

## Interim Management Statement | January – 31 March 2021

LC SALES	EURO SALES	ADJUSTED EBITDA
(0.2%)	(10%)	€45.1m

### Three months ended 31 March 2021

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 12 and to the condensed consolidated income statements on page 15.

- Local currency sales decreased by 0.2% and Euro sales decreased by 10% to €272.8m (€302.8m).
- Adjusted EBITDA margin was 16.5% (13.6%) and adjusted EBITDA amounted to €45.1m (€41.3m).
- Adjusted operating margin was 13.4% (10.5%), negatively impacted by 300 bps from currencies, and adjusted operating profit was €36.5m (€31.7m).
- Adjusted net profit was €15.0m (€3.4m).
- Adjusted cash flow from operating activities was €11.0m (€-12.0m) and adjusted cash flow before financing activities was €31.9m (€8.6m).
- Cash and cash equivalents at the end of the period amounted to €219.6m (€209.4m).
- Total debt amounted to €798.4m (€940.1m), secured debt amounted to €760.7m (€880.7m) and the Net Secured Debt ratio was 3.0 (3.8).
- Update on Covid-19 impact: in the first quarter of 2021 Oriflame’s sales and operations continued to be impacted by the pandemic. Eventhough manufacturing and operations worked without disruption, there were still supply shortage in certain categories and mainly in Wellness.

### Significant events after the end of the quarter

On 4 May 2021 Oriflame successfully issued €250m Floating Rate Senior Secured Notes and \$550m Senior Secured Notes due 2026. The Euro Notes will 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 will 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 Issuer’s existing €475m aggregate principal amount of 6.750% Senior Secured Notes due 2024 and the Issuer’s \$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.

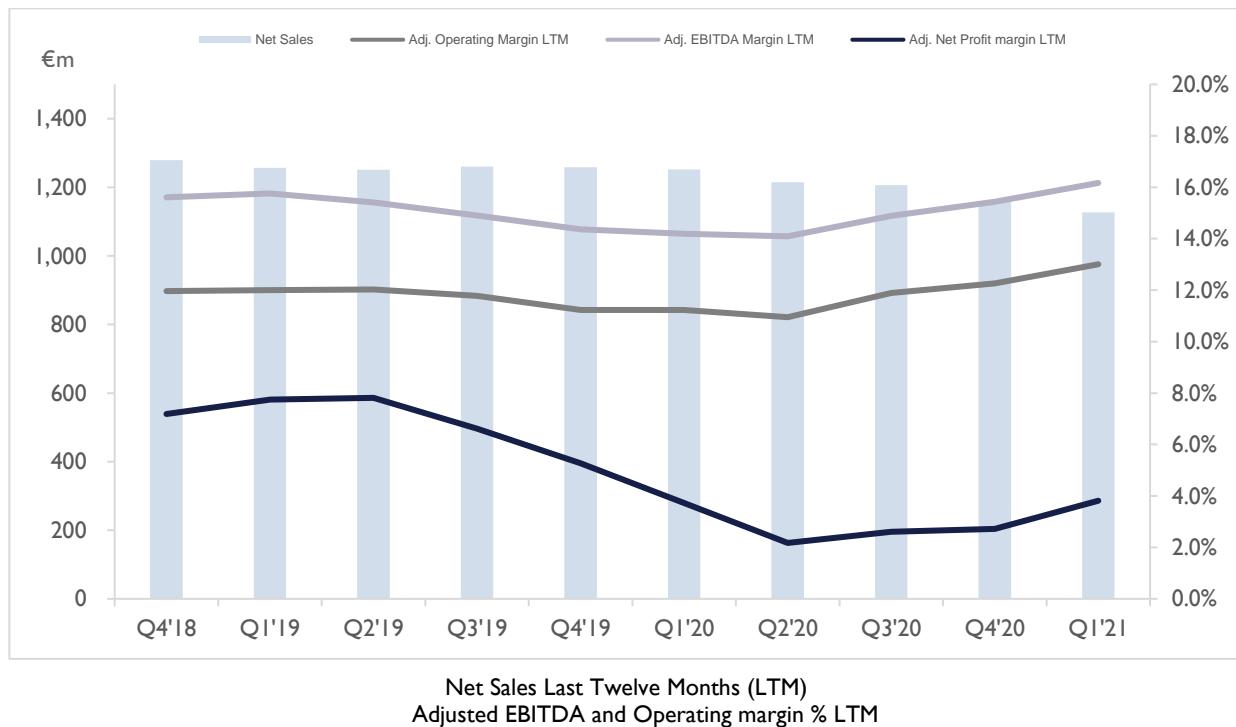
*“Once again a quarter impacted by the pandemic – resulting in a flat underlying sales development, however with a much improved profitability. The continued focus on improving price/mix and at the same time lowering our cost base is rendering expected results. Large efforts were put into a refinancing initiative, which was successfully completed in the beginning of May. The successful refinancing will significantly reduce our finance costs and over time improve our cash flow with an improved debt position. This will enable us to further deliver on our strategy with the ambition to strengthen our global market position through our online social selling model. Despite ongoing pandemic challenges, we remain focused on regaining the sales momentum and continue the trend of improved profitability.”*

CEO Magnus Brännström



## Key financial data

3 months ended 31 March 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 12 and to the condensed consolidated income statements on page 15.

(€m)	3 months ended 31 March			LTM April '20 - March '21	Year end	
	2021	2020	Change %		2020	Change %
Sales	272.8	302.8	(10%)	1,126.9	1,156.9	(3%)
Adj. Gross margin, %	69.5	66.5		69.1	68.3	
Adj. EBITDA	45.1	41.3	9%	182.3	178.6	2%
Adj. EBITDA margin, %	16.5	13.6		16.2	15.4	
Adj. Operating profit	36.5	31.7	15%	146.6	141.9	3%
Adj. Operating margin, %	13.4	10.5		13.0	12.3	
Adj. Net profit	15.0	3.4	343%	43.0	31.4	37%
Adj. Cash flow from operating activities	11.0	(12.0)	N/A	183.8	160.8	14%
Adj. Cash flow before financing activities	31.9	8.6	273%	214.8	191.5	12%
Total debt	798.4	940.1		798.4	786.1	
Secured debt	760.7	880.7		760.7	748.0	
Net Secured Debt ratio	3.0	3.8		3.0	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.

## Operational and market update for the quarter



WELLNESS  
CATEGORY  
CONTINUED TO  
PERFORM WELL IN  
THE FIRST QUARTER

### Q1 impact from Covid-19

Year 2021 started with hopes to see the end of the pandemic, when several vaccines were approved by health authorities around the world. However, the limited and challenging roll-out of vaccination programs as well as the emerging of new mutations of the Covid-19 resulted in stricter measures taking place to combat the spread of the virus. The reintroduced Covid-19 restrictions in many of the Oriflame sales regions and product availability shortages in certain categories due to rapid changes in demand had negative impact on the sales of the group during the first quarter of 2021. The product supply situation has improved compared to previous quarters. The underlying sales remained stable during the quarter and the positive trend on profitability and cash flow 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 (85% 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 and on-line customers. 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.

During the first quarter the wellness category continued its strong growth. The shift in demand and supply challenges impacted our product availability situation in some product categories in some of the regions.

Global, regional and local conferences have been impacted by the Covid-19 situation, resulting in short term cost savings, although the company is negatively impacted on sales as these conferences are used to promote new product launches, new apps and new ways of working. The cost savings, as well as additional cost efficiency measures taken earlier in the year, are visible in the first quarter and have secured a solid financial performance, despite the currency headwinds.

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



### Geographical mix

Group sales in local currency was stable mainly due to strong underlying local currency performance in most regions offset by challenges in some of the markets in Asia, Turkey and Africa. A positive price/mix did not compensate for the declining unit sales. Due to significant negative impact from foreign exchange rates the decrease in euro sales was -10% compared to the same quarter last year. The EBITDA increase was due to positive price/mix and lower selling and marketing expenses, negatively impacted by the adverse foreign currency movements and higher administrative expenses. Excluding the impact of increased accrual for share incentive plan and staff bonuses the underlying administrative expenses are showing declining trend. The adjusted operating cash flow increased mainly as a result of higher EBITDA and more favourable working capital movements versus prior year.

During the first quarter of 2021, Covid-19 continued to influence Oriflame's markets and affect the top line demand negatively. During the quarter the deliveries and operations generally worked without disruptions. However in most markets live meetings and events are still not possible to organize and the transformation to digital events continues. The shift in demand and consumer behaviour following the Covid-19 outbreak impacted the product availability situation at the end of 2020. Due to strong growth within the Wellness category combined with general supply constraints of certain products, components and input material, the supply problems impacted sales negatively towards the end of last year and in the first quarter of 2021. The supply situation improved during the first quarter. The currency headwinds continued to negatively impact sales and margins. The underlying administrative expenses were significantly lower in almost all regions following the staff reductions and other restructuring and savings initiatives executed during 2020.

In *Latin America* the euro sales decreased by -12.2% significantly impacted by negative currency headwinds. Sales were negatively impacted also by a decline in the number of Members as well as lower activity during the quarter. The gross margins increased despite the currency headwinds, thanks to higher prices and positive product mix. The operating margin increased to 17.0% (5.5%) following the improved gross margin, administrative reductions executed last year, further efficiencies in warehousing operations as well as lower sales and marketing expenses. Peru continues to be the best performing market with strong double digit sales growth in the quarter.

Another successful quarter for the *European markets*. Euro sales grew by 3.2%. Activity and sales per Member improved across the region, and the number of Members was significantly up in Western Europe. The operating margin improved to 17.8% (13.2%), as a result of higher gross margins from less discounting and offers, lower sales and marketing expenses and reductions in administrative expenses following downsizing initiatives executed last year. The Netherlands continued its strong performance following the introduction of a new more dynamic Brand Partner compensation plan in the end of 2020 and was the best performing market in the region.

In *CIS* euro sales decreased by -16.5% due to weak currencies and low activity among the Members, especially in the beginning of the quarter. Thanks to price increases and positive mix the gross margin was in line with previous year despite the negative currency impact. The Covid situation continues to have a positive impact on the cost side, since all international and local incentives trips and meetings are postponed. Efficiency measures in 2020 with staff reductions and downsizing of branch offices helped bring down the administrative expenses significantly in the quarter compared to 2020. The operating margin improved to 22.6% (19.3%). Uzbekistan continues to be a well performing market in the region with strong underlying sales growth in the quarter.

Weakened currencies impacted top line also in *Turkey & Africa* where euro sales decreased by -16.5%. The number of Members was down during the quarter, impacted by lower activity mainly in Turkey as well as lower recruitment. There were some Covid related supply constraints in Nigeria which impacted product availability and sales. Despite negative currency impact the gross margins improved due to price increases and changes of a Brand Partner Loyalty incentive program. Significant savings in sales and marketing expenses, partly impacted by limitations on activities, as well as initiatives reducing headcount and the number of branch offices further helped to improve the operating margin to 29.3% (19.1%).

In *Asia* euro sales decreased by -13.4% during the quarter due to lower number of Members in Indonesia and Vietnam and lower activity levels in India. China showed an improved euro sales trend during the quarter and ended on similar levels as the first quarter last year. Covid-19 impact on the business remains due to limitations of events and conferences, while a shift in demand of product categories, primarily towards Wellness and Personal care products, have led to product availability problems in certain markets with negative impact on sales. Operating profit margins decreased from 17.9% to 14.7% due to lower sales and negative currency impact, higher inventory provisions and timing impacts of sales and marketing expenses.



### **Sustainability**

The 2020 Sustainability Report was officially published on April 9 2021. During the year, Oriflame continued to fulfill its commitments in the three strategic areas; Opportunity for Brand Partners, Respect for Nature and Passion for People.

Oriflame continued to create opportunities for the Independent Brand Partners. In 2020, €315m was distributed directly to Oriflame Brand Partners through bonuses and other forms of recognition. According to the Oriflame Global Brand Tracking 2020, 84% of the Brand Partners consider Oriflame as a good opportunity to earn an additional income.

Since 2010, Oriflame has reduced its greenhouse gas emissions (Scope 1, Scope 2 and parts of Scope 3) per sales by 69% and reached the 2020 target of 50% relative emission reduction (tCO<sub>2</sub>e/sales). The reduction was mainly due to investments in renewable electricity, energy efficiency measures and decreased travelling due to the pandemic.

In 2020, Oriflame increased the CDP score to A- and attained Leadership level for CDP Climate and CDP Forest (Timber). In addition, the CDP Forest (Palm Oil) score increased to B. All new skin care and personal care rinse-off products in 2020 were formulated to be biodegradable. 99% of Oriflame's product packaging and catalogue paper combined came from credible certified sources\* or recycled materials. Oriflame will continue to work towards the target of 100% paper from credible certified sources or recycled materials.

Overall, 71 nationalities are represented in Oriflame's global workforce. In terms of gender, Oriflame aims to ensure equal opportunities for all women and men by having the minority gender representing no less than 40% in management teams. The target was achieved for 2020, with 43% women and 57% men in the Global Management Team. In addition, the Group Management Team consisted of four women and six men (40% women) and the Board of Directors of Oriflame Holding Ltd consisted of two women and three men (40% women).

Read more in the Oriflame 2020 Sustainability Report at [investors.oriflame.com](https://investors.oriflame.com)

\*Source is defined as the paper mill



THE YEAR STARTED OFF WITH SEVERAL LAUNCHES – A NEW CATEGORY OF ESSENTIAL OILS WAS INTRODUCED IN RUSSIA.

### Brand and Innovation

The year started off with several launches in the first quarter. The **Wellness** category continued to perform well. A new category **Essential oils** with the **Mind & Mood** brand was introduced in Russia.

Within **Skin Care** the introduction of **NovAge ProCeutical** was made in the quarter – the first global version of China S-Dermic, a cosmeceutical skincare brand designed to provide professional, targeted solutions to combat specific skin conditions.

**Colour cosmetics** continued to decline overall due to the pandemic situation, although with interesting activities in the quarter. The relaunch of **The One Wonder Lash** and **Wonder Lash XXL** with improved formulas, better claims and upgraded packaging. An upgrade of **The GG Iconic Lipstick** and a limited edition of **GG 45th Anniversary Bronzing Pearls** for the 45<sup>th</sup> anniversary of Giordani Gold were also introduced.

Within the **Fragrance** portfolio the launch of a new couple brand **Lost In You** in the upper-mass price shelf and targeting a new consumer segment. The scents come in a unique 2-becomes-1 bottle design to express the passion and connection between him and her. To celebrate the brand's anniversary an introduction of **Giordani Gold Essenza Blossom Parfum**, the new treasure scent, was made.

In **Personal and Hair Care** the introduction of **Love Nature Forest Berries**, a limited edition consisting of Body Scrub Jam, Yoghurt Body Cream, Yoghurt Shower Cream and soap bar made from nutrient-rich forest berry and yoghurt extracts was made. The latest range in the Hair X series, **Hair X Fall Defense**, was also introduced.

In the **Accessories** category the global launch of the premium range **Norrsken** was made – a handcrafted jewellery inspired by the Swedish light and natural, semi-precious stones are the crown jewels of Norrsken.

In the **Wellness** category the new **Meal Replacement** range was successfully launched in all strategic markets in the first quarter after being introduced in Poland the fourth quarter. The meal replacement shakes are inspired by the Nordic diet and are convenient and easy to make by just adding milk.

### Online

During the first quarter of 2021 98% of orders were placed using the online channel. In line with the trend from previous periods the overall utilization of digital services continued to increase, both in web sessions, the Oriflame App Suite as well as other related digital services. 63% of orders are placed using mobile devices (of which 35% in the Oriflame app), up from 56% the same period prior year. Currently 85% (78%) of all visitor sessions are from mobile devices.

Key activities included continued implementation of the Mobile Office, now covering more than 85% of the Oriflame salesforce in 24 countries. Further modules supporting new Brand Partners in their on-boarding with Oriflame, as well as a new set of analytics and monitoring services aimed at driving Brand Partner business growth were also released as part of the Mobile Office framework, along with new significant upgrades within the Oriflame App Suite such as improved activity tracking and a new feature for follow-up on VIP customer activity, along with further development and localization of additional digital training modules.

During the quarter a capacity ramp-up of digital development capacity took place. The output capacity of the team responsible for initiatives driving e-commerce and the digital shopping experience has increased, ensuring faster delivery of initiatives related to content presentation, navigation, checkout and post-purchase communication. Such initiatives include a new customer support section, a full re-design of all transactional messages, new site navigation, improved product recommendations and further strengthening of the company's online payments offering.

#### App users:

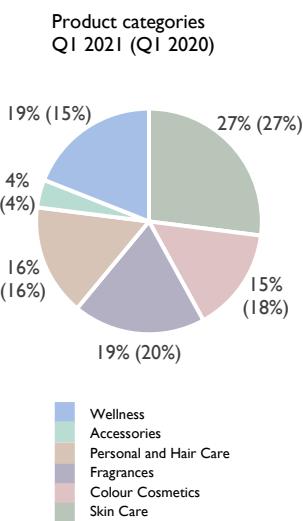
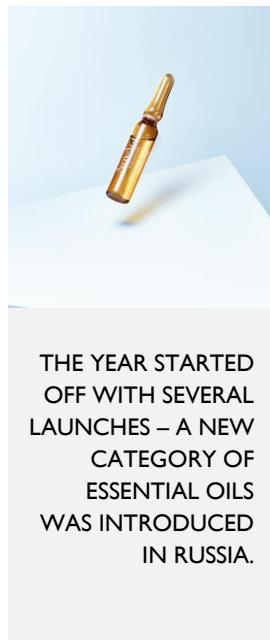
Oriflame app 1,363,000 Monthly Active Users

Business app 808,000 Monthly Active Users

### Service, Manufacturing and Other

Manufacturing achieved higher capacity utilization in the first quarter 2021 compared to previous year. There has been a significant increase in units produced in a majority of the sites thanks to growth both in internal orders and in the external sales segment. Thanks to volume growth, restructuring and efficiencies implemented, improvement of operational profit was achieved.

Manufacturing division continues its digital transformation. All activities should lead to further efficiencies and improvements in the production division.





## Three months ended 31 March 2021

*“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 12 and to the condensed consolidated income statements on page 15.*



LOCAL CURRENCY  
SALES INCREASED IN  
CIS AND EUROPE BY  
2% AND 5%. SALES  
DECLINE IN THE  
OTHER REGIONS.

### Sales

Sales for the three months ended March 31, 2021 decreased by 10%, or €30.0m, to €272.8m compared with €302.8m for the same period in 2020. Except for Europe that reported a sales growth of 3%, all other business areas experienced decline in Euro equivalent sales.

Local currency sales was flat due to positive underlying sales development in the CIS and Europe, offset by the sales decline in primarily Asia, Turkey and Africa. The slight decline in the average number of Members 2.8m (2.9m) was offset by improved productivity (in local currency). Unit sales decreased by 14% and the price/mix effect was positive with 14%.

Local currency sales increased in CIS and Europe by 2% and 5%, while Latin America, Turkey & Africa and Asia decreased respectively by 1%, 5% and 8%.

### Costs and expenses

*Cost of sales (30.5% of sales compared to 33.5% adjusted last year)*

Cost of sales decreased by 18% or €18.4m to €83.1m for the three months ended March 31, 2021 from €101.5m (adjusted) for the same period in 2020 due to lower sales volumes. The cost of sales percentage decreased mainly due to positive price mix, lower inventory provisions and efficiencies in the supply chain/manufacturing.

*Selling and marketing expenses (28.8% of sales compared to 31.4% last year)*

Selling and marketing expenses decreased by 17%, or €16.5m, to €78.5m for the three months ended March 31, 2021 from €95.0m for the same period in 2020. This decrease was primarily due to lower sales. The selling and marketing expenses percentage of sales decreased mainly due to optimizations in the business remuneration plan for Brand Partners and lower costs for meetings and conferences.

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

Distribution and infrastructure expenses decreased by 10%, or €0.8m, to €7.0m for the three months ended March 31, 2021 from €7.8m for the same period in 2020. The decrease was due to lower sales in the quarter.

*Administrative expenses (26.2% of sales compared to 25.9% last year)*

The administrative expenses for the three months ended March 31, 2021 include €3.6m PPA related items and €0.2m non-recurring item related to the refinancing, which was completed in the second quarter of 2021. In 2020 the administrative expenses included €8.2m restructuring costs and €3.5m PPA related items. On a comparable basis, excluding non-recurring and PPA related items, the adjusted administrative expenses increased during the period to €67.7m from €66.8m for the same period in 2020. Excluding the increased accrual for the share incentive program and staff bonuses of €7.9m, the administrative expenses were reduced by €7.0m or 11%.

*Net financing costs (4.7% of sales compared to 7.5% last year)*

Net financing costs decreased by 43% or €9.7m, to €12.9m for the three months ended March 31, 2021 from €22.6m for the same period in 2020. The decrease was due to gain on exchange rates of €2.4m in the first quarter 2021 versus loss on exchange rates of €6.9m in the same period in 2020.

*Adjusted income tax expenses (€8.8m compared to €6.1m last 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 (€6.1m), mainly due to higher profit before tax.



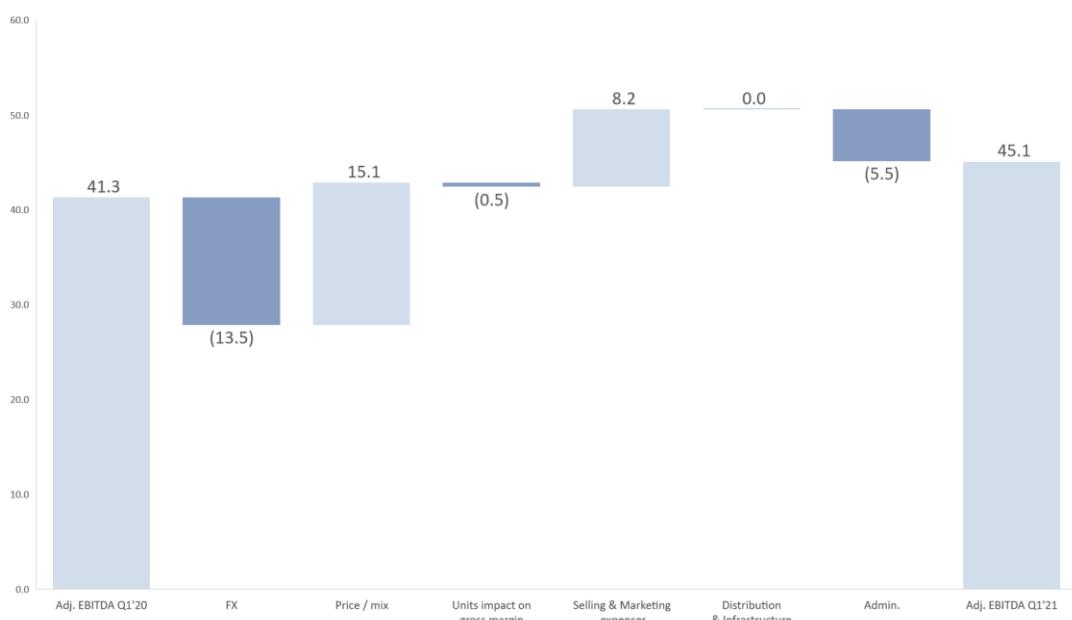
**€45.1m**  
ADJUSTED EBITDA

### 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 12 and to the condensed consolidated income statements on page 15.

Adjusted EBITDA increased by 9%, or €3.8m, to €45.1m for the three months ended March 31, 2021 from €41.3m for the same period in 2020, negatively impacted by the weakening of the major Oriflame sales currencies and the related negative exchange rate impact, and higher administrative expenses (increased accrual for the share incentive program and staff bonuses), offset by positive price/mix and lower selling and marketing expenses. The adjusted EBITDA margin was 16.5% compared to 13.6% last year.

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





## 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 12 and to the condensed consolidated income statements on page 15.*



**€31.9m**

ADJ. CASH FLOW  
BEFORE FINANCING  
ACTIVITIES

### *Cash flow from/used in operating activities*

Adjusted cash flow from operating activities was €11.0m in the three months period ended March 31, 2021 compared to €-12.0m for the same period in 2020. The improved cash flow was due to higher EBITDA and neutral working capital movement in the first quarter 2021 versus negative working capital and higher income taxes paid in the same period last year. Around €15m timing difference on trade and other payables will negatively impact the following quarter.

### *Cash flow used in investing activities*

Cash flow used in investing activities for the three months ended March 31, 2021 was €0.9m, compared to €1.9m for the same period in 2020. The decrease from previously low levels was due to higher proceeds on sale of property, plant and equipment.

### *Cash flow from/used in financing activities*

Cash flow used in financing activities for the three months ended March 31, 2021 was €-35.0m, compared to €95.9m for the same period 2020. The decrease was mainly due to dividend payment of €30.5m during the first quarter 2021, while in the same period 2020 the Revolving Credit Facility of €100.0m was fully drawn down as a risk mitigation step at the outbreak of the Covid-19 pandemic.

### *Adjusted cash flow before financing activities*

Adjusted cash flow before financing activities for the three months ended March 31, 2021 was €31.9m, compared to €8.6m in 2020. The increase was due mainly to higher cash flow from operating activities in the first quarter 2021.

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

€m	3 months ended 31 March		LTM April '20 – March '21	Year end 2020
	2021	2020		
Cash flow from operating activities	9.9	(29.9)	173.2	133.4
Excluding interest received	(0.3)	(0.4)	(2.1)	(2.1)
Excluding interest and bank charges paid	27.0	27.3	58.7	58.9
Cash flow used in investing activities	(0.9)	(1.9)	(4.9)	(5.9)
Payment of lease liabilities	(4.5)	(4.0)	(18.3)	(17.8)
Non-recurring and PPA items	0.7	17.6	8.3	25.1
<b>Adj. cash flow before financing activities</b>	<b>31.9</b>	<b>8.6</b>	<b>214.8</b>	<b>191.5</b>



## Funding and financial position

Oriflame's long-term debt as of March 31, 2021 consists mainly of Senior Secured Notes of €748.0m due 2024 with an average interest rate of around 6.6%. The company also has a €100m Revolving Credit Facility (RCF) with interest in EURIBOR +200 bps to 300 bps depending on leverage. As of March 31, 2021, the €100m RCF was undrawn and the cash and cash equivalents was €219.6m. Following the stable performance of Oriflame during the Covid-19 pandemic, in April 2021 the company corporate credit ratings were upgraded by all three credit rating agencies to the following levels: B1 from Moody's, B+ from Fitch and S&P. The company was in compliance with all of its covenants related to the outstanding debt as of March 31, 2021.



3.0

NET SECURED  
DEBT RATIO

	€ Note	\$ Note	Revolving Facility
Total amount	€475m	\$335m	€100m
Interest rate	6.750%	9.125%*	EURIBOR +200-300 bps
Due	2024	2024	2023
Drawing as per 31 March, 2021			-

\* Swapped € interest rate 6.450%

As of March 31, 2021, total debt amounted to €798.4m, secured debt amounted to €760.7m, net secured debt amounted to €541.1m and the Net Secured Debt ratio was 3.0.

## Refinancing successfully completed in May 2021

On 4 May 2021 Oriflame Investment Holding Plc successfully issued €250m Floating Rate Senior Secured notes (the “Euro Notes”) and \$550m Senior Secured Notes due 2026 (the “Dollar Notes”). The Euro Notes will 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 will 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 Issuer's existing €475m aggregate principal amount of 6.750% Senior Secured Notes due 2024 and the Issuer's \$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 remained in place with the same committed amount of €100m and conditions and it has been extended to October 2025.

## Financial calendar for 2021

The second quarter 2021 report will be published on 25 August 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 Thursday, 27 May 2021 at 15.00 CEST.

#### **Participant access numbers:**

DK: +45 787 232 51  
FI: +358 931 583 775  
SE: +46 8 566 426 93  
UK: +44 333 300 9272  
US: +1 833 526 8384

The conference call will also be audio web cast in “listen-only” mode through Oriflame’s website: [www.oriflame.com](http://www.oriflame.com) or through the following link: <https://oriflame-ir.creo.se/210527>

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

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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.

### **Cash flow before financing activities**

Cash flow from operating activities excluding interest received and interest and bank charges paid less cash flow used in investing activities and payment of lease liabilities.

### **EBITDA**

Operating profit before financial items, taxes, depreciation, amortization and equity-settled share-based incentive plan.

### **Independent Brand Partners**

Independent Brand Partners refers to individual members, 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 12 and to the condensed consolidated income statements on page 15.

The reportable segments have changed from 1<sup>st</sup> January 2020 to reflect the new Global Business Area structure. From this date, the new reportable segments consist of the five following Global Business Areas: Latin America, Europe, CIS, Turkey & Africa and Asia.

Below Q4'19 figures for Europe, Turkey & Africa and Asia were restated accordingly for comparative purpose.

Financial summary	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
Sales, €m	357.2	302.8	265.8	280.8	307.5	272.8
Adj. Gross margin, %	66.3	66.5	68.3	67.2	71.1	69.5
Adj. EBITDA	52.0	41.3	39.9	46.4	50.8	45.1
Adj. EBITDA margin, %	14.6	13.6	15.0	16.5	16.5	16.5
Adj. Operating profit	43.7	31.7	30.1	37.8	42.1	36.5
Adj. Operating margin, %	12.2	10.5	11.3	13.5	13.7	13.4
Adj. Net profit, €m	15.4	3.4	4.5	8.1	15.4	15.0
Adj. Cash flow from operating activities, €m	73.6	(12.0)	62.6	35.2	75.0	11.0
Adj. Cash flow before financing activities, €m	66.2	8.6	56.9	57.0	69.7	31.9
Cash flow used in investing activities	(3.0)	(1.9)	(1.3)	(1.8)	(0.9)	(0.9)
Cash and cash equivalents	143.5	209.4	256.3	178.5	241.9	219.6
Total debt	841.0	940.1	931.0	812.7	786.1	798.4
Secured debt	773.2	880.7	874.2	761.1	748.0	760.7
Net Secured Debt ratio	3.5	3.8	3.6	3.2	2.8	3.0
Sales, €m	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
Latin America	48.0	38.8	27.5	38.3	41.4	34.1
Europe	74.8	57.2	56.6	60.2	73.6	59.1
CIS	96.6	87.7	75.2	73.7	80.8	73.2
Asia	98.8	84.5	76.8	76.5	80.2	73.1
Turkey & Africa	32.1	28.8	25.4	27.9	26.2	24.0
Manufacturing	5.3	3.9	3.5	2.3	3.7	7.2
Other	1.6	1.9	0.9	1.9	1.6	2.1
<b>Oriflame</b>	<b>357.2</b>	<b>302.8</b>	<b>265.8</b>	<b>280.8</b>	<b>307.5</b>	<b>272.8</b>
Adjusted operating Profit, €m	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
Latin America	5.3	2.1	(0.2)	5.9	4.9	5.8
Europe	11.7	7.6	4.9	9.7	10.8	10.5
CIS	16.5	16.9	16.2	15.0	9.8	16.6
Asia	23.6	15.1	15.7	12.7	10.5	10.7
Turkey & Africa	5.5	5.5	5.4	6.4	4.2	7.0
Manufacturing	2.7	1.3	(0.2)	2.4	4.8	3.8
Other	(21.4)	(16.8)	(11.6)	(14.3)	(2.9)	(18.0)
<b>Oriflame</b>	<b>43.7</b>	<b>31.7</b>	<b>30.1</b>	<b>37.8</b>	<b>42.1</b>	<b>36.5</b>
Registered Active Members, '000	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
Latin America	341	299	259	331	331	294
Europe	550	494	529	492	558	501
CIS	972	936	847	843	1,020	896
Asia	744	702	707	772	681	630
Turkey & Africa	365	333	349	328	342	308
<b>Oriflame</b>	<b>2,971</b>	<b>2,764</b>	<b>2,690</b>	<b>2,766</b>	<b>2,932</b>	<b>2,629</b>



<b>Adjusted operating margin, %</b>	<b>Q4'19</b>	<b>Q1'20</b>	<b>Q2'20</b>	<b>Q3'20</b>	<b>Q4'20</b>	<b>Q1'21</b>
Latin America	11.1	5.5	(0.6)	15.5	11.9	17.0
Europe	15.6	13.2	8.6	16.2	14.7	17.8
CIS	17.0	19.3	21.6	20.3	12.2	22.6
Asia	23.9	17.9	20.4	16.6	13.1	14.7
Turkey & Africa	17.0	19.1	21.1	22.8	16.0	29.3
<b>Oriflame</b>	<b>12.2</b>	<b>10.5</b>	<b>11.3</b>	<b>13.5</b>	<b>13.7</b>	<b>13.4</b>
<b>€ Sales growth in %</b>	<b>Q4'19</b>	<b>Q1'20</b>	<b>Q2'20</b>	<b>Q3'20</b>	<b>Q4'20</b>	<b>Q1'21</b>
Latin America	8	4	(34)	(17)	(14)	(12)
Europe	(3)	(7)	(1)	9	(2)	3
CIS	10	11	(2)	7	(16)	(16)
Asia	(16)	(13)	(20)	(16)	(19)	(13)
Turkey & Africa	17	4	(10)	10	(18)	(17)
<b>Oriflame</b>	<b>(1)</b>	<b>(2)</b>	<b>(12)</b>	<b>(3)</b>	<b>(14)</b>	<b>(10)</b>



## Condensed consolidated income statements – 3 months ended 31 March

€'000	2021	Non-recurring items*	PPA items**	Adjusted		Non-recurring items*	PPA items**	Adjusted
				2021	2020			
Sales	272,828			272,828	302,816			302,816
Cost of sales	(83,116)			(83,116)	(114,940)		13,474	(101,466)
<b>Gross profit</b>	<b>189,713</b>	-	-	<b>189,713</b>	<b>187,876</b>	-	<b>13,474</b>	<b>201,350</b>
Selling and marketing expenses	(78,506)			(78,506)	(94,977)			(94,977)
Distribution and infrastructure	(7,011)			(7,011)	(7,780)			(7,780)
Administrative expenses	(71,499)	203	3,571	(67,726)	(78,499)	8,157	3,498	(66,844)
<b>Operating profit</b>	<b>32,697</b>	<b>203</b>	<b>3,571</b>	<b>36,470</b>	<b>6,620</b>	<b>8,157</b>	<b>16,972</b>	<b>31,749</b>
Financial income	10,503			10,503	16,743			16,743
Financial expenses	(23,375)		188	(23,187)	(39,360)		340	(39,020)
<b>Net financing costs</b>	<b>(12,872)</b>	-	<b>188</b>	<b>(12,685)</b>	<b>(22,616)</b>	-	<b>340</b>	<b>(22,276)</b>
<b>Net profit/(loss) before tax</b>	<b>19,824</b>	<b>203</b>	<b>3,758</b>	<b>23,786</b>	<b>(15,996)</b>	<b>8,157</b>	<b>17,311</b>	<b>9,472</b>
Total tax expense	(8,183)	-	(639)	(8,822)	(421)	(1,634)	(4,037)	(6,092)
<b>Net profit/(loss) attributable to owners of the Company</b>	<b>11,641</b>	<b>203</b>	<b>3,119</b>	<b>14,963</b>	<b>(16,417)</b>	<b>6,523</b>	<b>13,274</b>	<b>3,381</b>

\* 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](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 31 March	
	2021	2020
<b>Net profit/(loss) attributable to owners of the Company</b>	<b>11,641</b>	<b>(16,417)</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Remeasurements of net defined liability, net of tax	-	-
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>-</b>	<b>-</b>
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences for foreign operations	9,485	(25,028)
Effective portion of changes in fair value of cash flow hedges, net of tax	(5,488)	26,849
<b>Total items that are or may be reclassified subsequently to profit or loss</b>	<b>3,997</b>	<b>1,821</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>3,997</b>	<b>1,821</b>
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>15,638</b>	<b>(14,596)</b>



## Condensed consolidated statements of financial position

€'000	31 March, 2021	31 December, 2020	
<b>Assets</b>			
Property, plant and equipment	108,880	109,508	
Right-of-use assets	36,818	37,398	
Intangible assets	579,616	583,224	
Goodwill	255,299	250,424	
Investment property	542	542	
Deferred tax assets	39,320	36,136	
Other long-term receivables	1,982	131	
<b>Total non-current assets</b>	<b>1,022,457</b>	<b>1,017,363</b>	
Inventories	134,501	127,696	
Trade and other receivables	58,677	51,165	
Tax receivables	13,640	14,046	
Prepaid expenses	16,177	16,968	
Derivative financial assets	1,045	1,340	
Cash and cash equivalents	219,584	241,947	
<b>Total current assets</b>	<b>443,624</b>	<b>453,162</b>	
<b>Total assets</b>	<b>1,466,082</b>	<b>1,470,526</b>	
<b>Equity</b>			
Share capital	653,081	653,081	
Reserves	(37,240)	(41,237)	
Retained earnings	(305,922)	(287,042)	
<b>Total equity attributable to the owners of the company</b>	<b>309,919</b>	<b>324,802</b>	
<b>Liabilities</b>			
Interest-bearing loans	4	739,172	725,012
Employee benefits		16,815	23,529
Lease liabilities		21,809	22,359
Other long-term liabilities		1,235	1,068
Derivative financial liabilities		5,108	17,677
Deferred income		1,251	178
Provisions		8,338	6,028
Deferred tax liabilities		60,941	59,311
<b>Total non-current liabilities</b>	<b>854,669</b>	<b>855,161</b>	
Lease liabilities		15,879	15,784
Trade and other payables		108,969	100,089
Contract liabilities		13,193	11,852
Tax payables		20,296	18,496
Accrued expenses		116,256	134,807
Derivative financial liabilities		2,086	1,241
Employee benefits		16,267	-
Provisions		8,548	8,294
<b>Total current liabilities</b>	<b>301,493</b>	<b>290,563</b>	
<b>Total liabilities</b>	<b>1,156,162</b>	<b>1,145,724</b>	
<b>Total equity and liabilities</b>	<b>1,466,082</b>	<b>1,470,526</b>	



## Condensed consolidated statements of changes in equity

€'000	Share capital	Reserves	Retained earnings	Total equity
<b>At 1 January 2020</b>	<b>653,081</b>	<b>7,300</b>	<b>(285,372)</b>	<b>375,008</b>
Net loss	-	-	(16,417)	(16,417)
Other comprehensive income, net of tax	-	1,821	-	1,821
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,821</b>	<b>(16,417)</b>	<b>(14,596)</b>
<b>At 31 March 2020</b>	<b>653,081</b>	<b>9,120</b>	<b>(301,789)</b>	<b>360,412</b>

€'000	Note	Share capital	Reserves	Retained earnings	Total equity
<b>At 1 January 2021</b>		<b>653,081</b>	<b>(41,237)</b>	<b>(287,042)</b>	<b>324,802</b>
Net Profit		-	-	11,641	11,641
Other comprehensive income, net of tax		-	3,997	-	3,997
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>3,997</b>	<b>11,641</b>	<b>15,638</b>
Dividends	3	-	-	(30,520)	(30,520)
<b>Total contributions and distributions</b>		<b>-</b>	<b>-</b>	<b>(30,520)</b>	<b>(30,520)</b>
<b>At 31 March 2021</b>		<b>653,081</b>	<b>(37,240)</b>	<b>(305,922)</b>	<b>309,919</b>



## Condensed consolidated statements of cash flows – 3 months ended 31 March

€'000	2021		2021		2020		2020	
	Non-recurring items	Purchase Price allocation items	Adjusted		Non-recurring items	Purchase Price allocation items	Adjusted	
<b>Operating activities</b>								
<b>Net profit / (loss) before income tax</b>	<b>19,824</b>	<b>203</b>	<b>3,758</b>	<b>23,786</b>	<b>(15,996)</b>	<b>8,157</b>	<b>17,311</b>	<b>9,472</b>
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	8,324		6	8,330	9,431		(43)	9,388
Amortization of intangible assets	3,858		(3,577)	281	3,754		(3,455)	299
Change in fair value of borrowings and derivatives financial instruments	363			363	(4,138)			(4,138)
Deferred income	1,611			1,611	(2,661)			(2,661)
Impairment	-			-	112		(112)	-
Unrealised exchange rate differences	(4,013)			(4,013)	10,401			10,401
Profit on disposal of property, plant and equipment, intangible assets and leased assets	(701)			(701)	(185)			(185)
Interest income	(6,929)			(6,929)	(7,519)			(7,519)
Interest and other financial expenses	22,244		(188)	22,057	23,231		(340)	22,891
	<b>44,582</b>	<b>203</b>	<b>-</b>	<b>44,785</b>	<b>16,429</b>	<b>8,045</b>	<b>13,474</b>	<b>37,948</b>
Increase in trade and other receivables, prepaid expenses	(7,926)			(7,926)	(4,139)			(4,139)
(Increase)/decrease in inventories	(6,670)			(6,670)	29,869		(13,474)	16,395
Increase/(decrease) in trade and other payables, accrued expenses	11,551	(203)		11,348	(39,505)	13,395		(26,111)
Increase/(decrease) in provisions	2,394	923		3,317	4,463	(3,847)		616
<b>Cash generated from operations</b>	<b>43,931</b>	<b>923</b>	<b>-</b>	<b>44,854</b>	<b>7,117</b>	<b>17,593</b>	<b>-</b>	<b>24,710</b>
Interest received	317			317	397			397
Interest and bank charges paid	(26,996)		188	(26,809)	(27,250)		340	(26,910)
Income taxes paid	(7,337)			(7,337)	(10,150)			(10,150)
<b>Cash flow from operating activities</b>	<b>9,915</b>	<b>923</b>	<b>188</b>	<b>11,026</b>	<b>(29,886)</b>	<b>17,593</b>	<b>340</b>	<b>(11,953)</b>



## Condensed consolidated statements of cash flows – 3 months ended 31 March (continued)

€'000	2021			2021 Adjusted	2020			2020 Adjusted
		Non-recurring items	Purchase Price allocation items			Non-recurring items	Purchase Price allocation items	
<b>Cash flow from operating activities</b>	<b>9,915</b>	<b>923</b>	<b>188</b>	<b>11,026</b>	<b>(29,886)</b>	<b>17,593</b>	<b>340</b>	<b>(11,953)</b>
<b>Investing activities</b>								
Proceeds on sale of property, plant and equipment, intangible assets	1,179			1,179	17			17
Purchases of property, plant, equipment	(1,870)			(1,870)	(1,945)			(1,945)
Purchases of intangible assets	(238)			(238)	(20)			(20)
<b>Cash flow used in investing activities</b>	<b>(929)</b>	<b>-</b>	<b>-</b>	<b>(929)</b>	<b>(1,948)</b>	<b>-</b>	<b>-</b>	<b>(1,948)</b>
<b>Financing activities</b>								
Proceeds from borrowings	-			-	100,000			100,000
Payment of lease liabilities	(4,496)		(188)	(4,684)	(4,040)		(340)	(4,380)
Dividends paid	(30,520)			(30,520)	(52)			(52)
<b>Cash flow used in financing activities</b>	<b>(35,016)</b>	<b>-</b>	<b>(188)</b>	<b>(35,204)</b>	<b>95,908</b>	<b>-</b>	<b>(340)</b>	<b>95,568</b>
<b>Change in cash and cash equivalents</b>	<b>(26,031)</b>	<b>923</b>	<b>-</b>	<b>(25,107)</b>	<b>64,075</b>	<b>17,593</b>	<b>-</b>	<b>81,668</b>
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	3,668			3,668	1,898			1,898
<b>Cash and cash equivalents at the end of the period, net of bank overdrafts</b>	<b>219,584</b>	<b>923</b>	<b>-</b>	<b>220,507*</b>	<b>209,447</b>	<b>17,593</b>	<b>-</b>	<b>227,039*</b>

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



## Notes to the condensed consolidated financial statements of Oriflame 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 three months ended 31 March 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 three months period ended 31 March 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 26 May 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 • Dividends

The Company declared and paid a dividend of €30.5m during the first quarter of 2021.

### Note 4 • Interest bearing loans

The terms and conditions of outstanding loans were as follows as at 31 March 2021.

€'000	Interest rate	Year of maturity	Book value	Non-current	Current
Revolving credit facility	Euribor + margin	2023	-	-	-
Senior Secured Notes - €475.0m	6.750%	2024	475,000	475,000	-
Senior Secured Notes - \$335.0m	9.125%*	2024	285,714	285,704	-
Capitalized front end fees	-	2023-2024	(21,542)	(21,542)	-
<b>Total interest-bearing liabilities</b>			<b>739,172</b>	<b>739,172</b>	-

\* Swapped € interest rate 6.450%

### Note 5 • Subsequent event

On 4 May 2021 Oriflame successfully issued €250m Floating Rate Senior Secured notes and \$550m Senior Secured Notes due 2026. The Euro Notes will 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 will 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 capitalised 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 Issuer’s existing €475m aggregate principal amount of 6.750% Senior Secured Notes due 2024 and the Issuer’s \$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.