



Interim Management Statement 1 January – 31 December 2023

	LC SALES	EURO SALES	ADJUSTED EBITDA
Fourth quarter	-15%	-25%	€6.2m (€37.8m)
Year-to-date	-12%	-19%	€39.0m (€106.5m)

Three months ended 31 December 2023

Strategic progress

- **Cost reduction programme delivering ahead of expectations**
 - As announced in the previous quarter, Oriflame launched a comprehensive cost and efficiency programme to increase profitability, reduce working capital while at the same time ensuring continued strategic investments in product and market development. **The programme has delivered above expectations:**
 - The progress on working capital reduction has been particularly successful with more than €40m improvement during the quarter, primarily driven by strong inventory management execution. This contributed to a solid operating cash flow despite the continued difficult sales conditions.
 - Total savings expected to deliver the previously announced €45m savings which will allow for additional investments to support the turnaround of the company. The total restructuring costs for the programme amounted to €27.5m.
- **The new commercial strategic initiatives are well under way**
 - The new organisation platform is already in place, several additional markets with the new BCM (Beauty Community Model) were implemented during the quarter, and additional focus on marketing and portfolio management was planned or is under implementation.
 - Whilst it is too early to see the tangible results of all initiatives, there are several encouraging factors around the Beauty Community Model (BCM) and marketing initiatives which are expected to support the sales turnaround.

Operational highlights

- Sales were still weak with Euro sales dropping 25% and local currency sales decreasing 15%. Adverse exchange rate impacts from weaker local currencies in several markets, with the Russian Rouble having the largest impact, explain the higher Euro sales drop.
- In Europe & CIS, sales in Euro were 29% lower and sales in local currencies 16% lower versus the same quarter last year with a significant negative impact from the weaker Russian Rouble. The improved productivity among members, supported by price increases, was not enough to offset the lower member base.
- In Latin America, sales dropped 19% in Euro and 22% in local currencies from lower recruitment leading to fewer members, partially offset by improved activity and productivity levels of members.
- Asia continues its decline in sales due to less members and productivity in most markets with the exception of Indonesia which showed an encouraging sales growth versus the same quarter prior year. Sales in Euro were down 22% and decreased 16% in local currencies.
- In Türkiye & Africa sales decreased by 28% in Euro while local currency sales dropped by 3%. The Euro sales drop is primarily the result of strong currency devaluation in Türkiye and Nigeria. In local currencies, Türkiye and Nigeria both show sales increases whilst product import and availability challenges in other markets lead to a sales decline in local currencies for the region during the quarter.



- Gross margins dropped significantly in the quarter, where negative impacts from exchange rates, product cost inflation including volume under-recoveries and inventory write-offs/provisions dominated and weighed down the quarter. Prior year same quarter was also positively impacted by a one-off reversal of VAT provisions. Price inflation was lower than previous quarters partially from a higher share of sale promotions leading to a healthier inventory level at the end of the quarter.
- Adjusted EBITDA margin dropped from 14.3% to 3.1% where the drop in sales and gross margin negatively impacted the margin.
- Adjusted cash flow before financing activities was stronger than the same quarter previous year ending at €43.3m due to decreasing working capital from ongoing initiatives on inventory, accounts receivables and accounts payables. The RCF was drawn €20m in the beginning of the quarter to support restructuring payments and €16m was repaid before the end of the quarter leaving a balance of €4m at year-end. The remaining €4m was repaid early January and the RCF is undrawn at the date of publishing this interim report.

Significant events during and after the quarter

- During the fourth quarter of 2023, the annual impairment test was performed on the brand and goodwill and resulted in an impairment loss of €230.7m on the goodwill, which was fully impaired, and an impairment loss of €17.5m on the brand. The total impairment loss was recognised within administrative expenses and excluded from the adjusted results.
- The Company has hired Rothschild & Co to advise on its refinancing options.
- The Board of Directors have resolved to not pay any dividends during 2024.
- The company has approved the sale of certain property and assets in various jurisdictions which are reported as of 31 December 2023 as Assets held for sale for a total of €8.6m. This includes the Hungarian entity owning mainly land and property which was part of the consideration received for the sale of the Russian manufacturing entity during the second quarter 2023.



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 31 December 2023

- Euro sales decreased by 25% to €199.1m (€264.4m) and local currency sales decreased by 15%.
- The adjusted EBITDA amounted to €6.2m (€37.8m) and the adjusted EBITDA margin was 3.1% (14.3%).
- The adjusted operating profit was €0.3m (€30.4m) and the adjusted operating margin was 0.1% (11.5%). The currency impact on the operating margin was 500 bps negative.
- The adjusted net profit was €-19.6m (€17.9m).
- The adjusted cash flow from operating activities was €47.9m (€50.9m) and adjusted cash flow before financing activities was €43.3m (€42.8m).
- Additional non-recurring costs amounting to €9.0m were recorded during the quarter and excluded from the adjusted figures.

Twelve months ended 31 December 2023

- Euro sales decreased by 19% to €750.9m (€925.4m) and local currency sales decreased by 12%.
- The adjusted EBITDA amounted to €39.0m (€106.5m) and the adjusted EBITDA margin was 5.2% (11.5%).
- The adjusted operating profit was €14.8m (€76.3m) and the adjusted operating margin was 2.0% (8.2%). The currency impact on the operating margin was 260 bps negative.
- The adjusted net profit was €-81.8m (€49.0m).
- The adjusted cash flow from operating activities was €35.7m (€73.0m) and the adjusted cash flow before financing activities was €11.6m (€43.5m).
- Non-recurring costs amounting to €34.2m were recorded during the year and excluded from the adjusted figures.

Financial summary

(€m)	three months ended 31 December			twelve months ended 31 December		
	2023	2022	Change %	2023	2022	Change %
Sales	199.1	264.4	-25%	750.9	925.4	-19%
Adj. EBITDA	6.2	37.8	-84%	39.0	106.5	-63%
Adj. Operating profit	0.3	30.4	-99%	14.8	76.3	-81%
Adj. Net profit	-19.6	17.9		-81.8	49.0	
Adj. Cash flow from operating activities	47.9	50.9	-6%	35.7	73.0	-51%
Adj. Cash flow before financing activities	43.3	42.8	1%	11.6	43.5	-73%
Cash and cash equivalents	80.6	121.9	-34%	80.6	121.9	-34%
Total debt	784.1	812.3	-3%	784.1	812.3	-3%
Secured debt	751.7	765.7	-2%	751.7	765.7	-2%
Net Secured debt	671.1	643.7	4%	671.1	643.7	4%
Adj. Gross margin	58.4%	66.4%		64.5%	66.3%	
Adj. EBITDA margin	3.1%	14.3%		5.2%	11.5%	
Adj. Operating margin	0.1%	11.5%		2.0%	8.2%	
Net Secured Debt ratio	17.2	6.0		17.2	6.0	

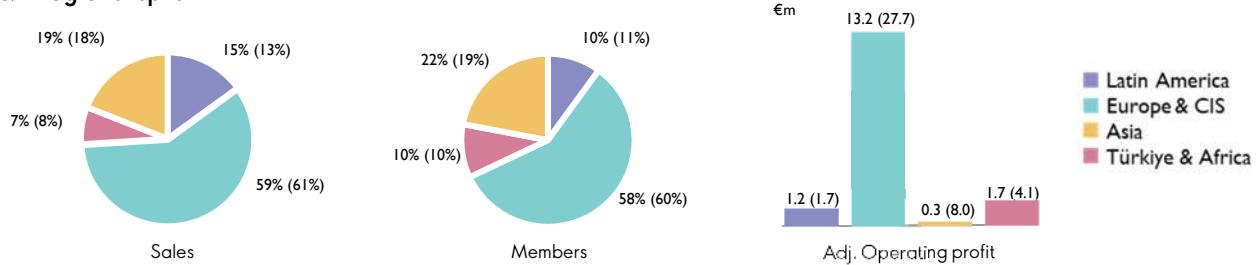
Oriflame in brief

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 750 million Euro. 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

Q4 Regional split*



*Excluding manufacturing and franchisees

Q4 Regional Sales Progression

Q4	Latin America	Europe & CIS	Asia	Türkiye & Africa**	Group
EUR growth	-19%	-29%	-22%	-28%	-25%
LC growth	-22%	-16%	-16%	-3%	-15%
OP margin %	4.3% (5.0%)	11.9% (17.7%)	0.9% (17.3%)	12.7% (21.7%)	0.1% (11.5%)

Latin America

In Latin America Euro sales decreased by 19% while local currency sales decreased by 22%. The sales drop came from fewer members due to weaker recruitment, which was partially offset by improved activity and productivity levels across the region. Negative macroeconomic factors, such as high inflationary pressure negatively impacted consumer spending. Gross margins weakened where price increases did not fully compensate for higher stock provisions/write-offs and product cost inflationary increases. Lower marketing, sales and administrative expenses did not prevent operating margins to decrease to 4.3% (5.0%).

Europe & CIS

In Europe & CIS Euro sales dropped by 29% while sales in local currencies decreased by 16%. The drop in Euro sales was mainly the effect of a strong devaluation of the Russian rouble. The lower sales in local currencies were primarily from fewer members, with partial offsetting positive impact from improved productivity levels among members during the quarter. Operating margin decreased to 11.9% (17.7%) with significant negative impact from lower gross margins due to exchange rates, stock provisions/write-offs and product cost inflation not fully compensated by price increases.

Asia

In Asia Euro sales dropped by 22% while sales in local currency decreased by 16% due to fewer members and lower activity across the region. The sales results remain challenging in most major markets in Asia, while Indonesia saw improved trends with sales growing over same quarter in the previous year. Operating margin decreased to 0.9% (17.3%) primarily from the sales decline, higher selling expenses and extraordinary write-off costs for inventory. In the previous year there were positive reversals of VAT provisions positively impacting the results of the quarter.

Türkiye & Africa

In Türkiye & Africa Euro sales decreased by 28% due to weaker currencies in Türkiye and Nigeria. Sales in local currencies decreased by 3%** with positive sales momentum in Türkiye and Nigeria offset by a significant sales drop in other markets due to challenges with product imports and product availability. The operating margin for the quarter was 12.7% (21.7%) which was negatively impacted by lower gross margins from devaluation impacts and deleverage impact on administrative expenses from Euro sales drop despite underlying lower costs from savings initiatives.

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



Three months ended 31 December 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 25%, or €65.4m, to €199.1m for the three months ended 31 December 2023 compared with €264.4m 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 30% and the price/mix effect was positive by 15%. Manufacturing sales to third parties increased both in Euro (32%) and in local currency (33%).

Gross margin (58.4% of sales compared to 66.4% prior year)

The gross profit decreased by 33.8%, or €59.5m, to €116.2m for the three months ended 31 December 2023 from €175.7m for the same period in 2022. In relative terms, the gross margin decreased from 66.4% to 58.4% with lower positive price increase impact versus previous quarters partially from higher share of sales promotions leading to a healthier inventory level at the end of the quarter. At the same time adverse exchange rate movements had higher negative impact versus the previous year. Product cost inflation including under-recoveries from lower volumes and significant impact from one-off inventory write-offs and provisions for slow moving inventory also contributed to the lower gross margin in the quarter. In the same quarter previous year, there were also positive VAT provision reversals of a one-off character.

Costs and expenses

Selling and marketing expenses (29.0% of sales compared to 31.9% prior year)

Selling and marketing expenses decreased by 31.6%, or €26.7m, to €57.7m for the three months ended 31 December 2023 from €84.4m for the same period in 2022. As a percentage of sales, the selling and marketing expenses decreased due to fewer costs for conferences and recruitment from less qualifying participants and timing of events versus same quarter in the previous year.

Distribution and infrastructure expenses (2.7% of sales compared to 2.0% prior year)

Distribution and infrastructure expenses increased by 5.7%, or €0.3m, to €5.5m for the three months ended 31 December 2023 from €5.2m for the same period in 2022. The increase is due to provision releases prior year and higher fixed cost element of distribution hubs increasing as percent of lower sales.

Administrative expenses (26.5% of sales compared to 21.1% prior year)

Administrative expenses decreased by 5.4%, or €3.0m, to €52.8m for the three months ended 31 December 2023 from €55.8m for the same period last year. The decrease comes from savings from the ongoing restructuring and weaker local currencies, partially offset by higher salary inflation and one-off professional consultancy fees negatively impacting the quarter. As a percentage of sales, the adjusted administrative expenses were higher by 530 bps since the decrease in sales was higher than the drop in administrative expenses.

Net financing costs (3.9% of sales compared to 6.9% of sales prior year)

Net financing costs decreased by €10.5m to €7.7m for the three months ended 31 December 2023 from €18.2m for the same period in 2022. The decrease comes mainly from unrealised FX gains on the unhedged USD bond during the quarter due to weakening of the dollar.

Adjusted income tax expenses (€11.9m tax expense compared to €5.7m tax income prior year)

The tax expense for the three months ended 31 December 2023 was higher by €17.6m due to revaluation of deferred tax assets, reflecting a lower probability of realisation in future periods. The tax income from the comparable period last year refers to a deferred tax asset from a 2019 event recognised in 2022 amounting to €12.7m.

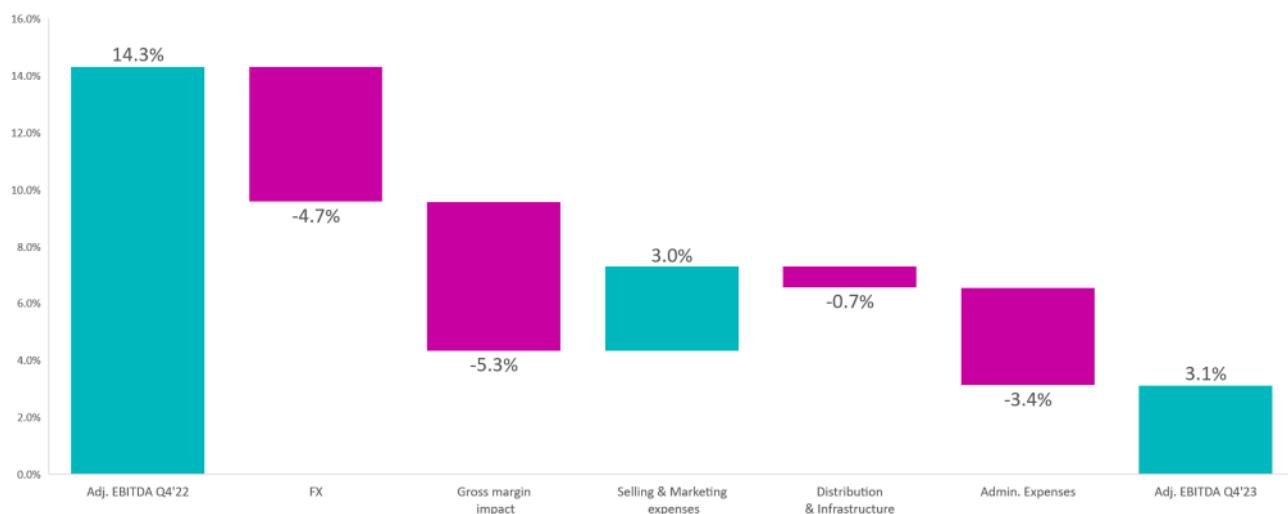


Adjusted EBITDA

“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 83.7%, or €31.7m, to €6.2m for the three months ended 31 December 2023 from €37.8m for the same period in 2022, negatively impacted by significantly lower sales and negative exchange rate movements. The gross margin was weak in the quarter with negative effects from product cost inflation including under-recoveries from lower unit volumes and one-off inventory write-offs. The adjusted EBITDA margin was 3.1% compared to 14.3% prior year.

ADJUSTED EBITDA MARGIN VS. PRIOR YEAR





Twelve months ended 31 December 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 twelve months ended 31 December 2023 decreased by 19%, or €174.5m, to €750.9m compared with €925.4m in 2022. Local currency sales decreased by 12% mainly due to a decline in the average number of members to 1.7m (2.2m). Unit sales decreased by 27% and the price/mix effect was positive by 15%. External sales from Cetes Manufacturing increased by 17%.

Gross margin (64.5% of sales compared to 66.3% prior year)

The gross profit dropped by 21.0%, or €128.8m, to €484.6m for the twelve months ended 31 December 2023 from €613.4m for the same period in 2022 due to lower sales. In relative terms, the gross margin decreased from 66.3% prior year to 64.5% due to adverse exchange rate impacts, product cost inflationary increases including under-recoveries from lower volumes, inventory write-offs with partial positive offsetting impact from price increases.

Costs and expenses

Selling and marketing expenses (31.3% of sales compared to 30.8% prior year)

Selling and marketing expenses decreased by 17.5%, or €49.9m, to €234.9m for the twelve months ended 31 December 2023 from €284.9m 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 (2.9% of sales compared to 2.5% prior year)

Distribution and infrastructure expenses decreased by 7.6%, or €1.8m, to €21.8m for the twelve months ended 31 December 2023 from €23.6m 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 (28.4% of sales compared to 24.7% prior year)

Administrative expenses decreased by 6.9%, or €15.7m, to €213.0m for the twelve months ended 31 December 2023 from €228.7m for the twelve months in the previous year. The decrease was mainly due to savings from restructuring programmes in staff and office expenses and exchange rate effects, partly offset by high inflationary pressure on salaries and higher professional advisory fees. As a percentage of sales, the adjusted administrative expenses were higher by 370 bps since the decrease in sales was higher than the drop in administrative expenses.

Net financing costs (11.3% of sales compared to 2.0% prior year)

Net financing costs increased by €66.7m to €85.1m for the twelve months ended 31 December 2023 from €18.4m for the same period in 2022. The negative variance in net financing costs versus prior year was mainly the result of the FX swap sale on the USD bond resulting in negative unrealised FX losses of €27.9m recognised in the P&L. Additional negative impacts arise from unrealised other FX losses current year versus gains in the previous year, as well as gains on the interest rate swap revaluation and Russian rouble forward contract prior year.

Adjusted income tax expenses (€19.4m compared to €8.9m prior year)

The tax expense for the twelve months ended 31 December 2023 was higher by €10.5m due to revaluation of deferred tax assets, reflecting a lower probability of realisation in future periods.

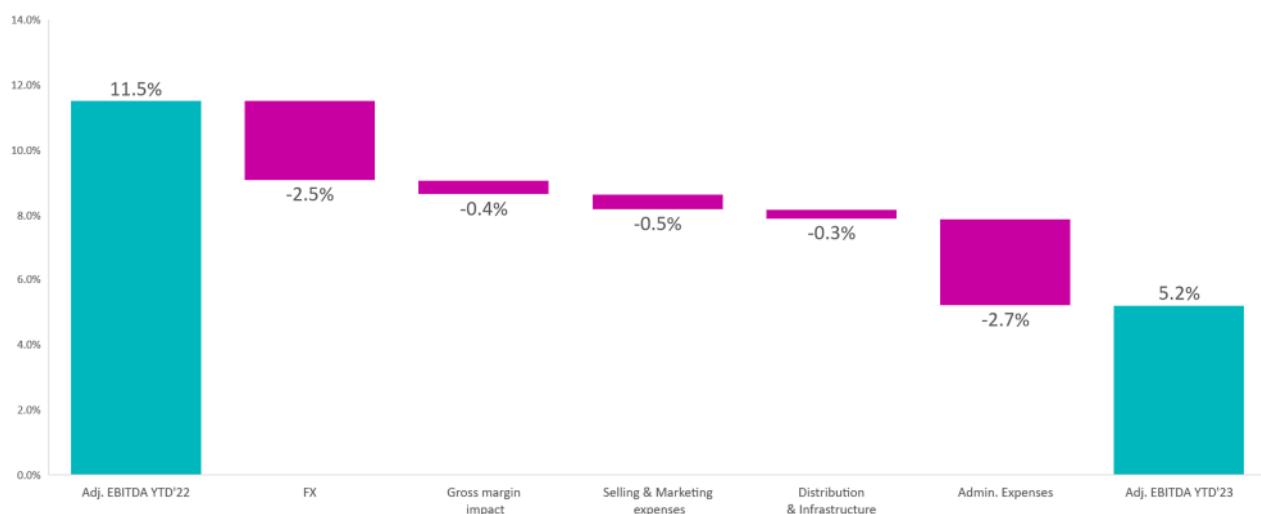


Adjusted EBITDA

"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 63.4%, or €67.5m, to €39.0m for the twelve months ended 31 December 2023 from €106.5m for the same period in 2022. The EBITDA decreased due to lower sales, product cost inflation 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 5.2% compared to 11.5% the same period last year.

ADJUSTED EBITDA MARGIN VS. PRIOR YEAR





Cash flow and investments three months ended 31 December 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 €43.3m in the three months ended 31 December 2023 compared to €42.8m for the same period in 2022.

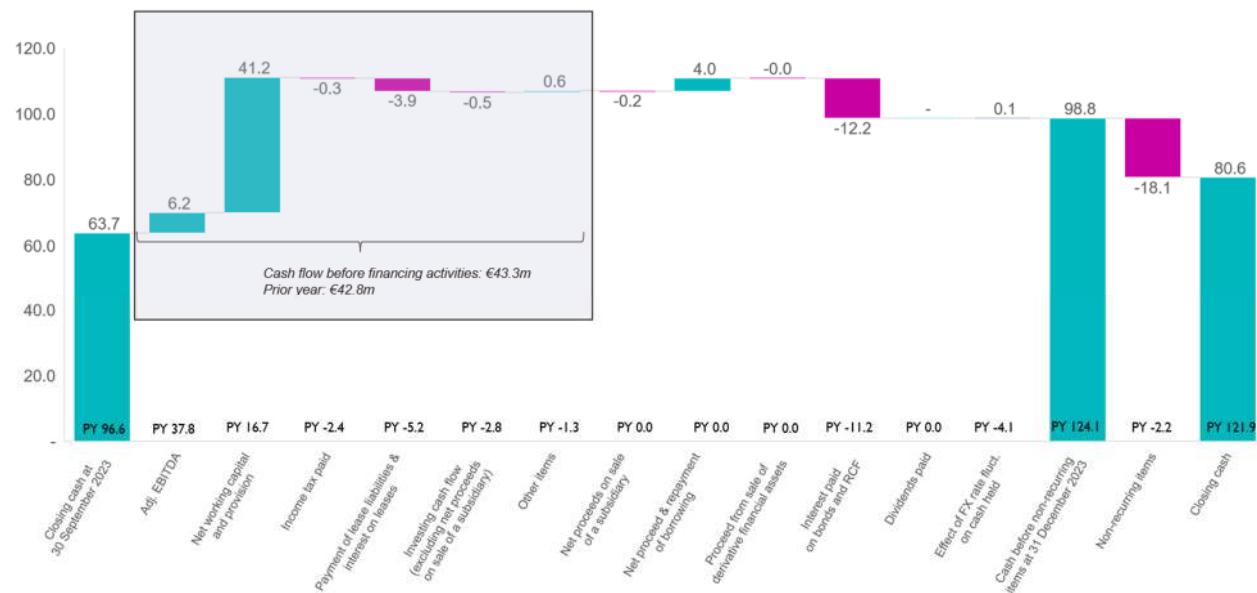
The higher adjusted cash flow before financing activities of €0.5m is explained by a significant positive development on the working capital of €24.5m compared to prior year, thanks to initiatives taken on reducing the inventory level, improving trade receivables recoveries and managing payment terms on trade payables and other payables. This positive impact was offset by a lower adjusted EBITDA during the period of €31.7m.

Further cash flow improvements were realised on payments of lease liabilities and interest on lease liabilities, cash flow used in investing activities (excluding net proceeds from a sale of a subsidiary) and income taxes paid by respectively €1.4m, €2.3m and €2.0m.

Cash flow from 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 31 December 2023 was €8.2m, compared to €11.2m for the same period in 2022. The positive impact compared to prior year is explained by a €4.0m draw down on the Revolving Credit Facility during the fourth quarter of 2023 (nil in 2022) offset by higher interests paid of €1.0m.

Cash flow development – Quarter 4, 2023 (€m)





Cash Flow and Investments twelve months ended 31 December 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 twelve months ended 31 December 2023 the adjusted cash flow before financing activities amounted to €11.6m compared to €43.5m for the same period in 2022.

The decrease in adjusted cash flow before financing activities is mainly explained by a lower adjusted EBITDA of €67.5m, offset by improvements in working capital of €26.6m thanks to initiatives taken on reducing the inventory level, improving trade receivables recoveries and management of payment terms on trade payables and other payables. The lower results during 2023 also positively impacted the cash outflow on income taxes paid which was €11.8m lower than previous year.

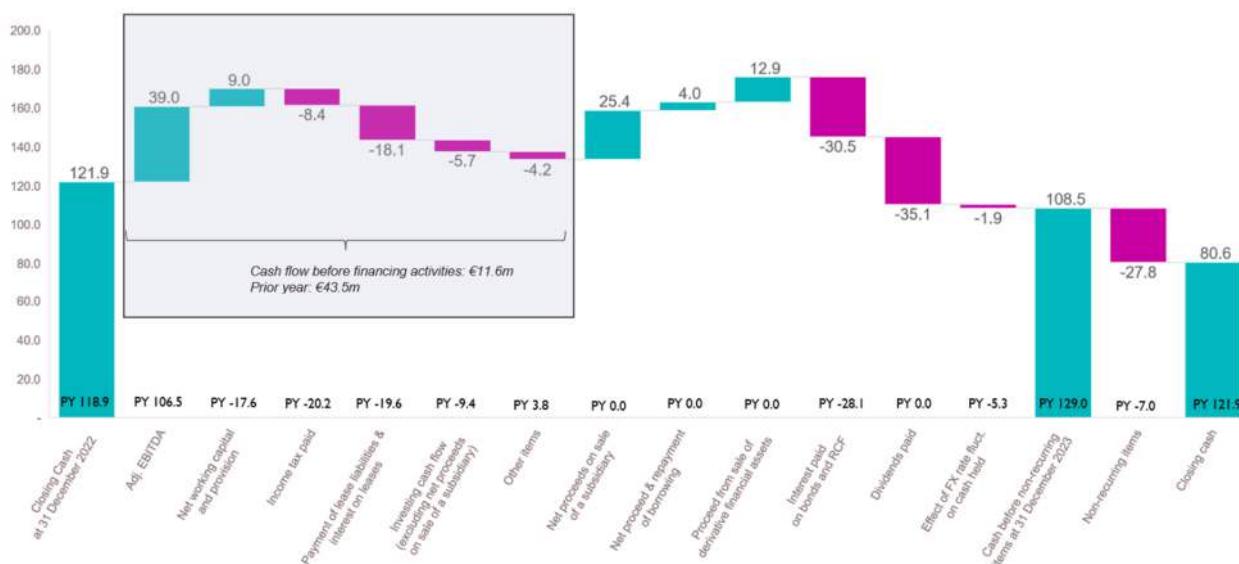
Net proceeds from sale of a subsidiary

Net proceeds on sale of a subsidiary contributed to a positive cash balance of €25.4m. This significant cash inflow came from the successful completion of the sale of Cetes Cosmetics Russia during the second quarter 2023.

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

For the twelve months period ended 31 December 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 €48.6m compared to €28.1m in the same period in 2022. The additional net cash outflows in 2023 of €20.5m is primarily explained by the dividend settlements of €35.1m offset by a €4.0m draw down on the Revolving Credit Facility and €12.9m received from the sale of derivatives financial assets. Interest paid on bonds and RCF was €2.4m higher in 2023 compared to 2022.

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





Funding and financial position

As of 31 December 2023, total debt amounted to €784.1m (€812.3m), secured debt amounted to €751.7m (€765.7m), net secured debt amounted to €671.1m (€643.7m). Net Secured Debt ratio was 17.2 (6.0) where the increase is driven by the lower rolling 12 months EBITDA versus the previous period.

Oriflame's long-term debt as of 31 December 2023 amounts to €751.7m 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 4.35% excluding the effect from amortisation of capitalised front-end fees. As of 31 December 2023, €4.0m from the RCF was drawn down and the cash and cash equivalents were €80.6m. The current corporate and notes ratings are respectively CCC/CCC- from Fitch and CCC+/CCC+ from S&P Global. The company complied with all its covenants related to the outstanding debt as of 31 December 2023.

	€ Note	\$ Note	Revolving Credit Facility
Total amount	€250m	\$550m	€100m
Interest rate	3 months Euribor + 4.25%*	5.125%**	Euribor +200-300 bps
Due	2026	2026	2025
Drawing as per 31 December 2023			€4.0m

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

** Swapped € interest rate 3.53%

Brand and Innovation

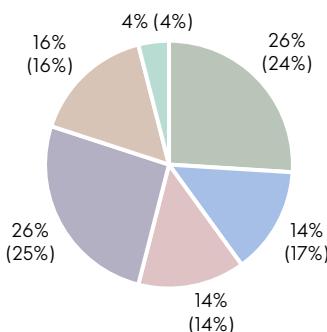
Skin Care and Fragrances were the strongest contributors during the fourth quarter of 2023. The scientifically proven cosmeceutical anti-aging Novage, remained the largest brand within Skin Care. Recently relaunched, this flagship brand had some of its new products within the top in the category. Optimals, which is formulated using plants native to Sweden, was also a relevant brand and the iconic product Royal Velvet Firming Day Cream was a best seller.

Fragrances successfully introduced All or Nothing Amplified Parfum for the festive period. The innovative fragrance has a premium quality label – Givaudan Orpur™ – on its main ingredients. *Wellness* products continued to be popular. The Women and Men packs, providing 22 essential vitamins and minerals as well as antioxidants, maintained the overall top product positions. Omega 3 and Astaxanthin were additionally crucial products in the category for the quarter.

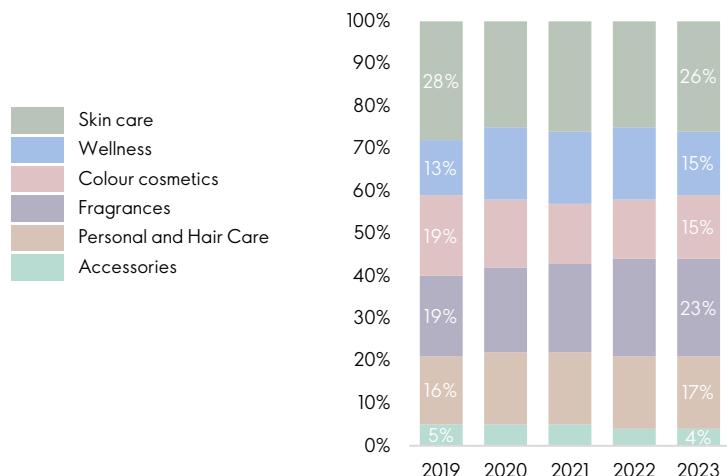
In *Colour Cosmetics* the premium Giordani Gold was revived into a superior make-up brand, a fusion of high-performance cosmetics with skin care benefits featuring powerful ingredients. Several products are certified by The Vegan Society™.

In *Personal & Hair Care*, the Love Nature brand was the strongest contributor to Personal Care followed by North for Men. Within Hair Care, Duologi grew steadily another quarter.

Product categories Q4 2023 (Q4 2022)



Product categories 2019 - 2023





Sustainability – H2 2023

During the second half of 2023, the roll out of the natural Tender Care formulations continued, now with an elevated focus on the responsible aspect with 99.9% natural origin formulations. Additionally, the Duologi shampoos were launched, the first premium haircare range formulated to be biodegradable.

Oriflame's Responsible Product Development Approach was shared at GA2023 Natural Product Research Conference in Trinity College Dublin 4th July, where Oriflame also participated in the accompanying Natural Product Research Panel Q&A session. In addition, the Board Chair took part in the WFDSA World Congress 2023 Sustainability Panel.

During the second half of 2023 the "sustainability claims matrix" was launched, which ensures alignment and accuracy of environmental and ethical product claims. In addition, the "Oriflame approach to clean formulating" was developed with an elevated approach to restricted ingredients. During Q3 Oriflame finalised its Human Rights landscaping and strengthened the market entry risk process. Also, the Ecovadis registration (a published scorecard) for 96% of direct external spend was secured. The key upcoming Sustainability regulations were landscaped, that will impact business strategy and process, including CSRD (Corporate Sustainability Reporting Directive), CSDDD (Corporate Sustainability Due Diligence Directive), EUDR (EU Deforestation Regulation), going forward, and initiated CSRD preparations including double materiality assessment to enable robust and credible reporting.

Oriflame was awarded a top score in the RSPO Shared Responsibility (SR) Scorecard for the second year, since it launched. Out of over 1,800 companies, with a top score of 8.9, Oriflame was in the top 4%, which demonstrates a sustainability leadership and commitment to transforming the palm oil industry. Furthermore, Oriflame was named Climate Leader in Europe, by Statista and The Financial Times, 3 years in a row.

Digital – H2 2023

During the second half of 2023, more than 98% of all orders were placed through the website or mobile app. As previously the share of sales force using the digital tools and services remains high. Additionally, the second half of the year showed significant progress in the utilisation of core social selling features. The share of online payments also continues to grow, making payments management more efficient and less costly. Including heavy focus on developing new components and introducing the previously mentioned Beauty Community Model across Europe, implementation of additional key features also progressed at a continued good pace. A significant highlight was the first pilot of the Oriflame Sharing App, offering Brand Partners a wide selection of curated content that can be personalised and shared on the social platform of choice to generate personally attributed leads for the Brand Partner.

Further, rollout of the new Oriflame App continued and is now available in a total of 41 markets. A simplified registration process along with an improved checkout flow were globally introduced to build increased conversion rates and customer satisfaction. A new module of the Business App was released providing detailed performance analytics of Brand Partners to sales management. After an extensive implementation phase of the company's CRM system (Salesforce Marketing Cloud) activities were concentrated to increasing the value generation of marketing automation initiatives through building new journeys, including several scenarios tailored to support the Beauty Community Model.

Further processes automation was achieved using AI, primarily related to product communication and translation of text and voice content, reaching significant efficiencies through increased delivery speed and cost reduction.

App users:

Q3

Oriflame App 796,000 monthly active users
Business App: 273,000 monthly active users

Q4

Oriflame App 773,000 monthly active users
Business App: 318,000 monthly active users



Other

Conference call for the financial community

The company will host a conference call on Wednesday 21 February 2024 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 creo-live.creomediamanager.com/b913e8e8-e597-4beb-8825-61c75bb1f536

Subscription service

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

Financial calendar for 2024

The date for the first quarter 2024 report is planned to be published on 23 April 2024

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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

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	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Sales	220.0	264.4	208.3	181.9	161.7	199.1
Adj. Gross margin	67.0%	66.4%	66.1%	68.4%	65.7%	58.4%
Adj. EBITDA	24.7	37.8	16.8	11.9	4.1	6.2
Adj. EBITDA margin	11.2%	14.3%	8.1%	6.6%	2.5%	3.1%
Adj. Operating profit	17.2	30.4	10.3	5.9	-1.7	0.3
Adj. Operating margin	7.8%	11.5%	5.0%	3.3%	-1.1%	0.1%
Adj. Net profit	5.2	17.9	-6.8	-1.2	-54.2	-19.6
Adj. Cash flow from op. activities	30.8	50.9	-9.5	4.2	-6.9	47.9
Adj. Cash flow before financing activities	23.3	42.8	-16.2	-1.7	-13.9	43.3
Cash flow used in investing activities	-2.6	-2.8	-2.0	24.7	-2.4	-0.7
Cash and cash equivalents	96.6	121.9	67.4	76.4	63.7	80.6
Total debt	868.6	812.3	795.0	792.4	803.6	784.1
Secured debt	814.2	765.7	755.7	756.2	769.2	751.7
Net Secured Debt ratio	6.4	6.0	6.8	7.4	10.0	17.2
Sales, €m	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Latin America	33.2	34.3	30.9	30.3	30.3	27.7
Europe & CIS	114.1	156.4	110.8	94.3	81.8	111.0
Asia	48.6	46.2	39.7	35.7	30.9	36.2
Türkiye & Africa	18.0	18.9	15.5	15.0	13.1	13.7
Manufacturing	4.6	6.8	10.1	5.2	4.2	9.0
Other	1.5	1.8	1.3	1.5	1.4	1.5
Oriflame	220.0	264.4	208.3	181.9	161.7	199.1
€ Sales growth in %	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Latin America	-5%	-1%	7%	-6%	-9%	-19%
Europe & CIS	5%	2%	-5%	-11%	-28%	-29%
Asia	-17%	-25%	-26%	-26%	-36%	-22%
Türkiye & Africa	10%	-13%	-32%	-12%	-27%	-28%
Oriflame	-1%	-5%	-9%	-14%	-26%	-25%
Adjusted operating Profit, €m	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Latin America	2.6	1.7	1.2	1.1	1.5	1.2
Europe & CIS	18.2	27.7	12.0	12.1	7.7	13.2
Asia	7.9	8.0	1.7	0.4	-0.5	0.3
Türkiye & Africa	3.5	4.1	1.0	1.2	1.3	1.7
Manufacturing	1.6	2.2	4.8	2.3	1.1	0.0
Other	-16.7	-13.3	-10.3	-11.1	-12.7	-16.2
Oriflame	17.2	30.4	10.3	5.9	-1.7	0.3
Adjusted operating margin, %	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Latin America	8.0%	5.0%	4.0%	3.6%	4.9%	4.3%
Europe & CIS	16.0%	17.7%	10.8%	12.9%	9.4%	11.9%
Asia	16.3%	17.3%	4.3%	1.0%	-1.7%	0.9%
Türkiye & Africa	19.4%	21.7%	6.2%	7.8%	9.6%	12.7%
Oriflame	7.8%	11.5%	5.0%	3.3%	-1.1%	0.1%
Registered Active Members, '000 (as of end of quarter)	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
Latin America	242	235	198	194	182	171
Europe & CIS	1,034	1,275	1,021	878	834	956
Asia	433	409	390	363	356	371
Türkiye & Africa	203	217	180	179	167	169
Oriflame	1,912	2,135	1,790	1,614	1,538	1,668



Condensed consolidated income statements

Three months ended 31 December

€'000	2023	Non-recurring items*	PPA items**	Adjusted		Non-recurring items*	PPA items**	Adjusted
				2023	2022			
Sales	199,070			199,070	264,429			264,429
Cost of sales	-83,120	297		-82,823	-88,279	-447		-88,726
Gross profit	115,950	297	-	116,247	176,150	-447	-	175,703
Selling and marketing expenses	-57,804	100		-57,704	-84,366			-84,366
Distribution and infrastructure	-5,456			-5,456	-5,173	10		-5,163
Administrative expenses	311,450 ¹⁾	8,592	250,066	-52,792	-80,504	4,064	20,639	-55,801
Operating profit / loss (-)	-258,761	8,989	250,066	294	6,107	3,627	20,639	30,373
Financial income	12,168			12,168	17,548			17,548
Financial expenses	-19,916			-19,916	-35,757			-35,757
Net financing costs	-7,748	-	-	-7,748	-18,209	-	-	-18,209
Net gain from disposal of a subsidiary	-169			-169	-			-
Loss from associates	-47			-47	8			8
Profit / loss (-) before tax	-266,725	8,989	250,066	-7,670	-12,094	3,627	20,639	12,172
Income tax expense / credit (+)	-37,160	-1,243	26,514	-11,890	9,160	-3,271	-181	5,708
Net Profit / loss (-)	-303,885	7,746	276,579	-19,560	-2,934	357	20,457	17,880

* Non-recurring items cover:

2023: Restructuring, reorganisation and employee related costs

2022: Restructuring costs and employee related costs

** Purchase Price Allocation (PPA) items cover the income statement impact from the purchase price allocation on the business combination.

These elements are excluded to normalise the performance of the Group. During the fourth quarter of 2023, the amount of €250.1m includes an impairment of €230.7m on the goodwill and an impairment of €17.5m on the brand following the brand impairment test. The remaining amount of €1.9m covers amortisation of newly identified intangible assets during the PPA.

In 2022, during the same period, an impairment on the brand of €18.8m was recognised as well as an amortisation of €1.9m on newly identified intangible assets during the PPA.

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.

¹⁾ In accordance with the terms of the Bond indenture, a monitoring fee of €1.0m was charged.



Condensed consolidated income statements

Twelve months ended 31 December

€'000	2023	Non-recurring items*	PPA items**	Adjusted		Non-recurring items*	PPA items**	Adjusted
				2023	2022			
Sales	750,936			750,936	925,414			925,414
Cost of sales	-266,647	297		-266,350	-312,029			-312,029
Gross profit	484,289	297	-	484,587	613,385	-	-	613,385
Selling and marketing expenses	-235,047	100	-	-234,947	-284,851			-284,851
Distribution and infrastructure	-20,623	-1,168	-	-21,791	-25,058	1,484		-23,574
Administrative expenses	-503,696	34,977	255,695	-213,024	-328,067	73,092	26,268	-228,707
Operating profit / loss (-)	-275,077	34,206	255,695	14,825	-24,591	74,575	26,268	76,252
Financial income	32,880			32,880	46,967			46,967
Financial expenses	-117,937			-117,937	-65,349			-65,349
Net financing costs	-85,057	-	-	-85,057	-18,382	-	-	-18,382
Net gain on disposal of a subsidiary	7,878			7,878	-	-		-
Loss from associates, net of tax	-87			-87	-13	-		-13
Profit / loss (-) before tax	-352,343	34,206	255,695	-62,442	-42,986	74,575	26,268	57,857
Income tax expense	-42,141	-3,182	25,969	-19,354	-5,384	-2,773	-726	-8,883
Net Profit / loss (-)	-394,484	31,025	281,664	-81,795	-48,370	71,802	25,542	48,974

* Non-recurring items cover:

2023: Restructuring, reorganisation and employee related costs

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

** Purchase Price Allocation (PPA) items cover the income statement impact from the purchase price allocation on the business combination.

These elements are excluded to normalise the performance of the Group. In 2023, the amount of €255.7m includes an impairment of €230.7m on the goodwill and an impairment of €17.5m on the brand following the brand impairment test. The remaining amount of €7.5m covers amortisation of newly identified intangible assets during the PPA.

In 2022, an impairment on the brand of €18.8m was recognised as well as an amortisation of €7.5m on newly identified intangible assets during the PPA.

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 31 December		twelve months ended 31 December	
	2023	2022	2023	2022
Net loss	-303,885	-2,934	-394,484	-48,370
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of net defined liability, net of tax	-1,422	-357	-1,482	5,310
Total items that will not be reclassified subsequently to profit or loss	-1,422	-357	-1,482	5,310
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	2,943	-46,940	-20,569*	14,827
Cash flow hedges – effective portion of changes in fair value, net of tax	7,350	4,915	26,682	2,468
Total items that are or may be reclassified subsequently to profit or loss	10,293	-42,025	6,113	17,295
Other comprehensive income, net of tax	8,871	-42,382	4,631	22,605
Total comprehensive income	-295,013	-45,316	-389,854	-25,765

* An amount of €7.8m currency translation differences was recycled to the income statement following the sale of a subsidiary during the second quarter in 2023.



Condensed consolidated statements of financial position

€'000	31 December 2023	31 December 2022
Assets		
Property, plant and equipment	42,121	44,804
Right-of-use assets	30,675	43,481
Intangible assets	3 538,016	563,636
Goodwill	4 -	242,494
Investment in associates	1	88
Investment property	-	542
Deferred tax assets	17,320	32,968
Other long-term receivables	4,599	133
Derivative financial assets	26,521	64,406
Total non-current assets	659,253	992,552
Inventories	90,449	127,461
Trade and other receivables	39,400	50,624
Tax receivables	13,645	14,800
Prepaid expenses	13,528	21,696
Derivative financial assets	30	176
Cash and cash equivalents*	80,166	120,155
Assets held for sale	5 8,619	35,366
Total current assets	245,837	370,279
Total assets	905,090	1,362,831
Equity		
Share capital	653,081	653,081
Reserves	-6,286	-12,398
Retained earnings	-787,161	-356,133
Total equity	-140,366	284,549
Liabilities		
Interest-bearing loans	6 740,206	754,938
Employee benefits	4,344	3,195
Lease liabilities	21,034	33,512
Other long-term liabilities	1,924	1,922
Deferred income	-	118
Provisions	2,582	5,298
Deferred tax liabilities	76,128	53,786
Total non-current liabilities	846,219	852,767
Current portion of interest-bearing loans	6 4,000	-
Lease liabilities	11,357	13,117
Trade and other payables	76,242	96,508
Contract liabilities	6,980	8,713
Tax payables	10,672	13,378
Accrued expenses	72,109	81,311
Derivative financial liabilities	302	634
Provisions	15,073	9,794
Liabilities directly associated with assets held for sale	5 2,502	2,060
Total current liabilities	199,237	225,514
Total liabilities	1,045,456	1,078,281
Total equity and liabilities	905,090	1,362,831

* Cash & cash equivalents including cash in assets held for sale

80,645

121,936



Condensed consolidated statements of changes in equity

€'000	Share capital	Reserves	Retained earnings	Total Equity
At 31 December 2021	653,081	-29,694	-313,769	309,618
IAS 29 Hyperinflation adjustment	-	-	696	696
At 1 January 2022	653,081	-29,694	-313,073	310,314
Net loss	-	-	-48,370	-48,370
Other comprehensive income, net of tax	-	17,295	5,310	22,605
Total comprehensive income for the period	-	17,295	-43,060	-25,765
At 31 December 2022	653,081	-12,398	-356,133	284,549

€'000	Share capital	Reserves	Retained earnings	Total Equity
At 1 January 2023	653,081	-12,398	-356,133	284,549
Net loss	-	-	-394,484	-394,484
Other comprehensive income, net of tax	-	6,113	-1,482	4,631
Total comprehensive income	-	6,113	-395,967	-389,854
Dividends	-	-	-35,062	-35,062
Total contributions and distributions	-	-	-35,062	-35,062
At 31 December 2023	653,081	-6,286	-787,161	-140,366



Condensed consolidated statements of cash flows – three months ended 31 December

€'000	2023		2023		2022		2022	
	Non-recurring items	Purchase Price allocation items	Adjusted		Non-recurring items	Purchase Price allocation items	Adjusted	
Operating activities								
Profit / loss (-) before tax	-266,725	8,989	250,066	-7,670	-12,094	3,627	20,639	12,172
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	5,960	-240		5,720	7,252			7,252
Amortisation of intangible assets	2,037		-1,876	161	2,083		-1,876	207
Impairment	248,190		-248,190	-	18,762		-18,762	-
Change in fair value of borrowings and derivatives financial instruments	3,211			3,211	2,367			2,367
Deferred income	1,118			1,118	1,242			1,242
Gain on sale of derivative financial assets	12,945*			12,945*	-			-
Unrealised exchange rate differences	-17,843			-17,843	2,238			2,238
Profit on disposal of property, plant and equipment, intangible assets, leased assets	-317			-317	627			627
Net gain on sale of subsidiary	169			169	-			-
Loss from associates, net of tax	47			47	-8			-8
Interest and other financial income	-7,927			-7,927	-6,410			-6,410
Interest and other financial expense	17,042			17,042	16,588			16,588
	-2,093	8,749	-	6,656	32,648	3,627	-	36,275
Decrease in trade and other receivables, prepaid expenses	3,951			3,951	951			951
Decrease in inventories	35,144			35,144	3,276	447		3,723
Increase in trade and other payables, accrued expenses	2,045	351		2,396	17,354	-2,989		14,365
Decrease in provisions	-9,305	9,033		-272	-3,415	1,075		-2,340
Cash generated from operations	29,742	18,133	-	47,875	50,815	2,160	-	52,974
Interest received	344			344	311			311
Income taxes paid	-331			-331	-2,361			-2,361
Cash flow from operating activities	29,754	18,133	-	47,888	48,765	2,160	-	50,924

* Accounting impact reassessment during Q4'23 – The gain of €12.9m from the sale of the currency exchange (FX) element of the cross-currency interest rate swaps (CCIRS) was reclassified from P&L to Other Comprehensive Income (OCI). It will remain in the OCI until the repayment of the \$550 million bonds



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

€'000	2023		2023		2022		2022 Adjusted	
	Non-recurring items	Purchase Price allocation items	Adjusted	2022	Non-recurring items	Purchase Price allocation items		
Cash flow from operating activities	29,754	18,133	-	47,888	48,765	2,160	-	50,924
Investing activities								
Proceeds on sale of property, plant and equipment, intangible assets	366			366	-198		-198	
Purchases of property, plant, equipment	-850			-850	-2,581		-2,581	
Purchases of intangible assets	-27			-27	-25		-25	
<u>Net proceeds on sale of a subsidiary</u>	<u>-169</u>			<u>-169</u>	<u>-</u>		<u>-</u>	
Cash flow used in investing activities	-680	-	-	-680	-2,803	-	-	-2,803
Financing activities								
Proceeds from borrowings	4,000			4,000	-		-	
Interest and other financial charges paid	-13,048			-13,048	-12,711		-12,711	
Payment of lease liabilities	-3,171			-3,171	-3,799		-3,799	
Cash flow used in financing activities	-12,219	-	-	-12,219	-16,510	-	-	-16,510
Change in cash and cash equivalents	16,855	18,133	-	34,989	29,452	2,160	-	31,612
Cash and cash equivalents at the beginning of the period net of bank overdrafts	63,734			63,734	96,618			96,618
Effect of exchange rate fluctuations on cash held	56			56	-4,134			-4,134
Cash and cash equivalents at the end of the period, net of bank overdrafts	80,645	18,133	-	98,778*	121,936	2,160	-	124,095*
Cash reclassified to assets held for sale	-479			-479	-1,780			-1,780
Cash and cash equivalents at 31 December (as reported)	80,166	18,133	-	98,299*	120,155	2,160	-	122,315*

* 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 – twelve months ended 31 December

€'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 tax	-352,343	34,206	255,695	-62,442	-42,986	74,575	26,268	57,857
Adjustments for:								
Depreciation of property, plant and equipment and right-of-use assets	24,448	-960		23,488	29,428			29,428
Amortisation of intangible assets	8,201		-7,505	696	8,370		-7,505	864
Impairment	248,190		-248,190	-	74,076	-55,314	-18,762	-
Change in fair value of borrowings and derivatives financial instruments	6,256			6,256	-10,922			-10,922
Deferred income	-654			-654	-1,456			-1,456
Unrealised exchange rate differences	39,156			39,156	-2,331			-2,331
Profit on disposal of property, plant and equipment, intangible assets, leased assets	-1,814	641		-1,174	574	-278		296
Net gain on sale of subsidiary	-7,878			-7,878	-			-
Loss from associates, net of tax	87			87	13			13
Interest and other financial income	-32,676			-32,676	-28,633			-28,633
Interest and other financial expense	69,043			69,043	64,447			64,447
	16	33,887	-	33,903	90,581	18,983	-	109,564
Increase(-)/Decrease in trade and other receivables, prepaid expenses	14,818			14,818	-2,889			-2,889
Decrease in inventories	29,465			29,465	22,175			22,175
Decrease in trade and other payables, accrued expenses	-31,959	-2,350		-34,309	-23,741	-2,989		-26,730
Increase/Decrease(-) in provisions	2,768	-3,710		-941	-1,177	-8,975		-10,152
Cash generated from operations	15,108	27,827	-	42,935	84,949	7,019	-	91,968
Interest received	1,229			1,229	1,271			1,271
Income taxes paid	-8,434			-8,434	-20,220			-20,220
Cash flow from operating activities	7,903	27,827	-	35,730	66,001	7,019	-	73,020



Condensed consolidated statements of cash flows – twelve months ended 31 December (continued)

€'000	2023			2023	2022			2022
		Non-recurring items	Purchase Price allocation items			Adjusted	Non-recurring items	
Cash flow from operating activities	7,903	27,827	-	35,730	66,001		7,019	-
Investing activities								
Proceeds on sale of property, plant and equipment, intangible assets	1,784			1,784	378			378
Purchases of property, plant, equipment	-7,416			-7,416	-9,612			-9,612
Purchases of intangible assets	-75			-75	-163			-163
Net proceeds on sale of a subsidiary	25,450			25,450	-			-
Cash flow from / used in (-) investing activities	19,743		-	19,743	-9,398			-9,398
Financing activities								
Proceeds from borrowings	4,000			4,000	25,000			25,000
Repayment of borrowings	-			-	-25,000			-25,000
Interest and other financial charges paid	-34,308			-34,308	-33,315			-33,315
Proceeds from sale of derivative financial assets	12,945			12,945	-			-
Payment of lease liabilities	-14,652			-14,652	-14,922			-14,922
Dividends paid	-35,062			-35,062	-			-
Cash flow used in financing activities	-67,077		-	-67,077	-48,236			-48,236
Change in cash and cash equivalents	-39,432	27,827	-	-11,604	8,367		7,019	-
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	-1,859			-1,859	-5,284			-5,284
Cash and cash equivalents at the end of the period, net of bank overdrafts	80,645	27,827	-	108,472*	121,936		7,019	-
Cash reclassified to assets held for sale	-479			-479	-1,780			-1,780
Cash and cash equivalents at 31 December (as reported)	80,166	27,827	-	107,993*	120,155		7,019	-
								127,174*

* 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 twelve months ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

2 Basis of preparation and summary of material accounting policies

Statement of compliance

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

The condensed consolidated financial statements were authorised for issue by the Directors on 20 February 2024.

Change in material 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.

3 Intangible assets

The decrease on the intangible assets of €25.6m compared to 31 December 2022 is primarily due to an impairment of €17.5m (nil) on the Brand (see section "4 – Goodwill / Impairment" for additional information). The rest of the decrease is explained by amortisation on intangible assets of €8.2m (€8.4m).

4 Goodwill / Impairment

During the fourth quarter of 2023, the annual impairment test was performed on the Brand and Goodwill. It resulted in an impairment loss of €230.7m (€18.8m) on the goodwill, which was fully impaired, and an impairment loss of €17.5m on the Brand (nil). The main reason for the impairment is a lower forecast outlook versus the previous valuation done prior year. The total impairment loss was recognised within administrative expenses and excluded from the adjusted results. The Board has reinforced its belief in the forecast going forward which indicates improved sales, profits and free cash flow.

Assumptions used	31 December 2023	31 December 2022
Discount rate	17.7%	17.4%
Terminal value growth rate	3.7%	4.0%



5 Assets held for sale / Liabilities directly associated with the assets held for sale

Management decided to sell its two investment properties and certain fixed assets which are reported as of 31 December 2023 as Assets held for sale for a total of assets of €8.6m. It includes investment properties (€5.5m), trade and other receivables (€2.3m), fixed assets (€0.4m) and cash and cash equivalents (€0.5m). Liabilities directly associated with the assets held for sale of €2.5m include trade and other payables.

In 2022, the assets and liabilities held for sale reported in the balance sheet covered the sale of Cetes Cosmetics LLC in Russia, which was successfully finalised in April 2023 and generated a net gain on sale of €8.0m.

6 Interest-bearing loans

As of 31 December 2023, an amount of €4.0m was drawn down from the Revolving Credit Facility (RCF). At the same period last year, nothing was drawn down from the RCF.

The terms and conditions of outstanding loans were as follows as at 31 December 2023.

€'000	Interest rate	Year of maturity	Book value	Non-current	Current
Revolving credit facility	Euribor + margin	2025	4,000	-	4,000
Senior Secured Notes - €250.0m	3 month Euribor + 4.25%*	2026	250,000	250,000	-
Senior Secured Notes - \$550.0m	5.125%**	2026	497,738	497,738	-
Front end fees deducted from proceeds	-	2025- 2026	-7,531	-7,531	-
Total interest-bearing liabilities			744,206	740,206	4,000

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

** Swapped € interest rate 3.53%



7 Additional information

Consolidated financial statements – Restricted and unrestricted subsidiaries

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

Cetes Cosmetics LLC and Oriflame Cosmetics LLC were designated as unrestricted subsidiaries on March 21, 2022 (the "Unrestricted Subsidiaries"). In this section, the Unrestricted Subsidiaries are excluded from the Oriflame's financial results as if they were unrestricted subsidiaries as of and for the period ended 31 December 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 31 December 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.

The 12th EU sanction package will potentially have an impact on our ability to provide IT and business services to Russia and Belarus going forward.

Consolidated income statement

PERIOD ENDED 31 December 2023

€'000	Oriflame Group Consolidated	"Restricted" subsidiaries	"Unrestricted" subsidiaries
Sales	750,936	626,459	124,477
Cost of sales	-266,647	-196,107	-70,540
Gross profit	484,289	430,352	53,937
Selling and marketing expenses	-235,047	-199,007	-36,040
Distribution and infrastructure	-20,623	-17,870	-2,753
Administrative expenses	-503,696	-487,673	-16,023
Operating loss	-275,077	-274,197	-879
Financial income	32,880	32,843	37
Financial expenses	-117,937	-114,552	-3,385
Net financing costs	-85,057	-81,709	-3,348
Net gain from disposal of a subsidiary	7,878	7,878	-
Loss from associates, net of tax	-87	-87	-
Loss before tax	-352,343	-348,116	-4,227
Income tax expense	-42,141	-34,488	-7,654
Net Loss	-394,484	-382,604	-11,881



Consolidated statement of financial position

31 December 2023	Oriflame Group Consolidated	"Restricted" subsidiaries	"Unrestricted" subsidiaries
€'000			
Assets			
Property, plant and equipment	42,511	42,203	308
Right-of-use assets	30,675	30,013	663
Intangible assets & Goodwill	538,016	537,966	50
Investment in associates	1	1	-
Investment property	5,458	5,458	-
Deferred tax assets	17,320	17,187	133
Other long-term receivables	4,599	4,599	-
Derivative financial assets	26,521	26,521	-
Total non-current assets	665,101	663,947	1,153
Inventories	90,449	78,637	11,812
Trade and other receivables	41,679	40,176	1,503
Intercompany receivables	-	-856	856
Tax receivables	13,658	13,658	-
Prepaid expenses	13,528	12,935	593
Derivative financial assets	30	30	-
Cash and cash equivalents	80,645	78,861	1,784
Total current assets	239,989	223,442	16,547
Total assets	905,090	887,389	17,700
Total Equity	-140,366	-139,921	-445
Liabilities			
Interest-bearing notes	740,206	740,206	-
Employee benefits	4,344	4,344	-
Lease liabilities	21,034	20,649	386
Other long-term liabilities	1,924	1,924	-
Deferred income	-	-	-
Provisions	2,582	2,582	-
Deferred tax liabilities	76,128	75,996	133
Total non-current liabilities	846,219	845,701	518
Current portion of interest-bearing loans	4,000	4,000	-
Lease liabilities	11,357	11,004	353
Trade and other payables	78,701	72,729	5,972
Intercompany payables	-	-6,048	6,048
Contract liabilities	6,980	6,245	735
Tax payables	10,672	10,633	39
Accrued expenses	72,152	67,996	4,156
Derivative financial liabilities	302	302	-
Provisions	15,073	14,748	325
Total current liabilities	199,237	181,610	17,628
Total liabilities	1,045,456	1,027,311	18,146
Total equity and liabilities	905,090	887,389	17,700