

# Amway Danmark ApS

Carl Gustavs Gade 3, 1.th., 2630 Taastrup

CVR no. 21 26 42 96

## Annual report 2017

Approved at the Company's annual general meeting on 30 May 2018

Chairman:

A handwritten signature in blue ink, written over a horizontal dotted line. The signature is cursive and appears to read 'Carl Gustav'.

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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 Amway Danmark ApS for the financial year 1 January - 31 December 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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.

Taastrup, 30 May 2018

Executive Board:

Leszek Jaroslaw  
Krecielewski

Board of Directors:

Leszek Jaroslaw  
Krecielewski

Jeffrey Charles Taori

Samir Behl

## Independent auditor's report

To the shareholder of Amway Danmark ApS

### Opinion

We have audited the financial statements of Amway Danmark ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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 rules and requirements.

### 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 as to 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 the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

## Independent auditor's report

- ▶ 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 note 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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 May 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

  
Peter Jensen  
State Authorised Public Accountant  
MNE no.: mne33246

## Management's review

### Company details

Name	Amway Danmark ApS
Address, Postal code, City	Carl Gustavs Gade 3, 1.th., 2630 Taastrup
CVR no.	21 26 42 96
Registered office	Høje Taastrup
Financial year	1 January - 31 December
Website	<a href="http://www.amway.dk">www.amway.dk</a>
Board of Directors	Leszek Jaroslaw Krecielewski Jeffery Charles Tuori Samir Behl
Executive Board	Leszek Jaroslaw Krecielewski
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea

### Management commentary

#### Business review

The Company distributes a range of household articles and other consumer products, largely supplied by other group entities.

Marketing takes place solely through a network of independent distributors, who receive training support, etc., who are contractually affiliated with the group, and whose earnings are entirely based on sales.

Amway does not seek to be a low-cost or discount supplier of products. The Company seeks to provide differentiated products representing quality, value and service, and the Amway Satisfactory Guarantee justifies the comparatively high retail prices of the Company's products.

The Company believes that its person-to-person, direct selling structure leads to competitive customer service.

#### Financial review

In 2017, the Company's revenue amounted to DKK 31,177 thousand against DKK 34,141 thousand last year. . The income statement for 2017 shows a loss of DKK 6,549 thousand against a loss of DKK 3,741 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 174,589 thousand.

#### 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'000	2017	2016
	<b>Revenue</b>	31,177	34,141
	Cost of sales	-15,879	-17,277
	Other operating income	18,924	16,674
	Other external expenses	-17,626	-18,407
	<b>Gross margin</b>	16,596	15,131
2	Staff costs	-22,124	-18,921
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-147	-216
	Other operating expenses	-316	-263
	<b>Profit/loss before net financials</b>	-5,991	-4,269
3	Financial income	378	563
	Financial expenses	-936	-57
	<b>Profit/loss before tax</b>	-6,549	-3,763
4	Tax for the year	0	22
	<b>Profit/loss for the year</b>	-6,549	-3,741
	<b>Recommended appropriation of profit/loss</b>		
	Proposed dividend recognised under equity	130,000	0
	Retained earnings/accumulated loss	-136,549	-3,741
		-6,549	-3,741

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2017	2016
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
5	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	228	243
	Leasehold improvements	4	9
		<u>232</u>	<u>252</u>
6	<b>Investments</b>		
	Investments in group enterprises	95,491	95,491
	Other receivables	329	325
		<u>95,820</u>	<u>95,816</u>
	<b>Total fixed assets</b>	<u>96,052</u>	<u>96,068</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Trade receivables	725	751
	Receivables from group enterprises	122,137	127,440
	Corporation tax receivable	42	42
	Other receivables	12	4
	Prepayments	272	148
		<u>123,188</u>	<u>128,385</u>
	<b>Cash</b>	<u>1,501</u>	<u>1,773</u>
	<b>Total non-fixed assets</b>	<u>124,689</u>	<u>130,158</u>
	<b>TOTAL ASSETS</b>	<u>220,741</u>	<u>226,226</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
7	Share capital	300	300
	Share premium account	0	95,392
	Retained earnings	44,289	85,446
	Dividend proposed	130,000	0
	<b>Total equity</b>	<u>174,589</u>	<u>181,138</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Prepayments received from customers	887	665
	Trade payables	599	576
	Payables to group enterprises	34,230	35,112
	Other payables	10,436	8,735
		<u>46,152</u>	<u>45,088</u>
	<b>Total liabilities other than provisions</b>	<u>46,152</u>	<u>45,088</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>220,741</u>	<u>226,226</u>

1 Accounting policies

8 Contractual obligations and contingencies, etc.

9 Related parties



## Financial statements 1 January - 31 December

## Statement of changes in equity

DKK'000	Share capital	Share premium account	Retained earnings	Dividend proposed	Total
Equity at 1 January 2017	300	95,392	85,446	0	181,138
Transfer through appropriation of loss	0	0	-136,549	130,000	-6,549
Transfer	0	-95,392	95,392	0	0
<b>Equity at 31 December 2017</b>	<b>300</b>	<b>0</b>	<b>44,289</b>	<b>130,000</b>	<b>174,589</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Amway Danmark ApS for 2017 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.

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared.

The consolidated financial statements of Solstice Holdings Inc. can be obtained from the Company on request.

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'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Revenue is also measured net of VAT and other indirect taxes charged on behalf of third parties.

##### Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, primary income from providing services to group companies.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Cost of sales

Cost of sales includes the cost of goods and related performance bonus used in generating the year's revenue.

##### Other 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:

Fixtures and fittings, other plant and equipment	3-10 years
Leasehold improvements	5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### 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 as well as allowances and surcharges under the advance-payment-of-tax scheme and exchange gain/loss of intercompany accounts, 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.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the acquisition cost.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Write-downs are made to the lower of the net realisable value and the carrying amount.

##### Prepayments

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

##### Cash

Cash comprises cash balances and bank balances.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

DKK'000	2017	2016
<b>2 Staff costs</b>		
Wages/salaries	20,179	17,069
Pensions	1,611	1,452
Other social security costs	283	288
Other staff costs	51	112
	22,124	18,921
 Average number of full-time employees	29	28
 <b>3 Financial income</b>		
Interest receivable, group entities	188	315
Exchange adjustments	189	247
Other financial income	1	1
	378	563
 <b>4 Tax for the year</b>		
Tax adjustments, prior years	0	-22
	0	-22

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 5 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2017	3,884	26	3,910
Additions	126	0	126
Cost at 31 December 2017	4,010	26	4,036
Impairment losses and depreciation at 1 January 2017	3,641	17	3,658
Depreciation	141	5	146
Impairment losses and depreciation at 31 December 2017	3,782	22	3,804
Carrying amount at 31 December 2017	228	4	232

#### 6 Investments

Name	Domicile	Interest
<b>Subsidiaries</b>		
Amway GmbH	Germany	100.00%
DKK'000	2017	2016

#### 7 Share capital

Analysis of the share capital:

3,000 shares of DKK 100.00 nominal value each	300	300
	300	300

Analysis of changes in the share capital over the past 5 years:

DKK'000	2017	2016	2015	2014	2013
Opening balance	300	300	300	300	200
Capital increase	0	0	0	0	100
	300	300	300	300	300

## Financial statements 1 January - 31 December

### Notes to the financial statements

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

##### Other contingent liabilities

DKK'000	2017	2016
Guarantee commitments	160	818
	<u>160</u>	<u>818</u>

Other contingent liabilities include the Company's guarantee commitments to Tollregion Oslo and Akershus amounting to NOK 220,000 with Nordea.

The Company is jointly taxed with its parent, Denmark Holdco I ApS, which acts as management company, and together with jointly taxed group entities, the Company has joint and several liability for the payment of income taxes for the income year 2014 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

##### Other financial obligations

Other rent and lease liabilities:

DKK'000	2017	2016
Rent and lease liabilities	569	1,103
	<u>569</u>	<u>1,103</u>

Rent and lease liabilities include a rent obligation totalling DKK 559 thousand (2016: DKK 1,093 thousand). Furthermore, the Company has liabilities under operating leases for cars totalling DKK 10 thousand (2016: DKK 10 thousand).

#### 9 Related parties

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Solstice Holdings Inc.	7575 Fulton Street East Ada, MI 49355-0001 United States	The consolidated financial statements can be obtained from the Company on request.