

JAKKS Pacific, Inc.

Company update. Lowering our 2024 estimates on lack of movie hits. Lowering P/T to \$38.

COMPANY UPDATE

Rating: BUY

Ticker: JAKK

Price: \$24.70

Target: \$38.00
(from \$41)

Lack of movie hits in 1H 2024: JAKKS recently (on February 29) reported its fiscal Q4 2023 (ending December) results. Although 2023 was solid, the company at the time tempered expectations for 2024 due to less movie hit properties than in 2023. We are now tempering our expectations more due to continued weak toy movie properties so far in 2024.

No Mario movie in 2024: JAKKS benefited from the strong launch of *The Super Mario Bros. Movie* in Q2 2023 (the movie was released on April 5, 2023). The movie was one of the biggest movies in 2023 and ever (box office of \$1.4 billion). This drove strong demand for JAKKS's Nintendo toys in 2023, which won't be replicated in 2024.

No 2024 guidance: The company has not provided any forward guidance.

Lowering estimates: We are lowering our 2024 estimates for revenue to \$648 million, from \$697 million, and for EPS to \$3.27, from \$4.10. We are lowering our 2025 estimates for revenue to \$713 million, from \$736 million, and for EPS to \$4.27, from \$4.78.

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.

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 long term: We believe the strong 2022/23 results should drive momentum longer term. Most of 2022's top sellers sold well in 2023. Although we are forecasting JAKK's 2024 revenue to be -9% (y-o-y), we are forecasting a rebound to strong growth of +10% in 2025.

Risk/reward attractive: Maintaining our BUY rating, but lowering our 12-month price target to \$38 from \$41, which reflects a P/E multiple of 9x our 2025 EPS estimate of \$4.27. 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.

United States
Consumer Products and Services

March 31, 2024

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$15.30 – 36.84
Shares Outstanding (million):	11
Market cap (\$million):	\$272
EV (\$million):	\$200
Debt (\$million):	\$0
Cash (\$million):	\$72
Avg. Daily Trading Vol. (\$million):	\$4
Float (million shares):	8
Short Interest (million shares):	0.2
Dividend, annual (yield):	\$0.00 (NA%)

Revenues (US\$ million)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Mar	82E	100E	100E	105E
Q2 Jun	130E	160E	156E	168E
Q3 Sep	307E		321E	322E
Q4 Dec	130E		136E	140E
Total	648E	697E	713E	736E
EV/Revs	0.3x		0.3x	

Earnings per Share (pro forma)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Mar	(0.85)E	(0.54)E	(1.12)E	(1.18)E
Q2 Jun	(0.09)E	0.38E	(0.09)E	(0.10)E
Q3 Sep	4.47E	4.58E	4.49E	4.90E
Q4 Dec	0.46E		0.77E	1.01E
Total	3.27E	4.10E	4.27E	4.78E
P/E	8x		6x	

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 7.

Exhibit 1: Q4 2023 Overview

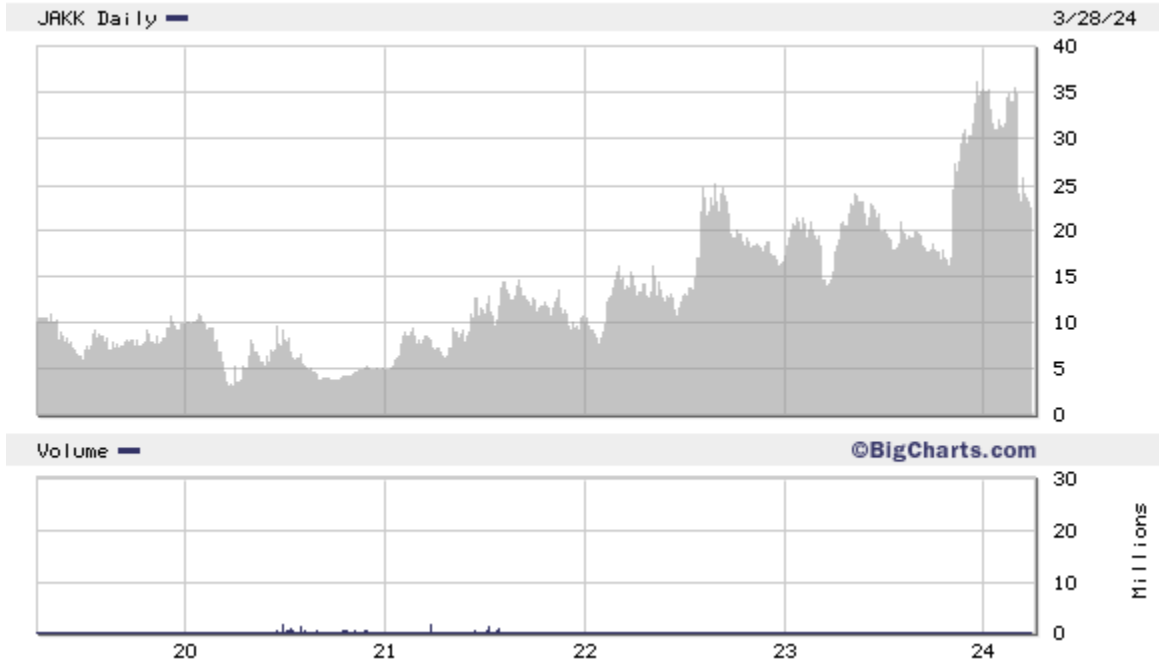
CEO OVERVIEW

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: JAKK Pacific Stock Price (Five Years)



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

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	81.7	130.2	306.6	129.9	648.4	99.7	156.2	321.0	136.4	713.4
Cost of Goods	72.1	121.9	174.3	81.4	449.6	58.3	86.2	149.1	68.9	362.4	44.9	70.7	167.6	70.5	353.7	54.8	84.8	175.5	74.0	389.1
Royalty expense	17.7	35.7	52.9	20.4	126.6	16.7	27.3	51.1	22.5	117.6	11.4	18.2	39.9	16.9	86.4	14.0	21.9	41.7	17.7	95.3
Amortization of tools	1.2	2.0	3.9	1.6	8.7	1.1	2.3	2.6	2.3	8.2	1.6	2.6	6.1	2.6	13.0	2.0	3.1	6.4	2.7	14.3
Total Cost of sales	91.0	159.5	231.1	103.3	584.9	76.0	115.7	202.8	93.7	488.2	58.0	91.5	213.6	89.9	453.1	70.8	109.8	223.7	94.4	498.7
Gross Profit	29.9	60.9	91.9	28.6	211.3	31.4	51.2	107.0	33.7	223.4	23.7	38.7	93.0	40.0	195.3	28.9	46.4	97.3	42.0	214.7
Direct Selling expenses	4.9	6.8	8.4	13.2	33.3	7.7	4.0	10.7	14.6	37.0	5.7	9.1	10.7	15.6	41.2	7.0	10.9	13.0	13.6	44.6
Selling, general, admin expenses	25.2	29.5	29.4	30.8	114.8	28.0	30.7	33.8	34.4	126.9	26.1	29.9	29.1	29.9	115.1	32.9	35.9	28.9	18.4	116.1
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	32.9	40.1	40.9	46.5	160.3	40.9	47.9	42.9	33.1	164.7
Operating Income	(0.7)	23.7	53.7	(15.7)	61.0	(4.4)	16.4	62.4	(15.3)	59.1	(9.2)	(1.4)	52.1	(6.5)	35.1	(12.0)	(1.5)	54.4	8.9	50.0
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	(8.7)	(0.9)	52.6	(5.4)	37.7	(11.4)	(0.9)	55.0	10.1	52.6
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)	6.5	(0.1)	(0.0)	7.7	1.4	9.0
Net Income	(3.8)	26.6	30.3	39.3	92.3	(5.3)	6.5	48.1	(11.3)	38.0	(8.6)	(0.9)	45.3	(4.6)	31.2	(11.3)	(0.9)	47.3	8.7	43.7
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	(8.6)	(0.9)	48.3	(4.6)	35.2	(11.3)	(0.9)	50.3	8.7	47.7
EBITDA	1.9	27.1	59.4	(12.1)	76.4	(1.1)	20.7	67.1	(10.9)	75.7	(6.2)	1.6	55.1	(3.5)	47.1	(9.0)	1.5	57.4	11.9	62.0
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	10.6	10.7	10.8	11.0	10.8	11.0	11.1	11.2	11.3	11.2
Basic EPS (as reported)	(0.28)			(1.44)		(0.40)			(1.04)		(0.85)	(0.09)		(0.46)		(1.12)	(0.09)			
Diluted EPS (as reported)		2.10	3.80		4.28		1.26	4.75		4.62			4.47		3.27			4.49	0.77	4.27
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%	6.3%	7.0%	7.0%	4.1%	10.0%	6.2%
Selling, general, admin expenses	20.8%	13.4%	9.1%	23.3%	14.4%	26.0%	18.4%	10.9%	27.0%	17.8%	32.0%	23.0%	9.5%	23.0%	17.8%	33.0%	23.0%	9.0%	13.5%	16.3%
Depreciation and amortization	0.5%	0.3%	0.1%	0.3%	0.2%	0.1%	0.1%	0.0%	0.1%	0.1%	1.2%	0.8%	0.3%	0.8%	0.6%	1.0%	0.6%	0.3%	0.7%	0.6%
Operating margin	-0.6%	10.7%	16.6%	-11.9%	7.7%	-4.1%	9.9%	20.1%	-12.0%	8.3%	-11.2%	-1.1%	17.0%	-5.0%	5.4%	-12.0%	-0.9%	17.0%	6.6%	7.0%
Net margin	-3.2%	12.0%	9.4%	29.8%	11.6%	-4.9%	3.9%	15.5%	-8.8%	5.3%	-10.5%	-0.7%	14.8%	-3.5%	4.8%	-11.4%	-0.6%	14.7%	6.3%	6.1%
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%	17.3%	1.0%	1.0%	14.0%	14.0%	17.1%
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%	-24.0%	-22.0%	-1.0%	2.0%	-8.9%	22.0%	20.0%	4.7%	5.0%	10.0%
Gross Profit	14.7%	90.9%	22.7%	-42.9%	15.5%	5.1%	-15.9%	16.4%	18.1%	5.7%	-24.6%	-24.4%	-13.1%	18.6%	-12.5%	22.0%	20.0%	4.7%	5.0%	9.9%
Direct Selling expenses	-27.9%	8.8%	-21.7%	-31.7%	-22.7%	57.9%	-41.8%	27.2%	10.9%	11.1%	-26.1%	129.0%	0.4%	6.9%	11.3%	22.0%	20.0%	21.2%	-12.5%	8.3%
Selling, general, admin expenses	17.5%	27.3%	9.5%	12.8%	16.3%	11.3%	3.9%	15.0%	11.9%	10.5%	-6.6%	-2.4%	-13.9%	-13.1%	-9.3%	25.8%	20.0%	-0.8%	-38.4%	0.9%
Operating Income	-73.0%	1199.3%	46.3%	-636.5%	57.3%	499.5%	-30.5%	16.1%	-2.3%	-3.1%	108.4%	#####	-16.5%	-57.8%	-40.6%	30.5%	5.5%	4.5%	#####	42.4%
Net Income	-72.2%	-992.0%	14.2%	-1153.6%	79.5%	49.8%	-36.9%	28.4%	-25.1%	12.6%	116.5%	#####	-3.7%	-56.2%	-28.0%	32.2%	8.6%	4.2%	#####	35.3%
Diluted EPS	-73.6%	-908.7%	1.0%	-1076.4%	65.5%	40.0%	-39.9%	24.9%	-27.1%	7.9%	109.6%	#####	-6.0%	-58.0%	-29.2%	27.4%	4.7%	0.4%	#####	30.8%
Diluted Shares Outstanding	5.4%	10.3%	13.1%	7.9%	8.4%	7.0%	4.9%	2.7%	2.7%	4.3%	3.3%	1.6%	2.4%	4.3%	1.7%	3.8%	3.7%	3.7%	2.7%	3.5%

* 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)	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
Fiscal Year End: December 31	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	50.8	38.4	95.4	96.3	58.6	45.2	113.8	128.2
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	52.3	62.5	147.2	62.4	63.8	75.0	154.1	65.5
Inventories	85.3	123.7	109.2	80.6	64.0	65.1	68.8	52.6	46.7	73.5	73.8	45.1	57.0	88.2	77.2	47.3
Prepaid expenses/other current assets	17.4	14.5	11.1	6.3	12.8	11.2	6.7	6.4	16.3	26.0	24.5	5.2	19.9	31.2	25.7	5.5
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	166.3	200.7	341.1	209.1	199.5	239.9	371.0	246.7
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	\$345.3	\$381.6	\$525.0	\$396.0	\$388.5	\$430.8	\$565.0	\$443.6
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	49.0	78.1	134.9	52.0	59.8	93.7	141.2	54.6
Accrued expense	57.1	68.4	84.7	48.7	37.0	55.7	72.0	52.5	8.2	10.4	30.7	10.4	10.0	12.5	32.1	10.9
Reserves	39.4	45.6	59.2	51.9	41.1	37.9	43.5	38.5	9.8	15.6	36.8	15.6	12.0	18.7	38.5	16.4
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	70.8	108.0	206.1	81.8	85.5	128.8	215.7	85.7
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	125.1	162.3	260.5	136.1	139.8	183.1	270.0	140.0
Preferred stock	3.4	3.8	4.1	4.5	4.9	5.2	5.6	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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)	(82.2)	(83.0)	(37.8)	(42.4)	(53.7)	(54.6)	(7.4)	1.3
Accumulated other loss	(13.6)	(15.8)	(18.6)	(17.5)	(17.2)	(16.0)	(16.8)	(15.6)	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7
Stockholders' Equity	55.4	81.0	109.6	151.5	146.1	155.5	203.6	195.4	220.2	219.3	264.6	260.0	248.7	247.7	295.0	303.6
Tot. Liabilities/Stockholders' Equity	\$315.8	\$443.6	\$477.1	\$399.3	\$329.4	\$368.9	\$514.3	\$399.0	\$345.3	\$381.6	\$525.0	\$396.0	\$388.5	\$430.8	\$565.0	\$443.6

Activity Ratios																	
A/R Days Sales Outstanding	77	67	57	70	71	71	60	87	58	43	43	43	58	43	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	6.3x
Reserves as % of A/R	38%	28%	29%	50%	48%	29%	21%	31%	19%	25%	25%	25%	19%	25%	25%	25%	25%
A/P Days Payable	46	95	54	48	55	80	74	71	98	99	72	66	98	99	72	66	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	\$20.77	\$20.50	\$24.50	\$23.63	\$22.60	\$22.32	\$26.34	\$26.87	
Net cash per Share (diluted)	(\$5.86)	(\$2.26)	\$0.85	\$1.77	\$0.84	\$3.06	\$9.13	\$6.86	\$4.79	\$3.59	\$8.84	\$8.75	\$5.33	\$4.07	\$10.16	\$11.34	
Cash per Share (diluted)	\$4.09	\$6.21	\$7.45	\$8.31	\$3.71	\$3.06	\$9.13	\$6.86	\$4.79	\$3.59	\$8.84	\$8.75	\$5.33	\$4.07	\$10.16	\$11.34	

Source: Company reports and Ascendant Capital Markets estimates

JAKKS Pacific Inc.

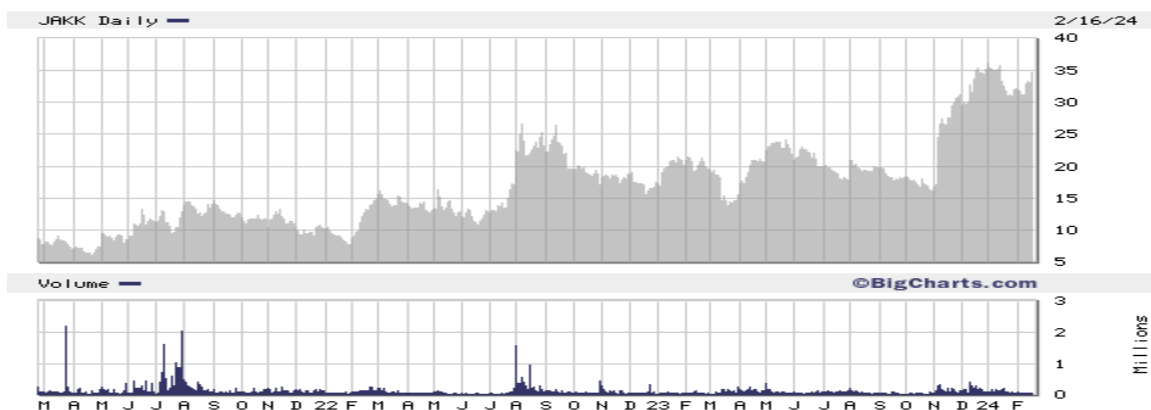
Cash Flow Statement (\$ millions)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Net Cash Flows from Operating Activities																					
Net earnings	(3.9)	26.2	30.7	38.1	91.1	(5.3)	6.2	48.1	(11.3)	37.7	(8.6)	(0.9)	45.3	(4.6)	31.2	(11.3)	(0.9)	47.3	8.7	43.7	
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)	(28.7)	5.8	21.2	(21.2)	(22.9)	(3.6)	6.8	19.8	(22.1)	0.8	
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)	71.5	(10.2)	(84.7)	84.8	61.4	(1.4)	(11.2)	(79.1)	88.6	(3.1)	
Inventories	(1.4)	(38.4)	14.5	28.6	3.3	16.6	(1.1)	(3.8)	16.2	28.0	5.9	(26.8)	(0.2)	28.7	7.6	(11.9)	(31.2)	11.0	29.9	(2.3)	
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)	(10.0)	(9.7)	1.5	19.3	1.2	(14.7)	(11.3)	5.6	20.2	(0.3)	
Accounts payable	(14.7)	75.9	(23.8)	(60.8)	(23.5)	(6.8)	38.5	46.8	(68.0)	10.6	(5.4)	29.1	56.8	(82.9)	(2.5)	7.8	34.0	47.5	(86.7)	2.6	
Accrued liabilities	(16.5)	27.6	15.5	(35.7)	(9.1)	(11.0)	19.4	19.2	(19.5)	8.1	(44.3)	2.2	20.2	(20.3)	(42.1)	(0.4)	2.5	19.6	(21.2)	0.5	
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	(18.6)	(9.4)	61.1	4.8	37.9	(34.6)	(10.4)	72.6	18.4	45.9	
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)	(21.6)	(12.4)	57.1	0.8	23.9	(37.6)	(13.4)	68.6	14.4	31.9	
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	51.0	38.6	95.7	72.6	96.5	58.8	45.4	114.0	96.5	
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	\$51.0	\$38.6	\$95.7	\$96.5	\$96.5	\$58.8	\$45.4	\$114.0	\$128.4	\$128.4	

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 & Considerations

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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