

Purchase Price Allocation – Summary

Introduction

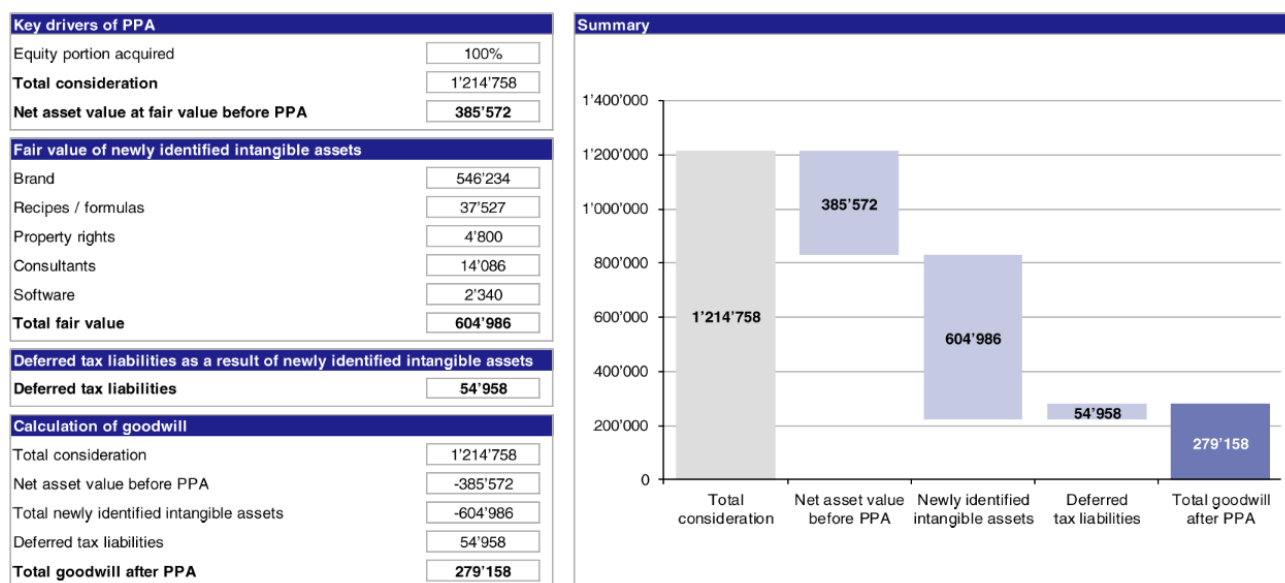
Following a public offer announced in May 2019, Walnut Bidco Plc (renamed to Oriflame Investment Holding Plc in April 2020) took control over the Oriflame Group in July 2019 and de-listed the former Oriflame Group from the Nasdaq Stockholm stock exchange.

Oriflame Investment Holding Plc is a subsidiary of Oriflame Holding Limited (renamed from Walnut Midco Ltd in April 2020), new parent company of the Oriflame group following its acquisition in July 2019.

The acquisition of the former Oriflame Group consists in a business combination under “IFRS 3 Business Combinations” which requires the acquirer to apply the acquisition method in its consolidated financial statements. The acquirer measures the cost of the acquisition at the fair value of the consideration paid and allocates that cost to the acquired identifiable assets and liabilities on the basis of their fair values (Purchase Price Allocation). The remaining part of the acquisition is goodwill.

This document summarizes the result of the Purchase Price Allocation (PPA) from the acquisition of the former Oriflame Group.

Overview



The fair value adjustments to the net assets of the acquired group as at 1st July 2019 are detailed below:

| €'000 | |
|----------------|---------------------------------------------------------------------------------|
| 88,824 | Total equity attributable to Oriflame shareholders 1 st July 2019 |
| 321,898 | Fair Value step up of inventory |
| 4,097 | IFRS 16 related fair value adjustment |
| (4,199) | Uncertain Tax Position |
| (12,366) | Intangible assets elimination due to revaluation with PPA |
| (80,633) | Deferred Tax Assets / Liabilities |
| 67,951 | Elimination of dividends payable |
| 385,572 | Total net assets value at fair value before PPA 1st July 2019 |



The following intangible assets were newly identified as at 1st July 2019:

| €'000 | Deferred Tax | | Lifetime in years |
|---------|--------------|-------------------------------------------------------------------------------|-------------------|
| | Fair Value | Liabilities Intangible assets | |
| 546,234 | (47,632) | Oriflame brand | indefinite |
| 37,527 | (3,272) | Recipes and Formulas / manufacturing know how | 5 |
| 4,800 | (301) | Property rights related to Wellness formulation | indefinite |
| 14,086 | (3,437) | Consultants portfolio reflects the cost to set up a similar network | 2 |
| 2,340 | (316) | Software | 5 |
| 604,986 | (54,958) | Total identified intangible assets and corresponding deferred tax liabilities | |

The table below details the reconciling items between the Consolidated Statement of Financial Position of the Oriflame Holding Ltd as at 31.12.2019 before and after the PPA.

The PPA column represents the Purchase Price Adjustments made on the opening balance as at 1st July 2019 and the other columns represents the movements during the period 01.07 – 31.12.2019 on the Purchase Price Allocation adjustments.

| €'000 | 31/12/2019 Before PPA | PPA | Brand | Inventories | Recipes and formulas | Consultants | Software | IFRS 16 | 31/12/2019 After PPA |
|----------------------------------------|--------------------------|------------------|----------------|------------------|-------------------------|----------------|------------|--------------|-------------------------|
| Property, plant and equipment: NBV | 143,385 | | | | | | | | 143,385 |
| Right of use assets | 67,221 | (283) | | | | | | (156) | 66,781 |
| Investment property | 542 | | | | | | | | 542 |
| Intangible assets | 7,689 | 598,019 | | | (3,753) | (3,522) | 135 | | 598,570 |
| Goodwill | 1,063,381 | (784,223) | | | | | | | 279,158 |
| Deferred tax assets | 35,262 | (906) | | (304) | | | | 172 | 34,224 |
| Other Long Term Receivable | 134 | | | | | | | | 134 |
| Total Non Current Assets | 1,317,614 | (187,393) | 0 | (304) | (3,753) | (3,522) | 135 | 15 | 1,122,794 |
| Total net inventories | 177,691 | 321,898 | | (308,424) | | | | | 191,165 |
| Total net trade and other receivables | 75,523 | | | | | | | | 75,523 |
| Financial assets | 10,404 | | | | | | | | 10,404 |
| Tax receivable | 18,280 | | | | | | | | 18,280 |
| Prepaid expenses | 14,965 | | | | | | | | 14,965 |
| Cash and cash equivalents | 143,474 | | | | | | | | 143,474 |
| Total Current Assets | 440,337 | 321,898 | 0 | (308,424) | 0 | 0 | 0 | 0 | 453,811 |
| Total Assets | 1,757,951 | 134,505 | 0 | (308,729) | (3,753) | (3,522) | 135 | 15 | 1,576,604 |
| Total Equity | 614,639 | 4,199 | (5,189) | (231,599) | (3,746) | (2,662) | 110 | (743) | 375,008 |
| Long term loans | 744,686 | | | | | | | | 744,686 |
| Finance lease obligations - long term | 50,230 | (2,678) | | | | | | 603 | 48,156 |
| Deferred tax liabilities | 2,617 | 134,482 | 5,189 | (77,130) | (6) | (859) | 26 | (34) | 64,284 |
| Employee benefits | 16,141 | | | | | | | | 16,141 |
| Other long-term liabilities | 1,064 | | | | | | | | 1,064 |
| Deferred income | 222 | | | | | | | | 222 |
| Total non-current liabilities | 814,960 | 131,805 | 5,189 | (77,130) | (6) | (859) | 26 | 569 | 874,553 |
| Trade and other payable | 129,938 | | | | | | | | 129,938 |
| Deferred income | 14,242 | | | | | | | | 14,242 |
| Taxes payable | 18,361 | | | | | | | | 18,361 |
| Finance lease obligations - short term | 20,924 | (1,499) | | | | | | 189 | 19,614 |
| Accrued expenses | 122,403 | | | | | | | | 122,403 |
| Financial liabilities | 11,241 | | | | | | | | 11,241 |
| Employee benefits | 2,920 | | | | | | | | 2,920 |
| Provisions | 8,322 | | | | | | | | 8,322 |
| Total current liabilities | 328,352 | (1,499) | 0 | 0 | 0 | 0 | 0 | 189 | 327,042 |
| Total Equity and Liabilities | 1,757,951 | 134,505 | 0 | (308,729) | (3,753) | (3,522) | 135 | 15 | 1,576,604 |