

## Interim Management Statement | January – 31 March 2023

	LC SALES	EURO SALES	ADJUSTED EBITDA
First quarter	-10%	-9%	€16.8m (€22.1m)

Three months ended 31 March 2023

### Operational highlights

- Sales and market conditions remained difficult throughout the first quarter of 2023 impacting our results and cash flow, where Euro sales dropped 9% and local currency sales 10% with negative Euro and LC growth in all regions except Latin America.
  - In Europe & CIS, sales remain at lower levels versus the previous year, while Ukraine continues to regain lost sales after the war broke out.
  - In Latin America, improvements in activity and productivity of members improved sales results during the quarter.
  - Türkiye & Africa region was negatively impacted by the earthquake in Türkiye and by devaluation of local currencies in the region.
  - Asia continues to perform below expectations due to lower member base whereas China improved activity levels after the lifting of the rigorous lockdowns.
  - Oriflame manufacturing entities (Cetes Cosmetics) continue to perform well and with substantial increase in external sales.
- Skincare followed by fragrances were the largest contributors to sales, while Wellness continued to gain sales share in the quarter.
- Gross profit margins improved versus the same quarter prior year, and we start to see first signs that pricing is catching up with product cost inflation.
- Selling and marketing expenses were higher than the previous year primarily driven by higher costs for conferences.
- Administrative expenses adjusted for non-recurring items, decreased versus same quarter last year. Savings in staff and offices from restructuring are coming through, partly offset by high inflationary pressure on salaries and other expenses.
- Adjusted cash flow before financing activities was €-16.2m (€-11.5m) where working capital movements were negative as a result of lower sales. The RCF was not drawn down at the end of the quarter.
- The ongoing strategic review of certain assets in Russia is progressing and has resulted in several offers on the Oriflame manufacturing entity in Russia (Cetes Cosmetics).
- It remains a priority to drive higher unit sales and activity going forward, and full focus is on the implementation of our strategic initiatives around digital and product assortment. The rollout of e-catalogue continues, and we are in the second quarter re-launching the important Novage+ skincare range.



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

**“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 10 and to the condensed consolidated income statements on page 12.**

## Financial highlights

- Euro sales decreased by 9% to €208.3m (€229.9m) and local currency sales decreased by 10%.
- The adjusted EBITDA amounted to €16.8m (€22.1m) and the adjusted EBITDA margin was 8.1% (9.6%).
- The adjusted operating profit was €10.3m (€14.4m) and the adjusted operating margin was 5.0% (6.3%). The currency impact on the operating profit was 40 bps positive.
- Adjusted net profit was €-6.8m (€9.9m).
- Adjusted cash flow used in operating activities was €-9.5m (€-4.7m restated – see page 6) and adjusted cash flow before financing activities was €-16.2m (€-11.5m restated – see page 6).

€m	Three months ended 31 March			LTM April'22–March'23	Year end 2022	Change %
	2023	2022	Change %			
Sales	208.3	229.9	-9%	903.8	925.4	-2%
Adj. EBITDA	16.8	22.1	-24%	101.2	106.5	-5%
Adj. Operating profit	10.3	14.4	-28%	72.2	76.3	-5%
Adj. Net profit	-6.8	9.9		32.3	49.0	-34%
Adj. Cash flow from operating activities	-9.5	-4.7*		68.2	73.0	-7%
Adj. Cash flow before financing activities	-16.2	-11.5*		38.8	43.5	-11%
Cash and cash equivalents	67.4	103.8	-35%	67.4	121.9	-45%
Total debt	795.0	783.1	2%	795.0	812.3	-2%
Secured debt	755.7	745.5	1%	755.7	765.7	-1%
Net Secured debt	688.3	641.7	7%	688.3	643.7	7%
Adj. Gross margin	66.1%	64.3%		66.8%	66.3%	
Adj. EBITDA margin	8.1%	9.6%		11.2%	11.5%	
Adj. Operating margin	5.0%	6.3%		8.0%	8.2%	
Net Secured Debt ratio	6.8	3.9		6.8	6.0	
Net Secured Debt ratio at hedged value	6.3	3.6		6.3	5.5	

\* Restated – see page 6

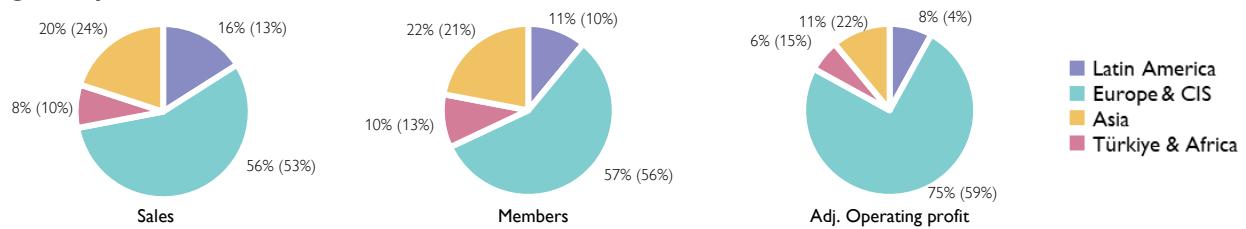
## Significant events during and after the quarter

- The ongoing strategic review of certain assets in Russia has resulted in offers from several bidders and progress was made during the last weeks. In accordance with IFRS 5, the Group has therefore classified the net book value of the manufacturing entity Cetes Cosmetics Russia and certain logistics equipment belonging to the Russian sales entity as assets held for sale in the balance sheet. Management expects that the consideration will be in excess of the carrying amount of the assets, however final outcome is uncertain. The payment from a potential sale of the assets in Russia will benefit the restricted group.
- The company decided to continue the cooperation with Fitch and S&P where the current corporate and notes ratings are B/B from Fitch and B-/B- from S&P.
- The dividend of €30.5m was paid in January 2023 as already announced in the last quarterly interim report.
- As previously announced, the incoming CFO Carl Rogberg started his position with Oriflame on March 1<sup>st</sup> 2023 and will be succeeding Gabriel Bennet, who will leave Oriflame for another external position after 15 years as CFO. Carl will formally take on his role as CFO in the second quarter after a handover period.



## Regional development

### Regional split\*



\* Excluding manufacturing and franchisees

Q1	Latin America	Europe & CIS	Asia	Türkçe & Africa	Group
EUR growth	7%	-5%	-26%	-32%	-9%
LC growth	0%	-11%	-23%	-7%**	-10%

### Latin America

In Latin America Euro sales increased by 7% while local currency sales were unchanged. The sales trend was improving compared to previous quarters primarily from higher activity among members with improvements seen mainly in Mexico and Colombia. The quarter also saw a positive impact from timing of catalogue closings versus the same quarter prior year. Gross margins were slightly lower compared to the same quarter prior year, as a result of higher product costs which were partially offset by price increases. The operating margin was largely unchanged at 4.0% (3.9%) where the decrease in gross margin was offset by lower costs for marketing and selling expenses.

### Europe & CIS

In Europe & CIS Euro sales decreased by 5% while sales in local currency decreased by 11% due to lower number of members as a result of lower activity and recruitment versus prior year. Sales in Ukraine continues to recover compared to last year when operations were stopped on 24<sup>th</sup> of February. Other markets with positive development during the quarter include Uzbekistan, Kyrgyzstan, United Kingdom and Slovenia. Germany completed its first full quarter of operation. Operating margin decreased to 10.8% (15.9%) where price increases and positive exchange rate variations compensated for product cost inflation, while administrative expenses increased and selling expenses were significantly higher from number of participants and timing of conferences.

### Asia

In Asia Euro sales declined by 26% as a result of less members and lower activity levels in all major markets. The local currency sales decreased by 23%. China improved the activity among members versus previous quarters, which somewhat improved sales levels after the reopening after several quarters of strict lockdowns. Operating margin decreased to 4.3% (12.8%) due to increased selling expenses from higher costs for conferences and sales incentives, while administrative expenses increased as a percent of sales.

### Türkçe & Africa

In Türkiye & Africa Euro sales decreased by 32% due to strong devaluations of local currencies in the two main markets Türkiye and Nigeria as well as weaker sales performance in the region. Sales in local currencies decreased by 7%\*\*, largely influenced by activity slowdowns in Türkiye and Egypt. The recent earthquake and high inflationary environment with subsequent high price increases have had a significant negative impact on the sales in Türkiye. The sales momentum in Nigeria continued, driven by strong increase of members. The operating margin decreased to 6.2% (21.3%) negatively impacted by adverse exchange rate impacts, higher selling and administrative costs partially as a result of deleveraging impact from the lower sales.

### Cetes Cosmetics

The external sales of the Oriflame manufacturing entities (Cetes Cosmetics) continue to perform well with a 43% growth, positively impacting the overall sales and profits of the Group. The growth comes primarily from the European entity in Poland. The Russian Cetes manufacturing entity, which has been part of the Group's strategic review of assets in Russia, has been classified as an asset held for sale since progress has been made in the last weeks to complete a transaction. The final outcome and value of a potential sale remains uncertain partially as a result of an uncertain regulatory situation in Russia.

\*\* LC sales growth calculation has been adjusted for Türkiye hyperinflation



## Three months ended 31 March 2023

### **Sales**

Euro sales decreased by 9%, or €21.7m, to €208.3m for the three months ended 31 March 2023 compared with €229.9m for the same period last year. Local currency sales decreased by 10% mainly due to a decline in the average number of members to 2.0m (2.4m). Unit sales decreased by 28% and the price/mix effect was positive by 18%. Manufacturing sales to third parties increased both in Euro (43%) and in local currency (41%) mainly due to higher sales to external clients from the European Cetes manufacturing entity in Poland.

### **Costs and expenses**

*Cost of sales (33.9% of sales compared to 36.0% prior year)*

Cost of sales decreased by 14.7%, or €12.2m, to €70.6m for the three months ended 31 March 2023 from €82.8m for the same period in 2022 due to the lower sales volumes. In relative terms, cost of sales decreased from 36.0% to 33.9% mainly because of price increases and positive exchange rate variations which were partially offset by product cost increases and negative volume under-recoveries impacts.

*Selling and marketing expenses (32.1% of sales compared to 30.2% prior year)*

Selling and marketing expenses decreased by 3.8%, or €2.6m, to €66.8m for the three months ended 31 March 2023 from €69.5m for the same period in 2022 due to the lower sales volumes. In relative terms, the selling and marketing expenses increased from 30.2% prior year to 32.1% in the current quarter, where costs for selling incentives and conferences have increased after a period with lower investments following Covid.

*Distribution and infrastructure expenses (2.8% of sales compared to 2.7% prior year)*

Distribution and infrastructure expenses decreased by 5.7%, or €0.4m, to €5.9m for the three months ended 31 March 2023 from €6.2m for the same period in 2022 due to sales volumes decline. In relative terms, the costs were largely unchanged compared to prior year.

*Administrative expenses (27.8% of sales compared to 27.3% prior year)*

Administrative expenses decreased by 7.7%, or €4.8m, to €57.9m for the three months ended 31 March 2023 from €62.8m for the same period last year. The administrative expenses included €1.9m related to PPA items (€1.9m the same period prior year) and non-recurring items of €1.5m (€3.2m the same period prior year) covering restructuring costs. On a comparable basis, excluding non-recurring and PPA related items, the adjusted administrative expenses declined during the period to €54.6m from €57.7m for the same period in 2022 mainly due to savings from restructuring programs in staff and office expenses, partly offset by high inflationary pressure on salaries and other expenses. As a percentage of sales, the adjusted administrative expenses were higher by 110 bps since the decrease in sales was higher than the drop in administrative expenses.

*Net financing costs (7.2% of sales compared to 0.1% prior year)*

Net financing costs increased by €14.6m, to €14.9m for the three months ended 31 March 2023 from €0.3m for the same period in 2022. This increase in cost is related to income booked in the prior year from the sale of Russian ruble forward contracts amounting to €11.9m and positive revaluation impact of interest swap derivative instruments in place for the bonds prior year.

*Adjusted income tax expenses (€2.2m tax expense compared to €4.3m prior year)*

The tax expense for the three months ended 31 March 2023 was lower by €2.1m due to the lower profit before tax.

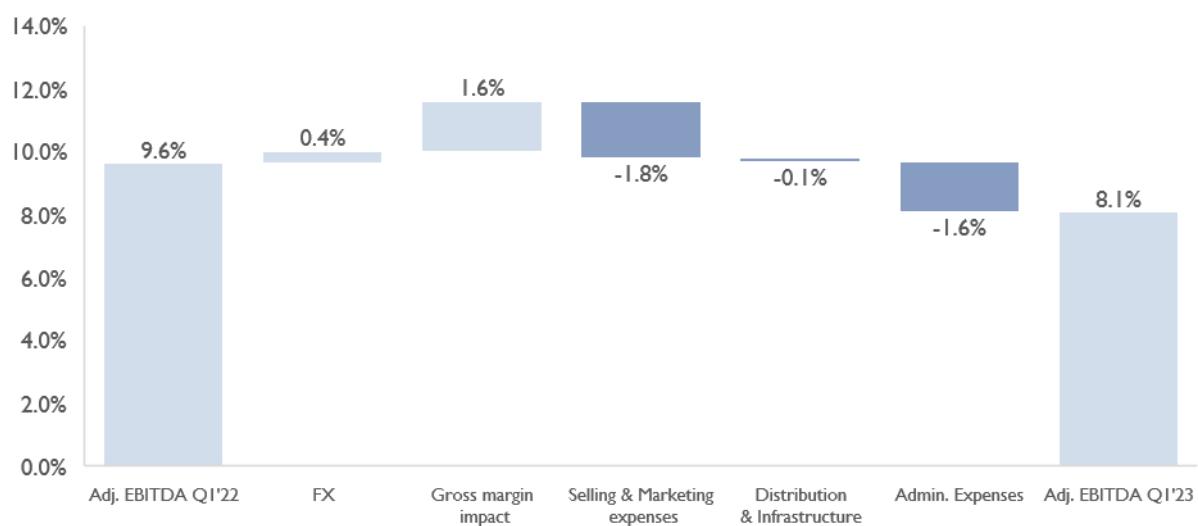


## Adjusted EBITDA

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 10 and to the condensed consolidated income statements on page 12.

Adjusted EBITDA decreased by 24.1%, or €5.3m, to €16.8m for the three months ended 31 March 2023 from €22.1m for the same period in 2022. The adjusted EBITDA margin, as depicted below, decreased from 9.6% to 8.1% as the positive impacts on gross margin and exchange rate were not enough to compensate for higher selling expenses and negative leverage on administrative costs. The gross margin was positively impacted by price increases and partially offset by negative impacts on product cost and manufacturing under-recoveries, while the positive impact from exchange rates was 40 bps. The selling expenses increased as a result of higher costs for conferences and sales incentives while the adjusted administrative costs excluding FX impact and depreciation items went up by 160 bps from deleveraging of lower sales impact; the underlying administrative expenses were €2.0m lower versus the previous year mainly from savings from restructuring programs.

### ADJUSTED EBITDA MARGIN VS. PRIOR YEAR





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

### Change in presentation / cash flow before financing activities

In the condensed consolidated statements of cash flows, the presentation of the “interest and other financial charges paid” was reclassified from cash flow from operating activities to cash flow from/(used in) financial activities as of the Q3 2022 interim report.

The Alternative Performance Measure (APM) of the “cash flow before financing activities” was modified, whereas the interest paid on bonds and RCF (Revolving Credit Facility) is considered as financing activities and the remaining interests and other financial charges stay as part of the operating activities.

Prior year period figures were restated accordingly for comparative purpose (see “Quarterly figures” on page 11). The below comments are based on the new presentation.

### Adjusted cash flow before financing activities

Adjusted cash flow before financing activities was €-16.2m in the three months ended 31 March 2023 compared to €-11.5m (restated – see above) for the same period in 2022.

The lower adjusted cash flow before financing activities is mainly explained by the movement in the *adjusted cash flow from operating activities* which decreased by €4.8m compared to prior year. This deviation is primarily due to a decrease in adjusted EBITDA of €5.3m and a negative change in working capital of €1.1m where the main negative impact comes from inventories of €8.3m offset by a positive impact from trade payables of €5.9m and tax paid of €3.9m.

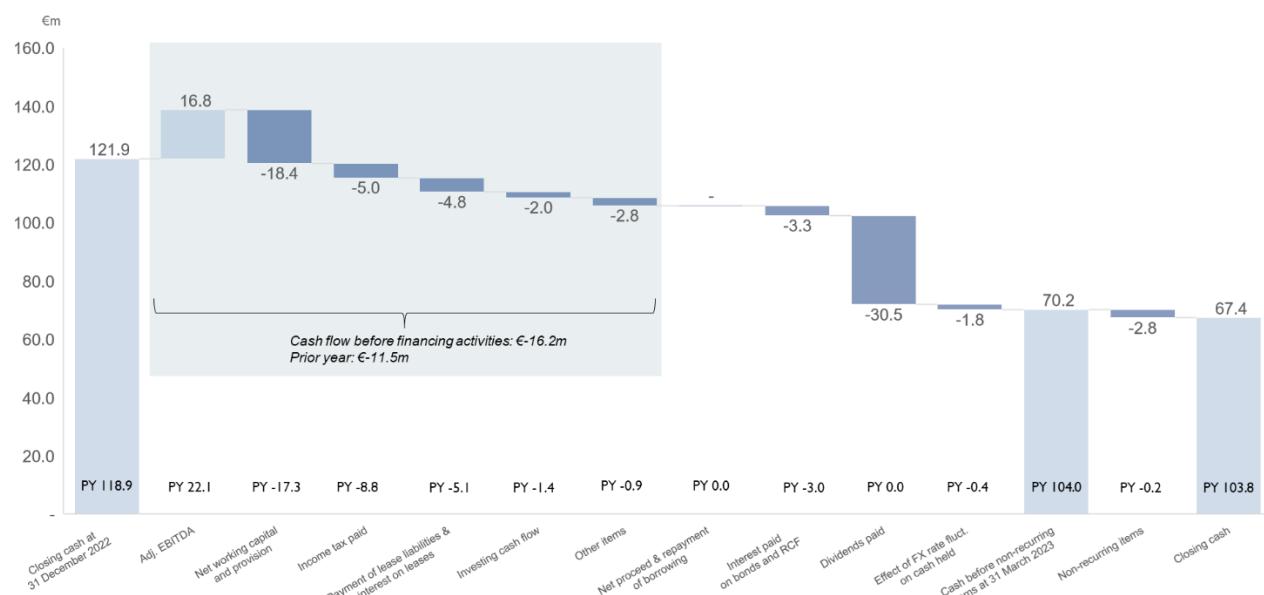
*Payment of lease liabilities and interest on lease liabilities amounted to €4.8m (€5.1m in the same period last year).*

*Cash flow used in investing activities of €2.0m had a negative impact of €0.5m compared to the same period in 2022 (€1.4m).*

### Cash flow used in financing activities excluding leasing

Cash flow used in financing activities excluding leasing for the three months ended 31 March 2023 comprised of dividend payment of €30.5m (€0m) and paid interest on bonds and RCF of €3.3m (€3.0m).

### Adjusted Cash flow development – Quarter 1, 2023 (€m)



The closing cash at 31 December 2022 includes cash held for sale of €1.8 million.

The cash before non-recurring items and closing cash balance as at 31 March 2023 include cash held for sale of €1.2 million.



## Funding and financial position

Oriflame's long-term debt as of 31 March 2023 amounts to €755.7m carrying amount, excluding front-end fees deducted from proceeds. It consists of €250m Floating Rate Senior Secured notes due 2026 (the "Euro Notes") and \$550m Senior Secured Notes (the "Dollar Notes") due 2026. The Euro Notes bear interest at a rate of the sum of (i) three-month EURIBOR (with 0% floor) reset quarterly, plus (ii) 4.25% fixed per annum. The Dollar Notes bear interest at a rate of 5.125% per annum. After hedging the average interest rate of both Notes is 3.95% excluding the effect from amortisation of capitalised front-end fees.

As of 31 March 2023, the RCF was not drawn and the cash and cash equivalents were €67.4m (including cash from assets held for sale of €1.2m). As of now Oriflame will be using only the services of two credit agencies, Fitch and S&P. Following this decision, Moodys is no longer used as credit rating institute. The current corporate and notes ratings are respectively B/B from Fitch and B-/B- from S&P Global.

The Company was in compliance with all of its covenants related to the outstanding debt as of 31 March 2023.

	€ Note	\$ Note	Revolving Credit Facility
Total amount	€250m	\$550m	€100m
Interest rate	3 month Euribor + 4.25%*	5.125%**	Euribor +200-300 bps
Due	2026	2026	2025
Drawing as per 31 March 2023			-

\* €200m notional swapped into fixed EUR with margin 0.14%

\*\* Swapped € interest rate 3.53%

As of 31 March 2023, total debt amounted to €795.0m (31 March 2022: €783.1m), secured debt amounted to €755.7m (€745.5m), net secured debt amounted to €688.3m (€641.7m), Net Secured Debt ratio was 6.8 (3.9) and Net Secured Debt ratio at hedged value was 6.3 (3.6).

## Dividend

The dividend of €30.5m was paid in January 2023 as already announced in the last quarterly interim report.

## Financial calendar for 2023

The second quarter 2023 report will be published on 21 July 2023

The third quarter 2023 report will be published on 24 October 2023

The date for the fourth quarter 2023 report will be communicated at a later stage



## Operational highlights

### Brand and Innovation

In the first quarter *Skin Care* was the lead category with 26% of total sales. The Novage anti-aging brand continues to be the main share of sales and Novage Day Shield SPF50 UVA/PA was one of its best-selling products. Both of the mass brands Optimals and Love Nature also strongly contributed to the category.

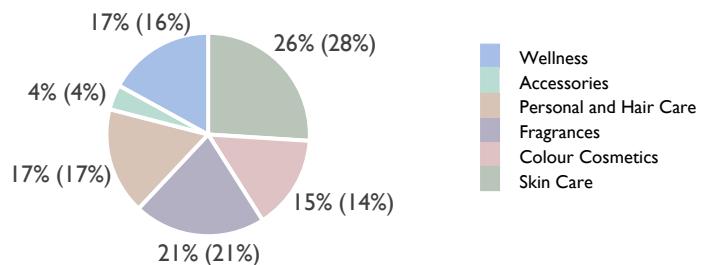
*Fragrances* was still in high demand during the first quarter, supported by Valentine's and Women's Day. The hero brand Giordani Gold continues to be the most relevant within the category and Giordani Gold Essenza Parfum was the highlight this quarter. The popular *Love Potion* brand helped to boost sales with the launch of *Love Potion Sensual Ruby* perfume. And the recently launched *Nordic Waters* fragrances remain successful.

*Wellness and Personal & Hair Care* both delivered 17% of the total sales each.

The *Wellness* packs *Women* and *Men*, providing 22 essential vitamins and minerals as well as anti-oxidants, maintained the top product positions. *Meal Replacement* and *Nutrishake* ranges were also relevant contributors to the category during this quarter.

Within *Personal & Hair Care*, the *Love Nature* brand, which has been restaged, performed very well and *Activelle*, featuring a small range of anti-perspirant deodorants, showed good results. *Feminelle* intimate care sustained its large share of sales.

### Product categories Q1 2023 (Q1 2022)





## Other

### Conference call for the financial community

The company will host a conference call on Friday 21 April 2023 at 10.00 CEST.

#### Participant access numbers:

Sweden: +46 (0)8 5051 0031

United Kingdom: +44 (0) 207 107 06 13

United States: +1 (1) 631 570 56 13

Denmark: +45 3 272 7526

Finland: +358 94 245 0051

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/230421>

#### Subscription service

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For further information, please contact:

**Magnus Brännström**, Chief Executive Officer      Tel: +44 7778 009 389

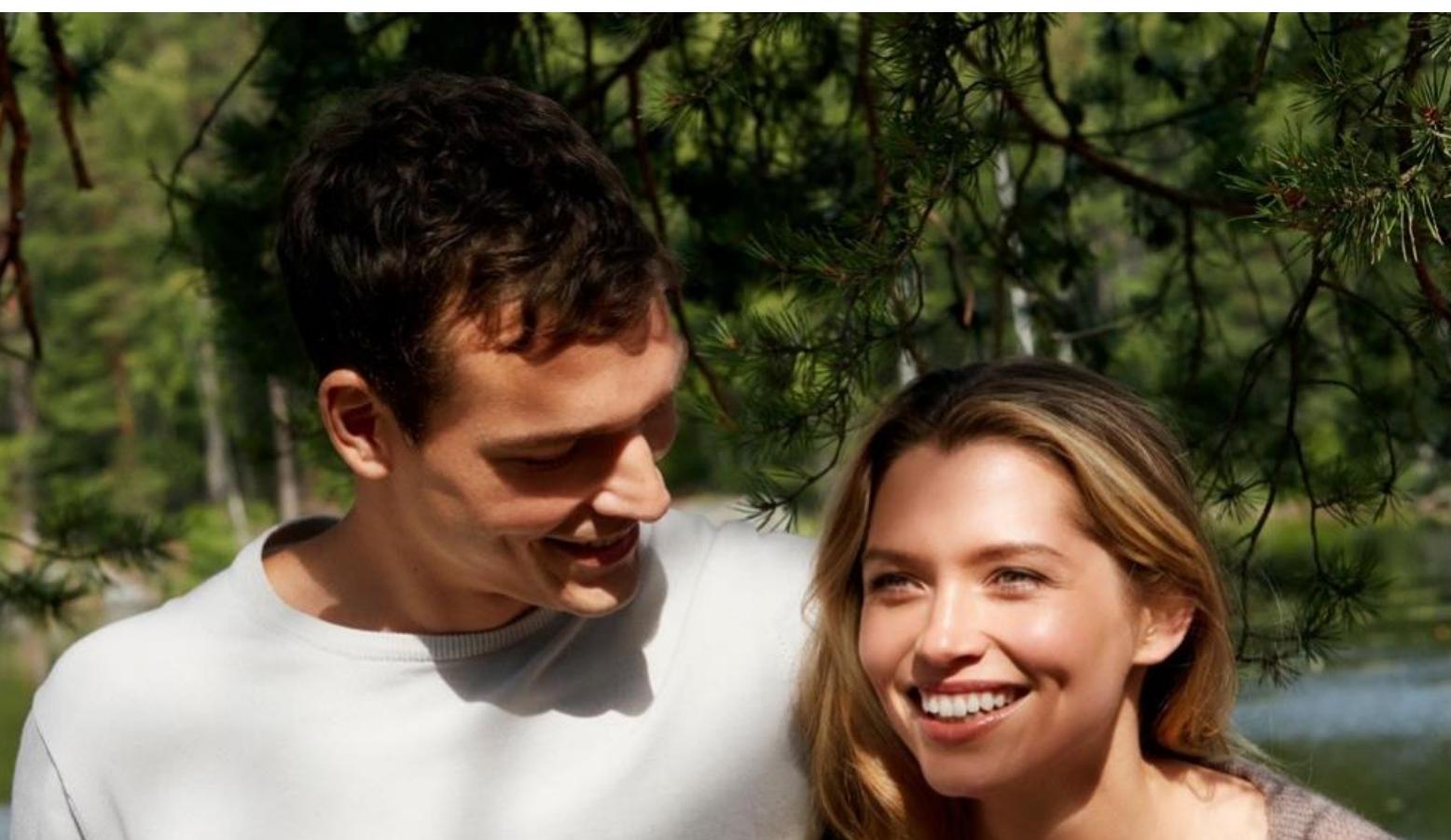
**Carl Rogberg**, Chief Financial Officer      Tel: +44 7738 998 737

**Gabriel Bennet**, Chief Financial Officer (outgoing) Tel: +41 798 263 769

**Vanessa Wendle**, IR@oriflame.com      Tel: +41 799 220 173

## Oriflame in brief

Founded in 1967, Oriflame is a social selling beauty company with sales in more than 60 countries. Its portfolio of Swedish, nature-inspired, innovative beauty products is marketed through more than two million members, generating annual sales of almost one billion Euro (2022). 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.





## 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 amortisation and equity-settled share-based incentive plan, excluding non-recurring items and purchase price allocation items.

### **Adjusted gross profit**

Gross profit excluding purchase price allocation items.

### **Adjusted net profit**

Net profit excluding non-recurring items and purchase price allocation items.

### **Adjusted operating profit**

Operating profit excluding non-recurring items and purchase price allocation items.

### **Adjusted Cash flow before financing activities (new definition from the third quarter 2022)**

Adjusted Cash flow from operating activities less cash flow used in investing activities, payment of lease liabilities, interest paid on leases and other interest and other financial charges paid.

### **EBITDA**

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

### **Independent Brand Partners**

Independent Brand Partners (also referred as Brand Partners) correspond to registered actives who are eligible to benefit and earn from the Oriflame Success Plan (business/commission plan).

### **Members**

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

### **Net Secured Debt ratio**

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

### **Net Secured Debt ratio at hedged value**

Secured Debt at hedged value 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 10 and to the condensed consolidated income statements on page 12.

As the current geopolitical situation and the war in Ukraine made Oriflame’s business in CIS smaller and simplified, the management took the decision during the second quarter of 2022 to reorganise the two regions of Europe and CIS into one under one regional management. Below figures for Europe & CIS were restated accordingly for comparative purpose.

Financial summary, €m / %	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Sales	277.3	229.9	211.1	220.0	264.4	208.3
Adj. Gross margin	63.5%	64.3%	67.6%	67.0%	66.4%	66.1%
Adj. EBITDA	42.6	22.1	21.8	24.7	37.8	16.8
Adj. EBITDA margin	15.4%	9.6%	10.3%	11.2%	14.3%	8.1%
Adj. Operating profit	34.7	14.4	14.2	17.2	30.4	10.3
Adj. Operating margin	12.5%	6.3%	6.7%	7.8%	11.5%	5.0%
Adj. Net profit	13.8	9.9	16.1	5.2	17.9	-6.8
Adj. Cash flow from op. activities	66.7*	-4.7*	-4.0*	30.8	50.9	-9.5
Adj. Cash flow before financing activities	58.1*	-11.5*	-11.1*	23.3	42.8	-16.2
Cash flow used in investing activities	-2.3	-1.4	-2.5	-2.6	-2.8	-2.0
Cash and cash equivalents	118.9	103.8	106.3	96.6	121.9	67.4
Total debt	774.9	783.1	860.0	868.6	812.3	795.0
Secured debt	735.6	745.5	804.5	814.2	765.7	755.7
Net Secured Debt ratio	3.3	3.9	5.2	6.4	6.0	6.8
Sales, €m	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Latin America	34.6	28.8	32.3	33.2	34.3	30.9
Europe & CIS	152.7	116.5	106.4	114.1	156.4	110.8
Asia	62.0	53.8	48.3	48.6	46.2	39.7
Türkiye & Africa	21.7	22.6	17.0	18.0	18.9	15.5
Manufacturing	4.9	7.1	5.9	4.6	6.8	10.1
Other	1.3	1.1	1.3	1.5	1.8	1.3
<b>Oriflame</b>	<b>277.3</b>	<b>229.9</b>	<b>211.1</b>	<b>220.0</b>	<b>264.4</b>	<b>208.3</b>
€ Sales growth in %	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Latin America	-16%	-15%	-10%	-5%	-1%	7%
Europe & CIS	-1%	-12%	-16%	5%	2%	-5%
Asia	-23%	-26%	-16%	-17%	-25%	-26%
Türkiye & Africa	-17%	-6%	-13%	10%	-13%	-32%
<b>Oriflame</b>	<b>-10%</b>	<b>-16%</b>	<b>-14%</b>	<b>-1%</b>	<b>-5%</b>	<b>-9%</b>
Adjusted operating Profit, €m	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Latin America	2.0	1.1	2.8	2.6	1.7	1.2
Europe & CIS	29.4	18.6	20.0	18.2	27.7	12.0
Asia	7.3	6.9	1.8	7.9	8.0	1.7
Türkiye & Africa	3.2	4.8	2.1	3.5	4.1	1.0
Manufacturing	3.7	1.7	3.0	1.6	2.2	4.8
Other	-10.9	-18.7	-15.4	-16.7	-13.3	-10.3
<b>Oriflame</b>	<b>34.7</b>	<b>14.4</b>	<b>14.2</b>	<b>17.2</b>	<b>30.4</b>	<b>10.3</b>
Adjusted operating margin, %	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Latin America	5.8%	3.9%	8.5%	8.0%	5.0%	4.0%
Europe & CIS	19.2%	15.9%	18.8%	16.0%	17.7%	10.8%
Asia	11.8%	12.8%	3.8%	16.3%	17.3%	4.3%
Türkiye & Africa	14.7%	21.3%	12.4%	19.4%	21.7%	6.2%
<b>Oriflame</b>	<b>12.5%</b>	<b>6.3%</b>	<b>6.7%</b>	<b>7.8%</b>	<b>11.5%</b>	<b>5.0%</b>
Registered Active Members, '000 as at closing period	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Latin America	284	229	243	242	235	198
Europe & CIS	1,389	1,295	1,044	1,034	1,275	1,021
Asia	535	498	450	433	409	390
Türkiye & Africa	280	302	273	203	217	180
<b>Oriflame</b>	<b>2,489</b>	<b>2,325</b>	<b>2,009</b>	<b>1,912</b>	<b>2,135</b>	<b>1,790</b>

\* restated – see page 6



## Condensed consolidated income statements

### Three months ended 31 March

	€'000	2023	Non-	PPA	Adjusted	2023	2022	Non-	PPA	Adjusted
			recurring items*	items**				recurring items*	items**	
Sales	208,263				208,263	229,914				229,914
Cost of sales	-70,646				-70,646	-82,823	638			-82,185
<b>Gross profit</b>	<b>137,617</b>		-	-	<b>137,617</b>	<b>147,091</b>	<b>638</b>	-		<b>147,729</b>
Selling and marketing expenses	-66,834				-66,834	-69,455				-69,455
Distribution and infrastructure	-5,887				-5,887	-6,244	102			-6,141
Administrative expenses	-57,921	1,486	1,876		-54,559	-62,762	3,186	1,876		-57,699
<b>Operating profit</b>	<b>6,975</b>	<b>1,486</b>	<b>1,876</b>		<b>10,337</b>	<b>8,630</b>	<b>3,927</b>	<b>1,876</b>		<b>14,433</b>
Financial income	7,759				7,759	20,077				20,077
Financial expenses	-22,661				-22,661	-20,348				-20,348
<b>Net financing costs</b>	<b>-14,902</b>		-	-	<b>-14,902</b>	<b>-271</b>	-	-		<b>-271</b>
Loss from associates	-34				-34	-11				-11
<b>Net profit / loss (-) before tax</b>	<b>-7,962</b>	<b>1,486</b>	<b>1,876</b>		<b>-4,600</b>	<b>8,348</b>	<b>3,927</b>	<b>1,876</b>		<b>14,151</b>
Income tax expense	-1,756		-287	-181	-2,224	-7,019	2,905	-181		-4,295
<b>Profit / loss (-) for the period</b>	<b>-9,718</b>	<b>1,199</b>	<b>1,695</b>		<b>-6,824</b>	<b>1,329</b>	<b>6,832</b>	<b>1,695</b>		<b>9,856</b>

\* Non-recurring items cover:

2023: Restructuring costs

2022: Restructuring costs and costs related to the impact of the war in Ukraine

\*\* Purchase Price Allocation (PPA) items cover the income statement impact from the purchase price allocation on the business combination. These elements, mainly amortisation 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	three months ended 31 March	
	2023	2022
<b>Profit / loss (-) for the period</b>	<b>-9,718</b>	<b>1,329</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	-6,664	-6,480
Cash flow hedges – effective portion of changes in fair value, net of tax	2,792	-8,113
<b>Total items that are or may be reclassified subsequently to profit or loss</b>	<b>-3,872</b>	<b>-14,593</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-3,872</b>	<b>-14,593</b>
<b>Total comprehensive income for the period</b>	<b>-13,590</b>	<b>-13,264</b>



## Condensed consolidated statements of financial position

€'000	31 March, 2023	31 December, 2022*	31 March 2022
<b>Assets</b>			
Property, plant and equipment	44,164	44,804	101,509
Right-of-use assets	4	36,628	35,220
Intangible assets		561,556	563,636
Goodwill		238,447	242,494
Investment in associates		53	88
Investment property		542	542
Deferred tax assets		34,537	32,968
Other long-term receivables		1,433	133
Derivative financial assets		59,019	64,406
<b>Total non-current assets</b>	<b>976,380</b>	<b>992,552</b>	<b>1,015,321</b>
Inventories	126,849	127,461	145,881
Trade and other receivables	50,950	50,624	51,441
Tax receivables	15,817	14,800	16,866
Prepaid expenses	25,587	21,696	24,807
Derivative financial assets	189	176	12,090
Cash and cash equivalents	66,228	120,155	103,793
Assets held for sale	3	31,649	35,366
<b>Total current assets</b>	<b>317,269</b>	<b>370,279</b>	<b>354,879</b>
<b>Total assets</b>	<b>1,293,649</b>	<b>1,362,831</b>	<b>1,370,200</b>
<b>Equity</b>			
Share capital	653,081	653,081	653,081
Reserves	-16,271	-12,398	-44,286
Retained earnings	-396,165	-356,133	-312,440
<b>Total equity</b>	<b>240,645</b>	<b>284,549</b>	<b>296,354</b>
<b>Liabilities</b>			
Interest-bearing loans	5	745,804	732,428
Employee benefits		3,295	3,195
Lease liabilities	4	26,273	33,512
Other long-term liabilities		1,910	1,922
Deferred income		118	118
Provisions		5,298	10,446
Deferred tax liabilities		53,581	55,710
<b>Total non-current liabilities</b>	<b>836,279</b>	<b>852,767</b>	<b>837,955</b>
Lease liabilities		12,946	11,267
Trade and other payables		85,855	97,766
Contract liabilities		6,367	8,713
Tax payables		13,630	12,905
Accrued expenses		86,882	90,876
Derivative financial liabilities		1,154	2,813
Employee benefits		-	4,515
Provisions		8,066	6,532
Liabilities directly associated with assets held for sale	3	1,824	2,060
<b>Total current liabilities</b>	<b>216,725</b>	<b>225,514</b>	<b>235,891</b>
<b>Total liabilities</b>	<b>1,053,004</b>	<b>1,078,281</b>	<b>1,073,846</b>
<b>Total equity and liabilities</b>	<b>1,293,649</b>	<b>1,362,831</b>	<b>1,370,200</b>

\* audited figures



## Condensed consolidated statements of changes in equity

€'000	Share capital	Reserves	Retained earnings	Total Equity
<b>At 1 January 2022</b>	<b>653,081</b>	<b>-29,694</b>	<b>-313,769</b>	<b>309,618</b>
Net profit	-	-	1,329	1,329
Other comprehensive income, net of tax	-	-14,593	-	-14,593
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-14,593</b>	<b>1,329</b>	<b>-13,264</b>
<b>At 31 March 2022</b>	<b>653,081</b>	<b>-44,286</b>	<b>-312,440</b>	<b>296,354</b>

€'000	Note	Share capital	Reserves	Retained earnings	Total Equity
<b>At 31 December 2022</b>		<b>653,081</b>	<b>-12,398</b>	<b>-356,133</b>	<b>284,549</b>
IAS 29 Hyperinflation adjustment	-	-	-	186	186
<b>At 1 January 2023</b>		<b>653,081</b>	<b>-12,398</b>	<b>-355,947</b>	<b>284,735</b>
Net loss	-	-	-	-9,718	-9,718
Other comprehensive income, net of tax	-	-	-3,872	-	-3,872
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-3,872</b>	<b>-9,718</b>	<b>-13,590</b>
Dividends	-	-	-	-30,500	-30,500
<b>Total contributions and distributions</b>		<b>-</b>	<b>-</b>	<b>-30,500</b>	<b>-30,500</b>
<b>At 31 March 2023</b>		<b>653,081</b>	<b>-16,271</b>	<b>-396,165</b>	<b>240,645</b>



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

€'000	2023			2023 Adjusted	2022			2022 Adjusted
		Non-recurring items	Purchase Price allocation items			Non-recurring items	Purchase Price allocation items	
<b>Operating activities</b>								
<b>Profit before income tax</b>	<b>-7,962</b>	<b>1,486</b>	<b>1,876</b>	<b>-4,600</b>	<b>8,348</b>	<b>3,927</b>	<b>1,876</b>	<b>14,151</b>
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	6,513	-240		6,273	7,478	-	-	7,478
Amortisation of intangible assets	2,072		-1,876	195	2,112	-	-1,876	236
Change in fair value of borrowings and derivatives financial instruments	1,214			1,214	-12,220	-	-	-12,220
Deferred income	-2,133			-2,133	-523	-	-	-523
Unrealised exchange rate differences	3,812			3,812	3,417	-	-	3,417
Profit on disposal of property, plant and equipment, intangible assets, leased assets	-774	641		-134	213	-278	-	-65
Loss from associates, net of tax	34			34	11	-	-	11
Interest and other financial income	-7,582			-7,582	-6,657	-	-	-6,657
Interest and other financial expense	16,509			16,509	15,375	-	-	15,375
	<b>11,704</b>	<b>1,886</b>	<b>-</b>	<b>13,590</b>	<b>17,554</b>	<b>3,649</b>	<b>-</b>	<b>21,203</b>
Increase in trade and other receivables, prepaid expenses	-6,349			-6,349	-6,533	-	-	-6,533
Increase(-)/decrease in inventories	-1,639			-1,639	7,336	-638	-	6,697
Decrease in trade and other payables, accrued expenses	-9,718	-202		-9,920	-15,406	-435	-	-15,842
Increase/decrease(-) in provisions	-1,613	1,105		-508	779	-2,368	-	-1,589
<b>Cash generated from operations</b>	<b>-7,615</b>	<b>2,789</b>	<b>-</b>	<b>-4,826</b>	<b>3,729</b>	<b>207</b>	<b>-</b>	<b>3,936</b>
Interest received	335			335	245	-	-	245
Income taxes paid	-4,964			-4,964	-8,840	-	-	-8,840
<b>Cash flow used in operating activities</b>	<b>-12,244</b>	<b>2,789</b>	<b>-</b>	<b>-9,455</b>	<b>-4,866</b>	<b>207</b>	<b>-</b>	<b>-4,659</b>



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

€'000	Note	2023		2023		2022		2022	
		Non-recurring items	Purchase Price allocation items	Adjusted		Non-recurring items	Purchase Price allocation items	Adjusted	
<b>Cash flow used in operating activities</b>		<b>-12,244</b>	<b>2,789</b>	<b>-</b>	<b>-9,455</b>	<b>-4,866</b>	<b>207</b>	<b>-</b>	<b>-4,659</b>
<b>Investing activities</b>									
Proceeds on sale of property, plant and equipment, intangible assets		163			163	464			464
Purchases of property, plant, equipment		-2,113			-2,113	-1,799			-1,799
Purchases of intangible assets		-5			-5	-106			-106
<b>Cash flow used in investing activities</b>		<b>-1,955</b>	<b>-</b>	<b>-</b>	<b>-1,955</b>	<b>-1,440</b>	<b>-</b>	<b>-</b>	<b>-1,440</b>
<b>Financing activities</b>									
Payment of lease liabilities		-4,301			-4,301	-4,123			-4,123
Interest and other financial charges paid		-3,772			-3,772	-4,225			-4,225
Dividends paid		-30,500			-30,500	-			-
<b>Cash flow used in financing activities</b>		<b>-38,574</b>	<b>-</b>	<b>-</b>	<b>-38,574</b>	<b>-8,348</b>	<b>-</b>	<b>-</b>	<b>-8,348</b>
<b>Change in cash and cash equivalents</b>		<b>-52,773</b>	<b>2,789</b>	<b>-</b>	<b>-49,983</b>	<b>-14,655</b>	<b>207</b>	<b>-</b>	<b>-14,448</b>
Cash and cash equivalents at the beginning of the period net of bank overdrafts		121,936			121,936	118,853			118,853
Effect of exchange rate fluctuations on cash held		-1,755			-1,755	-405			-405
<b>Cash and cash equivalents at the end of the period</b>		<b>67,408</b>	<b>2,789</b>	<b>-</b>	<b>70,198</b>	<b>103,793</b>	<b>207</b>	<b>-</b>	<b>104,001</b>
Cash reclassified to assets held for sale	3	-1,180			-1,180	-			-
<b>Cash and cash equivalents at the end of the period (as reported)</b>		<b>66,228</b>	<b>2,789</b>	<b>-</b>	<b>69,017*</b>	<b>103,793</b>	<b>207</b>	<b>-</b>	<b>104,001*</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

## 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 sale of cosmetics. The condensed consolidated financial statements of the Company as at and for the three months ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the “Group”).

## 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 2023 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 2022.

The condensed consolidated financial statements were authorised for issue by the Directors on 20 April 2023.

### Change in significant accounting policies, use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

The accounting policies applied in these condensed consolidated financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2022. Other new or amended IFRS standards which became effective January 2023 have had no material effect on the group’s financial statements.

## 3. Disposal group held for sale

As previously announced, the company undertook a strategic review of certain assets in Russia covering the manufacturing facility (Cetes Cosmetics LLC) within the “Manufacturing” reportable segment and logistics equipment belonging to the Russian sales entity within the “Europe & CIS” reportable segment. The corresponding assets and liabilities directly associated with the assets are reported as held for sale in the balance sheet and include the following positions:

€'000	31 March 2023
Property, plant and equipment	24,905
Deferred tax assets	275
Inventories	4,239
Trade and other receivables	62
Tax receivables	114
Prepaid expenses	874
Cash and cash equivalents	1,180
<b>Assets held for sale</b>	<b>31,649</b>

€'000	31 March 2023
Deferred tax liabilities	148
Trade and other payables	1,427
Accrued expenses	246
Provisions	4
<b>Liabilities directly associated with the assets held for sale</b>	<b>1,824</b>



#### 4. Right-of-use assets and non-current lease liabilities

The significant decrease in the right-of-use assets and non-current liabilities of respectively €6.9m and €7.2m is primarily due to an early termination of a lease contract. The impact in the income statement was recognised in administrative expenses and it included a gain of €0.9m from the lease derecognition which was offset by a penalty payment of €1.3m.

#### 5. Interest-bearing loans

The terms and conditions of outstanding loans were as follows as at 31 March 2023:

€'000	Interest rate	Year of maturity	Book value	Non-current	Current
Revolving credit facility	Euribor + margin	2025	-	-	-
Senior Secured Notes - €250.0m	3 month Euribor + 4.25%*	2026	250,000	250,000	-
Senior Secured Notes - \$550.0m	5.125%**	2026	505,747	505,747	-
Front end fees deducted from proceeds	-	2025- 2026	-9,943	-9,943	-
<b>Total interest-bearing liabilities</b>			<b>745,804</b>	<b>745,804</b>	-

\* €200m notional swapped into fixed EUR with margin 0.14%

\*\* Swapped € interest rate 3.53%



## 6. Additional information

### Consolidated financial statements – Restricted and unrestricted subsidiaries

The following consolidated financial statements present, on a supplemental basis, the results of operations and the financial position for those subsidiaries of Oriflame which have been designated unrestricted subsidiaries for purposes of the Indenture and the Revolving Facility Agreement.

Cetes Cosmetics LLC and Oriflame Cosmetics LLC were designated as unrestricted subsidiaries on March 21, 2022 (the “Unrestricted Subsidiaries”). In this section, the Unrestricted Subsidiaries are excluded from the Oriflame’s financial results as if they were unrestricted subsidiaries as of and for the period ended 31 March 2023. Accordingly, management believes that the following presentation is helpful to current and potential investors in the Senior Secured Notes as well as others.

## Consolidated income statement

Period ended 31 March 2023

€'000	Oriflame Group Consolidated	“Restricted” subsidiaries	“Unrestricted” subsidiaries
Sales	208,263	168,389	39,874
Cost of sales	-70,646	-50,918	-19,728
<b>Gross profit</b>	<b>137,617</b>	<b>117,471</b>	<b>20,146</b>
Selling and marketing expenses	-66,834	-54,597	-12,238
Distribution and infrastructure	-5,887	-5,025	-861
Administrative expenses	-57,921	-51,882	-6,039
<b>Operating profit</b>	<b>6,975</b>	<b>5,967</b>	<b>1,008</b>
Financial income	7,759	7,724	34
Financial expenses	-22,661	-20,843	-1,818
<b>Net financial expense</b>	<b>-14,902</b>	<b>-13,119</b>	<b>-1,783</b>
Loss from associates, net of tax	-34	-34	-
<b>Loss before income tax</b>	<b>-7,962</b>	<b>-7,186</b>	<b>-776</b>
Income tax expense	-1,756	-1,615	-141
<b>Loss for the period</b>	<b>-9,718</b>	<b>-8,801</b>	<b>-917</b>



## Consolidated statement of financial position

31 March 2023	Oriflame Group Consolidated	“Restricted” subsidiaries	“Unrestricted” subsidiaries
€'000			
<b>Assets</b>			
Property, plant and equipment	69,070	43,767	25,303
Right-of-use-Assets	36,628	35,372	1,256
Intangible assets & Goodwill	800,003	764,492	35,511
Investment in associates	53	53	-
Investment property	542	542	-
Deferred tax assets	34,812	31,597	3,215
Other long-term receivables and prepaid expenses	1,433	1,433	-
Derivative financial assets	59,019	59,019	-
<b>Total non-current assets</b>	<b>1,001,560</b>	<b>936,275</b>	<b>65,285</b>
Inventories	131,088	109,547	21,541
Trade and other receivables	51,011	49,841	1,171
Intercompany receivables	-	(2,142)	2,142
Tax receivables	15,931	15,403	528
Prepaid expenses	26,461	24,258	2,203
Derivative financial assets	189	189	-
Cash and cash equivalents	67,408	62,443	4,965
<b>Total current assets</b>	<b>292,089</b>	<b>259,538</b>	<b>32,550</b>
<b>Total assets</b>	<b>1,293,649</b>	<b>1,195,813</b>	<b>97,836</b>
<b>Total Equity</b>	<b>240,645</b>	<b>175,452</b>	<b>65,193</b>
<b>Liabilities</b>			
Interest-bearing notes	745,804	745,804	-
Intercompany loans	-	(11,587)	11,587
Employee benefits	3,295	3,295	-
Lease liabilities	26,273	25,359	914
Other long-term liabilities	1,910	1,910	-
Deferred income	118	118	-
Provisions	5,298	5,298	-
Deferred tax liabilities	53,729	53,389	340
<b>Total non-current liabilities</b>	<b>836,427</b>	<b>823,586</b>	<b>12,841</b>
Lease liabilities	12,946	12,481	466
Trade and other payables	87,282	78,678	8,604
Intercompany payables		(3,128)	3,128
Contract liabilities	6,367	5,500	867
Tax payables	13,630	13,630	-
Accrued expenses	87,128	80,577	6,551
Derivative financial liabilities	1,154	1,154	-
Provisions	8,070	7,884	186
<b>Total current liabilities</b>	<b>216,577</b>	<b>196,775</b>	<b>19,802</b>
<b>Total liabilities</b>	<b>1,053,004</b>	<b>1,020,361</b>	<b>32,643</b>
<b>Total equity and liabilities</b>	<b>1,293,649</b>	<b>1,195,813</b>	<b>97,836</b>