ORIFLAME SWEDEN

Interim Management Statement 1 January – 30 September 2022

	LC SALES	EURO SALES	ADJUSTED EBITDA
Third quarter	*(11%)*	*(1%)*	*€24.7m (48.3m)*
Year-to-date	*(16%)*	*(11%)*	*€68.7m (146.4m)*

"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 September 2022

- All comments exclude non-recurring items, which included €2.5m restructuring costs in the three months ended 30 September 2022.
- Local currency sales decreased by 11% and Euro sales decreased by 1% to €220.0m (€221.4m).
- Adjusted EBITDA margin was 11.2% (21.8%) and adjusted EBITDA amounted to €24.7m (€48.3m).
- The decline of the adjusted EBITDA margin compared to prior year is partially due to 640 bps lower administrative costs in the same quarter prior year due to an exceptional accrual release of staff incentive programs.
- Adjusted operating margin was 7.8% (18.2%), negatively impacted by product cost inflation, higher selling and marketing expenses (due to lower comparable in the same quarter prior year, cancelled events and conferences) and higher administrative expenses due to release of staff incentive programs prior year, exchange rate impact, partially offset by savings as a result of previous restructuring. The currency impact on the operating profit was 250 bps positive. The adjusted operating profit was €17.2m (€40.4m).
- Adjusted net profit was €5.2m (€22.2m).
- Adjusted cash flow from operating activities was €30.8m (€10.0m restated – see pages 11 and 12) and adjusted cash flow before financing activities was €23.3m (€2.5m restated – see pages 11 and 12).
- The RCF drawdown of €25.0m was fully repaid during the quarter.
- Cash and cash equivalents at the end of the period amounted to €96.6m (€99.4m).
- Total debt amounted to €868.6m (€783.9m), secured debt amounted to €814.2m (€750.0m), Net Secured Debt amounted to €717.6m (€650.6m), Net Secured Debt ratio was 6.4 (3.3) and Net Secured Debt ratio at hedged value was 5.5 (3.2).
- Following the proposed dividend from the Interim Management Statement 1 January – 31 December 2021 published on 24 February 2022, it has been decided to pay during the latter part of the fourth quarter the previously announced dividend of €30.5m (to be compared with €30.5m dividend distributed in 2021).
- In March 2022 the Board of Directors 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 2022. The unrestricted entities are managed as financially independent and self-financing of the ongoing operations with profit and cash generated in Russia. Pages 29 and 30 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.
- As previously announced Oriflame reduced its activities in Russia following the invasion of Ukraine. Oriflame is currently undertaking a strategic review of its assets in Russia as a result of the reduced activities in the country.
- Update on Covid-19 impact: During the quarter China continued to be the only Oriflame market directly impacted by the Covid-19 related restrictions due to some regional lock downs.

Nine months ended 30 September 2022

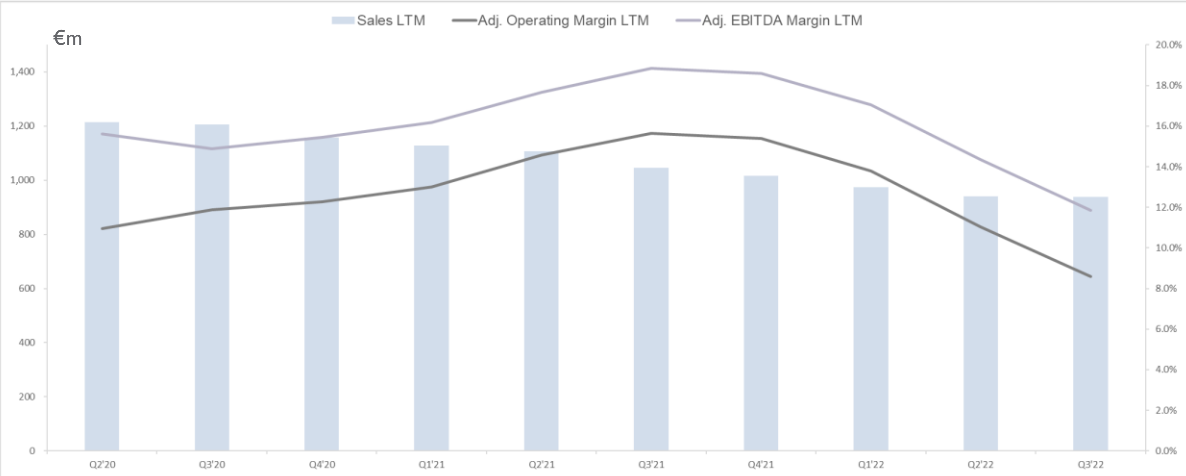
- All comments exclude non-recurring items. Non-recurring items amounted to €70.9m for the nine months ended 30 September 2022. They cover impairment of property, plant and equipment of €55.3m, restructuring costs of €14.3m and impact from the war in Ukraine of €1.3m.
- Local currency sales decreased by 16% and Euro sales decreased by 11% to €661.0m (€739.2m).
- Adjusted EBITDA margin was 10.4% (19.8%) and adjusted EBITDA amounted to €68.7m (€146.4m).
- Adjusted operating margin was 6.9% (16.5%), negatively impacted by product cost inflation and production under-recoveries due to lower volumes, higher selling and marketing expenses (due to lower comparable in the same period prior year, when the cancelled international conferences accruals were reversed). Administrative expenses were higher as a result of negative currency impact, higher IT and travel costs. In the current period staff incentive programs costs had a 20 bps negative impact versus the same period prior year. The currency impact on the operating margin was 120 bps positive. The adjusted operating profit was €45.9m (€121.6m).
- Adjusted net profit was €31.1m (€57.8m).
- Adjusted cash flow from operating activities was €22.1m (€34.2m restated – see pages 11 and 12) and adjusted cash flow before financing activities was €0.7m (€13.7m restated – see pages 11 and 12).

I am pleased to see sequential improvements on sales and margins compared to the previous quarters, although we still have a gap to fill to reach the underlying growth levels and operating profit we are used to. The challenging market and geopolitical conditions remain in several of our markets, impacting our business in different ways. In addition, the implemented price increases are partly offset by a consumer demand shifting to the discounted offers. We have seen lower activity levels since Covid started, due to general market conditions, the offering and the fact that we have not been able to hold sufficient meetings, conferences and trainings for our brand partners – an essential part of our recognition model and sales growth. An important milestone, on our route back to a more normal and successful way of working, was the very appreciated international conference in Dubai for our top brand partners in the quarter. In addition, we are happy to see further progress from our digital initiatives and that we expand to new markets in Europe, starting with Germany in the fourth quarter.
The cost reduction programs initiated earlier this year have started to render positive results, where our expectations are further savings in the coming quarters partially offset by the high salary inflation. The enhanced cash flow was driven by the improvement in the working capital. With the solid strategy and plans being implemented, I am confident that we will be successful in our journey to get back to growth, despite the challenging environment surrounding us, and gradually returning to the margin levels that we have had in the past.

CEO Magnus Brännström

Key financial data

3 months ended 30 September 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.

	Three months ended 30 September			**nine months ended 30 September**			**LTM Oct'21-Sep'22**	**Year end**	
(€m)	**2022**	**2021**	**Change %**	**2022**	**2021**	**Change %**		**2021**	**Change %**
Sales	220.0	221.4	(1%)	661.0	739.2	(11%)	938.2	1,016.5	(8%)
Adj. Gross margin, %	67.0	68.8		66.2	69.8		65.4	68.1	
Adj. EBITDA	24.7	48.3	(49%)	68.7	146.4	(53%)	111.3	188.9	(41%)
Adj. EBITDA margin, %	11.2	21.8		10.4	19.8		11.9	18.6	
Adj. Operating profit	17.2	40.4	(57%)	45.9	121.6	(62%)	80.6	156.4	(48%)
Adj. Operating margin, %	7.8	18.2		6.9	16.5		8.6	15.4	
Adj. Net profit	5.2	22.2	(77%)	31.1	57.8	(46%)	44.8	71.5	(37%)
Adj. Cash flow from operating activities	30.8	10.0*	207%	22.1	34.2*	(35%)	88.8	100.9*	(12%)
Adj. Cash flow before financing activities	23.3	2.5*	798%	0.7	13.7*	(95%)	59.0	72.0*	(18%)
Total debt	868.6	783.9		868.6	783.9		868.6	774.9	
Secured debt	814.2	750.0		814.2	750.0		814.2	735.6	
Net Secured Debt ratio	6.4	3.3		6.4	3.3		6.4	3.3	
Net Secured Debt ratio at hedged value	5.5	3.2		5.5	3.2		5.5	3.1	

* restated – see pages 11 and 12

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 INCREASE IN EUROPE & CIS AND TURKEY & AFRICA. DECLINE IN ALL OTHER REGIONS

Group and geographies
The Group's sales in local currency decreased by 11% due to declining member count and unit sales. The price/mix was positive by 11%. 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 10%. The Group Euro sales decreased by 1% compared to the same quarter prior year. The cost inflation and delayed selling price increases impacted the gross margins negatively by 180 bps. Adjusted EBITDA decreased in the quarter, negatively impacted by lower sales, lower gross margins and higher selling and marketing, distribution and administrative expenses. The current period EBITDA is positively impacted by the price/mix and favourable foreign exchange rates developments. The selling and marketing expenses increased as a percentage of sales as a result of increased recruitment incentives costs and reintroduced meetings and conferences. The administrative expenses in the prior year were positively impacted by reversals of accruals related to management incentives and explain 640 bps of the drop in operating margin vs prior year. The adjusted operating cash flow improved due to lower tax and improved working capital, which was partially offset by the decrease in adjusted EBITDA.

In Latin America Euro sales decreased by 5% while local currency sales development was -17%. The sales drop is coming from less members from weaker recruitment and activity levels in all markets where Colombia is doing relatively better than other markets. Gross margins were lower as a result of higher product and freight costs which were not offset by price adjustments. The operating margin decreased to 8.0% (15.9%) as a result of the sales drop, lower gross margins and a return to more normalized costs in selling and marketing where several costs were put on hold during Covid 19 restrictions last year.

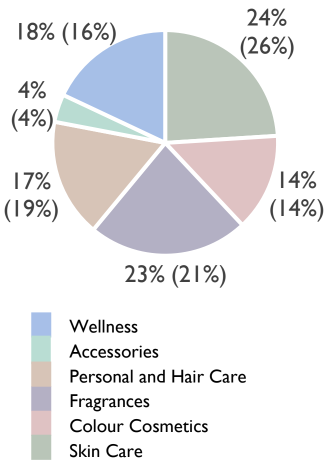
In Europe & CIS Euro sales increased by 5% as a result of stronger local currencies in several markets with biggest impact from Russia. Sales in local currency dropped by 8% due to lower number of members partially offset by higher productivity of members. Sales in Ukraine recovered significantly after activities started again towards the end of quarter two. Other markets with positive developments during the quarter include UK, Romania, Hungary and Bulgaria. Operating margin increased to 16.0% (15.9%) where positive impact from price increases and exchange rate impacts was not enough to offset the cost increases from product inflation and higher selling and marketing expenses which normalized after lower costs prior year due to Covid-19.

In Asia Euro sales decreased by 17% as a result of less members and lower activity levels. The decline in local currencies was 24%. The sales results continue to be challenging in China where various restrictions on travel, product deliveries and meetings are still in place. Sales in India and Indonesia has also been challenging during the quarter, while the strong growth continues in Vietnam. Operating margin increased to 16.3% (14.1%) due to releases of VAT related provisions in Indonesia which positively impacted the gross margin during the quarter as a one-off effect. Underlying gross margins were stable where increased product costs were offset by positive price mix adjustments. Selling and marketing expenses were higher as a result of restarting event and conference activities. Despite savings in administrative costs, these increased as percentage of sales from the sales drop.

In Turkey & Africa Euro sales increased by 10% driven by strong growth in Turkey and Nigeria. Sales in local currencies increased by 17% which was adjusted for the high inflation in Turkey. In Turkey we see strong local currency sales which is partially the result of increased pricing from the high inflation pressure in this market, while in Nigeria the increase is driven by strong growth in active members. In both Nigeria and Turkey, we have managed to significantly increase prices in order to offset the negative impact of local currency devaluations. The operating margin for the quarter increased to 19.4% (15.3%) positively impacted by sales and price mix partially offset by higher selling and marketing expenses.

PUBLISHED FOREST COMMITMENT AND LAUNCH OF NEW BIODEGRADABLE PRODUCTS

Product categories
Q3 2022 (Q3 2021)



Sustainability
The Oriflame community continued to support people affected by the war in Ukraine in different initiatives, from donating products to volunteering in shelters as well as raising more than €80,000 to the benefit of the Save the Children's work in Ukraine.

In July Oriflame published its **Forest Commitment** addressing deforestation and conversion of natural ecosystems. The Forest Commitment covers paper-based products, wood products, derivatives of palm oil and palm kernel oil, and priority raw materials such as coconut, rice, and soy Oriflame use in their supply chain. Time-bound targets to implement the commitment have been set up.

Oriflame introduced the Feminelle biodegradable sanitary pads to the Indian market in the quarter. Sanitary pads are large contributors to plastic waste, and as Oriflame's Feminelle pads are made up of biodegradable cotton and wood pulp extracts they are less harmful for the environment and will not add to the global issue of plastic waste.

Brand and Innovation
In the third quarter several launches were made.

Within *Skin Care* Oriflame launched **Love Nature Upcycled Collection** and used discarded parts of fruits and extracts from the juicing and essential oil industry for the products. Within the **Waunt** family a new unisex serum was introduced; the **Go Glow Hydro boost Serum**, formulated without parabens, mineral oil and SLS and its formulation has been registered with The Vegan Society™.

In *Colour Cosmetics* **Giordani Gold** introduced the **Serum Boost Concealer, the Serum Boost Primer, and the Serum-Infused Pearls.** Within **The One the Tremendous Mascara**, **Tremendous Fierce Mascara,** and an eyeshadow squad were also introduced. **Oncolour** launched the **Lush Sorbets Collection**.

In the *Fragrance* portfolio the iconic Oriflame brand **Giordani Gold** launched new timeless scents for Woman and Man, elevated in a new packaging design for today's contemporary world. The new scent **OH! Sweet** was also introduced.

Within *Personal and Hair Care* the **Love Nature** is now strengthened by hand creams, which are thoughtfully designed with recycled plastic packaging (43% PCR) so users can enjoy self-care and take steps to help reduce the impact on the planet. Oriflame also introduced **North for Men** Active Carbon, a new cleansing experience of Active Carbon. During the quarter Oriflame introduced the **Feminelle** biodegradable sanitary pads in some markets. The launch was a strong addition to Feminelle's range of intimate-care solutions.

In the *Accessories* category a set of **beauty tools** were launched and the summer season of the collection **Norrsken** continued until the end of the third quarter. The navy blue **Back to work** collection made of water-based PU, a more sustainable material choice, was introduced.

Online

During the third quarter almost all orders processed were placed online or in the Oriflame app. With the increased mobile device focus on new services available, the utilization share coming from mobile devices continues to grow resulting in 67% (64%) share of orders and 84% (84%) share of sessions to Oriflame websites.

Stability and performance of sites and apps for the quarter was good with very few incidents affecting availability. Business-critical functions were operational at a high level.

Rollout activities of delivered features continue to progress at high pace, reaching global coverage of new features faster than previously. High visibility initiatives such as the New Oriflame App are now in rollout and the upgraded version of the Race for 55 campaign was delivered and implemented globally during the quarter. Race for 55 is a leadership program designed to increase recruitment rates and Brand Partner sales activity. Further activity and recruitment driving improvements for Brand Partners were released within the Business app and the Mobile Office.

To improve the digital shopping experience and commerce capabilities for Brand Partners and VIP Customers focus was on the checkout process, with significant functionality and design released in the payment step and overall layout and configuration of checkout and registration flows.

With high focus on activities that boost social selling capabilities, several features and initiatives were launched to support Brand Partners conducting such activities. The new "Share and Earn" concept was implemented, resulting in the eCatalogue being shared more than five million times during the third quarter.

App users:	
Oriflame app	865,000 Monthly Active Users
Business app	442,000 Monthly Active Users

Service, Manufacturing and Other

The total production volumes decreased versus previous year partly due to the situation in Russia, which has added new challenges into the manufacturing landscape affecting for example raw materials availability and prices.

Despite the recent Covid and macroeconomic challenges, the external sales of Cetes Cosmetics' business (Oriflame manufacturing division) have grown over the last 5 years, and the third quarter was no exception reporting strong growth as a result of new clients and broadened portfolio. To further accelerate the growth Cetes Cosmetics will establish a third channel to support these growth ambitions. Beside Contract manufacturing and Private label the new channel Beauty co-lab will be introduced. In the new channel, Cetes Cosmetics will support existing and new business brands that require more or less full support in their development process. The company can play an important role in this field with its strict compliance, quality and sustainability requirements combined with strong and already established beauty concepts. Sales in Beauty co-lab is expected to start mid-2023 and preparations are ongoing.

Three months ended 30 September 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 items covering restructuring costs amounted to €2.5m for the three months ended 30 September 2022.

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

Sales

Euro sales decreased by 1%, or €1.5m, to €220.0m for the three months ended 30 September 2022 compared with €221.4m for the same period last year. Euro sales decreased in Latin America by 5% and in Asia by 17%, while Europe & CIS and Turkey & Africa recorded Euro sales increase of 5% and 10% respectively.

Local currency sales decreased by 11% mainly due to a decline in the average number of members to 2.0m (2.3m). Unit sales decreased by 22% and the price/mix effect was positive 11%. Except for Turkey & Africa, where the local currency sales increased by 17%, all other regions recorded local currency sales decrease. Local sales decreased by 17% in Latin America, by 8% in Europe & CIS and by 24% in Asia. Manufacturing sales to third parties increased both in Euro (103%) and in local currency (87%) mainly due to higher sales in Cetes Cosmetics Poland.

Costs and expenses

Cost of sales (33.0% of sales compared to 31.2% prior year)

Cost of sales increased by 5.0%, or €3.5m, to €72.6m for the three months ended 30 September 2022 from €69.2m for the same period in 2021. The cost of sales in absolute terms and as a percentage of sales increased mainly due to product cost inflation and under-recoveries in manufacturing and supply chain, not offset by the mix improvement and the delayed selling price increases.

Selling and marketing expenses (30.5% of sales compared to 29.2% prior year)

Selling and marketing expenses increased by 3.7%, or €2.4m, to €67.1m for the three months ended 30 September 2022 from €64.6m for the same period in 2021. This increase in absolute terms and as a percentage of sales is due to lower comparable, where in the same period prior year there were limited cost accruals for Brand Partners' international conferences due to the Covid-19 pandemic related travel restrictions. The selling and marketing expenses in the current period and year are at the levels before the pandemic.

Distribution and infrastructure expenses (2.9% of sales compared to 2.8% prior year)

Distribution and infrastructure expenses increased by 4.6%, or €0.3m, to €6.5m for the three months ended 30 September 2022 from €6.2m for the same period in 2021. Overall, the distribution and infrastructure expenses are negatively impacted by increased logistics and energy inflation costs.

Administrative expenses (27.7% of sales compared to 19.4% prior year)

The administrative expenses for the three months ended 30 September 2022 included €1.9m related to PPA items (€1.8m the same period prior year) and restructuring costs of €2.5m (€0.1m the same period prior year). The administrative expenses in the prior year were positively impacted by reversals of accruals related to management incentives and explain 640 bps of the drop in operating margin vs prior year. On a comparable basis, excluding non-recurring, PPA related items and the one-off release of staff incentive programs in prior year, the adjusted administrative expenses increased during the period to €56.6m from €54.7m for the same period in 2021 due to unfavourable foreign exchange rate impact from weaker Euro.

Net financing costs (3.7% of sales compared to 4.0% prior year)

Net financing costs decreased by €0.8m, to €8.1m for the three months ended 30 September 2022 from €8.9m for the same period in 2021. This positive variance is mainly due to financial instruments related revaluation gains in the current period.

Adjusted income tax expenses (€4.0m compared to €9.4m 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. The relative ETR tax rate was higher as a result of one-off tax provisions recognized for ongoing litigations.

Adjusted EBITDA

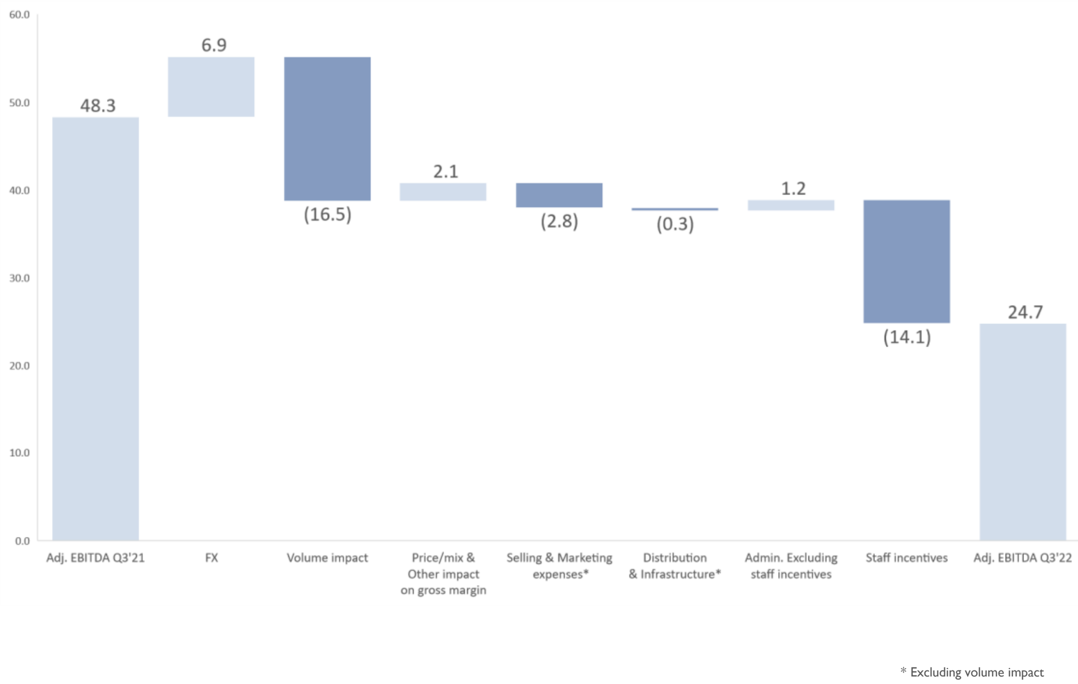
€24.7m

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 49%, or €23.6m, to €24.7m for the three months ended 30 September 2022 from €48.3m for the same period in 2021, negatively impacted mainly by lower unit sales, product cost inflation, higher selling and marketing, distribution and administrative expenses. The administrative expenses in the prior year were positively impacted by reversals of accruals related to management incentives and explain 640 bps of the drop in operating margin versus prior year. The current period EBITDA is positively impacted by the price/mix and favourable foreign exchange rates developments. The adjusted EBITDA margin was 11.2% compared to 21.8% prior year.

ADJUSTED EBITDA VS. PRIOR YEAR (€m)



Nine months ended 30 September 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. All comments exclude non-recurring items. Non-recurring items amounted to €68.5m for the nine months ended 30 September 2022. They cover impairment of property, plant and equipment (€55.3m), restructuring costs (€14.3m) and impact from the war in Ukraine (€1.3m).

LOWER FINANCING COSTS FOLLOWING THE REFINANCING IN MAY 2021

Sales

Sales for the nine months ended 30 September 2022 decreased by 11%, or €78.2m, to €661.0m compared with €739.2m in 2021. All business areas experienced a decline in Euro sales.

Local currency sales decreased by 16% mainly due to a decline in the average number of members to 2.2m (2.5m). Unit sales decreased by 20% and the price/mix effect was positive by 4%.

Local currency sales increased by 3% in Turkey & Africa and decreased by 14% in Europe & CIS, by 18% in Latin America and by 26% in Asia.

Costs and expenses

Cost of sales (33.9% of sales compared to 30.2% prior year)

Cost of sales in absolute amount increased by 0.1%, or €0.2m, to €223.8m for the nine months ended 30 September 2022 from €223.5m for the same period in 2021 due to lower sales. The increase of the cost of sales percentage in relation to sales was due to increased product costs, under-recoveries in manufacturing and supply chain 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 €0.2m during the period to €223.3m for the same period in 2021.

Selling and marketing expenses (30.3% of sales compared to 28.1% prior year)

Selling and marketing expenses in absolute amount decreased by 3.5%, or €7.2m, to €200.5m for the nine months ended 30 September 2022 from €207.7m in 2021. This decrease was due to lower sales. The selling and marketing expenses percentage of sales increased due to higher meetings, conferences 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 (2.8% 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 5.9%, or €1.2m, to €18.4m for the nine months ended 30 September 2022 from €19.6m 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.

1.9m

MEMBERS AT THE END OF SEPTEMBER 2022

Administrative expenses (37.5% of sales compared to 23.8% prior year)

The administrative expenses for the nine months ended 30 September 2022 included €5.6m PPA related items and €69.0m non-recurring costs in relation to restructuring, the war in Ukraine and the impairment of property, plant and equipment, while in 2021 those included €0.4m non-recurring costs in relation to the refinancing of the long-term debt and €9.0m PPA related items. On a comparable basis, excluding non-recurring and PPA related items, the adjusted administrative expenses increased during the period to €172.9m from €166.8m for the same period in 2021. The increase is mainly due to adverse exchange rate impact and also higher travel, IT and communication infrastructure costs.

Net financing costs (0% of sales compared to 13.2% prior year)

Net financing costs decreased by €97.4m to €0.2m for the nine months ended 30 September 2022 from €97.6m 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. 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 €37.2m due to a positive variance of €12.4m on foreign exchange rates differences, positive variance of €3.8m from revaluation of financial instruments and the decrease of the interest borrowing costs after the 2021 refinancing.

Adjusted income tax expenses (€14.6m compared to €27.0m prior year)

On a comparable basis, excluding non-recurring and PPA impact, the tax expenses were lower than in the same period a year ago due to lower adjusted profit before tax.

Adjusted EBITDA

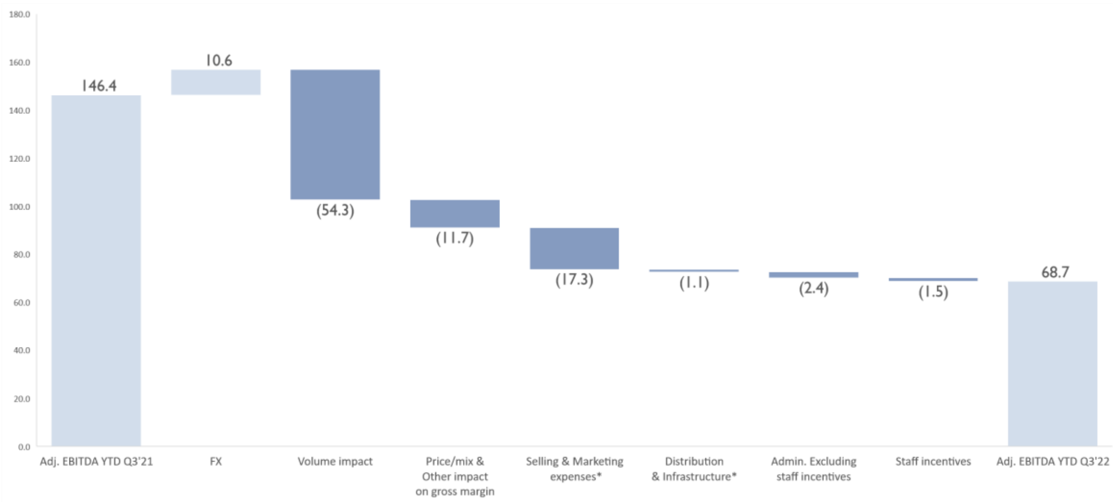
€68.7m

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 53.1%, or €77.7m, to €68.7m for the nine months ended 30 September 2022 from €146.4m 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 positive currency impact. The adjusted EBITDA margin was 10.4% compared to 19.8%.

ADJUSTED EBITDA VS. PRIOR YEAR (€m)



* Excluding volume impact

Cash flow and investments

€23.3m

ADJ. CASH FLOW BEFORE FINANCING ACTIVITIES IN THE QUARTER

"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.

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.

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 16). The below comments are based on the new presentation.

Adjusted cash flow before financing activities

Adjusted cash flow before financing activities was €23.3m in the three months period ended 30 September 2022 compared to €2.5m (restated – see above) for the same period in 2021.

The improved adjusted cash flow before financing activities is mainly explained by the movement in the *adjusted cash flow from operating activities* which increased by €20.8m compared to prior year. This deviation is primarily due to improvement in change in working capital of €38.0m (primarily due to positive impact on inventories of €22.5m, trade payables of €17.2m and positive impact on trade receivables of €1.9m), income tax paid by €2.3m and offset by the decrease in adj. EBITDA of €23.6m.

Payment of lease liabilities and interest on lease liabilities, which amounted to €4.8m during the period, impacted positively the adjusted cash flow before financing activities by €0.2m compared to €4.9m prior year.

Cash flow used in investing activities of €2.6m had a small negative impact of €0.2m compared to the same period in 2021 (€2.4m).

For the nine months period ended 30 September 2022 the adjusted cash flow before financing activities amounted to €0.7m compared to €13.7m (restated – see above) for the same period in 2021.

The decrease in adjusted cash flow before financing activities is mainly explained by the movement in the *adjusted cash flow from operating activities* which decreased by €12.1m compared to prior year due to lower adjusted EBITDA of €77.7m, offset by improvement in working capital of €44.2m (primarily due to positive impact on inventories of €52.0m, trade payables of €7.3m and negative impact on trade receivables of €4.3m), and lower income tax paid by €7.6m.

Payment of lease liabilities and interest on lease liabilities, which amounted to €14.4m during the nine months ended 30 September 2022 impacted positively the adjusted cash flow before financing activities by €1.1m compared to €15.4m prior year.

Cash flow used in investing activities of €6.6m had a negative impact of €2.0m compared to the same period in 2021 (€4.6m).

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

€m	three months ended *30 September* 2022	three months ended *30 September* 2021*	nine months ended *30 September* 2022	nine months ended *30 September* 2021*	LTM Oct'21 – Sep'22	Year end 2021*
Cash flow from operating activities	28.2	9.5	17.2	31.6	83.6	98.0
Cash flow used in investing activities	(2.6)	(2.4)	(6.6)	(4.6)	(8.9)	(6.9)
Payment of lease liabilities	(3.6)	(4.0)	(11.1)	(12.6)	(15.4)	(16.8)
Interest paid on lease liabilities	(1.2)	(0.9)	(3.3)	(2.9)	(4.2)	(3.9)
Other interest and other financial charges paid	(0.1)	(0.2)	(0.4)	(0.4)	(1.3)	(1.3)
Non-recurring and PPA items	2.6	0.5	4.9	2.6	5.2	2.9
Adj. cash flow before financing activities	**23.3**	**2.5**	**0.7**	**13.7**	**59.0**	**72.0**

* Restated – see pages 11 and 12

Cash flow used in financing activities

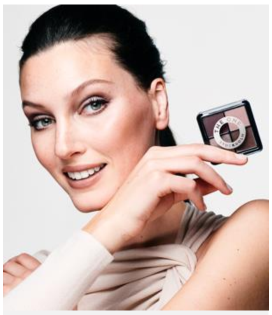
Cash flow used in financing activities for the three months ended 30 September 2022 was €32.9m, compared to a cash inflow of €0.3m for the same period in 2021. During the current period €25.0m Revolving Credit Facility was fully repaid, while in the same period prior year €10.0m loan was newly drawn from the Revolving Credit Facility.

For the nine months period ended 30 September 2022 the cash flow used in financing activities was €31.7m compared to €173.3m in the same period in 2021. The main reason for the favourable difference is the refinancing of the long-term debt in May 2021, when €761.3m were used for the repayment of the old Notes and the proceeds from the issuance of the new Notes were €707.5m. In addition, one-off refinancing costs of make whole and refinancing related fees of € 54.3m, and dividend of €30.5m were paid in the same period prior year. The interest and other financial charges paid in the nine months period ended 30 September 2022 are €26.0m lower versus the same period prior year mainly due to the more favourable conditions of the new notes.

Funding and financial position

Oriflame's long-term debt as of 30 September 2022 amounts to €814.2m 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 30 September 2022, the RCF was not drawn and the cash and cash equivalents were €96.6m. 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 30 September 2022.



5.5

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 September 2022			-

** €200m notional swapped into fixed EUR with margin 0.14%*
*** Swapped € interest rate 3.53%*

As of 30 September 2022, total debt amounted to €868.6m (30 September 2021: €783.9m), secured debt amounted to €814.2m (€750.0m), net secured debt amounted to €717.6m (€650.6m), Net Secured Debt ratio was 6.4 (3.3) and Net Secured Debt ratio at hedged value was 5.5 (3.2).

Dividend 2022

Following the proposed dividend from the Interim Management Statement 1 January – 31 December 2021 published on 24 February 2022, it has been decided to pay during the latter part of the fourth quarter the previously announced dividend of €30.5m (to be compared with €30.5m dividend distributed in 2021).

Board of Directors

A new Board member, Nick Wharton, was appointed to Oriflame Holding Ltd and Oriflame Investment Holding Plc as of 21 October 2022.

Financial calendar for 2022

The date for the fourth quarter 2022 is planned to be published on 21 February 2023.

Other

Conference call for the financial community
The company will host a conference call on Friday 21 October 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/221021**

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

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

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Alternative Performance Measures (APMs)

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

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

Definitions

Adjusted EBITDA

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

Adjusted gross profit

Gross profit excluding purchase price allocation items.

Adjusted net profit

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

Adjusted operating profit

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

Adjusted Cash flow before financing activities (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, 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 during the second quarter of 2022 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	**Q2'21**	**Q3'21**	**Q4'21**	**Q1'22**	**Q2'22**	**Q3'22**
Sales, €m	245.0	221.4	277.3	229.9	211.1	220.0
Adj. Gross margin, %	70.9	68.8	63.5	64.3	67.6	67.0
Adj. EBITDA, €m	53.0	48.3	42.6	22.1	21.8	24.7
Adj. EBITDA margin, %	21.6	21.8	15.4	9.6	10.3	11.2
Adj. Operating profit, €m	44.8	40.4	34.7	14.4	14.2	17.2
Adj. Operating margin, %	18.3	18.2	12.5	6.3	6.7	7.8
Adj. Net profit, €m	20.6	22.2	13.8	9.9	16.1	5.2
Adj. Cash flow from operating activities, €m	(13.7)*	10.0*	66.7*	(4.7)*	(4.0)*	30.8
Adj. Cash flow before financing activities, €m	(20.1)*	2.5*	58.3*	(11.5)*	(11.1)*	23.3
Cash flow used in investing activities, €m	(1.3)	(2.4)	(2.3)	(1.4)	(2.5)	(2.6)
Cash and cash equivalents, €m	90.3	99.4	118.9	103.8	106.3	96.6
Total debt, €m	764.9	783.9	774.9	783.1	860.0	868.6
Secured debt, €m	727.8	750.0	735.6	745.5	804.5	814.2
Net Secured Debt ratio	3.3	3.3	3.3	3.9	5.2	6.4

Sales, €m	**Q2'21**	**Q3'21**	**Q4'21**	**Q1'22**	**Q2'22**	**Q3'22**
Latin America	35.9	35.0	34.6	28.8	32.3	33.2
Europe & CIS	126.4	108.2	152.7	116.5	106.4	114.1
Asia	57.5	58.5	62.0	53.8	48.3	48.6
Turkey & Africa	19.6	16.3	21.7	22.6	17.0	18.0
Manufacturing	4.3	2.3	4.9	7.1	5.9	4.6
Other	1.2	1.2	1.3	1.1	1.3	1.5
Oriflame	**245.0**	**221.4**	**277.3**	**229.9**	**211.1**	**220.0**

Adjusted operating Profit, €m	**Q2'21**	**Q3'21**	**Q4'21**	**Q1'22**	**Q2'22**	**Q3'22**
Latin America	5.2	5.6	2.0	1.1	2.8	2.6
Europe & CIS	32.9	17.2	29.4	18.6	20.0	18.2
Asia	13.6	8.3	7.3	6.9	1.8	7.9
Turkey & Africa	4.1	2.5	3.2	4.8	2.1	3.5
Manufacturing	2.7	0.9	3.7	1.7	3.0	1.6
Other	(13.7)	5.9	(10.9)	(18.7)	(15.4)	(16.7)
Oriflame	**44.8**	**40.4**	**34.7**	**14.4**	**14.2**	**17.2**

Members, '000	**Q2'21**	**Q3'21**	**Q4'21**	**Q1'22**	**Q2'22**	**Q3'22**
Latin America	285	288	284	229	243	242
Europe & CIS	1,253	1,169	1,389	1,295	1,044	1,034
Asia	593	575	535	498	450	433
Turkey & Africa	270	217	280	302	273	203
Oriflame	**2,401**	**2,248**	**2,489**	**2,325**	**2,009**	**1,912**

Adjusted operating margin, %	**Q2'21**	**Q3'21**	**Q4'21**	**Q1'22**	**Q2'22**	**Q3'22**
Latin America	14.4	15.9	5.8	3.9	8.5	8.0
Europe & CIS	26.0	15.9	19.2	15.9	18.8	16.0
Asia	23.6	14.1	11.8	12.8	3.8	16.3
Turkey & Africa	21.0	15.3	14.7	21.3	12.4	19.4
Oriflame	**18.3**	**18.2**	**12.5**	**6.3**	**6.7**	**7.8**

€ Sales growth in %	**Q2'21**	**Q3'21**	**Q4'21**	**Q1'22**	**Q2'22**	**Q3'22**
Latin America	30	(9)	(16)	(15)	(10)	(5)
Europe & CIS	(4)	(19)	(1)	(12)	(16)	5
Asia	(25)	(23)	(23)	(26)	(16)	(17)
Turkey & Africa	(23)	(41)	(17)	(6)	(13)	10
Oriflame	**(8)**	**(21)**	**(10)**	**(16)**	**(14)**	**(1)**

* restated – see pages 11 and 12

Condensed consolidated income statements – Three months ended 30 September

€'000	2022	Non-recurring items*	PPA items**	Adjusted 2022	2021	Non-recurring items*	PPA items**	Adjusted 2021
Sales	219,978			219,978	221,450			221,450
Cost of sales	(72,649)			(72,649)	(69,165)			(69,165)
Gross profit	**147,329**	**-**	**-**	**147,329**	**152,285**	**-**	**-**	**152,285**
Selling and marketing expenses	(67,056)			(67,056)	(64,641)			(64,641)
Distribution and infrastructure	(6,489)	18		(6,472)	(6,189)			(6,189)
Administrative expenses	(60,935)	2,464	1,876	(56,594)	(42,924)	67	1,771	(41,086)
Operating profit	**12,848**	**2,482**	**1,876**	**17,207**	**38,531**	**67**	**1,771**	**40,369**
Financial income	13,109			13,109	7,949			7,949
Financial expenses	(21,186)			(21,186)	(16,816)		131	(16,685)
Net financing costs	**(8,077)**	**-**	**-**	**(8,077)**	**(8,867)**	**-**	**131**	**(8,736)**
Loss from associates, net of tax	(3)			(3)	-			-
Net profit before tax	**4,768**	**2,482**	**1,876**	**9,127**	**29,664**	**67**	**1,902**	**31,633**
Income tax expense	(3,780)	(13)	(181)	(3,975)	(9,197)	-	(228)	(9,425)
Profit for the period	**988**	**2,469**	**1,695**	**5,152**	**20,467**	**67**	**1,674**	**22,208**

* Non-recurring items cover:
2022: Restructuring costs
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 – nine months ended 30 September

€'000	2022	Non-recurring items*	PPA items**	Adjusted 2022	2021	Non-recurring items*	PPA items**	Adjusted 2021
Sales	660,985			660,985	739,229			739,229
Cost of sales	(223,750)	447		(223,303)	(223,523)			(223,523)
Gross profit	**437,235**	**447**	**-**	**437,681**	**515,705**	**-**	**-**	**515,705**
Selling and marketing expenses	(200,486)			(200,486)	(207,657)			(207,657)
Distribution and infrastructure	(19,885)	1,474		(18,411)	(19,564)			(19,564)
Administrative expenses	(247,562)	69,028	5,629	(172,906)	(176,201)	374	8,981	(166,846)
Operating profit/(loss)	**(30,698)**	**70,948**	**5,629**	**45,879**	**112,284**	**374**	**8,981**	**121,639**
Financial income	58,886			58,886	20,256			20,256
Financial expenses	(59,059)			(59,059)	(117,872)	60,272	466	(57,133)
Net financing costs	**(173)**	**-**	**-**	**(173)**	**(97,615)**	**60,272**	**466**	**(36,877)**
Loss from associates, net of tax	(21)			(21)	-			-
Net profit/(loss) before tax	**(30,892)**	**70,948**	**5,629**	**45,685**	**14,668**	**60,646**	**9,448**	**84,762**
Income tax (expense) / credit	(14,544)	497	(544)	(14,591)	(25,533)	-	(1,473)	(27,006)
Profit/(loss) for the period	**(45,436)**	**71,445**	**5,085**	**31,094**	**(10,864)**	**60,646**	**7,975**	**57,756**

* 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	three months ended 30 September		nine months ended 30 September	
		2022	2021	2022	2021
Profit / (Loss) for the period		**988**	**20,467**	**(45,436)**	**(10,864)**
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
Total items that will not be reclassified subsequently to profit or loss		**-**	-	***5,666***	***1,346***
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		1,398	5,215	61,768	16,620
Cash flow hedges – effective portion of changes in fair value, net of tax		1,310	1,788	(2,447)	(9,413)
Total items that are or may be reclassified subsequently to profit or loss		***2,708***	***7,003***	***59,321***	***7,207***
Other comprehensive income for the period, net of tax		**2,708**	**7,003**	**64,987**	**8,553**
Total comprehensive income for the period		**3,696**	**27,470**	**19,551**	**(2,311)**

Condensed consolidated statements of financial position

€'000		30 September, 2022	31 December, 2021	30 September, 2021
Assets				
Property, plant and equipment	4	84,173	109,739	109,110
Right-of-use assets	5	51,052	37,034	32,385
Intangible assets		565,748	572,255	573,825
Goodwill	6	290,893	262,137	259,038
Investment in associates		85	94	-
Investment property		542	542	542
Deferred tax assets		21,661	24,660	23,125
Other long-term receivables		130	1,999	1,994
Derivative financial assets	7	109,638	21,314	12,115
Total non-current assets		**1,123,922**	**1,029,775**	**1,012,135**
Inventories		150,758	155,482	163,236
Trade and other receivables		49,317	47,354	48,749
Tax receivables		20,916	16,181	15,096
Prepaid expenses		28,067	20,792	17,534
Derivative financial assets	7	14,437	610	3,268
Cash and cash equivalents		96,618	118,853	99,359
Total current assets		**360,113**	**359,274**	**347,243**
Total assets		**1,484,035**	**1,389,049**	**1,359,377**
Equity				
Share capital		653,081	653,081	653,081
Reserves		29,627	(29,694)	(34,030)
Retained earnings		(353,067)	(313,769)	(327,080)
Total equity		**329,641**	**309,618**	**291,971**
Liabilities				
Interest-bearing loans	8	802,715	721,837	710,824
Employee benefits	9	5,362	10,677	15,551
Lease liabilities	5	40,465	26,149	20,143
Other long-term liabilities		1,939	2,006	1,235
Deferred income		142	144	1,248
Provisions	10	8,169	12,678	8,231
Deferred tax liabilities		54,708	55,627	47,634
Total non-current liabilities		**913,500**	**829,117**	**804,866**
Current portion of interest-bearing loans		-	-	25,000
Lease liabilities	5	13,946	13,102	13,759
Trade and other payables		87,622	115,474	81,408
Contract liabilities		7,719	10,393	8,259
Tax payables		14,661	17,766	17,705
Accrued expenses		93,570	84,314	97,362
Derivative financial liabilities	7	12,408	1,454	5,527
Employee benefits	9	-	4,383	6,214
Provisions	10	10,969	3,430	7,306
Total current liabilities		**240,895**	**250,314**	**262,541**
Total liabilities		**1,154,394**	**1,079,431**	**1,067,407**
Total equity and liabilities		**1,484,035**	**1,389,049**	**1,359,377**

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	-	-	(10,864)	(10,864)
Other comprehensive income, net of tax	-	7,207	1,346	8,553
Total comprehensive income for the period	**-**	**7,207**	**(9,518)**	**(2,311)**
Dividends	-	-	(30,520)	(30,520)
Total contributions and distributions	**-**	**-**	**(30,520)**	**(30,520)**
At 30 September 2021	**653,081**	**(34,030)**	**(327,080)**	**291,971**

€'000	Note	Share capital	Reserves	Retained earnings	Total Equity
At 1 January 2022		**653,081**	**(29,694)**	**(313,769)**	**309,618**
IAS 29 Hyperinflation adjustment	3	-	-	472	472
Net loss		-	-	(45,436)	(45,436)
Other comprehensive income, net of tax		-	59,321	5,666	64,987
Total comprehensive income for the period		**-**	**59,321**	**(39,770)**	**19,551**
At 30 September 2022		**653,081**	**29,627**	**(353,067)**	**329,641**

Condensed consolidated statements of cash flows – three months ended 30 September

€'000	2022	Non-recurring items	Purchase Price allocation items	2022 Adjusted	2021	Non-recurring items	Purchase Price allocation items	2021 Adjusted
Operating activities								
Profit before income tax	**4,768**	**2,482**	**1,876**	**9,127**	**29,664**	**67**	**1,902**	**31,633**
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	7,326			7,326	7,613		42	7,655
Amortisation of intangible assets	2,089		(1,876)	212	2,088		(1,813)	276
Change in fair value of borrowings and derivatives financial instruments	(1,965)			(1,965)	(79)			(79)
Deferred income	323			323	676			676
Unrealised exchange rate differences	5,068			5,068	357			357
Profit on disposal of property, plant and equipment, intangible assets, leased assets	(81)			(81)	(135)			(135)
Loss from associates, net of tax	3			3	-			-
Interest and other financial income	(7,686)			(7,686)	(6,464)			(6,464)
Interest and other financial expense	16,910			16,910	14,913		(131)	14,782
	26,754	**2,482**	**-**	**29,236**	**48,634**	**67**	**-**	**48,701**
Decrease in trade and other receivables, prepaid expenses	5,639			5,639	3,715			3,715
(Increase)/Decrease in inventories	8,144			8,144	(14,339)			(14,339)
Decrease in trade and other payables, accrued expenses	(5,773)			(5,773)	(22,974)			(22,974)
Decrease in provisions	(4,242)	115		(4,127)	(939)	471		(469)
Cash generated from operations	**30,522**	**2,597**	**-**	**33,119**	**14,096**	**538**	**-**	**14,634**
Interest received	235			235	279			279
Income taxes paid	(2,571)			(2,571)	(4,892)			(4,892)
Cash flow from operating activities	**28,186**	**2,597**	**-**	**30,783**	**9,483**	**538**	**-**	**10,021**

Condensed consolidated statements of cash flows – three months ended 30 September (continued)

€'000	Note	2022	Non-recurring items	Purchase Price allocation items	2022 Adjusted	2021	Non-recurring items	Purchase Price allocation items	2021 Adjusted
Cash flow from operating activities		**28,186**	**2,597**	**-**	**30,783**	**9,483**	**538**	**-**	**10,021**
Investing activities									
Proceeds on sale of property, plant and equipment, intangible assets		80			80	201			201
Purchases of property, plant, equipment		(2,700)			(2,700)	(2,505)			(2,505)
Purchases of intangible assets		(14)			(14)	(121)			(121)
Cash flow used in investing activities		**(2,635)**	**-**	**-**	**(2,635)**	**(2,425)**	**-**	**-**	**(2,425)**
Financing activities									
Proceeds from borrowings		-			-	10, 000			10,000
Repayment of borrowings		(25,000)			(25,000)	-			-
Interest and other financial charges paid	2	(4,291)			(4,291)	(5,666)	1,232	131	(4,303)
Payment of lease liabilities		(3,600)			(3,600)	(4,009)		(131)	(4,140)
Cash flow from / (used in) financing activities		**(32,892)**	**-**	**-**	**(32,892)**	**325**	**1,232**	**-**	**1,557**
Change in cash and cash equivalents		**(7,340)**	**2,597**	**-**	**(4,744)**	**7,384**	**1,770**	**-**	**9,153**
Cash and cash equivalents at the beginning of the period net of bank overdrafts		106,263	2,263		108,525	90,348	55,181		145,529
Effect of exchange rate fluctuations on cash held		(2,305)			(2,305)	1,628			1,628
Cash and cash equivalents at the end of the period, net of bank overdrafts		**96,618**	**4,859**	**-**	**101,477***	**99,359**	**56,951**	**-**	**156,310***

* 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 – nine months ended 30 September

€'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	**(30,892)**	**70,948**	**5,629**	**45,685**	**14,668**	**60,646**	**9,448**	**84,762**
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	22,176			22,176	23,824		74	23,898
Amortisation of intangible assets	6,287		(5,629)	658	9,803		(8,970)	833
Change in fair value of borrowings and derivatives financial instruments	(13,290)			(13,290)	1,564			1,564
Deferred income	(2,698)			(2,698)	(2,686)			(2,686)
Impairment	55,314	(55,314)		-	-			-
Unrealised exchange rate differences	(4,569)			(4,569)	(5,394)			(5,394)
Profit on disposal of property, plant and equipment, intangible assets, leased assets	(53)	(278)		(331)	(963)		(85)	(1,048)
Loss from associates, net of tax	21			21	-			-
Interest and other financial income	(22,222)			(22,222)	(16,974)			(16,974)
Interest and other financial expense	47,859			47,859	112,751	(60,272)	(466)	52,013
	57,933	**15,356**	**-**	**73,289**	**136,594**	**374**	**-**	**136,968**
(Increase)/decrease in trade and other receivables, prepaid expenses	(3,841)			(3,841)	436			436
(Increase)/decrease in inventories	18,899	(447)		18,452	(33,587)			(33,587)
Decrease in trade and other payables, accrued expenses	(41,095)			(41,095)	(48,435)			(48,435)
Increase/(decrease) in provisions	2,238	(10,050)		(7,812)	844	2,236		3,080
Cash generated from operations	**34,134**	**4,859**	**-**	**38,994**	**55,853**	**2,609**	**-**	**58,462**
Interest received	961			961	1,237			1,237
Income taxes paid	(17,859)			(17,859)	(25,496)			(25,496)
Cash flow from operating activities	**17,236**	**4,859**	**-**	**22,095**	**31,594**	**2,609**	**-**	**34,203**

Condensed consolidated statements of cash flows – nine months ended 30 September (continued)

€'000	Note	2022	Non-recurring items	Purchase Price allocation items	2022 Adjusted	2021	Non-recurring items	Purchase Price allocation items	2021 Adjusted
Cash flow from operating activities		**17,236**	**4,859**	**-**	**22,095**	**31,594**	**2,609**	**-**	**34,203**
Investing activities									
Proceeds on sale of property, plant and equipment, intangible assets		575			575	1,513			1,513
Purchases of property, plant, equipment		(7,031)			(7,031)	(5,754)			(5,754)
Purchases of intangible assets		(139)			(139)	(365)			(365)
Cash flow used in investing activities		**(6,595)**	**-**	**-**	**(6,595)**	**(4,606)**	**-**	**-**	**(4,606)**
Financing activities									
Proceeds from borrowings		25,000			25,000	732,533			732,533
Repayment of borrowings		(25,000)			(25,000)	(761,252)			(761,252)
Interest and other financial charges paid	2	(20,604)			(20,604)	(101,471)	54,342	466	(46,663)
Payment of lease liabilities		(11,123)			(11,123)	(12,564)		(466)	(13,030)
Dividends paid		-			-	(30,520)			(30,520)
Cash flow used in financing activities		**(31,727)**	**-**	**-**	**(31,727)**	**(173,274)**	**54,342**	**-**	**(118,932)**
Change in cash and cash equivalents		**(21,085)**	**4,859**	**-**	**(16,226)**	**(146,285)**	**56,951**	**-**	**(89,335)**
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		(1,150)			(1,150)	3,698			3,698
Cash and cash equivalents at the end of the period, net of bank overdrafts		**96,618**	**4,859**	**-**	**101,477***	**99,359**	**56,951**	**-**	**156,310***

* 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 JEl 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 nine months ended 30 September 2022 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 nine months period ended 30 September 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 October 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.

Change in presentation

The presentation of the consolidated statements of cash flows was adjusted to achieve a more appropriate presentation of the group cash flows:

- Interest and other financial charges paid, which covers mainly financing interest from the interest-bearing loans, were reclassified from cash flow from operating activities to cash flow from/(used in) financing activities.

This change facilitates the reading of the different cash flows so that the readers of the financial statements do not need to reclassify the interest paid out of the cash generated from operating activities to get a clearer view on the operating and financing cash flows.

The Company restated the consolidated statements of cash flows for the prior periods in 2021 to have proper comparative figures.

3. Hyperinflation

Turkey, a country in which the Group operates, has become a hyperinflationary economy since the second quarter of 2022. The Turkish Lira has experienced a cumulative inflation rate of more than 100% over the past three years, which requires the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". Hence, the Group implemented IAS 29 retroactively as of 1 January 2022. The impact of applying this standard amounted to €472k in the opening retained earnings. Prior year figures were not restated. The financial statements of the sales entity in Turkey are based on the historical cost approach. The non-monetary items in the balance sheet were restated by applying the corresponding Consumer Price Index (CPI) at the end of the reporting period. Income statement items were indexed up from the period initially recorded to reflect the purchasing power at the reporting date. The gain or loss on the net monetary position is included in the income statement either in financial income or in financial expense.

The restatement was calculated using the conversion factors derived from the CPI, published by the Turkish Statistical Institute. The CPI increased from 686.95 in December 2021 to 1,046.89 in September 2022 representing an increase of 52% during the period. In 2021, the inflation amounted to 36.1%.

During the nine months period until September 2022, the impact on the net monetary position amounted to a loss of €291k which was recognized within financial expense.

4. Property, plant & Equipment (PP&E)

The significant decrease in the property, plant & equipment of €25.6m as of 30 September 2022 compared to 31 December 2021 is mainly explained by an impairment of €55.3m in the property, plant & equipment and recognized in the administrative expenses section in June 2022, which was partially offset by the currency translation impact of the Russian Ruble's strengthening. 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.

5. Right-of-use assets

The movement for the nine months period ended 30 September 2022 of €14.0m 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 €15.2m in the non-current and current lease liabilities.

6. Goodwill

The goodwill value increased by €28.8m compared to 31 December 2021. This movement is purely due to foreign exchange impact.

7. Derivative financial assets and liabilities

€'000	30 September 2022	31 December 2021
Non-current derivative financial assets	109,638	21,314
Current derivative financial assets	14,437	610
Total derivative financial assets	**124,075**	**21,924**

€'000	30 September 2022	31 December 2021
Current derivative financial liabilities	12,408	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 €88.3m 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 0.9748 in September 2022 (-14%).

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.

8. Interest-bearing loans

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

€'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	564,218	564,218	-
Front end fees deducted from proceeds	-	2025- 2026	(11,504)	(11,504)	-
Total interest-bearing liabilities			**802,715**	**802,715**	**-**

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

** Swapped € interest rate 3.53%

9. Employee benefits

€'000	30 September 2022	31 December 2021
Non-current	5,362	10,677
Current	-	4,383
Total employee benefits liability	**5,362**	**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 made in June 2022 increased from 0.35% on 31 December 2021 to 2.40%. 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, the impact on the Other Comprehensive Income for the same period 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.

10. Provisions

€'000	30 September 2022	31 December 2021
Non-current	8,169	12,678
Current	10,969	3,430
Total provisions	**19,138**	**16,108**

During the nine months period ended 30 September 2022, the Group reorganized its regional structure to simplify it and to reduce complexity. It resulted in restructuring costs of €14.3m (€2.4m during the first quarter, €9.4m during the second quarter and €2.5m during the third quarter) recognized mainly in the administrative expenses. Consequently, the restructuring provision moved from €0.6m in December 2021 to €10.5m as at 30 September 2022 and should be settled mainly within the next twelve months.

The increase in the restructuring provision was offset through the settlement of other provisions in relation to various litigations and restoration costs on leased office termination and release of provision for a case won on the court.

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 30 September 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 September 2022

€'000	Oriflame Group Consolidated	"Restricted" subsidiaries	"Unrestricted" subsidiaries
Sales	660,985	546,357	114,628
Cost of sales	(223,750)	(170,833)	(52,917)
Gross profit	**437,235**	**375,524**	**61,711**
Selling and marketing expenses	(200,486)	(171,957)	(28,529)
Distribution and infrastructure	(19,885)	(16,633)	(3,252)
Administrative expenses	(247,562)	(175,049)	(72,513)
Operating profit / (loss)	**(30,698)**	**11,885**	**(42,583)**
Financial income	58,886	51,269	7,617
Financial expenses	(59,059)	(57,580)	(1,479)
Net financial (expense) / income	**(173)**	**(6,311)**	**6,138**
Loss from associates, net of tax	(21)	(21)	-
Profit / (loss) before income tax	**(30,892)**	**5,553**	**(36,446)**
Income tax expense	(14,544)	(9,467)	(5,077)*
Loss for the period	**(45,436)**	**(3,913)**	**(41,523)**

* Including a release of Deferred Tax Asset amounting to €2.8m

Consolidated statement of financial position

30 September 2022 €'000	Oriflame Group Consolidated	"Restricted" subsidiaries	"Unrestricted" subsidiaries
Assets			
Property, plant and equipment	84,173	60,576	23,597
Right-of-use-Assets	51,052	38,463	12,590
Intangible assets & Goodwill	856,641	799,098	57,543
Investment in associates	85	85	-
Investment property	542	542	-
Deferred tax assets	21,661	18,600	3,060*
Other long-term receivables and prepaid expenses	130	130	-
Derivative financial assets	109,638	109,638	-
Total non-current assets	**1,123,922**	**1,027,131**	**96,791**
Inventories	150,758	121,291	29,467
Trade and other receivables	49,317	46,391	2,926
Intercompany receivables	-	(2,436)	2,436
Tax receivables	20,916	20,285	632
Prepaid expenses	28,067	26,493	1,574
Derivative financial assets	14,437	14,437	-
Cash and cash equivalents	96,618	92,584	4,034
Total current assets	**360,113**	**319,045**	**41,068**
Total assets	**1,484,035**	**1,346,176**	**137,859**
Total Equity	**329,641**	**246,888**	**82,753**
Liabilities			
Interest-bearing notes	802,715	802,715	-
Intercompany loans	-	(11,763)	11,763
Employee benefits	5,362	5,362	-
Lease liabilities	40,465	28,641	11,824
Other long-term liabilities	1,939	1,939	-
Deferred income	142	142	-
Provisions	8,169	8,169	-
Deferred tax liabilities	54,708	51,647	3,060
Total non-current liabilities	**913,500**	**886,852**	**26,648**
Lease liabilities	13,946	12,059	1,886
Trade and other payables	87,622	78,429	9,193
Intercompany payables	-	(8,385)	8,385
Contract liabilities	7,719	6,664	1,055
Tax payables	14,661	14,661	-
Accrued expenses	93,570	85,739	7,831
Derivative financial liabilities	12,408	12,408	-
Provisions	10,969	10,860	109
Total current liabilities	**240,895**	**212,436**	**28,459**
Total liabilities	**1,154,394**	**1,099,288**	**55,106**
Total equity and liabilities	**1,484,035**	**1,346,176**	**137,859**

* Including a release of Deferred Tax Asset amounting to €2.8m