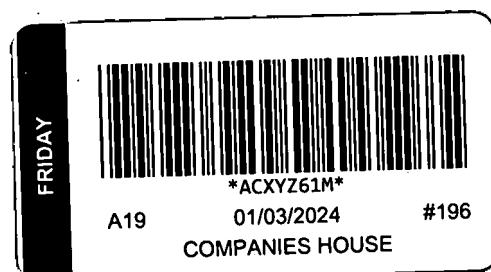


Registered number: 05359848

SUNSHINE HOLDINGS 3 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



SUNSHINE HOLDINGS 3 LIMITED

COMPANY INFORMATION

Directors	N A Godfrey P Bapna M Moore
Company secretary	T Piccus S K Tung
Registered number	05359848
Registered office	3rd Floor The Porter Building 1 Brunel Way Slough Berkshire SL1 1FQ
Independent auditors	PricewaterhouseCoopers LLP 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH

SUNSHINE HOLDINGS 3 LIMITED

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SUNSHINE HOLDINGS 3 LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present the strategic report for Sunshine Holdings 3 Limited ("the Company") for the year ended 31 December 2022.

Business development

During the year, the Directors performed their annual assessment of the recoverable amounts of the Company's investments in subsidiaries compared to the carrying amount of those investments. As a result, there was no indication of the requirement for any impairment during the 2022 financial year. The only other significant activity during the year constituted interest payable to a fellow group company on an existing intercompany loan.

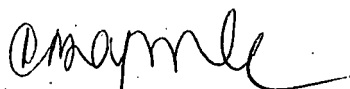
Principal risks and uncertainties

The principal risks and uncertainties of the company relate primarily to the recoverable amount of its investments in subsidiaries compared to the carrying amount. The Company takes steps to mitigate such risk by performing an annual assessment to determine whether there have been any events or changes in circumstances that indicate the carrying value of its investments in subsidiaries may be impaired. An impairment review is then carried out when such indicators are present by comparing the carrying value of a subsidiary to its recoverable amount.

Financial key performance indicators

The Company does not trade, and the directors of Mattel Inc., the ultimate parent company, manage the operations of the Company. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company's business. The development, performance and position of the group headed by Mattel Inc. which includes the Company, is discussed in the Mattel Inc. annual report (from page 11 of Mattel's 2022 annual report, which is posted on its website) which does not form part of these financial statements.

This report was approved by the board on 29 February 2024 and signed on its behalf.



Prashant Bapna
Director

SUNSHINE HOLDINGS 3 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal activities

The Company acts as a holding company and does not trade, which is not expected to change in the foreseeable future.

SUNSHINE HOLDINGS 3 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Future Developments

The Company does not trade and acts as a holding company, the directors believe that this will continue to be the case for the foreseeable future.

Going concern

Given the Company's loss position for the FY22 year and net current liability position, it has sought and obtained a letter of support from its ultimate parent company, Mattel Inc. Consequently, the directors believe that for any reason should the Company be unable to meet its liabilities then Mattel Inc. will provide financial support to the Company in accordance with this letter such that the Company is able to operate as a going concern and to settle its liabilities as they fall due for at least 12 months from the date of these financial statements. The company has assessed whether it can rely upon the letter of support and has no concern in that regard. Therefore, these financial statements are prepared on a going concern basis.

Results and dividends

The loss for the year, after taxation, amounted to \$1.6m (2021 - loss \$1.2m).

There were no dividends received or paid out during the year (2021: \$nil received and paid out). The Directors do not recommend the payment of a dividend (2021: \$nil) and have not proposed any dividend before the date of approval of the financial statements.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were:

N A Godfrey (appointed 24 January 2018)
P Bapna (appointed 27 July 2020)
M Moore (appointed 7 December 2021)

Financial risk management

The Company is exposed to foreign exchange risk in respect to its operations in the UK and abroad, and to a lesser extent, net assets denominated in foreign currencies.

The Company takes steps to mitigate the risk associated with its investments values by performing an annual assessment to determine whether there have been any events or changes in circumstances that indicate the carrying value of its investments in subsidiaries may be impaired. An impairment review is then carried out when such indicators are present by comparing the carrying value of a subsidiary to its recoverable amount.

The Company has no external debt outside of the group. The Company had a loan agreement with Mattel Europa BV at 31 December 2022, however this was repaid in full on 12 December 2023 as part of a group restructuring exercise, and so it is considered that there is no financial risk arising in this respect. The Company monitors its balances with group undertakings on a regular basis to ensure recoverability and to provide for any balances at risk if applicable.

Engagement with employees

The Company has no employees (2021: nil).

SUNSHINE HOLDINGS 3 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors.

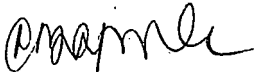
Post balance sheet events

On 12 December 2023, as part of a group restructuring exercise, the intercompany loan and interest payable to Mattel Europa BV was repaid in full. As a result of the same restructuring exercise, on 3 December 2023, the immediate parent undertaking of the Company changed from Mattel Overseas Operations Limited to Mattel International Holdings BV.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 February 2024 and signed on its behalf.



Prashant Bapna
Director

Independent auditors' report to the members of Sunshine Holdings 3 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sunshine Holdings 3 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

Throughout the course of the year ended 31 December 2022, Sunshine Holdings 3 Limited held debt which was listed on The International Stock Exchange, headquartered in St. Peter Port, Guernsey, with the principal activity of the company being that of a holding company.

Overview

Audit scope

- The audit has principally been performed by the PwC UK team, though reporting has also been received from another PwC network firm in respect of the financial statement line items which are accounted for at the Mattel, Inc.'s shared service centre, with this including the amounts owed to group undertakings.

Key audit matters

- Valuation of investments in subsidiaries

Materiality

- Overall materiality: \$1,071,000 (2021: \$1,071,000) based on 1% (2021: 1%) of total assets.
- Performance materiality: \$803,000 (2021: \$803,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of investments in subsidiaries</i></p> <p>Refer to note 8 ('Investments') of the financial statements.</p> <p>At 31 December 2022, the company held investments in subsidiaries of \$107,145,000 (31 December 2021: \$107,145,000).</p> <p>On an annual basis, management consider whether any events or circumstances have occurred that could indicate that the carrying amount of the investments in subsidiary undertakings may not be recoverable. If such circumstances are identified, an impairment review is undertaken to establish whether the carrying amount of the investments in subsidiaries exceed their recoverable amount, being the higher of fair value less costs to sell or value in use.</p> <p>The impairment assessment is not considered to give rise to a heightened risk of misstatement but, due to the materiality of this balance in the context of the company financial statements, with the investments in subsidiaries representing 100% (31 December 2021: 100%) of the total assets within the company, this is considered to be the area that has had the greatest effect on our audit of the company.</p>	<p>We have evaluated management's consideration of impairment indicators through performing our own independent assessment. This has included assessing the overall financial performance of direct and indirect subsidiaries to identify any indicators of impairment as a result of poor financial performance or position, considering other information gathered during the course of our audit and comparing the carrying value of the investment to the carrying value of the underlying net assets of direct and indirect subsidiaries.</p> <p>On this basis, we found that management's conclusion that there are no indicators of impairment with regards to the investments in subsidiaries was reasonable.</p> <p>We also evaluated the company's disclosures in the financial statements and consider these to be appropriate.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The audit has principally been performed by the PwC UK team, though reporting has also been received from another PwC network firm in respect of the financial statement line items which are accounted for at the Mattel, Inc.'s shared service centre, with this including the amounts owed to group undertakings.

In scoping our audit, with reference to our risk assessment, we identified and included all material financial statement line items within the scope of our audit procedures.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall company materiality</i>	\$1,071,000 (2021: \$1,071,000).
<i>How we determined it</i>	Based on 1% (2021: 1%) of total assets.
<i>Rationale for benchmark applied</i>	We consider that total assets is an appropriate benchmark given the nature of the company's principal activity, being a holding company, with this also being a generally accepted auditing benchmark for non-trading entities.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to \$803,000 (2021: \$803,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above \$107,100 (2021: \$107,100) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included obtaining the letter of support sent to the company, from the ultimate parent company, Mattel Inc., which extends for a

period of 12 months from the date of approval of the financial statements and confirms that amounts owed to group undertakings, which form all liabilities within the company, will not be called upon unless adequate alternative financing has been secured.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- evaluation of management's controls designed to prevent and detect irregularities;
- inquiries with management, including in respect of known or suspected instances of non-compliance with laws and regulation or fraud;
- review of the minutes of Board meetings; and
- identifying and testing journal entries posted, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Imran Younus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
1 March 2024

SUNSHINE HOLDINGS 3 LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 \$000	2021 \$000
Interest payable and similar expenses	6	(1,629)	(1,229)
Loss before taxation		<u>(1,629)</u>	<u>(1,229)</u>
Tax on loss	7	-	-
Total comprehensive expense for the year		<u><u>(1,629)</u></u>	<u><u>(1,229)</u></u>

The notes on pages 14 to 23 form part of these financial statements.

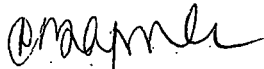
SUNSHINE HOLDINGS 3 LIMITED
REGISTERED NUMBER: 05359848

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 \$000	2021 \$000
Fixed assets			
Investments	8	107,145	107,145
		<u>107,145</u>	<u>107,145</u>
Creditors: amounts falling due within one year	9	(2,036)	-
Net current (liabilities)/assets		<u>(2,036)</u>	<u>-</u>
Total assets less current liabilities		<u>105,109</u>	<u>107,145</u>
Creditors: amounts falling due after more than one year	10	(47,966)	(48,373)
Net assets		<u><u>57,143</u></u>	<u><u>58,772</u></u>
Capital and reserves			
Called up share capital	11	215	215
Share premium account	12	203	203
Other reserves	12	1,084,433	1,084,433
Profit and loss account	12	(1,027,708)	(1,026,079)
Total equity		<u><u>57,143</u></u>	<u><u>58,772</u></u>

The notes on pages 14 to 23 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 February 2024.



Prashant Bapna
Director

SUNSHINE HOLDINGS 3 LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital \$000	Share premium account \$000	Other reserves \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2021	215	203	1,084,433	(1,024,850)	60,001
Loss for the year	-	-	-	(1,229)	(1,229)
At 31 December 2021 and at 1 January 2022	215	203	1,084,433	(1,026,079)	58,772
Loss for the year	-	-	-	(1,629)	(1,629)
At 31 December 2022	215	203	1,084,433	(1,027,708)	57,143

The notes on pages 14 to 23 form part of these financial statements.

SUNSHINE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Sunshine Holdings 3 Limited (the "Company") acts as an intermediate holding company. The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is 3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The Company has sought and obtained a letter of support from its ultimate parent company Mattel Inc. Consequently, the directors believe that for any reason should the Company be unable to meet its liabilities then Mattel Inc. will provide financial support to the Company in accordance with this letter such that the Company is able to operate as a going concern and to settle its liabilities as they fall due for at least 12 months from the date of these financial statements. The company has assessed whether it can rely up on the letter of support and has no concern in that regard. Therefore, these financial statements are prepared on a going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that entity is consolidated. The Company is a qualifying entity as its results are consolidated in the consolidated financial statements of Mattel Inc. which are publicly available. As a qualifying entity, the company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by Section 7 and paragraph 3.17(d) of FRS 102;
- from the requirement to present financial instrument disclosures, as required by FRS 102 paragraph 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- from the requirement to present share-based payment disclosures, as required by FRS 102 paragraph 26.18(b), 26.19 and 26.23;
- from the requirement to disclose the key management personnel compensation in total as required by FRS 102 paragraph 33.7; and
- from disclosing transactions, per FRS102 section 33.1(a), between group companies as long as the subsidiary that is party to the transaction is wholly owned within the group.

This information is included in the consolidated financial statements of Mattel Inc. for the year ended 31 December 2022 and these financial statements may be obtained from 333 Continental Blvd, El Segundo, CA 90245, United States.

SUNSHINE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD. This is due to the cost of investments historically been held in USD and significant debt also being held in USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in profit or loss within 'other operating income' or 'administrative expenses' respectively.

2.4 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

At each balance sheet date the company considers whether investments in subsidiaries are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

2.6 Creditors

Short-term creditors and amounts owed to group undertakings are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SUNSHINE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SUNSHINE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The directors do not believe there are any estimates and assumptions that have a risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

4. Auditors' remuneration

Auditors' remuneration in the current and prior year has been borne by fellow group company Hit Entertainment Limited.

5. Directors and employees

The Company has no employees other than the directors, who did not receive any remuneration (2021 - \$nil).

The directors were remunerated by fellow group companies and no recharges were made (2021 - \$nil). It is not possible to apportion the share of the directors costs for services undertaken on behalf of the Company.

6. Interest payable and similar expenses

	2022 \$000	2021 \$000
Loans from group undertakings	1,629	1,229
	<u>1,629</u>	<u>1,229</u>

Interest payable is associated to intercompany loans, payable to Mattel Europa BV and Gullane (Thomas) Limited. The full loan and interest payable to Mattel Europa BV is accrued at a fixed rate of 3.4% (2021: 3.4%), and are repayable by 31 March 2026. The balance of the loan payable to Mattel Europa BV is \$47,966,000 (2021: \$48,373,000). The full loan and interest payable to Gullane (Thomas) Limited is accrued at a rate of 3.95% (2021: no loan payable), has no fixed date of repayment and are repayable on demand. The balance of the loan payable to Gullane (Thomas) Limited is \$2,036,000 (2021: \$nil).

SUNSHINE HOLDINGS 3 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Tax on loss

	2022 \$000	2021 \$000
	<u> </u>	<u> </u>
Total current tax	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Total deferred tax	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Taxation on profit on ordinary activities	<u> </u>	<u> </u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 \$000	2021 \$000
Loss before tax	<u>(1,629)</u>	<u>(1,229)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(310)	(234)
Effects of:		
Group relief for nil consideration	310	234
Total tax charge for the year	<u> </u>	<u> </u>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. Deferred taxes reversing before rate change have been provided at 19% and other deferred taxes at 25% (2021: Deferred taxes reversing before rate change 19% and other deferred taxes 25%). There is no deferred tax for the year.

SUNSHINE HOLDINGS 3 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Investments

	2022	2021
	\$000	\$000
Cost or valuation		
At 1 January	396,077	522,795
Additions	-	88,482
Disposals	-	(215,200)
At 31 December	<u>396,077</u>	<u>396,077</u>
Accumulated Impairment		
At 1 January	288,932	462,794
Disposals	-	(173,862)
At 31 December	<u>288,932</u>	<u>288,932</u>
Net Book Value		
At 31 December	<u>107,145</u>	<u>107,145</u>

The directors believe that the carrying value of the investments is supported by their net assets and the valuation of the underlying business.

In respect of the carrying value of the Company's investment in subsidiaries, an assessment is undertaken to determine whether there have been any events or changes in circumstances that indicate the carrying value may be impaired. An impairment review is carried out when such indicators are present by comparing the carrying value of a subsidiary to its recoverable amount.

SUNSHINE HOLDINGS 3 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Sunshine Acquisition Limited	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Dormant	Ordinary	100%
HIT Entertainment Limited	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Ownership, development and exploitation of intellectual property rights	Ordinary	100%
Gullane (Development) Limited	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Ownership and development of intellectual property rights	Ordinary	100%
Sunshine Holdings 2 Limited	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Dormant	Ordinary	100%
HIT Ventures 5 Limited	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Dormant	Ordinary	100%
Gullane (Productions) Limited *	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Film production	Ordinary	100%
Prism Art and Design Limited *	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Exploitation of character licensing rights	Ordinary	100%
The Magic Railroad Company Limited *	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Dormant	Ordinary	100%
HIT Consumer Products Limited (formerly Gullane Music Publishing Limited) *	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Promotion of audio rights	Ordinary	100%
HIT Attractions Limited *	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Exploitation of character licensing rights	Ordinary	100%
Gullane Entertainment Limited *	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Holding company	Ordinary	100%

SUNSHINE HOLDINGS 3 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

(continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
HIT (MTK) Limited *	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Ownership and development of intellectual property rights	Ordinary	100%
Rainbow Magic Limited *	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Ownership and development of character licensing rights	Ordinary	100%
HIT Entertainment Finance Unlimited *	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Dormant	Ordinary	100%

* indicates an indirect subsidiary of Sunshine Holdings 3 Limited

SUNSHINE HOLDINGS 3 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Creditors: Amounts falling due within one year

	2022	2021
	\$000	\$000
Amounts owed to group undertakings	2,036	-
	<u>2,036</u>	<u>-</u>

Creditors falling due within one year constitute an intercompany loan, payable to Gullane (Thomas) Limited. The full loan and interest payable is accrued at a fixed rate of 3.95% (2021: nil).

10. Creditors: Amounts falling due after more than one year

	2022	2021
	\$000	\$000
Amounts owed to group undertakings	47,966	48,373
	<u>47,966</u>	<u>48,373</u>

Creditors falling due after more than one year constitute an intercompany loan, payable to Mattel Europa BV, which is listed on The International Stock Exchange. The full loan and interest payable is accrued at a fixed rate of 3.4% (2021: 3.4%). The loan was repayable by 31 March 2026, however as part of a group restructuring exercise the loan was repaid in full on 12 December 2023. Refer to note 13 for further detail in this respect.

11. Called up Share capital

	2022	2021
	\$000	\$000
Authorised, allotted, called up and fully paid		
136,102 (2021 - 136,102) Ordinary shares of £1.00 each	<u>215</u>	<u>215</u>

SUNSHINE HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Reserves

Share premium account

All movements during the year in the Share premium account have been disclosed in the Statement of Changes in Equity on page 13 of the financial statements.

Other reserves

Other reserves relate to a capital contribution from 2012, when there was a restructuring exercise within the Mattel Inc group, of which the Company is a wholly owned indirect subsidiary. All movements during the year in other reserves have been disclosed in the Statement of Changes in Equity on page 13 of the financial statements.

Profit and loss account

All movements during the year in the Profit and loss account have been disclosed in the Statement of Changes in Equity on page 13 of the financial statements.

13. Post balance sheet events

On 12 December 2023, as part of a group restructuring exercise, the intercompany loan and interest payable to Mattel Europa BV was repaid in full. As a result of the same restructuring exercise, on 3 December 2023, the immediate parent undertaking of the Company changed from Mattel Overseas Operations Limited to Mattel International Holdings BV.

14. Controlling party

Throughout the year, the immediate parent undertaking was Mattel Overseas Operations Limited, which is registered in Bermuda. However, on 3 December 2023, as part of a group restructuring exercise, the immediate parent undertaking of the Company changed to Mattel International Holdings BV, which is registered in the Netherlands.

The ultimate parent undertaking and controlling party is Mattel Inc., a publicly listed company registered in the United States. The largest and smallest group of companies into which the results of the Company are consolidated at the balance sheet date is Mattel Inc.

The consolidated financial statements can be obtained at Mattel Inc. 333 Continental Blvd, El Segundo, CA 90245, United States.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.