

Mattel Northern Europe A/S,
c/o Langebrogade 5, 1411 København k

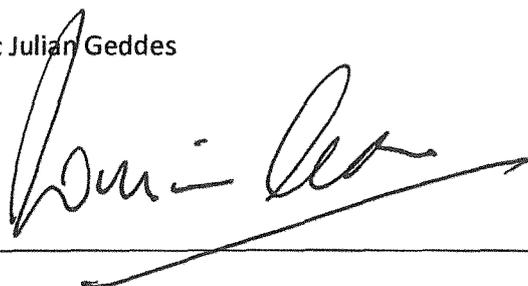
Annual
Report

2016

Adopted at the annual general meeting dated: 30th May 2017

Signed Chairman:

Dominic Julian Geddes

A handwritten signature in black ink, appearing to read 'Dominic Geddes', is written over a horizontal line that extends across the width of the signature box.

CVR no. 16 27 88 31

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have reviewed and approved the annual report of Mattel Northern Europe A/S for the financial year 1 January to 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations and its financial position.

In our opinion, Managements Review includes a true and fair account of the matters addressed in the Review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 30th May 2017.

Executive Board:

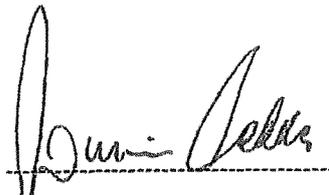
David Allmark

Board of Directors:



René van den Polder

Dean William Ikin



Dominic Julian Geddes
Chairman

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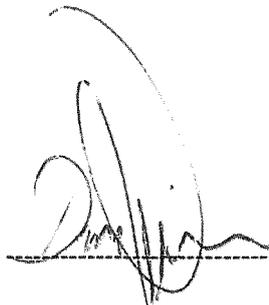
Executive Board:



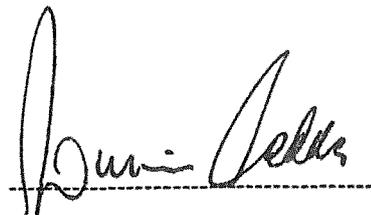
David Allmark

Board of Directors:

René van den Polder



Dean William Ikin



Dominic Julian Geddes
Chairman

Independent Auditor's Report

To the Shareholder of Mattel Northern Europe A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Mattel Northern Europe A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirement of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Obligations

Non-compliance with Danish accounting legislation

Contrary to statutory requirement, the Company keeps accounting records on file abroad, and consequently Management may incur liability.

Hellerup, 30th May 2017

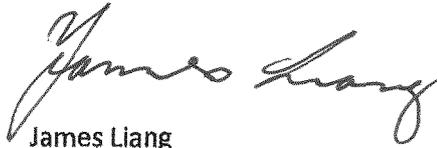
PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Ole Tjørnelund Thomsen
State Authorised Public Accountant



James Liang
State Authorised Public Accountant

Management's review:

Business review:

Mattel Northern Europe in Denmark supports the sale of Mattel branded toys in the Scandinavian countries under a service agreement with fellow group company Mattel Europa B.V.

Financial review:

In 2016, the Company's gross profit came in at DKK 2,711 K against DKK 3,718 K last year. The income statement for 2016 shows a profit of DKK 187 K against DKK 66 K last year, and the balance sheet at 31 December 2016 shows equity of DKK 16,404 K.

The result for the year is considered satisfactory and in line with expectations.

Events after the balance sheet date:

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Company details:

Mattel Northern Europe A/S

Registered address: c/o Langebrogade 5, 1411 København K

Website: www.mattel.dk
E-mail: rene.vandenspolder@mattel.com
CVR No. 16278831
Established: 1. July 1992
Financial Year: 1 January – 31 December 2016

Board of Directors

Dominic Julian Geddes, Chairman

René van den Polder

Dean William Ikin

Executive Board

David Allmark

Parent

Mattel Europe Holdings B.V., Gondel 1, 1186 MJ Amstelveen, Holland.

The accounts are included in the consolidated accounts of Mattel Inc. 333 Continental Boulevard, El Segundo, California, USA which is the global ultimate parent.

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44, 2900 Hellerup

Income statement	note	Year ending 31 December	
		2016	2015
		DKK	DKK 000
Gross Profit		2,710,874	3,718
<i>Personnel costs</i>	1	-2,519,833	-3,356
<i>Depreciation on property, plant and equipment</i>		-1,407	-31
Profit before financial income and expense		<u>189,634</u>	<u>331</u>
Financial income	2	107,757	71
Financial expenses	3	-54,921	-283
Profit before tax		<u>242,470</u>	<u>119</u>
Tax on profit for the year	4	-55,091	-53
Net profit for the year		<u><u>187,379</u></u>	<u><u>66</u></u>
Proposed profit appropriation			
Retained earnings		<u>187,379</u>	<u>66</u>
		<u>187,379</u>	<u>66</u>

Balance sheet	note	Year ending 31 December	
		2016	2015
Assets		DKK	DKK 000
Non-current assets			
Property, plant & equipment			
Leasehold improvements		0	1
Fixtures and fittings, tools and equipment		0	0
		0	1
Financial assets			
Investments			
Long term deposits		30,180	32
		30,180	32
Total non-current assets		30,180	33
Current assets			
Receivables			
Receivables from group companies		16,490,924	16,523
Taxes receivable		418,700	48
Other receivables		50,491	59
Deferred tax asset		48,805	72
Prepayments		12,260	19
		17,021,180	16,721
Bank and cash		414,526	1,430
Total current assets		17,435,706	18,151
Total assets		17,465,886	18,184

Balance sheet	note	Year ending 31 December	
		2016	2015
Equity and liabilities		DKK	DKK 000
Equity			
Share capital	5	501,000	501
Retained earnings		15,903,209	15,716
Total Equity		<u>16,404,209</u>	<u>16,217</u>
Liabilities			
Current liabilities			
Trade payables		70,036	287
Payables to group enterprises		320,451	620
Other payables		671,190	1,060
Short term liabilities		<u>1,061,677</u>	<u>1,967</u>
Total equity and liabilities		<u>17,465,886</u>	<u>18,184</u>
Other financial obligations	6		
Accounting Policies	7		

Statement of changes in equity

		<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 Jan	2016	501,000	15,715,830	16,216,830
Retained earnings	2016	<u>0</u>	<u>187,379</u>	<u>187,379</u>
Equity at 31 Dec	2016	<u>501,000</u>	<u>15,903,209</u>	<u>16,404,209</u>

Notes

	2016 DKK	2015 DKK 000
1 Personnel costs		
Wages and salaries	2,310,445	2,991
Pensions	177,687	297
Other social security costs	<u>31,701</u>	<u>68</u>
	<u>2,519,833</u>	<u>3,356</u>
Average number of employees	<u>2</u>	<u>2</u>
2 Financial income		
Interest income from group companies	107,310	47
Other interest receivable, FX gains and similar income	<u>447</u>	<u>24</u>
	<u>107,757</u>	<u>71</u>
3 Financial expenses		
Bank charges, FX loss and similar expenses	<u>54,921</u>	<u>283</u>
	<u>54,921</u>	<u>283</u>
4 Tax on profit for the year		
Current Tax	32,215	0
Adjustment of deferred tax	22,876	22
Adjustment of tax for previous year	<u>0</u>	<u>31</u>
	<u>55,091</u>	<u>53</u>

5 Share capital

Analysis of the company's share capital

	DKK 501,000	2016 DKK	2015 DKK 000
1 Share	500,000	500,000	500
1 Share	1,000	<u>1,000</u>	<u>1</u>
		<u>501,000</u>	<u>501</u>

Ownership

The following shareholders are recorded in the company register of shareholders as holding 100% of the votes and the share capital.

Mattel Europa Holdings B.V. Amstelveen, The Netherlands

6 Other financial obligations	2016 DKK 000	2015 DKK 000
Payment under rent and operating leases	<u>90</u>	<u>90</u>

The company has entered into a rental agreement with a notice period for cancellation of 3 months.

7 Accounting Policies

The Annual report of Mattel Northern Europe A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies are consistent with those of last year.

The company has taken advantage of the option to publish the accounts in the English language only.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the date of transactions.

Gains and losses arising due to differences between the transaction date rate and the rate at the date of payment are recognized in the financial income and expenses in the income statement.

Monetary items denominated in foreign currencies are translated into Danish Kroner at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

Income Statement

Gross Profit

All expenses incurred in connection with provision of the services under the service agreement with Mattel Europa B.V. are recharged to the latter. The Gross profit is the income resulting from the total charge back to Mattel Europa B.V. including mark up, less admin expenses, but before personnel and depreciation costs as shown.

With reference to section 32 of the Danish Financial Statement Act, revenue has not been disclosed in the Annual Report.

Depreciation and write-downs

Fixed assets are depreciated using the straight-line method based on the cost and with reference to the useful life and residual value of the assets:

	Useful life	Residual value
Computer equipment, office furniture and other fixtures and fittings	3-10 years	0
Leasehold improvements	5 years (length of lease)	0

Net financials

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. The net financials include interest income and expenses, realized and unrealized foreign exchange gains and allowances and surcharges under the advance payment of tax scheme etc.

TAX

Tax for the year includes current tax on the years expected taxable income and the years deferred tax adjustments resulting from the different depreciation treatment. Current and deferred taxes related to items recognized directly in equity are, where applicable, taken directly to equity.

Balance Sheet

Property, plant and equipment

PP&E comprise equipment, IT and Leasehold improvements. PP&E are measured at cost less accumulated depreciation and amortization.

Receivables

Receivables, where shown, are only related to Intercompany or receivables from Government bodies (Tax, etc). Correspondingly they are measured at nominal value with no allowance for bad debts.

Prepayments

Prepayments recognized under "Assets" comprise prepaid expenses related to subsequent reporting years.

Income taxes

Current tax charges are recognized in the balance sheet as the estimated tax charge for the current reporting year, less tax paid in advance. Any liability or prepayment for previous years taxes are also included in the balance sheet.

Provisions for deferred tax are calculated based on all temporary differences between carrying amount and tax values. Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings, or a set off against deferred tax liabilities.

Liabilities

Liabilities are measured at amortized cost which substantially corresponds to nominal value.