
Denmark Holdco I ApS

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

Annual Report for 1 January - 31 December 2018

CVR No 25 29 72 45

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/05 2019

Leszek Jaroslaw
Krecielewski
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10

Management's Statement

The Executive Board has today considered and adopted the Annual Report of Denmark Holdco I 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

Jeffery Charles Tuori

Independent Auditor's Report

To the Shareholder of Denmark Holdco I ApS

Opinion

We have audited the financial statements of Denmark Holdco I 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 economic decisions of users taken on the basis of these Financial Statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and 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 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 Management's Review

Management is responsible for 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 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 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 Statements Act. We did not identify any material misstatement of the 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

Denmark Holdco I ApS
Carl Gustavs Gade 3, 1. th.
DK-2630 Taastrup

CVR No: 25 29 72 45
Financial period: 1 January - 31 December
Municipality of reg. office: Høje Taastrup

Executive Board

Leszek Jaroslaw Krecielewski
Jeffery Charles Tuori

Auditors

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

Bankers

Nordea

Management's Review

Key activities

The objective of Denmark Holdco I ApS is to hold shares in other companies as long-term investments and to carry on other commercial and investment business. The Group's principal operating entities are located in Germany and Korea.

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

Marketing is handled by 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.

It is not Amway's ambition to supply discount products. The Company seeks to provide differentiated products representing quality, value, service and the Amway Satisfactory Guarantee justifies the comparatively high retail prices of the Company's products. Moreover, the Company believes that its person-to-person, direct selling structure leads to competitive customer services.

Development in the year

The income statement of the Company for 2018 shows a profit of TDKK 307,115, and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 391,258.

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

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Other external expenses		-93	475
Gross profit/loss		-93	475
Income from investments in subsidiaries		307,190	296,410
Financial income		21	0
Financial expenses		-3	-3
Profit/loss before tax		307,115	296,882
Tax on profit/loss for the year		0	0
Net profit/loss for the year		307,115	296,882

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	419,557	0
Retained earnings	-112,442	296,882
	307,115	296,882

Balance Sheet 31 December

	Note	2018 TDKK	2017 TDKK
Assets			
Investments in subsidiaries	2	481,212	593,579
Fixed asset investments		481,212	593,579
Fixed assets		481,212	593,579
Receivables from group enterprises		32,011	32,011
Receivables		32,011	32,011
Cash at bank and in hand		194	466
Currents assets		32,205	32,477
Assets		513,417	626,056
Liabilities and equity			
Share capital		600	600
Retained earnings		390,658	503,100
Equity	3	391,258	503,700
Trade payables		14	0
Payables to group enterprises		122,145	122,145
Other payables		0	211
Short-term debt		122,159	122,356
Debt		122,159	122,356
Liabilities and equity		513,417	626,056
Contingent assets, liabilities and other financial obligations	4		
Related parties	5		
Accounting Policies	6		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	600	503,100	503,700
Extraordinary dividend paid	0	-419,557	-419,557
Net profit/loss for the year	<u>0</u>	<u>307,115</u>	<u>307,115</u>
Equity at 31 December	<u>600</u>	<u>390,658</u>	<u>391,258</u>

Notes to the Financial Statements

	<u>2018</u> TDKK	<u>2017</u> TDKK
1 Staff expenses		
Average number of employees	<u>0</u>	<u>0</u>

No wages or salaries were paid in the financial year.

2 Investments in subsidiaries

Name	Place of registered office	Votes and ownership
Amway Danmark ApS	Denmark	100%
Amway Europe Ltd.	UK	100%

3 Equity

The share capital consists of 600 shares of a nominal value of DKK 1,000. 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

4 Contingent assets, liabilities and other financial obligations

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.

There are no other security and contingent liabilities at 31 December 2018.

5 Related parties

Basis

Controlling interest

Amway Euro Holdings Limited, USA	Parent
Solstice Holdings Inc., USA	Ultimate Parent

Consolidated Financial Statements

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

Name	Place of registered office
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

6 Accounting Policies

The Annual Report of Denmark Holdco I 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.

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.

Notes to the Financial Statements

6 Accounting Policies (continued)

Income Statement

Other external expenses

Other external expenses comprise expenses for administration etc.

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.

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

Investments in subsidiaries

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

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 impairment.

Equity

Dividend

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

Notes to the Financial Statements

6 Accounting Policies (continued)

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.

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.