

# Mattel Northern Europe A/S

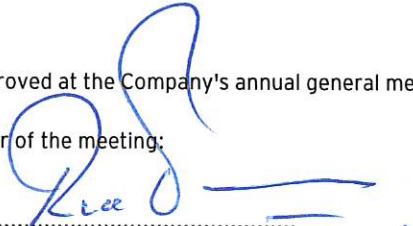
Havnegade 39, 1058 København K

CVR no. 16 27 88 31

## Annual report 2021

Approved at the Company's annual general meeting on 30 June 2022

Chair of the meeting:

  
.....  
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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.


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, 30 June 2022  
Executive Board:

.....  
Tharyn Estevez Martinez  
Managing Director

Board of Directors:

  
.....  
René van den Polder  
Chair

.....  
Bhrijesh Jayant Patel

.....  
Prashant Bapna

## **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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 requirements 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.

## Independent auditor's report

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.

Hellerup, 30 June 2022  
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	<a href="http://www.mattel.dk">www.mattel.dk</a>
Board of Directors	René van der Polder, Chair Bhrijesh Jayant Patel Prashant Bapna
Executive Board	Tharyn Estevez Martinez, 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 2021 shows a profit of DKK 381 thousand against a profit of DKK 477 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 18,798 thousand. 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.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2021	2020
	<b>Gross profit</b>	7,858,582	7,567,676
2	Staff costs	-7,352,127	-7,079,409
3	Depreciation of property, plant and equipment	-22,811	-22,995
	<b>Profit before net financials</b>	483,644	465,272
4	Financial income	32,295	171,097
5	Financial expenses	-24,100	-6,311
	<b>Profit before tax</b>	491,839	630,058
6	Tax for the year	-110,419	-152,869
	<b>Profit for the year</b>	<u>381,420</u>	<u>477,189</u>
	<b>Recommended appropriation of profit</b>		
	Retained earnings	<u>381,420</u>	<u>477,189</u>
		<u>381,420</u>	<u>477,189</u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2021</u>	<u>2020</u>
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
7	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	12,486	35,297
		<u>12,486</u>	<u>35,297</u>
	<b>Investments</b>		
	Deposits, investments	59,114	59,114
		<u>59,114</u>	<u>59,114</u>
	<b>Total fixed assets</b>	<u>71,600</u>	<u>94,411</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Receivables from group enterprises	20,354,866	21,205,247
	Deferred tax assets	174,993	198,757
	Other receivables	73,141	231,760
	Prepayments	65,967	119,591
		<u>20,668,967</u>	<u>21,755,355</u>
	<b>Cash</b>	<u>96,559</u>	<u>60,962</u>
	<b>Total non-fixed assets</b>	<u>20,765,526</u>	<u>21,816,317</u>
	<b>TOTAL ASSETS</b>	<u>20,837,126</u>	<u>21,910,728</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2021</u>	<u>2020</u>
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
8	Share capital	501,000	501,000
	Retained earnings	<u>18,297,477</u>	<u>17,916,057</u>
	<b>Total equity</b>	<u>18,798,477</u>	<u>18,417,057</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	86,745	354,643
	Payables to group enterprises	33,648	61,234
	Corporation tax payable	2,155	470,589
	Other payables	<u>1,916,101</u>	<u>2,607,205</u>
		<u>2,038,649</u>	<u>3,493,671</u>
	<b>Total liabilities other than provisions</b>	<u>2,038,649</u>	<u>3,493,671</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>20,837,126</u>	<u>21,910,728</u>

- 1 Accounting policies
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 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 2020	501,000	17,438,868	17,939,868
Transfer through appropriation of profit	0	477,189	477,189
<b>Equity at 1 January 2021</b>	<b>501,000</b>	<b>17,916,057</b>	<b>18,417,057</b>
Transfer through appropriation of profit	0	381,420	381,420
<b>Equity at 31 December 2021</b>	<b>501,000</b>	<b>18,297,477</b>	<b>18,798,477</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Mattel Northern Europe A/S for 2021 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.

#### 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

#### Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### 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.

#### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

#### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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:

Fixtures and fittings, other plant and equipment	5 years
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##### 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.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Other securities and investments

Deposits are measured at cost.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Impairment of fixed assets

The carrying amount of plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### 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 and deferred tax

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.

##### Liabilities

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2021	2020
<b>2 Staff costs</b>		
Wages/salaries	6,766,913	6,465,258
Pensions	568,077	520,049
Other social security costs	17,137	94,102
	<u>7,352,127</u>	<u>7,079,409</u>
 Average number of full-time employees	 <u>9</u>	 <u>9</u>
<b>3 Depreciation of property, plant and equipment</b>		
Depreciation of property, plant and equipment	22,811	22,995
	<u>22,811</u>	<u>22,995</u>
<b>4 Financial income</b>		
Interest income from group companies	31,557	169,050
Other financial income	738	2,047
	<u>32,295</u>	<u>171,097</u>
<b>5 Financial expenses</b>		
Bank charges, FX loss and similar expenses	15,090	5,557
Other financial expenses	9,010	754
	<u>24,100</u>	<u>6,311</u>
<b>6 Tax for the year</b>		
Estimated tax charge for the year	86,655	225,654
Deferred tax adjustments in the year	23,764	-86,638
Tax adjustments, prior years	0	13,853
	<u>110,419</u>	<u>152,869</u>
<b>7 Property, plant and equipment</b>		
DKK		<b>Fixtures and fittings, other plant and equipment</b>
Cost at 1 January 2021		<u>68,437</u>
Cost at 31 December 2021		<u>68,437</u>
Impairment losses and depreciation at 1 January 2021		33,140
Depreciation		22,811
Impairment losses and depreciation at 31 December 2021		<u>55,951</u>
Carrying amount at 31 December 2021		<u>12,486</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Share capital

The Company's share capital has remained DKK 501,000 in the past year.

#### 9 Non-current liabilities other than provisions

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

#### 10 Contractual obligations and contingencies, etc.

##### Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	190,431	90,000
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The company has entered into a rental agreement with a notice period for cancellation of 3 months.

#### 11 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

#### 12 Related parties

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
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.