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MANNATECH DENMARK APS

**C/O ADVOKAT RICHARD PETERSEN, HOVEDVAGTSGADE 6 4. TV., HOVEDVAGTSGADE 6 4. TV.,
1103 KØBENHAVN K**

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2018

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 10 July 2019**

Ronald Dale Norman

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 30 73 08 01

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COMPANY DETAILS

Company	Mannatech Denmark ApS c/o Advokat Richard Petersen, Hovedvagtsgade 6 4. tv. Hovedvagtsgade 6 4. tv. 1103 Copenhagen K CVR No.: 30 73 08 01 Established: 31 July 2007 Registered Office: Copenhagen Financial Year: 1 January - 31 December
Board of Executives	Ronald Dale Norman
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Credit Suisse Ltd. Uetlibergstrasse 231 P.O. Box 700 CH 8070 Zürich
Law Firm	Advokatfirmaet Richard Petersen

STATEMENT BY BOARD OF EXECUTIVES

Today the Board of Executives have discussed and approved the Annual Report of Mannatech Denmark ApS for the financial year 1 January - 31 December 2018.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

The Management's Review includes in my opinion a fair presentation of the matters dealt with in the Review.

I recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 10 July 2019

Board of Executives

Ronald Dale Norman

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Mannatech Denmark ApS

AUDITORS OPINION ON THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the Financial Statements of Mannatech Denmark ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, it is our opinion that the Financial Statements give a true and fair view of the assets, liabilities and 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 Qualified Opinion

The Company's management has not been able to present with sufficient audit documentation on Inventory recognized in the balance sheet at DKK ('000) 98. We have also not participated in inventory count at the company's address. Consequently we have issued a qualification on the valuation, presence and completeness, on basis of missing audit documentation.

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. In our opinion, the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion.

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 judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- 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.

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

Based on the work we have performed, we conclude that 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 Management's Review.

INDEPENDENT AUDITOR'S REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Violation of the Deadline stated in the Danish Financial Statements Act Relating to Submission of the Financial Statements

In our opinion, the Company has not complied with the provisions of the Danish Financial Statements Act to submit the Financial Statements to the Danish Business Authority within the deadline of five months specified in the Danish Financial Statements Act, and the Company's Management may incur liability in this respect.

Copenhagen, 10 July 2019

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

MANAGEMENT'S REVIEW

Principal activities

The company's activities comprise import, sale and distribution of food, food supplements and personal care products.

Development in activities and financial position

The company has a loss of DKK ('000) 81 this year before taxes. The company expects to maintain this level for the following financial year.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK	2017 DKK
GROSS PROFIT.....		42.142	-27.549
OPERATING PROFIT.....		42.142	-27.549
Other financial income.....		24.453	0
Other financial expenses.....		-10.900	-74.516
PROFIT BEFORE TAX.....		55.695	-102.065
Tax on profit/loss for the year.....	2	-14.775	21.444
PROFIT FOR THE YEAR.....		40.920	-80.621
PROPOSED DISTRIBUTION OF DIVIDEND			
Retained earnings.....		40.920	-80.621
TOTAL.....		40.920	-80.621

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2018 DKK	2017 DKK
Finished goods and goods for resale.....		98.188	70.656
Inventories		98.188	70.656
Receivables from group enterprises.....		2.286.986	1.944.646
Deferred tax assets.....		7.001	21.776
Other receivables.....		83.824	125.134
Receivables corporation tax.....		8.000	4.000
Prepayments and accrued income.....		769	4.183
Receivables		2.386.580	2.099.739
CURRENT ASSETS		2.484.768	2.170.395
ASSETS		2.484.768	2.170.395

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2018 DKK	2017 DKK
Share capital.....		125.000	125.000
Retained profit.....		170.779	129.860
EQUITY.....	3	295.779	254.860
Payables to group enterprises.....		1.972.795	1.656.166
Other liabilities.....		199.206	208.718
Accruals and deferred income.....		16.988	50.651
Current liabilities.....		2.188.989	1.915.535
LIABILITIES.....		2.188.989	1.915.535
EQUITY AND LIABILITIES.....		2.484.768	2.170.395
 Contingencies etc.	 4		

NOTES

	2018 DKK	2017 DKK	Note
Staff costs			1
Average number of employees 1 (2017: 1)			
Tax on profit/loss for the year			2
Adjustment of deferred tax.....	14.775	-21.444	
	14.775	-21.444	
Equity			3
	Share capital	Retained profit	Total
Equity at 1 January 2018.....	125.000	129.859	254.859
Proposed distribution of profit.....		40.920	40.920
Equity at 31 December 2018.....	125.000	170.779	295.779
Contingencies etc.			4
Contingent liabilities			
Selskabet har ikke påtaget sig nogle eventualforpligtelser, udover hvad der følger den ordinære drift.			

ACCOUNTING POLICIES

The Annual Report of Mannatech Denmark ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.