

Interim Management Statement | January – 30 June 2021

	LC SALES	EURO SALES	ADJUSTED EBITDA
Second quarter	(2%)	(8%)	€53.0m (39.9m)
First half year	(1%)	(9%)	€98.1m (81.3m)

Three months ended 30 June 2021

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 14 and to the condensed consolidated income statements on pages 16 and 17.

- Local currency sales decreased by 2% and Euro sales decreased by 8% to €245.0m (€265.8m).
- Adjusted EBITDA margin was 21.6% (15.0%) and adjusted EBITDA amounted to €53.0m (€39.9m).
- Adjusted operating margin was 18.3% (11.3%), negatively impacted by 190 bps from currencies, and adjusted operating profit was €44.8m (€30.1m).
- Adjusted net profit was €20.6m (€4.5m).
- Adjusted cash flow from operating activities was €-29.2m (€62.6m) and adjusted cash flow before financing activities was €-19.8m (€56.9m).
- Cash and cash equivalents at the end of the period amounted to €90.3m (June 30, 2020: €256.3m).
- Total debt amounted to €764.9m (€931.0m), secured debt amounted to €727.8m (€874.2m) and the Net Secured Debt ratio was 3.3 (3.6).
- During the quarter Oriflame successfully issued €250m Floating Rate Senior Secured notes and \$550m Senior Secured Notes both due 2026. The new notes together with own cash were used to redeem in full the old €475m aggregate principal amount of 6.750% Senior Secured Notes and \$335m aggregate principal amount of 9.125% Senior Secured Notes. The Revolving Credit Facility of €100m was amended and extended to October 2025. As a result of this the external borrowing costs were reduced from 6.6% to 3.8% on average.
- Update on Covid-19 impact: Despite on-going vaccinations around the world the Covid-19 related restrictions continue to exist in terms of e.g. international travels and social gatherings. During the quarter Oriflame cancelled all international conferences which were planned for 2021 and Brand members are instead compensated with cash awards.

Six months ended 30 June 2021

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 14 and to the condensed consolidated income statements on pages 16 and 17.

- Local currency sales decreased by 1% and Euro sales decreased by 9% to €517.8m (€568.7m).
- Adjusted EBITDA margin was 18.9% (14.3%) and adjusted EBITDA amounted to €98.1m (€81.3m).
- Adjusted operating margin was 15.7% (10.9%), negatively impacted by 240 bps from currencies, and adjusted operating profit was €81.3m (€61.9m).
- Adjusted net profit was €35.5m (€7.9m).
- Adjusted cash flow from operating activities was €-18.2m (€50.7m) and adjusted cash flow before financing activities was €12.2m (€65.4m).

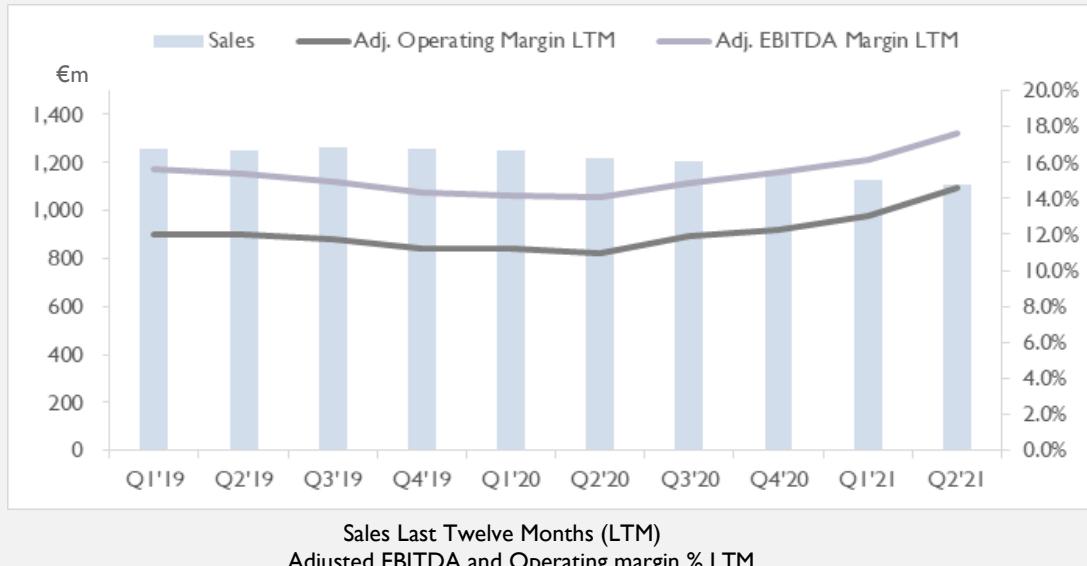
"The second quarter started strong with double digit growth in April, followed by an unexpected sales downturn in May and foremost June. This is partly explained by comparability of sales versus prior year, where we had a weak start and strong ending in the same quarter. Further, the higher pricing has impacted the demand in some of our product segments, combined with a weak activity and recruitment of new members. The cancellation of our attractive international and local conference offerings has certainly had an impact on the motivation of some of our members, where we now have postponed the larger international conferences into 2022. Despite the weak sales performance, we have a solid underlying profitability further fuelled by one-off impacts related to the cancellation of conferences. At the same time, we have secured a solid financial platform with a newly refinanced long term debt scheme. The Covid-19 related restrictions on travels and social gatherings have pushed us to find new ways of executing our social selling business model, and I am very pleased to see that our well-planned digital transformation journey has proven successful. In addition, our sustainability efforts continue – during the quarter Oriflame was recognized as one of 300 climate leaders in Europe by the Financial Times and Statista. To conclude and as said before, we remain focused on regaining sales momentum and continue the trend of improved profitability."

CEO Magnus Bränström



Key financial data

3 months ended 30 June 2021



Financial summary

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 14 and to the condensed consolidated income statements on pages 16 and 17.

(€m)	3 months ended 30 June			6 months ended 30 June			LTM July'20- June'21	Year end	
	2021	2020	Change %	2021	2020	Change %		2020	Change %
Sales	245.0	265.8	(8%)	517.8	568.7	(9%)	1,106.0	1,156.9	(4%)
Adj. Gross margin, %	70.9	68.3		70.2	67.3		69.7	68.3	
Adj. EBITDA	53.0	39.9	33%	98.1	81.3	21%	195.3	178.6	9%
Adj. EBITDA margin, %	21.6	15.0		18.9	14.3		17.7	15.4	
Adj. Operating profit	44.8	30.1	49%	81.3	61.9	31%	161.3	141.9	14%
Adj. Operating margin, %	18.3	11.3		15.7	10.9		14.6	12.3	
Adj. Net profit	20.6	4.5	355%	35.5	7.9	349%	59.1	31.4	88%
Adj. Cash flow from operating activities	(29.2)	62.6	(147%)	(18.2)	50.7	(136%)	92.0	160.8	(43%)
Adj. Cash flow before financing activities	(19.8)	56.9	(135%)	12.2	65.4	(81%)	138.2	191.5	(28%)
Total debt	764.9	931.0		764.9	931.0		764.9	786.1	(3%)
Secured debt	727.8	874.2		727.8	874.2		727.8	748.0	(3%)
Net Secured Debt ratio	3.3	3.6		3.3	3.6		3.3	2.8	

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 2.9 million Members, generating annual sales of around €1.2 billion (2020). 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.



Q2 impact from Covid-19

During the second quarter 2021 Oriflame continued to experience sales development challenges. Even though there are some easing of the Covid-19 related restrictions, they continue to affect many countries in terms of international traveling and social gatherings. During the quarter the company cancelled all planned 2021 international conferences for its Brand Partners and replaced this incentive with cash awards for 2021. The cancellation of the conferences has a positive impact on the Group profitability for the quarter, however the company is negatively impacted on sales as these conferences are motivational and used to promote new product launches, new apps and new ways of working. Despite the declining sales, the positive trend on profitability continued.

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 (98% online orders in the quarter) and the increased mobile usage (84% 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 Brand Partners. All internal factories were able to operate during the quarter, albeit under stricter measures. The geographical footprint of the factories and suppliers allows us to mitigate production limitation risks.

The cost savings, as well as additional cost efficiency measures taken in 2020, are visible in 2021 and have secured a solid financial performance. During the second quarter Oriflame recognized in the income statement €0.8m Covid-19 related government grants, which were received in the previous year, and the grant conditions were fulfilled during the quarter.

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, the independent Brand Partners and other stakeholders
- Secure the operational processes and thereby the supply of essential products to the independent Brand Partners as well as improve the product availability situation in some of our product categories
- Continue to evaluate and implement cost efficiency measures
- Prepare for the next phase of the pandemic



2021 INTERNATIONAL CONFERENCES WERE CANCELLED AND REPLACED WITH CASH AWARDS



GROUP EURO AND LOCAL CURRENCY SALES DECLINE – STRONG CURRENCY HEAD WIND

Geographical mix

Group sales in local currency decreased by 2% mainly due to challenges in some of the Asian markets. A positive price/mix did not compensate fully for the declining unit sales. Due to significant negative impact from foreign exchange rates the decrease in Euro sales was 8% compared to the same quarter prior year. The EBITDA increase was due to lower selling expenses and lower administrative expenses. The lower sales volumes and the adverse foreign currency movements had negative impact on the EBITDA, which was almost offset by positive price/mix. The lower administrative costs were a result of the staff reductions and other operational efficiency improvements executed during 2020. The adjusted operating cash flow decreased due to timing differences in the major working capital items, planned inventory build-up and accelerated interest payments due to the successful refinancing during the quarter.

During the second quarter, Covid-19 continued to influence Oriflame's markets and affect the top line negatively. Deliveries and operations generally worked without disruptions, even though in most markets live meetings and events are still not possible to organize and the transformation to digital events continues. International conference incentives for Brand Partners have been replaced by cash bonuses. Only Nigeria experienced Covid-19 related delivery and import issues causing disruption in stock availability.

In *Latin America* the euro sales increased by 30% following an increase in the number of Members and improved productivity (sales per Member). In the second quarter 2020 the Covid-19 related restrictions impacted Latin America to a higher degree than the other regions. Peru continues to be the best developing market in the region. The gross margins improved due to successful price increases and less promotions and discounting. The number of printed catalogues is decreasing rapidly being replaced by a digital catalogue adapted for smartphone use and possible to share with clients over social media. The significantly lower selling and marketing expenses together with the implemented efficiency measures resulting in lower distribution and infrastructure expenses and administrative expenses also supported the very strong adjusted operating margin increase to 14.4% (-0.6%).

In *Turkey & Africa* the euro sales decreased by 23% negatively impacted by adverse exchange rates and products availability in Nigeria. In local currency both Turkey and Morocco reported sales increases. The negative currency impact, more promotions, delivery subsidies and the market mix effect from Nigeria's sales decline resulted in lower gross margins in the region, which were offset by lower selling and marketing expenses as well as savings from efficiency measures in administrative expenses, ending the quarter with an adjusted operating margin of 21.0% (21.1%).

In *Europe* the euro sales grew by 2% following a slowdown in recruitment but positively impacted by higher productivity (sales per Member). Western Europe continued to be the best performing region. The new Meal Replacement product range supported the Wellness category being the best performing category. Higher gross margins, lower selling and marketing expenses and lower administrative expenses helped increase the adjusted operating margin to 15.4% (8.6%). During the quarter the roll out of the new, more dynamic Brand Partner compensation plan continued with successful implementation in Norway and Sweden. Norway was the best performing market in the region in the quarter.

In *CIS* the euro sales decreased by 8% negatively impacted by adverse exchange rates. In local currency CIS delivered 3% sales growth due to higher productivity (sales per Member), while recruitment was lower than prior year, especially towards the end of the quarter. Mongolia was the best performing market in the region in the quarter. The gross margin increased, with negative foreign exchange rates impact compensated by selling price increases, less promotions as well as less delivery subsidies than previous year. Significantly lower selling and marketing expenses due to cancellation of international conferences and continued reduction of the administrative expenses as a result of efficiency savings, supported the adjusted operating margin to expand to 34.9% (21.6%). In Ukraine a new Brand Partner compensation plan was introduced and well received by the market.

In *Asia* the euro sales decreased by 25% during the quarter due to lower number of Members in Indonesia and Vietnam and lower activity levels in China. South Asia posted single digit euro sales growth and turned around the negative development from the previous quarter, partially helped by easier comparables from prior year. Covid-19 impact on the business remains due to limitations in holding events and conferences to the desired extent in all markets. Adjusted operating profit margin increased from 20.4% to 23.6% despite negative sales, mainly due to lower selling and marketing expenses due to cancelled international conferences. A number of savings initiatives launched during the last twelve months also had the expected benefits in a lower administrative cost base.

Sustainability

During the quarter, Oriflame was recognized as one of 300 climate leaders in Europe by the Financial Times and Statista. In this new list, companies are ranked based on how well they managed to reduce the greenhouse gas emission intensity between 2014 and 2019. Oriflame was ranked as number 38 in the overall ranking and as number 2 in the Personal & Household Goods sector.

Furthermore, Oriflame has had its emission reduction targets approved by the Science Based Targets initiative as consistent with levels required to meet the goals of the Paris Agreement. Oriflame commits to reduce absolute Scope 1 and 2 GHG emissions 50% by 2030 from a 2019 base year. Oriflame also commits to reduce scope 3 GHG emissions 22% per unit sold over the same timeframe.



Brand and Innovation

Several launches were made in the second quarter even though all categories had a sales decline.

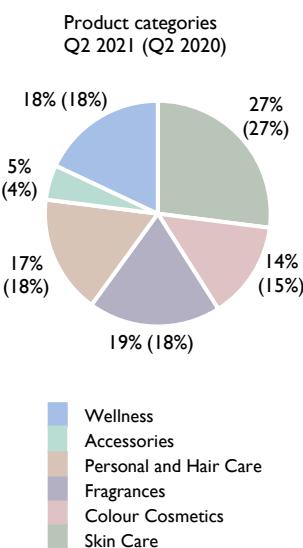
Within **Skincare** **NovAge Brilliance Infinite Luminosity** was launched, correcting three common facial skin tone discolorations. A new collection of products targeting a modern urban lifestyle – **Optimals Urban Guard 3D** – was also introduced.

Within **Colour cosmetics** **THE ONE In-Action Sweat Proof Range** was introduced designed to withstand hot and humid climates while living an active life. **THE ONE Colour Unlimited Matte Lipstick** has improved both packaging and formulation with increased long-wear. The **Giordani Gold Carex Collection**, including the Hybrid CC Cream and a mascara collection, was launched in the quarter.

Within the **Fragrance** portfolio a new Swedish fragrance under the .SE brand, capturing the natural beauty of Sweden, was launched. The two new sophisticated Eau de Parfums – **Blazing Warmth and Wild Hearts** – were crafted with responsible and advanced patented fragrance technologies creating exclusive scent accords that were captured on a Swedish scent expedition by a team of specialists and perfumers.

In **Personal and Hair Care** a new range, **North for Men Ultimate Balance**, was introduced in the quarter targeting concerns regarding uneven skin tone, excess oil, dry skin and unwanted dirt.

In the **Accessories** category the re-launch of the shower tools, the **Elemental** range, was presented in the quarter. The shower tools are made of 30-100% recycled materials and come in recycled packaging.



Online

During the second quarter 98% of all orders were placed online. The overall site traffic and app activity remained high throughout the quarter with a slight decline towards the end, in line with the cyclical variations in the overall business. Site utilization from mobile devices was 84% (83%) of all sessions and 65% (63%) of orders placed. The Oriflame App represented 35% (33%) of total orders.

Continued focus on the rollout of the Mobile Office (a set of module-based features supporting Brand Partners from the on-boarding with Oriflame to monitoring and growing their business through purpose-driven modules), now covering more than 90% of the Oriflame salesforce in 36 countries. Along with a high-paced rollout process, additional Mobile Office modules were also delivered, such as an upgraded section for Brand Partners to monitor and follow up on sales activities and recruitment in their networks, and a tailored module for VIP customers.

Several upgrades of the Oriflame App Suite were deployed and a number of new features for the Business App, such as a section with special focus on evaluating VIP customer performance, a feature for driving prioritized business activities for Brand Partners and enhanced in-app messaging capabilities. In addition, an important milestone was reached with the release of the first pilot of the next generation mobile platform for the Oriflame App to a limited number of Brand Partners during June. The app is designed to further improve the shopping experience through increased mobile focus, enhanced performance and an order process that is personalized for Brand Partners as well as VIP Customers. After the pilot phase is concluded rollout will be initiated.

Further development and release of additional commerce features continued, and enhancements were made that delivered encouraging results in terms of adoption as well as improved average order value. These measures were part of the ongoing fine-tuning and implementation of the VIP customer concept, which was fully deployed in four additional countries during the quarter.

App users:		
Oriflame app	1,173,000	Monthly Active Users
Business app	688,000	Monthly Active Users

Service, Manufacturing and Other

In the second quarter 2021 the production increased versus the same period prior year. The higher volumes and previously implemented efficiencies contribute to better utilization of the production capacities and lower product costs. The Covid-19 impact on the inhouse manufacturing in Oriflame was much lower than in prior year. Only the manufacturing unit in India was closed for two weeks during the quarter and is currently operating on normal level.



Three months ended 30 June 2021

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 14 and to the condensed consolidated income statements on pages 16 and 17.



**EURO SALES
INCREASED IN LATIN
AMERICA AND
EUROPE AND
DECLINED IN THE
OTHER BUSINESS
AREAS**

Sales

Sales for the three months ended June 30, 2021 decreased by 8%, or €20.9m, to €245.0m compared with €265.8m for the same period in 2020. Latin America and Europe recorded growth in Euro sales, while the other business areas experienced decline.

Local currency sales decreased by 2%, mainly due to decline in the average number of the Members 2.5m (2.7m), which was partially offset by improved productivity. Unit sales decreased by 16% and the price/mix effect was positive with 13%.

Local currency sales increased in Latin America, CIS and Europe by respectively 34%, 3% and 2% and decreased by 13% in Turkey & Africa and by 23% in Asia.

Costs and expenses

Cost of sales (29.1% of sales compared to 31.7% prior year)

Cost of sales decreased by 16% or €13.1m to €71.2m for the three months ended June 30, 2021 from €84.4m for the same period in 2020 due to lower sales volumes. Despite the exchange rate headwind, the cost of sales percentage decreased due to positive price/mix and improved manufacturing recoveries / efficiencies.

Selling and marketing expenses (26.3% of sales compared to 29.6% prior year)

Selling and marketing expenses decreased in absolute terms by 18%, or €14.3m, to €64.5m for the three months ended June 30, 2021 from €78.8m for the same period in 2020. This decrease was due to lower sales volumes and lower business plan related costs because of the cancellation of the international conferences for Brand Partners.

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

Distribution and infrastructure expenses decreased by 5%, or €0.4m, to €6.4m for the three months ended June 30, 2021 from €6.7m for the same period in 2020. The decrease in absolute terms was due to lower sales in the quarter. The slight increase in these costs as a percentage of sales was due to deleveraging in Asia partially offset by implemented efficiencies in Latin America and Europe.

Administrative expenses (25.2% of sales compared to 26.9% prior year)

The administrative expenses for the three months ended June 30, 2021 include €3.6m related PPA related items and €0.1m non-recurring items related to the refinancing, while in 2020 those included €1.9m restructuring costs and €3.8m PPA related items. On a comparable basis, excluding non-recurring and PPA related items, the adjusted administrative expenses decreased during the period to €58.0m from €65.8m for the same period in 2020. Lower staff costs is the main factor behind the decrease.

Net financing costs (31.0% of sales compared to 6.8% prior year)

Net financing costs increased by 319% or €57.8m, to €75.9m for the three months ended June 30, 2021 from €18.1m for the same period in 2020. This significant increase was due to the refinancing in May 2021 and for which non-recurring costs amounting to €60.3 were recognized. These costs covered the make-whole payment of the old Notes (€41.3m) and the one-off amortization of the corresponding capitalized front-end fees (€19.0m). On a comparable basis, compared to the prior year period, net financing costs decreased by €2.5m due to lower debt and lower interest expense after the refinancing in the beginning of May.

Adjusted income tax expenses (€8.8m compared to €7.8m prior year)

On a comparable basis, excluding non-recurring and PPA impact, the tax expenses were higher than the same quarter a year ago at €8.8m (€7.8m), due to higher adjusted profit before tax. The non-recurring refinancing costs do not have tax cost reduction impact for the Group.



€53.0m

ADJUSTED EBITDA

Adjusted EBITDA

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 14 and to the condensed consolidated income statements on pages 16 and 17.

Adjusted EBITDA increased by 32.8%, or €13.1m, to €53.0m for the three months ended June 30, 2021 from €39.9m for the same period in 2020, negatively impacted by lower unit sales and the negative exchange rate impact from weakening Oriflame trading currencies, offset by positive price/mix, lower selling expenses and lower administrative expenses. The adjusted EBITDA margin was 21.6% compared to 15.0% prior year.

ADJUSTED EBITDA VS. PRIOR YEAR (€m)





LOCAL CURRENCY
SALES INCREASE IN
LATIN AMERICA,
EUROPE AND CIS –
DECREASE IN ASIA
AND TURKEY &
AFRICA



2.4m
MEMBERS AT THE
END OF JUNE 2021

Six months ended 30 June 2021

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 14 and to the condensed consolidated income statements on pages 16 and 17.

Sales

Sales for the six months ended 30 June 2021 decreased by 9%, or €50.9m, to €517.8m compared with €568.7m in 2020. Latin America and Europe reported positive sales development in Euro with an increase of respectively 5% and 2% during the period. CIS, Turkey & Africa and Asia experienced a decline in Euro sales by 13%, 19% and 19% respectively during the period.

Local currency sales decreased by 1% due to a decline in the average number of the Members 2.7m (2.8m). Unit sales decreased by 15% and the price/mix effect was positive by 13%.

Local currency sales increased by 13% in Latin America, by 3% in Europe and by 2% in CIS while Turkey & Africa decreased by 9% and Asia by 15%.

Costs and expenses

Cost of sales (29.8% of sales compared to 32.7% adjusted prior year)

On comparable basis and excluding the PPA related items of €13.5m in the cost of sales in prior year, the cost of sales for the six months ended June 30, 2021 decreased by 17%, or €31.5m, to €154.4m from €185.8m in 2020 due to lower sales volumes. The lower cost of sales percentage in relative terms was due to the positive price mix and improved manufacturing recoveries / efficiencies.

Selling and marketing expenses (27.6% of sales compared to 30.6% prior year)

Selling and marketing expenses decreased by 18%, or €30.7m, to €143.0m for the six months ended June 30, 2021 from €173.8m in 2020. In addition to the lower sales volume other reasons for decrease in the selling and marketing expenses were optimizations in the business remuneration plan for Brand Partners and cancellation of the international conferences in 2021.

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

Distribution and infrastructure expenses decreased by 8%, or €1.1m, to €13.4m for the six months ended June 30, 2021 from €14.5m in 2020. These costs remained unchanged as a percentage of sales for the six months period.

Administrative expenses (25.7% of sales compared to 26.4% prior year)

The administrative expenses for the six months ended June 30, 2021 included €7.2m PPA related items and €0.3m non-recurring costs in relation to the refinancing of the long term debt, while in 2020 those included €10.1m non-recurring restructuring costs and €7.3m PPA related items. On a comparable basis, excluding non-recurring and PPA related items, the adjusted administrative expenses decreased during the period to €125.8m from €132.7m for the same period in 2020. Excluding the increased accrual for the share incentive program and staff bonuses of €5.8m, the administrative expenses were reduced by €12.7m or 10%.

Net financing costs (17.1% of sales compared to 7.2% prior year)

Net financing costs increased by 118% or €48.0m to €88.7m for the six months ended June 30, 2021 from €40.7m for the same period in 2020. This significant increase was due to the refinancing of the long-term debt and for which non-recurring costs amounting to €60.3 were recognized. These costs covered the make-whole payment of the old Notes (€41.3m) and the one-off amortization of the corresponding capitalized front-end fees (€19.0m). On a comparable basis, compared to prior year, net financing costs decreased by €12.2m due to positive variance of €8.3m on foreign exchange rates differences and the decrease of the interest borrowing costs after the recent refinancing.

Adjusted income tax expenses (€17.6m compared to €13.9m prior year)

On a comparable basis, excluding non-recurring and PPA impact, the tax expenses were higher than in the same period a year ago because of increased adjusted profit before tax. The non-recurring refinancing costs do not have tax cost reduction impact for the Group.



€98.1m

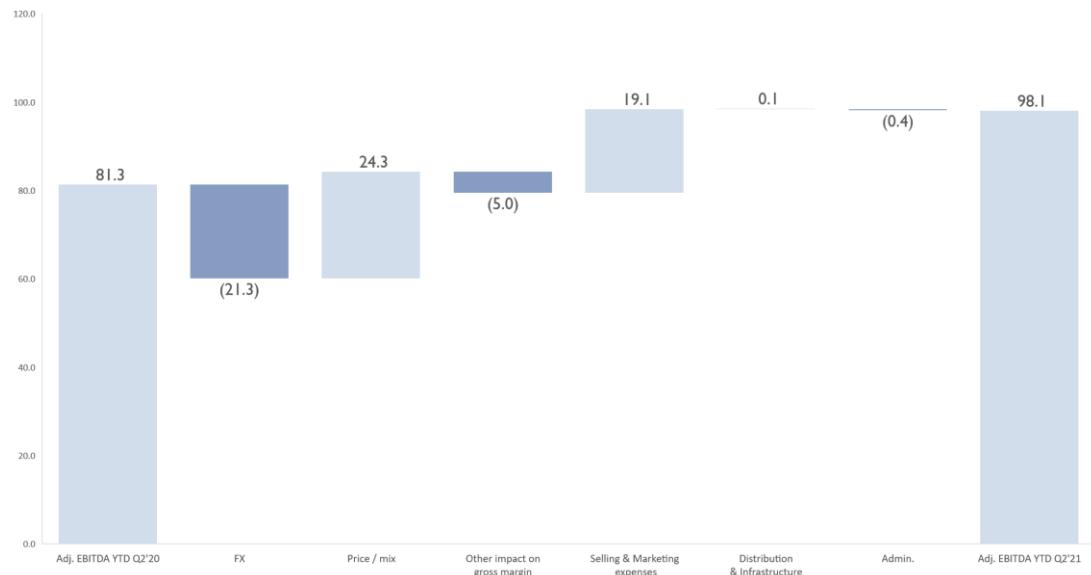
ADJUSTED EBITDA

Adjusted EBITDA

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 14 and to the condensed consolidated income statements on pages 16 and 17.

Adjusted EBITDA increased by 20.6%, or €16.7m, to €98.1m for the six months ended June 30, 2021 from €81.3m for the same period in 2020. Despite the lower sales the EBITDA increased due to lower selling and marketing expenses and improved price/mix. The negative impact of the unfavourable foreign exchange rates was offset by favourable price/mix. The adjusted EBITDA margin was 18.9% compared to 14.3%.

ADJUSTED EBITDA VS. PRIOR YEAR (€m)





€-19.8m

ADJ. CASH FLOW
BEFORE FINANCING
ACTIVITIES IN THE
QUARTER

Cash flow and investments

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 14 and to the condensed consolidated income statements on pages 16 and 17.

Cash flow from operating activities

Adjusted cash flow from operating activities was €-29.2m in the three months period ended June 30, 2021 compared to €62.6m for the same period in 2020. The outflow is explained by inventory build-up in 2021 of € 12.6m versus inventory decrease of € 16.3m in the same period prior year, when the company implemented strict inventory controls after the outbreak of the Covid-19 pandemic. The decrease in trade and other payables in the quarter in 2021 was due to timing differences from previous quarters and the cancellation of international conferences accruals. Excluding the non-recurring items from the refinancing, the Group paid €15.2m (€ 1.3m the same period prior year) interests on borrowings earlier in May, instead of in August, due to the refinancing. The income tax related cash outflow was € 7.3m higher in the three months period ended June 30, 2021 compared with the same period in 2020.

For the six months period ended June 30, 2021 the adjusted cash flow from operating activities was €-18.2m (€50.7m). The negative adjusted cash flow from operating activities in 2021 was mainly due to €19.2m increase of inventory levels in the current year versus €32.7m inventory decrease in prior year. In addition the Group paid €15.2m interests on borrowings earlier in May, instead of in August, due to the refinancing. The non-adjusted cash flow from operating activities for the six months ended June 30, 2021 was €-73.7m (€27.9m) which included cash outflow from non-recurring items of €55.2m (€22.2m).

Cash flow used in investing activities

Cash flow used in investing activities for the three months ended June 30, 2021 was €1.3m, in line with the same period in 2020.

For the six months period ended June 30, 2021 cash flow used in investing activities was €2.2m compared to €3.3m for the same period in 2020. The decrease was due to proceeds from sale of property, plant and equipment.

Cash flow used in financing activities

Cash flow used in financing activities for the three months ended June 30, 2021 was €-42.8m, compared to €-2.8m for the same period 2020. The main reason for the high cash outflow was the refinancing of the long-term debt during the quarter. €761.3m were used for the repayment of the old Notes and the proceeds from the issuance of the new Notes were €707.5m. In addition, the Revolving Credit Facility was drawn down for €15.0m at the end of the quarter.

For the six months period ended June 30, 2021 the cash flow used in financing activities was €-77.8m outflow compared to €93.1m inflow in the same period in 2020. The main reason for the cash outflow is the refinancing of the long-term debt in May 2021. In addition, a dividend amounting to €30.5m was paid during the first half of the same year. In 2020, the Group withdrew fully the €100.0m Revolving Credit Facility as a precautionary measure following the Covid-19 pandemic outbreak.

Adjusted cash flow before financing activities

Adjusted cash flow before financing activities for the three months ended June 30, 2021 was €-19.8m compared to €56.9m in 2020. The difference was due to timing differences and opposite movements in working capital as explained in the “cash flow from operating activities” paragraph above.

For the six months period ended June 30, 2021 adjusted cash flow before financing activities was €12.2m compared to €65.4m for the same period in 2020. The difference was due to timing differences and opposite movements in working capital as explained in the “cash flow from operating activities” paragraph above.



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

€m	3 months ended 30 June		6 months ended 30 June		LTM July'20 – June'21	Year end 2020
	2021	2020	2021	2020		
Cash flow from operating activities	(83.6)	57.8	(73.7)	27.9	31.8	133.4
<i>Excluding</i> interest received	(0.6)	(0.4)	(1.0)	(0.7)	(2.4)	(2.1)
<i>Excluding</i> interest and bank charges paid	68.8	1.6	95.8	28.8	125.9	58.9
Cash flow used in investing activities	(1.3)	(1.3)	(2.2)	(3.3)	(4.8)	(5.9)
Payment of lease liabilities	(4.1)	(5.3)	(8.6)	(9.4)	(17.0)	(17.8)
Non-recurring and PPA items	1.0	4.5	1.7	22.1	4.7	25.1
Adj. cash flow before financing activities	(19.8)	56.9	12.2	65.4	138.2	191.5



Funding and financial position

Oriflame's long-term debt as of June 30, 2021 amounts to €712.8m carrying amount, excluding capitalized front-end fees. It consists of €250m Floating Rate Senior Secured notes due 2026 (the "Euro Notes") and \$550m Senior Secured Notes (the "Dollar Notes") due 2026, which were successfully issued on 4 May 2021. The Euro Notes bear interest at a rate of the sum of (i) three-month EURIBOR (with 0% floor), plus (ii) 4.250% per annum, reset quarterly. The Dollar Notes bear interest at a rate of 5.125% per annum. After hedging the average interest rate of both Notes is 3.8% excluding the effect from amortization of capitalized front fees. The proceeds from the offering of the Notes, together with cash on hand, were used (i) to redeem on 6 May 2021 the existing €475m aggregate principal amount of 6.750% Senior Secured Notes due 2024 in full and \$335m aggregate principal amount of 9.125% Senior Secured Notes due 2024 in full, and (ii) to pay the costs, fees and expenses incurred in connection with the offering (see "Note 3 • Interest bearing loans" on page 25). The Revolving Credit Facility (RCF) remained in place with the same committed amount of €100m and conditions and it has been extended to October 2025. As of June 30, 2021, €15.0m was drawn down from the RCF and the cash and cash equivalents was €90.3m. The current corporate and notes ratings are respectively **B1/B1** from Moody's, **B+/BB-** from Fitch and **B+/B+** from S&P Global. The company was in compliance with all of its covenants related to the outstanding debt as of June 30, 2021.



3.3

NET SECURED
DEBT RATIO

	€ Note	\$ Note	Revolving Credit Facility
Total amount	€250m	\$550m	€100m
Interest rate	3 month Euribor + 4.25%*	5.125%**	EURIBOR +200-300 bps
Due	2026	2026	2025
Drawing as per 30 June, 2021			€15.0m

* Swapped into fixed EUR with margin 0.14%

** Swapped € interest rate 3.47%

As of June 30, 2021, total debt amounted to €764.9m (June 30, 2020: €931.0m), secured debt amounted to €727.8m (€874.2m), net secured debt amounted to €637.5m (€617.8m) and the Net Secured Debt ratio was 3.3 (3.6).

Events after the end of the quarter

Cyber attack

As announced in the press release on 6 August 2021, Oriflame suffered a cyber-attack on data of the company's operations, primarily in the CIS and Asia. Certain data in web servers were breached using a vulnerability of an external software component for a few days. Immediate actions have been taken to minimize the impact of these events, which include unauthorized access to personal data. Ongoing commercial operations are not affected due to the nature of the accessed data.

Wellness supply shortage

Oriflame is currently experiencing a supplier issue related to raw material which has affected deliveries of some of the company's Wellness products to Brand Partners. Oriflame estimates to be back at normal supply levels within 3-5 weeks from now.

Financial calendar for 2021

The third quarter 2021 report will be published on 18 November 2021

The date for the fourth quarter 2021 report will be communicated at a later stage



Other

Conference call for the financial community

The company will host a conference call on Wednesday, 25 August 2021 at 14.00 CET.

Participant access numbers:

Denmark: +45 787 232 51

Finland: +358 923 195 172

Sweden: +46 8 566 427 06

United Kingdom: +44 333 300 9034

United States: +1 646 722 4904

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.cre0.se/210825>

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

Subscription service

You can subscribe or update your subscription to company press releases and different types of financial information through Oriflame’s website: www.oriflame.com or through the following link: <http://investors.oriflame.com/index.php/en/subscribe>

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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 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.

Adjusted Cash flow before financing activities

Adjusted 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).

Members

Members are all Independent Brand Partners and online customers who have placed at least one order within the last three months.

Net Secured Debt ratio

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

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

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 14 and to the condensed consolidated income statements on pages 16 and 17.

Financial summary	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Sales, €m	302.8	265.8	280.8	307.5	272.8	245.0
Adj. Gross margin, %	66.5	68.3	67.2	71.1	69.5	70.9
Adj. EBITDA	41.3	39.9	46.4	50.8	45.1	53.0
Adj. EBITDA margin, %	13.6	15.0	16.5	16.5	16.5	21.6
Adj. Operating profit	31.7	30.1	37.8	42.1	36.5	44.8
Adj. Operating margin, %	10.5	11.3	13.5	13.7	13.4	18.3
Adj. Net profit, €m	3.4	4.5	8.1	15.4	15.0	20.6
Adj. Cash flow from operating activities, €m	(12.0)	62.6	35.2	75.0	11.0	(29.2)
Adj. Cash flow before financing activities, €m	8.6	56.9	57.0	69.7	31.9	(19.8)
Cash flow used in investing activities	(1.9)	(1.3)	(1.8)	(0.9)	(0.9)	(1.3)
Cash and cash equivalents	209.4	256.3	178.5	241.9	219.6	90.3
Total debt	940.1	931.0	812.7	786.1	798.4	764.9
Secured debt	880.7	874.2	761.1	748.0	760.7	727.8
Net Secured Debt ratio	3.8	3.6	3.2	2.8	3.0	3.3
Sales, €m	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Latin America	38.8	27.5	38.3	41.4	34.1	35.9
Europe	57.2	56.6	60.2	73.6	59.1	57.5
CIS	87.7	75.2	73.7	80.8	73.2	68.9
Asia	84.5	76.8	76.5	80.2	73.1	57.5
Turkey & Africa	28.8	25.4	27.9	26.2	24.0	19.6
Manufacturing	3.9	3.5	2.3	3.7	7.2	4.3
Other	1.9	0.9	1.9	1.6	2.1	1.2
Oriflame	302.8	265.8	280.8	307.5	272.8	245.0
Adjusted operating Profit, €m	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Latin America	2.1	(0.2)	5.9	4.9	5.8	5.2
Europe	7.6	4.9	9.7	10.8	10.5	8.9
CIS	16.9	16.2	15.0	9.8	16.6	24.0
Asia	15.1	15.7	12.7	10.5	10.7	13.6
Turkey & Africa	5.5	5.4	6.4	4.2	7.0	4.1
Manufacturing	1.3	(0.2)	2.4	4.8	3.8	2.7
Other	(16.8)	(11.6)	(14.3)	(2.9)	(18.0)	(13.7)
Oriflame	31.7	30.1	37.8	42.1	36.5	44.8
Registered active Members, '000	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Latin America	299	259	331	331	294	285
Europe	494	529	492	558	501	457
CIS	936	847	843	1,020	896	795
Asia	702	707	772	681	630	593
Turkey & Africa	333	349	328	342	308	270
Oriflame	2,764	2,690	2,766	2,932	2,629	2,401
Adjusted operating margin, %	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Latin America	5.5	(0.6)	15.5	11.9	17.0	14.4
Europe	13.2	8.6	16.2	14.7	17.8	15.4
CIS	19.3	21.6	20.3	12.2	22.6	34.9
Asia	17.9	20.4	16.6	13.1	14.7	23.6
Turkey & Africa	19.1	21.1	22.8	16.0	29.3	21.0
Oriflame	10.5	11.3	13.5	13.7	13.4	18.3
€ Sales growth in %	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Latin America	4	(34)	(17)	(14)	(12)	30
Europe	(7)	(1)	9	(2)	3	2
CIS	11	(2)	7	(16)	(16)	(8)
Asia	(13)	(20)	(16)	(19)	(13)	(25)
Turkey & Africa	4	(10)	10	(18)	(17)	(23)
Oriflame	(2)	(12)	(3)	(14)	(10)	(8)



Condensed consolidated income statements – 3 months ended 30 June

€'000	2021	Non-recurring items*	PPA items**	Adjusted		Non-recurring items*	PPA items**	Adjusted	
				2021	2020			2020	
Sales	244,951			244,951	265,834			265,834	
Cost of sales	(71,243)			(71,243)	(84,370)			(84,370)	
Gross profit	173,707	-	-	173,707	181,464	-	-	181,464	
Selling and marketing expenses	(64,510)			(64,510)	(78,781)			(78,781)	
Distribution and infrastructure	(6,363)			(6,363)	(6,723)			(6,723)	
Administrative expenses	(61,777)	103	3,640	(58,034)	(71,551)	1,909	3,812	(65,830)	
Operating profit	41,056	103	3,640	44,799	24,409	1,909	3,812	30,130	
Financial income	4,699			4,699	12,268			12,268	
Financial expenses	(80,575)	60,272	147	(20,156)	(30,364)			307	(30,057)
Net financing costs	(75,876)	60,272	147	(15,457)	(18,096)	-	307	(17,789)	
Net profit/(loss) before tax	(34,820)	60,375	3,787	29,343	6,314	1,909	4,119	12,341	
Total Tax expense	(8,152)	-	(606)	(8,758)	(6,663)	(433)	(716)	(7,813)	
Net profit/(loss) attributable to owners of the Company	(42,972)	60,375	3,181	20,585	(349)	1,476	3,402	4,529	

* Non-recurring items cover:

2021: costs related to the refinancing of the Group

2020: restructuring costs

** 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 – 6 months ended 30 June

€'000	2021	Non-recurring items*	PPA items**	Adjusted		Non-recurring items*	PPA items**	Adjusted
				2021	2020			
Sales	517,779			517,779	568,650			568,650
Cost of sales	(154,359)			(154,359)	(199,310)		13,474	(185,836)
Gross profit	363,420	-	-	363,420	369,341	-	13,474	382,814
Selling and marketing expenses	(143,016)			(143,016)	(173,759)			(173,759)
Distribution and infrastructure	(13,374)			(13,374)	(14,502)			(14,502)
Administrative expenses	(133,277)	306	7,210	(125,760)	(150,050)	10,066	7,310	(132,674)
Operating profit	73,753	306	7,210	81,270	31,029	10,066	20,784	61,879
Financial income	11,629			11,629	16,853			16,853
Financial expenses	(100,377)	60,272	335	(39,770)	(57,564)		646	(56,918)
Net financing costs	(88,748)	60,272	335	(28,141)	(40,712)	-	646	(40,066)
Net profit/(loss) before tax	(14,995)	60,579	7,545	53,129	(9,682)	10,066	21,430	21,814
Total Tax expense	(16,336)	-	(1,245)	(17,581)	(7,084)	(2,067)	(4,753)	(13,905)
Net profit/(loss) attributable to owners of the Company	(31,331)	60,579	6,301	35,548	(16,767)	7,999	16,677	7,909

* Non-recurring items cover:

2021: costs related to the refinancing of the Group
2020: restructuring costs

** 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

€'000	3 months ended 30 June		6 months ended 30 June	
	2021	2020	2021	2020
Net loss attributable to owners of the Company	(42,972)	(349)	(31,331)	(16,767)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of net defined liability, net of tax	1,346	-	1,346	-
Total items that will not be reclassified subsequently to profit or loss	1,346	-	1,346	-
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	1,919	(6,648)	11,405	(31,676)
Effective portion of changes in fair value of cash flow hedges, net of tax	(5,713)	(4,135)	(11,201)	22,714
Total items that are or may be reclassified subsequently to profit or loss	(3,793)	(10,783)	203	(8,962)
Other comprehensive income for the period, net of tax	(2,447)	(10,783)	1,550	(8,962)
Total comprehensive income for the period attributable to owners of the Company	(45,419)	(11,132)	(29,781)	(25,728)



Condensed consolidated statements of financial position

€'000	30 June, 2021	31 December, 2020	30 June, 2020
Assets			
Property, plant and equipment	109,186	109,508	125,344
Right-of-use assets	35,821	37,398	53,374
Intangible assets	575,790	583,224	590,855
Goodwill	255,853	250,424	264,747
Investment property	542	542	542
Deferred tax assets	22,882	36,136	33,506
Other long-term receivables	1,982	131	133
Total non-current assets	1,002,056	1,017,363	1,068,501
Inventories	147,685	127,696	139,412
Trade and other receivables	52,514	51,165	59,820
Tax receivables	14,816	14,046	19,464
Prepaid expenses	17,624	16,968	16,767
Derivative financial assets	2,179	1,340	25,215
Cash and cash equivalents	90,348	241,947	256,313
Total current assets	325,167	453,162	516,992
Total assets	1,327,222	1,470,526	1,585,493
Equity			
Share capital	653,081	653,081	653,081
Reserves	(41,033)	(41,237)	(1,662)
Retained earnings	(347,547)	(287,042)	(302,138)
Total equity attributable to the owners of the company	264,500	324,802	349,280
Liabilities			
Interest-bearing loans	3	699,383	750,869
Employee benefits		15,839	15,114
Lease liabilities		22,313	37,706
Other long-term liabilities		2,028	1,050
Derivative financial liabilities		3,264	-
Deferred income		475	212
Provisions		8,516	-
Deferred tax liabilities		45,204	61,043
Total non-current liabilities	797,023	855,161	865,993
Current portion of interest-bearing loans	3	15,000	-
Lease liabilities		14,766	16,566
Trade and other payables		86,336	93,015
Contract liabilities		9,364	11,950
Tax payables		15,759	15,467
Accrued expenses		94,617	116,997
Derivative financial liabilities		4,511	1,825
Employee benefits		17,690	2,191
Provisions		7,657	12,208
Total current liabilities	265,699	290,563	370,220
Total liabilities	1,062,722	1,145,724	1,236,213
Total equity and liabilities	1,327,222	1,470,526	1,585,493



Condensed consolidated statements of changes in equity

€'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

€'000	Share capital	Reserves	Retained earnings	Total Equity
At 1 January 2021	653,081	(41,237)	(287,042)	324,802
Net loss	-	-	(31,331)	(31,331)
Other comprehensive income, net of tax	-	203	1,346	1,550
Total comprehensive income for the period	-	203	(29,985)	(29,781)
Dividends	-	-	(30,520)	(30,520)
Total contributions and distributions	-	-	(30,520)	(30,520)
At 30 June 2021	653,081	(41,033)	(347,547)	264,500



Condensed consolidated statements of cash flows – 3 months ended 30 June

€'000	2021		2021		2020		2020	
	Non-recurring items	Purchase Price allocation items	Adjusted		Non-recurring items	Purchase Price allocation items	Adjusted	
Operating activities								
Net profit / (loss) before income tax	(34,820)	60,375	3,787	29,343	6,314	1,909	4,119	12,341
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	7,887		26	7,913	8,648		(25)	8,623
Amortization of intangible assets	3,857		(3,581)	276	3,889		(3,610)	279
Change in fair value of borrowings and derivatives financial instruments	1,280			1,280	3,096			3,096
Deferred income	(4,974)			(4,974)	1,359			1,359
Impairment	-			-	881			881
Unrealized exchange rate differences	(1,739)			(1,739)	(6,502)			(6,502)
Profit on disposal of property, plant and equipment, intangible assets, leased assets	(127)		(85)	(211)	(236)		(177)	(413)
Financial income	(3,581)			(3,581)	(7,078)			(7,078)
Financial expenses	75,594	(60,272)	(147)	15,174	23,395		(307)	23,088
	43,378	103	-	43,481	33,765	1,909	-	35,674
Decrease in trade and other receivables, prepaid expenses and derivative financial assets	4,648			4,648	9,317			9,317
(Increase)/decrease in inventories	(12,578)			(12,578)	16,271			16,271
Increase/(decrease) in trade and other payables, accrued expenses and derivatives financial liabilities	(37,012)	203		(36,808)	6,021			6,021
Increase/(decrease) in provisions	(610)	842		231	(353)	2,633		2,280
Cash generated from operations	(2,174)	1,148	-	(1,026)	65,020	4,542	-	69,562
Interest received	641			641	351			351
Interest and bank charges paid	(68,809)	53,110	147	(15,552)	(1,580)		307	(1,273)
Income taxes paid	(13,267)			(13,267)	(5,995)			(5,995)
Cash flow from / (used in) operating activities	(83,609)	54,258	147	(29,204)	57,795	4,542	307	62,644



Condensed consolidated statements of cash flows – 3 months ended 30 June (continued)

€'000	2021			2021 Adjusted	2020			2020 Adjusted
		Non-recurring items	Purchase Price allocation items			Non-recurring items	Purchase Price allocation items	
Cash flow from / (used in) operating activities	(83,609)	54,258	147	(29,204)	57,795	4,542	307	62,644
Investing activities								
Proceeds on sale of property, plant and equipment, intangible assets	133			133	206			206
Purchases of property, plant, equipment	(1,378)			(1,378)	(1,543)			(1,543)
Purchases of intangible assets	(6)			(6)	(11)			(11)
Cash flow used in investing activities	(1,252)	-	-	(1,252)	(1,348)	-	-	(1,348)
Financing activities								
Proceeds from borrowings	722,533			722,533	2,520			2,520
Repayment of borrowings	(761,252)			(761,252)	-			-
Payment of lease liabilities	(4,059)		(147)	(4,206)	(5,348)		(307)	(5,655)
Cash flow used in financing activities	(42,777)	-	(147)	(42,925)	(2,828)	-	(307)	(3,135)
Change in cash and cash equivalents								
Cash and cash equivalents at the beginning of the period net of bank overdrafts	219,584	923	-	220,507	209,447	17,593	-	227,039
Effect of exchange rate fluctuations on cash held	(1,598)			(1,598)	(6,752)			(6,752)
Cash and cash equivalents at the end of the period, net of bank overdrafts	90,348	55,181	-	145,529*	256,313	22,135	-	278,448*

* 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 – 6 months ended 30 June

€'000	2021		2020		2020			
	Non-recurring items	Purchase Price allocation items	Adjusted	2020	Non-recurring items	Purchase Price allocation items	Adjusted	
Operating activities								
Net profit / (loss) before income tax	(14,995)	60,579	7,545	53,129	(9,682)	10,066	21,430	21,814
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	16,211		32	16,243	18,079		(68)	18,011
Amortization of intangible assets	7,715		(7,158)	557	7,643		(7,065)	578
Change in fair value of borrowings and derivatives financial instruments	1,643			1,643	(1,043)			(1,043)
Deferred income	(3,362)			(3,362)	(1,302)			(1,302)
Impairment	-			-	993	(112)		881
Unrealized exchange rate differences	(5,752)			(5,752)	3,899			3,899
Profit on disposal of property, plant and equipment, intangible assets, leased assets	(828)		(85)	(913)	(422)		(177)	(599)
Financial income	(10,510)			(10,510)	(14,597)			(14,597)
Financial expenses	97,838	(60,272)	(335)	37,231	46,625	(646)		45,979
	87,960	306	-	88,267	50,194	9,954	13,474	73,622
(Increase)/decrease in trade and other receivables, prepaid expenses and derivative financial assets	(3,279)			(3,279)	5,178			5,178
(Increase)/decrease in inventories	(19,247)			(19,247)	46,139		(13,474)	32,666
Decrease in trade and other payables, accrued expenses and derivatives financial liabilities	(25,461)			(25,461)	(33,484)	13,395		(20,090)
Increase in provisions	1,784	1,765		3,549	4,110	(1,214)		2,896
Cash generated from operations	41,757	2,071	-	43,828	72,137	22,135	-	94,272
Interest received	958			958	748			748
Interest and bank charges paid	(95,805)	53,110	335	(42,360)	(28,830)		646	(28,183)
Income taxes paid	(20,604)			(20,604)	(16,145)			(16,145)
Cash flow from / (used in) operating activities	(73,694)	55,181	335	(18,178)	27,910	22,135	646	50,691



Condensed consolidated statements of cash flows – 6 months ended 30 June (continued)

€'000	2021			2021 Adjusted	2020			2020 Adjusted
		Non-recurring items	Purchase Price allocation items			Non-recurring items	Purchase Price allocation items	
Cash flow from / (used in) operating activities	(73,694)	55,181	335	(18,178)	27,910	22,135	646	50,691
Investing activities								
Proceeds on sale of property, plant and equipment, intangible assets	1,312			1,312	222			222
Purchases of property, plant, equipment	(3,249)			(3,249)	(3,488)			(3,488)
Purchases of intangible assets	(244)			(244)	(31)			(31)
Cash flow used in investing activities	(2,181)	-	-	(2,181)	(3,296)	-	-	(3,296)
Financing activities								
Proceeds from borrowings	722,533			722,533	102,520			102,520
Repayment of borrowings	(761,252)			(761,252)	-			-
Payment of lease liabilities	(8,555)		(335)	(8,890)	(9,388)		(646)	(10,035)
Dividends paid	(30,520)			(30,520)	(52)			(52)
Cash flow from / (used in) financing activities	(77,794)	-	(335)	(78,129)	93,080	-	(646)	92,434
Change in cash and cash equivalents								
Cash and cash equivalents at the beginning of the period net of bank overdrafts	241,947			241,947	143,474			143,474
Effect of exchange rate fluctuations on cash held	2,070			2,070	(4,855)			(4,855)
Cash and cash equivalents at the end of the period, net of bank overdrafts	90,348	55,181	-	145,529*	256,313	22,135	-	278,448*

* 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”) 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 JE1 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 2021 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 2021 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 Group as at and for the year ended 31 December 2020.

The condensed consolidated financial statements were authorized for issue by the Directors on 24 August 2021.

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 Oriflame Holding Limited in its consolidated financial statements as at and for the year ended 31 December 2020.

Other new or amended IFRS standards which became effective January 2021 have had no material effect on the group’s financial statements.

Note 3 • Interest bearing loans

Oriflame’s long-term debt consists of €250m Floating Rate Senior Secured notes due 2026 (the “Euro Notes”) and \$550m Senior Secured Notes (the “Dollar Notes”) due 2026 which were successfully issued on 4 May 2021. The Euro Notes bears interest at a rate of the sum of (i) three-month EURIBOR (with 0% floor), plus (ii) 4.250% per annum, reset quarterly. The Dollar Notes bears interest at a rate of 5.125% per annum. After hedging the average interest rate of both Notes is 3.8% excluding the effect from amortization of capitalized front fees. The proceeds from the offering of the Notes, together with cash on hand, were used (i) to redeem on 6 May 2021 the old €475m aggregate principal amount of 6.750% Senior Secured Notes due 2024 and \$335m aggregate principal amount of 9.125% Senior Secured Notes due 2024 in full, and (ii) to pay the costs, fees and expenses incurred in connection with the offering. The Revolving Credit Facility (RCF) remained in place with the same committed amount of €100m and conditions and it has been extended to October 2025. As of June 30, 2021, €15.0m was drawn down from the RCF.

The redemption price of the old €475m Notes and the old \$335m Notes comprised 100.00% of the principal amount of the old Notes, plus the make-whole premium in the amount of €41.3m and accrued and unpaid interest from February 1st 2021 in the amount of €15.2m which were recognised as financial expenses in the income statement.

In addition, the capitalized front end fees of the old Notes amounting to €19.0m were fully written off at the time of the redemption. This amount was recognised as financial expense in the income statement.

The terms and conditions of outstanding loans were as follows as at 30 June 2021.

€'000	Interest rate	Year of maturity	Book value	Non-current	Current
Revolving credit facility	Euribor + margin	2025	15,000	-	15,000
Senior Secured Notes - €250.0m	3 month Euribor + 4.250%*	2026	250,000	250,000	-
Senior Secured Notes - \$550.0m	5.125%**	2026	462,807	462,807	-
Capitalized front end fees	-	2025- 2026	(13,424)	(13,424)	-
Total interest-bearing liabilities			714,383	699,383	15,000

* Swapped into fixed EUR with margin 0.14%

** Swapped € interest rate 3.47%