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# ***Amway Danmark ApS***

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

## **Annual Report for 1 January - 31 December 2018**

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CVR No 21 26 42 96

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
31/5 2019

Leszek Jaroslaw  
Kracielewski  
Chairman of the General  
Meeting

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Amway Danmark ApS for the financial year 1 January - 31 December 2018.

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 at 31 December 2018 of the Company and of the results of the Company operations for 2018.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Taastrup, 31 May 2019

## **Executive Board**

Leszek Jaroslaw Krecielewski

## **Board of Directors**

Leszek Jaroslaw Krecielewski

Jeffery Charles Tuori

# 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 2018, 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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 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 eco-

# Independent Auditor's Report

nommic decisions of users taken on the basis of these Financial Statements.

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

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

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

## 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

# **Independent Auditor's Report**

misstated.

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

Copenhagen, 31 May 2019

**Ernst & Young**

Godkendt Revisionspartnerselskab

*CVR No 30 70 02 28*

Peter Jensen

State Authorised Public Accountant

mne33246

## **Company Information**

### **The Company**

Amway Danmark ApS  
Carl Gustavs Gade 3, 1. th.  
DK-2630 Taastrup  
Website: [www.amway.dk](http://www.amway.dk)

CVR No: 21 26 42 96  
Financial period: 1 January - 31 December  
Municipality of reg. office: Høje Taastrup

### **Board of Directors**

Leszek Jaroslaw Krecielewski  
Jeffery Charles Tuori

### **Executive Board**

Leszek Jaroslaw Krecielewski

### **Auditors**

Ernst & Young  
Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4  
DK-2000 Frederiksberg

### **Bankers**

Nordea

# **Management's Review**

## **Key activities**

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 and 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.

## **Development in the year**

The income statement of the Company for 2018 shows a loss of TDKK 5,284, and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 56,938.

The equity has been affected by a group contribution of TDKK 17,633 during the year.

## **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



## Income Statement 1 January - 31 December

	Note	2018 TDKK	2017 TDKK
<b>Revenue</b>		<b>25.720</b>	<b>31.177</b>
Other operating income		19.284	18.924
Cost of sales		-12.164	-15.879
Other external expenses		-16.475	-17.626
<b>Gross profit/loss</b>		<b>16.365</b>	<b>16.596</b>
Staff expenses	1	-21.361	-22.124
Depreciation and impairment of property, plant and equipment		-104	-147
Other operating expenses		-345	-316
<b>Profit/loss before financial income and expenses</b>		<b>-5.445</b>	<b>-5.991</b>
Financial income	2	447	378
Financial expenses		-295	-936
<b>Profit/loss before tax</b>		<b>-5.293</b>	<b>-6.549</b>
Tax on profit/loss for the year	3	9	0
<b>Net profit/loss for the year</b>		<b>-5.284</b>	<b>-6.549</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	0	130.000
Retained earnings	-5.284	-136.549
	<b>-5.284</b>	<b>-6.549</b>

# Balance Sheet 31 December

## Assets

	Note	2018 TDKK	2017 TDKK
Other fixtures and fittings, tools and equipment		179	228
Leasehold improvements		198	4
Property, plant and equipment in progress		15	0
<b>Property, plant and equipment</b>	4	<b>392</b>	<b>232</b>
Investments in subsidiaries	5	95.491	95.491
Other receivables		329	329
<b>Fixed asset investments</b>		<b>95.820</b>	<b>95.820</b>
<b>Fixed assets</b>		<b>96.212</b>	<b>96.052</b>
Trade receivables		1.073	725
Receivables from group enterprises		3.353	122.137
Other receivables		5	12
Corporation tax		0	42
Prepayments		389	272
<b>Receivables</b>		<b>4.820</b>	<b>123.188</b>
<b>Cash at bank and in hand</b>		<b>1.610</b>	<b>1.501</b>
<b>Currents assets</b>		<b>6.430</b>	<b>124.689</b>
<b>Assets</b>		<b>102.642</b>	<b>220.741</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2018 TDKK	2017 TDKK
Share capital		300	300
Retained earnings		56.638	44.289
Proposed dividend for the year		0	130.000
<b>Equity</b>	6	<b>56.938</b>	<b>174.589</b>
Other payables		918	0
<b>Long-term debt</b>	7	<b>918</b>	<b>0</b>
Prepayments received from customers		545	887
Trade payables		867	598
Payables to group enterprises		34.730	34.231
Other payables	7	8.644	10.436
<b>Short-term debt</b>		<b>44.786</b>	<b>46.152</b>
<b>Debt</b>		<b>45.704</b>	<b>46.152</b>
<b>Liabilities and equity</b>		<b>102.642</b>	<b>220.741</b>
Contingent assets, liabilities and other financial obligations	8		
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## Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Proposed dividend for the year</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	300	44.289	130.000	174.589
Ordinary dividend paid	0	0	-130.000	-130.000
Group contributions	0	17.633	0	17.633
Net profit/loss for the year	0	-5.284	0	-5.284
<b>Equity at 31 December</b>	<b>300</b>	<b>56.638</b>	<b>0</b>	<b>56.938</b>

## Notes to the Financial Statements

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
<b>1 Staff expenses</b>		
Wages and salaries	18.895	20.179
Pensions	2.176	1.611
Other social security expenses	239	283
Other staff expenses	51	51
	<u>21.361</u>	<u>22.124</u>
<b>Average number of employees</b>	<u>26</u>	<u>29</u>
<b>2 Financial income</b>		
Interest etc. regarding group enterprises	287	188
Other financial income	0	1
Exchange gains	160	189
	<u>447</u>	<u>378</u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	<u>-9</u>	<u>0</u>
	<u>-9</u>	<u>0</u>

## Notes to the Financial Statements

### 4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	4.010	26	0	4.036
Additions for the year	51	198	15	264
Cost at 31 December	4.061	224	15	4.300
Impairment losses and depreciation at 1 January	3.782	22	0	3.804
Depreciation for the year	100	4	0	104
Impairment losses and depreciation at 31 December	3.882	26	0	3.908
<b>Carrying amount at 31 December</b>	<b>179</b>	<b>198</b>	<b>15</b>	<b>392</b>

### 5 Investments in subsidiaries

Name	Place of registered office	Votes and ownership
Amway GmbH	Germany	100%

### 6 Equity

The share capital consists of 3,000 shares of a nominal value of DKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

## Notes to the Financial Statements

### 7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2018</u> TDKK	<u>2017</u> TDKK
<b>Other payables</b>		
Between 1 and 5 years	918	0
Long-term part	918	0
Other short-term payables	8.644	10.436
	<b><u>9.562</u></b>	<b><u>10.436</u></b>

### 8 Contingent assets, liabilities and other financial obligations

#### Rental and lease obligations

Office rent and company car lease obligations until expiry	490	569
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#### Guarantee obligations

Tollregion Oslo and Akershus, TNOK 1.000	0	160
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#### Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Denmark Holdco I ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on interest and royalty payments. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 9 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Denmark Holdco I ApS	Parent

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Ultimate Parent Company

<u>Name</u>	<u>Place of registered office</u>
Solstice Holdings Inc.	USA

The Group Annual Report of Solstice Holdings Inc. may be obtained at the following address:

7575 Fulton Street East Ada, MI 49355-0001, United States



# Notes to the Financial Statements

## 10 Accounting Policies

The Annual Report of Amway Danmark ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in TDKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Solstice Holdings Inc., the Company has not prepared consolidated financial statements.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Cost of sales

Cost of sales comprise the cost of goods and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, primarily income from providing services to group companies.

### Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-10	years
Leasehold improvements	5	years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### 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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial reporting years.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

### Equity

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.