.3	51.5	48.8	54.5
Royalty expense	16.4	15.1	16.2	15.2
Amortization of tools and molds	1.5	1.4	1.4	1.5
Cost of sales	67.2	68.0	66.4	71.2
Gross profit	32.8	32.0	33.6	28.8
Direct selling expenses	5.6	4.2	6.6	6.0
General and administrative expenses	29.4	22.6	29.7	28.4
Depreciation and amortization	0.1	0.1	0.1	0.1
Selling, general and administrative expenses	35.1	26.9	36.4	34.5
Income (loss) from operations	(2.3)	5.1	(2.8)	(5.7)
Other income (expense), net	—	—	—	0.1
Loss on debt extinguishment	(0.4)	—	(0.2)	—
Interest income	0.3	0.1	0.3	0.2
Interest expense	(0.1)	(0.2)	(0.1)	(0.2)
Income (loss) before provision for (benefit from) income taxes	(2.5)	5.0	(2.8)	(5.6)
Provision for (benefit from) income taxes	(0.6)	1.5	(0.8)	(1.8)
Net income (loss)	(1.9)	3.5	(2.0)	(3.8)
Net income attributable to non-controlling interests	—	—	—	0.1
Net income (loss) attributable to JAKKS Pacific, Inc.	(1.9)%	3.5%	(2.0)%	(3.9)%

The following unaudited table sets forth, for the periods indicated, certain statements of operations data by segment (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2025	2024	2025	2024
<b>Net Sales</b>				
Toys/Consumer Products	\$ 80,379	\$ 104,570	\$ 187,817	\$ 187,480
Costumes	38,715	44,049	44,530	51,215
	<u>119,094</u>	<u>148,619</u>	<u>232,347</u>	<u>238,695</u>
<b>Cost of Sales</b>				
Toys/Consumer Products	53,293	67,519	122,532	132,574
Costumes	26,778	33,515	31,779	37,484
	<u>80,071</u>	<u>101,034</u>	<u>154,311</u>	<u>170,058</u>
<b>Gross Profit</b>				
Toys/Consumer Products	27,086	37,051	65,285	54,906
Costumes	11,937	10,534	12,751	13,731
	<u>\$ 39,023</u>	<u>\$ 47,585</u>	<u>\$ 78,036</u>	<u>\$ 68,637</u>

#### Comparison of the Three Months Ended June 30, 2025 and 2024

##### Net Sales

*Toys/Consumer Products.* Net sales of our Toys/Consumer Products segment were \$80.4 million for the three months ended June 30, 2025 compared to \$104.6 million for the prior year period, representing a decrease of \$24.2 million, or 23.1%. The decrease was driven by lower sales in North America due to higher importation costs decreasing demand for FOB sales, down 27.5% versus a year ago, while International net sales were up 41.1% in the quarter. The Dolls, Role-Play/Dress Up segment showed the largest decrease of 27.4% in part due to a customer's discontinuation of a private label program in 2024, while the Action Play and Collectibles segment decreased 18.2% compared to the same period a year ago.

*Costumes.* Net sales of our Costumes segment were \$38.7 million for the three months ended June 30, 2025 compared to \$44.0 million for the prior year period, representing a decrease of \$5.3 million, or 12.0%. The decrease was primarily due to reduced orders from select recurring customers in turn due to higher importation cost for FOB sales.

##### Cost of Sales

*Toys/Consumer Products.* Cost of sales of our Toys/Consumer Products segment was \$53.3 million, or 66.3% of related net sales for the three months ended June 30, 2025 compared to \$67.5 million, or 64.5% of related net sales for the prior year period, representing a decrease of \$14.2 million, or 21.0%. The decrease as a percentage of net sales was due to higher reserves and royalties as a percentage of net sales in the previous year, while in the current year the product-mix was weighted towards higher margin movie-related products.

*Costumes.* Cost of sales of our Costumes segment was \$26.8 million, or 69.3% of related net sales for the three months ended June 30, 2025, compared to \$33.5 million, or 76.1% of related net sales for the prior year period, representing a decrease in dollars of \$6.7 million, or 20.0%. The decrease was due to higher reserves on Costume product a year ago as well as better pricing on sales in the quarter.

##### Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$41.8 million for the three months ended June 30, 2025 compared to \$39.9 million for the prior year period constituting 35.1% and 26.9% of net sales, respectively. Selling, general and administrative expenses were up \$2.9 million year over year, with slightly higher selling expenses, salaries and benefits and professional services.

##### Benefit From Income Taxes

Our income tax benefit, which includes federal, state and foreign income taxes and discrete items, was \$0.6 million, or an effective tax rate of 20.7%, for the three months ended June 30, 2025. During the comparable period in 2024, our income tax expense was \$2.3 million, or an effective tax rate of 30.2%. The decrease in the effective tax rate is primarily due to a change in the forecasted annual effective tax rate driven by the change in the jurisdictional mix of earnings.

**Comparison of the Six Months Ended June 30, 2025 and 2024**

Net Sales

*Toys/Consumer Products.* Net sales of our Toys/Consumer Products segment were \$187.8 million for the six months ended June 30, 2025 compared to \$187.5 million for the prior year period, representing an increase of \$0.3 million, or 0.2%. The increase was driven by higher sales in Action Play and Collectibles, up 4.6% versus a year ago, due to higher sales related to the Sonic 3 Movie product, offset by slightly lower sales of 2.5% from the Dolls, Role-Play/Dress Up segment in part due to a customer's discontinuation of a private label program in 2024.

*Costumes.* Net sales of our Costumes segment were \$44.5 million for the six months ended June 30, 2025 compared to \$51.2 million for the prior year period, representing a decrease of \$6.7 million, or 13.1%. The decrease was primarily due to reduced orders from select recurring customers in turn due to higher importation cost for FOB sales.

Cost of Sales

*Toys/Consumer Products.* Cost of sales of our Toys/Consumer Products segment was \$122.5 million, or 65.2% of related net sales for the six months ended June 30, 2025 compared to \$132.6 million, or 70.7% of related net sales for the prior year period, representing a decrease of \$10.1 million, or 7.6%. The decrease as a percentage of net sales was due to a product-mix weighted towards high margin movie-related product as well as lower inventory reserves.

*Costumes.* Cost of sales of our Costumes segment was \$31.8 million, or 71.5% of related net sales for the six months ended June 30, 2025, compared to \$37.5 million, or 73.2% of related net sales for the prior year period, representing a decrease in dollars of \$5.7 million, or 15.2%. The decrease was due to higher reserves on Costume product a year ago as well as improved factory costing.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$84.6 million for the six months ended June 30, 2025 compared to \$82.3 million for the prior year period constituting 36.4% and 34.5% of net sales, respectively. Selling, general and administrative expenses were up \$2.3 million year over year, with slightly higher selling expenses and salaries and benefits.

Benefit From Income Taxes

Our income tax benefit, which includes federal, state and foreign income taxes and discrete items, was \$1.8 million, or an effective tax rate of 27.3%, for the six months ended June 30, 2025. During the comparable period in 2024, our income tax benefit was \$4.4 million, or an effective tax rate of 33.2%. The decrease in the effective tax rate is primarily due to a decrease in benefits from discrete items.

## Seasonality and Backlog

The retail toy industry is inherently seasonal. Generally, our sales have been highest during the second and third quarters, and collections for those sales have been highest during the succeeding fourth and first quarters. Our working capital needs have been highest during the second and third quarters as we make royalty advance payments for some of our licenses and buy and sell inventory subject to customer payment terms.

While we have taken steps to level sales over the entire year, sales are expected to remain heavily influenced by the seasonality of our toy and costume products. The result of these seasonal patterns is that operating results and the demand for working capital may vary significantly by quarter. Orders placed with us are generally cancelable until the date of shipment. The combination of seasonal demand and the potential for order cancellation makes accurate forecasting of future sales difficult and causes us to believe that backlog may not be an accurate indicator of our future sales. Similarly, financial results for a particular quarter may not be indicative of results for the entire year.

## Liquidity and Capital Resources

As of June 30, 2025, we had working capital (inclusive of cash, cash equivalents and restricted cash) of \$109.1 million, compared to \$119.3 million as of December 31, 2024, representing a decrease in working capital of \$10.2 million during the six-month period ended June 30, 2025. The decrease in working capital is mainly attributable to cash used for financing activities.

Operating activities used net cash of \$15.9 million during the six months ended June 30, 2025, as compared to net cash used of \$27.7 million in the prior year period. The decrease in net cash used in operating activities year-over-year is primarily due to a lower net loss and less cash taxes paid. Other than open purchase orders issued in the normal course of business related to shipped product, we have no obligations to purchase inventory from our manufacturers. However, we may incur costs or other losses as a result of not placing orders consistent with our forecasts for product manufactured by our suppliers or manufacturers for a variety of reasons including customer order cancellations or a decline in demand. As part of our strategy to develop and market new products, we have entered into various character and product licenses with royalties/obligations generally ranging from 1% to 22% payable on net sales of such products. As of June 30, 2025, these agreements required future aggregate minimum royalty guarantees of \$63.4 million exclusive of \$2.9 million in advances already paid. Of this \$63.4 million future minimum royalty guarantee, \$48.5 million is due over the next twelve months.

Investing activities used net cash of \$6.0 million and \$6.2 million for the six months ended June 30, 2025 and 2024, respectively, and consisted primarily of cash paid for the purchase of molds and tooling used in the manufacture of our products and purchases of investments to fund our obligation to our employees stemming from our non-qualified deferred compensation plan.

Financing activities used net cash of \$9.4 million and \$20.1 million for the six months ended June 30, 2025 and 2024, respectively. The cash used in financing activities during the six months ended June 30, 2025, consists of \$3.8 million used for the repurchase of our common stock for employee tax withholding and \$5.6 million used to pay dividends. The cash used in financing activities during the six months ended June 30, 2024, primarily consists of \$20.0 million used in the redemption of our outstanding preferred stock and \$5.1 million used in the repurchase of common stock for employee tax withholdings, compensated by \$5.0 million of cash provided by the draw on our senior secured revolving credit facility (the "JPMorgan ABL Facility").

In June 2025, we terminated our existing \$67.5 million JPMorgan ABL revolving credit facility in connection with entering into a new senior secured facility with BMO Bank N.A. The prior facility had no outstanding borrowings at the time of termination. We recorded a non-cash charge of \$0.3 million for the write-off of previously deferred financing costs associated with the JPMorgan facility.

On June 24, 2025, we entered into a new \$70.0 million senior secured revolving credit facility with a maturity date of June 24, 2030. This facility replaces our prior facility and is expected to provide improved pricing and enhanced liquidity flexibility. Interest is payable at either SOFR plus a leverage-based margin or a Base Rate alternative and includes a commitment fee on unused amounts. The facility includes financial covenants requiring a minimum interest coverage ratio of 3.00 to 1.00 and a maximum total net leverage ratio of 2.00 to 1.00. As of June 30, 2025, we were in compliance with all financial covenants.

Availability under the revolving facility as of June 30, 2025, was \$70.0 million. The facility provides the Company with flexibility to fund working capital, capital expenditures, acquisitions, and general corporate purposes.

See Note 5 – Credit Facilities for additional information pertaining to our Credit Facilities.

As of June 30, 2025 and December 31, 2024, we held cash and cash equivalents, including restricted cash, of \$43.1 million and \$70.1 million, respectively. Cash, and cash equivalents, including restricted cash held outside of the United States in various foreign subsidiaries totaled \$13.9 million and \$16.5 million as of June 30, 2025 and December 31, 2024, respectively. The cash and cash equivalents, including restricted cash balances in our foreign subsidiaries have either been fully taxed in the U.S. or tax has been accounted for in connection with the Tax Cuts and Jobs Act, or may be eligible for a full foreign dividends received deduction under such Act, and thus would not be subject to additional U.S. tax should such amounts be repatriated in the form of dividends or deemed distributions. During the first quarter of 2024, the Company declared a one-time dividend from Canada to the U.S in the amount of \$5.9 million, in order to fund the preferred stock redemption that occurred during the quarter, resulting in a 5% withholding tax. This was a significant one-time event as there are no preferred stock outstanding as of June 30, 2024. Future cash remittances will come from Hong Kong, which does not impose withholding taxes. As such, foreign withholding taxes on future repatriations are not expected to be significant.

Our primary sources of working capital are cash flows from operations and borrowings under our Revolving Facility (see Note 5 – Credit Facilities).

Typically, cash flows from operations are impacted by the effect on sales of (1) the appeal of our products, (2) the success of our licensed brands in motivating consumer purchase of related merchandise, (3) the highly competitive conditions existing in the toy industry and in securing commercially attractive licenses, (4) dependency on a limited set of large customers, and (5) general economic conditions. A downturn in any single factor or a combination of factors could have a material adverse impact upon our ability to generate sufficient cash flows to operate the business. In addition, our business and liquidity are dependent to a significant degree on our vendors and their financial health, as well as the ability to accurately forecast the demand for products. The loss of a key vendor, or material changes in support by them, or a significant variance in actual demand compared to the forecast, can have a material adverse impact on our cash flows and business. Given the conditions in the toy industry environment in general, vendors, including licensors, may seek further assurances or take actions to protect against non-payment of amounts due to them. Changes in this area could have a material adverse impact on our liquidity.

As of June 30, 2025 off-balance sheet arrangements include letters of credit issued by JPMorgan of \$4.4 million temporarily secured with cash as collateral. New letters of credit will be issued with BMO as part of the new lending agreement announced on June 24, 2025.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

#### **Interest Rate Risk**

Our exposure to market risk includes interest rate fluctuations in connection with our Revolving Facility (see Note 5 – Credit Facilities). As detailed in the BMO Credit Agreement, borrowings under the Revolving Facility bear interest, at the Company's election, at either (i) the Adjusted Term SOFR plus an applicable margin or (ii) the Base Rate plus an applicable margin. The applicable margin varies based on the Company's Total Net Leverage Ratio and ranges from 1.50% to 2.00% for SOFR loans and from 0.50% to 1.00% for Base Rate loans. Borrowings under the Revolving Facility are therefore subject to risk based upon prevailing market interest rates. Interest rate risk may result from many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control.

#### **Foreign Currency Risk**

We have wholly-owned subsidiaries in Hong Kong, China, the United Kingdom, Germany, France, the Netherlands, Italy, Canada and Mexico. Sales are generally made by these operations on FOB China or Hong Kong terms and are denominated in U.S. dollars. However, purchases of inventory and Hong Kong operating expenses are typically denominated in Hong Kong dollars and local operating expenses in the United Kingdom, Germany, France, the Netherlands, Italy, Canada, Mexico and China are denominated in local currency, thereby creating exposure to changes in exchange rates. Changes in the U.S. dollar exchange rates may positively or negatively affect our results of operations. We do not believe that near-term changes in these exchange rates, if any, will result in a material effect on our future earnings, fair values or cash flows. Therefore, we have chosen not to enter into foreign currency hedging transactions. We cannot assure you that this approach will be successful, especially in the event of a significant and sudden change in the value of these foreign currencies.

### **Item 4. Controls and Procedures**

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Report, have concluded that as of that date, our disclosure controls and procedures were effective. There has been no change in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rule 13a-15(d) that occurred during the period covered by this Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

We are a party to, and certain of our property is the subject of, various pending claims and legal proceedings that routinely arise in the ordinary course of our business. We accrue for losses when the loss is deemed probable and the liability can reasonably be estimated. Where a liability is probable and there is a range of estimated loss with no best estimate in the range, we record the minimum estimated liability related to the claim. As additional information becomes available, we assess the potential liability related to the pending litigation and revise our estimates.

In the normal course of business, we may provide certain indemnifications and/or other commitments of varying scope to a) our licensors, customers and certain other parties, including against third-party claims of intellectual property infringement, and b) our officers, directors and employees, including against third-party claims regarding the periods in which they serve in such capacities with us. The duration and amount of such obligations is, in certain cases, indefinite. Our director's and officer's liability insurance policy may, however, enable us to recover a portion of any future payments related to our officer, director or employee indemnifications. For the past five years, costs related to director and officer indemnifications have not been significant. Other than certain liabilities recorded in the normal course of business related to royalty payments due to our licensors, no liabilities have been recorded for indemnifications and/or other commitments.

### Item 1A. Risk Factors

Risk factors with respect to us and our business are contained in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024. There have been no material changes from the risk factors previously disclosed in such filing. The disclosures made in this Quarterly Report should be reviewed together with the risk factors contained therein.

### Item 6. Exhibits

Number	Description
10.1	<a href="#">Credit Agreement, dated as of June 24, 2025, among JAKKS Pacific, Inc., JAKKS Sales LLC, Disguise, Inc., and Moose Mountain Marketing, Inc., as borrowers, the subsidiary guarantors party thereto, Loan Parties thereto, the Lenders party thereto and BMO Bank N.A., as Administrative Agent, Swing Line Lender and Letter of Credit Issuer (1)</a>
10.2	<a href="#">Pledge and Security Agreement, dated as of June 24, 2025, by and among JAKKS Pacific, Inc. and its subsidiaries parties thereto as borrowers and/or Grantors, the lenders party thereto, as lenders, and BMO Bank N.A. as Administrative Agent (1)</a>
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (1)</a>
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (1)</a>
32.1	<a href="#">Section 1350 Certification of Chief Executive Officer (1)</a>
32.2	<a href="#">Section 1350 Certification of Chief Financial Officer (1)</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(1) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed June 25, 2025, and incorporated herein by reference.

(2) Filed herewith.

**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, thereunto duly authorized.

**JAKKS PACIFIC, INC.**

Date: August 1, 2025

By: /s/ John Kimble  
John Kimble  
Executive Vice President and  
Chief Financial Officer  
(Duly Authorized Officer and  
Principal Financial Officer)

## CERTIFICATIONS

I, Stephen G. Berman, Chief Executive Officer, certify that:

I have reviewed this quarterly report on Form 10-Q of JAKKS Pacific, Inc. ("Company");

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

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

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

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

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

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

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

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

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

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

By: \_\_\_\_\_  
/s/ Stephen G. Berman  
Stephen G. Berman  
Chief Executive Officer

Date: August 1, 2025



Written Statement of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of JAKKS Pacific, Inc. (“Registrant”) hereby certifies that the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Stephen G. Berman

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Stephen G. Berman

*Chief Executive Officer*

Date: August 1, 2025

Written Statement of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of JAKKS Pacific, Inc. (“Registrant”) hereby certifies that the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ John Kimble

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John Kimble  
*Chief Financial Officer*

Date: August 1, 2025