ORIFLAME
SWEDEN

Interim Management Statement 1 January – 30 June 2020

(7%)	(12%)	€39.9m
LC SALES	EURO SALES	ADJUSTED EBITDA

Important clarifying information

Following the de-listing of the Oriflame group from the Nasdaq Stockholm stock exchange in July 2019, the group structure was changed. Three companies were founded up to the parent company Oriflame Holding Limited (renamed from Walnut Midco Ltd).
Until, and including, Q2'19, the consolidated financial information covers the group before the de-listing with Oriflame Swiss Holding AG as parent company and excludes the three entities from the new group.
From Q3'19 onwards, the consolidated financial information is based on group with Oriflame Holding Limited as parent company.
Consequently, the below table summarizes the scope of consolidation for the different periods covered in this interim management statement.

Scope of consolidation

						LTM 2020			
			Year end 2019						
Entities	**Previous name**	**Prior '19**	**Q1 '19**	**Q2 '19**	**Q3 '19**	**Q4 '19**	**Q1 '20**	**Q2 '20**
Oriflame Holding Limited[1]	Walnut Midco Ltd	●	●	●	○	○	○	○
Oriflame Investment Holding Plc[1]	Walnut Bidco Plc	●	●	●	○	○	○	○
Oriflame Holding AG[2]	Walnut Switzerland AG	●	●	●	○	○	○	○
Oriflame Swiss Holding AG		○	○	○	○	○	○	○
Oriflame Subsidiaries		○	○	○	○	○	○	○

○ Included in the group consolidated reported figures. ● Not included in the group consolidated reported figures.

[1] The entity was renamed in April 2020 / [2] The entity was renamed in September 2019

Three months ended 30 June 2020

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 13 and to the condensed consolidated income statements on pages 16 and 17.

- Local currency sales decreased by 7% and Euro sales decreased by 12% to €265.8m (€303.0m).
- Adjusted EBITDA margin was 15.0% (15.3%) and adjusted EBITDA amounted to €39.9m (€46.5m).
- Adjusted operating margin was 11.3% (12.4%), negatively impacted by 180 bps from currencies, and adjusted operating profit was €30.1m (€37.7m).
- Adjusted net profit was €4.5m (€24.8m).
- Adjusted cash flow from operating activities was €62.6m (€17.6m) and adjusted cash flow before financing activities was €56.9m (€9.0m).
- Cash and cash equivalents at the end of the period amounted to €256.3m (€153.4m).
- Total debt amounted to €931.0m, secured debt amounted to €874.2m and the Net Secured Debt ratio was 3.6.
- Update on Covid-19 impact: Similar to the end of the first quarter, the second quarter started with sales decline of around 20 percent due to lockdowns in some of Oriflame's major markets. The situation improved during the quarter, where May improved compared to April and June ended with local currency sales growth. The third quarter has opened with around 10% local currency sales growth.

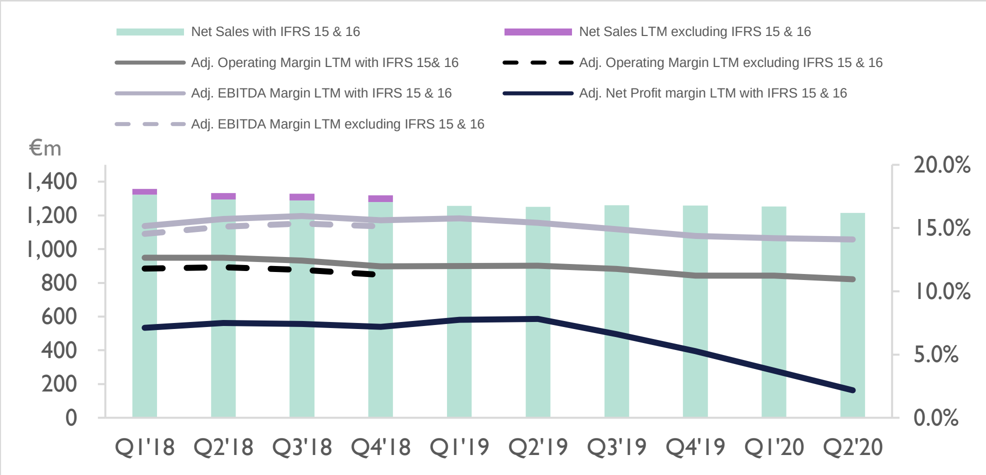
Six months ended 30 June 2020

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 13 and to the condensed consolidated income statements on pages 16 and 17.

- Local currency sales decreased by 5% and Euro sales decreased by 7% to €568.7m (€612.2m).
- Adjusted EBITDA margin was 14.3% (14.9%) and adjusted EBITDA amounted to €81.3m (€90.9m).
- Adjusted operating margin was 10.9% (11.5%), negatively impacted by 80 bps from currencies, and adjusted operating profit was €61.9m (€70.2m).
- Adjusted net profit was €7.9m (€47.8m).
- Adjusted cash flow from operating activities was €50.7m (€38.1m) and adjusted cash flow before financing activities was €65.4m (€23.4m).

Key financial data

3 months ended 30 June 2020



Simulation of IFRS 15 & 16 for 2016 and 2017 net sales LTM with negative impact of 3% on reported net sales, and 2016 and 2017 operating margin LTM with positive impact of 70 bps on reported operating margin (based on 2018 actual differences).

Net Sales Last Twelve Months (LTM)
Adjusted EBITDA and Operating margin % LTM

Financial summary

For comparative purpose, the financial information for the "3 months ended 30 June 2019" and "6 months ended 30 June 2019" periods are based on a different scope of consolidation as stated on the first page on the "important clarifying information".

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 13 and to the condensed consolidated income statements on pages 16 and 17.

	3 months ended 30 June			**6 months ended 30 June**			**LTM July '19 – June '20**	**Year end**	
(€m)	**2020**	**2019**	**Change %**	**2020**	**2019**	**Change %**		**2019**	**Change %**
Sales	*265.8*	*303.0*	*(12%)*	*568.7*	*612.2*	*(7%)*	*1,214.8*	*1,258.3*	*(3%)*
Adj. Gross margin, %	*68.3*	*69.6*		*67.3*	*68.8*		*67.4*	*68.1*	
Adj. EBITDA	*39.9*	*46.5*	*(14%)*	*81.3*	*90.9*	*(11%)*	*171.2*	*180.8*	*(5%)*
Adj. EBITDA margin, %	*15.0*	*15.3*		*14.3*	*14.9*		*14.1*	*14.4*	
Adj. Operating profit	*30.1*	*37.7*	*(20%)*	*61.9*	*70.2*	*(12%)*	*133.0*	*141.4*	*(6%)*
Adj. Operating margin, %	*11.3*	*12.4*		*10.9*	*11.5*		*11.0*	*11.3*	
Adj. Net profit	*4.5*	*24.8*	*(82%)*	*7.9*	*47.8*	*(83%)*	*26.4*	*66.3*	*(60%)*
Adj. Cash flow from operating activities	*62.6*	*17.6*	*255%*	*50.7*	*38.1*	*33%*	*125.1*	*112.5*	*11%*
Adj. Cash flow before financing activities	*56.9*	*9.0*	*534%*	*65.4*	*23.4*	*179%*	*151.7*	*109.7*	*38%*
Total debt	*931.0*			*931.0*			*931.0*	*841.0*	*11%*
Secured debt	*874.2*			*874.2*			*874.2*	*773.2*	*13%*
Net Secured Debt ratio	*3.6*			*3.6*			*3.6*	*3.5*	

In an increasingly digitalized environment, where Oriflame continuously provides new modern social selling tools, I am pleased to see our online strategy being a main supporting factor behind the improved performance towards the end of the quarter. During the second quarter 97% of the company's global orders were placed online, of which 63% from mobile devices. Despite a challenging start of the quarter, impacted by various lockdowns and difficulties to fulfil orders in several of our markets, we ended the quarter with local currency growth in June. The third quarter has started with around 10% local currency growth, implying that the reactivation initiatives taken during the spring have been effective and that our social selling platform is successful. The cash flow improved in the quarter, impacting the operating profit margins slightly, as actions were taken to improve working capital, reduce excess inventory in addition to some of the reactivation initiatives. The underlying price/mix and margins have improved, and we start to see the effect of the efficiency measures taken to adjust our cost base to the new environment, with the full impact expected in the coming quarters. The strength of our geographical mix, the strategic product focus, highly online business and the organization's ability to adapt to challenges, have served us well in these challenging times where the Covid-19 is impacting people and economies around the globe.

CEO Magnus Brännström

Oriflame in brief

Founded in 1967, Oriflame is a beauty company selling direct in more than 60 countries. Its wide portfolio of Swedish, nature-inspired, innovative beauty products is marketed through approximately 3 million Registered Active Members, generating annual sales of around €1.3 billion (2019). Respect for people and nature underlies Oriflame's operating principles and is reflected in its social and environmental policies. Oriflame supports numerous charities worldwide and is a Co-founder of the World Childhood Foundation.

Operational and market update for the quarter

Q2 2020 impact from Covid-19

The Covid-19 pandemic has continued to affect people, businesses and economies around the globe during the quarter. In many countries and areas, the authorities have imposed strict measures to reduce the spread of the virus. Several countries have during the quarter slowly started to ease the restrictions to open up the markets again and at the same time stricter measures from authorities are still being implemented in other countries in other parts of the world.

Over the past ten years the digital transformation of the Oriflame business has resulted in the online social selling model the company has today. The possibility to order online (97% online orders in the quarter) and the increased mobile usage (83% in the quarter) have been major factors behind reducing the negative impact on the company's sales, when people due to the Covid-19 stay at home working, ordering and get deliveries shipped directly to their homes or a chosen location.

Oriflame has a geographically diversified sourcing and production base. The focus during this extraordinary situation is to secure essential operational processes ensuring the supply of products to the Registered Active Members. The Chinese production facilities were closed down by authorities in February and were opened again shortly after the Chinese New Year holiday. Similar lock-down was implemented in India as well as for some other suppliers in primarily India and Italy in March. Also in India, the production partly reopened during the quarter. The geographical footprint of the factories allows to mitigate production limitation risks, which are unlikely to happen simultaneously at the same time all over the world.

Oriflame has a solid product portfolio, with each category serving a specific purpose, such as personal care and wellness. This allows the company to adapt to shifts in customer trends, regulatory environments and other exceptional challenges. During the second quarter the wellness category continued to be the best sales performer.

Distribution of products to the Registered Active Members was disrupted during the quarter in several parts of the world due to implemented measures from authorities. Management is constantly monitoring the development and is planning for reactivation in line with recommendations in the different markets.

Global, regional and local conferences have been impacted by the Covid-19 situation, resulting in short term cost savings, although the company is negatively impacted on sales as these conferences are used to promote new product launches, new applications, new ways of working as well as an opportunity to motivate and engage the Registered Active Members.

During the first half of the year, additional cost efficiency measures have been taken, including temporary leaves in some markets, to adapt to the lower sales levels and secure a solid financial position. Oriflame received government grants totalling €1.1m which were recognized in the income statement as administrative expenses (covering mainly staff support contributions).

Key focus going forward is to continue to monitor the development and secure long term financial stability and

- Prioritize health and security among Oriflame personnel, Registered Active Members and other stakeholders
- Securing the operational and essential processes and thereby securing the supply of essential products to the Registered Active Members
- Continue to evaluate and implement cost efficiency measures
- Plan for sales reactivation in line with authorities' recommendations

ONLINE MODEL KEY TO SUCCESS DESPITE EXTRAORDINARY CONDITIONS

Geographical mix

Oriflame reported decreased sales in the second quarter of 2020 as a result of the Covid-19 outbreak in all its markets. Both Asia and Latin America recorded double digit negative sales development, while the rest of the regions had lower decline. The decline in EBITDA was due to lower sales volumes and negative currency movements. Despite the lower EBITDA the adjusted operating cash flow increased due to positive timing (decrease) of all working capital components. In the second quarter the company recorded €1.9m non-recurring costs related to further operational efficiency improvements.

During the second quarter, all regional business areas were to a various extent impacted by the Covid-19 pandemic as well as weakening currencies. There were lockdowns in all regions with temporary delivery disruptions, closed offices, order pick-up points and warehouses. All sales events and conferences were cancelled and an internal travel ban was introduced. Thanks to Oriflame's flexible social selling model and the fact that many of the company's Independent Brand Partners already were used to performing parts of their business activities online, the sharp negative sales trend in the beginning of the quarter was reversed in the end of the quarter as the business switched to being performed mainly online.

In *Latin America*, only Hygiene and Wellness products were possible to sell in Peru and Ecuador during part of the quarter with significant negative impact on sales volumes. Net sales decreased in the quarter with €14m, corresponding to -33.8%, due to weakening currencies and Covid-19 lockdowns impacting the activity. Actions were taken to reduce costs including closure of sales offices and a 20% staff reduction. In addition, delivery capacity constraints affected the performance in Mexico as the couriers could not handle the increased volumes within the e-commerce sector.

In *Turkey & Africa* net sales decreased by 9.8% in the quarter. In Turkey the lira continued to weaken and during the first month of the quarter products could not be delivered into Turkey due to Covid-19 restrictions. In Nigeria no orders could be placed during the lockdown and there are still some delivery constraints. Additional promotions and offers helped to improve sales towards the end of the quarter. Restructuring activities included staff reductions and sales office closures. Despite lower sales, the operating margin improved from 18.3% to 21.1% partly supported by less field activities and efficiency measures taken.

Europe ended the quarter with a net sales decrease of -0.7%. After a significant drop in sales in the beginning of the quarter, as an effect of the Covid-19 pandemic, activity and recruitment numbers improved towards the end of the quarter, partly driven by additional investments into promotions and free delivery campaigns. Also in Europe a number of efficiency initiatives were executed including closing of sales offices and staff reductions.

CIS closed the second quarter with net sales at -2.3% versus the same period last year. Sales offices were closed during most of the quarter, with warehouses and order pick-up points mostly able to remain open. As all sales events and conferences were cancelled or postponed all activities took place online. The Independent Brand Partners' online recruitment activities intensified which supported recruitment and sales numbers. Restructuring initiatives included major staff reductions and closing of a number of smaller sales offices and distribution centres.

In *Asia* challenging conditions persisted during the period with a sales decline of 20%. All major markets reported lower sales as a result of lower sales force and activity levels. The performance was negatively impacted by the Covid-19 pandemic throughout the quarter in all markets, with India being particularly impacted by delivery problems.

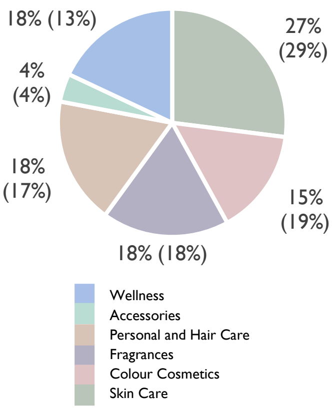
Sustainability

During the quarter, Oriflame submitted the Annual Communications of Progress (ACOP) to the Roundtable on Sustainable Palm Oil (RSPO). Furthermore, the company is finalizing its Scope 3 assessment to understand the climate impact from the full value chain. Based on the results, Oriflame will develop a baseline to set 1.5°C-aligned science-based targets across the company's operations and value chain.

Oriflame launched an internal sustainability communications toolbox during the quarter. The purpose of the toolbox is to support the regions' sustainability communication and to provide a comprehensive understanding of all Oriflame's sustainability initiatives, both on a product level and as a company. It is also aimed to encourage the Independent Brand Partners to change to a more sustainable lifestyle. The toolbox will be implemented from the third quarter 2020.

WELLNESS LARGEST SALES DRIVER

Product categories
Q2 2020 (Q2 2019)



Brand and Innovation

The continued extraordinary market conditions affected the sales development within the various product categories. As in the first quarter the Wellness category was the best overall sales performer driven by China and CIS. Despite the challenging situation many launches were made during the quarter.

Within *SkinCare* a new Clarifying System for a daily skin care routine within **NovAge** was launched as well as the advanced multi-protection sun care range **Sun 360** consisting of seven products protecting from both sun damage, pollution and dehydration.

In *Wellness* the reformulated and improved protein bars **Natural Balance Bar** were launched. The formulation has ingredients of natural origin, is non-GMO and contains no palm oil, soy, artificial sweeteners, preservatives or colourants.

The main launches within *Colour Cosmetics* were the **Divine Touch Cushion Foundation**, with a refillable compact, and the extension of the mascara portfolio with **The ONE Tremendous Fierce Mascara**.

Several launches were made within *Fragrances*: the limited edition of the summer fragrance **Friends World Tropical Sorbet** and the **Debonair EDT** for men within the upper mass Eau de Toilette-segment. Within the assortment for men the **Glacier EDT** was relaunched with a modernized packaging.

In *Personal and Hair Care* the **NEW Oriflame Baby O** brand, an exclusive baby range with 95% natural ingredients created with Swedish values at heart, was launched. The products are pediatrician endorsed and backed by impressive consumer test claims to ensure they are safe for all. Another launch during the quarter was the **Love Nature Ice Pops**, a summer edition of body and foot care products within the popular brand Love Nature.

Accessories launches during the quarter span from Miami style full range collections to Baby O's towels and changing stations.

Online

During the second quarter the company continued to take leaps forward in terms of digitalization. Mobile use was 83% (73%) of total users and 63% (52%) of total orders were placed using mobile devices, of which 37% came in through the Oriflame app. 97% of the company's global orders were placed online. New digital deliveries progressed at planned speed with several key releases, especially related to strategic priorities such as VIP Customer concepts, Mobile Office and the Oriflame app suite. Usage of the Oriflame app suite reached all-time-high, and the share of mobile devices on Oriflame's websites also surged to unprecedented levels globally.

Key activities included continuous rollout of the Mobile Office which is progressing faster than initially planned. The Mobile Office is a set of module-based features supporting the Independent Brand Partners from the on-boarding with Oriflame through step-by-step instructions, to monitoring and growing their business through a set of purpose-driven modules. Cross- and up-selling features on websites and in apps were also tuned and an upgraded Makeup Wizard app in terms of design, technology and number of products and brands that can be tried using the apps augmented reality feature was launched. Further efforts on optimizing the company's transactional platform were also made, with focus on the checkout process. Related to the VIP Customer concepts an invite-a-friend program was launched, in addition to an improved registration process and tuning of the Business app and Oriflame app to include also VIP Customer features. Additional digital training modules were also released, supporting the Independent Brand Partners in understanding the Oriflame Success Plan and helping them to introduce product routines to prospect customers.

App users:

Oriflame app	1,415,000 Monthly Active Users
Business app	784,000 Monthly Active Users

Service, Manufacturing and Other

Manufacturing experienced a significant unit drop in the second quarter versus prior year. The drop was generated by a decrease in Oriflame demand and reduction of inventory, having also unfavorable impact on the capacity utilization in manufacturing. The unit drop was partly offset by a triple-digit growth in the external customers' segment. The biggest decrease in volume was seen in the manufacturing entities in Poland and India. All factories were affected by the Covid-19 pandemic during the quarter.

In the second quarter the efficiency initiatives continued as per plan in all parts of the organization, where full saving impact of these are expected in the second half of 2020.

Three months ended 30 June 2020

For comparative purpose, the financial information for the three months ended 30 June 2019 is based on a different scope of consolidation as stated on the first page on the "important clarifying information".

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 13 and to the condensed consolidated income statements on pages 16 and 17.

ALL REGIONS AFFECTED BY COVID-19 – MAIN EFFECT IN LATIN AMERICA AND ASIA

Sales

Sales for the three months ended June 30, 2020 decreased by 12.3%, or €37.2m, to €265.8m compared with €303.0m for the same period in 2019. All business areas experienced a sales decrease in Euro but the main effect came from the decline in Latin America and Asia.

Local currency sales decreased by 7%, mainly due to negative productivity development while the number of Registered Active Members slightly increased in the quarter to 2.7m (2.6m). Unit sales decreased by 6% and the price/mix effect was negative with 1%.

Local currency sales increased by 6% in CIS and by 2% in Europe, while Latin America, Asia and Turkey & Africa decreased respectively by 24%, 17% and 4%.

Costs and expenses

Cost of sales (31.7% of sales compared to 30.4% last year)

Cost of sales decreased by €7.9m to €84.4m for the three months ended June 30, 2020 from €92.3m for the same period in 2019 due to lower sales volumes. The cost of sales percentage increased mainly due to exchange rates, geographical mix and sales actions to reduce slow moving stock.

Selling and marketing expenses (29.6% of sales compared to 32.9% last year)

Selling and marketing expenses decreased by 21%, or €21.0m, to €78.8m for the three months ended June 30, 2020 from €99.7m for the same period in 2019. This decrease was primarily due to lower marketing costs and costs related to seminars and directors' meetings, which were cancelled, postponed or held online. The decrease was also impacted by the geographical mix.

Distribution and infrastructure expenses (2.5% of sales compared to 2.4% last year)

Distribution and infrastructure expenses decreased by 8.5%, or €0.6m, to €6.7m for the three months ended June 30, 2020 from €7.3m for the same period in 2019. The minor increase in percentage of sales was mainly due to the fixed costs in the large distribution centers which had a larger contribution compared to the decreased sales.

Administrative expenses (26.9% of sales compared to 24.1% last year)

The administrative expenses for the three months ended June 30, 2020 include €1.9m restructuring costs and €3.8m PPA related items, while in 2019 those included €7.1m non-recurring consultancy costs related to the acquisition of the Oriflame Group. On a comparable basis, excluding non-recurring and PPA related items, the adjusted administrative expenses decreased slightly during the period to €65.8m from €66.0m for the same period in 2019. On top, during the second quarter 2019, a release of share incentive plan and bonuses was recognized impacting the administrative expenses for that period positively. Considering this, the underlying administrative expenses excluding share incentive plan and bonuses were lower for a total amount of €5.9m compared to prior year.

Net financing costs (6.8% of sales compared to 1.6% last year)

Net financing costs increased by €13.3m, to €18.1m for the three months ended June 30, 2020 from €4.8m for the same period in 2019. Compared to prior year, this movement is explained by the increase in the net interest expense of €13.9m coming from both the increase of the debt and of the interest rate slightly compensated with lower negative impact on foreign exchange of €0.6m.

Adjusted income tax expenses (€7.8m compared to €8.0m last year)

On a comparable basis, excluding non-recurring and PPA impact, the tax expenses were lower than the same quarter a year ago due to decreased profitability and lower withholding tax on intragroup dividends. The effective tax rate of the group increased due to the new financing set up.

€39.9m

ADJUSTED EBITDA

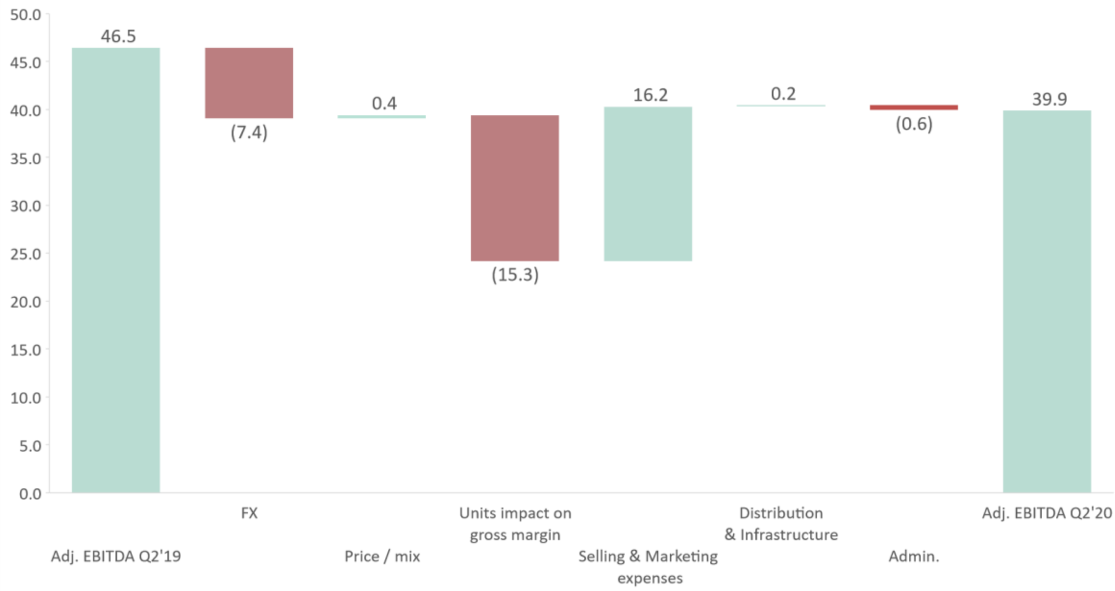
Adjusted EBITDA

For comparative purpose, the financial information for the three months ended 30 June 2019 is based on a different scope of consolidation as stated on the first page on the "important clarifying information".

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 13 and to the condensed consolidated income statements on pages 16 and 17.

Adjusted EBITDA decreased by 14.1%, or €6.5m, to €39.9m for the three months ended June 30, 2020 from €46.5m for the same period in 2019, negatively impacted by price/mix impact, lower sales volumes and negative foreign exchange partly offset by lower selling and marketing expenses. The adjusted EBITDA margin was 15.0% compared to 15.3% last year.

ADJUSTED EBITDA VS. PRIOR YEAR (€m)



Six months ended 30 June 2020

For comparative purpose, the financial information for the six months ended 30 June 2019 is based on a different scope of consolidation as stated on the first page on the "important clarifying information".

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 13 and to the condensed consolidated income statements on pages 16 and 17.

SALES INCREASE IN CIS – DECLINE IN ALL OTHER REGIONS

Sales

Sales for the six months ended June, 2020 decreased by 7.1%, or €43.6m, to €568.7m compared with €612.2m for the same period in 2019. With the exception of a positive development in CIS, all other regions had a decrease in sales. Latin America and Asia had the largest impact on the sales decrease during the period.

Local currency sales decreased by almost 5% due to negative productivity development while the number of Registered Active Members in the quarter increased slightly to 2.7m (2.6m). Unit sales decreased by 7% and the price/mix effect was positive by 3%.

Local currency sales increased by 7% in CIS and by 1% in Turkey & Africa, while Asia, Latin America and Europe decreased respectively by 16%, 10% and 3%.

Costs and expenses

Adjusted cost of sales (32.7% of sales compared to 31.2% last year)

Adjusted cost of sales decreased by 2.8%, or €5.3m, to €185.8m for the six months ended June 30, 2020 from €191.1m for the same period in 2019 due to lower sales volumes. The cost of sales was impacted in relative terms by the price mix and exchange rates as well as driven partly by the geographical mix and deleverage of fixed costs related to global inventory management. Including the purchase price allocation related item of €13.5m, the cost of sales increased by €8.2m to €199.3m representing 35% of sales.

Selling and marketing expenses (30.6% of sales compared to 33.2% last year)

Selling and marketing expenses decreased by 14.4%, or €29.2m, to €173.8m for the six months ended June 30, 2020 from €203.0m for the same period in 2019. This decrease was primarily due to the change in geographical mix, lower plan recognition, cash awards, conference and marketing costs.

Distribution and infrastructure expenses (2.6% of sales compared to 2.5% last year)

Distribution and infrastructure expenses decreased by 3.8%, or €0.6m, to €14.5m for the six months ended June 30, 2020 from €15.1m for the same period in 2019. The minor increase in percentage of sales was mainly due to the fixed costs in the large distribution centers which had a larger contribution compared to the decreased sales.

MEASURES TAKEN TO ADJUST THE COST BASE TO THE NEW ENVIRONMENT

Administrative expenses (26.4% of sales compared to 22.9% last year)

The administrative expenses in the first half of 2020 included €10.1m restructuring costs and €7.3m PPA related items, while in 2019 those included €7.1m non-recurring consultancy costs related to the acquisition of the Oriflame Group. On a comparable basis, excluding non-recurring and PPA related items, the adjusted administrative expenses decreased slightly during the period to €132.7m from €132.8m for the same period in 2019. In addition, during the second quarter 2019 a release of share incentive plan and bonuses was recognized impacting the administrative expenses in the first half of 2019 positively. Considering this, the adjusted underlying administrative expenses excluding share incentive plan and bonuses were lower for a total amount of €4.7m compared to prior year.

Net financing costs (7.2% of sales compared to 0.9% last year)

Net financing costs increased by €34.9m, to €40.7m for the six months ended June 30, 2020 from €5.8m for the same period in 2019. Compared to prior year, this movement is explained by the increase in the net interest expenses of €26.9m coming from both the increase of the debt and of the interest rate and a negative impact on foreign exchange of €8.0m.

Adjusted income tax expenses (€13.9m compared to € 16.6m last year)

On a comparable basis, excluding non-recurring and PPA impact, the tax expenses were lower than the same period a year ago due to decreased profitability and lower withholding tax on intragroup dividends. The effective tax rate of the group increased due to the new financing set up.

Adjusted EBITDA

€81.3m

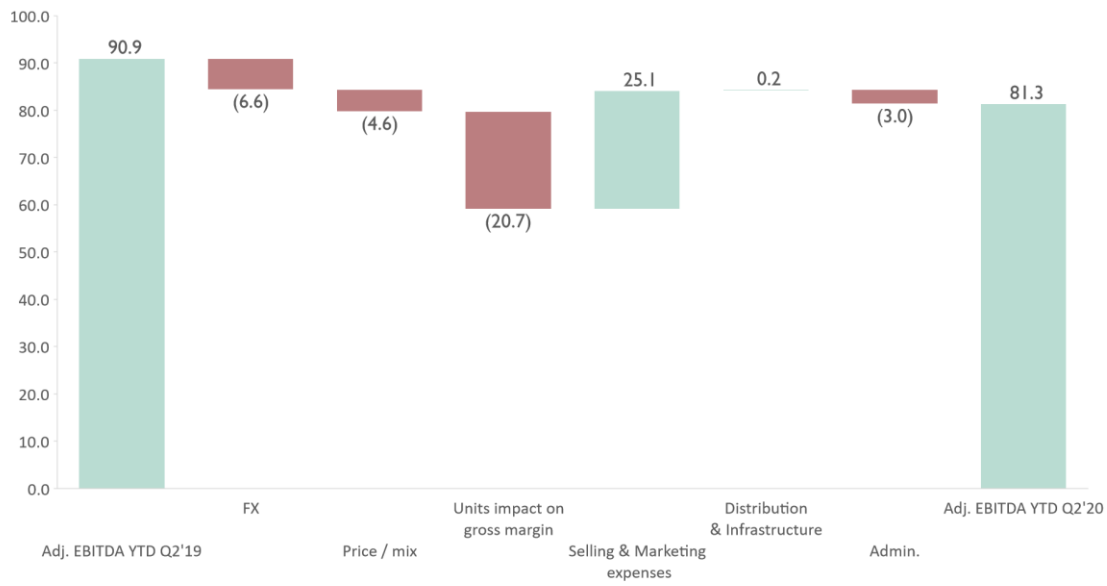
ADJUSTED EBITDA

For comparative purpose, the financial information for the six months ended 30 June 2019 is based on a different scope of consolidation as stated on the first page on the "important clarifying information".

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 13 and to the condensed consolidated income statements on pages 16 and 17.

Adjusted EBITDA decreased by 10.5%, or €9.6m, to €81.3m for the six months ended June 30, 2020 from €90.9m for the same period in 2019, negatively impacted by price/mix impact, unfavourable foreign exchange, lower sales volumes and higher administrative expenses, partly offset by lower selling and marketing expenses. The adjusted EBITDA margin was 14.3% compared to 14.9%.

ADJUSTED EBITDA VS. PRIOR YEAR (€m)



Cash flow and investments

For comparative purpose, the financial information for the "three months ended 30 June 2019" and "six months ended 30 June 2019" periods are based on a different scope of consolidation as stated on the first page on the "important clarifying information".

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 13 and to the condensed consolidated income statements on pages 16 and 17.

Cash flow from operating activities
Adjusted cash flow from operating activities was €62.6m in the three months period ended June 30, 2020 compared to €17.6m for the same period in 2019. The increase was primarily due to positive timing of working capital, especially in decrease of inventories, trade and other receivables and increase in trade and other payables. The positive development in working capital was negatively impacted by the lower EBITDA for the period.

For the six months period ended June 30, 2020, cash flow from operating activities including non-recurring items was €27.9m and €50.7m adjusted, excluding the non-recurring items. In 2019, the cash flow from operating activities was €38.1m. The increase in the first six months of 2020 was mainly due to decrease of inventory levels and less income tax paid, negatively impacted by lower EBITDA.

Cash flow used in investing activities
Cash flow used in investing activities for the three months ended June 30, 2020 was €1.3m, compared to €5.7m for the same period in 2019. The decrease from previously low levels was due to lower purchases of fixed assets.

For the six months period ended June 30, 2020 cash flow used in investing activities was €3.3m compared to €8.7m for the same period in 2019. The decrease in 2020 was due to lower purchases of plant, equipment and intangible assets.

€56.9m

ADJ. CASH FLOW BEFORE FINANCING ACTIVITIES

Cash flow from/used in financing activities
Cash flow used in financing activities for the three months ended June 30, 2020 was €-2.8m, compared to €-27.7m for the same period 2019. The lower cash flow used in financing activities during the second quarter 2020 was mainly due to no dividend payments compared to a dividend payment of €22.6m during the same period in 2019.

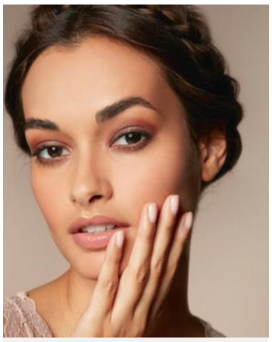
For the six months period ended June 30, 2020 cash flow from financing activities was €93.1m compared to €-56.9m used in the same period in 2019. The positive impact during the first half of 2020 was due mainly to the draw down of €100m from the revolving credit facility and no dividend payments, versus €45.2m dividends paid in the same period of 2019.

Adjusted cash flow before financing activities
Adjusted cash flow before financing activities for the three months ended June 30, 2020 was €56.9m, compared to €9.0m for the same period in 2019. The increase was due to improved working capital initiatives, positive timing of working capital (approximately €15m) and lower cash outflow in investing activities.

For the six months period ended June 30, 2020 adjusted cash flow before financing activities was €65.4m compared to €23.4m for the same period in 2019. The positive impact in the first half of 2020 was due to more favourable cash flow from operating activities, positive timing of working capital (approximately €15m) and lower outflow in investing activities.

The following table illustrates the company's cash flow before financing activities for the different periods.

€m	3 months ended 30 June 2020	3 months ended 30 June 2019	6 months ended 30 June 2020	6 months ended 30 June 2019	LTM July '19 – June '20	Year end 2019
Cash flow from operating activities	57.8	17.6	27.9	38.1	49.2	59.4
Excluding Interest received	(0.4)	(2.8)	(0.7)	(5.4)	(5.5)	(10.2)
Excluding Interest and bank charges paid	1.6	4.9	28.8	9.5	105.6	86.3
Cash flow used in investing activities	(1.3)	(5.7)	(3.3)	(8.7)	(10.4)	(15.8)
Payment of lease liabilities	(5.3)	(5.0)	(9.4)	(10.1)	(20.9)	(21.6)
Non-recurring items	4.5	-	22.1	-	33.7	11.6
Adj. Cash flow before financing activities	56.9	9.0	65.4	23.4	151.7	109.7



3.6

NET SECURED DEBT RATIO

Funding and financial position

Oriflame's long-term debt as of June 30, 2020 consists mainly of Senior Secured Notes of €774.2m due 2024 with an average interest rate of around 6.6%. The company also has a Revolving Credit Facility (RCF) of €100m with interest in EURIBOR +200 bps to 300 bps depending on leverage. Given the current situation, the full amount of the RCF was drawn down in March 2020 as a risk mitigation and was not repaid at the end of the current period. This explains the higher than usual cash equivalents of €256.3m. The current corporate credit rating is B1 from Moody's, B from Fitch and S&P. The company was in compliance with all of its covenants related to the outstanding debt as of June 30, 2020.

	€ Note	**$ Note**	**Revolving Facility**
Total amount	€475m	$335m	€100m
Interest rate	6.750%	9.125%*	EURIBOR +200-300 bps
Due	2024	2024	2024
Drawing as per 30 June, 2020			€100m

** Swapped € interest rate 6.450%*

As of June 30, 2020, total debt amounted to €931.0m, secured debt amounted to €874.2m, net secured debt amounted to €617.8m and the Net Secured Debt ratio was 3.6.

Dividend

The company will not pay any dividend in 2020.

Financial calendar for 2020

The third quarter 2020 report will be published on 6 November 2020
The date for the fourth quarter 2020 report will be communicated at a later stage

Change in Board of Directors of the Oriflame Group

Board Director Anna Malmhake has, as of 12 August 2020, resigned from her directorship in Oriflame Holding AG to focus on her professional assignments outside the Oriflame Group. Anna Malmhake has been a member of the operational Board of the Oriflame Group since 2014 and has during this time been a highly valuable contributor to the Board with her extensive international leadership experience and great commitment.

Other

Conference call for the financial community
The company will host a conference call on Thursday, 13 August 2020 at 15.00 CEST.

Participant access numbers:

DK: +45 781 501 09
FI: +358 981 710 520
SE: +46 8 505 583 68
UK: +44 333 300 9034
US: +1 833 823 0589

The conference call will also be audio web cast in "listen-only" mode through Oriflame's website: **www.oriflame.com** or through the following link **https://oriflame-ir.creo.se/200813**

This report has not been audited by the company's auditors.

For further information, please contact:
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Vanessa Wendle, IR@oriflame.com Tel: +41 799 220 173

Alternative Performance Measures (APMs)

Alternative Performance Measures represent key metrics to provide supplemental information which are used to help both investors and management to analyze trends and performance of the group's operations. Since not all companies calculate the same financial performance indicators, these are not always comparable to the APMs of other companies. Therefore, these financial performance measures should not be considered as a substitute for ratios defined in IFRS, but rather as an addition.

For calculations of the APMs used by Oriflame, please visit:
https://investors.oriflame.com/en/alternative-performance-measures

Definitions

Adjusted EBITDA

Operating profit before financial items, taxes, depreciation and amortization and equity-settled share-based incentive plan, excluding non-recurring items and purchase price allocation items.

Adjusted gross profit

Gross profit excluding purchase price allocation items.

Adjusted net profit

Net profit excluding non-recurring items and purchase price allocation items.

Adjusted operating profit

Operating profit excluding non-recurring items and purchase price allocation items.

Cash flow before financing activities

Cash flow from operating activities excluding interest received and interest and bank charges paid less cash flow used in investing activities and payment of lease liabilities.

EBITDA

Operating profit before financial items, taxes, depreciation, amortization and equity-settled share-based incentive plan.

Independent Brand Partners

Independent Brand Partners refers to the registered actives who are eligible to benefit and earn from the Oriflame Success Plan (business/commission plan).

Net Secured Debt ratio

Secured Debt less cash and cash equivalents divided by Adjusted EBITDA.

Registered Active Members

All who placed at least one order that generate comission in the last three months.

Secured Debt

Non-current and current interest-bearings loans secured by a Lien, excluding front end fees (Senior Secured Notes and Revolving Credit facility).

Total debt

Non-current and current interest-bearings loans excluding front end fees, bank overdraft and lease liabilities.

Quarterly Figures

For comparative purpose, the financial information prior to the Q3'19 report is based on a different scope of consolidation as stated on the first page of the interim management statement on the "important clarifying information".

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 13 and to the condensed consolidated income statements on pages 16 and 17.

The reportable segments have changed from 1st January 2020 to reflect the new Global Business Area structure. From this date, the new reportable segments consist of the five following Global Business Areas: Latin America, Europe, CIS, Turkey & Africa and Asia.

Below figures for Europe, Turkey & Africa and Asia were restated accordingly for comparative purpose.

Financial summary	**Q1'19**	**Q2'19**	**Q3'19**	**Q4'19**	**Q1'20**	**Q2'20**
Sales, €m	309.2	303.0	288.9	357.2	302.8	265.8
Adj. Gross margin, %	68.0	69.6	68.9	66.3	66.5	68.3
Adj. EBITDA	44.5	46.5	37.9	52.0	41.3	39.9
Adj. EBITDA margin, %	14.4	15.3	13.1	14.6	13.6	15.0
Adj. Operating profit	32.5	37.7	27.4	43.7	31.7	30.1
Adj. Operating margin, %	10.5	12.4	9.5	12.2	10.5	11.3
Adj. Net profit, €m	23.0	24.8	3.1	15.4	3.4	4.5
Adj. Cash flow from operating activities, €m	20.5	17.6	(8.8)	83.1	(12.0)	62.6
Adj. Cash flow before financing activities, €m	14.5	9.0	20.0	66.2	8.6	56.9
Cash and cash equivalents	171.5	153.4	149.5	143.5	209.4	256.3
Total debt			899.9	841.0	940.1	931.0
Secured debt			822.6	773.2	880.7	874.2
Net Secured Debt ratio			3.6	3.5	3.8	3.6

Sales, €m	**Q1'19**	**Q2'19**	**Q3'19**	**Q4'19**	**Q1'20**	**Q2'20**
Latin America	37.3	41.6	46.0	48.0	38.8	27.5
Europe	61.7	56.9	55.0	74.8	57.2	56.6
CIS	79.0	77.0	68.9	96.6	87.7	75.2
Asia	97.5	95.5	90.9	98.8	84.5	76.8
Turkey & Africa	27.7	28.2	25.3	32.1	28.8	25.4
Manufacturing	4.6	1.9	0.8	5.3	3.9	3.5
Other	1.4	1.9	2.0	1.6	1.9	0.9
Oriflame	**309.2**	**303.0**	**288.9**	**357.2**	**302.8**	**265.8**

Adjusted operating Profit, €m	**Q1'19**	**Q2'19**	**Q3'19**	**Q4'19**	**Q1'20**	**Q2'20**
Latin America	3.2	3.1	5.7	5.3	2.1	(0.2)
Europe	8.2	5.9	5.6	11.7	7.6	4.9
CIS	8.9	13.2	9.6	16.5	16.9	16.2
Asia	21.9	14.8	13.1	23.6	15.1	15.7
Turkey & Africa	4.6	5.2	4.7	5.5	5.5	5.4
Manufacturing	1.6	2.3	3.0	2.7	1.3	(0.2)
Other	(15.9)	(6.7)	(14.2)	(21.4)	(16.8)	(11.6)
Oriflame	**32.5**	**37.7**	**27.5**	**43.7**	**31.7**	**30.1**

Registered Active Members, '000	**Q1'19**	**Q2'19**	**Q3'19**	**Q4'19**	**Q1'20**	**Q2'20**
Latin America	286	297	357	341	299	259
Europe	525	495	478	550	494	529
CIS	912	782	766	972	936	847
Asia	790	728	775	744	702	707
Turkey & Africa	373	339	300	365	333	349
Oriflame	**2,886**	**2,640**	**2,677**	**2,971**	**2,764**	**2,690**

Adjusted operating margin, %	**Q1'19**	**Q2'19**	**Q3'19**	**Q4'19**	**Q1'20**	**Q2'20**
Latin America	8.5	7.7	12.4	11.1	5.5	(0.6)
Europe	13.2	10.3	10.2	15.6	13.2	8.6
CIS	11.3	17.2	13.9	17.0	19.3	21.6
Asia	22.5	15.5	14.4	23.9	17.9	20.4
Turkey & Africa	16.7	18.3	18.5	17.0	19.1	21.1
Oriflame	**10.5**	**12.4**	**9.5**	**12.2**	**10.5**	**11.3**

€ Sales growth in %	**Q1'19**	**Q2'19**	**Q3'19**	**Q4'19**	**Q1'20**	**Q2'20**
Latin America	10	17	23	8	4	(34)
Europa	(1)	(3)	(3)	(3)	(7)	(1)
CIS	(4)	8	11	10	11	(2)
Asia	(14)	(14)	(7)	(16)	(13)	(20)
Turkey & Africa	(12)	(6)	13	17	4	(10)
Oriflame	**(7)**	**(2)**	**3**	**(1)**	**(2)**	**(12)**

Cash flow, €m	**Q1'19**	**Q2'19**	**Q3'19**	**Q4'19**	**Q1'20**	**Q2'20**
Adj. cash flow from/(used in) operating activities	20.5	17.6	(8.8)	83.1	(12.0)	62.6
Cash flow used in investing activities	(3.0)	(5.7)	(4.1)	(3.0)	(1.9)	(1.3)

Condensed consolidated income statements

For comparative purpose, the financial information for the "three months ended 30 June 2019" period is based on a different scope of consolidation as stated on the first page on the "important clarifying information".

3 monthes ended 30 June		**Non-recurring items***	**PPA items****	**Adjusted**		**Non-recurring items***	**Adjusted**
€'000	**2020**			**2020**	**2019**		**2019**
Sales	265,834			265,834	303,026		303,026
Cost of sales	(84,370)			(84,370)	(92,263)		(92,263)
Gross profit	**181,464**	**-**	**-**	**181,464**	**210,763**	**-**	**210,763**
Selling and marketing expenses	(78,781)			(78,781)	(99,735)		(99,735)
Distribution and infrastructure	(6,723)			(6,723)	(7,347)		(7,347)
Administrative expenses	(71,551)	1,909	3,812	(65,830)	(73,121)	7,115	(66,006)
Operating profit	**24,409**	**1,909**	**3,812**	**30,130**	**30,560**	**7,115**	**37,675**
Financial income	12,268			12,268	3,486		3,486
Financial expenses	(30,364)		307	(30,057)	(8,314)		(8,314)
Net financing costs	**(18,096)**	**-**	**307**	**(17,789)**	**(4,828)**	**-**	**(4,828)**
Net profit before tax	**6,314**	**1,909**	**4,119**	**12,341**	**25,732**	**7,115**	**32,847**
Total income tax expense	(6,663)	(433)	(716)	(7,813)	(8,036)		(8,036)
Net profit/(loss) attributable to owners of the Company	**(349)**	**1,476**	**3,402**	**4,529**	**17,696**	**7,115**	**24,811**

* Non-recurring items cover:
2020: restructuring costs (refer to note 3 for additional information).
2019: administrative expenses related to the acquisition of the Oriflame group.

** Purchase Price Allocation (PPA) items cover the income statement impact from the purchase price allocation on the business combination. These elements, mainly amortization of newly identified intangible assets during the PPA, are excluded to normalize the performance of the group (for additional information refer to the document "Purchase Price Allocation – summary" available on the investors page or through the following link: **https://vp233.alertir.com/sites/default/files/report/oriflame_purchase_price_allocation_summary.pdf?v2assets**).

Condensed consolidated income statements (continued)

For comparative purpose, the financial information for the "six months ended 30 June 2019" period is based on a different scope of consolidation as stated on the first page on the "important clarifying information".

6 months ended 30 June **€'000**	**2020**	**Non-recurring items***	**PPA items****	**Adjusted 2020**	**2019**	**Non-recurring items***	**Adjusted 2019**
Sales	568,650			568,650	612,204		612,204
Cost of sales	(199,310)		13,474	(185,836)	(191,115)		(191,115)
Gross profit	**369,341**	**-**	**13,474**	**382,814**	**421,089**	**-**	**421,089**
Selling and marketing expenses	(173,759)			(173,759)	(202,983)		(202,983)
Distribution and infrastructure	(14,502)			(14,502)	(15,073)		(15,073)
Administrative expenses	(150,050)	10,066	7,310	(132,674)	(139,934)	7,115	(132,819)
Operating profit	**31,029**	**10,066**	**20,784**	**61,879**	**63,099**	**7,115**	**70,214**
Financial income	16,853			16,853	7,648		7,648
Financial expenses	(57,564)		646	(56,918)	(13,447)		(13,447)
Net financing costs	**(40,712)**	**-**	**646**	**(40,066)**	**(5,799)**	**-**	**(5,799)**
Net profit before tax	**(9,682)**	**10,066**	**21,430**	**21,814**	**57,300**	**7,115**	**64,415**
Total income tax expense	(7,084)	(2,067)	(4,753)	(13,905)	(16,567)		(16,567)
Net profit/(loss) attributable to owners of the Company	**(16,767)**	**7,999**	**16,677**	**7,909**	**40,733**	**7,115**	**47,848**

* Non-recurring items cover:
2020: restructuring costs (refer to note 3 for additional information).
2019: administrative expenses related to the Acquisition of the Oriflame group.

** Purchase Price Allocation (PPA) items cover the income statement impact from the purchase price allocation on the business combination. These elements, mainly amortization of newly identified intangible assets during the PPA, are excluded to normalize the performance of the group (for additional information refer to the document "Purchase Price Allocation – summary" available on the investors page or through the following link: **https://vp233.alertir.com/sites/default/files/report/oriflame_purchase_price_allocation_summary.pdf?v2assets**).

Condensed consolidated statements of comprehensive income

For comparative purpose, the financial information for the "3 months ended 30 June 2019" and "6 months ended 30 June 2019" periods is based on a different scope of consolidation as stated on the first page on the "important clarifying information".

€'000	3 months ended 30 June		6 months ended 30 June	
	2020	**2019**	**2020**	**2019**
Net profit / (loss) attributable to owners of the Company	**(349)**	**17,696**	**(16,767)**	**40,733**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of net defined liability, net of tax		(2,771)		(2,771)
Total items that will not be reclassified subsequently to profit or loss	**-**	***(2,771)***	**-**	***(2,771)***
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	(6,648)	(2,027)	(31,676)	9,703
Effective portion of changes in fair value of cash flow hedges, net of tax	(4,135)	(457)	22,714	(1,482)
Total items that are or may be reclassified subsequently to profit or loss	**(10,783)**	***(2,484)***	**(8,962)**	***8,221***
Other comprehensive income for the period, net of tax	**(10,783)**	**(5,255)**	**(8,962)**	**5,450**
Total comprehensive income for the period attributable to owners of the Company	**(11,132)**	**12,440**	**(25,728)**	**46,183**

Condensed consolidated statements of financial position

€'000		30 June, 2020	31 December, 2019
Assets			
Property, plant and equipment		125,344	143,385
Right-of-use assets		53,374	66,781
Intangible assets		590,855	598,570
Goodwill		264,747	279,158
Investment property		542	542
Deferred tax assets		33,506	34,224
Other long-term receivables		133	134
Total non-current assets		**1,068,501**	**1,122,793**
Inventories		139,412	191,165
Trade and other receivables		59,820	75,524
Tax receivables		19,464	18,280
Prepaid expenses		16,767	14,965
Derivative financial assets		25,215	2,356*
Cash and cash equivalents		256,313	143,474
Total current assets		**516,992**	**445,763**
Total assets		**1,585,493**	**1,568,556**
Equity			
Share capital		653,081	653,081
Reserves		(1,662)	7,300
Retained earnings		(302,138)	(285,372)
Total equity attributable to the owners of the company		**349,280**	**375,008**
Liabilities			
Interest-bearing loans	4	750,869	744,686
Employee benefits		15,114	16,141
Lease liabilities		37,706	48,156
Other long-term liabilities		1,050	1,064
Deferred income		212	222
Deferred tax liabilities		61,043	64,284
Total non-current liabilities		**865,993**	**874,553**
Current portion of interest-bearing loans	4	100,000	-
Lease liabilities		16,566	19,614
Trade and other payables		93,015	129,938
Contract liabilities		11,950	14,242
Tax payables		15,467	18,361
Accrued expenses		116,997	122,403
Derivative financial liabilities		1,825	3,193*
Employee benefits		2,191	2,920
Provisions	3	12,208	8,322
Total current liabilities		**370,220**	**318,994**
Total liabilities		**1,236,213**	**1,193,548**
Total equity and liabilities		**1,585,493**	**1,568,556**

* In the consolidated statement of financial position as at 31 December 2019, an amount of €8.048m was reclassified from derivative financial liabilities to derivative financial assets.

Condensed consolidated statements of changes in equity

As stated on the first page on the "important clarifying information", the financial information for the period as at 30 June 2019 is based on a different scope of consolidation.
Consequently, the comparison of the statement of changes in equity for the period as at 30 June 2019 is not relevant.

€'000	Share capital	Reserves	Retained earnings	Total Equity
At 1 January 2020	**653,081**	**7,300**	**(285,372)**	**375,008**
Net loss			(16,767)	**(16,767)**
Other comprehensive income, net of tax		(8,962)		**(8,962)**
Total comprehensive income for the period	-	**(8,962)**	**(16,767)**	**(25,728)**
At 30 June 2020	**653,081**	**(1,662)**	**(302,138)**	**349,280**

Condensed consolidated statements of cash flows

For comparative purpose, the financial information for the “three months ended 30 June 2020” period is based on a different scope of consolidation as stated on the first page on the “important clarifying information”.

3 months ended 30 June €’000	2020	Non-recurring items	Purchase Price allocation items	2020 Adjusted	2019	Non-recurring items	2019 Adjusted
Operating activities							
Net profit before income tax	**6,314**	**1,909**	**4,119**	**12,341**	**25,732**	**7,115**	**32,847**
Adjustments for:							
Depreciation of property, plant and equipment and right-of-use assets	8,648		(25)	8,623	9,782		9,782
Amortization of intangible assets	3,889		(3,610)	279	384		384
Change in fair value of borrowings and derivatives financial instruments	3,096			3,096	391		391
Deferred income	1,359			1,359	(922)		(922)
Impairment	881			881	-		-
Share incentive plan	-			-	(1,381)		(1,381)
Unrealized exchange rate differences	(6,502)			(6,502)	1,313		1,313
Profit on disposal of property, plant and equipment, intangible assets, leased assets	(236)		(177)	(413)	(427)		(427)
Financial income	(7,078)			(7,078)	(2,686)		(2,686)
Financial expenses	23,395		(307)	23,088	5,054		5,054
	33,765	**1,909**	**-**	**35,674**	**37,240**	**7,115**	**44,355**
Decrease in trade and other receivables, prepaid expenses and derivative financial assets	9,317			9,317	1,314		1,314
Decrease/(increase) in inventories	16,271			16,271	(7,923)		(7,923)
Increase/(decrease) in trade and other payables, accrued expenses and derivatives financial liabilities	6,021			6,021	(1,061)	(7,115)	(8,176)
Increase/(decrease) in provisions	(353)	2,633		2,280	(563)		(563)
Cash generated from operations	**65,020**	**4,542**	**-**	**69,562**	**29,008**	**-**	**29,008**
Interest received	351			351	2,839		2,839
Interest and bank charges paid	(1,580)		307	(1,273)	(4,872)		(4,872)
Income taxes paid	(5,995)			(5,995)	(9,333)		(9,333)
Cash flow from operating activities	**57,795**	**4,542**	**307**	**62,644**	**17,643**	**-**	**17,643**
Investing activities							
Proceeds on sale of property, plant and equipment, intangible assets	206			206	429		429
Purchases of property, plant, equipment	(1,543)			(1,543)	(4,601)		(4,601)
Purchases of intangible assets	(11)			(11)	(1,512)		(1,512)
Cash flow used in investing activities	**(1,348)**	**-**	**-**	**(1,348)**	**(5,684)**	**-**	**(5,684)**
Financing activities							
Proceeds from borrowings	2,520			2,520	-		-
Decrease of finance lease liabilities	(5,348)		(307)	(5,655)	(5,024)		(5,024)
Dividends paid	-			-	(22,645)		(22,645)
Cash flow used in financing activities	**(2,828)**	**-**	**(307)**	**(3,135)**	**(27,669)**	**-**	**(27,669)**
Change in cash and cash equivalents	**53,619**	**4,542**	**-**	**58,161**	**(15,710)**	**-**	**(15,710)**
Cash and cash equivalents at the beginning of the period net of bank overdrafts	209,447	17,593	-	227,039	171,529	-	171,529
Effect of exchange rate fluctuations on cash held	(6,752)			(6,752)	(2,459)		(2,459)
Cash and cash equivalents at the end of the period, net of bank overdrafts	**256,313**	**22,135**	**-**	**278,448***	**153,361**	**-**	**153,361**

* Represents the cash that Oriflame would have had without the non-recurring items at the end of the period.

Condensed consolidated statements of cash flows (continued)

For comparative purpose, the financial information for the "six months ended 30 June 2019" period is based on a different scope of consolidation as stated on the first page on the "important clarifying information".

6 months ended 30 June	**2020**			**2020**	**2019**		**2019**
€'000		**Non-recurring items**	**Purchase Price allocation items**	**Adjusted**		**Non-recurring items**	**Adjusted**
Operating activities							
Net profit / (loss) before income tax	**(9,682)**	**10,066**	**21,430**	**21,814**	**57,300**	**7,115**	**64,415**
Adjustments for:							
Depreciation of property, plant and equipment and right-of-use assets	18,079		(68)	18,011	19,684		19,684
Amortization of intangible assets	7,643		(7,065)	578	784		784
Change in fair value of borrowings and derivatives financial instruments	(1,043)			(1,043)	1,229		1,229
Deferred income	(1,302)			(1,302)	(2,186)		(2,186)
Impairment	993	(112)		881	-		-
Share incentive plan	-			-	241		241
Unrealized exchange rate differences	3,899			3,899	(3,300)		(3,300)
Profit on disposal of property, plant and equipment, intangible assets, leased assets	(422)		(177)	(599)	(1,616)		(1,616)
Financial income	(14,597)			(14,597)	(5,398)		(5,398)
Financial expenses	46,625		(646)	45,979	10,460		10,460
	50,194	**9,954**	**13,474**	**73,622**	**77,198**	**7,115**	**84,313**
(Increase)/decrease in trade and other receivables, prepaid expenses and derivative financial assets	5,178			5,178	(10,525)		(10,525)
(Increase)/decrease in inventories	46,139		(13,474)	32,666	(4,348)		(4,348)
Increase/(decrease) in trade and other payables, accrued expenses and derivatives financial liabilities	(33,484)	13,395		(20,090)	1,157	(7,115)	(5,958)
Increase in provisions	4,110	(1,214)		2,896	7		7
Cash generated from operations	**72,137**	**22,135**	**-**	**94,272**	**63,489**	**-**	**63,489**
Interest received	748			748	5,411		5,411
Interest and bank charges paid	(28,830)		646	(28,183)	(9,473)		(9,473)
Income taxes paid	(16,145)			(16,145)	(21,288)		(21,288)
Cash flow from operating activities	**27,910**	**22,135**	**646**	**50,691**	**38,139**	**-**	**38,139**
Investing activities							
Proceeds on sale of property, plant and equipment, intangible assets	222			222	829		829
Purchases of property, plant, equipment	(3,488)			(3,488)	(7,998)		(7,998)
Purchases of intangible assets	(31)			(31)	(1,519)		(1,519)
Cash flow used in investing activities	**(3,296)**	**-**	**-**	**(3,296)**	**(8,688)**	**-**	**(8,688)**
Financing activities							
Proceeds from borrowings	102,520			102,520	-		-
Proceeds from issuance of new shares	-			-	(1,583)		(1,583)
Decrease of finance lease liabilities	(9,388)		(646)	(10,035)	(10,086)		(10,086)
Dividends paid	(52)			(52)	(45,198)		(45,198)
Cash flow from / (used in) financing activities	**93,080**	**-**	**(646)**	**92,434**	**(56,867)**	**-**	**(56,867)**
Change in cash and cash equivalents	**117,694**	**22,135**	**-**	**139,828**	**(27,416)**	**-**	**(27,416)**
Cash and cash equivalents at the beginning of the period net of bank overdrafts	143,474			143,474	178,075		178,075
Effect of exchange rate fluctuations on cash held	(4,855)			(4,855)	2,702		2,702
Cash and cash equivalents at the end of the period, net of bank overdrafts	**256,313**	**22,135**	**-**	**278,448***	**153,361**	**-**	**153,361**

* Represents the cash that Oriflame would have had without the non-recurring items at the end of the period.

Notes to the condensed consolidated financial statements of Oriflame Holding Limited

Note 1 • Status and principal activity

Oriflame Holding Limited (the "Company") – renamed from Walnut Midco Ltd in April 2020 – is a holding company incorporated under the laws of Jersey on 20 May 2019 with a registration number 129092 and registered office address of 47 Esplanade, St Helier, Jersey JEI OBD. The principal activity of the Company's subsidiaries is the direct sale of cosmetics. The condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group").

Note 2 • Basis of preparation and summary of significant accounting policies

Statement of compliance

The condensed consolidated financial statements for the six months period ended 30 June 2020 have been prepared by management in accordance with the measurement and recognition principles of IFRS and should be read in conjunction with the published consolidated financial statements of the Oriflame Swiss Holding AG as at and for the year ended 31 December 2019.

The condensed consolidated financial statements were authorised for issue by the Directors on 12 August 2020.

Change in significant accounting policies, use of judgements and estimates

The accounting policies, significant judgements and key sources of estimation uncertainty applied by the group in these financial statements are the same as those applied by the Oriflame Swiss Holding AG in its consolidated financial statements as at and for the year ended 31 December 2019.

The group has applied the practical expedient from the IFRS 16 leases amendment, "Covid-19-Related Rent Concessions", issued in May 2020 by the International Accounting Standards Board. This amendment allows the lessee not to recognize the rent concessions that occur as a direct consequence of the Covid-19 pandemic as a lease modification but to recognize them directly in the income statement as a variable lease payment. During the second quarter 2020, rent concessions due to Covid-19 pandemic recognized in the income statement amounted to €0.1m.

Other new or amended IFRS standards which became effective January 2020 have had no material effect on the group's financial statements.

Note 3 • Provisions

€'000	Restructuring	Claims & Other	Total
Balance at 1 January 2020	**6,091**	**2,231**	**8,322**
Provisions made during the period	8,396	3,225	11,621
Provisions used during the period	(6,928)	(291)	(7,219)
Provisions reversed during the period	(253)	(86)	(339)
Translation	(149)	(27)	(176)
Balance at 30 June 2020	**7,156**	**5,052**	**12,208**

The increase in provisions during the six months ended 30 June 2020 primarily comes from restructuring due to operational efficiency initiatives within all the regions as well as in the global functions such as closure of sales offices and staff reductions. During this period, total restructuring costs of €10.1m were recognized within administrative expenses (€8.2m during the first quarter and €1.9m during the second quarter 2020). Restructuring costs totalling €9.2m (including prior year balance) were settled (€4.4m during the first quarter and €4.8m during the second quarter 2020). The remaining balance at 30 June 2020 is expected to be mainly settled during 2020.

Note 4 • Interest bearing loans

The terms and conditions of outstanding loans were as follows as at 30 June 2020.

€'000	Interest rate	Year of maturity	Carrying amount	Non-current	Current
Revolving credit facility	Euribor + margin	2024	100,000	-	100,000
Senior Secured Notes - €475.0m	6.750%	2024	475,000	475,000	-
Senior Secured Notes - $335.0m	9.125%*	2024	299,161	299,161	-
Interest-bearing loans	1.45%	2023	2,520	2,520	-
Capitalized front end fees	-	2024	(25,812)	(25,812)	-
Total interest bearing liabilities			**850,869**	**750,869**	**100,000**

* Swapped € interest rate 6.450%