

Mattel Northern Europe A/S

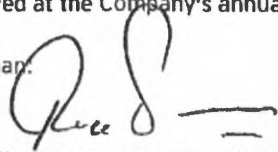
Havnegade 39, 1058 København K

CVR no. 16 27 88 31

Annual report 2019

Approved at the Company's annual general meeting on 19 June 2020

Chairman:

A handwritten signature in black ink, appearing to read 'René van der Polder', written over a horizontal dotted line.

René van der Polder

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Mattel Northern Europe A/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 19 June 2020
Executive Board:



Tharyn Estevez Martinez
Managing Director

Board of Directors:

René van der Polder
Chairman

Bhrijesh Jayant Patel

Prashant Bapna

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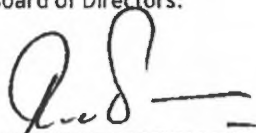
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Copenhagen, 19 June 2020
Executive Board:

Tharyn Estevez Martinez
Managing Director

Board of Directors:



René van der Polder
Chairman



Bhrijesh Jayant Patel

Prashant Bapna

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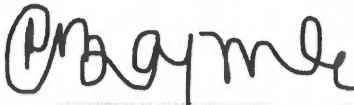
Copenhagen, 19 June 2020
Executive Board:

Tharyn Estevez Martinez
Managing Director

Board of Directors:

René van der Polder
Chairman

Bhrijesh Jayant Patel



Prashant Babna

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 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 the audit, or otherwise appears to be materially misstated.

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

Independent auditor's report

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 judgment and maintain professional skepticism 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.

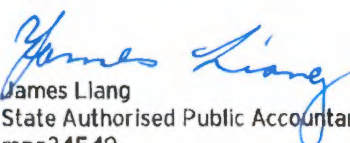
Reporting obligation under section 7(2) of the Danish Executive Order on Approved Auditors' Reports

Non-compliance with the Danish Bookkeeping Act

Contrary to section 10 of the Danish Bookkeeping Act, the Company has kept its accounting records abroad; consequently, Management may incur liability.

Hellerup, 19 June 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31


Ole Tjørnelund Thomsen
State Authorised Public Accountant
mne10637


James Liang
State Authorised Public Accountant
mne34549

Management's review

Company details

Name	Mattel Northern Europe A/S
Address, Postal code, City	Havnegade 39, 1058 København K
CVR no.	16 27 88 31
Established	1 July 1992
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.mattel.dk
E-mail	rene.vandepolder@mattel.dk
Board of Directors	René van der Polder, Chairman Bhrijesh Jayant Patel Prashant Bapna
Executive Board	Tharyn Estevez Martínez, Managing Director
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

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

The income statement for 2019 shows a profit of DKK 667 thousand against a profit of DKK 513 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 17,940 thousand. The result for the year is considered satisfactory and in line with expectations.

Events after the balance sheet date

Since balance day, the global outbreak of Covid-19 (coronavirus) in 2020 has negatively affected the economy. The Company does not expect Covid-19 to significantly affect its 2020 results.

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

Financial statements 1 January - 31 December

Income statement

Note	DKK	<u>2019</u>	<u>2018</u>
	Gross profit	7,668,046	5,326,726
3	Staff costs	-7,181,734	-5,003,064
4	Depreciation of property, plant and equipment	-10,145	0
	Profit before net financials	<u>476,167</u>	<u>323,662</u>
5	Financial income	404,806	326,329
6	Financial expenses	-6,092	-14,923
	Profit before tax	<u>874,881</u>	<u>635,068</u>
7	Tax for the year	-207,771	-122,165
	Profit for the year	<u>667,110</u>	<u>512,903</u>
	 Recommended appropriation of profit		
	Retained earnings	<u>667,110</u>	<u>512,903</u>
		<u>667,110</u>	<u>512,903</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	ASSETS		
	Fixed assets		
8	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	56,649	0
	Property, plant and equipment under construction	<u>1,643</u>	<u>24,998</u>
		<u>58,292</u>	<u>24,998</u>
	Investments		
	Deposits, investments	<u>59,114</u>	<u>30,180</u>
		<u>59,114</u>	<u>30,180</u>
	Total fixed assets	<u>117,406</u>	<u>55,178</u>
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	18,978,014	18,301,916
	Deferred tax assets	112,119	28,808
	Other receivables	149,936	340,828
	Prepayments	<u>93,367</u>	<u>170,040</u>
		<u>19,333,436</u>	<u>18,841,592</u>
	Cash	<u>85,020</u>	<u>0</u>
	Total non-fixed assets	<u>19,418,456</u>	<u>18,841,592</u>
	TOTAL ASSETS	<u>19,535,862</u>	<u>18,896,770</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	501,000	501,000
	Retained earnings	17,438,868	16,771,758
	Total equity	<u>17,939,868</u>	<u>17,272,758</u>
	Liabilities other than provisions		
10	Non-current liabilities other than provisions		
	Other payables	361,886	0
		<u>361,886</u>	<u>0</u>
	Current liabilities other than provisions		
	Bank debt	0	199,577
	Trade payables	27,143	203,008
	Payables to group enterprises	30,212	34,091
	Corporation tax payable	271,082	93,737
	Other payables	905,671	1,093,599
		<u>1,234,108</u>	<u>1,624,012</u>
	Total liabilities other than provisions	<u>1,595,994</u>	<u>1,624,012</u>
	TOTAL EQUITY AND LIABILITIES	<u>19,535,862</u>	<u>18,896,770</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 11 Contractual obligations and contingencies, etc.
- 12 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	501,000	16,258,855	16,759,855
Transfer through appropriation of profit	0	512,903	512,903
Equity at 1 January 2019	501,000	16,771,758	17,272,758
Transfer through appropriation of profit	0	667,110	667,110
Equity at 31 December 2019	501,000	17,438,868	17,939,868

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Mattel Northern Europe A/S for 2019 has been prepared in accordance with the provisions in 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 used in the preparation of the financial statements are consistent with those of last year.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

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

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.

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Leasehold Improvements	5 years
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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. 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 year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Other securities and investments

Deposits are measured at cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised 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 set off against deferred tax liabilities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

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

2 Events after the balance sheet date

Since balance day, the global outbreak of Covid-19 (coronavirus) in 2020 has negatively affected the economy. The Company does not expect Covid-19 to significantly affect its 2020 results.

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

DKK	2019	2018
3 Staff costs		
Wages/salaries	6,696,534	4,624,277
Pensions	445,719	337,951
Other social security costs	39,481	40,836
	<u>7,181,734</u>	<u>5,003,064</u>
Average number of full-time employees	<u>9</u>	<u>7</u>
4 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	10,145	0
	<u>10,145</u>	<u>0</u>
5 Financial income		
Interest income from group companies	404,390	325,810
Remission of debt and similar	400	519
Other financial income	16	0
	<u>404,806</u>	<u>326,329</u>
6 Financial expenses		
Bank charges, FX loss and similar expenses	5,867	14,923
Other financial expenses	225	0
	<u>6,092</u>	<u>14,923</u>
7 Tax for the year		
Estimated tax charge for the year	291,082	129,665
Deferred tax adjustments in the year	-83,311	9,639
Tax adjustments, prior years	0	-17,139
	<u>207,771</u>	<u>122,165</u>

Financial statements 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2019	0	24,998	24,998
Additions	0	65,589	65,589
Disposals	0	-22,150	-22,150
Transferred	66,794	-66,794	0
Cost at 31 December 2019	<u>66,794</u>	<u>1,643</u>	<u>68,437</u>
Depreciation	<u>10,145</u>	<u>0</u>	<u>10,145</u>
Impairment losses and depreciation at 31 December 2019	<u>10,145</u>	<u>0</u>	<u>10,145</u>
Carrying amount at 31 December 2019	<u>56,649</u>	<u>1,643</u>	<u>58,292</u>

DKK	<u>2019</u>	<u>2018</u>
9 Share capital		
Analysis of the share capital:		
1 shares of DKK 500,000.00 nominal value each	500,000	500,000
1 shares of DKK 1,000.00 nominal value each	<u>1,000</u>	<u>1,000</u>
	<u>501,000</u>	<u>501,000</u>

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

10 Non-current liabilities other than provisions

The long-term liabilities are due for payment within 1-5 years after the balance sheet date.

11 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	<u>90,000</u>	<u>90,000</u>
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The company has entered into a rental agreement with a notice period for cancellation of 3 months.

Financial statements 1 January - 31 December**Notes to the financial statements****12 Related parties****Information about consolidated financial statements**

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
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.