
Denmark Holdco I ApS

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

Annual Report for 1 January - 31 December 2020

CVR No 25 29 72 45

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
18/03 2021

Jeffery Charles Tuori
Chairman of the General
Meeting

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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 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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, 18 March 2021

Executive Board

Melodie Ann Nakhle

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 2020 and of the results of the Company's operations and cash for the financial year 1 January – 31 December 2020 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 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 misstated.

Independent Auditor's Report

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, 18 March 2021

EY

Godkendt Revisionspartnerselskab

CVR No 30 70 02 28

Anders Mathias Jessen
State Authorised Public Accountant
mne46620

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

Melodie Ann Nakhle
Jeffery Charles Tuori

Auditors

EY
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
DK-2000 Frederiksberg

Bankers

Nordea

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Operating profit/loss	-142	-185	-93	475	-70
Profit/loss before financial income and expenses	-142	-185	-93	475	-70
Net financials	301,348	415,932	307,208	296,407	393,812
Net profit/loss for the year	301,206	415,747	307,115	296,882	393,742
Balance sheet					
Balance sheet total	513,412	513,232	513,417	626,056	1,019,419
Equity	513,376	391,073	391,258	503,700	897,064
Ratios					
Gross margin	0.0%	0.0%	0.0%	0.0%	0.0%
Profit margin	0.0%	0.0%	0.0%	0.0%	0.0%
Return on assets	0.0%	0.0%	0.0%	0.1%	0.0%
Solvency ratio	100.0%	76.2%	76.2%	80.5%	88.0%
Return on equity	66.6%	106.3%	68.6%	42.4%	87.8%

In connection with changes to accounting policies, the comparative figures back to 2016 have not been restated. See the description under accounting policies.

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 2020 shows a profit of TDKK 301,206, and at 31 December 2020 the balance sheet of the Company shows equity of TDKK 513,376.

The company has in the financial year received a group contribution of TDKK 122,145 from the parent company.

Unusual events

The Coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization in March 2020. Based on experience of FY2020, Covid-19 does not have impact on Amway Holdco operations and its subsidiaries.

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>2020</u> TDKK	<u>2019</u> TDKK
Other external expenses		-142	-185
Gross profit/loss		-142	-185
Income from investments in subsidiaries		301,348	415,932
Profit/loss before tax		301,206	415,747
Tax on profit/loss for the year		0	0
Net profit/loss for the year		301,206	415,747

Balance Sheet 31 December

	Note	2020 TDKK	2019 TDKK
Assets			
Investments in subsidiaries	2	513,223	513,223
Fixed asset investments		513,223	513,223
Fixed assets		513,223	513,223
Other receivables		1	0
Receivables		1	0
Cash at bank and in hand		188	9
Currents assets		189	9
Assets		513,412	513,232
Liabilities and equity			
Share capital	3	600	600
Retained earnings		512,776	390,473
Equity		513,376	391,073
Trade payables		36	14
Payables to group enterprises		0	122,145
Short-term debt		36	122,159
Debt		36	122,159
Liabilities and equity		513,412	513,232
Distribution of profit	4		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	600	390,473	391,073
Tax free cash contribution from group enterprise	0	122,145	122,145
Extraordinary dividend paid	0	-301,048	-301,048
Net profit/loss for the year	0	301,206	301,206
Equity at 31 December	600	512,776	513,376

Notes to the Financial Statements

	2020 <u>TDKK</u>	2019 <u>TDKK</u>
1 Staff expenses		
Average number of employees	<u>0</u>	<u>0</u>
No wages or salaries was paid in the financial year.		
2 Investments in subsidiaries		
Cost at 1 January	<u>713,223</u>	<u>713,223</u>
Cost at 31 December	<u>713,223</u>	<u>713,223</u>
Value adjustments at 1 January	<u>-200,000</u>	<u>-200,000</u>
Value adjustments at 31 December	<u>-200,000</u>	<u>-200,000</u>
Carrying amount at 31 December	<u>513,223</u>	<u>513,223</u>
Investments in subsidiaries are specified as follows:		
	Place of registered office	Votes and ownership
<u>Name</u>		
Amway Danmark ApS	Denmark	100%
Amway Europe Ltd.	UK	100%
3 Equity		
The share capital consists of 600 shares of a nominal value of TDKK 1,000. No shares carry any special rights.		
There have been no changes in the share capital during the last 5 years.		
4 Distribution of profit		
Extraordinary dividend paid	301,048	415,932
Retained earnings	<u>158</u>	<u>-185</u>
	<u>301,206</u>	<u>415,747</u>

Notes to the Financial Statements

5 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 2020.

Notes to the Financial Statements

6 Related parties

	<u>Basis</u>
Controlling interest	
Amway Euro Holdings Limited, USA	Parent
Solstice Holdings Inc., USA	Ultimate Parent

Transactions

During the year, the Company had the following transaction with related parties:

Dividend paid to Group entities: TDKK 301,048 (TDKK 415,932 in 2019)

Dividend received from Group entities: TDKK 301,348 (TDKK 415,932 in 2019)

Group contribution from group entities: TDKK 122,145 (TDKK 0 in 2019)

Group contribution to group entities: TDKK 0 (TDKK 32,011 in 2019)

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

7 Accounting Policies

The Annual Report of Denmark Holdco I ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2020 are presented in TDKK.

Changes in accounting policies

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The Company has changed from a report class B to a medium-sized enterprise class C in the financial year.

Consolidated financial statements

With reference to section 112 ad (1) of the Danish Financial Statements Act and to the consolidated financial statements of Solstice Holdings Inc., the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Solstice Holdings Inc., the Company has not prepared a cash flow statement.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

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.

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.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

Balance Sheet

Impairment of fixed assets

The carrying amounts of investments in subsidiaries 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.

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.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

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.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$