

JAKKS Pacific, Inc.

Q4 about inline. 2024 outlook tempered on lack of movie hits. Lowering P/T to \$41.

COMPANY UPDATE

Rating: BUY

Ticker: JAKK

Price: \$23.53
(intraday)

Target: \$41.00
(from \$45)

Q4 about inline: JAKKS recently (on February 29) reported its fiscal Q4 2023 (ending December) results. Revenue was \$127 million (-3% y-o-y), compared with our estimate of \$123 million and consensus \$129 million. Pro forma EPS was \$(1.04), compared with our estimates of \$(1.43) and consensus of \$(0.85). There was no Q4 guidance.

Continued solid execution: JAKKS benefited from continued solid results from the majority of its product lines. Sonic, Disney Princess, and Nintendo continued to sell well (similar to 2022). Although sales were -3% (y-o-y), this was relatively solid given the tough comps overall in 2022.

Weak Disguise: JAKKS's costume business (Disguise) revenue was -40% y-o-y but this was up against strong comps in last year's Q4 and overall in 2022.

And margin improved: The company had stronger margins in Q4 (27% vs. 22% y-o-y) as product mix and costs improved (particularly for freight transportation).

Reasonable inventory: The company's Q4 inventory was -35% versus last year (at \$53 million) vs. a sales decrease of -3%. Retail inventory are also down high single digits as well. We believe inventory levels are reasonable.

No 2024 guidance: The company did not provide any forward guidance.

Lowering estimates: We are lowering our 2024 estimates for revenue to \$697 million, from \$739 million, and for EPS to \$4.10 from \$4.65.

Toy industry down -8% in 2023: U.S. toy industry sales declined by 8% through in 2023 according to according to Circana (formerly IRI and The NPD Group). NPD reported that U.S. sales of toys was about flat in 2022 (-0.2%) after rising +13% in 2021, and +16% in 2020. The toy industry's boom during the pandemic is over and now has challenges from weaker macro economic factors and high inflation.

Solid 2023 execution: 2023 sales were -11%, but this is relatively solid as 2022 revenue were very strong at +28% (y-o-y) and was on top of the +20% growth in 2021 (reversing declining revenues over the past several years) and helps alleviate investors' concerns that the negative momentum (from the prior three year's bad misses and significantly lowered guidance) is over.

Should drive 2024: We believe the strong 2022/23 results should drive momentum in 2024. Most of 2022's top sellers sold well in 2023. We are forecasting JAKK's 2024 revenue to be -2% (y-o-y) which is relatively solid given the tough comps from the strong growth in 2022.

Risk/reward attractive: Maintaining our BUY rating, but lowering our 12-month price target to \$41 from \$45, which reflects a P/E multiple of 8.5x our 2025 EPS estimate of \$4.78. This is below the peer group median for toy companies to reflect higher execution risks but also represents significant upside from the current share price.

Company Description

Based in Santa Monica, CA, JAKKS Pacific is a multi-brand company that designs and markets a broad range of toys and consumer products.

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$13.67 – 36.84
Shares Outstanding (million):	11
Market cap (\$million):	\$259
EV (\$million):	\$187
Debt (\$million):	\$0
Cash (\$million):	\$72
Avg. Daily Trading Vol. (\$million):	\$5
Float (million shares):	7
Short Interest (million shares):	0.2
Dividend, annual (yield):	\$0.00 (NA%)

Revenues (US\$ million)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	100E	112E	105E	
Q2 Jun	160E	174E	168E	
Q3 Sep	307E	322E	322E	
Q4 Dec	<u>130E</u>	<u>131E</u>	<u>140E</u>	
Total	697E	739E	736E	
EV/Revs	0.3x		0.3x	

Earnings per Share (pro forma)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Mar	(0.54)E	(1.26)E	(1.18)E	
Q2 Jun	0.38E	(0.10)E	(0.10)E	
Q3 Sep	4.58E	4.90E	4.90E	
Q4 Dec	<u>(0.46)E</u>	<u>0.94E</u>	<u>1.01E</u>	
Total	4.10E	4.65E	4.78E	
P/E	6x		5x	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 8.

OVERVIEW

- JAKKS recently (on February 29) reported its fiscal Q4 2023 (ending December) results.
- Revenue was \$127 million (-3% y-o-y), compared with our estimate of \$123 million and consensus \$129 million.
- Pro forma EPS was \$(1.04), compared with our estimates of \$(1.43) and consensus of \$(0.85).
- There was no Q4 guidance.
- The company did not provide any forward guidance.
- We are lowering our 2024 estimates for revenue to \$697 million, from \$739 million, and for EPS to \$4.10 from \$4.65.
- We are initiating our 2025 estimates for revenue of \$736 million, and for EPS of \$4.78.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$34 million, compared with our estimate of \$37 million.
- Gross margin for the quarter was 27%, versus 22% last year and our expectation of 30%.
- Operating expenses were \$49 million, versus our expectation of \$53 million.
- Operating loss was \$15 million, versus our expectation of a loss of \$16 million.
- Pro forma net loss was \$11 million, versus our expectation of a loss of \$14 million.
- EBITDA was \$(11) million, compared to our estimate of \$(13) million and \$(12) million last year.

The company's balance sheet is solid (factoring in its recent large (entire) debt pay downs) with \$72 million in cash and no debt, compared with \$96 million in cash and no debt as of September. JAKKS has ~\$7/share in cash.

The company's Q4 inventory was -35% versus last year (at \$53 million) vs. a sales decrease of -3%. We believe inventory levels are reasonable.

Exhibit 1: Q4 2023 Overview

CEO OVERVIEW

Fiscal Year Gross Margin dollars up 6% vs 2022

- Q4 Net Sales were \$127.4 million, 3% decrease versus prior year
- Q4 Gross margin of 26.5%, up 480bps vs Q4 2022
- Fiscal Year Results compared to prior year:
 - Net Sales of \$711.6 million vs. \$796.2 million, an 11% decrease
 - Gross margin of 31.4% vs. 26.5%
 - Operating income of \$59.1 million vs. \$61.0 million, a 3% decrease
 - Adjusted EBITDA of \$75.7M vs. \$76.4M, a 1% decrease

Source: Company report.

Exhibit 2: JAKKS Pacific Stock Price (Five Years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 3: Consensus Expectations (as of February 29, 2024)

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$108A	\$108E	Q1 Mar	\$(0.40)A	\$(0.24)E
Q2 Jun	\$167A		Q2 Jun	\$1.26A	
Q3 Sep	\$310A		Q3 Sep	\$4.75A	
Q4 Dec	\$129E		Q4 Dec	\$(0.85)E	
Total	\$713E	\$729E	Total	\$4.76E	\$4.70E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, LSEG, and Ascendant Capital Markets estimates

FINANCIAL MODEL

JAKKS Pacific Inc.																				
Income Statement (\$ millions)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	120.9	220.4	323.0	131.9	796.2	107.5	166.9	309.7	127.4	711.6	100.0	160.3	306.6	129.9	696.8	105.0	168.3	321.9	140.3	735.5
Cost of Goods	72.1	121.9	174.3	81.4	449.6	58.3	86.2	149.1	68.9	362.4	55.0	87.0	167.6	70.5	380.1	57.7	91.4	176.0	76.1	401.2
Royalty expense	17.7	35.7	52.9	20.4	126.6	16.7	27.3	51.1	22.5	117.6	14.0	22.4	39.9	16.9	93.2	14.7	23.6	41.9	18.2	98.3
Amortization of tools	1.2	2.0	3.9	1.6	8.7	1.1	2.3	2.6	2.3	8.2	2.0	3.2	6.1	2.6	13.9	2.1	3.4	6.4	2.8	14.7
Total Cost of sales	91.0	159.5	231.1	103.3	584.9	76.0	115.7	202.8	93.7	488.2	71.0	112.6	213.6	89.9	487.2	74.5	118.3	224.3	97.1	514.3
Gross Profit	29.9	60.9	91.9	28.6	211.3	31.4	51.2	107.0	33.7	223.4	29.0	47.6	93.0	40.0	209.6	30.4	50.0	97.6	43.2	221.2
Direct Selling expenses	4.9	6.8	8.4	13.2	33.3	7.7	4.0	10.7	14.6	37.0	7.0	11.2	10.7	15.6	44.5	7.3	11.8	13.0	12.6	44.8
Selling, general, admin expenses	25.2	29.5	29.4	30.8	114.8	28.0	30.7	33.8	34.4	126.9	27.0	31.9	29.1	29.9	117.9	34.6	38.7	27.5	18.3	119.2
Depreciation and amortization	0.6	0.6	0.4	0.4	1.9	0.1	0.1	0.1	0.1	0.4	1.0	1.0	1.0	1.0	4.0	1.0	1.0	1.0	1.0	4.0
Restructuring and other		0.3			0.3					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating expenses	30.7	37.2	38.2	44.3	150.3	35.8	34.8	44.6	49.1	164.2	35.0	44.1	40.9	46.5	166.4	43.0	51.5	41.6	31.9	168.0
Operating Income	(0.7)	23.7	53.7	(15.7)	61.0	(4.4)	16.4	62.4	(15.3)	59.1	(6.0)	3.5	52.1	(6.5)	43.1	(12.5)	(1.5)	56.1	11.3	53.3
Interest expenses (income)	2.2	2.3	4.3	2.2	11.1	2.9	1.2	1.1	(0.0)	5.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Other income/ JV income	(0.5)	6.6	(7.5)	1.6	0.1	0.6	(7.3)	(0.8)	(1.6)	(9.1)	0.5	0.5	0.5	1.1	2.6	0.5	0.5	0.5	1.1	2.6
Total non-operating (income)/expense	2.7	(4.2)	11.8	0.7	10.9	2.3	8.5	1.9	1.6	14.3	(0.5)	(0.5)	(0.5)	(1.1)	(2.7)	(0.5)	(0.5)	(0.5)	(1.1)	(2.7)
Pretax Income	(3.4)	27.9	41.9	(16.4)	50.0	(6.7)	7.9	60.5	(16.9)	44.9	(5.5)	4.0	52.6	(5.4)	45.8	(12.0)	(1.0)	56.6	12.4	56.0
Provision for income taxes	0.4	1.3	11.6	(55.6)	(42.3)	(1.4)	1.5	12.4	(5.6)	6.8	(0.1)	0.0	7.4	(0.7)	6.6	(0.1)	(0.0)	7.9	1.7	9.5
Net Income	(3.8)	26.6	30.3	39.3	92.3	(5.3)	6.5	48.1	(11.3)	38.0	(5.4)	4.0	45.3	(4.6)	39.2	(11.9)	(1.0)	48.6	10.7	46.4
Nonrecurring/noncash adjustments	1.2	(5.5)	8.7	(53.3)	(48.9)	1.4	6.8	2.0	0.7	10.9	0.0	0.0	3.0	0.0	4.0	0.0	0.0	3.0	0.0	4.0
Net Income (as reported)	(2.6)	21.1	39.0	(14.0)	43.5	(4.0)	13.3	50.1	(10.5)	48.9	(5.4)	4.0	48.3	(4.6)	43.2	(11.9)	(1.0)	51.6	10.7	50.4
EBITDA	1.9	27.1	59.4	(12.1)	76.4	(1.1)	20.7	67.1	(10.9)	75.7	(3.0)	6.5	55.1	(3.5)	55.1	(9.5)	1.5	59.1	14.3	65.3
Basic Shares	9.6	9.6	9.7	9.7	9.7	9.9	9.9	10.0	10.1	10.0	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1	10.1
Diluted Shares	9.6	10.0	10.3	10.3	10.2	10.3	10.5	10.5	10.5	10.6	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Basic EPS (as reported)	(0.28)			(1.44)		(0.40)			(1.04)		(0.54)			(0.46)		(1.18)	(0.10)			
Diluted EPS (as reported)		2.10	3.80		4.28		1.26	4.75		4.62		0.38	4.58		4.10			4.90	1.01	4.78
Income Statement Ratios																				
Gross margin	24.7%	27.6%	28.5%	21.7%	26.5%	29.2%	30.7%	34.5%	26.5%	31.4%	29.0%	29.7%	30.3%	30.8%	30.1%	29.0%	29.7%	30.3%	30.8%	30.1%
Direct Selling expenses	4.1%	3.1%	2.6%	10.0%	4.2%	7.2%	2.4%	3.4%	11.4%	5.2%	7.0%	7.0%	3.5%	12.0%	6.4%	7.0%	7.0%	4.1%	9.0%	6.1%
Selling, general, admin expenses	20.8%	13.4%	9.1%	23.3%	14.4%	26.0%	18.4%	10.9%	27.0%	17.8%	27.0%	19.9%	9.5%	23.0%	16.9%	33.0%	23.0%	8.6%	13.1%	16.2%
Depreciation and amortization	0.5%	0.3%	0.1%	0.3%	0.2%	0.1%	0.1%	0.0%	0.1%	0.1%	1.0%	0.6%	0.3%	0.8%	0.6%	1.0%	0.6%	0.3%	0.7%	0.5%
Operating margin	-0.6%	10.7%	16.6%	-11.9%	7.7%	-4.1%	9.9%	20.1%	-12.0%	8.3%	-6.0%	2.2%	17.0%	-5.0%	6.2%	-12.0%	-0.9%	17.4%	8.0%	7.2%
Net margin	-3.2%	12.0%	9.4%	29.8%	11.6%	-4.9%	3.9%	15.5%	-8.8%	5.3%	-5.4%	2.5%	14.8%	-3.5%	5.6%	-11.3%	-0.6%	15.1%	7.6%	6.3%
Tax Rate	-12.3%	4.8%	27.6%	339.9%	-84.5%	20.7%	18.6%	20.5%	33.4%	15.2%	1.0%	1.0%	14.0%	14.0%	14.4%	1.0%	1.0%	14.0%	14.0%	17.0%
Year-over-Year Changes																				
Net Sales	44.2%	96.2%	36.3%	-29.8%	28.2%	-11.1%	-24.3%	-4.1%	-3.4%	-10.6%	-7.0%	-4.0%	-1.0%	2.0%	-2.1%	5.0%	5.0%	5.0%	8.0%	5.6%
Gross Profit	14.7%	90.9%	22.7%	-42.9%	15.5%	5.1%	-15.9%	16.4%	18.1%	5.7%	-7.8%	-7.0%	-13.1%	18.6%	-6.2%	5.0%	5.0%	5.0%	8.0%	5.6%
Direct Selling expenses	-27.9%	8.8%	-21.7%	-31.7%	-22.7%	57.9%	-41.8%	27.2%	10.9%	11.1%	-9.6%	181.9%	0.4%	6.9%	20.4%	5.0%	5.0%	21.5%	-19.0%	0.6%
Selling, general, admin expenses	17.5%	27.3%	9.5%	12.8%	16.3%	11.3%	3.9%	15.0%	11.9%	10.5%	-3.6%	4.0%	-13.9%	-13.1%	-7.1%	28.3%	21.4%	-5.5%	-38.7%	1.1%
Operating Income	-73.0%	1199.3%	46.3%	-636.5%	57.3%	499.5%	-30.5%	16.1%	-2.3%	-3.1%	36.3%	-78.7%	-16.5%	-57.8%	-27.0%	109.2%	#####	7.6%	#####	23.5%
Net Income	-72.2%	-992.0%	14.2%	-1153.6%	79.5%	49.8%	-36.9%	28.4%	-25.1%	12.6%	37.1%	-70.2%	-3.7%	-56.2%	-11.7%	119.3%	#####	7.0%	#####	16.8%
Diluted EPS	-73.6%	-908.7%	1.0%	-1076.4%	65.5%	40.0%	-39.9%	24.9%	-27.1%	7.9%	33.5%	-70.2%	-3.7%	-56.2%	-11.3%	119.3%	#####	7.0%	#####	16.8%
Diluted Shares Outstanding	5.4%	10.3%	13.1%	7.9%	8.4%	7.0%	4.9%	2.7%	2.7%	4.3%	2.7%	0.1%	0.0%	0.0%	-0.5%	0.0%	0.0%	0.0%	0.0%	0.0%

* Numbers may not add up due to rounding and "if converted" accounting.
Source: Company reports and Ascendant Capital Markets estimates

JAKKS Pacific Inc.

Balance Sheet (\$ millions) Fiscal Year End: December 31	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	
Assets																	
Cash and equivalents	39.2	62.3	76.4	85.3	38.1	32.2	96.3	72.4	43.1	33.0	103.4	104.2	62.9	47.2	122.4	137.9	
Short term investments									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Restricted cash			0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Accounts Receivable	103.7	164.0	204.9	102.8	85.2	132.5	206.8	123.8	64.0	76.9	147.2	62.4	67.2	80.8	154.5	67.4	
Inventories	85.3	123.7	109.2	80.6	64.0	65.1	68.8	52.6	57.2	90.5	73.8	45.1	60.0	95.0	77.5	48.7	
Prepaid expenses/other current assets	17.4	14.5	11.1	6.3	12.8	11.2	6.7	6.4	20.0	32.1	24.5	5.2	21.0	33.7	25.8	5.6	
Deferred Income Tax									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Current Assets	245.7	364.5	401.7	275.2	200.3	241.2	378.8	255.4	184.5	232.7	349.1	217.1	211.3	256.9	380.4	259.8	
Property and equipment, net	13.9	16.2	15.4	14.9	16.2	17.3	14.6	14.6	49.9	51.9	54.9	57.9	59.9	61.9	64.9	67.9	
Goodwill	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	35.1	
Intangibles, net	4.0	3.2	2.8	2.5	2.4	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	
Investments In Related Parties									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other	17.1	24.6	22.2	71.7	75.4	73.1	83.6	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	91.7	
Total Assets	\$315.8	\$443.6	\$477.1	\$399.3	\$329.4	\$368.9	\$514.3	\$399.0	\$363.4	\$413.6	\$533.0	\$404.0	\$400.2	\$447.8	\$574.3	\$456.7	
Liabilities and Shareholders' Equity																	
Short Term debt	2.5	2.5	2.5	25.5	2.5				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts Payable	36.4	128.9	105.4	43.5	35.7	76.4	122.4	54.4	60.0	96.2	134.9	52.0	63.0	101.0	141.7	56.1	
Accrued expense	57.1	68.4	84.7	48.7	37.0	55.7	72.0	52.5	10.0	12.8	30.7	10.4	10.5	13.5	32.2	11.2	
Reserves	39.4	45.6	59.2	51.9	41.1	37.9	43.5	38.5	12.0	19.2	36.8	15.6	12.6	20.2	38.6	16.8	
Income Tax Payable	1.2	2.3	14.1	3.6	6.2	5.8	17.4	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	
Total Current Liabilities	136.6	247.8	265.9	173.3	122.5	175.7	255.3	149.2	85.8	132.0	206.1	81.8	89.9	138.4	216.3	88.0	
Long Term debt	92.9	82.5	65.2	41.6	27.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Deferred Tax and other	29.6	31.6	36.0	31.9	32.8	37.0	54.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	
Minority Interest	1.2	0.9	0.4	1.0	1.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	
Total Liabilities	260.4	362.7	367.5	247.8	183.3	213.4	310.7	203.5	140.1	186.3	260.5	136.1	144.2	192.7	270.6	142.3	
Preferred stock	3.4	3.8	4.1	4.5	4.9	5.2	5.6	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Additional paid-in capital	272.8	273.6	274.0	275.2	275.7	277.2	277.5	278.6	278.6	278.6	278.6	278.6	278.6	278.6	278.6	278.6	
Deferred Comp									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Treasury Stock									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Retained earnings(deficit)	(207.2)	(180.7)	(150.0)	(110.7)	(117.3)	(110.9)	(62.7)	(73.6)	(79.0)	(75.1)	(29.8)	(34.4)	(46.3)	(47.3)	1.4	12.0	
Accumulated other loss	(13.6)	(15.8)	(18.6)	(17.5)	(17.2)	(16.0)	(16.8)	(15.6)	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	
Stockholders' Equity	55.4	81.0	109.6	151.5	146.1	155.5	203.6	195.4	223.3	227.3	272.5	267.9	256.0	255.1	303.7	314.4	
Tot. Liabilities/Stockholders' Equity	\$315.8	\$443.6	\$477.1	\$399.3	\$329.4	\$368.9	\$514.3	\$399.0	\$363.4	\$413.6	\$533.0	\$404.0	\$400.2	\$447.8	\$574.3	\$456.7	
Activity Ratios																	
A/R Days Sales Outstanding	77	67	57	70	71	71	60	87	58	43	43	43	58	43	43	43	
Inventory Turnover	3.4x	3.9x	6.4x	4.0x	3.6x	5.3x	8.7x	5.2x	3.8x	3.8x	9.1x	6.3x	3.8x	3.8x	9.1x	6.3x	
Reserves as % of A/R	38%	28%	29%	50%	48%	29%	21%	31%	19%	25%	25%	25%	19%	25%	25%	25%	
A/P Days Payable	46	95	54	48	55	80	74	71	98	99	72	66	98	99	72	66	
Book & Cash Value (per share)																	
Book Value per Share (diluted)	\$5.78	\$8.07	\$10.68	\$14.76	\$14.23	\$14.77	\$19.31	\$18.54	\$21.18	\$21.56	\$25.85	\$25.42	\$24.29	\$24.20	\$28.81	\$29.82	
Net cash per Share (diluted)	(\$5.86)	(\$2.26)	\$0.85	\$1.77	\$0.84	\$3.06	\$9.13	\$6.86	\$4.09	\$3.13	\$9.81	\$9.89	\$5.96	\$4.48	\$11.61	\$13.08	
Cash per Share (diluted)	\$4.09	\$6.21	\$7.45	\$8.31	\$3.71	\$3.06	\$9.13	\$6.86	\$4.09	\$3.13	\$9.81	\$9.89	\$5.96	\$4.48	\$11.61	\$13.08	

Source: Company reports and Ascendant Capital Markets estimates

JAKKS Pacific Inc.

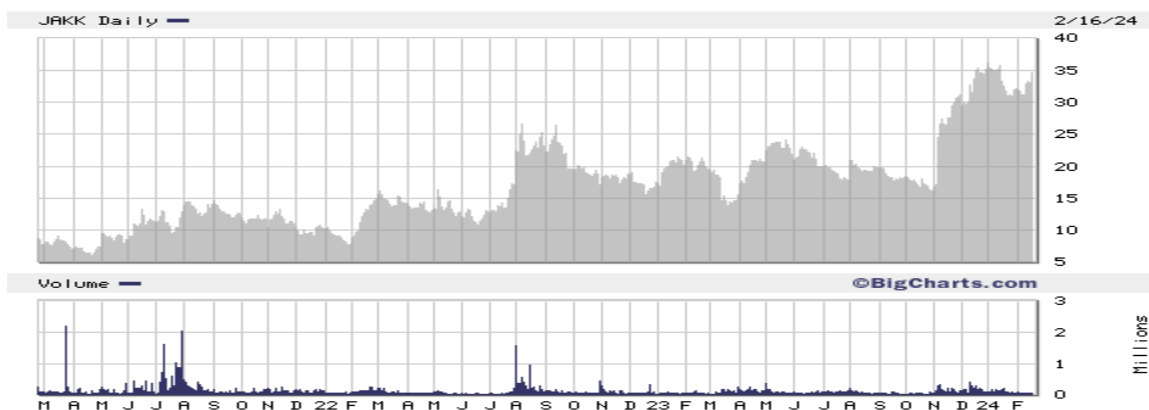
Cash Flow Statement (\$ millions)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Net Cash Flows from Operating Activities																					
Net earnings	(3.9)	26.2	30.7	38.1	91.1	(5.3)	6.2	48.1	(11.3)	37.7	(5.4)	4.0	45.3	(4.6)	39.2	(11.9)	(1.0)	48.6	10.7	46.4	
Depreciation and amortization	1.8	2.6	4.3	2.0	10.6	1.2	2.4	2.6	0.1	6.3	1.0	1.0	1.0	1.0	4.0	1.0	1.0	1.0	1.0	4.0	
Amortization of debt	0.2	0.2	0.9	0.2	1.6	1.1	0.1	0.1		1.3					0.0					0.0	
Compensation stock option	0.9	1.2	1.4	1.6	5.1	2.1	1.9	2.0	2.0	8.0	2.0	2.0	2.0	2.0	8.0	2.0	2.0	2.0	2.0	8.0	
Investment in JV					0.0					0.0					0.0					0.0	
Deferred Comp					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Deferred Taxes / Other			0.0	(57.9)	(57.9)	0.4	(0.4)	(0.1)	(1.0)	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Reserves	(6.9)	6.5	13.7	(7.5)	5.8	(10.8)	(3.0)	6.5	(5.0)	(12.4)	(26.5)	7.2	17.6	(21.2)	(22.9)	(3.0)	7.6	18.4	(21.8)	1.2	
Deferred Rent					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Debt adjustments/change in fair value	0.6	(0.6)	2.1	(1.4)	0.6	(0.1)	6.0	0.8		6.7					0.0					0.0	
Tax benefit of stock options					0.0				(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(8.0)	(2.0)	(2.0)	(2.0)	(2.0)	(8.0)	
Other gains and losses		(5.4)	5.4		(0.0)	(0.0)	1.0	0.0		1.0					0.0					0.0	
Impairment		0.3			0.3					0.0					0.0					0.0	
Changes in net working capital:																					
Accounts Receivable	43.7	(60.5)	(41.0)	102.2	44.4	17.2	(47.1)	(75.1)	83.0	(22.0)	59.8	(12.9)	(70.2)	84.8	61.4	(4.8)	(13.6)	(73.8)	87.2	(5.0)	
Inventories	(1.4)	(38.4)	14.5	28.6	3.3	16.6	(1.1)	(3.8)	16.2	28.0	(4.5)	(33.3)	16.7	28.7	7.6	(14.9)	(35.0)	17.6	28.8	(3.6)	
Prepaid expenses and other current assets	(6.5)	3.0	3.5	4.8	4.8	(6.5)	1.6	4.5	0.3	(0.0)	(13.6)	(12.1)	7.5	19.3	1.2	(15.8)	(12.7)	7.9	20.1	(0.4)	
Accounts payable	(14.7)	75.9	(23.8)	(60.8)	(23.5)	(6.8)	38.5	46.8	(68.0)	10.6	5.5	36.2	38.8	(82.9)	(2.5)	11.0	38.0	40.7	(85.5)	4.2	
Accrued liabilities	(16.5)	27.6	15.5	(35.7)	(9.1)	(11.0)	19.4	19.2	(19.5)	8.1	(42.5)	2.8	17.8	(20.3)	(42.1)	0.1	3.0	18.7	(21.0)	0.8	
Income Tax Payable and other	(0.0)	0.9	11.5	(3.3)	9.0	(2.1)	(0.7)	15.1	(13.6)	(1.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net cash from Operating Activities	(2.7)	39.3	38.7	10.8	86.1	(4.1)	24.9	66.9	(18.7)	68.9	(26.2)	(7.1)	74.4	4.8	45.9	(38.3)	(12.7)	79.2	19.4	47.7	
Net Cash Flows From Investing Activities																					
Capital expenditures	(1.8)	(3.5)	(2.8)	(2.3)	(10.4)	(3.5)	(1.4)	(0.8)	(4.0)	(9.7)	(3.0)	(3.0)	(4.0)	(4.0)	(14.0)	(3.0)	(3.0)	(4.0)	(4.0)	(14.0)	
Acquisitions					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Increase in other non-current assets				0.0	0.0	0.0	0.0	0.0	(8.1)	(8.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net cash from Investing Activities	(1.8)	(3.5)	(2.8)	(2.3)	(10.4)	(3.5)	(1.4)	(0.8)	(12.1)	(17.8)	(3.0)	(3.0)	(4.0)	(4.0)	(14.0)	(3.0)	(3.0)	(4.0)	(4.0)	(14.0)	
Cash Flows From Financing Activities																					
Proceeds from credit agreement					0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Proceeds from notes	(0.2)	(10.6)	(18.1)	(0.6)	(29.6)	(38.7)	(30.5)		0.0	(69.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Issuance (Purchase) of common stock	(0.6)		(0.6)	(0.1)	(1.4)	(1.2)		(1.3)	0.0	(2.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Issuance of shares for stock options					0.0				7.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Dividends					0.0				0.0	0.0					0.0					0.0	
Net Cash From Financing	(0.9)	(10.6)	(18.8)	(0.8)	(31.0)	(39.9)	(30.5)	(1.3)	7.0	(64.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash	(0.7)	(2.2)	(2.8)	1.1	(4.5)	0.3	1.1	(0.8)	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Increase (Decrease) in Cash	(6.1)	23.1	14.3	8.9	40.2	(47.2)	(5.9)	64.0	(23.9)	(12.9)	(29.2)	(10.1)	70.4	0.8	31.9	(41.3)	(15.7)	75.2	15.4	33.7	
Cash at beginning of period	45.3	39.2	62.3	76.6	45.3	85.5	38.3	32.4	96.4	85.5	72.6	43.3	33.2	103.6	72.6	104.4	63.1	47.4	122.6	104.4	
Cash at end of period	\$39.2	\$62.3	\$76.6	\$85.5	\$85.5	\$38.3	\$32.4	\$96.4	\$72.6	\$72.6	\$43.3	\$33.2	\$103.6	\$104.4	\$104.4	\$63.1	\$47.4	\$122.6	\$138.1	\$138.1	

Source: Company reports and Ascendant Capital Markets estimates

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JAKKS Pacific, Inc.



Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price Target
51	2/22/2018	BUY	30.00
52	4/27/2018	BUY	27.50
53	7/27/2018	BUY	28.50
54	10/28/2018	BUY	27.50
55	2/27/2019	BUY	22.50
56	5/17/2019	BUY	15.00
57	8/12/2019	BUY	10.00
58	11/12/2019	BUY	11.00
59	2/21/2020	BUY	11.50
60	5/19/2020	BUY	11.00
61	8/5/2020	BUY	8.00
62	11/29/2020	BUY	7.50
63	2/21/2021	BUY	11.00
64	5/13/2021	BUY	12.00
65	8/7/2021	BUY	17.00
66	12/21/2021	BUY	16.00
67	3/21/2022	BUY	18.00
68	6/1/2022	BUY	19.00
69	8/6/2022	BUY	33.00
70	11/8/2022	BUY	30.00
71	3/11/2023	BUY	25.00
72	5/25/2023	BUY	28.00
73	8/12/2023	BUY	29.00
74	12/15/2023	BUY	45.00

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Risks to attainment of our share price target include changes to product release timing, the effects of competition, changes in macroeconomic factors, and changes in consumer demand for toys.

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BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of January 15, 2024)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	52	98%	20	38%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	53	100%	20	38%

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