

**Limited Liability Company
“Herbalife Ukraine”**

**Financial Statements
In accordance with National Regulations
(Standards) of Accounting in Ukraine
31 December 2019**

Together with Independent Auditor’s Report

This version of financial statements is a translation from the original, which was prepared in Ukrainian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.



This version of the independent auditor's report is a translation from the original, which was prepared in Ukrainian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views of opinions, the original language version of the independent auditor's report takes precedence over this translation.

Independent Auditor's Report

To the Participants of Limited Liability Company "Herbalife Ukraine"

Our qualified opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of this report, the financial statements present fairly, in all material respects, the financial position of Limited Liability Company "Herbalife Ukraine" (the "Company") as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with National Regulations (Standards) of Accounting in Ukraine (NR(S)AU) and comply, in all material respects, with financial reporting requirements of the Law on Accounting and Financial Reporting in Ukraine.

What we have audited

The Company's financial statements comprise:

- the balance sheet (statement of financial position, Form 1) as at 31 December 2019;
- the statement of financial results (statement of comprehensive income, Form 2) for the year then ended;
- the statement of cash flows (Form 3) for the year then ended;
- the statement of shareholders' equity (Form 4) for the year then ended; and
- the Notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

We were appointed as auditors of the Company in May 2019 and thus did not observe the counting of the physical inventories as at 31 December 2018 and as at 1 January 2018. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at those dates. Since the balance of inventories enters into the determination of the financial performance, we were unable to determine need for adjustments in respect of results reported in the statement of financial results for the years ended 31 December 2019 and 2018.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 qualified 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 the ethical requirements of the Law on Audit of Financial Statements and Auditing that are relevant to our audit of the financial

statements in Ukraine. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information including the management report

Management is responsible for the other information. The other information comprises the management report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information including the management report 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 the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work undertaken in the course of our audit, in our opinion, the information given in the management report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report and the other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NR(S)AU and financial reporting requirements of the Law on Accounting and Financial Reporting in Ukraine, 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 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 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 in accordance with ISAs, we exercise professional judgment 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management, 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.

The key audit partner on the audit resulting in this independent auditor's report is Taras Kovalenko.

LLC AF "PricewaterhouseCoopers (Audit)"	Taras Kovalenko
Registration number in the Register of Auditors and Auditing Entities 0152	Registration number in the Register of Auditors and Auditing Entities 101806

LLC AF "PricewaterhouseCoopers (Audit)"
Kyiv, Ukraine

26 June 2020

Limited Liability Company "Herbalife Ukraine"
Financial Statements in accordance with NR(S)AU as at and for the year ended
31 December 2019

Statement of Management's Responsibilities

To the participants of Limited Liability Company "Herbalife Ukraine":

1. We have prepared the financial statements as at and for the year ended 31 December 2019 which present fairly, in all material respects, the financial position of Limited Liability Company "Herbalife Ukraine" (hereinafter referred to as the "Company") as of 31 December 2019 and the results of its operations for the year then ended in accordance with National Regulations (Standards) of Accounting in Ukraine.
2. Management is responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable the financial statements to comply with National Regulations (Standards) of Accounting in Ukraine and that its statutory accounting reports comply with Ukrainian laws and regulations. Management also has a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
3. Management considers that in preparing the financial statements set out on pages 1 – 50, the Company has used appropriate accounting policies, disclosed on pages 25 – 32, consistently applied and supported by reasonable and prudent judgements and estimates, and that all appropriate National Regulations (Standards) of Accounting in Ukraine have been complied with.
4. The financial statements are hereby approved on behalf of the management.

2020



Chief Accountant

	Date (year, month, date)	Codes
Company: LLC "Herbalife Ukraine"	EDRPOU	2019 12 31 36186424
Territory: Pecherskyi District	KOATUU	8038200000
Organisational and legal form of economic activity: Limited Liability Company	KOPFG	240
Type of economic activity: wholesale in other food products including fish, shellfish and molluscs	KVED	46.38
Average number of employees: 29		
Address, telephone: 25, Kikvidze Str., Kyiv, 01103		
Measurement unit: UAH thousands rounded to the nearest whole 1 Ukrainian hryvnia (except for Section IV of the Statement of Financial Results (Statement of Comprehensive Income) (Form 2), where amounts are stated in Ukrainian hryvnias with kopecks)		
Prepared (tick the necessary box):		
in accordance with National Regulations (Standards) of Accounting in Ukraine		v
in accordance with International Financial Reporting Standards		

Balance Sheet (Statement of Financial Position) as at 31 December 2019

Form 1		DKUD Code		1801001
ASSETS	Other notes	Line code	At the beginning of the reporting period	At the end of the reporting period
1		2	3	4
I. Non-current assets				
Intangible assets		1000	2	-
historical cost		1001	1,225	1,225
accumulated amortisation		1002	(1,223)	(1,225)
Current financial investments		1005	1,080	1,528
Property, plant and equipment		1010	3,737	3,929
historical cost		1011	9,609	10,962
depreciation		1012	(5,872)	(7,033)
Investment property		1015	-	-
Long-term biological assets		1020	-	-
Long-term financial investments: accounted for according to the equity method		1030	-	-
other financial investments		1035	-	-
Long-term accounts receivable		1040	-	-
Deferred tax assets	2	1045	19,017	966
Other non-current assets		1090	-	-
Total Section I		1095	23,836	6,423
II. Current assets				
Inventories		1100	137,777	44,391
Current biological assets		1110	-	-
Accounts receivable for goods, works and services	7	1125	361	214
Accounts receivable on settlements: on advances issued	3	1130	13,172	5,106
with the budget		1135	668	694
including on income tax		1136	-	-
Other current accounts receivable		1155	-	1
Current financial investments		1160	-	-
Cash and cash equivalents		1165	116,397	139,954
Deferred expenses		1170	177	1
Other current assets		1190	3,996	-
Total Section II		1195	272,548	190,361
III. Non-current assets held for sale and disposal groups				
		1200	-	-
BALANCE		1300	296,384	196,784

Accounting policies stated on pages 25-32, notes to the annual financial statements on pages 10-24 and other notes on pages 33 – 50 form an integral part of these financial statements

Balance Sheet (Statement of Financial Position)

as at 31 December 2019

Form 1
(continued)

LIABILITIES	Other notes	Line code	At the beginning of the reporting period	At the end of the reporting period
1		2	3	4
I. Equity				
Registered (share) capital	4	1400	123	123
Revaluation reserve		1405	-	-
Additional capital		1410	-	-
Reserve capital		1415	-	-
Retained earnings (accumulated deficit)		1420	55,180	69,157
Unpaid capital		1425	(-)	(-)
Withdrawn capital		1430	(-)	(-)
Total Section I		1495	55,303	69,280
II. Long-term liabilities and provisions				
Deferred tax liabilities		1500	-	-
Long-term bank loans		1510	-	-
Other long-term liabilities		1515	-	-
Long-term provisions		1520	-	-
Special-purpose financing		1525	-	-
Total Section II		1595	-	-
III. Current liabilities and provisions				
Short-term bank loans		1600	-	-
Current accounts payable for: long-term liabilities		1610	-	-
goods, works, services	5	1615	161,045	37,424
settlements with the budget	6	1620	9,891	18,964
including on income tax		1621	9,230	9,230
settlements on insurance		1625	-	1
payroll		1630	3	-
Current provisions		1660	8,832	8,178
Deferred income		1665	-	-
Other current liabilities	11	1690	61,310	62,937
Total Section III		1695	241,081	127,504
IV. Liabilities associated with non-current assets held for sale and disposal groups				
BALANCE		1900	296,384	196,784

Chief Executive

Chief Accountant



Codes

Accounting policies stated on pages 25-32, notes to the annual financial statements on pages 10-24 and other notes on pages 33 – 50 form an integral part of these financial statements

	Date (year, month, date)	2019	12	31
Company: LLC "Herbalife Ukraine" (name)	EDRPOU	36186424		

Statement of Financial Results (Statement of Comprehensive Income)
for the year ended 31 December 2019

Form 2

DKUD Code 1801003

I. Financial results

Item	Other notes	Line code	For the reporting period	For the similar period of the prior year
1		2	3	4
Net revenue from sales of goods, works and services		2000	738,581	626,999
Cost of sales of goods, works and services		2050	(416,405)	(358,257)
Gross:				
Profit		2090	322,176	268,742
Loss		2095	(-)	(-)
Other operating income		2120	5,953	2,959
Administrative expenses		2130	(20,019)	(21,331)
Selling expenses		2150	(214,499)	(180,496)
Other operating expenses		2180	(941)	(2,933)
Financial results from operating activities:				
Profit		2190	92,670	66,941
Loss		2195	(-)	(-)
Income from participation in equity		2200	-	-
Other financial income		2220	-	12
Other income		2240	-	-
Financial expenses		2250	(15,007)	(11,867)
Losses from participation in equity		2255	(-)	(-)
Other expenses		2270	(2,780)	(2,997)
Financial results before taxation:				
Profit		2290	74,883	52,089
Loss		2295	(-)	(-)
Income tax expense (credit)	8	2300	(35,906)	(9,725)
Profit (loss) from discontinued operations after tax		2305	-	-
Net financial result:				
Profit		2350	38,977	42,364
Loss		2355	(-)	(-)

II. Comprehensive income

Item	Other notes	Line code	For the reporting period	For the similar period of the prior year
1		2	3	4
Upward (downward) revaluation of non-current assets		2400	-	-
Upward (downward) revaluation of financial instruments		2405	-	-
Accumulated exchange differences		2410	-	-
Share of other comprehensive income of associates and joint ventures		2415	-	-
Other comprehensive income		2445	-	-
Other comprehensive income before tax		2450	-	-
Income tax arising on other comprehensive income		2455	-	-
Other comprehensive income after tax		2460	-	-
Comprehensive income (total of lines 2350, 2355 and 2460)		2465	38,977	42,364

Accounting policies stated on pages 25-32, notes to the annual financial statements on pages 10-24 and other notes on pages 33 – 50 form an integral part of these financial statements

Statement of Financial Results (Statement of Comprehensive Income)
for the year ended 31 December 2019

Form 2
(continued)

III. Elements of operating expenses

Item	Other notes	Line code	For the reporting period	For the similar period of the prior year
1		2	3	4
Material expenses		2500	1,184	2,288
Payroll		2505	12,071	9,909
Social payments		2510	2,465	2,041
Depreciation/amortisation		2515	1,197	1,101
Other operating expenses		2520	218,542	189,421
Total		2550	235,459	204,760

Note: Section IV. Calculation of shares profitability is not completed as the Company is a limited liability company and, therefore, has no shares issued.



Chief Executive _____

Chief Accountant _____

		Codes		
	Date (year, month, date)	2019	12	31
Company: LLC "Herbalife Ukraine" (name)	EDRPOU	36186424		

**Statement of Cash Flows (direct method)
for the year ended 31 December 2019**

Form 3

DKUD Code

1801004

Item	Other notes	Line code	For the reporting period	For the similar period of the prior year
1		2	3	4
I. Cash flows from operating activities				
Receipts from:				
Sales of goods, works and services		3000	891,921	752,398
Return of taxes and levies		3005	-	-
including value added tax		3006	-	-
Special-purpose financing		3010	-	-
Other receipts		3095	996	1,100
Outflows from payments for:				
Goods, works and services		3100	(710,036)	(574,946)
Payroll		3105	(12,071)	(9,454)
Social contributions		3110	(2,465)	(2,041)
Liabilities on taxes and levies		3115	(120,685)	(79,590)
Other expenses		3190	(-)	(11,950)
Cash flows from operating activities, net		3195	47,660	75,517
II. Cash flows from investing activities				
Receipts from sale of:				
financial investments		3200	-	-
non-current assets		3205	-	-
Receipts from:				
interest		3215	-	-
dividends		3220	-	-
Receipts from derivatives		3225	-	-
Other receipts		3250	-	-
Expenditure for purchase:				
of financial investments		3255	(-)	(-)
of non-current assets		3260	(-)	(1,080)
Payments on derivatives		3270	(-)	(-)
Other payments		3290	(-)	(-)
Cash flows from investing activities, net		3295	(-)	(1,080)
III. Cash flows from financing activities				
Receipts from:				
Equity		3300	-	-
Loans		3305	-	-
Other receipts		3340	-	-
Expenditure for:				
Repurchase of treasury shares		3345	(-)	(-)
Loans repayment		3350	(-)	(-)
Dividends payment		3355	(25,000)	(14,000)
Other payments		3390	(-)	(-)
Cash flows from financing activities, net		3395	(25,000)	(14,000)
Cash flows for the reporting period, net		3400	22,660	60,437
Cash at the beginning of the year		3405	116,397	55,719
Effect of exchange rates on cash balances		3410	880	(241)
Cash at the end of the year		3415	139,937	116,397

Chief Executive

Chief Accountant



Accounting policies stated on pages 25-32, notes to the annual financial statements on pages 10-24 and other notes on pages 33 – 50 form an integral part of these financial statements

		Codes	
Date (year, month, date)		2019	12 31
Company: LLC "Herbalife Ukraine" (name)		EDRPOU 36186424	

Statement of Shareholders' Equity for the year ended 31 December 2019

Form 4

DKUD Code 1801005

Item	Code	Registered (share) capital	Revaluation reserve	Additional capital	Reserve capital	Retained earnings (accumulated deficit)	Unpaid capital	With-drawn capital	Total
1	2	3	4	5	6	7	8	9	10
Balance at the beginning of the year	4000	123	-	-	-	55,180	-	-	55,303
Adjustments:									
Change in accounting policies	4005	-	-	-	-	-	-	-	-
Correction of errors	4010	-	-	-	-	-	-	-	-
Other changes	4090	-	-	-	-	-	-	-	-
Balance at the beginning of the year, adjusted	4095	123	-	-	-	55,180	-	-	55,303
Net profit (loss) for the reporting period	4100	-	-	-	-	38,977	-	-	38,977
Other comprehensive income for the reporting period	4110	-	-	-	-	-	-	-	-
Profit distribution:									
Payments to the owners (dividends)	4200	-	-	-	-	(25,000)	-	-	(25,000)
Allocation to the registered capital	4205	-	-	-	-	-	-	-	-
Allocation to the reserve capital	4210	-	-	-	-	-	-	-	-
Contributions by owners:									
Capital contributions	4240	-	-	-	-	-	-	-	-
Repayment of unpaid capital	4245	-	-	-	-	-	-	-	-
Withdrawal of capital:									
Repurchase of shares	4260	-	-	-	-	-	-	-	-
Sale of treasury shares	4265	-	-	-	-	-	-	-	-
Cancellation of treasury shares	4270	-	-	-	-	-	-	-	-
Withdrawal of the share in equity	4275	-	-	-	-	-	-	-	-
Other changes in equity	4290	-	-	-	-	-	-	-	-
Changes in equity, total	4295	-	-	-	-	13,977	-	-	13,977
Balance at the end of the year	4300	123	-	-	-	69,157	-	-	69,280

Chief Executive

Chief Accountant



Accounting policies stated on pages 25-32, notes to the annual financial statements on pages 10-24 and other notes on pages 33 – 50 form an integral part of these financial statements

Company: LLC "Herbalife Ukraine"
Territory:
State power authority:
Organisational and legal form of economic activity: Limited Liability Company
Type of economic activity: wholesale in other food products including fish, shellfish and molluscs
Measurement unit: UAH thousands

Date (year, month, date)
EDRPOU
KOATUU
SPODU
KOPFG
KVED

Codes	
2019	12
32186424	31
8038200000	
0	
240	
46.38	

Notes to the Annual Financial Statements for the year ended 31 December 2019

Form 5

DKUD Code 1801008

I. Intangible assets

Groups of intangible assets	Line code	Balance at the beginning of the year		Additions in the year	Revaluation (upward +, downward -)		Disposals in the year		Amortisation charges for the year		Impairment losses for the year	Other changes for the year		Balance at the end of the year	
		Cost or valuation	Accumulated amortisation		Cost or valuation	Accumulated amortisation	Cost or valuation	Accumulated amortisation	Cost or valuation	Accumulated amortisation		Cost or valuation	Accumulated amortisation	Cost or valuation	Accumulated amortisation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Rights to use natural resources	010	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rights to use property	020	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rights for commercial signs	030	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rights for the industrial property objects	040	-	-	-	-	-	-	-	-	-	-	-	-	-	
Copyright and allied rights	050	-	-	-	-	-	-	-	-	-	-	-	-	-	
	060	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other intangible assets	070	1,225	1,223	-	-	-	-	-	2	-	-	-	1,225	1,225	
Total	080	1,225	1,223	-	-	-	-	-	2	-	-	-	1,225	1,225	
Goodwill	090	-	-	-	-	-	-	-	-	-	-	-	-	-	

Description	Line code	Amount
	1	
	2	3
From line 080, col. 14		
cost of intangible assets with restricted ownership rights	081	
cost of pledged intangible assets	082	
cost of intangible assets created in-house	083	
From line 080, col. 5, cost of intangible assets received for targeted financing	084	
From line 080, col. 15, accumulated amortisation of intangible assets with restricted ownership rights	085	

Notes to the Annual Financial Statements for the year ended 31 December 2019

Form 5
(continued)

II. Property, plant and equipment

Groups of property, plant and equipment	Line code	Balance at the beginning of the year		Additions in the year	Revaluation (upward +, downward -)		Disposals in the year		Deprec'n charges for the year	Impairment losses for the year	Other changes for the year		Balance at the end of the year		Including:			
		Cost or valuation	Accumulated depreciation		Cost or valuation	Accumulated depreciation	Cost or valuation	Accumulated depreciation			Cost or valuation	Accumulated depreciation	Cost or valuation	Accumulated depreciation	Received on finance lease	Transferred on operating lease	Cost or valuation	Accumulated depreciation
		3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	2																	
Land plots	100																	
Investment property	105																	
Capital costs of land improvement	110																	
Buildings, constructions and transmission equipment	120	3,338	1,362					2	269				3,336	1,629				
Machinery and equipment	130	3,431	2,144	1,252					413				4,683	2,557				
Vehicles	140																	
Tools, fittings and furniture	150	900	793	94					148				994	941				
Livestock	160																	
Perennial plants	170																	
Other fixed assets	180	1,235	1,202						33				1,235	1,235				
Library assets	190																	
Non-current low-value items	200	705	371	9					300				714	671				
Temporary buildings	210																	
Natural resources	220																	
Packaging	230																	
Hire items	240																	
Other non-current tangible assets	250																	
Total	260	9,609	5,872	1,355			2	2	1,163				10,962	7,033				
		Description																
From line 260, col. 14		cost of PPE where legal restrictions of ownership rights exist																
		cost of pledged PPE																
		residual value of PPE out of use on a temporary basis (conservation, reconstruction, etc.)																
		cost (or valuation) of fully depreciated PPE																
		PPE of leased property																
From line 260, col. 8		residual value of PPE decommissioned for future sale																
		residual value of fixed assets lost due to accidents																
From line 260, col. 5		cost of PPE purchased for targeted finance																
		Cost of PPE received on operating lease terms																
From line 260, col. 15		accumulated depreciation of fixed assets where legal restrictions of ownership rights exist																
From line 105, col. 14		cost of investment property valued at fair value																

Notes to the Annual Financial Statements
for the year ended 31 December 2019

Form 5
(continued)

III. Capital investments

Description	Line code	For the year	At the end of the year
1	2	3	4
Capital construction	280	-	-
Purchase (manufacturing) of PPE	290	1,518	1,518
Purchase (manufacturing) of other non-current tangible assets	300	-	-
Purchase (manufacturing) of intangible assets	310	10	10
Purchase (growing) of long-term biological assets	320	-	-
Other	330	-	-
Total	340	1,528	1,528

From line 340, col. 3

capital investments in investment property	(341)	_____
financial costs included in financial investments	(342)	_____

IV. Financial investments

Description	Line code	For the year	At the end of the year	
			Long-term	Current
1	2	3	4	5
A. Financial investments under equity method into:				
associates	350	-	-	-
subsidiaries	360	-	-	-
joint activities	370	-	-	-
B. Other financial investments into:				
shares in other entities' statutory capital	380	-	-	-
shares	390	-	-	-
bonds	400	-	-	-
other	410	-	-	-
Total (A + B)	420	-	-	-

From line 1035, col. 4 of the Balance Sheet
(Statement of Financial Position)

Other long-term financial investments stated:		
at cost	(421)	_____
at fair value	(422)	_____
at amortised cost	(423)	_____

From line 1160, col. 4 of the Balance Sheet
(Statement of Financial Position)

Other long-term financial investments stated:		
at cost	(424)	_____
at fair value	(425)	_____
at amortised cost	(426)	_____

**Notes to the Annual Financial Statements
for the year ended 31 December 2019**

Form 5
(continued)

V. Income and expenses

Description 1	Other notes	Line code 2	Income 3	Expenses 4
A. Other operating income and expenses				
Operating lease of assets		440	-	941
Operating exchange difference		450	4,246	-
Sale of other current assets		460	-	-
Fines, penalties and interest		470	-	-
Maintenance of social assets		480	-	-
Other operating income and expenses		490	1,707	-
Including:				
charges to bad debt reserve		491	X	-
non-productive expenses and losses		492	X	-
B. Income and expenses from participation in equity of:				
associates		500	-	-
subsidiaries		510	-	-
joint activities		520	-	-
C. Other financial income and expenses				
Dividends		530	-	X
Interest		540	X	-
Finance lease of assets		550	-	-
Other financial income and expenses		560	12	15,007
D. Other income and expenses				
Sale of financial investments		570	-	-
Income from business combinations		580	-	-
Result of impairment test		590	-	-
Non-operating exchange difference		600	-	-
Assets received for free		610	-	X
Write-off of non-current assets		620	X	-
Other income and expenses		630	-	2,780

Description 1	Line code 2	Amount 3
Barter transactions with goods, works and services	631	-
Share in sales revenue from sales of goods, works and services under barter agreements with related parties (%)	632	-
From lines 540-560 col. 4: Financial costs included in cost of assets	633	-

VI. Cash

Description 1	Line code 2	At the end of the year 3
Cash on hand	640	17
Current account	650	125,607
Other bank accounts (letters of credit, cheque books)	660	-
Cash in transit	670	14,330
Cash equivalents	680	-
Total	690	139,954
From line 1090, col. 4 of the Balance Sheet (Statement of Financial Position) Cash with restricted use	691	-

Accounting policies stated on pages 25 - 32 and other notes on pages 33 - 50 form an integral part of these financial statements

Notes to the Annual Financial Statements
for the year ended 31 December 2019

Form 5
(continued)

VII. Provisions

Type of provision	Line code	Balance at the beginning of the year	Increase during the reporting period		Amount used during the year	Unused amount reversed during the reporting period	Amount of expected compensation by the other party included in the provision assessment	Balance at the end of the year
			Provision created	Additional charges				
1	2	3	4	5	6	7	8	9
Provision for vacation payments to employees	710	938	1,084		867	-	-	1,155
Provision for additional future pension expenses	720	-			-	-	-	-
Provision for future expenses related to guarantees	730	-			-	-	-	-
Provision for future restructuring expenses	740	-			-	-	-	-
Provision for future expenses related to onerous contracts	750	-			-	-	-	-
Other provisions	770	7,894	34,787		35,658	-	-	7,023
Doubtful debt provision	775	-	-		-	-	-	-
Total	780	8,832	35,871		36,525	-	-	8,178

Accounting policies stated on pages 25 - 32 and other notes on pages 33 – 50 form an integral part of these financial statements

Notes to the Annual Financial Statements
for the year ended 31 December 2019

Form 5
(continued)

VIII. Inventories

Description	Line code	Closing book value	Revaluation in the year	
			Increase in the net realisable value*	Downward revaluation
1	2	3	4	5
Raw and other materials	800	58	-	-
Purchased components and units	810	-	-	-
Fuel	820	-	-	-
Packaging	830	-	-	-
Construction materials	840	-	-	-
Spare parts	850	-	-	-
Agricultural materials	860	-	-	-
Current biological assets	870	-	-	-
Low-value items	880	-	-	-
Work in progress	890	-	-	-
Finished goods	900	-	-	-
Goods for sale	910	44,333	-	-
Total	920	44,391	-	-

From line 920, col. 3

Book value of inventories:
shown at net realisable value
transferred for processing
pledged
transferred on commission

Other notes

(921)

(922)

(923)

(924)

Assets on safekeeping (off-balance sheet account 02)

(925)

From line 1200, col. 4 of the Balance Sheet (Statement of Financial Position)

Inventories held for sale

(926)

* determined according to p. 28 of NR(S)AU 9 "Inventories"

**Notes to the Annual Financial Statements
for the year ended 31 December 2019**

Form 5
(continued)

IX. Accounts receivable

Description	Line code	Total at year-end	Including outstanding by age:		
			Less than 12 months	From 12 to 18 months	From 18 to 36 months
1	2	3	4	5	6
Accounts receivable for goods, works and services	940	214	214	-	-
Other current accounts receivable	950	1	1	-	-

Bad accounts receivable written-off during the reporting year (951) _____
From lines 940 and 950 accounts receivable with related parties (952) _____

X. Losses and shortages resulting from damages

Description	Line code	Amount
1	2	3
Losses and shortages identified and written-off during the year	960	-
Recognised as debts of the guilty parties during the year	970	-
Losses and shortages where guilty parties are not identified at year end (off-balance sheet account 072)	980	-

XI. Construction contracts

Description	Line code	Amount
1	2	3
Revenue from construction contracts for current year	1110	-
Amounts outstanding at year end:	1120	-
from customers, gross	1120	-
to customers, gross	1130	-
on prepayments received	1140	-
Overdue amounts at year end	1150	-
Cost of work done by subcontractors for construction contracts in progress	1160	-

**Notes to the Annual Financial Statements
for the year ended 31 December 2019**

Form 5
(continued)

XII. Income tax

Description	Line code	Amount
1	2	3
Current corporate profit tax	1210	17,855
Deferred tax assets:		
at the beginning of year	1220	19,017
at the end of year	1225	96,600
Deferred tax liabilities:		
at the beginning of year	1230	-
at the end of year	1235	-
Included in the Statement of Financial Results – total	1240	35,906
Including:		
current corporate profit tax	1241	17,855
decrease (increase) of deferred tax assets	1242	18,051
increase (decrease) of deferred tax liabilities	1243	-
Recorded in equity – total	1250	-
Including:		
current corporate profit tax	1251	-
decrease (increase) of deferred tax assets	1252	-
increase (decrease) of deferred tax liabilities	1253	-

XIII. Use of depreciation/amortisation charge

Description	Line code	Amount
1	2	3
Charged for the reporting year	1300	1,197
Used during the year – total	1310	-
Including for:		
construction of units	1311	-
purchasing (manufacturing) and improvements of PPE	1312	-
including machines and equipment	1313	-
purchasing (manufacturing) of intangible assets	1314	-
paying off loans received for capital investments	1315	-
	1316	-
	1317	-

Accounting policies stated on pages 25 - 32 and other notes on pages 33 – 50 form an integral part of these financial statements

Notes to the Annual Financial Statements for the year ended 31 December 2019

Form 5
(continued)

XIV. Biological assets

Groups of biological assets	Line code	historical cost										accumulated depreciation					
		Opening balance		Disposals in the year		Depreciation charges for the year		Impairment losses	Economic benefits from recovery of assets	Closing balance		Opening balance	Additions in the year	Changes in fair value for the year	Disposals in the year	Closing balance	
1	2	historical cost	accumulated depreciation	historical cost	accumulated depreciation	8	9	10	historical cost	accumulated depreciation	11	12	13	14	15	16	17
Long-term biological assets - total																	
including:																	
draft livestock	1410	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
productive livestock	1411	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
perennial plants	1412	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1413	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1414	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other long-term biological assets	1415	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current biological assets - total																	
including:																	
livestock	1420	-	X	-	X	X	-	-	-	X	-	X	-	-	-	-	-
biological assets in bioconversion (other than livestock)	1421	-	X	-	X	X	-	-	-	X	-	X	-	-	-	-	-
	1422	-	X	-	X	X	-	-	-	X	-	X	-	-	-	-	-
	1423	-	X	-	X	X	-	-	-	X	-	X	-	-	-	-	-
other current biological assets	1424	-	X	-	X	X	-	-	-	X	-	X	-	-	-	-	-
Total	1430																

From line 1430, col. 5 and col. 14:	cost of biological assets purchased for targeted finance	(1431)	-
From line 1430, col. 6 and col. 16:	residual value of non-current biological assets, historical cost of current biological assets and fair value of biological assets lost due to emergency events	(1432)	-
From line 1430, col. 11 and col. 17:	book value of biological assets with restricted ownership rights as prescribed by law	(1433)	-

Notes to the Annual Financial Statements for the year ended 31 December 2019

Form 5 (continued)

XV. Financial results from initial recognition and sale of agricultural produce and additional biological assets

Description	Line code	Value at initial recognition	Bioconversion expenses	Result from initial recognition		Downwards revaluation	Revenue	Cost of sales	Financial result (profit +, loss -) from	
				Income	Expense				Sales	Initial recognition and sales
1	2	3	4	5	6	7	8	9	10	11
Plant cultivation produce and additional biological assets – total	1500	-	(-)	-	(-)	-	-	(-)	-	-
Including:										
crops and leguminous plants	1510	-	-	-	-	-	-	-	-	-
of which:										
wheat	1511	-	(-)	-	(-)	-	-	(-)	-	-
soybean	1512	-	(-)	-	(-)	-	-	(-)	-	-
sunflower	1513	-	(-)	-	(-)	-	-	(-)	-	-
rapeseed	1514	-	(-)	-	(-)	-	-	(-)	-	-
sugar beet (mill)	1515	-	(-)	-	(-)	-	-	(-)	-	-
potatoes	1516	-	(-)	-	(-)	-	-	(-)	-	-
fruit (pip and drupaceous fruit)	1517	-	(-)	-	(-)	-	-	(-)	-	-
other plant cultivation produce	1518	-	(-)	-	(-)	-	-	(-)	-	-
plant cultivation additional biological assets	1519	-	(-)	-	(-)	-	-	(-)	-	-
Cattle breeding produce and additional biological assets – total	1520	-	(-)	-	(-)	-	-	(-)	-	-
Including:										
live weight gain – total	1530	-	(-)	-	(-)	-	-	(-)	-	-
of which:										
horned livestock	1531	-	(-)	-	(-)	-	-	(-)	-	-
pigs	1532	-	(-)	-	(-)	-	-	(-)	-	-
milk	1533	-	(-)	-	(-)	-	-	(-)	-	-
wool	1534	-	(-)	-	(-)	-	-	(-)	-	-
eggs	1535	-	(-)	-	(-)	-	-	(-)	-	-
other cattle breeding produce	1536	-	(-)	-	(-)	-	-	(-)	-	-
cattle breeding additional biological assets	1537	-	(-)	-	(-)	-	-	(-)	-	-
fishery produce	1538	-	(-)	-	(-)	-	-	(-)	-	-
1539	1539	-	(-)	-	(-)	-	-	(-)	-	-
Agricultural produce and additional biological assets – total	1540	-	(-)	-	(-)	-	-	(-)	-	-



Chief Executive

Chief Accountant

Accounting policies stated on pages 25 - 32 and other notes on pages 33 – 50 form an integral part of these financial statements

Company: LLC "Herbalife Ukraine"

Territory:

State power authority:

Organisational and legal form of economic activity: Limited Liability Company

Type of economic activity: wholesale in other food products including fish, shellfish and molluscs

Measurement unit: UAH thousands

Date (year, month, date)

EDRPOU

KOATUU

SPODU

KOPFG

KVED

Control amount

Codes		
2019	12	31
36186424		
8038200000		
240		
46.38		

Supplement to Notes to the Annual Financial Statements "Segment Information" for the year ended 31 December 2019

Form 6

DKUD code

1801009

I. Figures by priority reporting business segment (business, geographical productive, geographical sale)

Description	Line code	Reporting segment													Total						
		Reporting segment												Reporting year	Prior year	Total					
		Reporting year	Prior year	Reporting year	Prior year	Reporting year	Prior year	Reporting year	Prior year	Reporting year	Prior year	Reporting year	Prior year								
1		3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18				
1. Revenues of reporting segments:																					
Revenues of reporting segments from operating activity	010	744,534	629,958	-	-	-	-	-	-	-	-	-	-	-	-	744,534	629,958	-	-	-	-
of which: revenue from sale of goods, works and services: to external customers	011	738,581	626,999	-	-	-	-	-	-	-	-	-	-	-	-	738,581	626,999	-	-	-	-
to other reporting segments	012	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other operating income	013	5,953	2,959	-	-	-	-	-	-	-	-	-	-	-	-	5,953	2,959	-	-	-	-
Financial income of reporting segments	020	0	12	-	-	-	-	-	-	-	-	-	-	-	-	0	12	-	-	-	-
of which: income from participation in equity directly attributable to the reporting segment	021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
other financial income	022	0	1	-	-	-	-	-	-	-	-	-	-	-	-	0	1	-	-	-	-
other income	030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Supplement to Notes to the Annual Financial Statements "Segment Information" for the year ended 31 December 2019
Form 6 (continued)

I. Figures by priority reporting business segment (continued)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Total revenues of reporting segments	040	744,534	629,970	-	-	-	-	-	-	-	-	-	-	-	-	744,534	629,970
Unallocated revenues of which: income from operating activity	050	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
financial income	051	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Deductions from revenues from sale of goods, work and services to other reporting segments	052	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
	060	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues of the entity (line 040 + line 050 - line 060)	070	744,534	629,970	-	-	-	-	-	-	-	-	-	-	-	-	744,534	629,970
2. Expenses of reporting segments:	080	(416,405)	(358,257)	-	-	-	-	-	-	-	-	-	-	-	-	(416,405)	(358,257)
Operating expenses of which: cost of sales of goods, works and services: to external customers	081	(416,405)	(358,257)	-	-	-	-	-	-	-	-	-	-	-	-	(416,405)	(358,257)
to other reporting segments	082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	090	(20,019)	(21,331)	-	-	-	-	-	-	-	-	-	-	-	-	(20,019)	(21,331)
Selling expenses	100	(214,499)	(180,496)	-	-	-	-	-	-	-	-	-	-	-	-	(214,499)	(180,496)
Other operating expenses	110	(941)	(2,933)	-	-	-	-	-	-	-	-	-	-	-	-	(941)	(2,933)
Financial expenses of reporting segments	120	(15,007)	(11,867)	-	-	-	-	-	-	-	-	-	-	-	-	(15,007)	(11,867)
of which: losses from participation in equity directly attributable to the reporting segment	121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	122	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	130	(2,780)	(2,997)	-	-	-	-	-	-	-	-	-	-	-	-	(2,780)	(2,997)
Total expenses of reporting segments	140	(669,652)	(577,882)	-	-	-	-	-	-	-	-	-	-	-	-	(669,652)	(577,882)

Supplement to Notes to the Annual Financial Statements "Segment Information" for the year ended 31 December 2019

Form 6 (continued)

I. Figures by priority reporting business segment (continued)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Unallocated expenses	150	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
of which: administrative, selling and other operating expenses unallocated to reporting segments	151	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
financial expenses	152	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
corporate profit tax	154	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Deductions from cost of sale of goods, work and services to other reporting segments	160																
Total expenses of the entity (line 140 + line 150 - line 160)	170	(669,652)	(577,882)													(669,652)	(577,882)
3. Financial result of reporting segments	180	74,883	52,089													74,883	52,089
4. Financial result of the entity (line 070 - line 170)	190	74,883	52,089													74,883	52,089
5. Assets of reporting segments	200	44,391	137,777													44,391	137,777
of which:	201	44,391	137,777													44,391	137,777
Inventory	202																
	203																
	204																
	205																
Unallocated assets	220	x	x	x	x	x	x	x	x	x	x	x	x	152,393	158,607	152,393	158,607
of which: Non-current assets	221	x	x	x	x	x	x	x	x	x	x	x	x	6,423	23,836	6,423	23,836
Current assets	222	x	x	x	x	x	x	x	x	x	x	x	x	145,970	134,771	145,970	134,771
	223	x	x	x	x	x	x	x	x	x	x	x	x				
	224	x	x	x	x	x	x	x	x	x	x	x	x				
Total assets of the entity	230	44,391	137,777											152,393	158,607	152,393	158,607
6. Liabilities of reporting segments	240	100,361	222,355											27,143	18,726	27,143	18,726

Accounting policies stated on pages 25 - 32 and other notes on pages 33 - 50 form an integral part of these financial statements

Supplement to Notes to the Annual Financial Statements "Segment Information" for the year ended 31 December 2019

Form 6 (continued)

I. Figures by priority reporting business segment (continued)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
of which:																	
Current accounts payable on: goods, works and services	241	37,424	161,045	-	-	-	-	-	-	-	-	-	-	-	-	37,424	161,045
Other current liabilities	242	71,116	70,145	-	-	-	-	-	-	-	-	-	-	-	-	71,116	70,145
	243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	244	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated liabilities	260	X	X	X	X	X	X	X	X	X	X	X	X	27,143	18,726	27,143	18,726
of which:																	
settlements with the budget	261	X	X	X	X	X	X	X	X	X	X	X	X	18,964	9,891	18,964	9,891
	262	X	X	X	X	X	X	X	X	X	X	X	X	-	-	-	-
	263	X	X	X	X	X	X	X	X	X	X	X	X	-	-	-	-
	264	X	X	X	X	X	X	X	X	X	X	X	X	-	-	-	-
Total liabilities of the entity (line 240 + line 260)	270	100,361	222,355	-	-	-	-	-	-	-	-	-	-	27,143	18,726	127,504	241,081
7. Capital investments	280	-	-	-	-	-	-	-	-	-	-	-	-	1,528	1,080	1,528	1,080
8. Depreciation of non-current assets	290	-	-	-	-	-	-	-	-	-	-	-	-	7,033	5,872	7,033	5,872

II. Figures by secondary reporting segments
(business, geographical productive, geographical sale)

Description	Line code	Reporting segment												Unallocated			Total		
		Reporting year 3	Prior year 4	Reporting year 5	Prior year 6	Reporting year 7	Prior year 8	Reporting year 9	Prior year 10	Reporting year 11	Prior year 12	Reporting year 13	Prior year 14	Reporting year 15	Prior year 16	Reporting year 17	Prior year 18		
Revenue from sale of goods, works and services to external customers	2																		
	300																		
Carrying value of reporting segment assets	310																		
Capital investments	320																		
	330																		
	340																		

Accounting policies stated on pages 25 - 32 and other notes on pages 33 - 50 form an integral part of these financial statements

Supplement to Notes to the Annual Financial Statements "Segment Information"
for the year ended 31 December 2019

Form 6 (continued)

III. Figures by secondary reporting segments
 (business, geographical productive, geographical sale)

Description	Line code	Reporting segment										Unallocated			Total			
		Reporting year 3	Prior year 4	Reporting year 5	Prior year 6	Reporting year 7	Prior year 8	Reporting year 9	Prior year 10	Reporting year 11	Prior year 12	Reporting year 13	Prior year 14	Reporting year 15	Prior year 16	Reporting year 17	Prior year 18	
1	2																	
Revenue from sale of goods, works and services to external customers	350																	
Carrying value of reporting segment assets	360																	
Capital investments	370																	
	380																	
	390																	

Accounting policies stated on pages 25 - 32 and other notes on pages 33 - 50 form an integral part of these financial statements

Limited Liability Company

“Herbalife Ukraine”

Financial Statements in accordance with NR(S)AU as at and for the year ended

31 December 2019

(unless otherwise stated, all amounts are in thousands of Ukrainian hryvnias (UAH))

Accounting policies

The principal accounting policies adopted in the presentation of these financial statements are set out below:

1. Basis of preparation

The Company keeps its accounting records and prepares financial statements according to Ukrainian legislation in Ukrainian currency, hryvnia, in compliance with the Law of Ukraine On Accounting and Reporting in Ukraine dated 16 July 1999 No 996-XIV (as amended) and in accordance with National Regulations (Standards) of Accounting in Ukraine (“NR(S)AU”). The accompanying financial statements are based on accounting records kept according to Ukrainian legislation, which requires the historical cost convention to be adopted. These financial statements are prepared on a going concern basis.

The preparation of financial statements according to NR(S)AU requires from management to make critical accounting estimates. Management also uses certain judgements in applying the accounting policies. The actual results may differ from the estimates.

These financial statements are prepared in accordance with NR(S)AU effective as at 31 December 2019.

2. Reporting currency

These financial statements are presented in the national currency of Ukraine, hryvnia (UAH).

3. Foreign currency transactions

The Company’s transactions in foreign currency are accounted for at the exchange rate of the National Bank of Ukraine prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial results. Such balances are translated at the exchange rates effective as at the end of the reporting year.

The principal rates of exchange used for translating foreign currency balances were as follows:

	31 December 2019	31 December 2018
1 USD	UAH 23.686	UAH 27.688
1 EUR	UAH 26.422	UAH 31.714

4. Intangible assets

The Company’s intangible assets include capitalised computer software. Intangible assets are recorded at cost of purchase. Expenditure on acquired intangible assets is capitalised and amortised using the straight-line method over their estimated useful lives. The estimated useful life of software is 24 months.

After writing off intangible assets, their historical cost, along with the corresponding amounts of accumulated amortisation, is eliminated from accounting records.

5. Property, plant and equipment

Property, plant and equipment (“PPE”) include assets with cost over UAH 6,000 and expected useful life of more than 1 year. Property, plant and equipment are recorded at cost of purchase or production less accumulated depreciation.

Limited Liability Company

“Herbalife Ukraine”

Financial Statements in accordance with NR(S)AU as at and for the year ended

31 December 2019

(unless otherwise stated, all amounts are in thousands of Ukrainian hryvnias (UAH))

Accounting policies (continued)

5. Property, plant and equipment (continued)

Cost of a PPE item comprises amounts paid to suppliers of assets and contractors for construction of assets (net of indirect taxes), registration fees, state dues and similar charges for purchasing (gaining) rights to a PPE item, import duties, indirect taxes imposed on purchase (production) of a PPE item unless they are recoverable to an entity, insurance costs related to asset delivery risk coverage, cost of transportation, installation, assembly and setting up of a PPE item and other costs directly attributable to bringing assets to the condition appropriate for their intended use.

Financial expenses are not included in the cost of fixed assets purchased (produced) fully or partially for borrowed funds, except for financial expenses included in the cost of qualifying assets.

Cost of the property, plant and equipment item is increased with the simultaneous creation of the provision for the reliably estimated liability which arises on dismantling and removing the assets and bringing the land plot on which the asset is located to the condition appropriate for subsequent use according to the legislation.

After writing off, the historical cost of fixed assets together with the corresponding amounts of accumulated depreciation is eliminated from accounting records.

Cost of improvements such as modernisation, additional construction, reconstruction etc, which result in an increase of future economic benefits initially anticipated from an asset is capitalized as part of the cost of the asset. Expenditures incurred to maintain an asset in normal operating condition such as routine examination, inspection, maintenance, repair, etc and to receive future economic benefits from the asset as initially estimated are expensed in the current period's statement of financial results.

The Company charges depreciation on a straight-line basis over the useful lives of property, plant and equipment as follows:

Groups of property, plant and equipment	Years
Buildings, constructions and transmission equipment	5
Machinery and equipment	3-5
Tools, fittings and furniture	5
Other fixed assets	5

100% depreciation is charged on low-value non-current assets when they are put into operation.

Gains and losses on disposal of property, plant and equipment are determined based on their carrying amount and are taken into account in determining the operating profit.

6. Accounting for leases

Leases of assets where a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of financial results by equal instalments over the period of the lease.

Leases which transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee are classified as finance leases.

The Company records an item received on finance lease both as an asset and liability at the inception at the lower of the asset's fair value and the present value of the minimum lease payments.

Limited Liability Company

“Herbalife Ukraine”

Financial Statements in accordance with NR(S)AU as at and for the year ended

31 December 2019

(unless otherwise stated, all amounts are in thousands of Ukrainian hryvnias (UAH))

Accounting policies (continued)

6. Accounting for leases (continued)

The difference between the amount of minimum lease payments and the carrying amount of a leased asset in the lessee's accounting records at inception represents the lessee's financial expenses and is recognised only in the amount that relates to the current period. Financial expenses are allocated over the lease term by applying the implicit interest rate to the opening outstanding balance of the liability.

The Company recognises an asset given on finance lease as accounts receivable from the lessee in the amount of minimum lease payments and an unguaranteed residual value less any financial income receivable, and as other income (income from disposal of non-current assets). At the same time, the residual value of an asset given on finance lease is eliminated from the lessor's balance sheet and is recognised as other costs (cost of non-current assets disposed of).

Any difference between the sum of the minimum lease payments and unguaranteed residual value of the leased item and the present value of the above amount discounted at the rent interest rate represents the financial income of the lessor.

Financial income is allocated over the lease term by applying the interest rate to the opening outstanding balance of the lessor's accounts receivable.

7. Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the expected selling price in the ordinary course of business, less the cost of completion and selling expenses.

Cost of raw materials, packaging materials, containers and goods upon disposal is determined using the first-in, first-out (FIFO) method.

Inventories are stated in the financial statements, taking into account provisions for slow-moving, damaged or obsolete items.

8. Financial instruments

The Company classifies its financial instruments into the following categories: accounts receivable for goods, works and services, accounts receivable and accounts payable on internal settlements, cash and cash equivalents, accounts payable for goods, works and services, other current accounts receivable and accounts payable.

Financial instruments are initially measured and recognised at actual cost, which comprises the fair value of assets and liabilities and expenses directly attributable to the acquisition or disposal of a financial instrument.

At each balance sheet date subsequent to the initial recognition, financial assets are measured at fair value, except for accounts receivable not available for re-sale, financial assets fair value of which cannot be determined reliably and other financial assets which are not measured at fair value.

At each balance sheet date subsequent to the initial recognition, financial liabilities are measured at amortised cost.

The carrying amounts of the financial assets which are not measured at fair value are reviewed for impairment at each balance sheet date based on the analysis of the expected cash flows. The loss from impairment of a financial asset is the difference between the carrying amount of the asset and the present value of the expected cash flows discounted at the current market interest rate available for similar financial assets, which is included in other expenses of the reporting period.

Limited Liability Company

"Herbalife Ukraine"

Financial Statements in accordance with NR(S)AU as at and for the year ended

31 December 2019

(unless otherwise stated, all amounts are in thousands of Ukrainian hryvnias (UAH))

Accounting policies (continued)

9. Accounts receivable and provision for doubtful debts

Accounts receivables originated as a result of selling the Company's goods and services directly to a debtor are categorised as receivables not for resale and are initially recognised at net realisable value.

Current accounts receivable representing a financial asset (other than purchased receivables and receivables for resale) are included in the balance sheet total at net realisable value. The allowance for doubtful accounts is calculated to determine the net realisable value as of the balance sheet date.

A doubtful and bad debts provision is established by the management based on the estimate of likely bad debts after the performance of the ageing analysis and in compliance with the Company's practice of writing off the outstanding amounts as well as other factors, which influence the outstanding balances. According to the effective legislation, the limitation period for bad debts write-off is 3 years.

An additional provision for doubtful debts is estimated for production, goods, works and services, which is determined on the basis of the percentage of doubtful debts in net revenue from sales of production, goods, works and services on terms of the subsequent payment for the prior 3 years.

An additional provision may be established based on the management's decision.

10. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash on bank accounts and short-term highly-liquid financial investments with original maturities of 3 months or less that are easily convertible into known amounts of cash and are characterised by an insignificant risk of changes in value.

11. Capital

The registered (share) capital is the total nominal value of the issued statutory capital, which is stated in the constituent documents of the Company.

12. Dividends

Dividends are recognised as a liability and deducted from equity only if declared before or on the balance sheet date. Dividends are disclosed in the Other Notes when they are declared after the balance sheet date but before the financial statements are authorised for issue.

13. Liabilities

Liabilities are recorded only if a counterparty has performed its contractual obligations or the Company has signed an irrevocable (onerous) agreement to purchase an asset or a service. Liabilities are initially recognised and recorded at actual cost. At each balance sheet date subsequent to the initial recognition, liabilities are measured at amortised cost, except for advances received and liabilities on settlements with the budget, which are carried at historical cost.

14. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation arisen as a result of past events and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**Limited Liability Company
"Herbalife Ukraine"**

**Financial Statements in accordance with NR(S)AU as at and for the year ended
31 December 2019**

(unless otherwise stated, all amounts are in thousands of Ukrainian hryvnias (UAH))

Accounting policies (continued)

14. Provisions (continued)

Employee entitlements to annual leave are recognised when employees become entitled to such leave. A provision is made for the estimated liability for annual leave based on the number of days of the unused annual leave remaining up to the balance sheet date multiplied by the average salary of an employee for the last 12 months.

A provision for an onerous agreement is estimated as the amount of inevitable expenses required to perform an onerous agreement. The amount of the inevitable expenses required to perform an onerous agreement is the lower of actual costs incurred by the Company in the performance of the onerous agreement or amount of penalty (fines) imposed for failure to perform an onerous agreement. Actual costs incurred by the Company in the performance of the onerous agreement are estimated as the difference between expenses incurred to perform an onerous agreement and income or loss from agreements other than onerous ones, which were signed to minimise any loss from an onerous agreement.

Contingent liabilities are not recorded in the balance sheet. Disclosures of contingent liabilities, their amounts, any uncertainty in the amounts or maturities of contingent liabilities and anticipated amounts of contingent liabilities to be repaid by counterparties are made in other notes to the financial statements.

15. Retirement benefit obligations

The Company pays on behalf of its employees unified state social contribution. The contribution is calculated as a percentage of current gross salary payments and is expensed as incurred.

The Company does not participate in the State defined retirement benefit plan, which provides for early pension benefits for employees working in workplaces with hazardous and unhealthy working conditions.

16. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a cash-generating unit may be impaired. One of the determining factors in identifying a cash-generating unit is the ability to measure independent cash flows for that unit.

If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's net realisable value or the present value of net cash inflows from this asset. Regardless of the existence of impairment indicators, the Company determines at each balance sheet date the recoverable amount of its intangible assets with indefinite useful lives and of any intangible assets that are idle as at the balance sheet date.

Net realisable value of an asset is based on observable market prices less expected costs to sell. In the absence of an active market for a particular asset, its net realisable value represents proceeds from disposal of the asset as at the balance sheet date in an arm's length transaction between knowledgeable, interested and independent parties less any costs to sell.

Present value of future net cash inflows from the asset is determined by applying an appropriate discount rate to future cash flows from continuous use of the asset and its disposal or write-off at the end of its useful life. Future cash flows from the asset are assessed based on the Company's financial projections over the five-year horizon or less.

**Limited Liability Company
"Herbalife Ukraine"**

**Financial Statements in accordance with NR(S)AU as at and for the year ended
31 December 2019**

(unless otherwise stated, all amounts are in thousands of Ukrainian hryvnias (UAH))

Accounting policies (continued)

Discount rate is based on market interest rate (before tax) used in transactions with similar assets. Where no market-based interest rate is available, discount rate is based on interest rates applicable to the Company's potential borrowing or determined based on the Company's weighed average cost of capital.

Impairment losses on an asset are recognised in other expenses with relevant decrease in its carrying value.

17. Income tax

The charge for taxation in the statement of financial results for the year comprises current tax and changes in deferred tax. Current tax is determined on the basis of the taxable profit for the year calculated in accordance with the effective Ukrainian tax legislation using the tax rates effective for the year: 18% in 2019 and 2018. Deferred tax assets and deferred tax liabilities are measured at tax rates in effect in a period in which the assets will be realised or utilised and the liabilities will be settled.

The deferred tax is calculated under the balance sheet liability method. Deferred tax liability is recognised when temporary differences subject to taxation arise. Deferred tax asset is recognised when deductible temporary differences arise and it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The deferred tax asset as of the balance sheet date is decreased if the taxable income is insufficient to realise this asset. Previous decreases are reversed to the extent the expected taxable income is sufficiently available against which the deferred tax asset can be realised.

18. Value added tax ("VAT")

VAT is levied in Ukraine, where the Company primarily performs its operations, at two rates: 20% on domestic sales and import of goods, works and services and 0% on export of goods and accompanying services. Services provided to be used outside Ukraine are not subject to VAT.

A taxpayer's VAT liability equals the total amount of VAT collected within a reporting period, and arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer.

A VAT credit is the amount that a taxpayer is entitled to offset against VAT liability in a reporting period. Right to VAT credit arises when a VAT invoice is received, which is issued on the earlier of the date of payment to the supplier or the date goods are received.

VAT related to sales and purchases is recognised in the balance sheet on a net basis and disclosed as an asset or liability in the amount declared in the VAT return.

19. Revenue and expenses recognition

Revenue from the sale of goods (merchandise, other assets) is recognised when all of the following conditions are met: risks and rewards associated with ownership of goods (merchandise, other assets) are transferred to the buyer; the Company retains neither managerial involvement nor effective control over goods (merchandise, other assets) sold; amount of revenue can be reliably measured; it is probable that future economic benefits resulting from a transaction will flow to the Company, and expenses associated with this transaction can be reliably measured.

Interest income is recognised on an accrual basis, unless its receipt is doubtful.

Income from rendering of services is recognised by reference to stage of completion of the specific transaction as at the balance sheet date if the result of the transaction can be measured reliably.

**Limited Liability Company
"Herbalife Ukraine"**

**Financial Statements in accordance with NR(S)AU as at and for the year ended
31 December 2019**

(unless otherwise stated, all amounts are in thousands of Ukrainian hryvnias (UAH))

Accounting policies (continued)

19. Revenue and expense recognition (continued)

Expenses are recognised simultaneously with the decrease in assets or increase in liabilities. Expenses are recognised simultaneously with revenue items on the basis of a direct association between them. Expenses which are not directly attributable to specific revenue items of a particular period are recognised in the reporting period in which they are incurred.

Cost of goods sold comprises direct material expenses, direct payroll costs, variable general production and fixed allocated general production costs and other direct costs.

20. Financial expenses

Financial expenses are interest and other borrowing costs. Financial expenses are recognised in the accounting period when incurred, except when financial expenses are capitalized due to creation of a qualifying asset. Only the financial expenses which would have been avoided if the qualifying asset had not been created are capitalised.

21. Comparatives

There were no significant changes in accounting policies during the reporting period.

22. Fair value estimates

The Company estimates fair value of financial instruments using a number of methods and making assumptions based on the market conditions on each reporting date. The Company determines fair value of long-term debt instruments using market quotations for similar instruments or the discounted value of expected cash flows. The discounted value of expected cash flows is used for all other instruments.

Fair value of financial assets and financial liabilities maturing within one year is considered to approximate their actual cost, net of the credit risk adjustment.

23. Segment reporting

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment that is different from other segments in: economic and political conditions; relationships between operations in different geographical areas; proximity of operations producing products (works, services) or customers buying those products (goods, works, services); special risks associated with operations in a particular area; exchange control regulations; and the underlying currency risks.

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products (goods, works, services) that are different from other segments in: the nature of the products (goods, works, services); revenue-generating activity (the methods used to distribute the products, goods, works, services); the nature of the production processes; special risks associated with these operations; customer category.

A business segment or geographical segment is identified as a reportable segment if the majority of its revenue is generated from the sales of products (goods, works, services) to external customers and if this segment meets one of the following criteria:

- its revenue from sales of products (works, goods, services) to external customers and from transactions with other segments is 10% or more of the total revenue from external sales and intersegment settlements of all segments of the given type (business segments or geographical segments, respectively);

**Limited Liability Company
"Herbalife Ukraine"**

**Financial Statements in accordance with NR(S)AU as at and for the year ended
31 December 2019**

(unless otherwise stated, all amounts are in thousands of Ukrainian hryvnias (UAH))

Accounting policies (continued)

23. Segment reporting (continued)

- the financial result of this segment is 10% or more of the combined financial result of all segments of the given type (business segments or geographical segments, respectively). If the Company has different financial results (profit and loss) from different segments in the reporting period, a segment whose financial result is at least 10% of the higher of the total profit or total loss from all relevant segments is determined as a reportable segment;
- the carrying amount of total assets attributable to this segment is at least 10% of the total carrying amount of assets attributable to all relevant segments (business segments or geographical segments, respectively).

The Company does not have distinguishable geographical or business segments whose revenues, financial results or assets exceed 10% of the total performance of the Company.