



Interim Management Statement | January – 30 June 2023

	EURO SALES	LC SALES	ADJUSTED EBITDA
Second quarter	-14%	-7%	€11.9m (€21.8m)
Year-to-date	-12%	-9%	€28.7m (€44.0m)

Three months ended 30 June 2023

Operational highlights

- Sales remained challenging throughout the quarter in all regions, where Euro sales dropped 14% and local currency sales dropped 7%. Even if the sales drop in local currencies has slowed down the last quarters, additional pressure on sales and margins is coming from weaker local currencies.
 - In Europe & CIS, sales in Euro were 11% lower and sales in local currencies 3% lower versus the same quarter last year. The quarter saw improved activity levels among members and price increases starting to show positive results. Ukraine continues to regain lost sales after the war broke out, while the Russian rouble devaluation added to the negative currency impact during the quarter.
 - In Latin America, sales dropped 6% in Euro and 9% in local currencies from lower recruitment leading to less members, partially offset by improved activity and productivity levels of members.
 - Türkiye & Africa region is experiencing high devaluation from the two major markets Türkiye and Nigeria leading to a Euro sales drop of 12% in the quarter. In local currencies the development is showing a growth of 11% supported by high inflationary price increases and continued strong development in Nigeria from higher activity and productivity among members.
 - Asia continues to perform below expectations due to lower member base in all major markets, however China continues to see some improvements in the sales development after the lifting of Covid lockdowns. Sales in Euro was down 26% and decreased 20% in local currencies.
- Skincare followed by fragrances were the largest contributors to sales, and the flagship brand Novage was relaunched as Novage+ showing initial positive impact on the category.
- Gross profit margins continued its path with improving levels, where focus on price increases and lower inventory provisions more than offset negative impacts from exchange rates and product cost inflation.
- Selling and marketing expenses were higher than previous year primarily driven by higher costs for conferences, which were reinstated post Covid and essential for driving the business and sales development.
- Administrative expenses adjusted for non-recurring items, decreased by €3.9m versus prior year thanks to initial restructuring efforts. Savings in staff and offices were partly offset by high inflationary pressure on salaries and other expenses.
- Adjusted cash flow before financing activities was €-1.7m (€-11.1m) showing an improvement versus the same quarter prior year, but still negative from the lower EBITDA and slightly negative working capital in the quarter. The RCF was not drawn down at the end of the quarter and there was a non-recurring cash inflow from the proceeds of the sale of the Russian manufacturing entity (Cetes Cosmetics) during the quarter.
- Short term measures to improve sales and member count as well as structural changes to further optimise the cost and working capital structure remain a high priority.



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 June 2023

- Euro sales decreased by 14% to €181.9m (€211.1m) and local currency sales decreased by 7%.
- The adjusted EBITDA amounted to €11.9m (€21.8m) and the adjusted EBITDA margin was 6.6% (10.3%).
- The adjusted operating profit was €5.9m (€14.2m) and the adjusted operating margin was 3.3% (6.7%). The currency impact on the adjusted operating margin was 200 bps negative.
- The adjusted net profit was €-1.2m (€16.1m).
- The adjusted cash flow before financing activities was €-1.7m (€-11.1m restated).

Six months ended 30 June 2023

- Euro sales decreased by 12% to €390.2m (€441.0m) and local currency sales decreased by 9%.
- The adjusted EBITDA amounted to €28.7m (€44.0m) and the adjusted EBITDA margin was 7.4% (10.0%).
- The adjusted operating profit was €16.3m (€28.7m) and the adjusted operating margin was 4.2% (6.5%). The currency impact on the adjusted operating margin was 70 bps negative.
- The adjusted net profit was €-8.0m (€25.9m).
- The adjusted cash flow before financing activities was €-17.9m (€-22.5m restated).

Financial summary

(€m)	three months ended 30 June			six months ended 30 June			LTM July'22-June'23	Year end	
	2023	2022	Change %	2023	2022	Change %		2022	Change %
Sales	181.9	211.1	-14%	390.2	441.0	-12%	874.6	925.4	-5%
Adj. EBITDA	11.9	21.8	-45%	28.7	44.0	-35%	91.3	106.5	-14%
Adj. Operating profit	5.9	14.2	-58%	16.3	28.7	-43%	63.8	76.3	-16%
Adj. Net profit	-1.2	16.1		-8.0	25.9		15.0	49.0	-69%
Adj. Cash flow from operating activities	4.2	-4.0*		-5.3	-8.7*	-39%	76.4	73.0	5%
Adj. Cash flow before financing activities	-1.7	-11.1*	-85%	-17.9	-22.5*	-21%	48.2	43.5	11%
Cash and cash equivalents	76.4	106.3	-28%	76.4	106.3	-28%	76.4	121.9	-37%
Total debt	792.4	860.0	-8%	792.4	860.0	-8%	792.4	812.3	-2%
Secured debt	756.2	804.5	-6%	756.2	804.5	-6%	756.2	765.7	-1%
Net Secured debt	679.8	698.2	-3%	679.8	698.2	-3%	679.8	643.7	6%
Adj. Gross margin	68.4%	67.6%		67.2%	65.8%		66.9%	66.3%	
Adj. EBITDA margin	6.6%	10.3%		7.4%	10.0%		10.4%	11.5%	
Adj. Operating margin	3.3%	6.7%		4.2%	6.5%		7.3%	8.2%	
Net Secured Debt ratio	7.4	5.2		7.4	5.2		7.4	6.0	
Net Secured Debt ratio at hedged value	6.9	4.6		6.9	4.6		6.9	5.5	

* restated – see page 9

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.



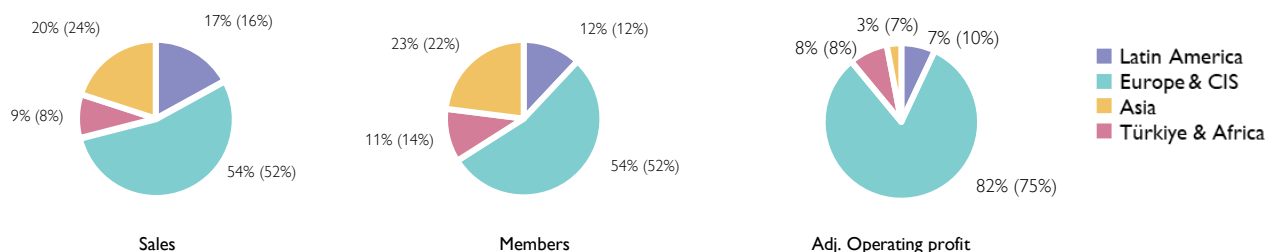
Significant events during and after the quarter

- Oriflame appointed Anna Malmhake as its new Chief Executive Officer and President. Anna started her new position on 1st June 2023 and takes over after previous CEO Magnus Brännström, who announced his decision to step down after 18 years as CEO. Anna Malmhake has extensive experience from leadership positions in several global consumer goods companies. She first joined Oriflame as Member of the Board in 2014. See further information under CEO transition section below.
- Following the strategic review of certain assets in Russia, Oriflame signed an agreement to sell 100% of the shares of Cetes Cosmetics LLC on 28 April 2023, previously classified as assets held-for-sale. The transaction was successfully completed during the quarter after receiving all necessary approvals from authorities. A total net consideration of €28.0m was received from the buyer Arnest LLC during the quarter, which included €25.0m in cash and the shares of a Hungarian legal entity with certain assets. The total transaction resulted in a net gain of €8.1m, which includes the reversal of currency translation adjustments recycled to the income statement. For further details on the transaction please refer to note 3 of the condensed consolidated financial statements.
- Latest updated ratings from Fitch and S&P are B-/B- from both agencies.



Regional development

Q2 Regional split*



* Excluding manufacturing and franchisees

Q2 Regional Sales Progression

Q2	Latin America	Europe & CIS	Asia	Türkiye & Africa	Group
EUR growth	-6%	-11%	-26%	-12%	-14%
LC growth	-9%	-3%	-20%	11%	-7%

Latin America

In Latin America Euro sales contracted by 6% while local currency sales decreased by 9%. The sales drop came from less members due to weaker recruitment, which was partially offset by improved activity and productivity levels in all markets. The quarter was negatively impacted by timing with fewer catalogue closings versus the same quarter previous year. Gross margins were lower versus the same quarter prior year, as a result of higher product costs which were partially offset by price increases. The operating margin decreased to 3.6% (8.5%) from the sales drop, higher selling expenses from increased cost for sales conferences and other sales incentives, and higher administrative expenses as percent of sales from the lower sales.

Europe & CIS

In Europe & CIS Euro sales decreased by 11% while sales in local currencies decreased by 3%. The drop in Euro sales was impacted by strong devaluation of the Russian rouble. The lower sales come from lower number of members, with partial offsetting positive impact from improved activity levels among members during the quarter. Ukraine continues its pathway of strong sales recovery, while sales in Russia was negatively impacted by strong devaluation of the Russian Rouble. Operating margin decreased to 12.9% (18.8%) with negative impact from higher selling expenses due to higher conference costs and lower gross margins from product cost inflation and negative exchange rate impacts. Gross margins improved versus last quarter from higher price increase pace, while savings in administrative costs were not enough to compensate for the lower Euro sales.

Asia

In Asia Euro sales dropped by 26% while sales in local currency decreased by 20% as a result of less members from less recruitment. The sales results remain challenging in all major markets in Asia, while China is showing signs of improvements versus the previous quarters after Covid lockdowns were lifted in the end of last year. Operating margin decreased to 1.0% (3.8%) due to the lower sales, where increased gross margins and lower administrative costs were not enough to compensate for the negative sales drop.

Türkiye & Africa

In Türkiye & Africa Euro sales decreased by 12% as a result of strong devaluations of local currencies in the two main markets Türkiye and Nigeria. Sales in local currencies grew by 11%* where a lower member count was offset by high inflationary price increases in both Türkiye and Nigeria, and by improved activity levels and productivity among members in these markets. The operating margin for the quarter decreased to 7.8% (12.4%) negatively impacted by lower gross margins from devaluation impacts, higher staff costs partially offset by lower selling expenses during the quarter.

* LC sales growth calculation has been adjusted for Türkiye hyperinflation



Three months ended 30 June 2023

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

Sales and gross margin

Sales in Euro decreased by 14%, or €29.2m, to €181.9m for the three months ended 30 June 2023 compared with €211.1m for the same period last year. Local currency sales decreased by 7% mainly due to a decline in the average number of members to 1.7m (2.2m). Unit sales decreased by 24% and the price/mix effect was positive by 17%. Manufacturing sales to third parties decreased by 12% in Euro partially from less external sales in the quarter due to the sold Russian Cetes Manufacturing entity.

Gross margin (68.4% of sales compared to 67.6% prior year)

The gross profit decreased by 12.7%, or €18.2m, to €124.5m for the three months ended 30 June 2023 from €142.6m for the same period in 2022. In relative terms, the gross margin increased from 67.6% to 68.4% from 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 (32.3% of sales compared to 30.3% prior year)

Selling and marketing expenses decreased by 8.2%, or €5.3m, to €58.7m for the three months ended 30 June 2023 from €64.0m for the same period 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 (Covid).

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

Distribution and infrastructure expenses decreased by 10.9%, or €0.6m, to €5.2m for the three months ended 30 June 2023 from €5.8m for the same period in 2022 due to sales volumes decline, and with no material deviation in relative terms.

Administrative expenses (30.1% of sales compared to 27.8% prior year)

Despite high inflation, administrative expenses decreased by 6.7%, or €3.9m, to €54.7m for the three months ended 30 June 2023 from €58.6m for the same period last year. This was mainly due to savings from restructuring programs in staff and office expenses, partly offset by high inflationary pressure on salaries and other expenses. As a percentage of sales, the adjusted administrative expenses were higher by 230 bps since the decrease in sales was higher than the drop in administrative expenses.

Net financing costs (-6.6% of sales compared to 3.9% prior year net financing income)

Net financing costs grew by €20.3m, to €-12.1m for the three months ended 30 June 2023 from net financing income of €8.2m for the same period in 2022. The negative variance versus prior year is mainly explained by significant positive impacts from exchange rates previous year, which included positive impacts from the strong Russian Rouble last year as well as revaluation income of the interest rate swap which increased significantly in value.

Income tax expenses (€3.1m compared to €6.3m prior year)

The tax expense for the three months ended 30 June 2023 was lower by €3.2m due to the lower profit before tax.

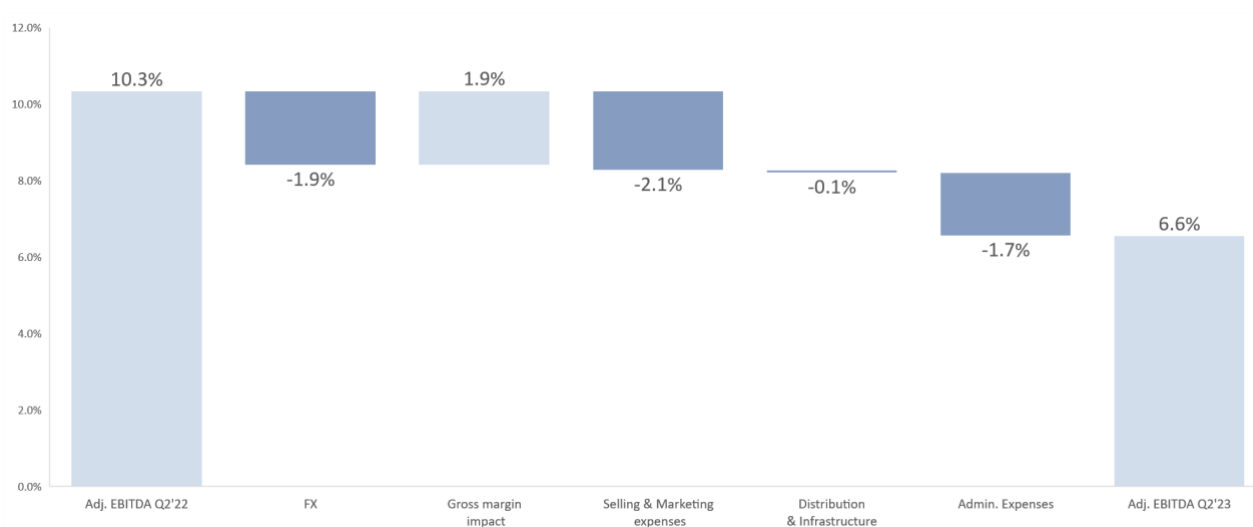


Adjusted EBITDA

“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 45.4%, or €9.9m, to €11.9m for the three months ended 30 June 2023 from €21.8m for the same period in 2022. The adjusted EBITDA margin, as depicted below, decreased from 10.3% to 6.6%. The gross margin was positively impacted by price increases and partially offset by negative impacts on product cost inflation. The selling expenses increased as a result of higher costs for sales conferences and sales incentives while the adjusted administrative costs excluding FX impact and depreciation items went up by 170 bps from deleveraging of lower sales impact; the underlying administrative expenses were lower versus previous year mainly from savings from restructuring programs, and partially offset by higher inflation on expenses.

ADJUSTED EBITDA MARGIN VS. PRIOR YEAR





Six months ended 30 June 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 six months ended 30 June 2023 decreased by 12%, or €50.8m, to €390.2m compared with €441.0m in 2022. Local currency sales decreased by 9% mainly due to a decline in the average number of members to 1.8m (2.3m). Unit sales decreased by 26% and the price/mix effect was positive by 17%. External sales from Cetes Manufacturing increased by 18% driven by strong sales to external clients in the first quarter of the year.

Gross margin (67.2% of sales compared to 65.8% prior year)

The gross profit dropped by 9.7%, or €28.3m, to €262.1m for the six months ended 30 June 2023 from €290.4m for the same period in 2022 due to lower sales. In relative terms, the gross margin improved from 65.8% prior year to 67.2% 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 (32.2% of sales compared to 30.3% prior year)

Selling and marketing expenses decreased by 5.9%, or €7.9m, to €125.6m for the six months ended 30 June 2023 from €133.4m 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 (2.8% of sales compared to 2.7% prior year)

Distribution and infrastructure expenses decreased by 7.4%, or €0.9m, to €11.1m for the six months ended 30 June 2023 from €11.9m for the same period last year with no material impact.

Administrative expenses (28.0% of sales compared to 26.4% prior year)

Administrative expenses decreased by 6.1%, or €7.1m, to €109.2m for the six months ended 30 June 2023 from €116.3m for the same period last year. The decrease was mainly due to savings from restructuring programs in staff and office expenses, partly offset by high inflationary pressure on salaries and other expenses. As a percentage of sales, the adjusted administrative expenses were higher by 160 bps since the decrease in sales was higher than the drop in administrative expenses.

Net financing costs (-6.9% of sales compared to 1.8% prior year net financing income)

Net financing costs increased by €34.9m to €27.0m for the six months ended 30 June 2023 from €7.9m net financing income for the same period in 2022. The negative variance is mainly explained by significant positive impacts from exchange rates in the previous year, which included positive impacts from the strong Russian Rouble last year as well as revaluation income of the interest rate swap which increased significantly in value.

Adjusted income tax expenses (€5.3m compared to €10.6m prior year)

The tax expense for the three months ended 30 June 2023 was lower by €5.3m due to the lower profit before tax.

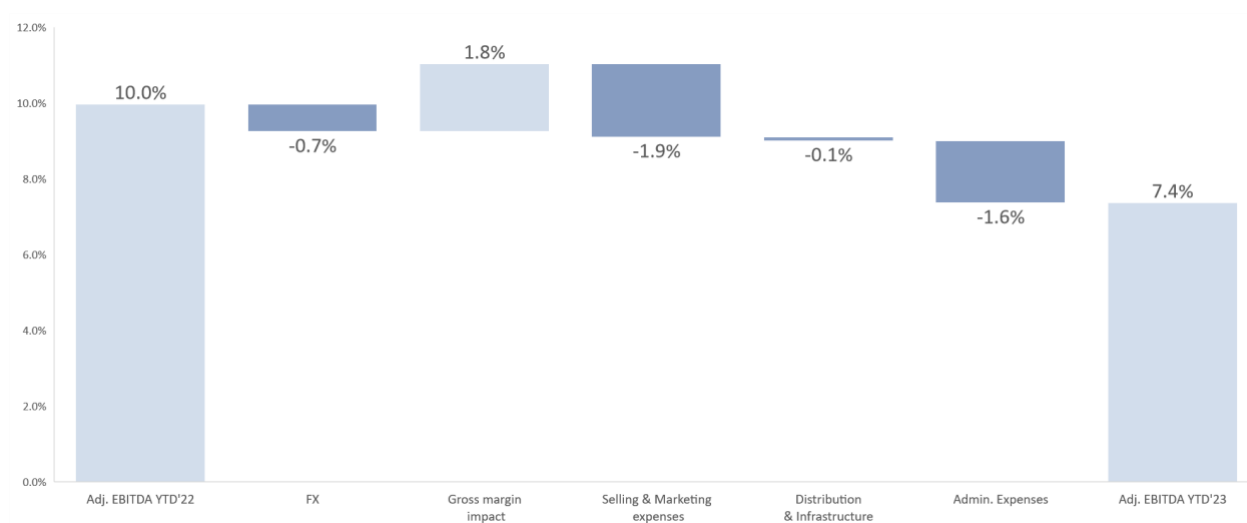


Adjusted EBITDA

“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 34.7%, or €15.2m, to €28.7m for the six months ended 30 June 2023 from €44.0m for the same period in 2022. The adjusted EBITDA margin, as depicted below, decreased from 10.0% to 7.4%. The gross margin was positively impacted by price increases and partially offset by negative impacts on product cost inflation. The selling expenses increased as a result of higher costs for sales conferences and sales incentives while the adjusted administrative costs excluding FX impact and depreciation items went up by 160 bps from deleveraging of lower sales impact; the underlying administrative expenses were lower in absolute value versus previous year mainly from savings from restructuring programs, and partially offset by higher inflation on expenses.

ADJUSTED EBITDA MARGIN VS. PRIOR YEAR





Cash flow and investments

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

Change in presentation / cash flow before financing activities

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

The “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 15). The below comments are based on the new presentation.

Adjusted cash flow before financing activities

Adjusted cash flow before financing activities was €-1.7m in the three months ended 30 June 2023 compared to €-11.1m (restated – see above) for the same period in 2022.

The positive change in the adjusted cash flow before financing activities is mainly explained by the movement in the adjusted cash flow from operating activities which increased by €8.2m compared to prior year.

This deviation is primarily due to an improvement of €17.1m on the change in net working capital from €-20.9m in 2022 to €-3.8m in 2023. The positive impact compared to prior year came primarily from trade receivables (€+13.3m) and from trade payables (€+13.5m) which were partially offset by negative impact on inventories of €-11.1m. The improvement in the change in net working capital was offset by a €9.9m lower EBITDA which decreased from €21.8m during the second quarter in 2022 to €11.9m during the same quarter in 2023.

Payment of lease liabilities and interest on lease liabilities for the second quarter 2023 and 2022 amounted to respectively €4.7m and €4.5m.

Cash flow used in investing activities, excluding net proceeds on sale of a subsidiary, amounted to €-1.1m in the three months ended 30 June 2023 period versus €-2.5m in the same period last year.

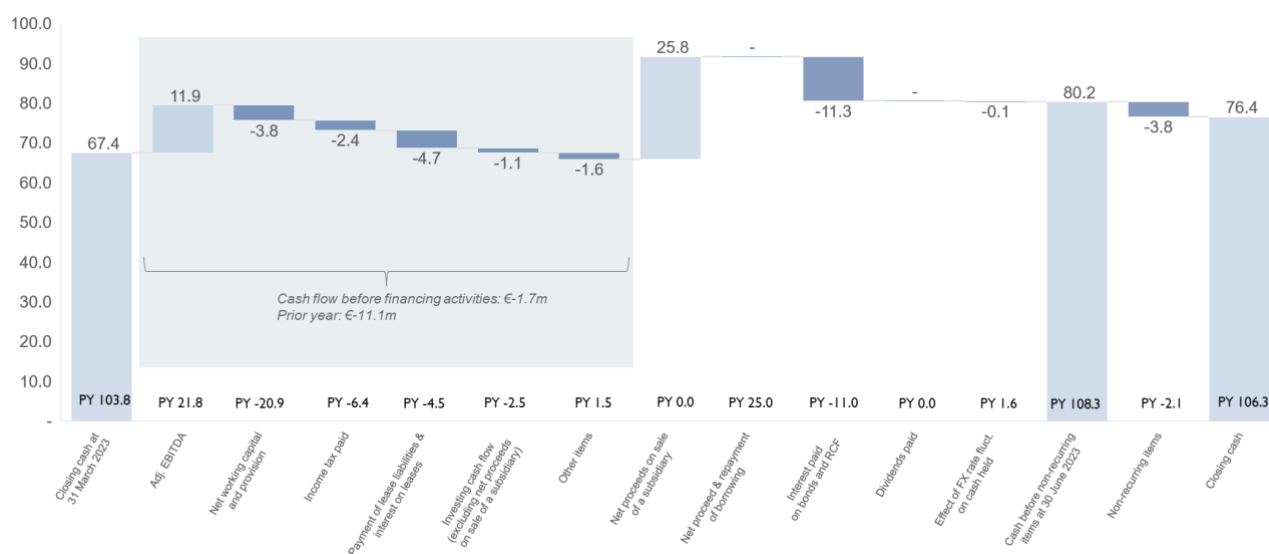
Net proceeds on sale of a subsidiary

Net proceeds on sale of a subsidiary contributed to a positive cash balance of €25.8m during the second quarter 2023. This significant cash inflow came from the successful completion of the sale of Cetes Cosmetics Russia during the quarter (see note 3 of the condensed consolidated financial statements for additional information).

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

Cash flow used in financing activities excluding leasing (payment of lease liabilities and interest paid on lease liabilities) and other interest paid for the three months ended 30 June 2023 was stable at €-11.3m, compared to €-11.0m for the same period in 2022.

Cash flow development – Quarter 2, 2023 (€m)





Adjusted cash flow before financing activities

For the six months ended 30 June 2023 the adjusted cash flow before financing activities amounted to €-17.9m compared to €-22.5m (restated – see page 9) for the same period in 2022.

The positive impact in the adjusted cash flow before financing activities is mainly explained by the movement in the *adjusted cash flow from operating activities* which increased by €3.4m compared to prior year due to improvement in the change in net working capital of €15.9m and less income tax paid of €8.0m offset by a lower adjusted EBITDA of €15.2m.

The improvement in net working capital was mainly due to positive impact on change in trade payables of €19.5m and on change of trade receivables of €13.4m offset by negative movement of €19.5m on inventories.

Payment of lease liabilities and interest on lease liabilities, which amounted to €9.5m during the six months ended 30 June 2023 impacted positively the adjusted cash flow before financing activities by €0.1m compared to €9.6m prior year.

Cash flow used in investing activities of €3.0m, excluding net proceeds on sale of a subsidiary, slightly improved by €0.9m compared to the prior period of €4.0m.

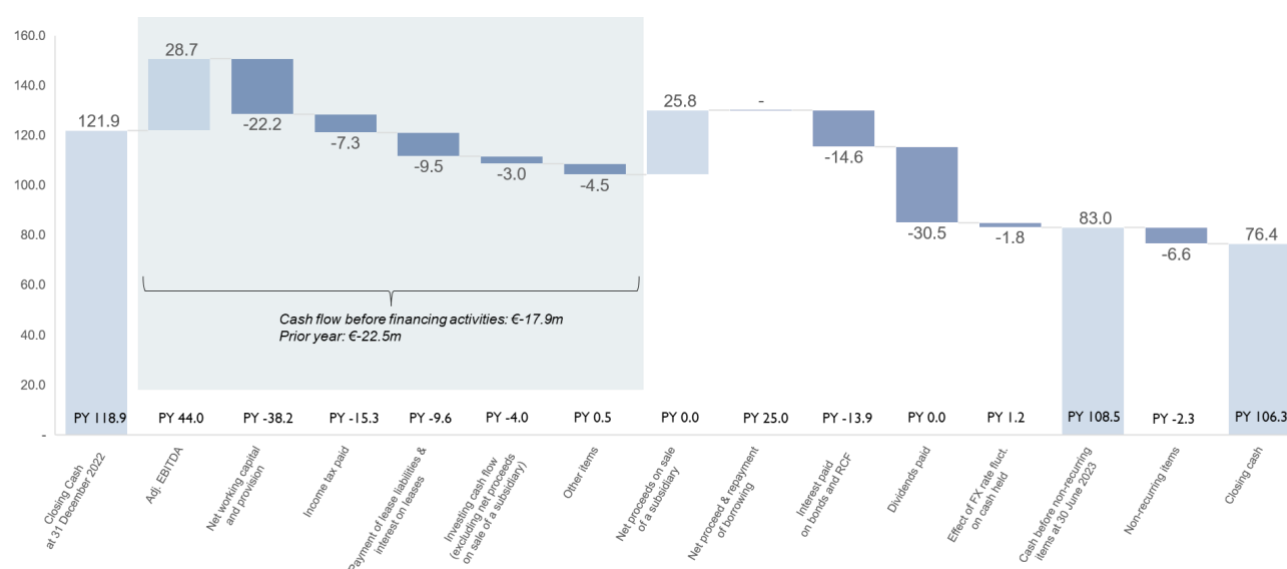
Net proceeds on sale of a subsidiary

Net proceeds on sale of a subsidiary contributed to a positive cash balance of €25.8m during the first half of 2023. This significant cash inflow comes from the successful completion of the sale of Cetes Cosmetics Russia which occurred in the beginning of May 2023 (see note 3 of the condensed consolidated financial statements for additional information).

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

For the six months period ended 30 June 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 €-45.1m compared to €-13.9 in the same period in 2022. The main reason for this deviation of €31.1m is the cash outflow in 2023 from the dividend payment of €30.5m.

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





Funding and financial position

As of 30 June 2023, total debt amounted to €792.4m (€860.0m – 30 June 2022), secured debt amounted to €756.2m (€804.5m), net secured debt amounted to €679.8m (€698.2m), Net Secured Debt ratio was 7.4 (5.2) and Net Secured Debt ratio at hedged value was 6.9 (4.6) where the decrease is driven by the lower rolling 12 month EBITDA versus the previous period.

Oriflame's long-term debt amounts to €756.2m carrying amount, excluding capitalised 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 4.2% excluding the effect from amortization of capitalized front-end fees. As of 30 June 2023, the RCF was not drawn and the cash and cash equivalents were €76.4m. The current corporate and notes ratings are respectively B-/B- from Fitch and B-/B- from S&P Global. The Company was in compliance with all of its covenants related to the outstanding debt as of 30 June 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	May 2026	May 2026	Oct 2025
Drawing as per 30 June 2023			-

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

** Swapped € interest rate 3.53%

Operational highlights

Brand and innovation – Q2 2023

Skin Care was yet again the lead category during the second quarter of 2023, with 26 percent of total sales. The flagship brand Novage was successfully relaunched as Novage+, a superior cosmeceutical anti-aging solution. The Body Edition, a functioning clinically tested range of body products, was also introduced with an excellent start.

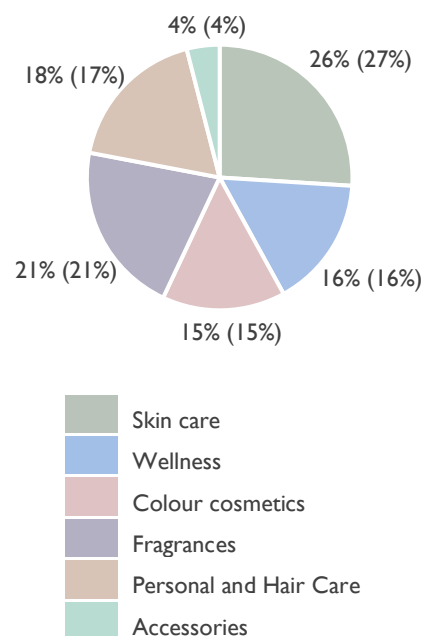
Fragrances remained relevant in the second quarter, with 21 percent of total sales. The iconic and popular brands were in high demand along with the new Signature Generation for Her. The floral spicy feminine perfume was created by Master Perfumer Olivier Cresp and his son, bringing together two generations of perfumers.

Personal & Hair Care contributed with 18 percent of sales. In Personal Care, Love Nature and the intimate care range Feminelle were the highlights and strong contributors to the category. In Hair Care, the newly launched brand Duology took the category to a new level of growth.

Wellness delivered a share of 16 percent of total sales, with the Wellness packs Women and Men maintaining the top product positions.

In Colour Cosmetics, with 15 percent contribution to sales, The One Wonderlash mascara range and the premium Giordani Gold Age Defying Serum Boost foundation range displayed great performance.

Product categories Q2 2023 (Q2 2022)





Sustainability – H1 2023

During the period Oriflame continued to execute on its sustainability strategy and published a comprehensive 2022 Sustainability report. Several initiatives were taken in line with Oriflame's high and long-term ambitions.

Within the area of sustainable product innovations, the premium skincare range *Novage+* was launched, reflecting Oriflame's responsible formulation approach with upcycled ingredients and natural origin technologies. In addition, the premium haircare range *Duologi* was launched, the first premium haircare range formulated to be biodegradable (rinse offs), and does not contain parabens, mineral oil or silicone.

Activities included exploring cooperations with possible partners regarding the company's carbon and renewable energy credits as well as forest commitment reporting. Various involvements in industry forums took place, including Ecobeautey Score Consortium, Cosmetics Europe, Ecobeautey Score Consortium and Responsible Mica Initiative.

In terms of reporting, Oriflame began the obligatory CDP 2022 (climate and forest) reporting, which is due to be submitted in the end of July. In India data was successfully submitted in line with the amended CPCB (Pollution Control Board) Plastics Transactions Regulation. Also, progress was made with the UN Global Compact Business and Human Rights Accelerator Program, documenting the salient human rights risk, in order to drive and build into the sustainability strategy.

Furthermore, work is under way to prepare the business for upcoming mandatory regulations on sustainability reporting in the company's financial reports.

For the third year running, Oriflame has been listed as one of Europe's climate leaders by The Financial Times and Statista.

Digital – H1 2023

During the first six months, over 98 percent of all orders were placed online and the total share of salesforce using digital services remains high. Notable is that key social selling initiatives such as the Share & Earn activity and eCatalogue utilization share are growing steadily, as well as the share of online payments, which is now permanent above 40 percent.

During the period rollout activities continued and significant progress was achieved with focus on strategic initiatives. A new digital tool for skin diagnostics and beauty routine customization was released in the first quarter, along with important improvements for payment and delivery selection in the online checkout process. Work with the expansion of the company's CRM system (Salesforce Marketing Cloud) into additional markets continued. The most important business tool for Brand Partners, the Virtual Business Coach, was released reaching global coverage during the second quarter.

To fuel efficiency and quality, several digital processes started adopting AI in localization and translation activities. Throughout the quarter pilot initiatives within AI translations of product communication, voice translations in instructional videos, as well as automated training material translation progressed, and indicates increased delivery speed and cost reduction.

App users:

Q1

Oriflame App 860,000 monthly active users

Business App: 399,000 monthly active users

Q2

Oriflame App 841,000 monthly active users

Business App: 377,000 monthly active users

CEO transition

During the second quarter Oriflame announced that Magnus Brännström had decided to step down as CEO and President, after more than 26 years with Oriflame, of which 18 as its CEO.

"I would like to thank Magnus for his time as CEO of Oriflame. His exceptional leadership has been instrumental in navigating our company through many changes and challenges as well as multiple victories and successes. Magnus's steadfast commitment to upholding Oriflame values and his genuine care for our employees, Brand Partners and leaders, has made him a true role model of human leadership", Alexander af Jochnick, Chairman of the Board, commented in a press release.

The Board has thereafter appointed Anna Malmhake as its new CEO and President.

Anna has extensive experience from leadership positions in several global consumer goods companies. She first joined Oriflame as Member of the Board in 2014 and started her new operational position as CEO on 1st June 2023.

Anna Malmhake holds a Bachelor degree of Social Science, Business and Law from the University of Stockholm. She started her career in 1991 at Procter & Gamble in Sweden and joined the Coca-Cola company in Stockholm in 1996, where she held various marketing positions. She joined Motorola in 2003 with positions in Sweden, London and Chicago. In 2007 Anna joined the Absolut Company as Global Brand Director, and in 2011 she moved to Dublin to serve as Chairman and CEO of Irish Distillers. Five years later she was appointed Chairman and CEO of The Absolut Company within Pernod Ricard. In 2020, Anna took on the position as Managing Director Go-To-Market EMEA Region for Activision Blizzard, one of the world's leading gaming companies.

Anna remains member of the Oriflame Board of Directors. She is based in the UK.



Financial calendar for 2023

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

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

Other

Conference call for the financial community

The company will host a conference call on Friday 21 July 2023 at 10.00 CET.

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/230721>

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<http://investors.oriflame.com/index.php/en/subscribe>

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Definitions

Adjusted EBITDA

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

Adjusted gross profit

Gross profit excluding purchase price allocation items.

Adjusted net profit

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

Adjusted operating profit

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

Adjusted Cash flow before financing activities

Adjusted Cash flow from operating activities 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, 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 condensed consolidated income statements on pages 16 and 17.

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, €m / %	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Sales	229.9	211.1	220.0	264.4	208.3	181.9
Adj. Gross margin	64.3%	67.6%	67.0%	66.4%	66.1%	68.4%
Adj. EBITDA	22.1	21.8	24.7	37.8	16.8	11.9
Adj. EBITDA margin	9.6%	10.3%	11.2%	14.3%	8.1%	6.6%
Adj. Operating profit	14.4	14.2	17.2	30.4	10.3	5.9
Adj. Operating margin	6.3%	6.7%	7.8%	11.5%	5.0%	3.3%
Adj. Net profit	9.9	16.1	5.2	17.9	-6.8	-1.2
Adj. Cash flow from op. activities	-4.7*	-4.0*	30.8	50.9	-9.5	4.2
Adj. Cash flow before financing activities	-11.5*	-11.1*	23.3	42.8	-16.2	-1.7
Cash flow used in investing activities	-1.4	-2.5	-2.6	-2.8	-2.0	24.7
Cash and cash equivalents	103.8	106.3	96.6	121.9	67.4	76.4
Total debt	783.1	860.0	868.6	812.3	795.0	792.4
Secured debt	745.5	804.5	814.2	765.7	755.7	756.2
Net Secured Debt ratio	3.9	5.2	6.4	6.0	6.8	7.4
Sales, €m	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Latin America	28.8	32.3	33.2	34.3	30.9	30.3
Europe & CIS	116.5	106.4	114.1	156.4	110.8	94.3
Asia	53.8	48.3	48.6	46.2	39.7	35.7
Türkiye & Africa	22.6	17.0	18.0	18.9	15.5	15.0
Manufacturing	7.1	5.9	4.6	6.8	10.1	5.2
Other	1.1	1.3	1.5	1.8	1.3	1.5
Oriflame	229.9	211.1	220.0	264.4	208.3	181.9
€ Sales growth in %	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Latin America	-15%	-10%	-5%	-1%	7%	-6%
Europe & CIS	-12%	-16%	5%	2%	-5%	-11%
Asia	-26%	-16%	-17%	-25%	-26%	-26%
Türkiye & Africa	-6%	-13%	10%	-13%	-32%	-12%
Oriflame	-16%	-14%	-1%	-5%	-9%	-14%
Adjusted operating Profit, €m	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Latin America	1.1	2.8	2.6	1.7	1.2	1.1
Europe & CIS	18.6	20.0	18.2	27.7	12.0	12.1
Asia	6.9	1.8	7.9	8.0	1.7	0.4
Türkiye & Africa	4.8	2.1	3.5	4.1	1.0	1.2
Manufacturing	1.7	3.0	1.6	2.2	4.8	2.3
Other	-18.7	-15.4	-16.7	-13.3	-10.3	-11.1
Oriflame	14.4	14.2	17.2	30.4	10.3	5.9
Adjusted operating margin, %	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Latin America	3.9%	8.5%	8.0%	5.0%	4.0%	3.6%
Europe & CIS	15.9%	18.8%	16.0%	17.7%	10.8%	12.9%
Asia	12.8%	3.8%	16.3%	17.3%	4.3%	1.0%
Türkiye & Africa	21.3%	12.4%	19.4%	21.7%	6.2%	7.8%
Oriflame	6.3%	6.7%	7.8%	11.5%	5.0%	3.3%
Registered Active Members, '000 as at closing period	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Latin America	229	243	242	235	198	194
Europe & CIS	1,295	1,044	1,034	1,275	1,021	878
Asia	498	450	433	409	390	363
Türkiye & Africa	302	273	203	217	180	179
Oriflame	2,325	2,009	1,912	2,135	1,790	1,614

* restated – see page 9



Condensed consolidated income statements

Three months ended 30 June

€'000	2023	Non-recurring items*	PPA items**	Adjusted 2023	2022	Non-recurring items*	PPA items**	Adjusted 2022
Sales	181,905			181,905	211,093			211,093
Cost of sales	-57,434			-57,434	-68,278	-192		-68,470
Gross profit	124,471	-	-	124,471	142,815	-192	-	142,623
Selling and marketing expenses	-58,723			-58,723	-63,974			-63,974
Distribution and infrastructure	-5,164			-5,164	-7,152	1,354		-5,798
Administrative expenses	-59,975	3,431	1,876	-54,668	-123,866	63,377	1,876	-58,612
Operating profit / loss (-)	608	3,431	1,876	5,916	-52,177	64,539	1,876	14,239
Financial income	8,948			8,948	34,936			34,936
Financial expenses	-21,032			-21,032	-26,761			-26,761
Net financing costs (-) / income	-12,084	-	-	-12,084	8,175	-	-	8,175
Net gain on disposal of a subsidiary	8,074			8,074	-			-
Loss from associates	-5			-5	-7			-7
Net profit / loss (-) before tax	-3,407	3,431	1,876	1,901	-44,009	64,539	1,876	22,407
Income tax expense	-2,351	-584	-181	-3,116	-3,744	-2,395	-181	-6,321
Profit / loss (-) for the period	-5,758	2,847	1,695	-1,216	-47,753	62,145	1,695	16,086

* Non-recurring items cover:

2023: Restructuring costs and employee related costs

2022: Impairment of property, plant and equipment (€55.3m), restructuring costs (€9.4m) and costs related to the impact of the war in Ukraine (€0.2m income).

** 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

Six months ended 30 June

€'000	2023	Non-recurring items*	PPA items**	Adjusted 2023	2022	Non-recurring items*	PPA items**	Adjusted 2022
Sales	390,167			390,167	441,007			441,007
Cost of sales	-128,080			-128,080	-151,101	447		-150,654
Gross profit	262,088	-	-	262,088	289,906	447	-	290,352
Selling and marketing expenses	-125,558			-125,558	-133,429			-133,429
Distribution and infrastructure	-11,050			-11,050	-13,396	1,456		-11,940
Administrative expenses	-117,897	4,917	3,753	-109,227	-186,628	66,563	3,753	-116,311
Operating profit / loss (-)	7,583	4,917	3,753	16,252	-43,547	68,466	3,753	28,672
Financial income	16,548			16,548	51,240			51,240
Financial expenses	-43,534			-43,534	-43,336			-43,336
Net financing costs (-) / income	-26,986	-	-	-26,986	7,904	-	-	7,904
Net gain on disposal of a subsidiary	8,074			8,074	-			-
Loss from associates, net of tax	-40			-40	-18			-18
Net profit / loss (-)	-11,369	4,917	3,753	-2,699	-35,661	68,466	3,753	36,558
Income tax expense	-4,107	-871	-363	-5,341	-10,763	510	-363	-10,616
Profit / loss (-) for the period	-15,476	4,046	3,390	-8,040	-46,424	68,977	3,390	25,942

* Non-recurring items cover:

2023: Restructuring costs and employee related costs

2022: Impairment of property, plant and equipment (€55.3m), restructuring costs (€11.8m) and costs related to the impact of the war in Ukraine (€1.3m)

** 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 June		six months ended 30 June	
		2023	2022	2023	2022
Loss for the period		-5,758	-47,753	-15,476	-46,424
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	-60	5,666
Total items that will not be reclassified subsequently to profit or loss		-60	5,666	-60	5,666
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences for foreign operations*		-13,777*	66,850	-20,441*	60,370
Cash flow hedges – effective portion of changes in fair value, net of tax		-5,723	4,356	-2,931	-3,757
Total items that are or may be reclassified subsequently to profit or loss		-19,500	71,205	-23,372	56,613
Other comprehensive income for the period, net of tax		-19,560	76,871	-23,432	62,279
Total comprehensive income for the period		-25,318	29,118	-38,908	15,855

* 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 3 of the condensed consolidated financial statements.



Condensed consolidated statements of financial position

€'000		30 June, 2023	31 December, 2022*	30 June 2022
Assets				
Property, plant and equipment		44,290	44,804	86,237
Right-of-use assets	4	34,192	43,481	52,455
Intangible assets		559,527	563,636	567,816
Goodwill		233,745	242,494	288,136
Investment in associates		48	88	79
Investment property	3	5,530	542	542
Deferred tax assets		28,806	32,968	22,021
Other long-term receivables		4,678	133	343
Derivative financial assets		51,625	64,406	67,894
Total non-current assets		962,441	992,552	1,085,522
Inventories		133,287	127,461	156,580
Trade and other receivables		45,726	50,624	52,237
Tax receivables		16,114	14,800	19,664
Prepaid expenses		21,941	21,696	29,423
Derivative financial assets		178	176	18,627
Cash and cash equivalents		76,401	120,155	106,263
Assets held for sale	3	-	35,366	-
Total current assets		293,646	370,279	382,792
Total assets		1,256,087	1,362,831	1,468,314
Equity				
Share capital		653,081	653,081	653,081
Reserves		-35,771	-12,398	26,919
Retained earnings		-401,678	-356,133	-354,527
Total equity		215,632	284,549	325,472
Liabilities				
Interest-bearing loans	5	747,029	754,938	767,242
Employee benefits		3,296	3,195	4,926
Lease liabilities	4	24,253	33,512	41,863
Other long-term liabilities		1,872	1,922	1,953
Deferred income		118	118	142
Provisions		4,114	5,298	8,605
Deferred tax liabilities		49,456	53,786	56,561
Total non-current liabilities		830,138	852,767	881,292
Current portion of interest-bearing loans		-	-	25,000
Lease liabilities		12,019	13,117	13,618
Trade and other payables		94,575	96,508	90,809
Contract liabilities		5,835	8,713	6,805
Tax payables		12,890	13,378	12,123
Accrued expenses		77,576	81,311	84,110
Derivative financial liabilities		1,456	634	14,576
Provisions		5,966	9,794	14,507
Liabilities directly associated with assets held for sale	3	-	2,060	-
Total current liabilities		210,317	225,514	261,550
Total liabilities		1,040,455	1,078,281	1,142,842
Total equity and liabilities		1,256,087	1,362,831	1,468,314

* 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
Net loss	-	-	-46,424	-46,424
Other comprehensive income, net of tax	-	56,613	5,666	62,279
Total comprehensive income for the period	-	56,613	-40,758	15,855
At 30 June 2022	653,081	26,919	-354,527	325,472

€'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		-	-	491	491
At 1 January 2023		653,081	-12,398	-355,642	285,040
Net loss		-	-	-15,476	-15,476
Other comprehensive income, net of tax		-	-23,372	-60	-23,432
Total comprehensive income for the period		-	-23,372	-15,536	-38,908
Dividends		-	-	-30,500	-30,500
Total contributions and distributions		-	-	-30,500	-30,500
At 30 June 2023		653,081	-35,771	-401,678	215,632



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

€'000	2023	Non-recurring items	Purchase Price allocation items	2023	2022	Non-recurring items	Purchase Price allocation items	2022
				Adjusted				Adjusted
Operating activities								
Profit / loss (-) before income tax	-3,407	3,431	1,876	1,901	-44,009	64,539	1,876	22,407
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	6,024	-200		5,824	7,372			7,372
Amortisation of intangible assets	2,055		-1,876	179	2,086		-1,876	210
Change in fair value of borrowings and derivatives financial instruments	682			682	896			896
Deferred income	200			200	-2,498			-2,498
Impairment	-			-	55,314	-55,314		-
Unrealised exchange rate differences	1,533			1,533	-13,054			-13,054
Profit on disposal of property, plant and equipment, intangible assets, leased assets	-714			-714	-185			-185
Net gain on sale of subsidiary	-8,074			-8,074	-			-
Loss from associates, net of tax	5			5	7			7
Interest and other financial income	-8,856			-8,856	-7,879			-7,879
Interest and other financial expense	17,410			17,410	15,574			15,574
	6,858	3,232	-	10,089	13,625	9,225	-	22,850
Increase(-)/Decrease in trade and other receivables, prepaid expenses	10,309			10,309	-2,946			-2,946
Increase(-)/Decrease in inventories	-7,502			-7,502	3,420	192		3,611
Increase/Decrease(-) in trade and other payables, accrued expenses	-3,962	-1,969		-5,932	-19,916	435		-19,481
Increase/Decrease(-) in provisions	-3,243	2,543		-700	5,700	-7,797		-2,096
Cash generated from operations	2,459	3,805	-	6,264	-117	2,055		1,938
Interest received	297			297	481			481
Income taxes paid	-2,368			-2,368	-6,448			-6,448
Cash flow from / (used in) operating activities	388	3,805	-	4,193	-6,084	2,055	-	-4,029



Condensed consolidated statements of cash flows – three months ended 30 June (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		388	3,805	-	4,193	-6,084	2,055	-	-4,029
Investing activities									
Proceeds on sale of property, plant and equipment, intangible assets		1,229			1,229	32			32
Purchases of property, plant, equipment		-2,276			-2,276	-2,532			-2,532
Purchases of intangible assets		-43			-43	-19			-19
Net proceeds on sale of a subsidiary	3	25,835			25,835	-			-
Cash flow from / (used in) investing activities		24,745	-	-	24,745	-2,519	-	-	-2,519
Financing activities									
Proceeds from borrowings		-			-	25,000			25,000
Interest and other financial charges paid		-12,213			-12,213	-12,087			-12,087
Payment of lease liabilities		-3,834			-3,834	-3,400			-3,400
Cash flow from / (used in) financing activities		-16,048	-	-	-16,048	9,513	-	-	9,513
Change in cash and cash equivalents		9,085	3,805	-	12,890	910	2,055	-	2,965
Cash and cash equivalents at the beginning of the period net of bank overdrafts		67,408			67,408	103,793			103,793
Effect of exchange rate fluctuations on cash held		-92			-92	1,560			1,560
Cash and cash equivalents at the end of the period, net of bank overdrafts		76,401	3,805	-	80,206*	106,263	2,055	-	108,318*

* 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 – six months ended 30 June

€'000	2023	Non-recurring items	Purchase Price allocation items	2023	2022	Non-recurring items	Purchase Price allocation items	2022
				Adjusted				Adjusted
Operating activities								
Profit / loss (-) before income tax	-11,369	4,917	3,753	-2,699	-35,661	68,466	3,753	36,558
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	12,537	-440		12,097	14,850			14,850
Amortisation of intangible assets	4,127		-3,753	374	4,198		-3,753	445
Change in fair value of borrowings and derivatives financial instruments	1,896			1,896	-11,324			-11,324
Deferred income	-1,932			-1,932	-3,021			-3,021
Impairment	-			-	55,314	-55,314		-
Unrealised exchange rate differences	5,345			5,345	-9,637			-9,637
Profit on disposal of property, plant and equipment, intangible assets, leased assets	-1,488	641	-	-848	28	-278		-250
Net gain on sale of subsidiary	-8,074			-8,074	-			-
Loss from associates, net of tax	40			40	18			18
Interest and other financial income	-16,438			-16,438	-14,536			-14,536
Interest and other financial expense	33,919			33,919	30,949			30,949
	18,562	5,118	-	23,679	31,179	12,874	-	44,052
Increase(-)/Decrease in trade and other receivables, prepaid expenses	3,960			3,960	-9,479			-9,479
Increase(-)/Decrease in inventories	-9,142			-9,142	10,755	-447		10,309
Increase/Decrease(-) in trade and other payables, accrued expenses	-13,681	-2,171		-15,852	-35,322			-35,322
Increase/Decrease(-) in provisions	-4,856	3,648		-1,208	6,479	-10,165		-3,685
Cash generated from operations	-5,156	6,594		1,438	3,612	2,263		5,875
Interest received	632			632	726			726
Income taxes paid	-7,332			-7,332	-15,288			-15,288
Cash flow used in operating activities	-11,856	6,594	-	-5,262	-10,951	2,263	-	-8,688



Condensed consolidated statements of cash flows – six months ended 30 June (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 used in operating activities		-11,856	6,594	-	-5,262	-10,951	2,263	-	-8,688
Investing activities									
Proceeds on sale of property, plant and equipment, intangible assets		1,391			1,391	496			496
Purchases of property, plant, equipment		-4,389			-4,389	-4,331			-4,331
Purchases of intangible assets		-48			-48	-124			-124
Net proceeds on sale of a subsidiary	3	25,835			25,835	-			-
Cash flow from / (used in) investing activities		22,790	-	-	22,790	-3,959	-	-	-3,959
Financing activities									
Proceeds from borrowings		-			-	25,000			25,000
Interest and other financial charges paid		-16,514			-16,514	-16,312			-16,312
Payment of lease liabilities		-7,607			-7,607	-7,523			-7,523
Dividends paid		-30,500			-30,500	-			-
Cash flow from / (used in) financing activities		-54,621	-	-	-54,621	1,165	-	-	1,165
Change in cash and cash equivalents		-43,687	6,594	-	-37,093	-13,745	2,263	-	-11,483
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		-1,848			-1,848	1,155			1,155
Cash and cash equivalents at the end of the period, net of bank overdrafts		76,401	6,594	-	82,995*	106,263	2,263	-	108,525*

* 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 six months ended 30 June 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 six months period ended 30 June 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 20 July 2023.

Change in significant accounting policies, use of judgements and estimates

In preparing these condensed consolidated 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.

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 2022 to have proper comparative figures.

3 Sale of Cetes Cosmetics LLC and linked transactions

Following the strategic review of certain assets in Russia, Oriflame signed an agreement to sell 100% of the shares of Cetes Cosmetics LLC (“The factory”) on 28 April 2023, Oriflame manufacturing entity in Russia (part of the Manufacturing reportable segment) and logistics equipment (part of the Europe & CIS reportable segment) previously classified as held-for-sale.

Overall, the consideration received amounted to €28.0m and included the following:

- Sale of The factory’s shares for an amount of €25.0m, received in cash.
- Sale of logistics equipment (PPE) owned by another group entity for €2.6m. The payment for this equipment was offset with payables to the factory and did not generate a cash inflow.
- A consideration in kind amounting to €6.9m composed of shares of a Hungarian entity owning mainly land and property (classified as “investment property” in the balance sheet) and cash of around €1.9m at acquisition date. This Hungarian entity, renamed Cetes Hungary kft, was consolidated from 1 June 2023 after the formal approval from the local authorities had been obtained. Its acquired assets and liabilities were assessed at their fair value (market value for land and property). This was not considered as a business combination but as an asset acquisition transaction.
- Net payable position of €-6.5m owed to the new owner

In May, the transfer of the shares was finalised and the cash was received. Consequently, all assets and liabilities of the factory were deconsolidated as of 30 April 2023. The recycling of the currency translation adjustments and the corresponding gain from this transaction were recognised in the consolidated income statement.

Finally, transaction costs of €0.5m related to the full transaction were also booked.

The net gain of all these linked transactions was recognised in the consolidated income statement as “net gain on disposal of a subsidiary” and generated a positive cash impact of €25.8m, 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
Tax receivables	-168
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	-458
Gain on disposal of a subsidiary, net of disposal costs	8,074

Cash flow impact	€'000
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	-270
Net proceeds on sale of a subsidiary	25,835

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 €9.3m 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 Interest-bearing loans

The terms and conditions of outstanding loans were as follows as at 30 June 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	506,166	506,166	-
Front end fees deducted from proceeds	-	2025- 2026	-9,137	-9,137	-
Total interest-bearing liabilities			747,029	747,029	-

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

** Swapped € interest rate 3.53%



6 Additional information

Consolidated financial statements – Restricted and unrestricted subsidiaries

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

Cetes Cosmetics LLC and Oriflame Cosmetics LLC were designated as unrestricted subsidiaries on March 21, 2022 (the “Unrestricted Subsidiaries”). In this section, the Unrestricted Subsidiaries are excluded from the Oriflame’s financial results as if they were unrestricted subsidiaries as of and for the period ended 30 June 2023. Cetes Cosmetics LLC was sold in April 2023 (see note 3 on page 25). 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 June 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 June 2023			
€'000	Oriflame Group Consolidated	“Restricted” subsidiaries	“Unrestricted” subsidiaries
Sales	390,167	321,193	68,975
Cost of sales	-128,080	-92,850	-35,229
Gross profit	262,088	228,342	33,745
Selling and marketing expenses	-125,558	-104,087	-21,471
Distribution and infrastructure	-11,050	-9,469	-1,582
Administrative expenses	-117,897	-108,638	-9,259
Operating profit	7,583	6,149	1,434
Financial income	16,548	16,511	37
Financial expenses	-43,534	-40,231	-3,304
Net financial expense	-26,986	-23,720	-3,267
Net gain on disposal of a subsidiary	8,074	8,074	-
Loss from associates, net of tax	-40	-40	-
Loss before income tax	-11,369	-9,536	-1,833
Income tax expense	-4,107	-3,976	-130
Loss for the period	-15,476	-8,372	-7,104



Consolidated statement of financial position

30 June 2023 €'000	Oriflame Group Consolidated	“Restricted” subsidiaries	“Unrestricted” subsidiaries
Assets			
Property, plant and equipment	44,290	43,923	366
Right-of-use-Assets	34,192	33,290	902
Intangible assets & Goodwill	793,272	762,003	31,269
Investment in associates	48	48	-
Investment property	5,530	5,530	-
Deferred tax assets	28,806	25,711	3,095
Other long-term receivables and prepaid expenses	4,678	4,678	-
Derivative financial assets	51,625	51,625	-
Total non-current assets	962,441	926,808	35,633
Inventories	133,287	115,715	17,572
Trade and other receivables	45,726	44,638	1,088
Intercompany receivables	-	-565	565
Tax receivables	16,114	15,855	259
Prepaid expenses	21,941	19,877	2,063
Derivative financial assets	178	178	-
Cash and cash equivalents	76,401	75,413	988
Total current assets	293,646	271,111	22,535
Total assets	1,256,087	1,197,919	58,168
Total Equity	215,632	179,869	35,763
Liabilities			
Interest-bearing notes	747,029	747,029	-
Employee benefits	3,296	3,296	-
Lease liabilities	24,253	23,663	590
Other long-term liabilities	1,872	1,872	-
Deferred income	118	118	-
Provisions	4,114	4,114	-
Deferred tax liabilities	49,456	49,143	312
Total non-current liabilities	830,138	829,235	903
Lease liabilities	12,019	11,623	396
Trade and other payables	94,575	88,339	6,236
Intercompany payables	-	-8,648	8,648
Contract liabilities	5,835	5,095	740
Tax payables	12,890	12,890	-
Accrued expenses	77,576	72,200	5,376
Derivative financial liabilities	1,456	1,456	-
Provisions	5,966	5,860	106
Total current liabilities	210,317	188,815	21,502
Total liabilities	1,040,455	1,018,050	22,404
Total equity and liabilities	1,256,087	1,197,919	58,168