



Interim Management Statement | January – 30 September 2023

	LC SALES	EURO SALES	ADJUSTED EBITDA
Third quarter	-15%	-26%	€4.1m (€24.7m)
Year-to-date	-11%	-17%	€32.8m (€68.7m)

Three months ended 30 September 2023

Strategic progress

- As announced in a press release of August 15th, Oriflame launched a comprehensive cost and efficiency program to increase profitability and secure long-term growth, while at the same time ensuring continued strategic investments in product and market development. The program aims to deliver annual cost savings of approximately €45m once fully completed and will affect around 20 percent of the number of positions in the company across all levels and geographies. A €22.7m non-recurring restructuring cost has been booked during the quarter, which is the estimated total impact of the full program.
- A new operating and organisational platform was launched with lead markets, scale markets and a venture division consisting of smaller markets, replacing the existing regional management structure. The new platform is intended to remove organisation layers for faster and more agile decision making and will be built on a market categorisation where support and resources will be provided based on each category's needs and market conditions. Several initiatives are under way and a transformation journey has started to address identified challenges, including increased focus on brand and marketing investments, a new Beauty Community Model and product portfolio rationalisation.
- In August, Chief Operating Officer and deputy CEO, Jesper Martinsson announced his intention to leave his position within Oriflame and pursue his career outside the company. At the same time, Niclas Palmquist was promoted to Chief Commercial Officer, CCO. Niclas has long experience from various leadership positions in Oriflame. Most recently he has been Vice President of Business Technology and Digital Experience, where he has ensured rapid and significant business technology improvements for the company. During the quarter, a new Group Management team was formed.

Operational highlights

- Sales continue to show weak results in all regions where Euro sales dropped 26% and local currency sales dropped 15% with strong negative impact from weaker local currencies in several markets with the Russian Rouble having the largest impact. The sales development indicates that the recovery from the negative macroeconomic and Covid related impacts are taking longer than anticipated to improve.
 - In Europe & CIS, sales in Euro were 28% lower and sales in local currencies 12% lower versus the same quarter last year with a significant negative currency impact. The improved productivity among members, supported by price increases, was not enough to offset the lower member base.
 - In Latin America, sales dropped 9% in Euro and 12% in local currencies from lower recruitment leading to less members, partially offset by improved activity and productivity levels of members.
 - Türkiye & Africa region sales decreased by 27% in Euro while improving sales by 1% in local currencies. The negative sales is primarily the result of strong devaluation in Türkiye and Nigeria.
 - Asia continues its decline in sales due to lower member base and activity levels in all major markets with exception of Indonesia which improved sales versus previous quarters. Sales in Euro was down 36% and decreased 28% in local currencies.



- Gross margins were supported by price increases while underlying margins have reduced slightly year on year due to higher cost inflation and currency devaluation.
- Administrative expenses adjusted for non-recurring items, decreased by €5.6m versus prior year thanks to initial restructuring efforts and weaker local currencies. Undertaken savings in staff and offices were partly offset by high inflationary pressure on salaries and other expenses versus prior year. The €22.7m non-recurring restructuring cost booked during the quarter is excluded from the adjusted figures.
- Adjusted cash flow before financing activities was €-13.9m (€23.3m) where lower EBITDA and negative working capital contributed to the decrease. Positive working capital for inventory and accounts receivables was not enough to offset the negative effect of the lower payables.

Significant events during and after the quarter

- Ilaria Resta has announced that she will leave the Board of Directors on 1 January 2024, as she assumes her new position as CEO of Audemars Piguet.
- In 2020 Oriflame Partners Ltd – the ultimate parent company of the Oriflame Group - established a Management Investment Program (MIP) where certain key management staff invested in shares and warrants in the Oriflame Group. After the departure of several previous key management members and significant reorganisation during the last months, Oriflame Partners Ltd repurchased shares in the existing MIP with a net cash outflow of €4.6m. Since the program is held outside of the Oriflame Group, the same amount has been provided to Oriflame Partners Ltd as a dividend during the quarter to be used for the sole purpose of financing the share repurchases in accordance with the terms of the Oriflame Group's debt documents.
- During the quarter, Oriflame sold the FX related part of its cross-currency interest rate swaps (CCIRS) on the \$550m bond maturing in 2026, resulting in an extraordinary cash inflow of €12.9m. The sale was executed in order to take advantage of the positive market value of the swaps and to improve short term liquidity. The hedged interest rate part of the CCIRS remains in place.



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

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the condensed consolidated income statements on pages 16 and 17.

Three months ended 30 September 2023

- Euro sales decreased by 26% to €161.7m (€220.0m) and local currency sales by 15%.
- The adjusted EBITDA amounted to €4.1m (€24.7m) and the adjusted EBITDA margin was 2.5% (11.2%).
- The adjusted operating profit was €-1.7m (€17.2m) and the adjusted operating margin was -1.1% (7.8%). The currency impact on the operating profit was 420 bps negative.
- The adjusted net profit was €-54.2m (€5.2m).
- The adjusted cash flow from operating activities was €-6.9m (€30.8m) and adjusted cash flow before financing activities was €-13.9m (€23.3m).

Nine months ended 30 September 2023

- Euro sales decreased by 17% to €551.9m (€661.0m) and local currency sales by 11%.
- The adjusted EBITDA amounted to €32.8m (€68.7m) and the adjusted EBITDA margin was 5.9% (10.4%).
- The adjusted operating profit was €14.5m (€45.9m) and the adjusted operating margin was 2.6% (6.9%). The currency impact on the operating margin was 170 bps negative.
- The adjusted net profit was €-62.2m (€31.1m).
- The adjusted cash flow from operating activities was €-12.2m (€22.1m) and the adjusted cash flow before financing activities was €-31.7m (€0.7m).

Financial summary

(€m)	three months ended 30 September			nine months ended 30 September			LTM Oct'22- Sep'23	Year end	
	2023	2022	Change %	2023	2022	Change %		2022	Change %
Sales	161.7	220.0	-26%	551.9	661.0	-17%	816.3	925.4	-12%
Adj. EBITDA	4.1	24.7	-83%	32.8	68.7	-52%	70.7	106.5	-34%
Adj. Operating profit	-1.7	17.2		14.5	45.9	-68%	44.9	76.3	-41%
Adj. Net profit	-54.2	5.2		-62.2	31.1		-44.4	49.0	
Adj. Cash flow from operating activities	-6.9	30.8		-12.2	22.1		38.8	73.0	-47%
Adj. Cash flow before financing activities	-13.9	23.3		-31.7	0.7		11.0	43.5	-75%
Cash and cash equivalents	63.7	96.6	-34%	63.7	96.6	-34%	63.7	121.9	-48%
Total debt	803.6	868.6	-7%	803.6	868.6	-7%	803.6	812.3	-1%
Secured debt	769.2	814.2	-6%	769.2	814.2	-6%	769.2	765.7	0%
Net Secured debt	705.4	717.6	-2%	705.4	717.6	-2%	705.4	643.7	10%
Adj. Gross margin	65.7%	67.0%		66.7%	66.2%		66.6%	66.3%	
Adj. EBITDA margin	2.5%	11.2%		5.9%	10.4%		8.7%	11.5%	
Adj. Operating margin	-1.1%	7.8%		2.6%	6.9%		5.5%	8.2%	
Net Secured Debt ratio	10.0	6.4		10.0	6.4		10.0	6.0	

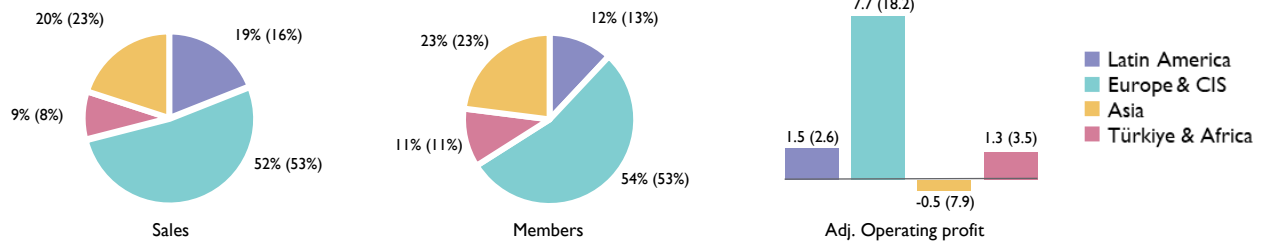
Oriflame in brief

Founded in 1967, Oriflame is a social selling beauty company with sales in more than 60 countries. Its portfolio of Swedish, nature-inspired, innovative beauty products is marketed through more than two million members, generating annual sales of almost one billion Euro (2022). Respect for people and nature underlies Oriflame's operating principles and is reflected in its social and environmental policies. Oriflame supports numerous charities worldwide and is a Co-founder of the World Childhood Foundation.



Regional development

Q3 Regional split*



* Excluding manufacturing and franchisees

Q3 Regional Sales Progression

Q3	Latin America	Europe & CIS	Asia	Türkiye & Africa**	Group
EUR growth	-9%	-28%	-36%	-27%	-26%
LC growth	-12%	-12%	-28%	1%	-15%
OP margin %	4.9% (8.0%)	9.4% (16.0%)	-1.7% (16.3%)	9.6% (19.4%)	-1.1% (7.8%)

Latin America

In Latin America Euro sales decreased by 9% while local currency sales decreased by 12%. The sales drop came from less members due to weaker recruitment, which was partially offset by improved activity and productivity levels across the region. Gross margins improved versus same quarter prior year from a combination of price increases and less inventory provisions. The operating margin decreased to 4.9% (8.0%) from the sales drop, higher cost of sales, marketing expenses and higher administrative expenses as percent of sales from the lower sales.

Europe & CIS

In Europe & CIS Euro sales dropped by 28% while sales in local currencies decreased by 12%. The drop in Euro sales was mainly the effect of a strong devaluation of the Russian rouble. The lower sales in local currencies stems from lower number of members, with partial offsetting positive impact from improved productivity levels among members during the quarter. Sales was weak throughout the region with Ukraine and Uzbekistan among the better performing markets. Operating margin decreased to 9.4% (16.0%) where a positive trend on gross margins from price increases was not enough to offset the negative leverage impact on expenses from the lower sales development.

Asia

In Asia Euro sales dropped by 36% while sales in local currency decreased by 28% due to less members and lower activity across the region. The sales results remain challenging in all major markets in Asia, while Indonesia saw an improvement versus previous quarters. Operating margin decreased to -1.7% (16.3%) primarily from the material sales decline in combination with an extraordinary positive reversal of VAT provisions in the same quarter previous year.

Türkiye & Africa

In Türkiye & Africa Euro sales decreased by 27% due to continuously weaker local currencies in Türkiye and Nigeria. Sales in local currencies increased by 1%**, supported by price increases and a positive sales momentum in Türkiye and Nigeria. The operating margin for the quarter was 9.6% (19.4%) negatively impacted by lower gross margins from devaluation impacts, deleverage of administrative expenses from lower sales and higher sales and marketing expenses. Oriflame closed operations in Ghana during the quarter due to weak overall development since the opening early 2022.

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



Three months ended 30 September 2023

Items below focus on “Adjusted” figures and exclude non-recurring and purchase price allocation (PPA) related items.

Sales and gross margin

Euro sales decreased by 26%, or €58.3m, to €161.7m for three months ended 30 September 2023 compared with €220.0m for the same period last year. Local currency sales decreased by 15% mainly due to a decline in the average number of members to 1.6m (2.0m). Unit sales decreased by 27% and the price/mix effect was positive 12%. Manufacturing sales to third parties decreased both in Euro (9%) and in local currency (7%) partially due to less sales from the recently sold Russian Cetes manufacturing entity.

Gross margin (65.7% of sales compared to 67.0% prior year)

The gross profit decreased by 27.9%, or €41.1m, to €106.3m for the three months ended 30 September 2023 from €147.3m for the same period in 2022. In relative terms, the gross margin decreased from 67.0% to 65.7% with positive effects from price increase, and negative effects from a one-off positive VAT provision reversal in the previous year, product cost and exchange rate devaluation impact of negative 190 bps on gross margin.

Costs and expenses

Selling and marketing expenses (32.0% of sales compared to 30.5% prior year)

Selling and marketing expenses decreased by 22.9%, or €15.4m, to €51.7m for the three months ended 30 September 2023 from €67.1m for the same period in 2022. As a percentage of sales, the selling and marketing expenses increased from higher expenses for marketing due to timing of certain marketing campaigns and increased bad debt provisions in Latin America.

Distribution and infrastructure expenses (3.3% of sales compared to 2.9% prior year)

Distribution and infrastructure expenses decreased by 18.3%, or €1.2m, to €5.3m for the three months ended 30 September 2023 from €6.5m for the same period in 2022 due to sales volumes decline. The increase in relative terms is related to fixed cost element of distribution hubs increasing as percent of lower sales.

Administrative expenses (31.5% of sales compared to 25.7% prior year)

Administrative expenses decreased by 9.9%, or €5.6m, to €51.0m for the three months ended 30 September 2023 from €56.6m for the same period last year. This was mainly due to savings from restructuring programs in staff and office expenses as well as exchange rate effects, partially offset by high inflationary pressure on salaries and other expenses. As a percentage of sales, the adjusted administrative expenses were higher by 580 bps since the decrease in sales was higher than the drop in administrative expenses.

Net financing costs (31.1% of sales compared to 3.7% prior year)

Net financing costs increased by €42.2m, to €50.3m for the three months ended 30 September 2023 from €8.1m for the same period in 2022. During the quarter, Oriflame sold the FX related part of its cross-currency interest swaps (CCIRS) on the \$550m bond maturing in 2026. The negative variance in net financing costs versus prior year was mainly a result of the swap sale resulting in a €37.2m loss on exchange rate where the €12.9m realised FX gain is offset by a negative unrealised FX loss of €50.1m recognised in the P&L. This negative variance arises due to the fact that the currency portion of the USD bond is not any longer hedged after the swap sale, and this will result in future unrealised FX gains/losses in the P&L.

Adjusted income tax expenses (€2.1m tax income compared to €4.0m tax expense prior year)

The tax expense for the three months ended 30 September 2023 was lower by €1.9m due to the lower profit before tax.

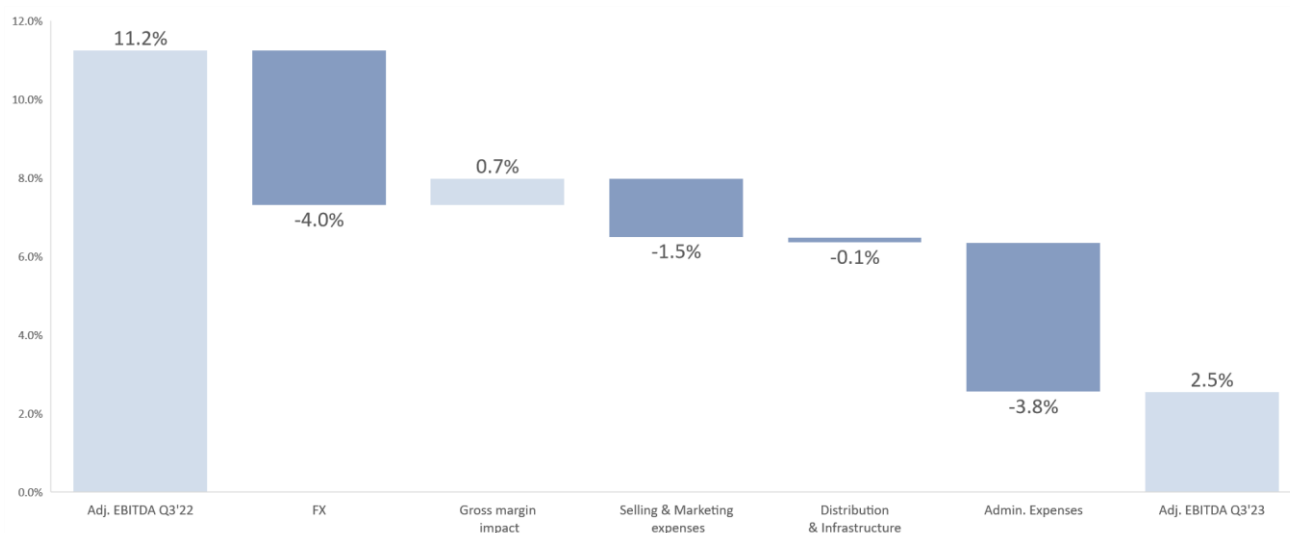


Adjusted EBITDA

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the condensed consolidated income statements on pages 16 and 17.

Adjusted EBITDA decreased by 83.4%, or €20.6m, to €4.1m for the three months ended 30 September 2023 from €24.7m for the same period in 2022, negatively impacted mainly by significantly lower sales and negative exchange rate impacts. Price increases and savings in administrative expenses were not enough to compensate for the lower sales impact. The adjusted EBITDA margin was 2.5% compared to 11.2% prior year.

ADJUSTED EBITDA MARGIN VS. PRIOR YEAR





Nine months ended 30 September 2023

Items below focus on “Adjusted” figures and exclude non-recurring and purchase price allocation (PPA) related items.

Sales and gross margin

Sales for the nine months ended 30 September 2023 decreased by 17%, or €109.1m, to €551.9m compared with €661.0m in 2022. Local currency sales decreased by 11% mainly due to a decline in the average number of members to 1.7m (2.2m). Unit sales decreased by 26% and the price/mix effect was positive by 16%. External sales from Cetes Manufacturing increased by 11% driven by good sales performance in the first half of the year.

Gross margin (66.7% of sales compared to 66.2% prior year)

The gross profit dropped by 15.8%, or €69.3m, to €368.3m for the nine months ended 30 September 2023 from €437.7m for the same period in 2022 due to lower sales. In relative terms, the gross margin improved from 66.2% prior year to 66.7% due to price increases, and lower inventory provisions, partially offset by negative exchange rate impacts and product cost inflationary increases.

Costs and expenses

Selling and marketing expenses (32.1% of sales compared to 30.3% prior year)

Selling and marketing expenses in absolute amount decreased by 11.6%, or €23.2m, to €177.2m for the nine months ended 30 September 2023 from €200.5m in 2022. In relative terms, the selling and marketing expenses increased due to higher costs for selling incentives and conferences which increased after a period of lower spending in the first half of 2022.

Distribution and infrastructure expenses (3.0% of sales compared to 2.8% prior year)

Distribution and infrastructure expenses decreased by 11.3%, or €2.1m, to €16.3m for the nine months ended 30 September 2023 from €18.4m for the same period last year. The increase in relative terms is related to fixed cost element of distribution hubs increasing as percent of lower sales.

Administrative expenses (29.0% of sales compared to 26.2% prior year)

Administrative expenses decreased by 7.3%, or €12.7m, to €160.2m for the nine months ended 30 September 2023 from €172.9m for the nine months in the previous year. The decrease was mainly due to savings from restructuring programs in staff and office expenses and exchange rate effects, partly offset by high inflationary pressure on salaries and other expenses. As a percentage of sales, the adjusted administrative expenses were higher by 290 bps since the decrease in sales was higher than the drop in administrative expenses.

Net financing costs (14.0% of sales compared to 0.0% prior year)

Net financing costs increased by €77.1m to €77.3m for the nine months ended 30 September 2023 from €0.2m for the same period in 2022. The negative variance in net financing costs versus prior year was mainly a result of the swap sale resulting in a €37.2m loss on exchange rate where the €12.9m realised FX gain on the swap sale was offset by a negative unrealised FX loss of €50.1m recognised in the P&L. Additional negative impacts arise from unrealised FX losses current year versus gains in the previous year, as well as gains on the interest rate swap and Russian rouble forward contract prior year.

Adjusted income tax expenses (€7.5m compared to €14.6m prior year)

The tax expense for the three months ended 30 September 2023 was lower by €7.1m due to the lower profit before tax.

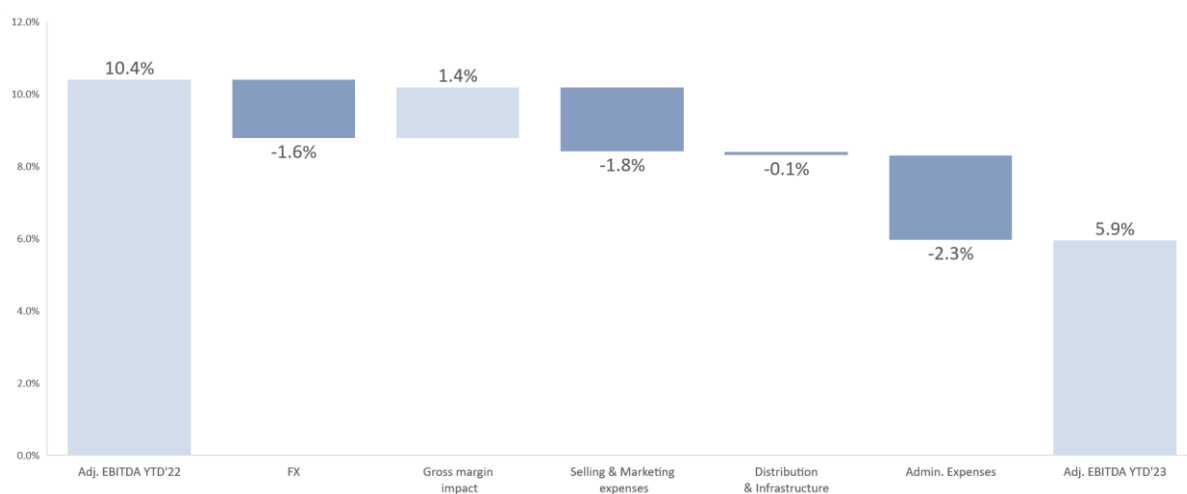


Adjusted EBITDA

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the condensed consolidated income statements on pages 16 and 17.

Adjusted EBITDA decreased by 52.2%, or €35.9m, to €32.8m for the nine months ended 30 September 2023 from €68.7m for the same period in 2022. The EBITDA decreased due to lower sales and negative exchange rate impacts, where price increases and savings in administrative expenses were not enough to compensate for the lower sales. The adjusted EBITDA margin was 5.9% compared to 10.4%.

ADJUSTED EBITDA MARGIN VS. PRIOR YEAR





Cash flow and investments three months ended 30 September 2023

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the condensed consolidated income statements on pages 16 and 17.

Adjusted cash flow before financing activities

Adjusted cash flow before financing activities was €-13.9m in the three months ended 30 September 2023 compared to €23.3m for the same period in 2022.

The lower adjusted cash flow before financing activities of €37.2m is explained by the *adjusted cash flow from operating activities*, which declined by €37.7m compared to prior year. This deviation is primarily due to a decrease on the adj. EBITDA of €20.6m and negative impact on the net working capital of €13.8m. The improvement in the change in receivables of €1.3m and in the change in provisions of €4.7m was offset by an unfavourable effect in the change in payables and inventories of respectively €15.1m and €4.7m.

Payments of lease liabilities and interest on lease liabilities for three months ended 30 September 2023 were stable with €4.7m cash outflow in the third quarter 2023 versus €4.8m in 2022.

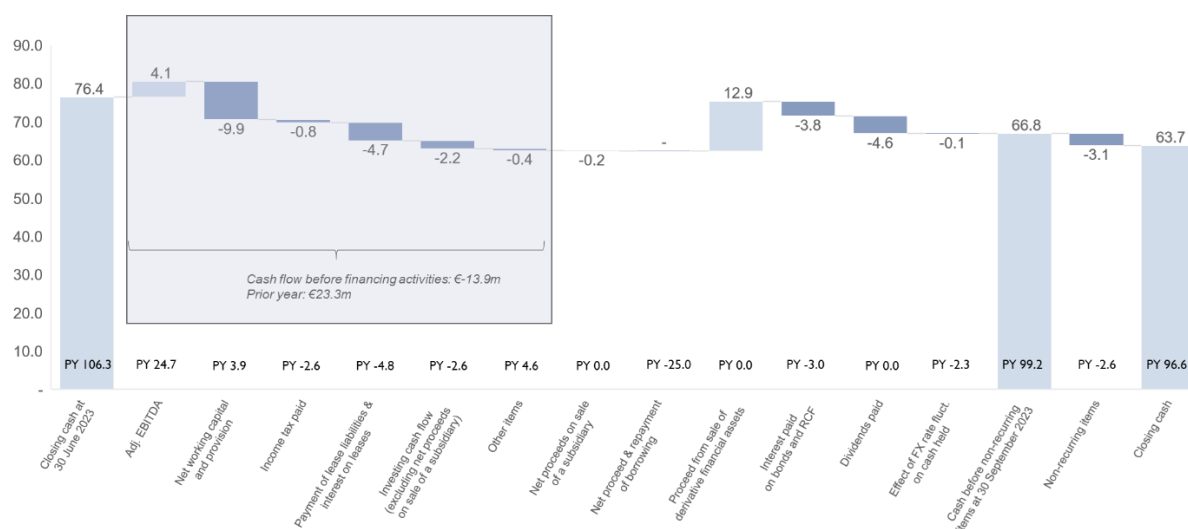
Cash flow used in investing activities (excluding net proceeds from a sale of a subsidiary) of €2.2m had a minor positive impact of €0.5m compared to the same period in 2022 (€2.6m).

Cash flow from financing activities excluding leasing and other interest paid

Cash flow from financing activities excluding leasing (payment of lease liabilities and interest paid on lease liabilities) and other interest paid for the three months ended 30 September 2023 was €4.6m, compared to €-28.0m for the same period in 2022. The cash inflow during the third quarter 2023 is mainly explained by the sale of the currency exchange (FX) element of the cross-currency interest rate swaps (CCIRS) for €12.9m. It was partially offset by the payment of the bonds interests of €3.8m and by a dividend payment of €4.6m as explained on page 2.

Last year during the same period, the €25.0m Revolving Credit Facility (RCF) was fully repaid and bonds interests amounting to €3.0m were settled.

Cash flow development – Quarter 3, 2023 (€m)





Cash Flow and Investments nine months ended 30 September 2023

“Adjusted” figures exclude non-recurring and purchase price allocation (PPA) related items. For additional information refer to the condensed consolidated income statements on pages 16 and 17.

Adjusted cash flow before financing activities

For the nine months ended 30 September 2023 the adjusted cash flow before financing activities amounted to €-31.7m compared to €0.7m for the same period in 2022.

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 €34.3m compared to prior year due to lower adjusted EBITDA of €35.9m, slightly offset by improvement in working capital of €2.1m. The improvement in working capital was mainly due to positive impacts from change in receivables (€14.7m), change in provisions (€7.1m) and change in payables (€4.4m) compensated by €24.1m negative impact on change in inventories. Income tax paid was lower by €9.8m versus the previous year.

Payment of lease liabilities and interest on lease liabilities, which amounted to €14.2m during the nine months ended 30 September 2023 impacted positively the adjusted cash flow before financing activities by €0.2m compared to €14.4m in prior year.

Cash flow used in investing activities of €5.2m, excluding net proceeds on sale of subsidiary, slightly decreased by €1.4m compared to the same period in 2022 (€6.6m).

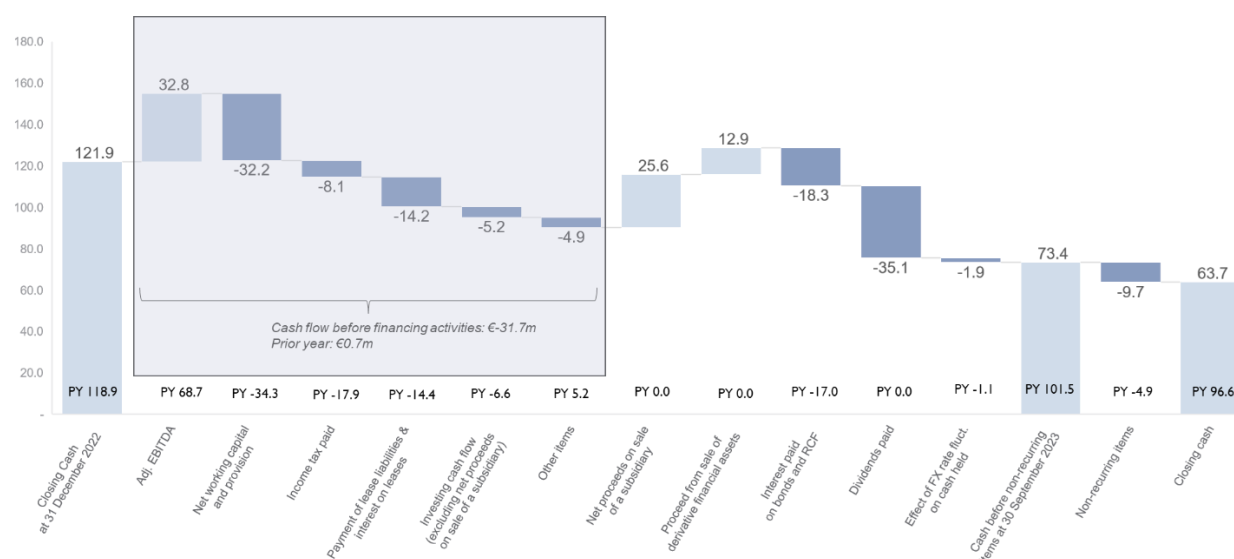
Net proceeds from sale of a subsidiary

Net proceeds on sale of a subsidiary contributed to a positive cash balance of €25.6m. This significant cash inflow came from the successful completion of the sale of Cetes Cosmetics Russia during the second quarter in 2023.

Cash flow used in financing activities excluding leasing and other interest paid

For the nine months period ended 30 September 2023 the cash flow used in financing activities excluding leasing (payment of lease liabilities and interest paid on lease liabilities) and other interest paid was €40.5m compared to €17.0m in the same period in 2022. In 2023, beside the interests paid on the bonds and RCF of €18.3m, dividends of €35.1m were settled and an amount of €12.9m was received from the sale of derivative financial assets. In 2022, there were only payments of interests on bonds and RCF amounting to €17.0m.

Cash flow development – Year to date 2023 (€m)





Funding and financial position

As of 30 September 2023, total debt amounted to €803.6m (€868.6m – 30 September 2022), secured debt amounted to €769.2m (€814.2m), net secured debt amounted to €705.4m (€717.6m), Net Secured Debt ratio was 10.0 (6.4) where the increase is driven by the lower rolling 12 month EBITDA versus the previous period.

Oriflame's long-term debt as of 30 September 2023 amounts to €769.2m 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) reset quarterly, plus (ii) 4.25% fixed per annum. The Dollar Notes bear interest at a rate of 5.125% per annum. After hedging the average interest rate of both Notes is 4.28% excluding the effect from amortisation of capitalized front-end fees. As of 30 September 2023, the RCF was not drawn and the cash and cash equivalents were €63.7m. The current corporate and notes ratings are respectively B-/B- from Fitch and CCC+/CCC+ from S&P Global. The Company complied with all of its covenants related to the outstanding debt as of 30 September 2023.

	€ Note	\$ Note	Revolving Credit Facility
Total amount	€250m	\$550m	€100m
Interest rate	3 month Euribor + 4.25%*	5.125%**	Euribor +200-300 bps
Due	2026	2026	2025
Drawing as per 30 September 2023			-

* €150m notional swapped into fixed EUR with margin 0.14%

** Swapped € interest rate 3.53%

Operational highlights

After a period of disappointing development and lower profitability, mainly due to continued challenging macroeconomic environment and weaker sales, the need for efficiency measures and a more agile organisational setup within the company has become evident. On August 15th 2023, Oriflame presented a new operating model and a comprehensive cost and efficiency program to increase profitability, improve processes and secure long term growth, while at the same time ensuring continued strategic investments in product and market development.

Several initiatives are ongoing to address the challenges and a transformation journey within the company has started. The key elements that have been identified include:

- Increased brand and marketing investments, of around 4%, to better support Brand Partners to promote Oriflame, bring awareness and drive sales
- Launch of the Beauty Community Model, a new digitally enabled compensation model for members and brand partners to improve recruitment rates
- Simplification and segmentation of the portfolio adjusting to market needs and purchasing power, through reduced newness but with improved productivity

Cost and efficiency program

The program aims to deliver annual cost savings of approximately €45m once fully completed. It includes a combination of substantial organisational efficiency changes, other cost savings as well as initiatives to improve working capital including inventory management. The program is expected to start to generate cost savings as of the fourth quarter 2023 and is expected to be fully implemented as of the third quarter 2024. A €22.7m non-recurring restructuring cost has been booked during the quarter, which is the estimated total impact of the full program.

The number of positions in the company will decrease by approximately 20 percent, and the total number of employees across all levels and geographies will go from approximately 4,450 to 3,600. The proposed staff reductions are subject to negotiations with the trade unions and are scheduled to be completed during the fourth quarter of 2023.



New operating model

The new, lean operating model replaces the current regional management structure in order to increase empowerment in the markets. The new model will be built on a market categorisation where support and resources will be provided based on each category's needs and market conditions. The aim is to ensure the right level of resources that the business is able to support and pay for. As part of the new operating model, a leaner management team has been formed.

Lead Markets: The lead markets will have more autonomy than previously, and will be the focus area of Oriflame's resources. The Lead Markets are China, India, Turkey, Poland and Mexico (Russia & Belarus to be handled as a stand-alone market under Poland).

Scale Markets: Although the scale markets are large and important, they will be less resourced than a Lead Market. Their focus will be on sales, brand partner recruitment and activation, as well as some choice of product portfolio.

Venture Markets: These smaller markets will have the key focus on sales, brand partner recruitment and activation.

Incubation Market: Lastly, UK has been nominated as an incubator market, meaning a market where new ideas will be tried out for future launches in other Western European markets.

Brand and Innovation

Skin Care continued to lead in the third quarter. The relaunch of the flagship brand Novage in Europe & CIS and Latin America during the second and third quarter remains successful. Tender Care was also a stronger revenue contributor with new popular flavors.

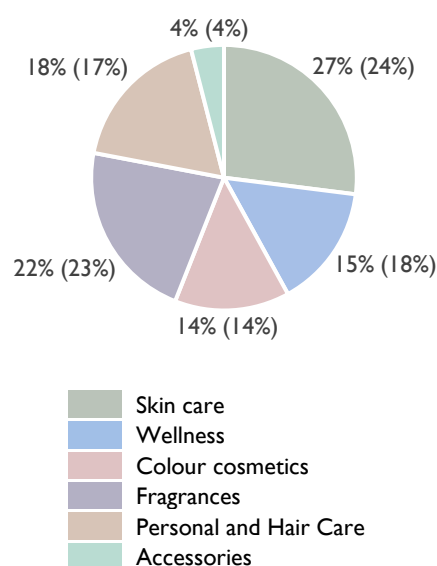
In **Wellness** the brand Wellosophy was launched to gradually replace Wellness by Oriflame. The new brand is building on current market trends and brings an updated image more in line with wellbeing outside and inside.

In **Colour Cosmetics** The One Wonderlash mascara range and the premium Giordani Gold Age Defying Serum Boost range continued to be top products.

Fragrances once again was a key category in the quarter. The introduction of Greater for Her and for Him boosted sales. The brand is powered with Aura Scent technology.

In **Personal & Hair Care** Love Nature continued to be key brand and Feet Up was also a highlight in the quarter. Within Hair Care, the recently launched brand Duology developed well.

Product categories Q3 2023 (Q3 2022)





Financial calendar for 2023

The date for the fourth quarter 2023 report is planned to be published on 21 February 2024.

Other

Conference call for the financial community

The company will host a conference call on Tuesday 24 October 2023 at 10.00 CEST.

Participant access numbers:

Sweden: +46 (0)8 5051 0031

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

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

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Definitions

Adjusted EBITDA

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

Adjusted gross profit

Gross profit excluding purchase price allocation items.

Adjusted net profit

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

Adjusted operating profit

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

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

Adjusted Cash flow from operating activities less cash flow used in investing activities (excluding net proceeds on sale of a subsidiary), payment of lease liabilities, interest paid on leases and other interest and other financial charges paid.

EBITDA

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

Independent Brand Partners

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

Members

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

Net Secured Debt ratio

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

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 condensed consolidated income statements on pages 16 and 17.

Financial summary, €m	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Sales	211.1	220.0	264.4	208.3	181.9	161.7
Adj. Gross margin	67.6%	67.0%	66.4%	66.1%	68.4%	65.7%
Adj. EBITDA	21.8	24.7	37.8	16.8	11.9	4.1
Adj. EBITDA margin	10.3%	11.2%	14.3%	8.1%	6.6%	2.5%
Adj. Operating profit	14.2	17.2	30.4	10.3	5.9	-1.7
Adj. Operating margin	6.7%	7.8%	11.5%	5.0%	3.3%	-1.1%
Adj. Net profit	16.1	5.2	17.9	-6.8	-1.2	-54.2
Adj. Cash flow from op. activities	-4.0*	30.8	50.9	-9.5	4.2	-6.9
Adj. Cash flow before financing activities	-11.1*	23.3	42.8	-16.2	-1.7	-13.9
Cash flow used in investing activities	-2.5	-2.6	-2.8	-2.0	24.7	-2.4
Cash and cash equivalents	106.3	96.6	121.9	67.4	76.4	63.7
Total debt	860.0	868.6	812.3	795.0	792.4	803.6
Secured debt	804.5	814.2	765.7	755.7	756.2	769.2
Net Secured Debt ratio	5.2	6.4	6.0	6.8	7.4	10.0
Sales, €m	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Latin America	32.3	33.2	34.3	30.9	30.3	30.3
Europe & CIS	106.4	114.1	156.4	110.8	94.3	81.8
Asia	48.3	48.6	46.2	39.7	35.7	30.9
Türkiye & Africa	17.0	18.0	18.9	15.5	15.0	13.1
Manufacturing	5.9	4.6	6.8	10.1	5.2	4.2
Other	1.3	1.5	1.8	1.3	1.5	1.4
Oriflame	211.1	220.0	264.4	208.3	181.9	161.7
€ Sales growth in %	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Latin America	-10%	-5%	-1%	7%	-6%	-9%
Europe & CIS	-16%	5%	2%	-5%	-11%	-28%
Asia	-16%	-17%	-25%	-26%	-26%	-36%
Türkiye & Africa	-13%	10%	-13%	-32%	-12%	-27%
Oriflame	-14%	-1%	-5%	-9%	-14%	-26%
Adjusted operating Profit, €m	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Latin America	2.8	2.6	1.7	1.2	1.1	1.5
Europe & CIS	20.0	18.2	27.7	12.0	12.1	7.7
Asia	1.8	7.9	8.0	1.7	0.4	-0.5
Türkiye & Africa	2.1	3.5	4.1	1.0	1.2	1.3
Manufacturing	3.0	1.6	2.2	4.8	2.3	1.1
Other	-15.4	-16.7	-13.3	-10.3	-11.1	-12.7
Oriflame	14.2	17.2	30.4	10.3	5.9	-1.7
Adjusted operating margin, %	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Latin America	8.5%	8.0%	5.0%	4.0%	3.6%	4.9%
Europe & CIS	18.8%	16.0%	17.7%	10.8%	12.9%	9.4%
Asia	3.8%	16.3%	17.3%	4.3%	1.0%	-1.7%
Türkiye & Africa	12.4%	19.4%	21.7%	6.2%	7.8%	9.6%
Oriflame	6.7%	7.8%	11.5%	5.0%	3.3%	-1.1%
Registered Active Members, '000	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Latin America	243	242	235	198	194	182
Europe & CIS	1,044	1,034	1,275	1,021	878	834
Asia	450	433	409	390	363	356
Türkiye & Africa	273	203	217	180	179	167
Oriflame	2,009	1,912	2,135	1,790	1,614	1,538

* restated – based on change in presentation since Q3'22



Condensed consolidated income statements

Three months ended 30 September

€'000	2023	Non-recurring items*	PPA items**	Adjusted 2023	2022	Non-recurring items*	PPA items**	Adjusted 2022
Sales	161,699			161,699	219,978			219,978
Cost of sales	-55,447			-55,447	-72,649			-72,649
Gross profit	106,252	-	-	106,252	147,329	-	-	147,329
Selling and marketing expenses	-51,685			-51,685	-67,056			-67,056
Distribution and infrastructure	-4,117	-1,168		-5,285	-6,489	18		-6,472
Administrative expenses	-74,349	21,468	1,876	-51,004	-60,935	2,464	1,876	-56,594
Operating profit / loss (-)	-23,899	20,300	1,876	-1,722	12,848	2,482	1,876	17,207
Financial income	8,512			8,512	13,109			13,109
Financial expenses	-58,835			-58,835	-21,186			-21,186
Net financing costs	-50,323	-	-	-50,323	-8,077	-	-	-8,077
Net gain from disposal of a subsidiary	-27			-27	-			-
Loss from associates	-0			-0	-3			-3
Profit / loss (-) before tax	-74,249	20,300	1,876	-52,073	4,768	2,482	1,876	9,127
Income tax expense	-875	-1,067	-181	-2,123	-3,780	-13	-181	-3,975
Net Profit / loss (-)	-75,124	19,233	1,695	-54,196	988	2,469	1,695	5,152

* Non-recurring items cover:

2023: Restructuring costs and employee related costs

2022: Restructuring costs

** Purchase Price Allocation (PPA) items cover the income statement impact from the purchase price allocation on the business combination. These elements, mainly amortisation of newly identified intangible assets during the PPA, are excluded to normalize the performance of the Group. For additional information refer to the document "Purchase Price Allocation – summary" available on the investors page or through the following link:

https://vp233.alertir.com/sites/default/files/report/oriflame_purchase_price_allocation_summary.pdf?v2assets.



Condensed consolidated income statements

Nine months ended 30 September

€'000	2023	Non-recurring items*	PPA items**	Adjusted 2023	2022	Non-recurring items*	PPA items**	Adjusted 2022
Sales	551,867			551,867	660,985			660,985
Cost of sales	-183,527			-183,527	-223,750	447		-223,303
Gross profit	368,340	-	-	368,340	437,235	447	-	437,681
Selling and marketing expenses	-177,243			-177,243	-200,486			-200,486
Distribution and infrastructure	-15,167	-1,168		-16,335	-19,885	1,474		-18,411
Administrative expenses	-192,246	26,386	5,629	-160,231	-247,562	69,028	5,629	-172,906
Operating profit / loss (-)	-16,316	25,217	5,629	14,531	-30,698	70,948	5,629	45,879
Financial income	24,837			24,837	58,886			58,886
Financial expenses	-102,146			-102,146	-59,059			-59,059
Net financing costs	-77,309	-	-	-77,309	-173	-	-	-173
Net gain on disposal of a subsidiary	8,047			8,047	-			-
Loss from associates, net of tax	-40			-40	-21			-21
Profit / loss (-) before tax	-85,618	25,217	5,629	-54,772	-30,892	70,948	5,629	45,685
Income tax expense	-4,981	-1,938	-544	-7,464	-14,544	497	-544	-14,591
Net Profit / loss (-)	-90,600	23,279	5,085	-62,236	-45,436	71,445	5,085	31,094

* Non-recurring items cover:

2023: Restructuring costs and employee related costs

2022: Impairment of property, plant and equipment, restructuring costs and costs related to the impact of the war in Ukraine

** Purchase Price Allocation (PPA) items cover the income statement impact from the purchase price allocation on the business combination. These elements, mainly amortisation of newly identified intangible assets during the PPA, are excluded to normalize the performance of the Group (for additional information refer to the document "Purchase Price Allocation – summary" available on the investors page or through the following link:

https://vp233.alertir.com/sites/default/files/report/oriflame_purchase_price_allocation_summary.pdf?v2assets).



Condensed consolidated statements of comprehensive income

€'000	three months ended 30 September		nine months ended 30 September	
	2023	2022	2023	2022
Net Profit / loss (-)	-75,124	988	-90,600	-45,436
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of net defined liability, net of tax	-	-	-60	5,666
Total items that will not be reclassified subsequently to profit or loss	-	-	-60	5,666
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	-3,071	1,398	-23,512*	61,768
Cash flow hedges – effective portion of changes in fair value, net of tax	22,263	1,310	19,332	-2,447
Total items that are or may be reclassified subsequently to profit or loss	19,192	2,708	-4,180	59,321
Other comprehensive income, net of tax	19,192	2,708	-4,241	64,987
Total comprehensive income	-55,932	3,696	-94,840	19,551

* An amount of €7.8m currency translation differences was recycled to the income statement following the sale of a subsidiary as described in the note 5 of the condensed consolidated financial statements.



Condensed consolidated statements of financial position

€'000		30 September, 2023	31 December, 2022*	30 September, 2022
Assets				
Property, plant and equipment		43,112	44,804	84,173
Right-of-use assets	4	32,816	43,481	51,052
Intangible assets		557,488	563,636	565,748
Goodwill		231,573	242,494	290,893
Investment in associates		48	88	85
Investment property	5	5,494	542	542
Deferred tax assets		28,810	32,968	21,661
Other long-term receivables		4,746	133	130
Derivative financial assets	6	37,573	64,406	109,638
Total non-current assets		941,660	992,552	1,123,922
Inventories		127,793	127,461	150,758
Trade and other receivables		42,972	50,624	49,317
Tax receivables		15,202	14,800	20,916
Prepaid expenses		17,151	21,696	28,067
Derivative financial assets		175	176	14,437
Cash and cash equivalents		63,734	120,155	96,618
Assets held for sale	5	-	35,366	-
Total current assets		267,026	370,279	360,113
Total assets		1,208,686	1,362,831	1,484,035
Equity				
Share capital		653,081	653,081	653,081
Reserves		-16,579	-12,398	29,627
Retained earnings		-481,122	-356,133	-353,067
Total equity		155,380	284,549	329,641
Liabilities				
Interest-bearing loans	7	760,816	754,938	802,715
Employee benefits		3,481	3,195	5,362
Lease liabilities	4	22,954	33,512	40,465
Other long-term liabilities		1,891	1,922	1,939
Deferred income		118	118	142
Provisions	8	4,500	5,298	8,169
Deferred tax liabilities		49,196	53,786	54,708
Total non-current liabilities		842,956	852,767	913,500
Lease liabilities		11,442	13,117	13,946
Trade and other payables		75,773	96,508	87,622
Contract liabilities		6,420	8,713	7,719
Tax payables		12,744	13,378	14,661
Accrued expenses		80,838	81,311	93,570
Derivative financial liabilities		580	634	12,408
Provisions	8	22,552	9,794	10,969
Liabilities directly associated with assets held for sale	5	-	2,060	-
Total current liabilities		210,350	225,514	240,895
Total liabilities		1,053,306	1,078,281	1,154,394
Total equity and liabilities		1,208,686	1,362,831	1,484,035

* audited figures



Condensed consolidated statements of changes in equity

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

€'000	Note	Share capital	Reserves	Retained earnings	Total Equity
At 31 December 2022		653,081	-12,398	-356,133	284,549
IAS 29 Hyperinflation adjustment		-	-	733	733
At 1 January 2023		653,081	-12,398	-355,400	285,282
Net loss		-	-	-90,600	-90,600
Other comprehensive income, net of tax		-	-4,180	-60	-4,241
Total comprehensive income		-	-4,180	-90,660	-94,840
Dividends	3	-	-	-35,062	-35,062
Total contributions and distributions		-	-	-35,062	-35,062
At 30 September 2023		653,081	-16,579	-481,122	155,380



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

		2023			2023	2022			2022
€'000	Note		Non-recurring items	Purchase Price allocation items	Adjusted		Non-recurring items	Purchase Price allocation items	Adjusted
Operating activities									
Profit / loss (-) before tax		-74,249	20,300	1,876	-52,073	4,768	2,482	1,876	9,127
Adjustments for:									
Depreciation of property, plant and equipment and right-of-use assets		5,951	-280		5,671	7,326			7,326
Amortisation of intangible assets		2,037		-1,876	161	2,089		-1,876	212
Change in fair value of borrowings and derivatives financial instruments		1,149			1,149	-1,965			-1,965
Deferred income		161			161	323			323
Gain on sale of derivative financial assets	6	-12,945			-12,945				
Unrealised exchange rate differences	6	51,655			51,655	5,068			5,068
Profit on disposal of property, plant and equipment, intangible assets, leased assets		-9			-9	-81			-81
Net gain on sale of subsidiary	5	27			27	-			-
Loss from associates, net of tax		0			0	3			3
Interest and other financial income		-8,312			-8,312	-7,686			-7,686
Interest and other financial expense		18,082			18,082	16,910			16,910
		-16,453	20,020	-	3,567	26,754	2,482	-	29,236
Increase(-)/Decrease in trade and other receivables, prepaid expenses		6,907			6,907	5,639			5,639
Increase(-)/Decrease in inventories		3,463			3,463	8,144			8,144
Increase/Decrease(-) in trade and other payables, accrued expenses		-20,323	-530		-20,853	-5,773			-5,773
Increase/Decrease(-) in provisions		16,929	-16,391		538	-4,242	115		-4,127
Cash generated from operations		-9,478	3,099		-6,378	30,522	2,597		33,119
Interest received		254			254	235			235
Income taxes paid		-771			-771	-2,571			-2,571
Cash flow from / used in (-) operating activities		-9,995	3,099	-	-6,896	28,186	2,597	-	30,783



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

€'000	Note	2023	Non-recurring items	Purchase Price allocation items	2023 Adjusted	2022	Non-recurring items	Purchase Price allocation items	2022 Adjusted
Cash flow from / used in (-) operating activities		-9,995	3,099	-	-6,896	28,186	2,597	-	30,783
Investing activities									
Proceeds on sale of property, plant and equipment, intangible assets		28			28	80			80
Purchases of property, plant, equipment		-2,178			-2,178	-2,700			-2,700
Purchases of intangible assets		-0			-0	-14			-14
Net proceeds on sale of a subsidiary	5	-216			-216	-			-
Cash flow used in investing activities		-2,367	-	-	-2,367	-2,635	-	-	-2,635
Financing activities									
Repayment of borrowings		-			-	-25,000			-25,000
Interest and other financial charges paid		-4,746			-4,746	-4,291			-4,291
Proceeds from sale of derivative financial assets	6	12,945			12,945	-			-
Payment of lease liabilities		-3,875			-3,875	-3,600			-3,600
Dividends paid	3	-4,562			-4,562	-			-
Cash flow used in financing activities		-237	-	-	-237	-32,892	-	-	-32,892
Change in cash and cash equivalents		-12,599	3,099	-	-9,500	-7,340	2,597	-	-4,744
Cash and cash equivalents at the beginning of the period net of bank overdrafts		76,401			76,401	106,263			106,263
Effect of exchange rate fluctuations on cash held		-68			-68	-2,305			-2,305
Cash and cash equivalents at the end of the period, net of bank overdrafts		63,734	3,099	-	66,833*	96,618	2,597	-	99,215*

* Represents the cash that Oriflame would have had without the non-recurring items at the end of the period (without considering impacts in previous periods).



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

		2023		2023	2022		2022	
€'000	Note		Non-recurring items	Purchase Price allocation items	Adjusted	Non-recurring items	Purchase Price allocation items	Adjusted
Operating activities								
Profit / loss (-) before tax		-85,618	25,217	5,629	-54,772	-30,892	70,948	45,685
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets		18,488	-720		17,768	22,176		22,176
Amortisation of intangible assets		6,164		-5,629	535	6,287	-5,629	658
Change in fair value of borrowings and derivatives financial instruments		3,045			3,045	-13,290		-13,290
Deferred income		-1,771			-1,771	-2,698		-2,698
Impairment						55,314	-55,314	-
Gain on sale of derivative financial assets	6	-12,945			-12,945	-		-
Unrealised exchange rate differences	6	57,000			57,000	-4,569		-4,569
Profit on disposal of property, plant and equipment, intangible assets, leased assets		-1,498	641		-857	-53	-278	-331
Net gain on sale of subsidiary	5	-8,047			-8,047	-		-
Loss from associates, net of tax		40			40	21		21
Interest and other financial income		-24,750			-24,750	-22,222		-22,222
Interest and other financial expense		52,001			52,001	47,859		47,859
		2,109	25,138	-	27,247	57,933	15,356	73,289
Increase(-)/Decrease in trade and other receivables, prepaid expenses		10,867			10,867	-3,841		-3,841
Increase(-)/Decrease in inventories		-5,679			-5,679	18,899	-447	18,452
Increase/Decrease(-) in trade and other payables, accrued expenses		-34,004	-2,701		-36,705	-41,095		-41,095
Increase/Decrease(-) in provisions		12,073	-12,743		-670	2,238	-10,050	-7,812
Cash generated from operations		-14,634	9,694		-4,940	34,134	4,859	38,994
Interest received		885			885	961		961
Income taxes paid		-8,103			-8,103	-17,859		-17,859
Cash flow from / used in (-) operating activities		-21,851	9,694	-	-12,157	17,236	4,859	22,095



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

		2023		2023		2022		2022	
€'000	Note		Non-recurring items	Purchase Price allocation items	Adjusted		Non-recurring items	Purchase Price allocation items	Adjusted
Cash flow from / used in (-) operating activities		-21,851	9,694	-	-12,157	17,236	4,859	-	22,095
Investing activities									
Proceeds on sale of property, plant and equipment, intangible assets		1,419			1,419	575			575
Purchases of property, plant, equipment		-6,567			-6,567	-7,031			-7,031
Purchases of intangible assets		-48			-48	-139			-139
Net proceeds on sale of a subsidiary	5	25,619			25,619	-			-
Cash flow used in investing activities		20,423	-	-	20,423	-6,595	-	-	-6,595
Financing activities									
Proceeds from borrowings		-			-	25,000			25,000
Repayment of borrowings		-			-	-25,000			-25,000
Interest and other financial charges paid		-21,260			-21,260	-20,604			-20,604
Proceeds from sale of derivative financial assets	6	12,945			12,945	-			-
Payment of lease liabilities		-11,481			-11,481	-11,123			-11,123
Dividends paid	3	-35,062			-35,062	-			-
Cash flow used in financing activities		-54,858	-	-	-54,858	-31,727	-	-	-31,727
Change in cash and cash equivalents		-56,287	9,694	-	-46,593	-21,085	4,859		-16,226
Cash and cash equivalents at the beginning of the period net of bank overdrafts		121,936			121,936	118,853			118,853
Effect of exchange rate fluctuations on cash held		-1,915			-1,915	-1,150			-1,150
Cash and cash equivalents at the end of the period, net of bank overdrafts		63,734	9,694	-	73,428*	96,618	4,859	-	101,477*

* Represents the cash that Oriflame would have had without the non-recurring items at the end of the period (without considering impacts in previous periods).



Notes to the condensed consolidated financial statements of Oriflame Holding Limited

1 Status and principal activity

Oriflame Holding Limited (the “Company”) is a holding company incorporated under the laws of Jersey on 20 May 2019 with a registration number 129092 and registered office address of 47 Esplanade, St Helier, Jersey JE1 OBD. The principal activity of the Company’s subsidiaries is the sale of cosmetics. The condensed consolidated financial statements of the Company as at and for the nine months ended 30 September 2023 comprise the Company and its subsidiaries (together referred to as the “Group”).

2 Basis of preparation and summary of significant accounting policies

Statement of compliance

The condensed consolidated financial statements for the nine months period ended 30 September 2023 have been prepared by management in accordance with the measurement and recognition principles of IFRS and should be read in conjunction with the published consolidated financial statements of the Group as at and for the year ended 31 December 2022.

The condensed consolidated financial statements were authorized for issue by the Directors on 23 October 2023.

Change in significant accounting policies, use of judgements and estimates

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

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

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

3 Dividends

On 17 January 2023, the Board of Directors decided to pay a dividend of €30.5m. The latter was paid on the same day. On 29 September 2023 an additional dividend of €4.6m was declared with the sole purpose of financing the repurchase of shares under the existing Management Investment Program (MIP) which is held outside of the Oriflame Group. For further details on this topic, please refer to page 2. No dividend was declared and paid during the nine months period in 2022.

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

The significant decrease in the right-of-use assets and non-current liabilities of respectively €10.7m and €10.6m is primarily due to an early termination of a lease contract during the first quarter of 2023. The impact in the income statement was recognised in administrative expenses and it included a gain of €0.9m from the lease derecognition which was offset by a penalty payment of €1.3m. At this stage, there was no new agreement signed for a long-term lease contract in replacement of the premises left earlier but a short agreement was signed until beginning of 2024.

5 Sale of Cetes Cosmetics LLC and linked transactions

Cetes Cosmetics LLC’s shares were sold in April 2023. The details of the transaction were disclosed in the Interim Management Statement | January – 30 June 2023. During the third quarter 2023, transaction costs of €0.2m were paid. The net gain of €8.0m was recognised in the consolidated income statement as “net gain on disposal of a subsidiary” and generated a positive cash impact of €25.6m, net of disposal costs.



Overview of the transaction	€'000
Total consideration received	27'981
Property, plant and equipment (PPE)	-23,473
Deferred tax assets	-120
Inventories	-3,287
Trade and other receivables	-423
Prepaid expenses	-978
Cash and cash equivalents	-822
<i>Total assets</i>	<i>-29,272</i>
Trade and other payables	1,527
Accrued expenses	464
Provisions	4
<i>Total liabilities</i>	<i>1,995</i>
Net assets disposed after classification as held for sale	-27,277
Currency translations adjustment (CTA) – Recycled to income statement	7,828
Disposal costs	-486
Gain on disposal of a subsidiary, net of disposal costs	8,047

Cash flow impact

Total consideration received	27'981
Cash and cash equivalents disposed of	-822
Consideration in kind – Property and land	-5,000
Receivable from sale of logistics equipment	-2,558
Net payable position owed to the new owner	6,504
Disposal costs paid	-486
Net proceeds on sale of a subsidiary	25,619

6 Derivative financial assets

During the third quarter 2023, the currency exchange (FX) element of the cross-currency interest rate swaps (CCIRS), that was used to hedge the outstanding \$550m bonds, was sold. The exchange of principal at the maturity of the contracts has been removed, changing the CCIRS into interest rate swaps (IRS). The net present value of the FX element of the swaps was released and generated a gain of €12.9m, which was recognised as realized FX gain.

As an outcome of the sale of the FX element of the CCIRS, the currency exposure of the \$550m bonds is not hedged anymore. It resulted in the recognition of a €50.1m unrealised FX loss as at 30 September 2023.

7 Interest-bearing loans

The terms and conditions of outstanding loans were as follows as at 30 September 2023.

€'000	Interest rate	Year of maturity	Book value	Non-current	Current
Revolving credit facility	Euribor + margin	2025	-	-	-
Senior Secured Notes - €250.0m	3 month Euribor + 4.25%*	2026	250,000	250,000	-
Senior Secured Notes - \$550.0m	5.125%**	2026	519,162	519,162	-
Front end fees deducted from proceeds	-	2025- 2026	-8,346	-8,346	-
Total interest-bearing liabilities			760,816	760,816	-

* €150m notional swapped into fixed EUR with margin 0.14%

** Swapped € interest rate 3.53%



8 Provisions

€'000	30 September 2023	31 December 2022
Non-current	4,500	5,298
Current	22,552	9,794
Total provisions	27,052	15,097

The significant increase of €12.8m in the current provision is due to restructuring. The cost and efficiency program, which was announced during the third quarter 2023, has started to be implemented. Restructuring costs of €22.7m, covering mainly employee benefits, were recognised during the period primarily within administrative expenses. The increase in the restructuring provision of €19.5m was offset through the usage of booked provisions from prior periods and should be settled mainly within the next twelve months.



9 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 2023. Cetes Cosmetics LLC was sold in April 2023. Therefore, the income statement of the “Unrestricted subsidiaries” includes the result of Cetes Cosmetics LLC until 30 April 2023. From 1 May 2023, this entity was deconsolidated from the Oriflame Group. The “Unrestricted subsidiaries” balance sheet as of 30 September 2023 only includes the assets and liabilities of Oriflame Cosmetics LLC (sales entity). 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 2023

€'000	Oriflame Group Consolidated	“Restricted” subsidiaries	“Unrestricted” subsidiaries
Sales	551,867	460,708	91,159
Cost of sales	-183,527	-135,457	-48,070
Gross profit	368,340	325,250	43,089
Selling and marketing expenses	-177,243	-149,194	-28,048
Distribution and infrastructure	-15,167	-13,029	-2,138
Administrative expenses	-192,246	-179,833	-12,413
Operating profit / loss (-)	-16,316	-16,806	490
Financial income	24,837	24,800	37
Financial expenses	-102,146	-98,214	-3,931
Net financing costs	-77,309	-73,415	-3,895
Net gain from disposal of a subsidiary	8,047	8,047	-
Loss from associates, net of tax	-40	-40	-
Loss before tax	-85,618	-82,213	-3,405
Income tax expense	-4,981	-5,222	241
Net Loss	-90,600	-82,295	-8,305



Consolidated statement of financial position

30 September 2023 €'000	Oriflame Group Consolidated	“Restricted” subsidiaries	“Unrestricted” subsidiaries
Assets			
Property, plant and equipment	43,112	42,771	341
Right-of-use assets	32,816	32,041	775
Intangible assets & Goodwill	789,061	760,240	28,821
Investment in associates	48	48	-
Investment property	5,494	5,494	-
Deferred tax assets	28,810	25,930	2,881
Other long-term receivables	4,746	4,746	-
Derivative financial assets	37,573	37,573	-
Total non-current assets	941,660	908,843	32,817
Inventories	127,793	107,223	20,570
Trade and other receivables	42,972	41,110	1,861
Intercompany receivables	-	-277	277
Tax receivables	15,202	15,202	-
Prepaid expenses	17,151	16,578	573
Derivative financial assets	175	175	-
Cash and cash equivalents	63,734	62,495	1,239
Total current assets	267,026	242,505	24,521
Total assets	1,208,686	1,151,348	57,338
Total Equity	155,380	123,603	31,777
Liabilities			
Interest-bearing notes	760,816	760,816	-
Employee benefits	3,481	3,481	-
Lease liabilities	22,954	22,489	465
Other long-term liabilities	1,891	1,891	-
Deferred income	118	118	-
Provisions	4,500	4,500	-
Deferred tax liabilities	49,196	48,933	263
Total non-current liabilities	842,956	842,228	728
Lease liabilities	11,442	11,051	391
Trade and other payables	75,773	71,164	4,609
Intercompany payables	-	-14,762	14,762
Contract liabilities	6,420	5,857	563
Tax payables	12,744	12,737	8
Accrued expenses	80,838	76,337	4,501
Derivative financial liabilities	580	580	-
Provisions	22,552	22,552	-
Total current liabilities	210,350	185,517	24,833
Total liabilities	1,053,306	1,027,745	25,561
Total equity and liabilities	1,208,686	1,151,348	57,338