ORIFLAME
SWEDEN

Interim Management Statement 1 January – 30 June 2022

	LC SALES	EURO SALES	ADJUSTED EBITDA
Second quarter	*(18%)*	*(14%)*	*€21.8m (53.0m)*
First half year	*(17%)*	*(15%)*	*€44.0m (98.1m)*

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 15 and to the condensed consolidated income statements on pages 17 and 18.

Three months ended 30 June 2022

- All comments exclude non-recurring items. Non-recurring items amounted to €64.5m for the three months ended 30 June 2022. They cover impairment of property, plant and equipment (€55.3m), restructuring costs (€9.4m) and impact from the war in Ukraine (€0.2m income due to reversal of inventory write down).
- Local currency sales decreased by 18% and Euro sales decreased by 14% to €211.1m (€245.0m).
- Adjusted EBITDA margin was 10.3% (21.6%) and adjusted EBITDA amounted to €21.8m (€53.0m).
- Adjusted operating margin was 6.7% (18.3%), negatively impacted by 440 bps product cost inflation and production under-recoveries due to lower volumes, 440 bps higher selling and marketing expenses (due to lower comparables in the same quarter prior year, when the cancelled international conferences accruals were reversed) and deleverage of administrative expenses. The currency impact was 150 bps positive. The adjusted operating profit was €14.2m (€44.8m).
- Adjusted net profit was €16.1m (€20.6m).
- Adjusted cash flow from operating activities was €-16.1m (€-29.2m) and adjusted cash flow before financing activities was €-10.4m (€-19.8m).
- Cash and cash equivalents at the end of the period amounted to €106.3m (June 30, 2021: €90.3m).
- Total debt amounted to €860.0m (€764.9m), secured debt amounted to €804.5m (€727.8m), Net Secured Debt ratio was 5.2 (3.3) and Net Secured Debt ratio at hedged value was 4.6 (3.2).
- As earlier communicated, following the Russian invasion in Ukraine Oriflame reduced its activities in Russia by stopping exports of products from Russia to the global warehouse in Europe, and reducing sales and marketing activities. The reduced activities had a material impact on the Russian business. The reduced operations continue, however with relevant sales and marketing support (incl. training and events). The production of colour cosmetics for the global markets is in the process of being redistributed to Oriflame's manufacturing facilities in India, where there is sufficient capacity and technology to enable the move without significant new investments. During the quarter, the operations in Ukraine were reopened and sales levels are gradually increasing. As the current geopolitical situation and the war in Ukraine made Oriflame's business in CIS smaller and simplified, the two regions Europe and CIS were reorganized into one, where the management is relocated to the regional office in Warsaw. The war in Ukraine and the introduced sanctions against Russia triggered impairment of assets related to the region. On 30 June 2022 the management performed impairment tests and concluded that €55.3m (EUR equivalent at period end exchange rates) impairment of property, plant and equipment is needed, while the company's brand and goodwill is not impacted.
- In March 2022 the Board of Oriflame Holding Ltd designated Cetes Cosmetics LLC and Oriflame Cosmetics LLC, located in Russia, as Unrestricted Subsidiaries as announced in the press release dated 21 March. The unrestricted entities are managed as financially independent and self-financing of the ongoing operations with profit and cash generated in Russia. Pages 30 and 31 disclose a detailed presentation of the financial condition and results of operations of Oriflame Holding Ltd ("the Parent") and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Parent.
- Update on Covid-19 impact: During the quarter China was the only Oriflame market which was directly impacted by the Covid-19 related restrictions. All of April the Shanghai region was under complete lock-down and the Oriflame manufacturing unit was closed down. Currently most restrictions in China have been eased and the factories are working normally. However, the supply and logistics situation remains unpredictable due to accumulated backlogs.

Six months ended 30 June 2022

- All comments exclude non-recurring items. Non-recurring items amounted to €68.5m for the six months ended 30 June 2022. They cover impairment of property, plant and equipment (€55.3m), restructuring costs (€11.8m) and impact from the war in Ukraine (€1.3m).
- Local currency sales decreased by 17% and Euro sales decreased by 15% to €441.0m (€517.8m).
- Adjusted EBITDA margin was 10.0% (18.9%) and adjusted EBITDA amounted to €44.0m (€98.1m).
- Adjusted operating margin was 6.5% (15.7%), negatively impacted by 400 bps product cost inflation and production under-recoveries due to lower volumes, 260 bps higher selling and marketing expenses (due to lower comparables in the same quarter prior year, when the cancelled international conferences accruals were reversed) and deleverage of administrative expenses. The currency impact was 90 bps positive. The adjusted operating profit was €28.7m (€81.3m).
- Adjusted net profit was €25.9m (€35.5m).
- Adjusted cash flow from operating activities was €-25.0m (€-18.2m) and adjusted cash flow before financing activities was €-20.9m (€12.2m).

The devastating war in Ukraine continued in the second quarter, with a severe impact on people's lives in the area but also affecting people, businesses, and economies around the world. Oriflame's main priority remains on personal safety and providing all possible support to our employees, their families and Brand Partners in Ukraine. Different from previous quarter, we now saw the full quarterly impact of the war on our business. This was further fueled by the continued negative impact from the Covid-19 situation and lockdowns in China, as well as slower return to normalized business in Indonesia and some other markets. The lower sales, coupled with higher cost inflation and lagging price increases to offset the cost inflation on Oriflame products, has put further pressure on the operating profit margins. Major cost reduction programs have been launched, resulting in restructuring costs, with an expected positive cost impact the coming quarters and years. Increased pricing initiatives are also implemented across the Oriflame geographies, with positive margin impact expected in the second half of 2022. Our focus on regaining the sales momentum as well as driving an efficient, profitable and cash generative business remains. June indicated better sales and financial numbers versus the average of the past quarter.

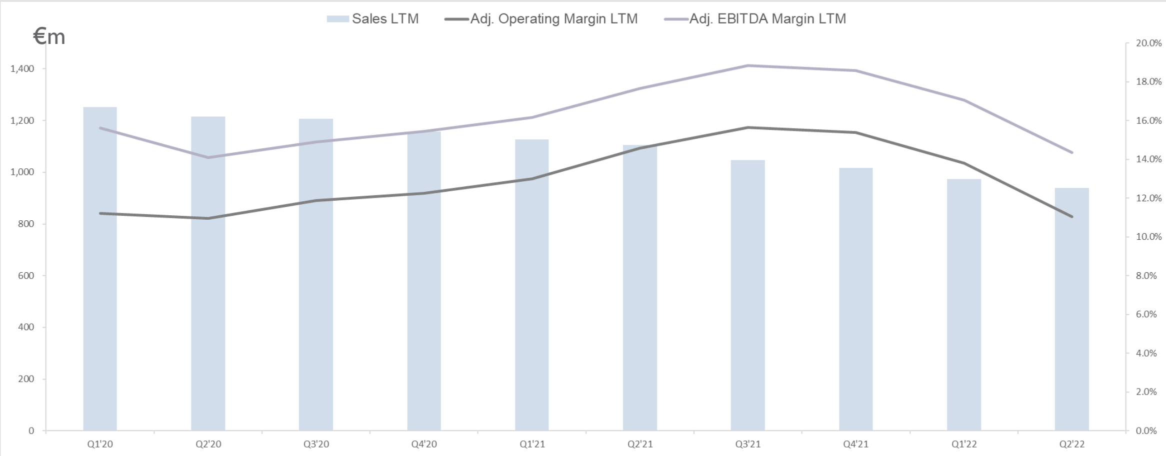
To increase our focus on regaining sales momentum and overall profitability, we have announced a new customer-centric organization supported by an updated brand-oriented growth strategy and led by a new Group Management team. To secure an overall brand experience our key focus areas will be on product experience, social selling experience, customer experience, digital experience, as well as employee experience.

I am confident that the actions taken with the new organization in place will bring Oriflame into a new era of profitable growth. I am also pleased to see the gradual opening of the Ukraine operations. Finally, I would like to express my deepest gratitude to all Oriflame people who have participated in various ways in supporting our colleagues and Brand Partners as well as the citizens of Ukraine, during these difficult times.

CEO Magnus Brännström

Key financial data

3 months ended 30 June 2022



Sales Last Twelve Months (LTM)
Adjusted EBITDA and Operating margin % LTM

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 15 and to the condensed consolidated income statements on pages 17 and 18.

	3 months ended 30 June			6 months ended 30 June			LTM	Year end	
(€m)	**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**	**July'21-June'22**	**2021**	**Change %**
Sales	211.1	245.0	(14%)	441.0	517.8	(15%)	939.7	1,016.5	(8%)
Adj. Gross margin, %	67.6	70.9		65.8	70.2		65.8	68.1	
Adj. EBITDA	21.8	53.0	(59%)	44.0	98.1	(55%)	134.8	188.9	(29%)
Adj. EBITDA margin, %	10.3	21.6		10.0	18.9		14.3	18.6	
Adj. Operating profit	14.2	44.8	(68%)	28.7	81.3	(65%)	103.8	156.4	(34%)
Adj. Operating margin, %	6.7	18.3		6.5	15.7		11.0	15.4	
Adj. Net profit	16.1	20.6	(22%)	25.9	35.5	(27%)	61.9	71.5	(13%)
Adj. Cash flow from operating activities	(16.1)	(29.2)	(45%)	(25.0)	(18.2)	38%	34.0	40.8	(17%)
Adj. Cash flow before financing activities	(10.4)	(19.8)	(47%)	(20.9)	12.2	(272%)	42.1	75.2	(44%)
Total debt	860.0	764.9		860.0	764.9		860.0	774.9	11%
Secured debt	804.5	727.8		804.5	727.8		804.5	735.6	9%
Net Secured Debt ratio	5.2	3.3		5.2	3.3		5.2	3.3	
Net Secured Debt ratio at hedged value	4.6	3.2		4.6	3.2		4.6	3.1	

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 2.5 million members, generating annual sales of around €1.0 billion (2021). 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

EURO SALES DECLINE IN ALL REGIONS

Group and geographies

The Group's sales in local currency decreased by 18% due to declining member count and unit sales. The price/mix was slightly positive. The foreign exchange rates of Oriflame´s key currencies (except Turkey) on average strengthened against the Euro versus the same period prior year and their impact on the Group sales was positive with 400 bps. The Group Euro sales decrease was 14% compared to the same quarter prior year. The cost inflation and under-recoveries from lower sales volumes impacted the gross margins negatively by around 440 bps. Adjusted EBITDA decreased in the quarter, negatively impacted by lower sales, lower gross margins and higher selling and marketing expenses. The sales and marketing expenses increased as a percentage of sales as a result of increased recruitment incentives costs and reintroduced meetings and conferences. In the same period prior year, the international conferences for Brand Partners were cancelled and the related cost accruals reversed. The adjusted operating cash flow improved due to lower tax and interest payments. The favourable variance of the working capital impact on the adjusted operating cash flow was offset by the lower cash from operations before working capital adjustments.

In Latin America Euro sales decreased by 10% impacted by a negative development in the number of members in most of the markets from weaker recruitment than expected. The operating margin decreased to 8.5% (14.4%) due to deleverage of administrative cost from lower sales and product cost increases which have not been fully compensated by price increases. This year has been a return of more normalized selling and marketing expenses to support recruitment, while several expenses including marketing expenses were put on hold prior year because of Covid-19 related restrictions.

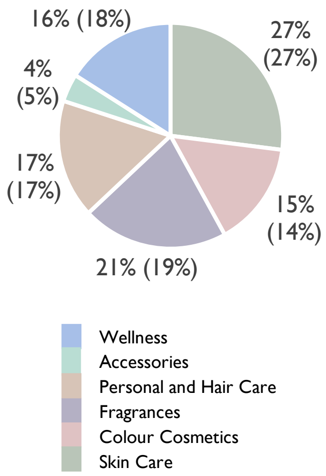
In Europe & CIS sales decreased by 16% mainly from lower number of members, the partial close down of the operations in Ukraine and the implemented operational restrictions in Russia. The war has had a negative sales impact not only in Russia and Ukraine, but also in several neighbouring countries in CIS and Eastern Europe. The Balkan countries had the best performance in the region with positive sales growth across the area, and in Ukraine sales restarted after two months of inactivity. Operating margin decreased to 18.8% (26.0%) mainly due to higher selling and marketing expenses which were largely put on hold during prior year Covid-19 related lockdowns, higher costs for distribution and negative timing effects on administrative expenses.

In Asia Euro sales remained very challenging and sales dropped by 16% in the quarter due to lower number of members partially offset by somewhat improved activity levels. The sales results have been particularly challenging in China where strict lockdowns impacted the quarter and where certain restrictions remain in force. Sales in South Asia region has been relatively less impacted while Indonesia continues to face challenges despite an increase in activity and productivity. Vietnam continues its strong growth mainly due to higher activity and productivity levels of Brand Partners. Operating margin decreased to 3.8% (23.6%) mainly due to lower gross margins from higher cost for sell out actions, increased product costs and volume under-recoveries. The quarter saw higher costs for selling expenses due to the reintroduction of conferences, while prior year had conference cost accruals releases. Administrative costs were negatively impacted by lower sales deleverage and higher in absolute value from temporary timing differences. On a comparable basis the administrative expenses in the current period were €1.1m lower than prior year.

In Turkey & Africa Euro sales decreased by 13% with main negative impact from a change of using official to real achieved exchange rate used for translating the Oriflame Nigeria local currency financials. In recent months, the actual exchange rate for executing foreign currency payments from Oriflame Nigeria was around 40% higher than the official rate and on a comparable basis the Euro sales decline would have been 1% without this adjustment. In local currency the sales in the region increased by 15% with continued strong sales local currency growth in Nigeria and Turkey despite challenging macroeconomic situation. The operating margin for the quarter decreased to 12.4% (21.0%). The decline was mainly related to sales deleverage of administrative costs and increased investments in selling and marketing expenses which were low prior year due to the Covid-19 situation.

STRENGTHENED OFFER OF SUSTAINABLY CERTIFIED PRODUCTS

Product categories
Q2 2022 (Q2 2021)



Sustainability

Oriflame was recognized once again in the 2nd annual edition of the Financial Times Europe's Climate Leaders Special Report, dated 7th April 2022. The ranking is the result of a joint initiative by the Financial Times and Statista, which ranked companies based on how well they managed to reduce the greenhouse gas emission intensity between 2015 and 2020. Oriflame was ranked as number 43 in the overall ranking and **as number 1 in the Personal & Household Goods sector**.

Oriflame also strengthened the offer of sustainably certified products. The new skin care line Waunt, formulated without parabens, mineral oil or Sodium Lauryl Sulfate, is certified by The Vegan Society™ and all jars and bottles contain post-consumer recycled plastic.

In the Accessories category, THE ONE make-up brushes were launched, which:

- are made from sustainably certified wood,
- are free from animal-derived products and certified by The Vegan Society™,
- come in 100% recycled packaging.

The Europe Entrepreneurial Summit in Rhodes in May 2022 marked the official return of physical conferences and was also the first climate-neutral event of the year. This means that Oriflame implemented emission-reduction initiatives and climate-compensated all residual emissions, by purchasing carbon credits in forest conservation and renewable energy projects in China and Indonesia.

Oriflame's partner South Pole verified the calculation of emissions, supplied the carbon credits, and certified the event in compliance with their Climate Neutral Event certification, defined by the strict PAS 2060 standard.

Brand and Innovation

In the second quarter several launches were made.

Within Skin Care Oriflame launched Waunt, a new brand with a skincare range designed to attract a younger target group with high demands, and to strengthen Oriflame's ethical position. In Colour Cosmetics The One stick foundation and The One limited Scandinavian Summer Collection were introduced. Oriflame also launched GG Iconic Mascara with a hybrid formula for a complete lash care.

In the Fragrance portfolio the Nordic Waters Eau De Parfum collection was introduced. A new upper mass master brand, featuring both male and female fragrances, inspired by the aquatic world of the Nordics.

Within *Personal and Hair Care* the start of the Love Nature relaunch began in the second quarter. The brand is strengthened in terms of performance, naturality and sustainability with recycled plastic bottles, organic extracts and higher naturality claims.

In the Accessories category the collection Norrsken celebrates the wonders of nature, including jewelry, watches and brooches. The seasonal anniversary collection J'aime contains a cross body bag, sunglasses as well as a watch. Oriflame also introduced LL Beauty tools in the second quarter and re-launched the Precisions makeup brushes.

Oriflame launched a special edition in blue and yellow packaging of its flagship Tender Care product. All profits from the sale of this product – dubbed Tender Care Togetherness – will be donated to local charity initiatives directly, or via the Oriflame Foundation.

Online

During the second quarter of 2022 close to 99% of orders were placed using the online channels. Most site activity takes place from mobile devices, with 84% (84%) of sessions. 68% (65%) of transactions are placed from smartphones or tablets. The Oriflame App represented 37% (35%) of total orders.

Digital feature development has been proceeding at stable pace and focus has been on rollout and implementation of delivered features, achieving faster than usual coverage and improved implementation quality of digital services added to the global portfolio.

During the quarter, key activities included implementation of Oriflame's VIP Customer concept in most European markets, including advanced social selling features.

For the Mobile Office – a set of module-based features supporting Brand Partners from on-boarding with Oriflame, to monitoring and growing their business through purpose-driven features – significant progress was achieved during the second quarter. My Business 2.0 was fully rolled out – easy-to-digest data and charts for the current campaign period with clear and actionable follow-up tasks for Brand Partners. Further, the recently developed Notifications service was released and activated in 21 markets.

A digital support concept for Wellness Clubs was released during the quarter, in which certified Brand Partners can host groups of customers to drive sales, loyalty and results from Oriflame's Wellness products. Another milestone was reached with the implementation of Revolut as a commissions pay-out solution in EU markets, which will improve efficiency and frequency of commissions payouts. Further, a home screen widget for the Business app was released globally, enabling Brand Partners to always have a constant real-time view of the most important KPIs.

In terms of e-commerce, several global enhancements were made, with focus on checkout process, cross- and up-selling logic, post-purchase communication and product experience.

App users:	
Oriflame app	944,000 Monthly Active Users
Business app	477,000 Monthly Active Users

Service, Manufacturing and Other

In the second quarter the total produced units dropped by 36% in comparison to the same quarter previous year. This is due to a decreasing internal demand and focus on inventory reduction in the Group. Cetes' external sales increased mainly due to an increase in demand from customers based in Europe. The redistribution of the production from the Russian factory is on-going. Colour cosmetics will be moved to India, with available capacity and technology, thus no significant capital investment is needed.

Cetes Russia continues to source starting materials from Europe although alternative sourcing is under investigation. In China Oriflame's manufacturing was completely stopped during April due to the Covid-19 related lockdowns. Currently the restrictions in China have been released and the factories are working normally.

Three months ended 30 June 2022

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page 15 and to the condensed consolidated income statements on pages 17 and 18. Non-recurring amounted to €64.5m for the three months ended 30 June 2022. They cover impairment of property, plant and equipment (€55.3m), restructuring costs (€9.4m) and impact from the war in Ukraine (€0.2m income due to reversal of inventory write down).

LOCAL CURRENCY SALES GROWTH IN TURKEY & AFRICA AND DECLINE IN ALL OTHER REGIONS

Sales

Euro sales decreased by 14%, or €33.9m, to €211.1m for the three months ended 30 June, 2022 compared with €245.0m for the same period last year. All business areas experienced a decline in Euro sales.

Local currency sales decreased by 18% mainly due to a decline in the average number of members to 2.2m (2.5m). Unit sales decreased by 22% and the price/mix effect was positive 4%. Local currency sales decreased by 19% in Latin America, 23% in Europe & CIS and 23% in Asia. Only Turkey & Africa recorded local currency sales growth of 15%. Manufacturing sales to third parties increased both in Euro (37%) and in local currency (31%) mainly to higher sales in Cetes Poland.

Costs and expenses

Cost of sales (32.3% of sales compared to 29.1% prior year)
Cost of sales decreased by 4.2% or €3.0m to €68.3m for the three months ended June 30, 2022 from €71.2m for the same period in 2021 due to lower sales. The cost of sales percentage increased mainly due to product cost inflation and production under-recoveries as a result of lower volumes.

Selling and marketing expenses (30.3% of sales compared to 26.3% prior year)
Selling and marketing expenses decreased by 0.8%, or €0.5m, to €64.0m for the three months ended June 30, 2022 from €64.5m for the same period in 2021. This decrease in absolute terms is due to lower sales. The selling and marketing expenses percentage of sales increased mainly due to lower comparables, where in the same period prior year the international conferences for Brand Partners were cancelled and related cost accruals were reversed.

Distribution and infrastructure expenses (3.4% of sales compared to 2.6% prior year)
Distribution and infrastructure expenses increased by 12.4%, or €0.8m, to €7.2m for the three months ended June 30, 2022 from €6.4m for the same period in 2021. The increase in absolute terms is due to €1.4m restructuring infrastructure cost. On a comparable basis the distribution and infrastructure expenses decreased due to lower sales. Overall, the distribution and infrastructure expenses are negatively impacted by increased logistics and energy inflation costs.

Administrative expenses (58.7% of sales compared to 25.2% prior year)
The administrative expenses for the three months ended June 30, 2022 included €1.9m related PPA items (€3.6m same period prior year). It also included restructuring costs, costs related to the war in Ukraine and the impairment of property, plant and equipment amounting in total to €63.4m. On a comparable basis, excluding non-recurring and PPA related items, the adjusted administrative expenses increased slightly during the period to €58.6m from €58.0m for the same period in 2021 due to timing differences and recognition of Covid-19 pandemic related government supports recognized in the same period prior year. 2021 was affected by favourable bonus and incentive plan releases.

Net financing income/(costs) (3.9% of sales compared to (31.0%) prior year)
Net financing costs decreased by €84.1m, to €8.2m income for the three months ended June 30, 2022 from €75.9m cost for the same period in 2021. This significant positive variance was due mainly to extraordinarily higher costs in the same period prior year because of the refinancing in May 2021 and for which non-recurring costs amounting to €60.3m were recognized. In addition, the strengthening of the Russian Rouble against the Euro during the quarter resulted in extraordinary high unrealized gain on exchange rates from the revaluation of (mainly intercompany) monetary assets and liabilities, which explains significant portion of the €13.4m gain on exchange rates for the quarter in comparison to €2.9m loss prior year. This is the last quarter when the company benefits from lower interest expenses versus the same period prior year as a result of the refinancing in the beginning of May 2021.

Adjusted income tax expenses (€6.3m compared to €8.8m prior year)
On a comparable basis, excluding non-recurring and PPA impact, the tax expenses were lower than the same quarter a year ago due to lower adjusted profit before tax. During the quarter certain deferred tax assets were derecognized.

Adjusted EBITDA

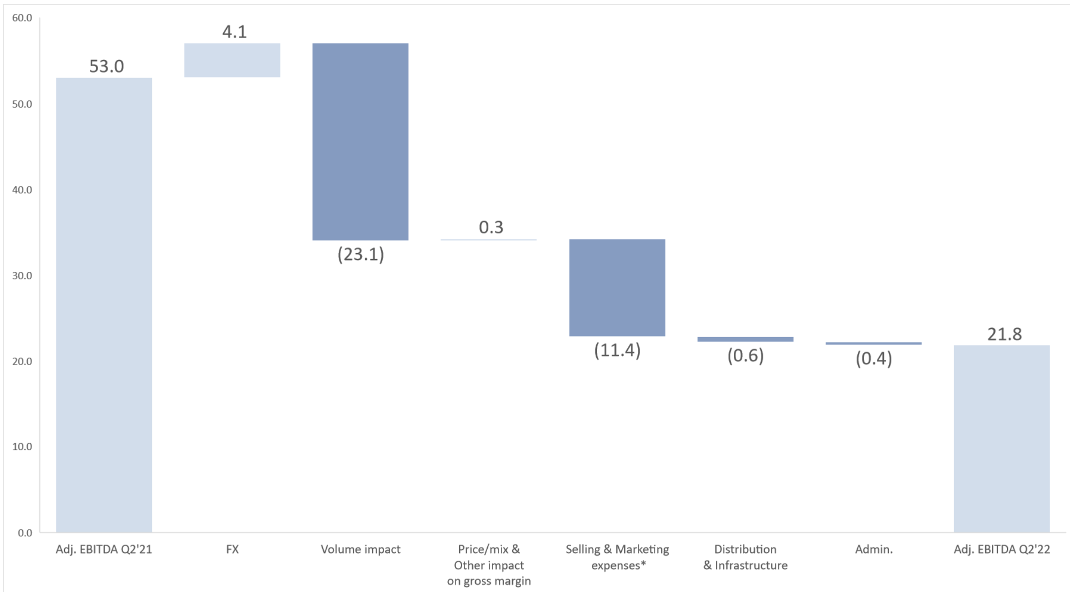
€21.8m

ADJUSTED EBITDA

"Adjusted" figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the alternative performance measures on page15 and to the condensed consolidated income statements on pages 17 and 18.

Adjusted EBITDA decreased by 59%, or €31.2m, to €21.8m for the three months ended June 30, 2022 from €53.0m for the same period in 2021, negatively impacted by lower unit sales, product cost inflation, higher overhead expenses only partially offset by positive currency impact. The adjusted EBITDA margin was 10.3% compared to 21.6% prior year.

ADJUSTED EBITDA VS. PRIOR YEAR (€m)



* Excluding volume impact

Six months ended 30 June 2022

LOWER FINANCING COSTS FOLLOWING THE REFINANCING IN MAY 2021

2.0m

MEMBERS AT THE END OF JUNE 2022

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Sales

Sales for the six months ended 30 June 2022 decreased by 15%, or €76.8m, to €441.0m compared with €517.8m in 2021. All business areas experienced a decline in Euro sales.

Local currency sales decreased by 17% mainly due to a decline in the average number of members to 2.3m (2.7m). Unit sales decreased by 18% and the price/mix effect was positive by 1%.

Local currency sales increased by 14% in Turkey & Africa and declined by 17% in Europe & CIS, 19% in Latin America and 27% in Asia.

Costs and expenses

Cost of sales (34.3% of sales compared to 29.8% prior year)

Cost of sales in absolute amount decreased by 2.1% or €3.3m to €151.1m for the six months ended June 30, 2022 from €154.4m for the same period in 2021 due to lower sales. The increase of the cost of sales percentage in relation to sales is due to increased product costs and delayed selling price increases. On a comparable basis, excluding non-recurring items (related to the war in Ukraine), the adjusted cost of sales decreased by €3.7m during the period to €150.7m from €154.4m for the same period in 2021.

Selling and marketing expenses (30.3% of sales compared to 27.6% prior year)

Selling and marketing expenses in absolute amount decreased by 6.7%, or €9.6m, to €133.4m for the six months ended June 30, 2022 from €143.0m in 2021. This decrease is due to lower sales. The selling and marketing expenses percentage of sales increased due to higher meetings, conference and recruitment costs in the current period. Prior year due to the Covid-19 pandemic the international conferences for Brand Partners were cancelled and the related cost accruals reversed.

Distribution and infrastructure expenses (3.0% of sales compared to 2.6% prior year)

Distribution and infrastructure expenses include €1.5m restructuring infrastructure cost as a non-recurring item. On a comparable basis the distribution and infrastructure expenses decreased by 11%, or €1.5m, to €11.9m for the six months ended June 30, 2022 from €13.4m in 2021. The decrease in absolute terms was due to lower sales in the quarter. The increase in these costs as a percentage of sales was due to deleveraging and overall increases in transportation fees.

Administrative expenses (42.3% of sales compared to 25.7% prior year)

The administrative expenses for the six months ended June 30, 2022 included €3.8m PPA related items and €66.6m non-recurring costs in relation to restructuring, the war in Ukraine and the impairment of property, plant and equipment, while in 2021 those included €0.3m non-recurring costs in relation to the refinancing of the long term debt and €7.2m PPA related items. On a comparable basis, excluding non-recurring and PPA related items, the adjusted administrative expenses decreased during the period to €116.3m from €125.8m for the same period in 2021. The decrease was mainly due to lower staff costs.

Net financing income/(costs) (1.8% of sales compared to (17.1%) prior year)

Net financing income/(costs) decreased by €96.7m to €7.9m income for the six months ended June 30, 2022 from €88.7m costs for the same period in 2021. This significant decrease was due to the refinancing of the long-term debt and for which non-recurring costs amounting to €60.3m were recognized. These costs covered the make-whole payment of the old Notes (€41.3m) and the one-off amortization of the corresponding capitalized front-end fees (€19.0m). On a comparable basis, compared to prior year, net financing costs decreased by €36.0m due to a positive variance of €12.8m on foreign exchange rates differences, positive variance of €6.4m from revaluation of financial instruments and the decrease of the interest borrowing costs after the 2021 refinancing.

Adjusted income tax expenses (€10.6m compared to €17.6m prior year)

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

Adjusted EBITDA

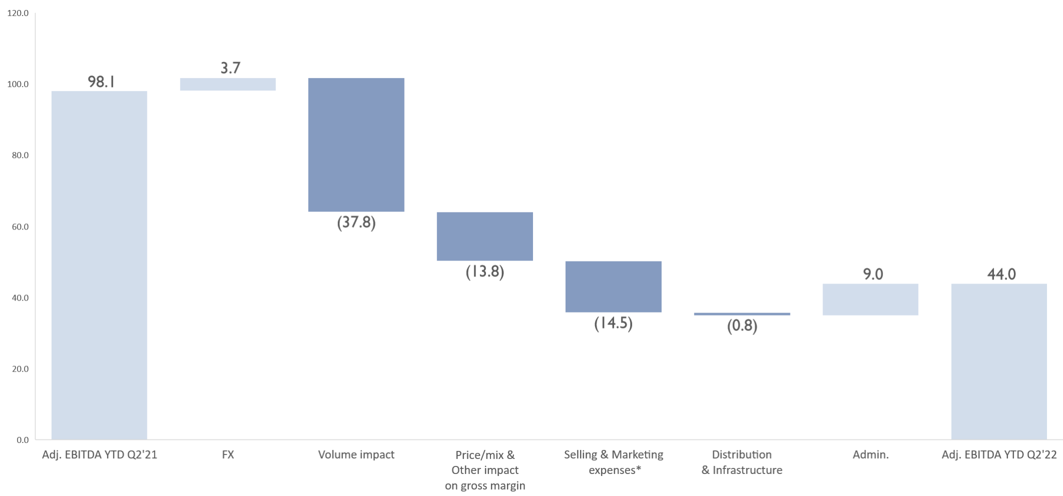
€44.0m

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 15 and to the condensed consolidated income statements on pages 17 and 18.

Adjusted EBITDA decreased by 55%, or €54.1m, to €44.0m for the six months ended June 30, 2022 from €98.1m for the same period in 2021. The EBITDA decreased due to lower unit sales, product cost inflation, higher selling and marketing expenses only partially offset by lower administrative expenses and positive currency impact. The adjusted EBITDA margin was 10.0% compared to 18.9%.

ADJUSTED EBITDA VS. PRIOR YEAR (€m)



* Excluding volume impact

Cash flow and investments

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€-10.4m

ADJ. CASH FLOW BEFORE FINANCING ACTIVITIES IN THE QUARTER

Cash flow from operating activities
Adjusted cash outflow from operating activities was €-16.1m in the three months period ended June 30, 2022 compared to €-29.2m for the same period in 2021. The improved adjusted cash flow from operating activities is mainly explained by €23.6m lower working capital cash outflow, €10.3m lower tax and interest outflow, offset by €20.6m lower cash flow from operations before working capital movements.

For the six months period ended June 30, 2022 the adjusted cash outflow from operating activities was €-25.0m (€-18.2m). The negative adjusted cash flow from operating activities in the first half year of 2022 was mainly due to €44.2m lower cash flow from operations before working capital movements, offset by €6.3m lower working capital outflow, €26.0m lower interest payments and €5.3m lower tax paid. The non-adjusted cash flow from operating activities for the six months ended June 30, 2022 was €-27.3m (€-73.7m) which included cash outflow from non-recurring items of €2.3m (€55.2m).

Cash flow used in investing activities
Cash flow used in investing activities for the three months ended June 30, 2022 was €2.5m, compared to €1.3m for the same period in 2021.

For the six months period ended June 30, 2022 cash flow used in investing activities was €4.0m compared to €2.2m for the same period in 2021. The increase was due to proceeds from sale of property, plant and equipment.

Cash flow from/(used in) financing activities
Cash flow from financing activities for the three months ended June 30, 2022 was €21.6m, compared to €-42.8m for the same period in 2021. In May 2021 the company refinanced its debt and €707.5m proceeds from the issuance of the new Notes were used for the repayment of €761.3m old Notes. During the current period €25.0m Revolving Credit Facility was drawn down compared to €15.0m prior year.

For the six months period ended June 30, 2022 the cash flow from financing activities was €17.5m compared to €-77.8m in the same period in 2021. The main reason for the difference is the refinancing of the long-term debt in May 2021. In addition, a dividend of €30.5m was paid out in the same period prior year.

Adjusted cash flow before financing activities
Adjusted cash flow before financing activities for the three months ended June 30, 2022 was €-10.4m compared to €-19.8m in 2021. The difference was mainly due to €23.6m lower working capital cash outflow, €6.8m lower tax paid, offset by €20.6m lower cash flow from operations before working capital movements.

For the six months period ended June 30, 2022 adjusted cash flow before financing activities was €-20.9m compared to €12.2m for the same period in 2021. The negative adjusted cash flow from operating activities in the first half year of 2022 was mainly due to €44.2m lower cash flow from operations before working capital movements, offset by €6.3m lower working capital outflow and €5.3m lower tax paid.

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

€m	3 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021	LTM July'21 – June'22	Year end 2021
Cash flow from operating activities	(18.2)	(83.6)	(27.3)	(73.7)	29.4	(17.0)
Excluding interest received	(0.5)	(0.6)	(0.7)	(1.0)	(1.2)	(1.5)
Excluding interest and bank charges paid	12.1	68.8	16.3	95.8	35.5	115.0
Cash flow used in investing activities	(2.5)	(1.3)	(4.0)	(2.2)	(8.7)	(6.9)
Payment of lease liabilities	(3.4)	(4.1)	(7.5)	(8.6)	(15.8)	(16.8)
Non-recurring and PPA items	2.1	1.0	2.3	1.7	2.8	2.3
Adj. cash flow before financing activities	**(10.4)**	**(19.8)**	**(20.9)**	**12.2**	**42.1**	**75.2**

Funding and financial position

Oriflame's long-term debt as of June 30, 2022 amounts to €779.5m carrying amount, excluding capitalized front-end fees. It consists of €250m Floating Rate Senior Secured notes due 2026 (the "Euro Notes") and $550m Senior Secured Notes (the "Dollar Notes") due 2026. The Euro Notes bear interest at a rate of the sum of (i) three-month EURIBOR (with 0% floor), plus (ii) 4.250% per annum, reset quarterly. The Dollar Notes bear interest at a rate of 5.125% per annum. After hedging the average interest rate of both Notes is 3.8% excluding the effect from amortization of capitalized front-end fees. As of June 30, 2022, €25.0m was drawn down from the RCF and the cash and cash equivalents were €106.3m. The current corporate and notes ratings are respectively B2/B2 from Moody's, 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 June 30, 2022.

4.6

NET SECURED DEBT RATIO AT HEDGED VALUE

	€ Note	**$ Note**	**Revolving Credit Facility**
Total amount	€250m	$550m	€100m
Interest rate	3 month Euribor + 4.25%*	5.125%**	EURIBOR +200-300 bps
Due	2026	2026	2025
Drawing as per 30 June, 2022			€25.0m

** Swapped into fixed EUR with margin 0.14%*
*** Swapped € interest rate 3.50%*

As of June 30, 2022, total debt amounted to €860.0m (June 30, 2021: €764.9m), secured debt amounted to €804.5m (€727.8m), net secured debt amounted to €698.2m (€637.5m), Net Secured Debt ratio was 5.2 (3.3) and Net Secured Debt ratio at hedged value was 4.6 (3.2).

Dividend 2022

The Board of Directors have postponed the proposed dividend payment of €30.5m for 2021 (to be compared with €30.5m dividend 2020).

Financial calendar for 2022

The third quarter 2022 report will be published on 21 October 2022
The date for the fourth quarter 2022 report will be communicated at a later stage

Board of Directors

Gunilla Rudebjer has announced her wishes to leave the Board of Directors and will be replaced by Anna Malmhake, who is joining the Board of Directors of Oriflame Holding Investment Holding Plc.

The new composition of Oriflame Holding limited and Oriflame Investment Holding Plc are:

Oriflame Holding limited	Oriflame Investment holding Plc
Alexander af Jochnick (Chair)	Alexander af Jochnick (Chair)
Anders Dahlvig	Anna af Jochnick
Anna af Jochnick	Anna Malmhake
Ilaria Resta	Magnus Brannstrom
Magnus Brannstrom	Per Hesselmark
Per Hesselmark	

Group Management

Following the new simplified regional structure of the Group, a new Group Management team was put in place as of May 2022 consisting of the following members (in alphabetical order):

- Magnus Brännström, CEO, Chair
- Alexandra de Greck, VP, Head of Operations & Customer Experience
- Antonia Simon Stenberg, VP, Head of Sustainability, R&D and Product Delivery
- Elena Aylott, VP, Head of Global Communications & Employee Experience
- Elena Degtyareva, VP, Head of Marketing & Product Experience
- Gabriel Bennet, CFO (& CETES Chairman)
- Jesper Martinsson, Deputy CEO, Head of Regions & Social Selling Experience
- Koppany Berkes, VP, Head of Europe & CIS
- Niclas Palmquist, VP, Head of Business Tech & Digital Experience
- Thomas Ekberg, SVP, Head of Asia

Other

Conference call for the financial community
The company will host a conference call on Thursday 21 July 2022 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** or through the following link **https://oriflame-ir.creo.se/220721**

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

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

Alternative Performance Measures (APMs)

Alternative Performance Measures represent key metrics to provide supplemental information which are used to help both investors and management to analyze trends and performance of the Group's operations. Since not all companies calculate the same financial performance indicators, these are not always comparable to the APMs of other companies. Therefore, these financial performance measures should not be considered as a substitute for ratios defined in IFRS, but rather as an addition.

For calculations of the APMs used by Oriflame, please visit:
https://investors.oriflame.com/en/alternative-performance-measures

Definitions

Adjusted EBITDA

Operating profit before financial items, taxes, depreciation and amortization and equity-settled share-based incentive plan, excluding non-recurring items and purchase price allocation items.

Adjusted gross profit

Gross profit excluding purchase price allocation items.

Adjusted net profit

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

Adjusted operating profit

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

Adjusted Cash flow before financing activities

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

EBITDA

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

Independent Brand Partners

Independent Brand Partners (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 15 and to the condensed consolidated income statements on pages 17 and 18.

As the current geopolitical situation and the war in Ukraine made Oriflame's business in CIS smaller and simplified, the management took the decision to reorganize 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	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Sales, €m	272.8	245.0	221.4	277.3	229.9	211.1
Adj. Gross margin, %	69.5	70.9	68.8	63.5	64.3	67.6
Adj. EBITDA, €m	45.1	53.0	48.3	42.6	22.1	21.8
Adj. EBITDA margin, %	16.5	21.6	21.8	15.4	9.6	10.3
Adj. Operating profit, €m	36.5	44.8	40.4	34.7	14.4	14.2
Adj. Operating margin, %	13.4	18.3	18.2	12.5	6.3	6.7
Adj. Net profit, €m	15.0	20.6	22.2	13.8	9.9	16.1
Adj. Cash flow from operating activities, €m	11.0	(29.2)	5.7	53.3	(8.9)	(16.1)
Adj. Cash flow before financing activities, €m	31.9	(19.8)	3.2	59.8	(10.5)	(10.4)
Cash flow used in investing activities, €m	(0.9)	(1.3)	(2.4)	(2.3)	(1.4)	(2.5)
Cash and cash equivalents, €m	219.6	90.3	99.4	118.9	103.8	106.3
Total debt, €m	798.4	764.9	783.9	774.9	783.1	860.0
Secured debt, €m	760.7	727.8	750.0	735.6	745.5	804.5
Net Secured Debt ratio	3.0	3.3	3.3	3.3	3.9	5.2

Sales, €m	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Latin America	34.1	35.9	35.0	34.6	28.8	32.3
Europe & CIS	132.3	126.4	108.2	152.7	116.5	106.4
Asia	73.1	57.5	58.5	62.0	53.8	48.3
Turkey & Africa	24.0	19.6	16.3	21.7	22.6	17.0
Manufacturing	7.2	4.3	2.3	4.9	7.1	5.9
Other	2.1	1.2	1.2	1.3	1.1	1.3
Oriflame	**272.8**	**245.0**	**221.4**	**277.3**	**229.9**	**211.1**

Adjusted operating Profit, €m	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Latin America	5.8	5.2	5.6	2.0	1.1	2.8
Europe & CIS	27.1	32.9	17.2	29.4	18.6	20.0
Asia	10.7	13.6	8.3	7.3	6.9	1.8
Turkey & Africa	7.0	4.1	2.5	3.2	4.8	2.1
Manufacturing	3.8	2.7	0.9	3.7	1.7	3.0
Other	(18.0)	(13.7)	5.9	(10.9)	(18.7)	(15.4)
Oriflame	**36.5**	**44.8**	**40.4**	**34.7**	**14.4**	**14.2**

Members, '000	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Latin America	294	285	288	284	229	243
Europe & CIS	1,397	1,253	1,169	1,389	1,295	1,044
Asia	630	593	575	535	498	450
Turkey & Africa	308	270	217	280	302	273
Oriflame	**2,629**	**2,401**	**2,248**	**2,489**	**2,325**	**2,009**

Adjusted operating margin, %	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Latin America	17.0	14.4	15.9	5.8	3.9	8.5
Europe & CIS	20.5	26.0	15.9	19.2	15.9	18.8
Asia	14.7	23.6	14.1	11.8	12.8	3.8
Turkey & Africa	29.3	21.0	15.3	14.7	21.3	12.4
Oriflame	**13.4**	**18.3**	**18.2**	**12.5**	**6.3**	**6.7**

€ Sales growth in %	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Latin America	(12)	30	(9)	(16)	(15)	(10)
Europe & CIS	(9)	(4)	(19)	(1)	(12)	(16)
Asia	(13)	(25)	(23)	(23)	(26)	(16)
Turkey & Africa	(17)	(23)	(41)	(17)	(6)	(13)
Oriflame	**(10)**	**(8)**	**(21)**	**(10)**	**(16)**	**(14)**

Condensed consolidated income statements – 3 months ended 30 June

€'000	2022	Non-recurring items*	PPA items**	Adjusted 2022	2021	Non-recurring items*	PPA items**	Adjusted 2021
Sales	211,093			211,093	244,951			244,951
Cost of sales	(68,278)	(192)		(68,470)	(71,243)			(71,243)
Gross profit	**142,815**	**(192)**	**-**	**142,623**	**173,707**	**-**	**-**	**173,707**
Selling and marketing expenses	(63,974)			(63,974)	(64,510)			(64,510)
Distribution and infrastructure	(7,152)	1,354		(5,798)	(6,363)			(6,363)
Administrative expenses	(123,866)	63,377	1,876	(58,612)	(61,777)	103	3,640	(58,034)
Operating profit/(loss)	**(52,177)**	**64,539**	**1,876**	**14,239**	**41,056**	**103**	**3,640**	**44,799**
Financial income	34,936			34,936	4,699			4,699
Financial expenses	(26,761)			(26,761)	(80,575)	60,272	147	(20,156)
Net financing income/(costs)	**8,175**	**-**	**-**	**8,175**	**(75,876)**	**60,272**	**147**	**(15,457)**
Loss from associates, net of tax	(7)			(7)	-			-
Net profit/(loss) before tax	**(44,009)**	**64,539**	**1,876**	**22,407**	**(34,820)**	**60,375**	**3,787**	**29,343**
Income tax expense	(3,744)	(2,395)	(181)	(6,321)	(8,152)	-	(606)	(8,758)
Profit/(loss) for the period	**(47,753)**	**62,145**	**1,695**	**16,086**	**(42,972)**	**60,375**	**3,181**	**20,585**

* Non-recurring items cover:
 2022: Impairment of property, plant and equipment, restructuring costs and costs related to the impact of the war in Ukraine
 2021: Costs related to the refinancing of the Group

** Purchase Price Allocation (PPA) items cover the income statement impact from the purchase price allocation on the business combination. These elements, mainly amortization of newly identified intangible assets during the PPA, are excluded to normalize the performance of the Group (for additional information refer to the document "Purchase Price Allocation – summary" available on the investors page or through the following link: **https://vp233.alertir.com/sites/default/files/report/oriflame_purchase_price_allocation_summary.pdf?v2assets**).

Condensed consolidated income statements – 6 months ended 30 June

€'000	2022	Non-recurring items*	PPA items**	Adjusted 2022	2021	Non-recurring items*	PPA items**	Adjusted 2021
Sales	441,007			441,007	517,779			517,779
Cost of sales	(151,101)	447		(150,654)	(154,359)			(154,359)
Gross profit	**289,906**	**447**	**-**	**290,352**	**363,420**	**-**	**-**	**363,420**
Selling and marketing expenses	(133,429)			(133,429)	(143,016)			(143,016)
Distribution and infrastructure	(13,396)	1,456		(11,940)	(13,374)			(13,374)
Administrative expenses	(186,628)	66,563	3,753	(116,311)	(133,277)	306	7,210	(125,760)
Operating profit/(loss)	**(43,547)**	**68,466**	**3,753**	**28,672**	**73,753**	**306**	**7,210**	**81,270**
Financial income	51,240			51,240	11,629			11,629
Financial expenses	(43,336)			(43,336)	(100,377)	60,272	335	(39,770)
Net financing income/(costs)	**7,904**	**-**	**-**	**7,904**	**(88,748)**	**60,272**	**335**	**(28,141)**
Loss from associates, net of tax	(18)			(18)	-			-
Net profit/(loss) before tax	**(35,661)**	**68,466**	**3,753**	**36,558**	**(14,995)**	**60,579**	**7,545**	**53,129**
Income tax (expense) / credit	(10,763)	510	(363)	(10,616)	(16,336)	-	(1,245)	(17,581)
Profit/(loss) for the period	**(46,424)**	**68,977**	**3,390**	**25,942**	**(31,331)**	**60,579**	**6,301**	**35,548**

* Non-recurring items cover:
2022: Impairment of property, plant and equipment, restructuring costs and costs related to the impact of the war in Ukraine
2021: Costs related to the refinancing of the Group

** Purchase Price Allocation (PPA) items cover the income statement impact from the purchase price allocation on the business combination. These elements, mainly amortization of newly identified intangible assets during the PPA, are excluded to normalize the performance of the Group (for additional information refer to the document "Purchase Price Allocation – summary" available on the investors page or through the following link: **https://vp233.alertir.com/sites/default/files/report/oriflame_purchase_price_allocation_summary.pdf?v2assets**).

Condensed consolidated statements of comprehensive income

€'000	Note	3 months ended 30 June 2022	3 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021
Loss for the period		**(47,753)**	**(42,972)**	**(46,424)**	**(31,331)**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of net defined liability, net of tax	9	5,666	1,346	5,666	1,346
Total items that will not be reclassified subsequently to profit or loss		***5,666***	***1,346***	***5,666***	***1,346***
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		66,850	1,919	60,370	11,405
Cash flow hedges – effective portion of changes in fair value, net of tax		4,356	(5,713)	(3,757)	(11,201)
Total items that are or may be reclassified subsequently to profit or loss		***71,205***	***(3,793)***	***56,613***	***203***
Other comprehensive income for the period, net of tax		**76,871**	**(2,447)**	**62,279**	**1,550**
Total comprehensive income for the period		**29,118**	**(45,419)**	**15,855**	**(29,781)**

Condensed consolidated statements of financial position

€'000		30 June, 2022	31 December, 2021	30 June, 2021
Assets				
Property, plant and equipment	3	86,237	109,739	109,186
Right-of-use assets	4	52,455	37,034	35,821
Intangible assets	6	567,816	572,255	575,790
Goodwill	5, 6	288,136	262,137	255,853
Investment in associates		79	94	-
Investment property		542	542	542
Deferred tax assets		22,021	24,660	22,882
Other long-term receivables		343	1,999	1,982
Derivative financial assets	7	67,894	21,314	-
Total non-current assets		**1,085,522**	**1,029,775**	**1,002,056**
Inventories		156,580	155,482	147,685
Trade and other receivables		52,237	47,354	52,514
Tax receivables		19,664	16,181	14,816
Prepaid expenses		29,423	20,792	17,624
Derivative financial assets	7	18,627	610	2,179
Cash and cash equivalents		106,263	118,853	90,348
Total current assets		**382,792**	**359,274**	**325,167**
Total assets		**1,468,314**	**1,389,049**	**1,327,222**
Equity				
Share capital		653,081	653,081	653,081
Reserves		26,919	(29,694)	(41,033)
Retained earnings		(354,527)	(313,769)	(347,547)
Total equity		**325,472**	**309,618**	**264,500**
Liabilities				
Interest-bearing loans	8	767,242	721,837	699,383
Employee benefits	9	4,926	10,677	15,839
Lease liabilities	4	41,863	26,149	22,313
Other long-term liabilities		1,953	2,006	2,028
Derivative financial liabilities		-	-	3,264
Deferred income		142	144	475
Provisions	10	8,605	12,678	8,516
Deferred tax liabilities		56,561	55,627	45,204
Total non-current liabilities		**881,292**	**829,117**	**797,023**
Current portion of interest-bearing loans		25,000	-	15,000
Lease liabilities	4	13,618	13,102	14,766
Trade and other payables		90,809	115,474	86,336
Contract liabilities		6,805	10,393	9,364
Tax payables		12,123	17,766	15,759
Accrued expenses		84,110	84,314	94,617
Derivative financial liabilities	7	14,576	1,454	4,511
Employee benefits	9	-	4,383	17,690
Provisions	10	14,507	3,430	7,657
Total current liabilities		**261,550**	**250,314**	**265,699**
Total liabilities		**1,142,842**	**1,079,431**	**1,062,722**
Total equity and liabilities		**1,468,314**	**1,389,049**	**1,327,222**

Condensed consolidated statements of changes in equity

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

€'000	Share capital	Reserves	Retained earnings	Total Equity
At 1 January 2022	**653,081**	**(29,694)**	**(313,769)**	**309,618**
Net loss	-	-	(46,424)	(46,424)
Other comprehensive income, net of tax	-	56,613	5,666	62,279
Total comprehensive income for the period	**-**	**56,613**	**(40,758)**	**15,855**
At 30 June 2022	**653,081**	**26,919**	**(354,527)**	**325,472**

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

€'000	2022	Non-recurring items	Purchase Price allocation items	2022 Adjusted	2021	Non-recurring items	Purchase Price allocation items	2021 Adjusted
Operating activities								
Profit/(loss) before income tax	**(44,009)**	**64,539**	**1,876**	**22,407**	**(34,820)**	**60,375**	**3,787**	**29,343**
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	7,372			7,372	7,887		26	7,913
Amortisation of intangible assets	2,086		(1,876)	210	3,857		(3,581)	276
Change in fair value of borrowings and derivatives financial instruments	896			896	1,280			1,280
Deferred income	(2,498)			(2,498)	(4,974)			(4,974)
Impairment	55,314	(55,314)		-	-			-
Unrealised exchange rate differences	(13,054)			(13,054)	(1,739)			(1,739)
Profit on disposal of property, plant and equipment, intangible assets, leased assets	(185)			(185)	(127)		(85)	(211)
Loss from associates, net of tax	7			7	-			-
Financial income	(7,879)			(7,879)	(3,581)			(3,581)
Financial expenses	15,574			15,574	75,594	(60,272)	(147)	15,174
	13,625	**9,225**	**-**	**22,850**	**43,378**	**103**	**-**	**43,481**
(Increase)/Decrease in trade and other receivables, prepaid expenses and derivative financial assets	(2,946)			(2,946)	4,648			4,648
(Increase)/Decrease in inventories	3,420	192	-	3,611	(12,578)			(12,578)
Decrease in trade and other payables, accrued expenses and derivatives financial liabilities	(19,916)	435	-	(19,481)	(37,012)	203		(36,808)
Increase/(Decrease) in provisions	5,700	(7,797)	-	(2,096)	(610)	842		231
Cash generated from operations	**(117)**	**2,055**	**-**	**1,938**	**(2,174)**	**1,148**	**-**	**(1,026)**
Interest received	481			481	641			641
Interest and bank charges paid	(12,087)			(12,087)	(68,809)	53,110	147	(15,552)
Income taxes paid	(6,448)			(6,448)	(13,267)			(13,267)
Cash flow from / (used in) operating activities	**(18,171)**	**2,055**	**-**	**(16,116)**	**(83,609)**	**54,258**	**147**	**(29,204)**

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

€'000	2022	Non-recurring items	Purchase Price allocation items	2022 Adjusted	2021	Non-recurring items	Purchase Price allocation items	2021 Adjusted
Cash flow from / (used in) operating activities	**(18,171)**	**2,055**	**-**	**(16,116)**	**(83,609)**	**54,258**	**147**	**(29,204)**
Investing activities								
Proceeds on sale of property, plant and equipment, intangible assets	32			32	133			133
Purchases of property, plant, equipment	(2,532)			(2,532)	(1,378)			(1,378)
Purchases of intangible assets	(19)			(19)	(6)			(6)
Cash flow used in investing activities	**(2,519)**	**-**	**-**	**(2,519)**	**(1,252)**	**-**	**-**	**(1,252)**
Financing activities								
Proceeds from borrowings	25,000			25,000	722,533			722,533
Repayment of borrowings	-			-	(761,252)			(761,252)
Payment of lease liabilities	(3,400)			(3,400)	(4,059)		(147)	(4,206)
Cash flow from / (used in) financing activities	**21,600**	**-**	**-**	**21,600**	**(42,777)**	**-**	**(147)**	**(42,925)**
Change in cash and cash equivalents	**910**	**2,055**	**-**	**2,965**	**(127,638)**	**54,258**	**-**	**(73,380)**
Cash and cash equivalents at the beginning of the period net of bank overdrafts	103,793	207		104,001	219,584	923		220,507
Effect of exchange rate fluctuations on cash held	1,560			1,560	(1,598)			(1,598)
Cash and cash equivalents at the end of the period, net of bank overdrafts	**106,263**	**2,263**	**-**	**108,525***	**90,348**	**55,181**	**-**	**145,529***

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

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

€'000	2022	Non-recurring items	Purchase Price allocation items	2022 Adjusted	2021	Non-recurring items	Purchase Price allocation items	2021 Adjusted
Operating activities								
Profit/(loss) before income tax	**(35,661)**	**68,466**	**3,753**	**36,558**	**(14,995)**	**60,579**	**7,545**	**53,129**
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	14,850			14,850	16,211		32	16,243
Amortisation of intangible assets	4,198		(3,753)	445	7,715		(7,158)	557
Change in fair value of borrowings and derivatives financial instruments	(11,324)			(11,324)	1,643			1,643
Deferred income	(3,021)			(3,021)	(3,362)			(3,362)
Impairment	55,314	(55,314)		-	-			-
Unrealised exchange rate differences	(9,637)			(9,637)	(5,752)			(5,752)
Profit on disposal of property, plant and equipment, intangible assets, leased assets	28	(278)		(250)	(828)		(85)	(913)
Loss from associates, net of tax	18			18	-			-
Financial income	(14,536)			(14,536)	(10,510)			(10,510)
Financial expenses	30,949			30,949	97,838	(60,272)	(335)	37,231
	31,179	**12,874**	**-**	**44,052**	**87,960**	**306**	**-**	**88,267**
Increase in trade and other receivables, prepaid expenses and derivative financial assets	(9,479)	-	-	(9,479)	(3,279)			(3,279)
(Increase)/decrease in inventories	10,755	(447)	-	10,309	(19,247)			(19,247)
Decrease in trade and other payables, accrued expenses and derivatives financial liabilities	(35,322)		-	(35,322)	(25,461)			(25,461)
Increase/(decrease) in provisions	6,479	(10,165)	-	(3,685)	1,784	1,765		3,549
Cash generated from operations	**3,612**	**2,263**	**-**	**5,875**	**41,757**	**2,071**	**-**	**43,828**
Interest received	726			726	958			958
Interest and bank charges paid	(16,312)			(16,312)	(95,805)	53,110	335	(42,360)
Income taxes paid	(15,288)			(15,288)	(20,604)			(20,604)
Cash flow from / (used in) operating activities	**(27,263)**	**2,263**	**-**	**(25,000)**	**(73,694)**	**55,181**	**335**	**(18,178)**

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

€'000	2022	Non-recurring items	Purchase Price allocation items	2022 Adjusted	2021	Non-recurring items	Purchase Price allocation items	2021 Adjusted
Cash flow from / (used in) operating activities	**(27,263)**	**2,263**	**-**	**(25,000)**	**(73,694)**	**55,181**	**335**	**(18,178)**
Investing activities								
Proceeds on sale of property, plant and equipment, intangible assets	496			496	1,312			1,312
Purchases of property, plant, equipment	(4,331)			(4,331)	(3,249)			(3,249)
Purchases of intangible assets	(124)			(124)	(244)			(244)
Cash flow used in investing activities	**(3,959)**	**-**	**-**	**(3,959)**	**(2,181)**	**-**	**-**	**(2,181)**
Financing activities								
Proceeds from borrowings	25,000			25,000	722,533			722,533
Repayment of borrowings	-			-	(761,252)			(761,252)
Payment of lease liabilities	(7,523)			(7,523)	(8,555)		(335)	(8,890)
Dividends paid	-			-	(30,520)			(30,520)
Cash flow from / (used in) financing activities	**17,477**	**-**	**-**	**17,477**	**(77,794)**	**-**	**(335)**	**(78,129)**
Change in cash and cash equivalents	**(13,745)**	**2,263**	**-**	**(11,483)**	**(153,669)**	**55,181**	**-**	**(98,488)**
Cash and cash equivalents at the beginning of the period net of bank overdrafts	118,853			118,853	241,947			241,947
Effect of exchange rate fluctuations on cash held	1,155			1,155	2,070			2,070
Cash and cash equivalents at the end of the period, net of bank overdrafts	**106,263**	**2,263**	**-**	**108,525***	**90,348**	**55,181**	**-**	**145,529***

* 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 JEI OBD. The principal activity of the Company's subsidiaries is the direct sale of cosmetics. The condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

Note 2 • Basis of preparation and summary of significant accounting policies

Statement of compliance

The condensed consolidated financial statements for the six months period ended 30 June 2022 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 2021.

The condensed consolidated financial statements were authorized for issue by the Directors on 20 July 2022.

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 2021. Other new or amended IFRS standards which became effective January 2022 have had no material effect on the group's financial statements.

Note 3 • Property, plant & Equipment (PP&E)

The significant decrease in the Property, Plant & Equipment of €23.5 million as of 30 June 2022 compared to 31 December 2021 is mainly explained by an impairment of €55.3 million in the property, plant & equipment and recognized in the administrative expenses section. The reason for the impairment is the war in Ukraine and the reduced Oriflame's activities in Russia. The impairment expense was recognized using the closing rate on 30 June 2022, based on the information available and the market conditions at that date. The fair value less costs of disposal was then used as a basis for impairment and was assessed with external input.

Note 4 • Right-of-use assets

The movement for the six months period ended 30 June 2022 of €15.4m on the right-of-use assets is primarily due to a new lease contract for an existing European group support office.

This new lease contract represents the majority of the total increase of €16.2 million in the non-current and current lease liabilities.

Note 5 • Goodwill

The goodwill value increased by €26.0m compared to 31 December 2021. This movement is purely due to foreign exchange impact.

Note 6 • Impairment test Brand and CIS Goodwill

An impairment test was done on the Brand and on the CIS Goodwill based on the latest forecast available and with updated discount rates.

CIS Goodwill

€ million	30 June 2022	31 December 2021
CIS Goodwill	€79.2	€56.6

The 31 December 2021 value excludes Ukraine which was moved out of CIS Goodwill for comparative purpose.
The movement compared to 31 December 2021 is only due to foreign exchange impact.

The recoverable amount of the CIS cash generating unit (CGU) was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the region.

Five years of cash flows were included in the discounted cash flow model. The terminal value growth rate represents the average inflation in which Oriflame operates (weighted based on the sales of the main markets within the region). Budgeted operating profit was based on expectations of future outcomes at the reporting date and with the assumption that the current situation will continue (reduced sales & marketing activities in Russia).

Based on these assumptions, the carrying amount of the CGU was determined to be lower than its recoverable amount, hence no impairment was recognized during the period.

Oriflame Brand

€ million	30 June 2022	31 December 2021
Brand	€546.2	€546.2

The brand is monitored at Group level. Its recoverable amount was based on its value in use, determined by discounting the future cash flows to be generated from the continuing uses of the group operations.

Five years of cash flows were included in the discounted cash flow model. The terminal value growth rate of the Group represents the average inflation of the regions in which Oriflame operates (weighted based on the sales of the main markets within the CGUs). Budgeted operating profit was based on expectations of future outcomes at the reporting date.

Based on these assumptions, the carrying amount of the brand was determined to be lower than its recoverable amount, hence no impairment was recognized during the period.

Assumptions

The assumptions used in the estimation of the values in use as at 30 June 2022 and 31 December 2021 were as follows:

	Brand		CIS Goodwill	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Discount rate	14.30%	11.70%	18.60%	12.30%
Terminal value growth rate	3.80%	3.80%	4.10%	4.20%

Note 7 • Derivative financial assets and liabilities

€'000	30 June 2022	31 December 2021
Non-current derivative financial assets	67,894	21,314
Current derivative financial assets	18,627	610
Total derivative financial assets	**86,521**	**21,924**

€'000	30 June 2022	31 December 2021
Current derivative financial liabilities	14,576	1,454

Non-current derivative financial assets:
The non-current derivative financial assets are composed of the mark to market value of cross currency interest rate swaps and interest rate swaps which are used to hedge the external debt.
The movement of €46.6m compared to 31 December 2021 is due to the change in the foreign exchange rate of the US dollar from 1.1326 in December 2021 to 1.0387 in June 2022 (-9%).

Current derivative financial assets:
The current derivative financial assets are composed of the receivable leg of currency forward contracts which are used to hedge currency exposure. The majority of the position is related to RUB contracts. The volatility of the foreign exchange rate of the RUB explains the high increase in value in the balance sheet.

Current derivative financial liabilities:
The current derivative financial liabilities are composed of the payable leg of currency forward contracts which are used to hedge currency exposure. The majority of the position is related to RUB contracts. Following the Russian invasion in Ukraine in February 2022 the company closed all existing Rouble hedges by mirroring those in the opposite direction with the same forward Rouble amount. The closing of the Rouble forward contracts resulted in a gain of €11.9m. The volatility of the foreign rate of the RUB explains the high increase in value in the balance sheet.

Note 8 • Interest bearing loans

The terms and conditions of outstanding loans were as follows as at 30 June 2022.

€'000	Interest rate	Year of maturity	Book value	Non-current	Current
Revolving credit facility	Euribor + margin	2025	25,000	-	25,000
Senior Secured Notes - €250.0m	3 month Euribor + 4.25%*	2026	250,000	250,000	-
Senior Secured Notes - $550.0m	5.125%**	2026	529,508	529,508	-
Front end fees deducted from proceeds	-	2025- 2026	(12,266)	(12,266)	-
Total interest-bearing liabilities			**792,242**	**767,242**	**25,000**

* Swapped into fixed EUR with margin 0.14%

** Swapped € interest rate 3.50%

Note 9 • Employee benefits

€'000	30 June 2022	31 December 2021
Non-current	4,926	10,677
Current	-	4,383
Total employee benefits liability	**4,926**	**15,060**

The decrease in the non-current employee benefits liabilities is mainly explained by the reduction in the net defined benefit liability in relation to the Swiss defined benefit plans. The discount rate used in the actuarial valuation increased from 0.35% on 31 December 2021 to 2.40% on 30 June 2022. It resulted in the reduction of the Swiss net defined benefit liability from €6.8m to €0.7m impacting the Other Comprehensive Income by €5.7m. Last year on 30 June 2021, the impact on the Other Comprehensive Income was lower at €1.3m also explained by an increase of the discount rate from 0.15% to 0.40%.

The current employee benefits liability of €4.4m as at 31 December 2021, which was related to the Share Incentive and retention Plan (SIP), was settled during the second quarter of 2022.

Note 10 • Provisions

€'000	30 June 2022	31 December 2021
Non-current	8,605	12,678
Current	14,507	3,430
Total provisions	**23,113**	**16,108**

The increase in the provisions of €7.0m compared to 31 December 2021 is mainly due to restructuring within the Group following a reorganization impacting the regions and the global functions in order to simplify the regional structure and reduce complexity. During the six months period ended 30 June 2022, total restructuring costs of €11.8m were recognized mainly in the administrative expenses (€2.4m during the first quarter and €9.4m during second quarter of 2022). The increase in provisions was offset by paying already some restructuring costs during the period and through the settlement of other provisions in relation to various litigations and restoration costs.

Note 11 • 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 June 30, 2022. 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 30 JUNE 2022

€'000	**Oriflame Group Consolidated**	**"Restricted" subsidiaries**	**"Unrestricted" subsidiaries**
Sales	441,007	369,196	71,811
Cost of sales	(151,101)	(117,059)	(34,042)
Gross profit	**289,906**	**252,137**	**37,769**
Selling and marketing expenses	(133,429)	(115,748)	(17,682)
Distribution and infrastructure	(13,396)	(11,392)	(2,003)
Administrative expenses	(186,628)	(122,164)	(64,463)
Operating profit / (loss)	**(43,547)**	**2,833**	**(46,379)**
Financial income	51,240	44,831	6,409
Financial expenses	(43,336)	(42,444)	(892)
Net financial income	**7,904**	**2,387**	**5,517**
Loss from associates, net of tax	(18)	(18)	-
Profit / (loss) before income tax	**(35,661)**	**5,202**	**(40,863)**
Income tax expense	(10,763)	(6,698)	(4,065)*
Profit / (loss) for the period	**(46,424)**	**123**	**(46,547)**

* Including a release of Deferred Tax Asset amounting to €2.3m

Consolidated statement of financial position

30 June 2022 €'000	Oriflame Group Consolidated	"Restricted" subsidiaries	"Unrestricted" subsidiaries
Assets			
Property, plant and equipment	86,237	45,900	40,337
Right-of-use-Assets	52,455	39,512	12,943
Intangible assets & Goodwill	855,952	796,742	59,211
Investment in associates	79	79	-
Investment property	542	542	-
Deferred tax assets	22,021	16,147	5,874*
Other long-term receivables and prepaid expenses	343	343	-
Derivative financial assets	67,894	67,894	-
Total non-current assets	**1,085,522**	**967,157**	**118,365**
Inventories	156,580	126,766	29,814
Trade and other receivables	52,237	50,268	1,969
Intercompany receivables	-	(3,433)	3,433
Tax receivables	19,664	19,338	325
Prepaid expenses	29,423	27,679	1,744
Derivative financial assets	18,627	18,627	-
Cash and cash equivalents	106,263	100,270	5,993
Total current assets	**382,792**	**339,515**	**43,278**
Total assets	**1,468,314**	**1,306,671**	**161,643**
Total Equity	**325,472**	**227,868**	**97,604**
Liabilities			
Interest-bearing notes	767,242	767,242	-
Intercompany loans	-	(11,978)	11,978
Employee benefits	4,926	4,926	-
Lease liabilities	41,863	29,891	11,972
Other long-term liabilities	1,953	1,953	-
Deferred income	142	142	-
Provisions	8,605	8,605	-
Deferred tax liabilities	56,561	50,687	5,874
Total non-current liabilities	**881,292**	**851,468**	**29,824**
Current portion of interest-bearing loans	25,000	25,000	-
Lease liabilities	13,618	11,666	1,952
Trade and other payables	90,809	81,733	9,076
Intercompany payables	-	(15,982)	15,982
Contract liabilities	6,805	6,805	-
Tax payables	12,123	11,638	485
Accrued expenses	84,110	77,705	6,406
Derivative financial liabilities	14,576	14,576	-
Employee benefits	-	-	-
Provisions	14,507	14,193	315
Total current liabilities	**261,550**	**227,335**	**34,215**
Total liabilities	**1,142,842**	**1,078,803**	**64,039**
Total equity and liabilities	**1,468,314**	**1,306,671**	**161,643**

* Including a release of Deferred Tax Asset amounting to €2.3m