

## Year-end report | January – 31 December 2019

(4%)

LC SALES

(1%)

EURO SALES

€52.4m\*

ADJUSTED EBITDA

### Important clarifying information

- Unless otherwise stated, figures and comments related to the income statement and cash flow statement items in this report are based on the ongoing business operations of the Oriflame Group, excluding the Walnut entities<sup>1)</sup>.
- Figures and comments related to the balance sheet items are based on the Walnut Midco Ltd Group (the Parent Group), also including the Walnut entities<sup>1)</sup>.

1) Walnut entities include the following entities: Walnut Midco Limited, Walnut Bidco Plc and Oriflame Holding AG as further explained in note 4 to the condensed consolidated interim financial statements of the Oriflame Group on page 18

### Three months ended 31 December 2019

- Local currency sales decreased by 4% and Euro sales decreased by 1% to €357.2m (€359.3m).
- Adjusted EBITDA margin was 14.7%\* (16.4%) and adjusted EBITDA amounted to €52.4m\* (€59.0m).
- Adjusted operating margin was 12.3%\* (14.1%), favourably impacted by 130 bps from currencies, and adjusted operating profit was €44.1m\* (€50.8m).
- Adjusted net profit was €26.4m\* (€32.4m).
- Adjusted cash flow from operating activities was €75.3m (€60.6m) and adjusted cash flow before financing activities was €67.0m (€55.5m).
- Cash and cash equivalents at the end of the period amounted to €143.5m\*\*.
- Total debt amounted to €844.4m\*\*, secured debt amounted to €773.2m\*\* and the Net Secured Debt ratio was 3.5\*\*.

### Twelve months ended 31 December 2019

- Local currency sales decreased by 3% and Euro sales decreased by 2% to €1,258.3m (€1,278.8m).
- Adjusted EBITDA margin was 14.4%\* (15.6%) and adjusted EBITDA amounted to €181.2m\* (€199.6m).
- Adjusted operating margin was 11.3%\* (12.0%), favourably impacted by 50 bps from currencies, and adjusted operating profit was €141.8m\* (€153.1m).
- Adjusted net profit was €91.5m\* (€95.4m).
- Adjusted cash flow from operating activities was €133.7m\* (€123.9m) and adjusted cash flow before financing activities was €105.2m\* (€100.9m).

\* Excludes non-recurring items as stated below in the condensed consolidated income statements of the Oriflame Group on page 12

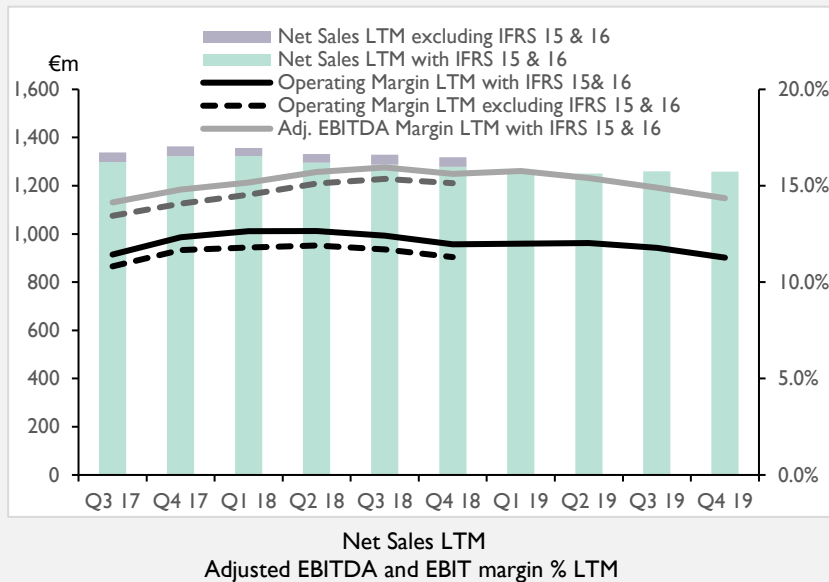
\*\* Covers the entire Group, including the Walnut entities

*"We report another year with mixed performance for the company, where the challenges in some of our markets in Asia & Turkey remained difficult throughout the year, while the positive development in other regions to a large extent balanced the overall impact on the group. The strategic product category Skin Care again proved to be our largest contributor to sales and the Wellness category continued to perform well despite the challenges in Asia. We are very pleased with the ongoing work in the sustainability area and continued to receive appreciation for our ambitions and achievements. The digitalization of our business continued, supporting our registered actives with the latest of technology tools. We are still facing challenging market conditions in some of our key markets. Although the coronavirus has impacted the overall ability to conduct physical meetings in China during the first quarter 2020, and the order fulfilment is a concern, it has so far been partly balanced by improved wellness sales and increased online activities. We will continue to take responsible steps to drive sales, with emphasis on improved cost efficiency, profitability and cash flow."*

CEO Magnus Brännström



## Key financial data



Financial summary (€m)	3 months ended 31 December			12 months ended 31 December		
	2019	2018	Change %	2019	2018	Change %
Sales	357.2	359.3	(1%)	1,258.3	1,278.8	(2%)
Gross margin, %	66.3	66.6		68.1	69.2	
Adj. EBITDA	52.4*	59.0	(11%)	181.2*	199.6	(9%)
Adj. EBITDA margin, %	14.7*	16.4		14.4*	15.6	
Adj. Operating profit	44.1*	50.8	(13%)	141.8*	153.1	(7%)
Adj. Operating margin, %	12.3*	14.1		11.3*	12.0	
Adj. Net profit	26.4*	32.4	(19%)	91.5*	95.4	(4%)
Adj. Cash flow from operating activities	75.3	60.6	24%	133.7	123.9	8%
Adj. Cash flow before financing activities	67.0	55.5	21%	105.2	100.9	4%
Total debt**	844.4			844.4		
Secured debt**	773.2			773.2		
Net Secured Debt ratio**	3.5			3.5		

\* Excludes non-recurring items as stated below in the condensed consolidated income statements of the Oriflame Group on page 12

\*\* Covers the entire Group, including the Walnut entities

## 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 independent Oriflame Consultants, generating annual sales of around €1.3 billion. 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.



CHALLENGES IN  
SOME MAIN  
MARKETS  
CONTINUE



## Operational and market update for the quarter

### Geographical mix

Oriflame reported decreased sales in the fourth quarter 2019, where challenges in some of its main markets primarily in Asia & Turkey continued. While the decline in EBITDA was driven by higher administrative expenses (partly related to positive one-offs last year) and a negative price/mix driven partly by the geographical mix, the operating cash flow improved, partly helped by favourable timing of working capital. The company had non-recurring costs in the quarter aimed to enhance efficiency and the financial performance of the group going forward.

*Latin America* continued to deliver positive performance driven by Peru and followed by Mexico and Ecuador thanks to higher sales force and strong productivity.

Positive sales development was seen in *Africa* primarily driven by Nigeria while *Europe* declined due to sales force and activity reduction.

*CIS* delivered an increase in local currency sales supported by a solid growth in productivity and increase in registered actives. The new market Uzbekistan successfully commenced sales operations.

In *Asia & Turkey* challenges remained, with local currency sales decrease mainly as a result of a decrease in the number of registered actives. China had another weak quarter with a continued sales decline with negative impact from the stricter regulations for health product and direct selling industries implemented by the Chinese authorities. Indonesia and Vietnam also faced difficulties while India and Turkey reported strong sales growth.

### Sustainability

During the quarter, Oriflame continued to deliver on its sustainability objectives.

In November, Oriflame started its journey to develop and get approved Science Based Targets which means that the company's CO<sub>2</sub>-e emission targets will be aligned with the Paris agreement target of 1.5 degree Celsius increase of temperature vs pre-industrial levels.

Oriflame received score B in the CDP Climate Change questionnaire 2019.

Oriflame ranked 8<sup>th</sup> out of 53 companies in the Personal Care and Cleaning Products industry group in Corporate Knights' annual corporate sustainability ranking. The ranking was based on publicly-disclosed data from 7,396 companies.

### Brand and Innovation

A continued good flow of product launches was seen during the quarter.

The main initiatives within *Skin Care* were *NovAge Men High Definition Shaving Gel* and *Soothing Aftershave Gel* – created for male skin. Within *NovAge the Neck & Décolleté Advanced Sculpting Serum!* was also launched.

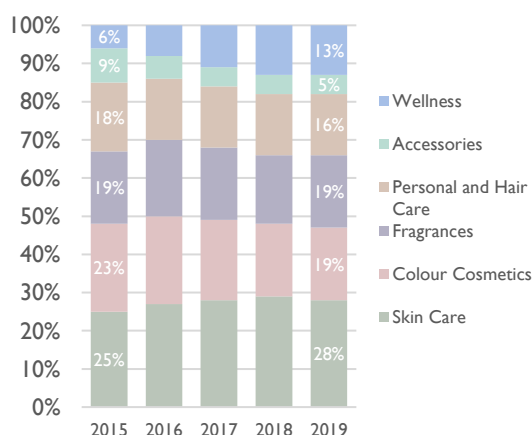
In *Wellness*, the new *Aqua Glow Ceramosides™* and *Lingonberry* was introduced – a dietary supplement drink to complement the skin care routine.

In *Colour Cosmetics*, within the *GIORDANI GOLD* brand, the *Bronzing Pearls* was relaunched. *The ONE* launched the *NEW Matte Velvet* family.

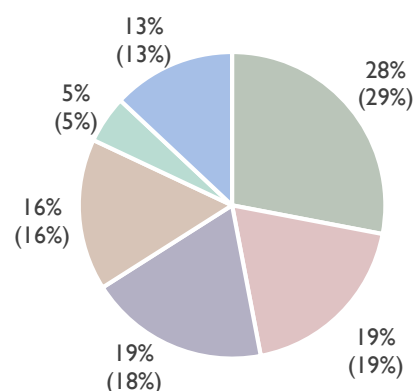
In *Fragrance Magnetista EDP* was launched and within the *GIORDANI GOLD* brand, *GG Essenza Sensuale* was introduced. *Eclat Style Parfum*, the first parfum for men in the direct selling industry was launched. Within *Personal and Hair Care* several novelties were introduced.

The share of sales between the categories was impacted by the geographical mix, resulting in a slight drop in *Skin Care*.

### Five year development



### 2019 (2018)



**Online**

During the fourth quarter Oriflame continued to see a shift towards mobile use with 76% of the sessions on the website coming from mobile devices. 96% of the company's global orders were placed online, of which more than 55% (46%) came from mobile devices.

The total share of orders processed through the Oriflame app was 31%, which is a sharp increase compared to last year. Key activities included piloting and preparing for rollout of the Mobile Office, a new major feature that will help consultants to monitor and grow their business. For the Oriflame app the possibility for non-consultants accessing the app was introduced, with the aim to enable product exploration prior to joining or buying Oriflame products.

The Business app featured a number of releases, including a module with training videos to further educate consultants on app features.

<i>App users:</i>	
Oriflame app	950,000 Monthly Active Users
Business app	532,000 Monthly Active Users

**Service, Manufacturing and Other**

During the fourth quarter inventory levels in absolute terms decreased compared to the third quarter, although increased compared to the same period last year. The internal production units grew in most factories, which had a positive impact on capacity utilization. The positive development was further supported by efficiency measures in the manufacturing and supply chain. Sales to external parties continued to grow. During the quarter, Cetes Cosmetics (the manufacturing entities fully owned by Oriflame) also focused on further digitalization transformation.



## Three months ended 31 December 2019

### Sales

Sales for the three months ended December 31, 2019 decreased by 1%, or €2.1 million, to €357.2 million compared with €359.3 million for the same period in 2018. The decrease in sales was mainly due to Asia & Turkey offset by positive development in Latin America, Europe & Africa and CIS.

Local currency sales decreased by almost 4%, with a flat development in productivity and the number of registered actives in the quarter remained stable at 3.0m (3.1m). Unit sales decreased by 3% and the price/mix effect was slightly down compared to prior year.

Local currency sales increased by 6% in Latin America and by 4% in CIS, while the development was flat in Europe & Africa and decreased by 17% in Asia & Turkey.

### Costs and expenses

*Cost of sales (33.7% of sales compared to 33.4% last year)*

Cost of sales increased slightly by €0.4 million to €120.2 million for the three months ended December 31, 2019 from €119.9 million for the same period 2018, primarily related to the change in geographical and product mix. Cost of sales was slightly positively impacted by comparable numbers.

*Selling and marketing expenses (31.0% of sales compared to 31.5% last year)*

Selling and marketing expenses decreased by 2%, or €2.2 million, to €110.9 million for the three months ended December 31, 2019 from €113.1 million for the same period 2018. This was primarily due to the change in geographical mix as well as lower events costs and lower sales variables in Asia & Turkey.

*Distribution and infrastructure expenses (2.3% of sales compared to 2.2% last year)*

Distribution and infrastructure expenses increased by 6%, or €0.4 million, to €8.3 million for the three months ended December 31, 2019 from €7.9 million for the same period 2018. This increase was primarily due to one off costs in Latin America as a result of change of logistic provider.

*Administrative expenses (23.1% of sales compared to 18.8% last year)*

Administrative expenses increased by 22%, or €14.9 million, to €82.6 million for the three months ended December 31, 2019 from €67.7 million for the same period 2018. On a comparable basis, excluding non-recurring items of €8.6 million relating primarily to restructuring costs, coming from operational efficiency initiatives in the CIS, Europe and global functions, closing of smaller markets and legal restructuring of entities in Europe and Vietnam, the administrative expenses increased by 9%, or €5.9 million, to €74.0 million for the three months ended December 31, 2019 from €67.7 million for the same period 2018. This increase was primarily due to higher overhead costs in the business areas and comparable administrative expenses with one-off releases last year.

*Net financing costs (2.0% of sales compared to 1.3% last year)*

Net financing costs increased by 61%, or €2.7 million, to €7.2 million for the three months ended December 31, 2019 from €4.5 million for the same period 2018. This increase was primarily due to interest payable to Walnut Bidco Plc.

*Total income tax expense (28.5% of adjusted profit before tax compared to 29.9% last year)*

Total income tax expense decreased by 24%, or €3.3 million, to €10.5 million in the three months ended December 31, 2019 from €13.8 million for the same period 2018.



DECLINE IN ASIA &  
TURKEY WHILE  
INCREASE IN OTHER  
REGIONS





### Adjusted EBITDA

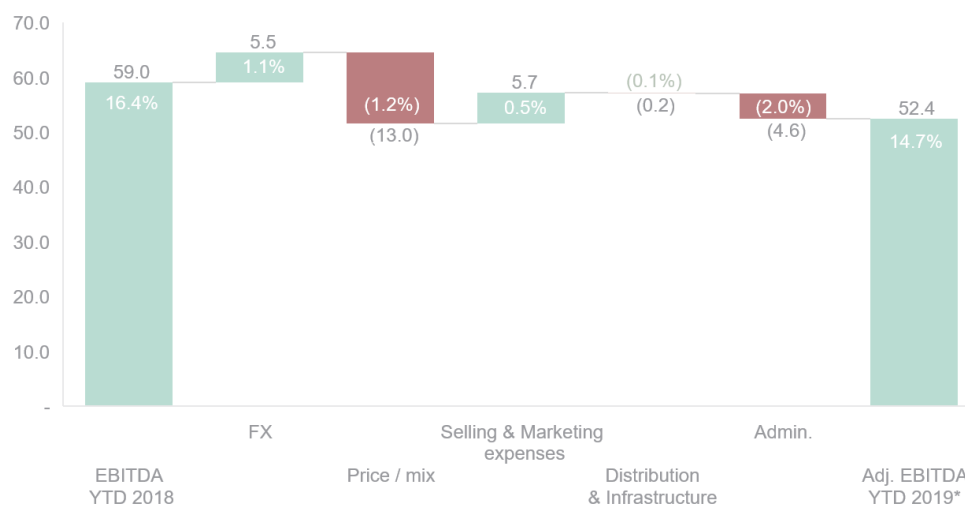
Adjusted EBITDA decreased by 11.3%, or €6.6 million, to €52.4\* million for the three months ended December 31, 2019 from €59.0 million for the same period 2018, negatively impacted by higher administrative costs and negative price/mix, partly offset by favourable FX and lower selling and marketing expenses. The adjusted EBITDA margin was 14.7%\* compared to 16.4%.



€52.4m

ADJUSTED EBITDA\*

### ADJUSTED EBITDA VS. PRIOR YEAR (€m)



\* Excludes non-recurring items as stated below in the condensed consolidated income statements of the Oriflame Group on page 12



(2%)  
EURO SALES

## Twelve months ended 31 December 2019

### Sales

Sales for the twelve months ended December 31, 2019 decreased by 2%, or €20.4 million, to €1,258.3 million compared with €1,278.8 million in 2018. The decrease in sales was mainly due to Asia & Turkey offset by positive development in Latin America, Europe & Africa and CIS.

Local currency sales decreased by 3%, as a result of a 1% increase in productivity offset by a 4% decrease in the number of registered actives. Unit sales decreased by 3% and the price/mix effect was on the same level as prior year.

Local currency sales increased by 11% in Latin America, by 4% in CIS and by 1% in Europe & Africa and decreased by 15% in Asia & Turkey.

### Costs and expenses

*Cost of sales (31.9% of sales compared to 30.8% last year)*

Cost of sales increased slightly by €7.6 million to €401.2 million for the twelve months ended December 31, 2019 from €393.6 million in 2018, primarily related to the change in geographical and product mix.

*Selling and marketing expenses (32.5% of sales compared to 33.5% last year)*

Selling and marketing expenses decreased by 4%, or €18.8 million, to €409.5 million for the twelve months ended December 31, 2019 from €428.3 million in 2018. This was primarily due to the change in geographical mix as well as lower plan recognition costs in Asia & Turkey.

*Distribution and infrastructure expenses (2.4% of sales compared to 2.2% last year)*

Distribution and infrastructure expenses increased by 8%, or €2.2 million, to €30.6 million for the twelve months ended December 31, 2019 from €28.5 million in 2018. This increase was primarily due to geographical mix and one off costs in Latin America as a result of change of logistic provider.

*Administrative expenses (23.2% of sales compared to 21.5% last year)*

Administrative expenses increased by 6%, or €16.6 million, to €291.9 million for the twelve months ended December 31, 2019 from €275.3 million in 2018. On a comparable basis, excluding non-recurring items of €16.3 million relating to the acquisition and restructuring costs described in the “Three months ended 31 December 2019” section above, the administrative expenses were stable with a slight increase of €0.3 million, to €275.6 million for the twelve months ended December 31, 2019 from €275.3 million in 2018.

*Net financing costs (3.7% of sales compared to 1.4% last year)*

Net financing costs increased by 160%, or €29.0 million, to €47.2 million for the twelve months ended December 31, 2019 from €18.1 million in 2018. This increase is primarily due to the make-whole of €31.1 million as a result of early repayment of the USPP loans.

*Total income tax expense (27.2% of adjusted profit before tax compared to 29.3% last year)*

Total income tax expense decreased by 13%, or €5.3 million, to €34.2 million in the twelve months ended December 31, 2019 from €39.5 million in 2018. This decrease was primarily due to geographical mix.





## Cash flow and investments

### *Cash flow from operating activities*

Cash flow from operating activities was €75.3 million in the three months period ended December 31, 2019 compared to €60.6 million in the same period 2018. This increase was primarily due to favourable timing of working capital, especially in increase of trade and other payables.

For the twelve months period ended December 31, 2019, cash flow from operating activities was €95.0 million including non-recurring items and €133.7 million excluding the non-recurring items. In 2018 the cash flow from operating activities was €123.9 million. This increase was mainly due to less income tax paid in 2019.

### *Cash flow used in investing activities*

Cash flow used in investing activities for the three months ended December 31, 2019 was €3.0 million, compared to €3.4 million in the same period 2018. The decrease from previously low levels was due to lower purchases of fixed assets.

For the twelve months period ended December 31, 2019 cash flow used in investing activities was €15.8 million compared to €11.8 million in 2018. The increase of €4.0 million in 2019 was primarily due to purchases of intangible assets (patents) and less positive cash impact on proceeds from sales.

### *Cash flow used in financing activities*

Cash flow used in financing activities for the three months ended December 31, 2019 was €41.7 million, compared to €27.8 million for the same period 2018. The increase in cash flow used was mainly due to a partial loan repayment, slightly compensated by a prior year dividend payment during the fourth quarter in 2018.

For the twelve months period ended December 31, 2019 cash flow used in financing activities was €118.0 million compared to €152.7 million in 2018. The decrease of €34.7 million in 2019 was primarily due to less dividend payments compensated by higher repayment of borrowings compared to prior year.

### *Cash flow before financing activities*

Adjusted cash flow before financing activities for the three months ended December 31, 2019 was €67.0 million, compared to €55.5 million for the same period 2018. The increase was primarily due to lower net working capital and income tax paid.

For the twelve months period ended December 31, 2019 cash flow before financing activities was €105.2 million compared to €100.9 million in 2018. The positive impact from cash flow from operating activities was slightly offset by the cash flow used in investing activities.

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

	3 months ended 31 December		12 months ended 31 December	
€m	2019	2018	2019	2018
Adj. Cash flow from operating activities**	75.3	60.6	133.7*	123.9
Excluding Interest received	(0.4)	(2.8)	(10.2)	(12.2)
Excluding Interest and bank charges paid	1.1	6.3	19.1*	23.4
Cash flow used in investing activities	(3.0)	(3.4)	(15.8)	(11.8)
Payment of lease liabilities	(5.9)	(5.2)	(21.6)	(22.5)
<b>Adj. Cash flow before financing activities</b>	<b>67.0</b>	<b>55.5</b>	<b>105.2</b>	<b>100.9</b>

\* Excludes non-recurring items as stated below in the condensed consolidated income statements of the Oriflame Group on page 12

\*\* Including interest received and interest & bank charges paid



€67.0m

ADJ. CASH FLOW  
BEFORE FINANCING  
ACTIVITIES





3.5  
NET SECURED  
DEBT RATIO

## The Parent Group (Oriflame Group + Walnut Entities)

### Funding and financial position

Oriflame's long-term debt as of December 31, 2019 consists of Senior Secured Notes of €773.2 million\*\* due 2024 with an average interest rate of around 6.6%. The company also has a Revolving Facility of €100 million\*\* with interest in EURIBOR +200 bps to 300 bps depending on leverage. As of December 31, 2019, the total undrawn RCF facility was €100.0 million and the cash and cash equivalents was €143.5 million. 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 December 31, 2019.

	€ 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 31 December, 2019			-

\* Swapped € interest rate 6.450%

As of December 31, 2019, total debt amounted to €844.4m\*\*, secured debt amounted to €773.2m\*\*, net secured debt amounted to €629.7m\*\* and the Net Secured Debt ratio was 3.5\*\*.

\*\* Covers the entire Group, including the Walnut entities

## Financial Calendar for 2020

The first quarter 2020 report will be published on 15 May 2020

The Annual Report 2019 will be published on or about 14 April 2020

The second quarter 2020 report will be published on 13 August 2020

The third quarter 2020 report will be published on 6 November 2020

## Other

### Conference call for the financial community

The Company will host a conference call on Thursday, 13 February 2020 at 15.00 CET.

### Participant access numbers:

DK: +45 781 501 10

FI: +358 981 710 520

SE: +46 8 505 583 56

UK: +44 333 300 9032

US: 1 833 526 8381

The conference call will also be audio web cast in "listen-only" mode through Oriflame's website: [www.oriflame.com](http://www.oriflame.com) or through the following link.

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

For further information, please contact:

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## Alternative Performance Measures (APMs)

Alternative Performance Measures represent key metrics to provide supplemental information which are used to help both investors and management to analyse trends and performance of 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

### **EBITDA**

Operating profit before financial items, taxes, depreciation, amortisation and share incentive plan.

### **Adjusted EBITDA**

Operating profit before financial items, taxes, depreciation, amortisation and share incentive plan, excluding non-recurring items.

### **Total debt**

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

### **Secured Debt**

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

### **Net Secured Debt ratio**

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

### **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.



## Quarterly Figures

Financial summary	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
Sales, €m	279.4	359.3	309.2	303.0	288.9	357.2
Gross margin, %	70.9	66.6	68.0	69.6	68.9	66.3
Adj. EBITDA	42.8	59.0	44.5	46.5	37.9	52.4*
Adj. EBITDA margin, %	15.3	16.4	14.4	15.3	13.1	14.7*
Adj. Operating profit	29.4	50.8	32.5	37.7	27.5	44.1*
Adj. Operating margin, %	10.5	14.1	10.5	12.4	9.5	12.3*
Adj. Net profit, €m	17.5	32.4	23.0	24.8	17.3	26.4*
Adj. Cash flow from op. activities, €m	9.9	60.6	20.5	17.6	13.2	75.3
Adj. Cash flow before financing activities					7.7	67.0
Cash and cash equivalents**					149.5	143.5
Total debt**					899.9	844.4
Secured debt**					822.6	773.2
Net Secured Debt ratio **					3.6	3.5
<b>Sales, €m</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>
Latin America	37.4	44.4	37.3	41.6	46.0	48.0
Europe & Africa	70.6	95.9	80.6	76.1	72.7	97.4
CIS	62.2	87.7	79.0	77.0	68.9	96.6
Asia & Turkey	106.4	126.6	106.3	104.5	98.5	108.3
Manufacturing	0.9	2.7	4.6	1.9	0.8	5.3
Other	1.9	2.0	1.4	1.9	2.0	1.6
<b>Oriflame</b>	<b>279.4</b>	<b>359.3</b>	<b>309.2</b>	<b>303.0</b>	<b>288.9</b>	<b>357.2</b>
<b>Adjusted operating Profit, €m</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>
Latin America	4.3	5.4	3.2	3.1	5.7	5.3
Europe & Africa	8.8	18.2	13.0	10.7	10.1	16.8
CIS	6.6	10.9	8.9	13.2	9.6	16.5
Asia & Turkey	20.5	31.0	21.7	15.1	13.3	23.9
Manufacturing	1.9	(0.7)	1.6	2.3	3.0	2.7
Other	(12.7)	(14.0)	(15.9)	(6.7)	(14.2)	(21.1)
<b>Oriflame</b>	<b>29.4</b>	<b>50.8</b>	<b>32.5</b>	<b>37.7</b>	<b>27.5</b>	<b>44.1*</b>
<b>Registered actives, '000</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>
Latin America	304	306	286	297	357	341
Europe & Africa	652	791	737	683	658	773
CIS	727	966	912	782	766	972
Asia & Turkey	976	1,042	951	879	896	886
<b>Oriflame</b>	<b>2,659</b>	<b>3,105</b>	<b>2,886</b>	<b>2,640</b>	<b>2,677</b>	<b>2,971</b>
<b>Adjusted operating margin, %</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>
Latin America	11.4	12.2	8.5	7.7	12.4	11.1
Europe & Africa	12.5	19.0	16.1	14.1	13.9	17.3
CIS	10.6	12.4	11.3	17.2	13.9	17.0
Asia & Turkey	19.3	24.5	20.4	14.5	13.5	22.1
<b>Oriflame</b>	<b>10.5</b>	<b>14.1</b>	<b>10.5</b>	<b>12.4</b>	<b>9.5</b>	<b>12.3*</b>
<b>€ Sales growth in %</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>
Latin America	(7)	8	10	17	23	8
Europe & Africa	(0)	4	2	(0)	3	2
CIS	(11)	(7)	(4)	8	11	10
Asia & Turkey	(5)	(16)	(17)	(15)	(7)	(14)
<b>Oriflame</b>	<b>(5)</b>	<b>(5)</b>	<b>(7)</b>	<b>(2)</b>	<b>3</b>	<b>(1)</b>
<b>Cash flow, €m</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>Q2'19</b>	<b>Q3'19</b>	<b>Q4'19</b>
Cash flow from operating activities	9.9	60.6	20.5	17.6	13.2	75.3
Cash flow used in investing activities	(3.5)	(3.4)	(3.0)	(5.7)	(4.1)	(3.0)

\* Excludes non-recurring items as stated below in the condensed consolidated income statements of the Oriflame Group on page 12

\*\* Covers the entire Group, including the Walnut entities



## Condensed consolidated income statements – Oriflame Group

€'000	3 months ended 31 December		12 months ended 31 December	
	2019	2018	2019	2018
Sales	357,234	359,324	1,258,345	1,278,752
Cost of Sales	(120,225)	(119,851)	(401,189)	(393,624)
<b>Gross profit</b>	<b>237,010</b>	<b>239,473</b>	<b>857,156</b>	<b>885,128</b>
Selling and marketing expenses	(110,896)	(113,103)	(409,516)	(428,281)
Distribution and Infrastructure	(8,344)	(7,858)	(30,641)	(28,491)
Administrative expenses	(82,638)	(67,732)	(291,859)	(275,290)
<b>Operating profit</b>	<b>35,132</b>	<b>50,780</b>	<b>125,140</b>	<b>153,066</b>
Non-recurring items*	8,983	-	16,639	-
<b>Adjusted operating profit</b>	<b>44,114</b>	<b>50,780</b>	<b>141,778</b>	<b>153,066</b>
Financial income	1,555	6,961	27,838	15,634
Financial expenses	(8,797)	(11,471)	(74,989)	(33,766)
<b>Net financing costs</b>	<b>(7,242)</b>	<b>(4,510)</b>	<b>(47,151)</b>	<b>(18,132)</b>
<b>Net profit before tax</b>	<b>27,890</b>	<b>46,270</b>	<b>77,989</b>	<b>134,934</b>
Non-recurring items*	8,983	-	47,722	-
<b>Adjusted net profit before tax</b>	<b>36,873</b>	<b>46,270</b>	<b>125,711</b>	<b>134,934</b>
Total income tax expense	(10,513)	(13,832)	(34,200)	(39,504)
<b>Net profit attributable to owners of the Company</b>	<b>17,376</b>	<b>32,438</b>	<b>43,788</b>	<b>95,430</b>
Non-recurring items*	8,983	-	47,722	-
<b>Adjusted net profit</b>	<b>26,359</b>	<b>32,438</b>	<b>91,511</b>	<b>95,430</b>

	3 months ended 31 December		12 months ended 31 December	
	2019	2018	2019	2018
<b>*Non-recurring items</b>				
Administrative expenses related to the Acquisition	1,012	-	8,667	-
Restructuring	7,413	-	7,413	-
Impairment related to restructuring	558	-	558	-
<b>Non-recurring items on operating profit</b>	<b>8,983</b>	<b>-</b>	<b>16,639</b>	<b>-</b>
Financial expenses from refinancing	-	-	31,084	-
<b>Non-recurring items on net profit</b>	<b>8,983</b>	<b>-</b>	<b>47,722</b>	<b>-</b>



## Condensed consolidated statements of comprehensive income – Oriflame Group

€'000	3 months ended 31 December		12 months ended 31 December	
	2019	2018	2019	2018
<b>Net profit attributable to owners of the Company</b>	<b>17,376</b>	<b>32,438</b>	<b>43,788</b>	<b>95,430</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of net defined liability, net of tax	(226)	(238)	(2,997)	539
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>(226)</b>	<b>(238)</b>	<b>(2,997)</b>	<b>539</b>
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	63	(1,247)	13,261	(14,620)
Effective portion of changes in fair value of cash flow hedges, net of tax	669	38	(163)	(769)
<b>Total items that are or may be reclassified subsequently to profit or loss</b>	<b>732</b>	<b>(1,209)</b>	<b>13,098</b>	<b>(15,389)</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>506</b>	<b>(1,447)</b>	<b>10,101</b>	<b>(14,850)</b>
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>17,882</b>	<b>30,991</b>	<b>53,889</b>	<b>80,580</b>



## Condensed consolidated statements of financial position – Oriflame Group

€'000	31 December, 2019	31 December, 2018
<b>Assets</b>		
Property, plant and equipment	143,385	135,232
Right-of-use assets	67,221	77,345
Intangible assets	13,087	12,393
Investment property	542	542
Deferred tax assets	35,262	32,834
Other long-term receivables	134	107
<b>Total non-current assets</b>	<b>259,631</b>	<b>258,453</b>
Inventories	177,691	156,841
Trade and other receivables	74,505	72,820
Account receivables Walnut	591	-
Tax receivables	18,280	13,664
Prepaid expenses	14,965	15,999
Derivative financial assets	404	26,641
Cash and cash equivalents	143,193	178,075
<b>Total current assets</b>	<b>429,629</b>	<b>464,040</b>
<b>Total assets</b>	<b>689,260</b>	<b>722,493</b>
<b>Equity</b>		
Share capital	91	80,745
Treasury shares	-	(474)
Share premium	250,559	424,870
Reserves	(185,923)	(182,836)
Retained earnings	22,963	(187,382)
<b>Total equity attributable to the owners of the company</b>	<b>87,689</b>	<b>134,923</b>
<b>Liabilities</b>		
Interest-bearing loans	-	249,404
Lease liabilities	50,230	62,635
Other long-term liabilities	2,346	4,380
Net defined benefit liability	10,855	4,236
Deferred income	222	239
Share incentive plan	4,005	-
Deferred tax liabilities	2,617	2,796
<b>Total non-current liabilities</b>	<b>70,274</b>	<b>323,690</b>
Interest-bearing loans - Walnut	199,169	-
Lease liabilities	20,924	19,024
Trade and other payables	116,708	87,058
Account payables - Walnut	50,506	-
Dividend payables	58	22,729
Contract liabilities	14,242	15,155
Tax payables	18,298	13,307
Accrued expenses	96,955	101,472
Derivative financial liabilities	3,193	2,428
Share incentive plan	2,920	-
Provisions	8,322	2,707
<b>Total current liabilities</b>	<b>531,296</b>	<b>263,880</b>
<b>Total liabilities</b>	<b>601,571</b>	<b>587,570</b>
<b>Total equity and liabilities</b>	<b>689,260</b>	<b>722,493</b>



## Condensed consolidated statements of changes in equity – Oriflame Group

€'000	Share capital	Treasury shares	Share Premium	Reserves	Retained earnings	Total Equity
<b>At 1 January 2018</b>	<b>79,850</b>	<b>(90)</b>	<b>548,474</b>	<b>(164,732)</b>	<b>(267,902)</b>	<b>195,600</b>
Net profit	-	-	-	-	95,430	95,430
Other comprehensive income, net of tax	-	-	-	(15,389)	539	(14,850)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,389)</b>	<b>95,969</b>	<b>80,580</b>
Issue of ordinary shares in relation to share incentive plan	895	-	23,116	(8,860)	(15,449)	(298)
Purchase of treasury shares	-	(1,584)	-	-	-	(1,584)
Usage of treasury shares	-	1,200	-	-	-	1,200
Share incentive plan	-	-	-	6,145	-	6,145
Dividends	-	-	(146,720)	-	-	(146,720)
<b>Total contributions and distributions</b>	<b>895</b>	<b>(384)</b>	<b>(123,604)</b>	<b>(2,715)</b>	<b>(15,449)</b>	<b>(141,257)</b>
<b>At 31 December 2018</b>	<b>80,745</b>	<b>(474)</b>	<b>424,870</b>	<b>(182,836)</b>	<b>(187,382)</b>	<b>134,923</b>
<b>At 1 January 2019 as previously reported</b>	<b>80,745</b>	<b>(474)</b>	<b>424,870</b>	<b>(182,836)</b>	<b>(187,382)</b>	<b>134,923</b>
Adjustment for adoption IFRIC 23	-	-	-	-	(344)	(344)
<b>Restated balance at 1 January 2019</b>	<b>80,745</b>	<b>(474)</b>	<b>424,870</b>	<b>(182,836)</b>	<b>(187,726)</b>	<b>134,579</b>
Net profit	-	-	-	-	43,788	43,788
Other comprehensive income, net of tax	-	-	-	13,098	(2,997)	10,101
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,098</b>	<b>40,791</b>	<b>53,889</b>
Issue of ordinary shares in relation to share incentive plan	253	-	3,585	(4,325)	(1,362)	(1,849)
Purchase of treasury shares	-	(1,605)	-	-	-	(1,605)
Usage of treasury shares	-	1,849	-	-	-	1,849
Share incentive plan	3	-	-	(11,860)	3,027	(8,833)
Dividends	-	-	(90,605)	-	-	(90,605)
Changes due to merger parent company	4	(80,907)	230	(87,291)	168,232	264
<b>Total contributions and distributions</b>	<b>(80,654)</b>	<b>474</b>	<b>(174,311)</b>	<b>(16,186)</b>	<b>169,897</b>	<b>(100,780)</b>
<b>At 31 December 2019</b>	<b>91</b>	<b>-</b>	<b>250,559</b>	<b>(185,923)</b>	<b>22,963</b>	<b>87,689</b>





## Condensed consolidated statements of cash flows – Oriflame Group

€'000	3 months ended 31 December		12 months ended 31 December	
	2019	2018	2019	2018
<b>Operating activities</b>				
<b>Net profit before income tax</b>	<b>27,890</b>	<b>46,270</b>	<b>77,989</b>	<b>134,934</b>
Adjustments for:				
Depreciation of property, plant and equipment and right-of-use assets	9,963	9,296	39,641	36,855
Amortisation of intangible assets	296	587	1,551	2,380
Change in fair value of borrowings and derivatives financial instruments	(647)	(894)	1,088	(985)
Deferred income	2,487	2,719	(186)	(1,988)
Impairment	558	1,153	558	1,153
Share incentive plan	(1,998)	(2,773)	(1,756)	6,145
Settlement of share incentive plan	-	-	-	902
Unrealised exchange rate differences	(2,295)	(8,143)	(8,652)	(10,593)
Profit on disposal of property, plant and equipment, intangible assets, leased assets	(342)	(178)	(2,069)	(1,245)
Financial income	(448)	(2,727)	(7,615)	(11,219)
Financial expenses	5,975	5,103	53,767	22,504
	<b>41,440</b>	<b>50,413</b>	<b>154,315</b>	<b>178,843</b>
(Increase)/decrease in trade and other receivables, prepaid expenses and derivative financial assets	2,470	2,184	(331)	2,939
(Increase)/decrease in inventories	9,975	18,067	(11,146)	20,759
Increase/(decrease) in trade and other payables, accrued expenses and derivatives financial liabilities	23,104	(1,459)	21,925	(23,545)
Increase in provisions	5,405	1,961	5,641	647
<b>Cash generated from operations</b>	<b>82,393</b>	<b>71,166</b>	<b>170,404</b>	<b>179,643</b>
Interest received	448	2,788	10,189	12,174
Interest and bank charges paid	(1,083)	(6,337)	(50,163)	(23,448)
Income taxes paid	(6,488)	(6,985)	(35,452)	(44,423)
<b>Cash flow from operating activities</b>	<b>75,270</b>	<b>60,632</b>	<b>94,978</b>	<b>123,946</b>
<b>Investing activities</b>				
Proceeds on sale of property, plant and equipment, intangible assets	722	654	1,628	3,113
Purchases of property, plant, equipment	(3,508)	(4,013)	(15,199)	(14,694)
Purchases of intangible assets	(201)	(40)	(2,220)	(262)
<b>Cash flow used in investing activities</b>	<b>(2,987)</b>	<b>(3,399)</b>	<b>(15,791)</b>	<b>(11,843)</b>
<b>Financing activities</b>				
Proceeds from borrowings - 3rd parties	-	-	-	50,742
Repayments of borrowings – 3rd parties	-	-	(226,432)	(41,397)
Proceeds from borrowings – Walnut	-	-	235,000	-
Repayments of borrowings – Walnut	(35,831)	-	(35,831)	-
Proceeds from issuance of new shares	91	-	332	-
Acquisition of own shares	-	-	(1,583)	(1,584)
Decrease of finance lease liabilities	(5,941)	(5,247)	(21,643)	(22,479)
Dividends paid	(16)	(22,545)	(67,846)	(137,961)
<b>Cash flow used in financing activities</b>	<b>(41,696)</b>	<b>(27,792)</b>	<b>(118,003)</b>	<b>(152,679)</b>
<b>Change in cash and cash equivalents</b>	<b>30,587</b>	<b>29,441</b>	<b>(38,816)</b>	<b>(40,576)</b>
Cash and cash equivalents at the beginning of the period net of bank overdrafts	113,327	147,607	178,075	221,345
Effect of exchange rate fluctuations on cash held	(721)	1,027	3,934	(2,694)
<b>Cash and cash equivalents at the end of the period, net of bank overdrafts</b>	<b>143,193</b>	<b>178,075</b>	<b>143,193</b>	<b>178,075</b>
<b>Non-recurring items – Cash impact</b>				
Administrative expenses	-	-	7,656	-
Interest and bank charges paid	-	-	31,084	-
<b>Cash and cash equivalents, net of bank overdrafts excluding non-recurring items*</b>	<b>143,193</b>	<b>178,075</b>	<b>181,932</b>	<b>178,075</b>

\* 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 Group

### Note 1 • Status and principal activity

Oriflame Swiss Holding AG (the “Company”) is the successor of the former top holding company of the Oriflame Group after its merger into the former Walnut Mergeco AG (see note 4 for more details) and it is incorporated in Switzerland and registered at Bleicheplatz 3, CH-8200 Schaffhausen. 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 twelve months ended 31 December 2019 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 twelve months period ended 31 December 2019 have been prepared by management in accordance with the measurement and recognition principles of IFRS and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2018.

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

#### Change in significant accounting policies, use of judgements and estimates

Except as described below, 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 Group in its consolidated financial statements as at and for the year ended 31 December 2018.

From 1st January 2019, IFRIC 23 Uncertainty over Income Tax Treatments, which clarifies the account for uncertainties in income taxes, has become effective. The initial adoption of IFRIC 23 has no significant impact on the consolidated financial statements.

Other new or amended IFRS standards which became effective January 2019 have had no material effect on the Group’s financial statements. The Company early applied IFRS 16 leases in 2018.

### Note 3 • Share Incentive Plan modification

Oriflame offers a Share Incentive and Retention Plan (SIP) covering the Group’s executive and senior management. Each year, the individuals were invited by the board of directors to designate a number of Oriflame shares they either already own or purchase at the current market price as Investment Shares under the Plan. In return, the participants have received, within an Investment Period of normally three to five years, between 0 and 8 free shares (i.e. the Achievement Shares) per Investment Share. The number of Achievement Shares awarded depends on the increase in the Group’s adjusted operating profit over the Investment Period.

For each investment year, an award grid proposal was made by the Remuneration Committee and ultimately resolved upon by the board of directors. The award grid is based on Oriflame’s long-term strategic scenario and is set so that profitability growth is awarded with shares on a sliding scale. In order to be eligible for any Achievement Shares, normally the participants need to i) remain employed by Oriflame throughout the Investment Period, and ii) keep their Investment Shares for the entire Investment Period.

The fair value of services received in return for the Achievement Shares granted was measured by reference to the value of the Investment Shares, which was the market price at the time of investing, less discounted value of expected dividends. In 2019, the total amount of share based payment recorded in Administrative Expenses was €1.8 million income (€3.7 million cost).

At the end of December 2019 the board of directors decided to modify the existing (2016 – 2019) share incentive plans, which were issued by the former Oriflame Holding AG, from equity-settled share-based plans to cash-settled share-based plans, as follows:

- The Board has confirmed that the original investments under the plans are still eligible for potential future awards to the participants;
- The Board has consequently removed the original requirement to keep the investment shares throughout the investment period;
- The Board has furthermore resolved that the potential achievement share awards (0-8 achievement shares per investment share) at the end of each measure period is replaced with entitlements to cash pay-outs;
- The cash pay-outs will be determined as a value per achievement share based on a year-end fair value assessment of the Oriflame business done each year;
- All other share incentive plan terms and conditions remain as is.



Following the modification of the existing (2016 - 2019) share incentive plans on 31 December 2019 the Company recalculated the total fair value of the services received in return for the benefits granted under the modified plans using EUR 21.73 (SEK 227) as a value per achievement share, which is considered as the fair value for the year end. The new fair value of the plans € 6.9 million was lower by € 3.2 million than the amount recognised in equity till 31 December 2019, and it was reclassified from equity to liabilities. The difference remained in equity.

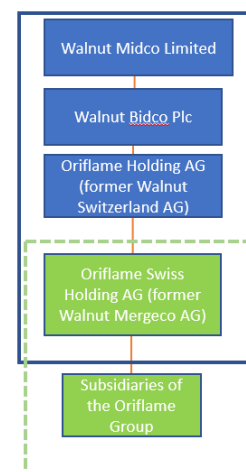
#### Note 4 • Combined condensed financial information of the Parent Group

The combined condensed financial information of the Parent reflects the position of the Walnut Midco Ltd Group prior to the Purchase Price Allocation resulting from the acquisition of the Oriflame Holding AG. It consists of 12 months of Oriflame Group and 6 months of the Walnut entities (Walnut Midco Limited, Walnut Bidco Plc and Oriflame Holding AG – former Walnut Switzerland AG).

Walnut Midco Ltd (the “Parent”) is a private limited liability 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 JE1 0BD. The Parent’s main investments include all of the issued and outstanding share capital of Walnut Bidco Plc.

Walnut Bidco Plc (the “Issuer”) is a public limited liability company incorporated under the laws of Jersey on 20 May 2019 with a registration number 129091 and registered office address of 47 Esplanade, St Helier, Jersey JE1 0BD. The Issuer’s main activity is the ownership and management, directly or indirectly, of real property and any other related activities. The Issuer was established by receiving capital contributions consisting of cash and 17,451,264 Oriflame Holding AG (former listed company on the Nasdaq Stockholm Exchange and ultimate parent of the Oriflame Group) shares. The principal activity of Oriflame Holding AG and its subsidiaries is the direct sale of cosmetics.

Walnut Midco Ltd Group 31.12.2019



On 22 May 2019, Walnut Bidco Plc announced a public offer (the Offer) to the shareholders in Oriflame Holding AG to tender all their shares in Oriflame. At the time of making the offer Walnut Bidco Plc possessed already 30.8% of the outstanding OHAG shares. On 26 June 2019, Walnut Bidco announced that all conditions for completion of the Offer have been fulfilled. The shares tendered in the Offer at the end of the initial acceptance period on 24 June 2019, together with the shares already held or otherwise controlled by Walnut Bidco, amounted to 91.33% of the share capital and the voting rights in the former Oriflame Group. Settlement for shares tendered in the Offer during the initial acceptance period took place starting from 1 July 2019. Following an extended acceptance period which ended on 8 July 2019, Walnut Bidco held or otherwise controlled in aggregate 97.42% of the share capital and the voting rights in the former Oriflame Group. As of 17 July 2019, the former Oriflame Group was de-listed from the Nasdaq Stockholm stock exchange.

On 18 July 2019 Walnut Bidco Plc established a subsidiary named Walnut Switzerland AG in Schaffhausen Switzerland with registered address Bleicheplatz 3, 8200 Schaffhausen. The main activity of Walnut Switzerland AG is the ownership and management, directly or indirectly, of investments and any other related activities.

On 23 July 2019 Walnut Switzerland AG established a subsidiary named Walnut Mergeco AG in Schaffhausen Switzerland with registered address Bleicheplatz 3, 8200 Schaffhausen. The main activity of Walnut Mergeco AG is the ownership and management, directly or indirectly, of investments and any other related activities.

On 2 August 2019, Walnut Bidco issued two Senior Secured Notes (the Notes) maturing in 2024 amounting to €475 million with a 6.750% interest and \$335 million with a 9.125% interest. The proceeds from the Notes were used for the acquisition of the Oriflame Group (the “Acquisition”).

In August and September 2019, Walnut Bidco Plc contributed all its shares in the former Oriflame Group to Walnut Switzerland AG.

On 30 September 2019 Oriflame Holding AG (the former ultimate parent of the Oriflame Group) merged into Walnut Mergeco AG, which enabled Walnut Switzerland AG to execute compulsory redemption of all remaining and not acquired minority Oriflame shares. With this squeeze-out of the remaining minority shareholders the Acquisition was completed. The newly merged company was renamed to Oriflame Swiss Holding AG and Walnut Switzerland AG took over the name of Oriflame Holding AG.



## Combined Condensed consolidated income statements – Parent Group (I)

€'000	3 months ended 31 December			
	Oriflame Group	Walnut Entities	IC elimination	Total Group
Net Sales	357,234	-	-	357,234
Cost of Sales	(120,225)	-	-	(120,225)
<b>Gross profit</b>	<b>237,010</b>	<b>-</b>	<b>-</b>	<b>237,010</b>
Selling and marketing expenses	(110,896)	-	-	(110,896)
Distribution and Infrastructure	(8,344)	-	-	(8,344)
Administrative expenses	(82,638)	(1,147)	-	(83,785)
<b>Operating profit</b>	<b>35,132</b>	<b>(1,147)</b>	<b>-</b>	<b>33,985</b>
Non-recurring items*	8,983	753	-	9,736
<b>Adjusted operating profit</b>	<b>44,114</b>	<b>(394)</b>	<b>-</b>	<b>43,721</b>
Financial income	1,555	10,720	(4,059)	8,216
Financial expenses	(8,797)	(30,806)	4,059	(35,545)
<b>Net financing costs</b>	<b>(7,242)</b>	<b>(20,086)</b>	<b>-</b>	<b>(27,328)</b>
<b>Net profit before tax</b>	<b>27,890</b>	<b>(21,233)</b>	<b>-</b>	<b>6,657</b>
Non-recurring items*	8,983	10,329	-	19,312
<b>Adjusted net profit before tax</b>	<b>36,873</b>	<b>(10,904)</b>	<b>-</b>	<b>25,969</b>
Total income tax expense	(10,513)	(64)	-	(10,577)
<b>Net profit attributable to owners of the Company</b>	<b>17,376</b>	<b>(21,297)</b>	<b>-</b>	<b>(3,920)</b>
Non-recurring items*	8,983	10,329	-	19,312
<b>Adjusted net profit</b>	<b>26,359</b>	<b>(10,968)</b>	<b>-</b>	<b>15,392</b>

* Non-recurring items	3 months ended 31 December			
	Oriflame Group	Walnut Entities	IC elimination	Total Group
Administrative expenses related to the Acquisition	1,012	753	-	1,765
Restructuring	7,413	-	-	7,413
Impairment related to restructuring	558	-	-	558
<b>Non-recurring items on operating profit</b>	<b>8,983</b>	<b>753</b>	<b>-</b>	<b>9,736</b>
Financial expenses from refinancing	-	9,576	-	9,576
<b>Non-recurring items on net profit</b>	<b>8,983</b>	<b>10,329</b>	<b>-</b>	<b>19,312</b>



## Combined Condensed consolidated income statements – Parent Group (II)

€'000	31 December 2019			
	Oriflame Group	Walnut Entities	IC elimination	Total Group
	12 months	6 months		
Net Sales	1,258,345	-	-	1,258,345
Cost of Sales	(401,189)	-	-	(401,189)
<b>Gross profit</b>	<b>857,156</b>	<b>-</b>	<b>-</b>	<b>857,156</b>
Selling and marketing expenses	(409,516)	-	-	(409,516)
Distribution and Infrastructure	(30,641)	-	-	(30,641)
Administrative expenses	(291,859)	(5,171)	-	(297,030)
<b>Operating profit</b>	<b>125,140</b>	<b>(5,171)</b>	<b>-</b>	<b>119,969</b>
Non-recurring items*	16,639	4,752	-	21,391
<b>Adjusted operating profit</b>	<b>141,778</b>	<b>(419)</b>	<b>-</b>	<b>141,360</b>
Financial income	27,838	17,120	(5,188)	39,770
Financial expenses	(74,989)	(51,382)	5,188	(121,183)
<b>Net financing costs</b>	<b>(47,151)</b>	<b>(34,262)</b>	<b>-</b>	<b>(81,413)</b>
<b>Net profit before tax</b>	<b>77,989</b>	<b>(39,433)</b>	<b>-</b>	<b>38,555</b>
Non-recurring items*	47,722	14,328	-	62,051
<b>Adjusted net profit before tax</b>	<b>125,711</b>	<b>(25,105)</b>	<b>-</b>	<b>100,606</b>
Total income tax expense	(34,200)	(64)	-	(34,264)
<b>Net profit attributable to owners of the Company</b>	<b>43,788</b>	<b>(39,497)</b>	<b>-</b>	<b>4,291</b>
Non-recurring items*	47,722	14,328	-	62,051
<b>Adjusted net profit</b>	<b>91,511</b>	<b>(25,169)</b>	<b>-</b>	<b>66,342</b>

* Non-recurring items	31 December 2019			
	Oriflame Group	Walnut Entities	IC elimination	Total Group
	12 months	6 months		
Administrative expenses related to the Acquisition	8,667	4,752	-	13,420
Restructuring	7,413	-	-	7,413
Impairment related to restructuring	558	-	-	558
<b>Non-recurring items on operating profit</b>	<b>16,639</b>	<b>4,752</b>	<b>-</b>	<b>21,391</b>
Financial expenses from refinancing	31,084	9,576	-	40,660
<b>Non-recurring items on net profit</b>	<b>47,722</b>	<b>14,328</b>	<b>-</b>	<b>62,051</b>



## Combined Condensed consolidated statements of financial position – Parent Group

31 December, 2019 €'000	Oriflame Group	Walnut Entities	IC elimination	Elimination	Total Group
<b>Assets</b>					
Property, plant and equipment	143,385	-	-	-	143,385
Right-of-use assets	67,221	-	-	-	67,221
Intangible assets	13,087	-	-	1,057,983	1,071,070
Investments in subsidiaries	-	2,994,179	-	(2,994,179)	-
Investment property	542	-	-	-	542
Deferred tax assets	35,262	-	-	-	35,262
Other long-term receivables	134	-	-	-	134
<b>Total non-current assets</b>	<b>259,631</b>	<b>2,994,179</b>	<b>-</b>	<b>(1,936,197)</b>	<b>1,317,614</b>
Inventories	177,691	-	-	-	177,691
Trade and other receivables	74,505	927	-	91	75,523
IC trade receivables	591	50,506	(51,097)	-	-
IC loan receivables	-	199,169	(199,169)	-	-
Tax receivables	18,280	-	-	-	18,280
Prepaid expenses	14,965	-	-	-	14,965
Derivative financial assets	404	10,000	-	-	10,404
Cash and cash equivalents	143,193	281	-	-	143,474
<b>Total current assets</b>	<b>429,629</b>	<b>260,883</b>	<b>(250,266)</b>	<b>91</b>	<b>440,337</b>
<b>Total assets</b>	<b>689,260</b>	<b>3,255,063</b>	<b>(250,266)</b>	<b>(1,936,106)</b>	<b>1,757,951</b>
<b>Equity</b>					
Share capital	91	1,306,252	-	(653,262)	653,081
Share premium	250,559	1,148,571	-	(1,399,129)	-
Reserves	(185,923)	2,422	-	190,800	7,300
Retained earnings	22,963	5,810	-	(74,515)	(45,742)
<b>Total equity attributable to the owners of the company</b>	<b>87,689</b>	<b>2,463,055</b>	<b>-</b>	<b>(1,936,106)</b>	<b>614,639</b>
<b>Liabilities</b>					
Interest-bearing loans	-	744,686	-	-	744,686
Lease liabilities	50,230	-	-	-	50,230
Other long-term liabilities	2,346	-	-	-	2,346
Net defined benefit liability	10,855	-	-	-	10,855
Deferred income	222	-	-	-	222
Share incentive plan	4,005	-	-	-	4,005
Deferred tax liabilities	2,617	-	-	-	2,617
<b>Total non-current liabilities</b>	<b>70,274</b>	<b>744,686</b>	<b>-</b>	<b>-</b>	<b>814,960</b>
Current portion of interest-bearing loans	199,169	-	(199,169)	-	-
Lease liabilities	20,924	-	-	-	20,924
Trade and other payables	116,708	12,242	-	-	128,950
IC accounts payable	50,506	591	(51,097)	-	-
Dividend payables	58	929	-	-	987
Contract liabilities	14,242	-	-	-	14,242
Tax payables	18,298	64	-	-	18,361
Accrued expenses	96,955	25,447	-	-	122,403
Derivative financial liabilities	3,193	8,048	-	-	11,241
Share incentive plan	2,920	-	-	-	2,920
Provisions	8,322	-	-	-	8,322
<b>Total current liabilities</b>	<b>531,296</b>	<b>47,322</b>	<b>(250,266)</b>	<b>-</b>	<b>328,352</b>
<b>Total liabilities</b>	<b>601,571</b>	<b>792,008</b>	<b>(250,266)</b>	<b>-</b>	<b>1,143,312</b>
<b>Total equity and liabilities</b>	<b>689,260</b>	<b>3,255,063</b>	<b>(250,266)</b>	<b>(1,936,106)</b>	<b>1,757,951</b>



## Combined Condensed consolidated statements of cash flows – Parent Group

3 months ended 31 December 2019 €'000	Oriflame Group	Walnut entities	Non- recurring items	Elimination	Total Group**
<b>Operating activities</b>					
<b>Net profit/(loss) before income tax</b>	<b>27,890</b>	<b>(21,233)</b>	<b>19,312</b>	<b>-</b>	<b>25,969</b>
Adjustments for:					
Depreciation of property, plant and equipment, right-of-use assets	9,963	-	-	-	9,963
Amortisation of intangible assets	296	-	-	-	296
Change in fair value of borrowings and derivatives financial instruments	(647)	-	-	-	(647)
Deferred income	2,487	-	-	-	2,487
Impairment	558	-	(558)	-	-
Share incentive plan	(1,998)	-	-	-	(1,998)
Settlement of share incentive plan	-	-	-	-	-
Unrealised exchange rate differences	(2,295)	-	-	-	(2,295)
Profit on disposal of property, plant and equipment, intangible assets, leased assets	(342)	-	-	-	(342)
Financial income	(448)	(10,720)	-	-	(11,168)
Financial expenses	5,975	30,537	(9,576)	-	26,936
	<b>41,440</b>	<b>(1,416)</b>	<b>9,178</b>	<b>-</b>	<b>49,201</b>
Decrease/(increase) in trade and other receivables, prepaid expenses and derivative financial assets	2,470	246	(868)	-	1,848
Decrease in inventories	9,975	-	-	-	9,975
Increase/(decrease) in trade and other payables, accrued expenses and derivatives financial liabilities	23,104	405	(2,248)	-	21,261
Increase/(decrease) in provisions	5,405	-	(6,061)	-	(657)
<b>Cash generated from operations</b>	<b>82,393</b>	<b>(765)</b>	<b>-</b>	<b>-</b>	<b>81,628</b>
Interest received	448	-	-	-	448
Interest and bank charges paid	(1,083)	(954)	-	-	(2,037)
Income taxes paid	(6,488)	-	-	-	(6,488)
<b>Cash flow from operating activities</b>	<b>75,270</b>	<b>(1,719)</b>	<b>-</b>	<b>-</b>	<b>73,551</b>
<b>Investing activities</b>					
Proceeds on sale of property, plant and equipment, intangible assets	722	-	-	-	722
Purchases of property, plant, equipment	(3,508)	-	-	-	(3,508)
Purchases of intangible assets	(201)	-	-	-	(201)
<b>Cash flow used in investing activities</b>	<b>(2,987)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,987)</b>
<b>Financing activities</b>					
Repayments of borrowings	-	(40,000)	-	-	(40,000)
IC loan proceeds	-	-	-	-	-
IC loan payment	(35,831)	35,831	-	-	-
Acquisition of subsidiary	-	(27,749)	-	-	(27,749)
Proceeds from issuance of new shares	91	10	-	-	101
Decrease of lease liabilities	(5,941)	-	-	-	(5,941)
Dividends paid	(16)	-	-	-	(16)
<b>Cash flow used in financing activities</b>	<b>(41,696)</b>	<b>(31,908)</b>	<b>-</b>	<b>-</b>	<b>(73,604)</b>
<b>Change in cash and cash equivalents</b>	<b>30,587</b>	<b>(33,627)</b>	<b>-</b>	<b>-</b>	<b>(3,040)</b>
Cash and cash equivalents at the beginning of the period net of bank overdrafts	113,327	33,908	-	-	147,235
Effect of exchange rate fluctuations on cash held	(721)	-	-	-	(721)
<b>Cash and cash equivalents at the end of the period, net of bank overdrafts</b>	<b>143,193</b>	<b>281</b>	<b>-</b>	<b>-</b>	<b>143,474*</b>

\* Represents the cash that the Parent Group would have had without the non-recurring items at the end of the period

\*\* Excluding non-recurring items





## Combined Condensed consolidated statements of cash flows – Parent Group

31 December 2019 €'000	Oriflame Group 12 months	Walnut entities 6 months	Non- recurring items	Elimination	Total Group**
<b>Operating activities</b>					
<b>Net profit/(loss) before income tax</b>	<b>77,989</b>	<b>(39,433)</b>	<b>62,051</b>	<b>-</b>	<b>100,606</b>
Adjustments for:					
Depreciation of property, plant and equipment, right-of-use assets	39,641	-	-	-	39,641
Amortisation of intangible assets	1,551	-	-	-	1,551
Change in fair value of borrowings and derivatives financial instruments	1,088	-	-	-	1,088
Deferred income	(186)	-	-	-	(186)
Impairment	558	-	(558)	-	-
Share incentive plan	(1,756)	-	-	-	(1,756)
Unrealised exchange rate differences	(8,652)	67	-	-	(8,585)
Profit on disposal of property, plant and equipment, intangible assets, leased assets	(2,069)	-	-	-	(2,069)
Financial income	(7,615)	(16,450)	-	-	(24,065)
Financial expenses	53,767	51,382	(40,660)	-	64,489
	<b>154,315</b>	<b>(4,434)</b>	<b>20,833</b>	<b>-</b>	<b>170,714</b>
Decrease/(increase) in trade and other receivables, prepaid expenses and derivative financial assets	(331)	3,491	(868)	-	2,292
Increase in inventories	(11,146)	-	-	-	(11,146)
Increase/(decrease) in trade and other payables, accrued expenses and derivatives financial liabilities	21,925	1,454	(2,248)	-	21,131
Increase/(decrease) in provisions	5,641	-	(6,062)	-	(421)
<b>Cash generated from operations</b>	<b>170,404</b>	<b>511</b>	<b>11,655</b>	<b>-</b>	<b>182,570</b>
Interest received	10,189	-	-	-	10,189
Interest and bank charges paid	(50,163)	(35,297)	40,660	-	(44,800)
Income taxes paid	(35,452)	-	-	-	(35,452)
<b>Cash flow from operating activities</b>	<b>94,978</b>	<b>(34,786)</b>	<b>52,315</b>	<b>-</b>	<b>112,507</b>
<b>Investing activities</b>					
Proceeds on sale of property, plant and equipment, intangible assets	1,628	-	-	-	1,628
Purchases of property, plant, equipment	(15,199)	-	-	-	(15,199)
Purchases of intangible assets	(2,220)	-	-	-	(2,220)
<b>Cash flow used in investing activities</b>	<b>(15,791)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,791)</b>
<b>Financing activities</b>					
Proceeds from borrowings	-	816,639	-	-	816,639
Repayments of borrowings	(226,432)	(40,000)	-	-	(266,432)
IC loan proceeds	235,000	(235,000)	-	-	-
IC loan payment	(35,831)	35,831	-	-	-
Acquisition of subsidiary	-	(817,740)	-	(22,633)	(840,373)
Proceeds from issuance of new shares	332	280,875	-	(1,583)	279,624
Acquisition of own shares	(1,583)	-	-	1,583	-
Decrease of lease liabilities	(21,643)	-	-	-	(21,643)
Dividends paid	(67,846)	-	-	22,633	(45,213)
<b>Cash flow used in financing activities</b>	<b>(118,003)</b>	<b>40,605</b>	<b>-</b>	<b>-</b>	<b>(77,398)</b>
<b>Change in cash and cash equivalents</b>	<b>(38,816)</b>	<b>5,819</b>	<b>52,315</b>	<b>-</b>	<b>19,318</b>
Cash and cash equivalents at the beginning of the period net of bank overdrafts	178,075	-	-	-	178,075
Effect of exchange rate fluctuations on cash held	3,934	(5,538)	-	-	(1,604)
<b>Cash and cash equivalents at the end of the period, net of bank overdrafts</b>	<b>143,193</b>	<b>281</b>	<b>52,315</b>	<b>-</b>	<b>195,789*</b>
Including non-recurring items					(52,315)
<b>Cash and cash equivalents at the end of the period, net of bank overdrafts</b>					<b>143,474</b>

\* Represents the cash that the Parent Group would have had without the non-recurring items at the end of the period

\*\* Excluding non-recurring items



### Interest bearing loans

The terms and conditions of outstanding loans were as follows as at December 31, 2019.

€'000	Interest rate	Year of maturity	Carrying amount	Non-current	Current
Revolving credit facility	Euribor + margin	2024	-	-	-
Senior Secured Notes - € 475.0 million	6.750%	2024	475,000	475,000	-
Senior Secured Notes - \$335.0 million	9.125%*	2024	298,202	298,202	-
Capitalized front end fees	-	2024	(28,516)	(28,516)	-
<b>Total interest bearing liabilities</b>			<b>744,686</b>	<b>744,686</b>	-

\* Swapped € interest rate 6.450%