
Nu Skin Scandinavia A/S

Havneholmen 25, DK-1561 København V

Annual Report for 1 January - 31 December 2017

CVR No 21 48 09 08

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
13/6 2018

Lise Lauridsen
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nu Skin Scandinavia A/S 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 at 31 December 2017 of the Company and of the results of the Company operations for 2017.

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

Copenhagen, 13 June 2018

Executive Board

Ritch Norman Wood

Board of Directors

Mark Harold Lawrence
Chairman

Benoit André G. De Pauw

Ryan Shea Napierski

Ritch Norman Wood

Independent Auditor's Report

To the Shareholder of Nu Skin Scandinavia A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 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.

We have audited the Financial Statements of Nu Skin Scandinavia A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

Independent Auditor's Report

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.

Independent Auditor's Report

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

Hellerup, 13 June 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mark P. Beer
State Authorised Public Accountant
mne29472

Martin Birch
State Authorised Public Accountant
mne42825

Company Information

The Company

Nu Skin Scandinavia A/S
Havneholmen 25
DK-1561 København V

Telephone: + 45 39 54 80 00

CVR No: 21 48 09 08

Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

Board of Directors

Mark Harold Lawrence, Chairman
Benoit André G. De Pauw
Ryan Shea Napierski
Ritch Norman Wood

Executive Board

Ritch Norman Wood

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Bech-Bruun
Langelinie Allé 35
2100 København Ø

Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
Gross profit/loss		31,528,974	26,846,988
Staff expenses	2	-24,488,069	-21,594,671
Depreciation, amortisation and impairment of property, plant and equipment	3	-428,867	-461,125
Profit/loss before financial income and expenses		6,612,038	4,791,192
Income from investments in subsidiary		-1,939,065	1,585,387
Financial income	4	1,808,986	3,524
Financial expenses	5	-72,785	-316,052
Profit/loss before tax		6,409,174	6,064,051
Tax on profit/loss for the year	6	-1,856,919	-1,005,611
Net profit/loss for the year		4,552,255	5,058,440

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	8,500,000	0
Proposed dividend for the year	3,500,000	3,500,000
Reserve for net revaluation under the equity method	0	1,585,387
Retained earnings	-7,447,745	-26,947
	4,552,255	5,058,440

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Other fixtures and fittings, tools and equipment		1,315,563	651,674
Leasehold improvements		710,343	94,541
Tangible assets	7	2,025,906	746,215
Investments in subsidiaries	8	0	7,824,136
Other receivables		1,440,756	1,297,624
Fixed asset investments		1,440,756	9,121,760
Fixed assets		3,466,662	9,867,975
Receivables from group enterprises		9,433,825	0
Other receivables		404,730	44,133
Deferred tax asset		45,726	111,725
Corporation tax		0	16,091
Prepayments		1,226,617	1,419,675
Receivables		11,110,898	1,591,624
Cash at bank and in hand		7,155,793	20,119,250
Currents assets		18,266,691	21,710,874
Assets		21,733,353	31,578,849

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Share capital		500,000	500,000
Reserve for net revaluation under the equity method		0	7,688,791
Retained earnings		295,243	54,197
Proposed dividend for the year		<u>3,500,000</u>	<u>3,500,000</u>
Equity		<u>4,295,243</u>	<u>11,742,988</u>
Trade payables		3,087,054	1,519,005
Payables to group enterprises		0	203,640
Corporation tax		721,796	0
Other payables		<u>13,629,260</u>	<u>18,113,216</u>
Short term debt		<u>17,438,110</u>	<u>19,835,861</u>
Debt		<u>17,438,110</u>	<u>19,835,861</u>
Liabilities and equity		<u>21,733,353</u>	<u>31,578,849</u>
Key activities	1		
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Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	7,688,791	54,197	3,500,000	11,742,988
Ordinary dividend paid	0	0	0	-3,500,000	-3,500,000
Extraordinary dividend paid	0	0	-8,500,000	0	-8,500,000
Other equity movements	0	-7,688,791	7,688,791	0	0
Net profit/loss for the year	0	0	1,052,255	3,500,000	4,552,255
Equity at 31 December	500,000	0	295,243	3,500,000	4,295,243

Notes to the Financial Statements

1 Key activities

The Company's main activity is as in previous years sales of products for personal care and nutrition, directly to end users as well as to independent distributors in the Scandinavian countries.

	<u>2017</u> DKK	<u>2016</u> DKK
2 Staff expenses		
Wages and salaries	23,006,305	20,133,685
Pensions	1,360,689	1,312,474
Other social security expenses	<u>121,075</u>	<u>148,512</u>
	<u>24,488,069</u>	<u>21,594,671</u>
Average number of employees	<u>56</u>	<u>54</u>
3 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	432,201	460,424
Gain and loss on disposal	<u>-3,334</u>	<u>701</u>
	<u>428,867</u>	<u>461,125</u>
4 Financial income		
Interest received from group enterprises	500,231	0
Other financial income	17	3,524
Exchange adjustments	<u>1,308,738</u>	<u>0</u>
	<u>1,808,986</u>	<u>3,524</u>
5 Financial expenses		
Other financial expenses	72,785	4,066
Exchange adjustments	<u>0</u>	<u>311,986</u>
	<u>72,785</u>	<u>316,052</u>

Notes to the Financial Statements

	2017	2016
	DKK	DKK
6 Tax on profit/loss for the year		
Current tax for the year	1,783,804	991,034
Deferred tax for the year	73,115	21,693
Adjustment of tax concerning previous years	0	-7,116
	1,856,919	1,005,611
7 Tangible assets		
	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	3,651,392	1,051,508
Additions for the year	1,029,226	682,666
Disposals for the year	-68,929	0
Cost at 31 December	4,611,689	1,734,174
Impairment losses and depreciation at 1 January	2,999,718	956,967
Depreciation for the year	365,337	66,864
Impairment and depreciation of sold assets for the year	-68,929	0
Impairment losses and depreciation at 31 December	3,296,126	1,023,831
Carrying amount at 31 December	1,315,563	710,343
Depreciated over	3-5 years	6 years

Notes to the Financial Statements

	2017 DKK	2016 DKK
8 Investments in subsidiaries		
Cost at 1 January	135,345	135,345
Disposals for the year	-135,345	0
Cost at 31 December	<u>0</u>	<u>135,345</u>
Revaluations at 1 January	7,688,791	5,749,726
Disposals for the year	-5,749,726	0
Exchange adjustment	0	353,678
Net profit/loss for the year	-1,939,065	1,585,387
Revaluations at 31 December	<u>0</u>	<u>7,688,791</u>
Carrying amount at 31 December	<u>0</u>	<u>7,824,136</u>

9 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	4,094,854	3,845,042
Between 1 and 5 years	15,999,661	18,268,885
	<u>20,094,515</u>	<u>22,113,927</u>

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Nu Skin Scandinavia A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

Certain amounts have been reclassified in the comparative figures for 2016 to ensure consistent presentation.

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

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.

Notes to the Financial Statements

10 Accounting Policies (continued)

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 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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue is recognised in the income statement when the sale is considered effected.

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment, including gain and losses on the sale 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.

Notes to the Financial Statements

10 Accounting Policies (continued)

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

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.

Balance Sheet

Tangible assets

Tangible assets 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	3-5 years
Leasehold improvements	6 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 amortisation and depreciation.

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

Notes to the Financial Statements

10 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums and leasing etc.

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 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 de-

Notes to the Financial Statements

10 Accounting Policies (continued)

ferred 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.

Financial debts

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