

Purchase Price Allocation – Summary

Introduction

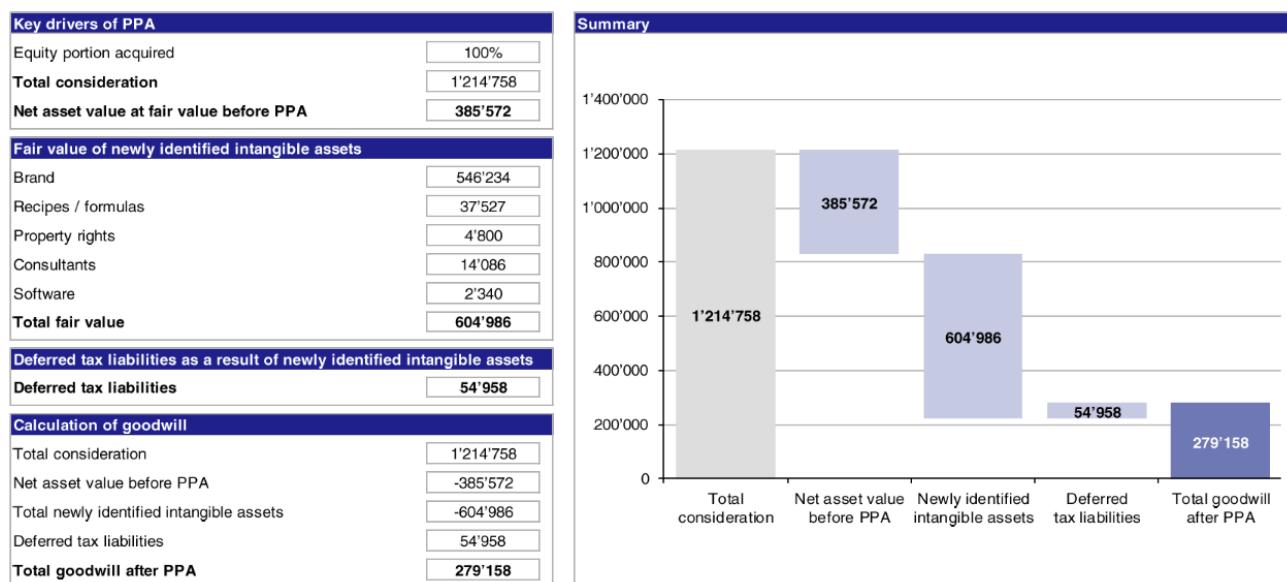
Following a public offer announced in May 2019, Walnut Bidco Plc (renamed to Oriflame Investment Holding Plc in April 2020) took control over the Oriflame Group in July 2019 and de-listed the former Oriflame Group from the Nasdaq Stockholm stock exchange.

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