

# **Oriflame Investment Holding PLC**

**Annual report for the year ended 31 December 2022**

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## Directors' Report

The directors present their report and the audited financial statements of Oriflame Investment Holding PLC (“the Company”) for the year ended 31 December 2022.

The Company owns investments in subsidiaries which form a multinational cosmetics group (the Company and subsidiaries together hereafter referred to as “the Group”).

### BUSINESS REVIEW

On 24 February 2022, Russia invaded Ukraine. This Ukraine-Russia conflict, together with the developing sanctions, significantly impact the operations in the Europe & CIS Business Area and consequently the entire Group.

During two months, operations in Ukraine were closed to ensure the safety of our 115 employees and a range of support initiatives to support our employees and brand partners were coordinated. Sales in Ukraine restarted towards the end of the quarter two.

Operational challenges from the continuing war made it impossible to continue our Russian business in its current form. Therefore, operations in Russia were reduced in March 2022 by suspending investments, marketing, training and events. Oriflame stopped the exports of products from Russia to the global warehouse in Europe. The production from the Russian factory was redistributed to other Oriflame manufacturing sites. At the end of first quarter the Board designated Cetes Cosmetics LLC and Oriflame LLC, located in Russia, as Unrestricted Subsidiaries, under, and in accordance with, the indenture governing the senior secured notes due 2026 issued by Oriflame Investment Holding Plc and the Oriflame Group revolving credit facility. The unrestricted entities have since, been managed as financially independent and self-financing of the ongoing operations with profit and cash generated in Russia.

From the second quarter, Oriflame started to undertake a strategic review of its assets in Russia, which was materialised with the sale of Cetes Cosmetics Russia and certain logistics equipment belonging to the Russia sales entity in April 2023. Oriflame closely monitors and follows all Russia sanction regulations from various jurisdictions in a fully compliant way

During 2022, the Company has increased its substance in the UK through a combination of increased headcount, indirectly acquired one of the Group’s subsidiaries (Ghana), and incorporated both the UK branch of R&D Ireland Ltd in the UK as well as a new entity (China) (note 8).

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company has exposure to the following risks:

- Market risk
- Credit risk
- Liquidity risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Company's income or the value of its assets and liabilities. The market risk management objective is to manage and control market risk exposures within acceptable parameters. The Company is exposed to transactional risks when foreign exchange rates vary. Transaction risk arises mainly from foreign currency denominated assets and liabilities held by the Company. Material transactional foreign exchange exposures are hedged through buying and selling derivative financial instruments in the ordinary course of business, unless deemed uneconomical. The Company may also buy foreign currency denominated financial liabilities, in order to manage the risk that is not hedged by the derivative financial instruments. The Company is exposed to interest rate risk which mainly arises through interest bearing assets and liabilities, mainly through changes in interest income or interest expenses.

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages its risk by entering into financial instruments arrangements only with reputable counterparties. At reporting date there was no significant concentration of credit risk.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

## FUTURE DEVELOPMENTS

Following a strategic review of its assets in Russia, a binding agreement was entered into with a third party to divest the Group's Russian manufacturing entity Cetes Cosmetics Russia and certain logistics equipment belonging to the Russian sales entity. The payment from the sales of the assets in Russia will benefit the restricted group.

## RESULTS AND DIVIDENDS

The results for the year are shown on page 13 of the financial statements.

## DIRECTORS

The directors of the Company during 2022, and to the date the financial statements were signed, were:

Alexander af Jochnick

Magnus Brannstrom      resigned 27 June 2023

Per Hesselmark

Anna af Jochnick

Gunilla Rudebjer      resigned 20 July 2022

Anna Malmhake            appointed 21 July 2022  
Nicholas Wharton        appointed 21 October 2022

## SECRETARY

The Secretary of the Company is Crestbridge Corporate Services Limited, located at 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands.

## POST BALANCE SHEET EVENTS

In January 2023, the Company declared a EUR 30.5 million dividend to its parent, Oriflame Holding Ltd, as approved by the Board and as announced in the quarter four interim report.

The strategic review of Oriflame's assets in Russia led to a decision to divest the manufacturing entity in the country. On 28 April 2023 Oriflame signed a binding agreement with Arnest Management LLC (Arnest), where Arnest will acquire 100% of the shares in Cetes Cosmetics Russia. The agreement is subject to certain conditions being fulfilled by all parties during the second quarter of 2023.

Arnest is a well-established supplier of high-quality cosmetics products with an international client base, and with whom Oriflame has had a strong partnership for over 11 years. Arnest is the largest manufacturer of perfume, cosmetic and household products in aerosol packaging in Russia.

Oriflame expects that the transaction will be closed in the second quarter of 2023.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

- use the going concern basis of accounting unless they either intend to liquidate the Company, cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Companies (Jersey) Law, 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR

KPMG Channel Islands Limited  
37 Esplanade  
St Helier  
Jersey  
JE4 8WQ

## RE-APPOINTMENT OF AUDITOR

KPMG Channel Islands Limited have stated their desire to continue in office and their reappointment will be proposed at a forthcoming meeting.

By order of the Board



Director, on behalf of the Board

Alexander af Jochnick

Approved by the board 20 July 2023

Oriflame Investment Holding PLC  
Registered no. 129091

# Independent Auditor's Report to the Member of Oriflame Investment Holding Plc

## *Our opinion is unmodified*

We have audited the financial statements of Oriflame Investment Holding Plc (the "Company"), which comprise the balance sheet as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

### *In our opinion, the accompanying financial statements:*

- give a true and fair view of the financial position of the Company as at 31 December 2022, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; and
- have been properly prepared in accordance with the Companies (Jersey) Law, 1991.

## *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### *Key audit matters: our assessment of the risks of material misstatement*

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows:

	<i>The risk</i>	<i>Our response</i>
Carrying value of Investment in subsidiaries ("Investment")  €1,164,336,000; (2021: €1,163,468,000)  Refer to note 3l accounting policy and note 8 disclosures	<p><b>Basis:</b></p> <p>The Investment comprises the largest balance reported on the Company's statement of financial position which accounted for 92% of the Total Assets as at 31 December 2022 (2021: 96%).</p> <p>The Company accounts for the Investment at cost less accumulated impairment loss. Management reviews the carrying value of the Investment annually to determine whether there is any evidence of impairment using all available information including</p>	<p><i>Our audit procedures included:</i></p> <p><b>Internal Controls:</b></p> <p>We assessed the design and implementation of the control over the annual impairment assessment performed by management.</p> <p><b>Challenging managements' assumptions and inputs used in management's impairment model:</b></p> <p>We evaluated the competence, capabilities and objectivity of the</p>

# Independent Auditor's Report to the Member of Oriflame Investment Holding Plc (continued)

<i>The risk</i>	<i>Our response</i>
<p>valuations performed by an external expert engaged by management.</p> <p><b>Risk:</b></p> <p>The judgments applied and assumptions made in assessing whether the Investment is impaired may not be appropriate. As a result, management's impairment assessment requires special audit consideration because of the likelihood and potential magnitude of misstatements.</p>	<p>external expert engaged by management.</p> <p>We assessed the mathematical accuracy of the impairment model and assessed whether the calculated recoverable amount is greater than, or equal to, the carrying amount of the investment.</p> <p>We assessed the reasonableness of the methodology used, and challenged assumptions used based on available market information. We reconciled inputs used in the model to underlying audit evidence such as recent transaction data and a valuation of the Investment performed by the external expert engaged by management. We assessed whether the impairment testing was performed in accordance with FRS 102.</p> <p><b>Assessing disclosures:</b></p> <p>We assessed the adequacy of the disclosures in note 8 for compliance with the applicable requirements of FRS 102.</p>

<i>The risk</i>	<i>Our response</i>
<p><i>Fair value of derivative financial instruments</i></p> <p>€64,406,000 (2021: €22,584,000)</p> <p>Refer to note 15 derivative financial instruments</p>	<p><b>Basis:</b></p> <p>5% of the Company's Total Assets is represented by the fair value of its derivatives. The Company's estimation of the fair value of the derivatives primarily involves using a discounted cash flow methodology, where the inputs and assumptions, such as the amounts and timings of cash flows, the use of appropriate discount rates and the selection of appropriate assumptions</p> <p><b>Our audit procedures included:</b></p> <p><b>Internal Controls:</b></p> <p>We assessed the design and implementation of the control over the valuation process performed by management.</p> <p><b>Use of KPMG Specialists and challenging management's valuation:</b></p>

# Independent Auditor's Report to the Member of Oriflame Investment Holding Plc (continued)

<i>The risk</i>	<i>Our response</i>
<p>surrounding uncertain future events are subjective.</p> <p><b>Risk:</b></p> <p>There is a risk that the judgments applied and assumptions made by the Directors in estimating the fair value of the Company's derivative financial instruments may not be appropriate. The amounts recorded in the statement of financial position may not represent fair values.</p>	<p>We used our own valuation specialist to perform an independent assessment of the fair value and levelling of the derivative financial instruments.</p> <p>This involved obtaining evidence from third party pricing sources and available market data, and a recalculation of the fair values using independent assumptions which we then compared to the Directors' fair values.</p> <p><b>Assessing disclosures:</b></p> <p>We considered the adequacy of the Company's disclosures in note 15 for compliance with the applicable requirements of FRS102.</p>

## *Our application of materiality and an overview of the scope of our audit*

Materiality for the financial statements as a whole was set at €6,400,000, determined with reference to a benchmark of net assets of €465,543,000, of which it represents approximately 1.6% (2021: 1.5%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to €4,800,000 (2021: €5,435,000). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €320,000 (2021: €362,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

## *Going concern*

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over

# Independent Auditor's Report to the Member of Oriflame Investment Holding Plc (continued)

the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments;
- The ability to successfully refinance or repay debt which is due to mature;
- The recoverability of financial assets subject to credit risk.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 3b to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in the notes to the financial statements to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## *Fraud and breaches of laws and regulations – ability to detect*

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

# Independent Auditor's Report to the Member of Oriflame Investment Holding Plc (continued)

## *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *We have nothing to report on other matters on which we are required to report by exception*

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or

# Independent Auditor's Report to the Member of Oriflame Investment Holding Plc (continued)

- we have not received all the information and explanations we require for our audit.

## *Respective responsibilities*

### *Directors' responsibilities*

As explained more fully in their statement set out on page 5 and 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

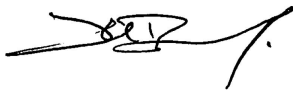
### *Auditor's responsibilities*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## *The purpose of this report and restrictions on its use by persons other than the Company's member*

This report is made solely to the Company's member, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, as a body, for our audit work, for this report, or for the opinions we have formed.



**James Le Bailly**

**For and on behalf of KPMG Channel Islands Limited**

*Chartered Accountants*

*Jersey*

28 July 2023

## Profit and loss account

		EUR .000 Year ended 31 December 2022	EUR .000 Year ended 31 December 2021
	<b>Note</b>		
Administrative expenses	5,7	(2,699)	(797)
Interest expense on loans taken		(45)	-
Intercompany income on admin expense		1,070	91
Dividend income from subsidiaries		35,000	38,000
<b>Gain before interest and taxation</b>		<b>33,326</b>	<b>37,294</b>
Interest receivable and similar income	6,9	22,414	10,381
Interest payable and similar expenses	9	(42,721)	(104,637)
<b>Net interest expenses</b>		<b>(20,307)</b>	<b>(94,256)</b>
<b>Profit/(loss) before taxation</b>		<b>13,019</b>	<b>(56,962)</b>
Taxation	10	-	-
<b>Profit/(loss) for the financial year</b>		<b>13,019</b>	<b>(56,962)</b>

## Statement of comprehensive income

	EUR .000 Year ended 31 December 2022	EUR .000 Year ended 31 December 2021
<b>Profit/(loss) for the financial year</b>	<b>13,019</b>	<b>(56,962)</b>
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Cash flow hedges – effective portion of changes in fair value	13,149	(598)
Cash flow hedges – reclassified to profit or loss	(11,015)	(7,030)
Total tax on components of other comprehensive income	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>2,134</b>	<b>(7,628)</b>
<b>Total comprehensive income for the year</b>	<b>15,153</b>	<b>(64,590)</b>

## Balance sheet

		EUR .000 Year ended 31 December 2022	EUR .000 Year ended 31 December 2021
	Note		
<b>Fixed Assets</b>			
Tangible assets		-	2
Derivative financial instruments	14,15	64,406	22,584
Investment in subsidiaries	8	1,164,336	1,163,468
		<b>1,228,742</b>	<b>1,186,054</b>
<b>Current Assets</b>			
Debtors	11	1,462	24,287
Cash at bank	14	29,948	872
		31,410	25,159
Creditors: amounts due within one year	12	(6,939)	(4,984)
<b>Net current assets</b>		<b>24,471</b>	<b>20,175</b>
<b>Total assets less current liabilities</b>		<b>1,253,213</b>	<b>1,206,229</b>
<b>Long term liabilities</b>			
Loans and other borrowings	13,14	(754,938)	(721,837)
Derivative financial instruments	14,15	-	(1,270)
<b>Net assets</b>		<b>498,275</b>	<b>483,122</b>
<b>Capital and reserves</b>			
Stated capital	16	653,081	653,081
Retained deficit		(154,806)	(169,959)
<b>Total equity</b>		<b>498,275</b>	<b>483,122</b>

The notes on pages 17 to 38 are an integral part of these financial statements. The financial statements on pages 13 to 16 were authorised for issue by the board of directors on 20 July 2023 and were signed on its behalf by



Alexander af Jochnick  
Director

Approved by the board

Oriflame Investment Holding PLC  
Registered no. 129091

## Statement of changes in equity

	Stated capital	Retained deficit	EUR .000 Total equity
<b>Balances as at 1 January 2022</b>	<b>653,081</b>	<b>(169,959)</b>	<b>483,122</b>
Profit for the year	-	13,019	13,019
Other comprehensive income for the year	-	2,134	2,134
<b>Total comprehensive profit for the year</b>	<b>-</b>	<b>15,153</b>	<b>15,153</b>
Dividends paid	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-
<b>Balance as at 31 December 2022</b>	<b>653,081</b>	<b>(154,806)</b>	<b>498,275</b>

	Stated capital	Retained deficit	EUR .000 Total equity
<b>Balances as at 1 January 2021</b>	<b>653,081</b>	<b>(74,849)</b>	<b>578,232</b>
Loss for the year	-	(56,962)	(56,962)
Other comprehensive expense for the year	-	(7,628)	(7,628)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(64,590)</b>	<b>(64,590)</b>
Dividends paid	-	(30,520)	(30,520)
Total transactions with owners, recognised directly in equity	-	(30,520)	(30,520)
<b>Balance as at 31 December 2021</b>	<b>653,081</b>	<b>(169,959)</b>	<b>483,122</b>

(All amounts in € thousands unless otherwise stated)

## Statement of cash flows

	EUR .000 Year ended 31 December 2022	EUR .000 Year ended 31 December 2021
<b>Operating activities</b>		
Profit/(loss) before taxation	13,019	(56,962)
<i>Adjustments for:</i>		
Depreciation	2	0
Unrealised exchange rate differences	(45)	(5,077)
Interest payable and similar expenses	42,721	123,037
Interest receivable and similar income	(22,369)	(26,027)
<b>Operating gain/(loss) before changes in working capital and provisions</b>	<b>33,328</b>	<b>34,971</b>
(Increase)/decrease in trade and other receivables, prepaid expenses and derivative financial assets	(743)	776
Increase/(decrease) in trade and other payables, accrued expenses and derivative financial liabilities	91	274
(Increase)/decrease in tangible assets	-	(2)
<b>Cash generated from operations</b>	<b>32,676</b>	<b>36,019</b>
Interest received	579	3,352
Interest and bank charges paid	(28,058)	(109,821)
<b>Cash flow from / (used) in operating activities</b>	<b>5,197</b>	<b>(70,450)</b>
<b>Investing activities</b>		
Cash advances and loans made to other parties (other than advances and loans made by a financial institution)	(41,841)	(31,871)
Cash receipts from the repayment of advances and loans made to other parties (other than advances and loans of a financial institution)	31,483	187,591
Dividends received	35,000	-
Acquisition of subsidiary	(868)	-
<b>Cash flow from / (used in) investing activities</b>	<b>23,774</b>	<b>155,720</b>
<b>Financing activities</b>		
Proceeds from borrowings	15,000	721,533
Repayments of borrowings	(15,000)	(775,252)
Dividends paid	-	(30,520)
<b>Cash flow from / (used in) financing activities</b>	<b>-</b>	<b>(84,239)</b>
<b>Change in cash and cash equivalents</b>	<b>28,971</b>	<b>1,031</b>
Cash and cash equivalents at the beginning of the year	872	582
Effect of exchange rate fluctuations on cash held	105	(741)
<b>Cash and cash equivalents at the end of the year</b>	<b>29,948</b>	<b>872</b>

## Notes to the financial statements

### 1. General information

Oriflame Investment Holding PLC (“the Company”) is a public company, which is incorporated in Jersey and registered in the United Kingdom. The address of its registered office is 47 Esplanade, St Helier, Jersey, JE1 0BD and the management is located at its UK establishment in 17 Albemarle Street, London, W1A 4HP.

The main activities of the Company are as follows:

- holding and management of investments mainly in the production and distribution of cosmetics under the brand name Oriflame;
- financing activities, issuing of bonds, entering into external banking facilities with the purpose of securing sufficient liquidity for the operations of the Oriflame Group;
- management services in the field of direct sales of cosmetics and general financial management.

The interest bearing notes are listed on the International Stock Exchange (TISE) on Guernsey issued 5 May 2021 and are due 4 May 2026. See further details in note 13.

### 2. Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (‘FRS 102’) and the Companies (Jersey) Law 1991.

### 3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

#### a. Basis of preparation

These stand-alone financial statements are prepared on a going concern basis, under the historical cost convention, with the exception of derivatives which are accounted for at fair value through profit and loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

## Summary of significant accounting policies (cont.)

### b. Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate as the repayment profile of the Company's debt is serviceable by income from its subsidiary undertaking. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore adopts the going concern basis in preparing its financial statements.

### c. Exemptions for qualifying entities under FRS 102

The Company has not taken advantage of any of the FRS 102 disclosure exemptions available to qualifying entities.

### d. Consolidated financial statements

The Company has not prepared consolidated financial statements as it is exempt from the requirement to do so as the statutory framework these financial statements are prepared under does not require the preparation of consolidated financial statements in accordance with FRS 102.9.3 (g). These financial statements are the Company's separate financial statements.

### e. Foreign currency

#### i. *Functional and presentation currency*

The Company's performance is evaluated in Euro. Therefore, the directors consider Euro as the Company's functional currency that most faithfully represents the economic effects of the proposed underlying transactions, events and conditions, and have also adopted it as the presentational currency.

#### ii. *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except where deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the profit and loss account within 'finance (expense)/ income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating (losses)/gains'.

## Summary of significant accounting policies (cont.)

### f. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods or service; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of company's sales channels have been met, as described below.

#### i. Interest income and expense

Interest income and expense is recognised using the effective interest rate method.

#### ii. Dividend income

Dividend income is recognised when the right to receive payment is established.

### g. Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are items that are material either because of their size or their nature, or that are nonrecurring are considered as exceptional items and are presented within the line items to which they best relate.

### h. Administration expenses

Expenses are accrued (or prepaid) and recognised in the period to which they relate. All expenses are included in the Statement of comprehensive income.

#### i. Employee

The Company provides a range of benefits to employees, including paid holiday arrangements.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

#### j. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

## Summary of significant accounting policies (cont.)

### *i. Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### *ii. Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

### *k. Impairment of non-financial assets and investments in subsidiaries*

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

## Summary of significant accounting policies (cont.)

### l. Investment in subsidiaries

Investment in subsidiary company is held at cost less accumulated impairment losses.

### m. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### n. Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

### o. Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### *i. Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit or loss account.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except those investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

## Summary of significant accounting policies (cont.)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

### *ii. Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### *iii. Hedging*

#### Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability on cash flows of a recognised liability, a firm commitment or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income.

When the firm commitment or highly probable forecasted transaction results in the recognition of an asset or a liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability. Otherwise the cumulative gain or loss is reclassified to the consolidated income statement at the same time as the hedged transaction.

The ineffective part of any gain or loss is recognised in the consolidated income statement immediately.

## Summary of significant accounting policies (cont.)

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the consolidated income statement.

### iv. *Offsetting*

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### v. *Derivative financial instruments*

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into. The fair value of options is calculated using the closing prices less the initial option premium. The fair value of currency forward contracts is calculated using the closing market price. The fair value of stock exchange index options is calculated using the closing price of the option on its listed stock exchange, less the initial price. The fair value of futures contracts, currency futures and CFDs are calculated using the closing price of the contract less the notional contract cost published on its listed exchange.

The difference between the fair value and cost of derivative financial instruments is included in the statement of comprehensive income in profit and loss or in other comprehensive income should the hedge be effective. Realised gains and losses are calculated by reference to the cost value of the instrument concerned. Any realised gains or losses on the settlement of a derivative are shown in the statement of comprehensive income.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

### p. *Stated capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### q. *Distributions to equity holders*

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

## 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### a. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### i. Impairment of investments

The Company considers whether the carrying value of its investment in subsidiary is impaired. Where an indication of impairment is identified the recoverable amount requires estimation in respect of future performance.

#### ii. Fair value of derivatives

The Company considers whether the carrying value of its derivatives such as forward exchange rate contracts, interest rate swaps and cross-currency interest rate swaps are based on their market quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

## 5. Administrative expenses

The operating loss is stated after charging:

	<b>2022</b>	<b>2021</b>
Wages and salaries	(1,281)	(72)
Social security costs	(163)	(8)
Other pension costs	(56)	-
Other employee expenses	(167)	(1)
<b>Staff costs</b>	<b>(1,667)</b>	<b>(81)</b>
Legal and advisory expenses	(904)	(611)
Audit fees payable to the Company's auditors	(65)	(49)
Recruitment/relocation	(61)	(56)
Depreciation tangible assets	(2)	(0)
<b>Other operating expenses</b>	<b>(1,032)</b>	<b>(716)</b>
<b>Total administrative expenses</b>	<b>(2,699)</b>	<b>(797)</b>

## 6. Unrealised gains/(losses) on currency revaluation

	<b>2022</b>	<b>2021</b>
Accounts receivable	(29)	(15)
Cash and cash equivalents	(102)	741
Loans and other borrowings	6,909	5,839
	<b>6,778</b>	<b>6,565</b>

The unrealised gains and losses are included in the profit and loss account under Interest receivable and similar income.

## 7. Key management and directors

### a. Employees

The average monthly number of employees (including executive directors) employed by the Company during the year was:

	<b>2022</b>	<b>2021</b>
Administration	5	3
	<b>5</b>	<b>3</b>

As at 31 December 2022, the number of full time employees was 8 (2021: 3).

## Key management and directors (cont.)

### b. Directors

The directors' emoluments are as follows:

	<b>2022</b>	<b>2021</b>
Aggregate remuneration	(274)	(38)
	<b>(274)</b>	<b>(38)</b>

### c. Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is show below:

	<b>2022</b>	<b>2021</b>
Salaries and other short-term benefits	(274)	(38)
	<b>(274)</b>	<b>(38)</b>

## 8. Investment in subsidiaries

	<b>2022</b>	<b>2021</b>
At 1 January	1,163,468	1,163,468
Additions	868	-
Impairment	-	-
	<b>1,164,336</b>	<b>1,163,468</b>
<b>Analysed as (ownership %):</b>		
Oriflame Holding AG (Switzerland), (100%)	1,163,468	1,163,468
Oriflame Cosmetics Ltd (Ghana), (100%)	843	-
Oriflame E-commerce (Shanghai) Co., Ltd (China), (100%)	25	-
Oriflame Services UK Limited (UK), (100%)	0	-
	<b>1,164,336</b>	<b>1,163,468</b>

Investment in subsidiaries comprise equity shares in four Group entities, none of which are publicly traded. The shares in Oriflame Holding AG hold a 100% stake in the rest of the Oriflame Group except the other three sister companies. As part of the annual impairment testing based on the Boards latest strategic forecast for 2023-2027, the directors have not identified any impairment in 2022 (2021: nil).

### **Oriflame Holding AG**

The Company holds 100% of the ordinary share capital of Oriflame Holding AG, a company incorporated in Switzerland. The address of the registered office of Oriflame Holding AG is 3 Bleicheplatz, 8200 Schaffhausen, Switzerland.

### **Oriflame Cosmetics Ltd**

The Company holds 100% of the ordinary share capital of Oriflame Cosmetics Ltd, a company incorporated in Ghana. The address of the registered office of Oriflame Cosmetics Ltd is Equality Law Mayfair Gardens, Greater Accra, CT 7825m East Airport-Accra, Ghana.

### **Oriflame E-commerce (Shanghai) Co., Ltd**

The Company holds 100% of the ordinary share capital of Oriflame E-commerce (Shanghai) Co., Ltd, a company newly incorporated in China. The address of the registered office of Oriflame E-commerce (Shanghai) Co., Ltd is Room B-395, No 888, Huanhuxier Road, Lingang Special Area of China (Shanghai) Pilot Free Trade Zone, China.

### **Oriflame Services UK Limited**

The Company holds 100% of the ordinary share capital of Oriflame Services UK Limited, a company incorporated in the United Kingdom. The address of the registered office of Oriflame Services UK Limited is Suites E&F. Old Stratford Business Park. Falcon Drive. Old Stratford Milton Keynes. MK19 6FG, United Kingdom.

## 9. Net interest expense

### a. Interest receivable and similar income

	2022	2021
Interest on loans given	579	3,352
<b>Total interest income on financial assets not measured at fair value through profit and loss</b>	<b>579</b>	<b>3,352</b>
Gain on currency exchange	50	-
Interest on derivative financial asset	21,785	7,029
<b>Total interest receivable and similar income</b>	<b>22,414</b>	<b>10,381</b>

### b. Interest payable and similar charges

	2022	2021
Interest payable on overdrafts and bank loans	(781)	(558)
Interest payable on other loans*	(41,898)	(106,349)
Profit/(losses) on currency exchange	-	2,315
Other interest	(42)	(45)
<b>Total interest expense on financial liabilities not measured at fair value through profit and loss</b>	<b>(42,721)</b>	<b>(104,637)</b>
<b>Total interest payable and similar charges</b>	<b>(42,721)</b>	<b>(104,637)</b>

\*2021 includes make whole non-recurring amount paid for the repayment on the old debt of EUR 41.3m as well as accelerated amortisation of front fees of EUR 19.0m.

### c. Net interest expense

	2022	2021
Interest receivable and similar income	22,414	10,381
Interest payable and similar charges	(42,721)	(104,637)
<b>Net interest expenses</b>	<b>(20,307)</b>	<b>(94,256)</b>

(All amounts in € thousands unless otherwise stated)

## 10. Income tax

The Company became a tax resident in the UK in August 2020 and has not paid or accrued any income tax for the years ended 31 December 2021 and 31 December 2022. Profits arising in the Company are subject to UK tax at a rate of 19%. From 1 April 2023, the corporation tax rate will increase to 25%.

### a. Tax expenses included in profit or loss

	2022	2021
<i>Current tax</i>		
UK tax on profits for the year at 19%	-	-
Foreign corporation tax on profits for the year	-	-
Adjustment in respect of prior periods	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior periods	-	-
Impact of change in tax rate	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Tax on profit</b>	<b>-</b>	<b>-</b>

### b. Tax expense/income included in other comprehensive income

	2022	2021
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior periods	-	-
Impact of change in tax rate	-	-
	-	-

### c. Reconciliation of tax charge

	2022	2021
Profit/(loss) before tax	13,019	(56,962)
Profit/(loss) multiplied by the standard rate of tax in UK of 19%	2,474	(10,823)
Utilisation of tax losses carried forward	(2,474)	-
Tax losses not recognised as deferred tax assets	-	10,823
<b>Tax charge for the year</b>	<b>-</b>	<b>-</b>

A tax specialist has been consulted for offsetting the deferred tax in both years. All tax losses have been carried forward.

## 11. Debtors

	2022	2021
Amounts owed by group undertakings	1,304	24,233
Other debtors	44	-
Prepayments	114	54
	<b>1,462</b>	<b>24,287</b>

The amounts owed by group undertakings can be broken down as follows:

	EUR.000	Maturity
Unsecured loans to subsidiary (fixed interest rate of 4.42%)	150	31/05/2024
Interest receivable on unsecured loans to subsidiary	-	< 1 year
Amounts owed by group undertakings, interest free and repayable on demand	1,154	< 1 year
	<b>1,304</b>	

## 12. Creditors: amounts falling due within one year

	2022	2021
Trade creditors	85	16
Other creditors	148	111
Accruals	5,513	4,658
Interest payable and similar charges	1,192	199
	<b>6,938</b>	<b>4,984</b>

## 13. Loans and other borrowings

	2022	2021
Senior secured notes	707,533	707,533
Capitalised front fees	(10,720)	(13,772)
Currency revaluation of senior secured notes	58,125	28,076
	<b>754,938</b>	<b>721,837</b>

New debt, issued May 2021.

	Amount issued	Consideration received
USD 550 million 5.125% Senior Secured Notes due 2026*	457,533	457,533
EUR 250 million 3-month EURIBOR (with 0% floor) + 4.250% Senior Secured Notes due 2026**	250,000	250,000
	<b>707,533</b>	<b>707,533</b>

\* Swapped EUR interest rate 3.53%, see derivatives note 14-15.

\*\* Swapped into fixed EUR with margin 0.14%, see derivatives note 14-15.

## Loans and other borrowings (cont.)

Oriflame's long-term debt as of 31 December 2022 consists of EUR 250m Floating Rate Senior Secured notes due 2026 (the "Euro Notes") and USD 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 front frees deducted from the proceeds.

The current notes are redeemable as follows:

Redemption price		
Year	EUR notes	USD notes
2022	101.000%	n/a
2023	100.000%	102.563%
2024	100.000%	101.281%
2025	100.000%	100.000%
2026	100.000%	100.000%

As at 31 December 2022 and 31 December 2021, the Company had access to a revolving credit facility provided by Goldman Sachs International Bank, Skandinaviska Enskilda Banken AB (PUBL), HSBC Bank PLC and ING Belgium SA/NV as arrangers, totalling EUR 100 million which has been extended to October 2025. The facility was undrawn at year end (2021: undrawn).

## 14. Financial instruments

	2022	2021
<b>Financial assets/(liabilities) at fair value through profit or loss</b>		
Derivative financial asset	64,406	22,584
Derivative financial liability	-	(1,270)
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	29,948	872
<b>Financial liabilities measured at amortised cost</b>		
Senior secured notes	(754,938)	(721,837)
	<b>(660,584)</b>	<b>(699,651)</b>

### a. Fair value hierarchy

Fair value measurements are classified using fair value hierarchy which reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 Inputs are those other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

## Financial instruments (cont.)

Level 3 Inputs are unobservable inputs for the asset and liability

Management of the Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below shows the analysis within the fair value hierarchy of the Company's financial instruments measured at fair value at the reporting date.

<b>2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative assets	-	64,406	-	64,406
Derivative liabilities	-	-	-	-
<b>At 31 December 2022</b>	<b>-</b>	<b>64,406</b>	<b>-</b>	<b>64,406</b>

<b>2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative assets	-	22,584	-	22,584
Derivative liabilities	-	(1,270)	-	(1,270)
<b>At 31 December 2021</b>	<b>-</b>	<b>21,314</b>	<b>-</b>	<b>21,314</b>

All derivative positions are classified as Level 2 (being derived from underlying quoted and published market prices).

### b. Risk disclosures and sensitivity analysis

#### i. Financial risk management and objectives

The Company's activities expose it to a variety of financial risks, including credit, liquidity and market risks. The following note presents information about the Company's exposure to financial risks and its objectives, policies and processes for measuring and managing these risks.

#### ii. Credit risk and counterparty risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations to the Company.

The Manager is responsible for monitoring the Company's compliance with the investment restrictions set out in the Company prospectus. These investment restrictions assist the diversification risk by limiting investment in any one issuer. Investment restrictions help to limit the Company's exposure to concentration of credit risk. The directors are not aware of any significant breaches of investment restrictions by the Company during the period from 1 January to 31 December 2022.

The credit risks from cash and cash equivalents are managed by transacting only with large reputable institutional counterparties. The credit ratings of SEB and BMG by Standard and Poor's are A+ and A-respectively. As at 31 December 2022, the Company held its cash and cash equivalents with the following institutions:

## Financial instruments (cont.)

	2022 EUR .000	2022 % of net assets
SEB, London (UK)	25,679	5.15%
UBS, Zürich (Switzerland)	-	0.00%
Bank Mendes Gans, Amsterdam (Netherlands)	4,268	0.86%
Deposits	1	0.00%
<b>At 31 December 2022</b>	<b>29,948</b>	<b>6.01%</b>

The Company is exposed to Goldman Sachs, SEB, Nordea and HSBC as counterparty to its derivative positions as detailed in note 15.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due or can only do so on terms that are financially disadvantageous. The main liabilities of the Company relate to senior secured notes. The cash position of the Company is monitored on a daily basis, and no trades or transactions take place unless there is sufficient cash to complete the transactions.

The table below analyses all of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

2022	0-3 months	3-12 months	>12 months	Total
Accounts payable	49	-	-	49
Senior secured notes	-	-	707,533	707,533
Derivative financial instruments	-	-	-	-
<b>Total financial liabilities</b>	<b>49</b>	<b>-</b>	<b>707,533</b>	<b>707,582</b>
<b>2021</b>				
Accounts payable	15	-	-	15
Senior secured notes	-	-	707,533	707,533
Derivative financial instruments	-	-	-	-
<b>Total financial liabilities</b>	<b>15</b>	<b>-</b>	<b>707,533</b>	<b>707,548</b>

The amounts disclosed in the table above exclude the future contractual interest payments and accrued interest and represents the maturity amount (i.e., face value) rather than the carrying amount (i.e., book value) presented in the statement of financial position.

## Financial instruments (cont.)

The following are the contractual maturities of financial liabilities, including interest payments:

2022	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
Accounts payable	49	49	49	-	-
Interest bearing notes	754,938	749,747*	30,664	719,083	-
<b>Total</b>	<b>754,987</b>	<b>749,796</b>	<b>30,713</b>	<b>719,083</b>	<b>-</b>

2021	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
Accounts payable	15	15	15	-	-
Interest bearing notes	721,852	841,971*	26,571	815,400	-
<b>Total financial liabilities</b>	<b>721,867</b>	<b>841,986</b>	<b>26,586</b>	<b>815,400</b>	<b>-</b>

\*The contractual cashflows are the net contractual cashflows of the hedged item and the cashflows from the derivatives (cross-currency interest rate swaps) to hedge the currency and interest rate risks.

The cash flows on the hedged interest payments will occur at the same time as the interest payments on the related loans as per liquidity table above. At each respective cash settlement, the fair value of the related hedge recorded in OCI will be reclassified to profit or loss.

### iv. Market risk

Market risk is the risk that changes in market prices, arising from interest rate, currency and other price risks, that will affect the Company's income or fair value of its holdings of financial instruments.

#### ▪ Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company applies cash flow hedge accounting for related cross-currency interest rate swaps. The Company has a variable interest bearing note hedged through the derivatives (cross-currency interest rate swaps) to hedge the currency and interest rate risks (note 14-15).

#### ▪ Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company's exposure to currency risks arises from its investments in financial assets and other financial instrument transactions that are denominated in currencies other than Euro. The Company manages this risk on a regular basis by actively monitoring the exchange rate movements and were deemed necessary, adjusts the exposure accordingly, including the use of cross currency interest swaps to hedge the foreign exchange risk on interest rate (note 15). The foreign currency exposure of the Company's loans is further mitigated by the back-to-back lending to the underlying Oriflame Group companies which have material foreign currency transactions and reserves in the currencies of the lending.

## 15. Derivative financial instruments

	2022	2021
<b>Non-current assets</b>		
Cross-currency interest rate swaps	53,041	21,997
Interest rate swap	11,365	587
<b>Non-current liabilities</b>		
Cross-currency interest rate swaps	-	(1,270)
<b>Net derivative position</b>	<b>64,406</b>	<b>21,314</b>

The cross-currency interest rate swaps as well as the interest rate swap relate to the below positions:

### Cross Currency Interest Rate Swaps 2022\*

	Maturity	Pay	Receive	Carrying amount
1	04-May-2026	3.213% EUR 128.5m	5.125% USD 155.0m	19,202
2	04-May-2026	3.130% EUR 162.0m	5.125% USD 180.0m	10,306
3	04-May-2026	3.950% EUR 25.0m	5.125% USD 30.0m	3,113
4	04-May-2026	3.830% EUR 29.1m	5.125% USD 35.0m	3,746
5	04-May-2026	3.940% EUR 41.6m	5.125% USD 50.0m	5,201
6	04-May-2026	3.858% EUR 83.3m	5.125% USD 100.0m	10,627
				<b>52,195</b>

### Cross Currency Interest Rate Swaps 2021\*

	Maturity	Pay	Receive	Carrying amount
1	04-May-2026	3.100% EUR 128.5m	5.125% USD 155.0m	11,751
2	04-May-2026	3.130% EUR 162.0m	5.125% USD 180.0m	(1,270)
3	04-May-2026	3.950% EUR 25.0m	5.125% USD 30.0m	1,219
4	04-May-2026	3.830% EUR 29.1m	5.125% USD 35.0m	1,579
5	04-May-2026	3.940% EUR 41.6m	5.125% USD 50.0m	2,050
6	04-May-2026	3.710% EUR 83.3m	5.125% USD 100.0m	4,961
				<b>20,290</b>

### Interest Rate Swap 2022

	Maturity	Pay	Receive	Carrying amount
Swap 1	04-May-2026	0.135% EUR 200.0m	Euribor 3m (floor 0%) EUR 200.0m	11,365
				<b>11,365</b>

### Interest Rate Swap 2021

	Maturity	Pay	Receive	Carrying amount
Swap 1	04-May-2026	0.135% EUR 250.0m	Euribor 3m (floor 0%) EUR 250.0m	587
				<b>587</b>

\*The difference of EUR 0.8 million (2021: EUR 0.4 million) on the carrying amount of the cross-currency interest rate swaps amounting to EUR 53.0 million (2021: EUR 20.7 million) within non-current assets and the amount reported in the interest rate swap position of EUR 52.2m (2021: EUR 20.3 million) is explained by the ineffectiveness of the hedges booked at inception of the debt of EUR 0.8 million (2021: EUR 0.8 million) and the credit risk adjustment on the debt hedges of EUR 0.01 million (2021: EUR -0.4 million).

*(All amounts in € thousands unless otherwise stated)*

### **Derivative financial instruments (cont.)**

The cash flows on the hedged interest payments will occur at the same time as the interest payments on the related loans as per liquidity table (note 14). At each respective cash settlement, the fair value of the related hedge recorded in OCI will be reclassified to profit or loss.

Following the repayment of the Senior Secured Notes due in 2024 in May 2021, the USD 180.0m swap was amended and extended and the USD 155.0m swap was terminated and a new swap was traded to match the terms of the new debt on 4 May 2021.

In addition, the Company entered four additional new cross-currency interest swaps in 2021 with various counterparties into an interest rate swap (EUR 250.0m amortising by EUR 50.0m every year) that effectively converts the floating interest rate on the EUR denominated Notes (Euribor 3m (floor 0%) plus 4.25% to a fixed interest rate of 4.385% (4.25% plus 0.135%).

## 16. Stated capital

<b>Allotted and fully paid</b>	<b>No.</b>	<b>EUR .000</b>
At 1 January 2022	37,194,092,560	653,081
Issued during the year	-	-
<b>At 31 December 2022</b>	<b>37,194,092,560</b>	<b>653,081</b>

On 20 May 2019, 2 shares were issued with no par value.

On 1 July 2019, 37,194,092,460 shares were issued at EUR 653,080,598.

There is a single class of ordinary shares with no par value. There are no restrictions on the distribution of dividends and the repayment of capital.

## 17. Notes to the statement of cash flows

### a. Analysis of changes in net debt:

	<b>31 December 2021</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>31 December 2022</b>
	<b>EUR.000</b>	<b>EUR.000</b>	<b>Foreign exchange movement</b>	<b>Transaction costs related to loans</b>	<b>EUR.000</b>
<b>Cash and cash equivalents</b>					
Cash	872	28,971	105	-	29,947
Overdrafts	-	-	-	-	-
Cash equivalents	-	1	-	-	1
	<b>872</b>	<b>28,972</b>	<b>105</b>	<b>-</b>	<b>29,948</b>
<b>Borrowings</b>					
Interest-bearing notes , including RCF	(721,837)	-	(30,048)	(3,052)	(754,938)
	<b>(721,837)</b>	<b>-</b>	<b>(30,048)</b>	<b>(3,052)</b>	<b>(754,938)</b>
<b>Total</b>	<b>(720,965)</b>	<b>28,972</b>	<b>(29,943)</b>	<b>(3,052)</b>	<b>(724,990)</b>

## 18. Related party transactions

	Company	Nature of relationship	2022	2021
<b>Transactions during the year</b>				
Loans given	Oriflame Holding AG	Subsidiary	(41,841)	(31,871)
Loans repaid	Oriflame Holding AG	Subsidiary	31,483	187,592
Dividend received	Oriflame Holding AG	Subsidiary	35,000	-
Interest income on loans given	Oriflame Holding AG	Subsidiary	579	3,352
Interest expense on loans taken	Oriflame Holding AG	Subsidiary	(45)	-
Intercompany income on admin expense	Oriflame Swiss Holding AG	Indirect subsidiary	18	91
Intercompany income on admin expense	Oriflame Cosmetics AB	Indirect subsidiary	154	-
Intercompany income on admin expense	OCSA Branch	Indirect subsidiary	680	-
Intercompany income on admin expense	Oriflame Cosmetics AG	Indirect subsidiary	218	-
<b>Balance at year end</b>				
Intercompany loans given (note 11)	Oriflame Holding AG	Subsidiary	-	23,782
Intercompany loans given (note 11)	Oriflame Cosmetics Ltd (Ghana)	Subsidiary	150	-
Intercompany accounts receivable (note 11)	Oriflame Holding AG	Subsidiary	-	70
Intercompany accounts receivable (note 11)	Oriflame Swiss Holding AG	Indirect subsidiary	-	52
Intercompany accounts receivable (note 11)	Oriflame Holding Ltd	Parent company	579	328
Intercompany accounts receivable (note 11)	Oriflame Cosmetics AB	Indirect subsidiary	52	-
<b>Transactions during the year</b>				
Short term loans given	Oriflame Holding Ltd	Parent company	-	-
Short term loans repaid	Oriflame Holding Ltd	Parent company	-	-
<b>Balance at year end</b>				
Intercompany accounts payable (note 12)	Oriflame Holding Ltd	Parent company	(37)	(199)
Intercompany accounts payable (note 12)	Oriflame Holding AG	Subsidiary	(21)	-
Intercompany accounts payable (note 12)	Oriflame Swiss Holding AG	Indirect subsidiary	(52)	-
<b>Transactions during the year</b>				
Administration fees	Celox Management UK Ltd	Sister company	(85)	-
<b>Balance at year end</b>				
Other Accounts Payable – Suppliers	Celox Management UK Ltd	Sister company	-	-

Total remuneration paid to the directors is disclosed in note 7.

## 19. Controlling parties

The immediate parent undertaking is Oriflame Holding Limited (FC037291), Jersey.

The ultimate parent undertaking is Oriflame Partners Limited (FC037295), Jersey.

## **20. Contingent liabilities**

The company has given a guarantee in respect of an office lease contract of a fellow indirect subsidiary, which amounted to SEK 11.3 million at 31 December 2022 (2021: nil) with no current loan commitments.

## **21. Events after the end of the reporting period**

In January 2023, the Company declared a EUR 30.5 million dividend to its parent, Oriflame Holding Ltd, as approved by the Board and as announced in the quarter four interim report.

The strategic review of Oriflame's assets in Russia led to a decision to divest one of its Group subsidiary's manufacturing entity in the country. On 28 April 2023 Oriflame signed a binding agreement with Arnest Management LLC (Arnest), where Arnest will acquire 100% of the shares in Cetes Cosmetics Russia. The agreement is subject to certain conditions being fulfilled by all parties during the second quarter of 2023.

Arnest is a well-established supplier of high-quality cosmetics products with an international client base, and with whom Oriflame has had a strong partnership for over 11 years. Arnest is the largest manufacturer of perfume, cosmetic and household products in aerosol packaging in Russia.

The transaction was closed in the second quarter of 2023. Given that the Russian market remains a significant contributor of revenue to the Group through sales, as part of management's strategic monitoring, any identified risks presented by the ongoing war are monitored to determine whether future impairment of the carrying value of the Company's investment into subsidiaries is needed.