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Oriflame

FIRST QUARTER 2022
EXTERNAL PRESENTATION

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ORIFLAME
SWEDEN

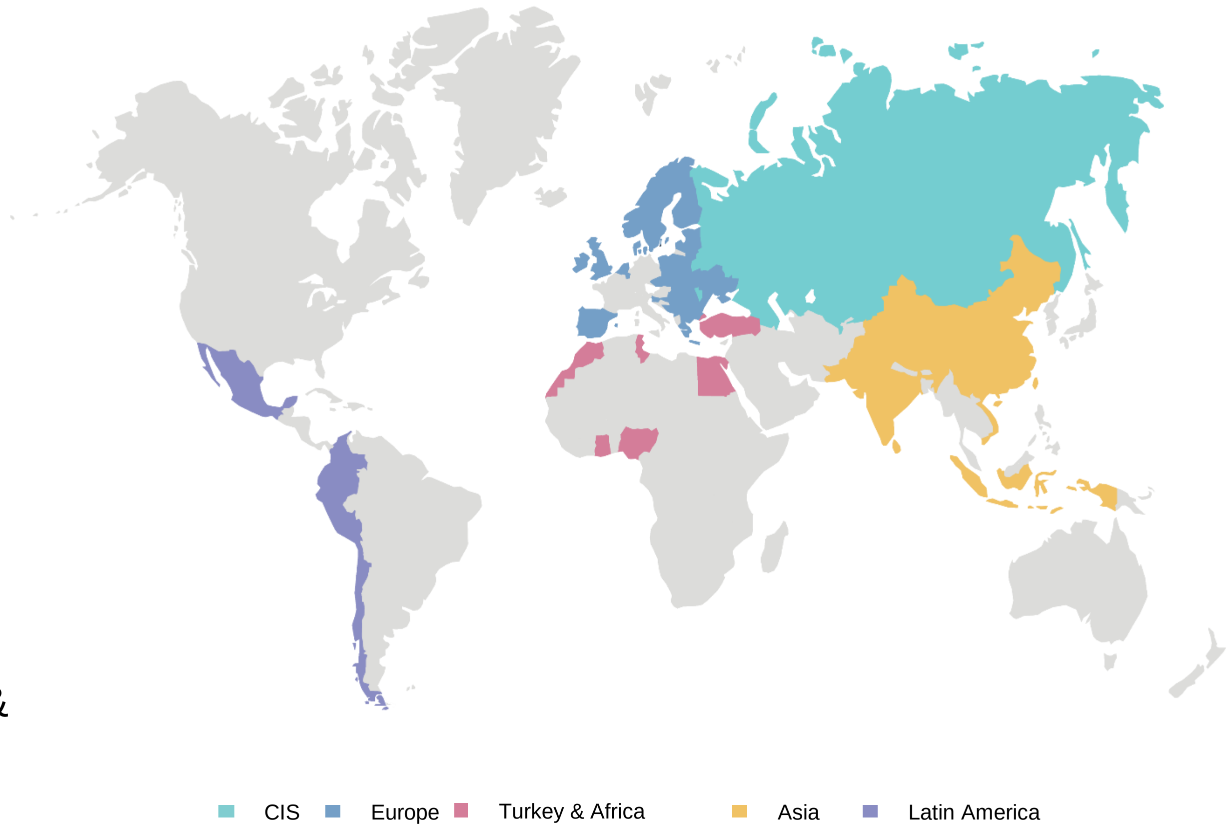
CAUTIONARY STATEMENT

Some statements herein are forward looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors like, for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development. commercialization and supply disturbances.

Oriflame snapshot 2021

A beauty company selling direct with strong Swedish attributes operating in 60+ countries

- Approximately **2.5m** Members
- **€1.0b** in sales
- Adj. EBITDA **€188.9m** and **€156.4m** Adj. Operating Profit
- **98%** of orders online. Oriflame App **1.1 million** users
- Around **1,500** beauty and wellness **products** (including approximately 300 accessories)
- New catalogues every three to four weeks adopted to the local markets
- Founded in 1967. Manufacturing in China, India, Poland & Russia. Headquartered in Switzerland



FIRST QUARTER

HIGHLIGHTS

Q1 Financial highlights

- **Sales** €229.9m (€272.8m) -16% in €, -15% in lc
- **Adjusted EBITDA** €22.1m (€45.1m)
  - Adjusted EBITDA margin 9.6% (16.5%)
- **Adjusted cash flow**
  - From operating activities €-8.9m (€11.0m)
  - Before financing activities €-10.5m (€31.9m)
- **Cash and cash equivalents** was €103.8m (March 31, 2021: €219.6m)
- **Financial position**
  - Total debt €783.1m (€798.4m)
  - Senior secured debt €745.5m (€760.7m)
  - Net secured debt/Adjusted EBITDA 3.9 (3.0)
- **The Board of Directors have postponed the proposed dividend payment of €30.5m for 2021** (to be compared with €30.5m dividend 2020)

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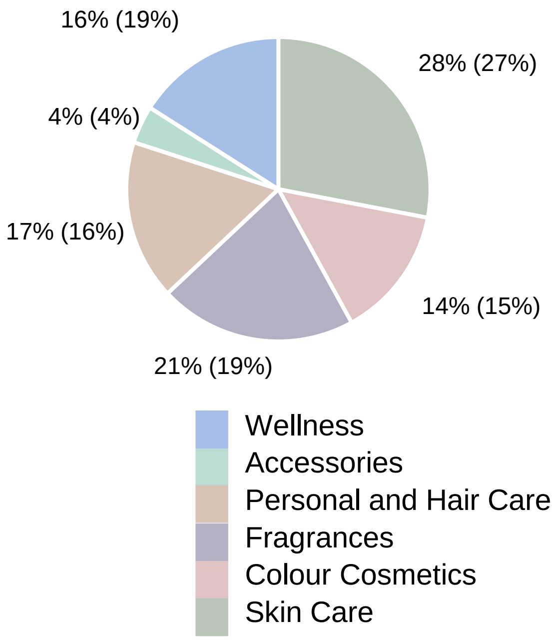
Q1 Operational highlights

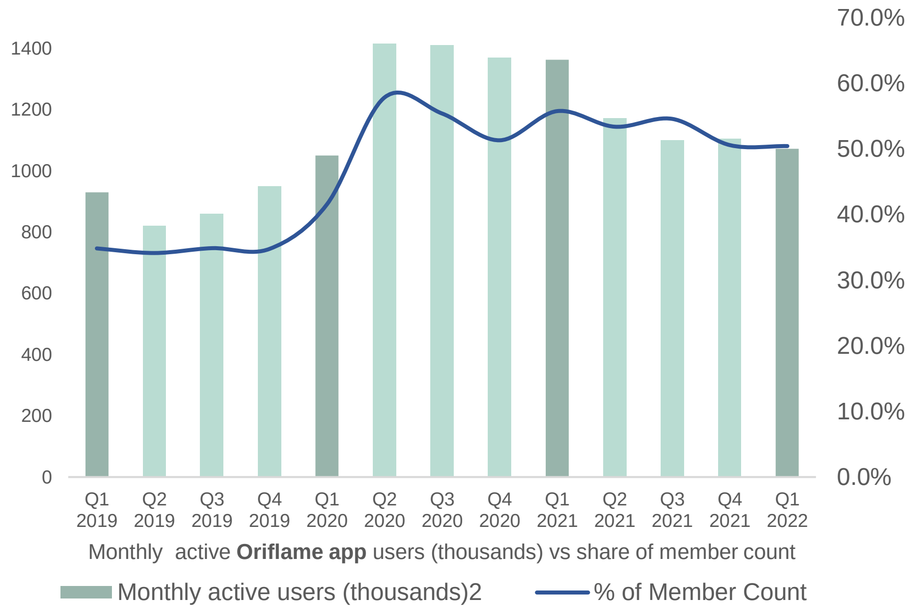
- **The Russian invasion in Ukraine** materially impacts the operations. Operations in Ukraine stopped and focus on ensuring safety of employees. Exports from Russia stopped and operations reduced by suspending investments, marketing, training, events and online sales to end consumers.
- **Cetes Cosmetics LLC and Oriflame Cosmetics LLC were** designated as Unrestricted Subsidiaries under the Indenture and the RCF and pledges of capital stock and guarantees from those companies are being released.
- **Local currency sales decreased by 15% and in Euro by 16%**, indicating a slight negative foreign currency exchange impact.
- **Lower gross margins** due to higher input costs, lower recoveries and delayed price increases.
- **Price/mix -0%**
  - Unit decrease -15%
- **Members -12**%
  - LC productivity -4%
- **Continued strong innovation development**, implementation and development of new digital tools.
- Oriflame has joined the **EcoBeautyScore Consortium**, a global initiative creating an industry-wide system for assessing the environmental impact of cosmetic products, to facilitate consumers in making more informed choices around the sustainability of their cosmetics.
- **Lower capacity utilisation in manufacturing**. Oriflame has initiated restructuring to adjust the organisation to decreasing orders. During the quarter the investments in all factories were cut off, most severely in Russia.

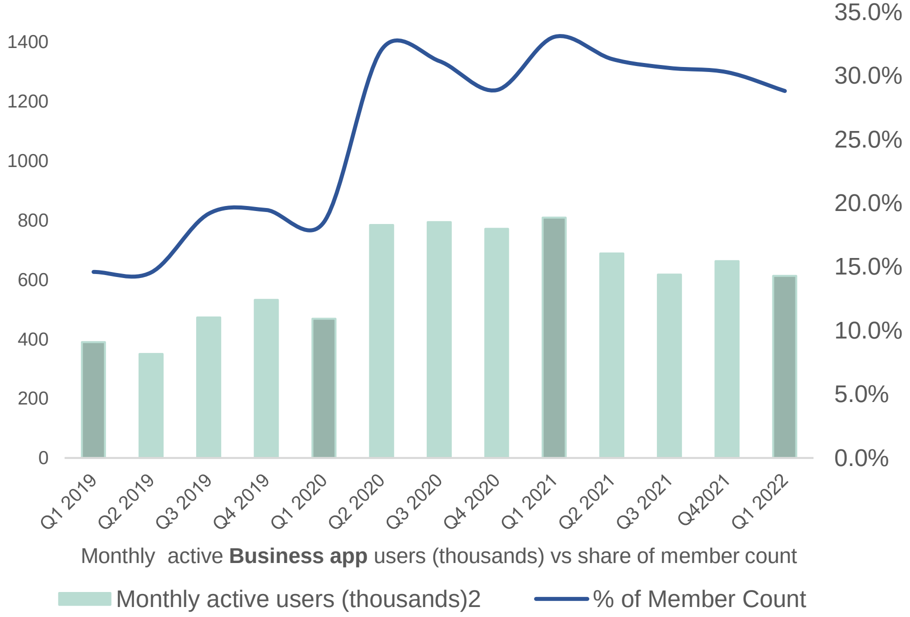
Product categories
Q1 2022 (Q1 2021)



Focus area – online development

- **98%** of the company's global orders were **placed online**
  - 65% came from mobile devices compared to 61% prior year
- Oriflame app **1,072,000 monthly active users**
- Oriflame Business app **612,000 monthly active users**
- **Key activities were focused on** the development and implementation of**:**
  - Pilot launch of new, fully native Oriflame app in one country, followed by further rollout preparations. The new Oriflame app offers a convenient shopping experience with enhanced performance and a new attractive brand and product presentation.
  - On the website, a new frontpage was released to drive interest and sales of Oriflame products and offers, provide inspiration and also to align the Oriflame brand presence, optimised for mobile devices.





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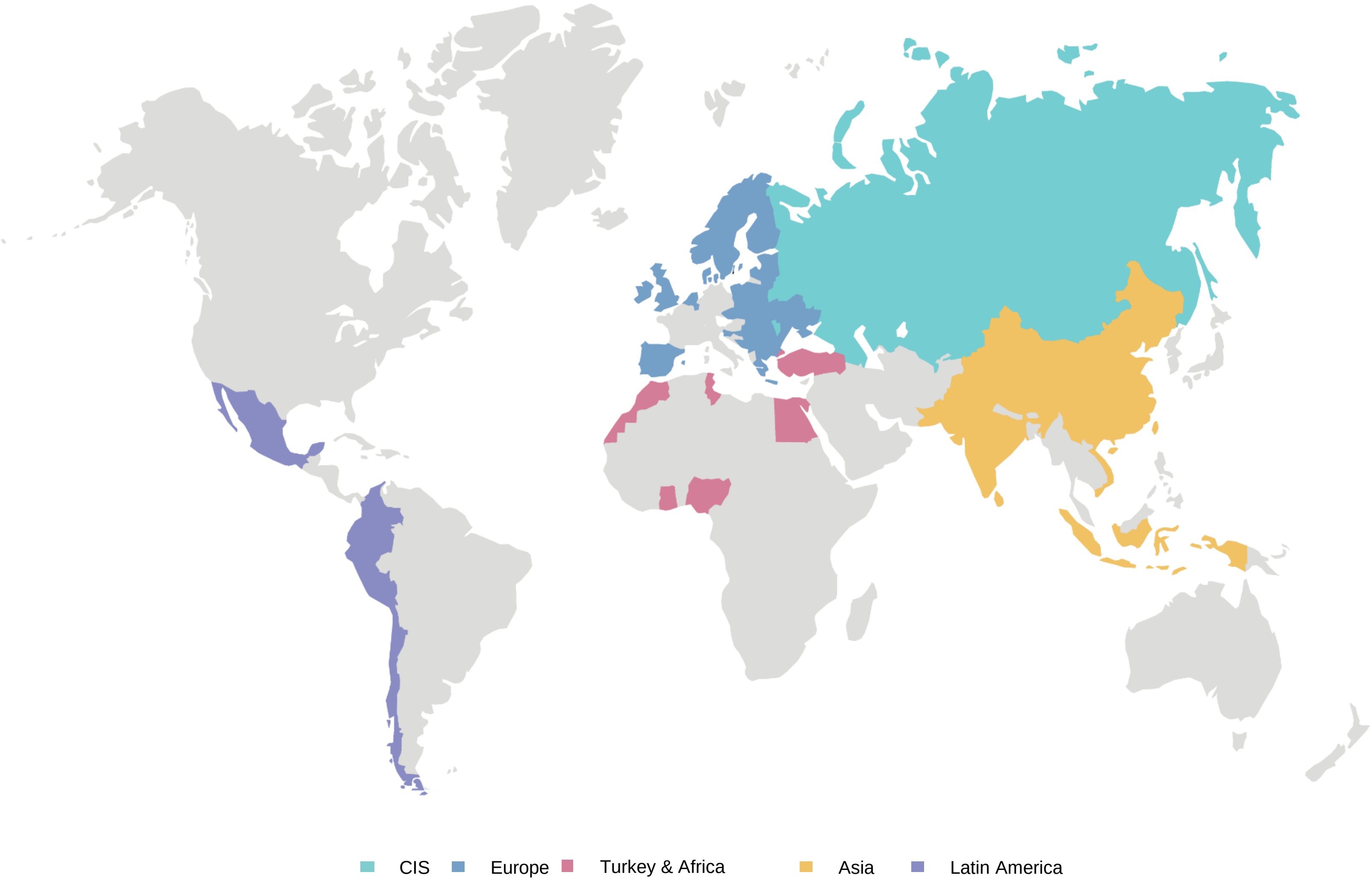
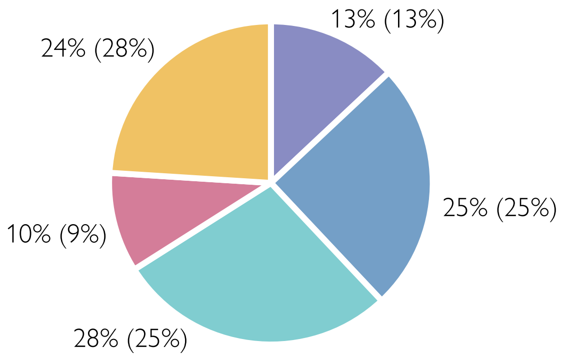
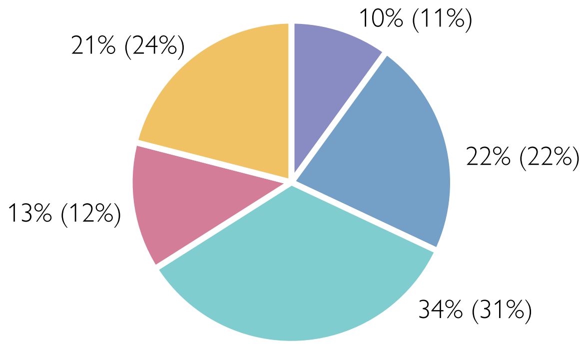
Q1 Regional overview

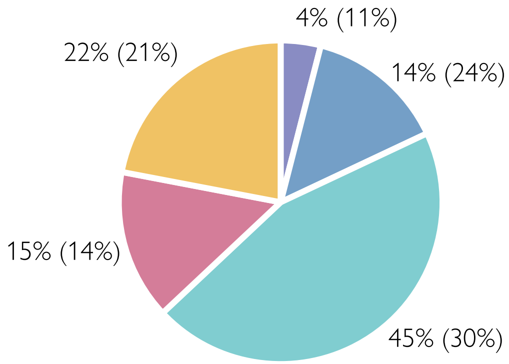




Sales



Members



Adj. Operating profit

Q1 Regional highlights

KPI	Latin America		Europe*		CIS*		Asia		Turkey & Africa		Group	
	Q1'22	Q1'21	Q1'22	Q1'21	Q1'22	Q1'21	Q1'22	Q1'21	Q1'22	Q1'21	Q1'22	Q1'21
Net sales (€m)	28.8	34.1	55.1	65.2	61.4	67.1	53.8	73.1	22.6	24.0	229.9	272.8
Y-o-Y € growth (%)	(15)		(15)		(8)		(26)		(6)		(16)	
Y-o-Y LC growth (%)	(19)		(16)		(7)		(31)		14		(15)	
Adj. operating profit (€m)	1.1	5.8	4.5	12.2	14.0	14.9	6.9	10.7	4.8	7.0	14.4	36.5
Y-o-Y € growth (%)	(80)		(63)		(5)		(36)		(31)		(60)	
Adj. operating margin (%)	3.9	17.0	8.2	18.7	22.9	22.1	12.8	14.7	21.3	29.3	6.3	13.4
Members, '000	229	294	508	583	788	814	498	630	302	308	2,325	2,629
Y-o-Y growth (%)	(22)		(13)		(3)		(21)		(2)		(12)	

Latin America: Euro sales decreased due to drop in number of members. Due to disruptions/delays in global shipping Latin America experienced stock availability issues. Lower operating margin compared to prior year due to lower sales, lower gross margin and restart of events and conferences driving up selling and marketing costs.

Europe: Euro sales decreased particularly impacted by the drop in sales in Ukraine and low recruitment. Because of the war, Ukraine was moved from the segment CIS to Europe The sales decline was impacted by the war in Ukraine and in neighboring countries. Additional sales and marketing activities as well as costs related to events and conference deteriorated the operating margin.

CIS: The war impacted all countries in CIS. Euro sales decreased and exchange rate volatility and economic uncertainty slowed down customer activity. It was decided to reduce the operations in Russia by suspending investments, marketing, training and events. Online sales has been suspended to end consumers in Russia. The actions will have a material impact on the business in Russia.

Asia: Decreased sales due to lower number of members and lower activity levels in all subregions. Sales was challenging in China due to more Covid lockdowns and restrictions. Operating margin decreased mainly due to lower sales and negative leverage impact of admin costs from lower sales, partly offset by lower costs for selling and marketing expenses and events.

Turkey & Africa: Decreased sales, negatively impacted by Egypt, Morocco, Tunisia and positively offset by Turkey and Nigeria. Sales commenced in our new market Ghana. The operating margin declined, mainly an effect of lower sales and costs related to selling and marketing returning after the Covid-pandemic.

* The reportable segments have changed from 1st January 2022 due to the war in Ukraine. From this date, Ukraine was moved from CIS to Europe. The figures for Europe and CIS were restated accordingly for comparative purpose.

FINANCIALS

Purchase Price Allocation (PPA) and non-recurring items

Summary (€'000)	Impact on the statement of financial position	Impact on the income statement								Comments
	2019	2019	2020 YTD	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 YTD	2022 Q1	
Inventory	322.0	**(308.5)**	(13.5)	-	-	-	-	-	-	Consumed by Q1 2020
Customer list	14.1	**(3.5)**	(5.3)	(1.8)	(1.8)	-	-	(3.5)	-	Depreciated over 2 years
Manufacturing know-how	37.5	**(3.8)**	(5.6)	(1.9)	(1.9)	(1.9)	(1.9)	(7.5)	(1.9)	Depreciated over 5 years
Brand	546.2	**-**	-	-	-	-	-	-	-	Indefinite life time with annual impairment test
Goodwill	279.2	-	-	-	-	-	-	-	-	Indefinite life time with annual impairment test
Other	4.1	**0.0**	0.0	0.1	0.0	0.1	0.0	0.2	-	IFRS 16 leases
Total PPA on EBIT		**(315.8)**	**(24.4)**	**(3.6)**	**(3.6)**	**(1.8)**	**(1.8)**	**(10.8)**	**(1.9)**	
Financial expenses		(0.8)	(0.9)	(0.2)	(0.1)	(0.1)	(0.1)	(0.6)	-	IFRS 16 leases
Total PPA on PBT		**(316.6)**	**(25.3)**	**(3.8)**	**(3.8)**	**(1.9)**	**(2.0)**	**(11.4)**	**(1.9)**	
Tax	(139.6)	**72.7**	5.4	0.6	0.6	0.2	0.2	1.7	0.2	Tax impact on PPA
Total PPA	**1,063.4**	**(243.9)**	**(19.9)**	**(3.1)**	**(3.1)**	**(1.7)**	**(1.8)**	**(9.7)**	**(1.7)**	
NRI (net of tax)		**(62.1)**	(8.0)	(0.2)	(60.4)	(0.1)	(0.4)	(61.1)	(6.8)	Restructuring / Impact from war in Ukraine / 2021 Refinancing
Total PPA and NRI		**(306.0)**	**(27.9)**	**(3.3)**	**(63.6)**	**(1.7)**	**(2.2)**	**(70.8)**	**(8.5)**	

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Income statement Q1

€m	Q1'22	Q1'21
Sales	229.9	272.8
Cost of Sales	(82.8)	(83.1)
Gross profit	147.1	189.7
PPA and non-recurring items	0.6	-
Adj. Gross profit	**147.7**	**189.7**
	64.3%	**69.5%**
Selling and marketing expenses	(69.5)	(78.5)
Distribution and Infrastructure	(6.2)	(7.0)
Administrative expenses	(62.8)	(71.5)
Operating profit	8.6	32.7
PPA and non-recurring items	5.8	3.8
Adj. Operating profit	**14.4**	**36.5**
	6.3%	**13.4%**
Net financing costs	(0.3)	(12.9)
Loss from associates, net of tax	(0.0)	-
Net profit before tax	8.3	19.8
PPA and non-recurring items	5.8	4.0
Adj. Net profit before tax	**14.2**	**23.8**
	6.2%	**8.7%**
Total income tax expense	(7.0)	(8.2)
Net profit	1.3	11.6
PPA and non-recurring items	8.5	3.3
Adjusted net profit	**9.9**	**15.0**
	4.3%	**5.5%**

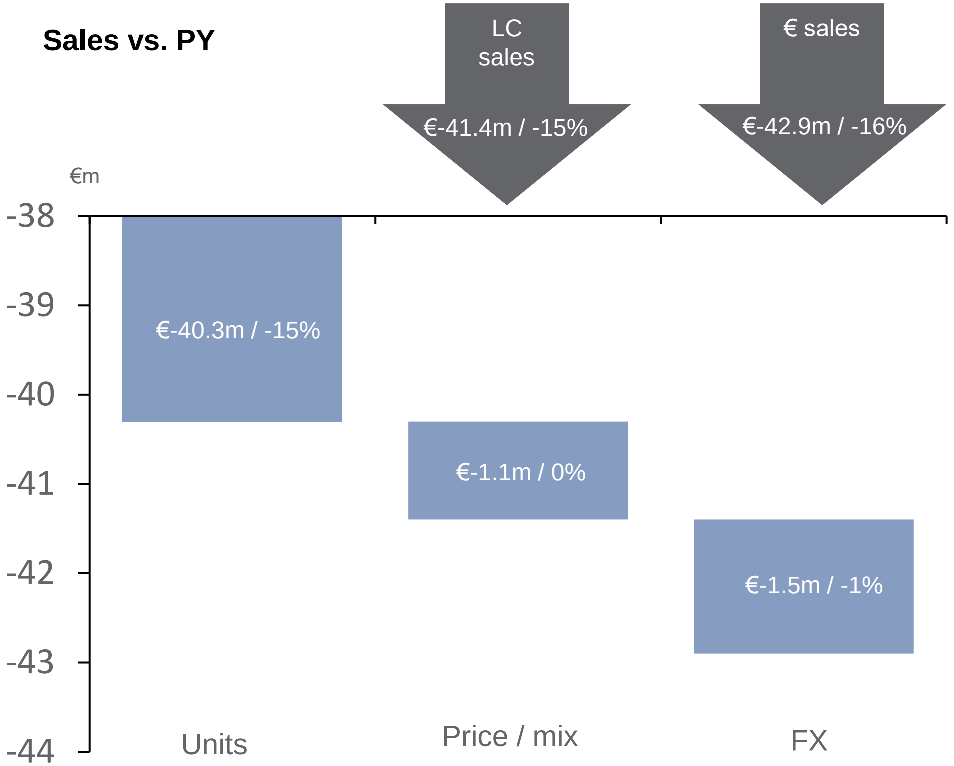
COMMENTS

- Sales mix
  - Unit sales: -15%
  - Price/mix: 0%
- Gross margin 64.3% (69.5%)
  - Negatively impacted by lower sales, increased product costs, delayed selling price increases, under-recoveries in manufacturing and supply chain
- Adj. EBITDA margin 9.6% (16.5%)
- Adj. operating margin 6.3% (13.4%)
  - Lower gross margins
  - Lower selling and marketing expenses due to lower sales
  - Lower administrative expenses as a result of lower staff costs
  - Currency impact was negative 10bps
  - Adj. net profit €9.9m (€15.0m)

PPA and non-recurring items	Q1'22	Q1'21
Cost of Sales	0.6	-
Non-recurring items on gross profit	**0.6**	**-**
PPA items	1.9	3.6
Non-recurring items	3.3	0.2
PPA and non-recurring items on operating profit	**5.8**	**3.8**
Financial expenses related to PPA	-	0.2
Non-recurring items	-	-
PPA and non-recurring items on net profit before tax	**5.8**	**4.0**
Tax expenses related to PPA and non-recurring items	2.7	(0.6)
PPA and non-recurring items on net profit	**8.5**	**3.3**

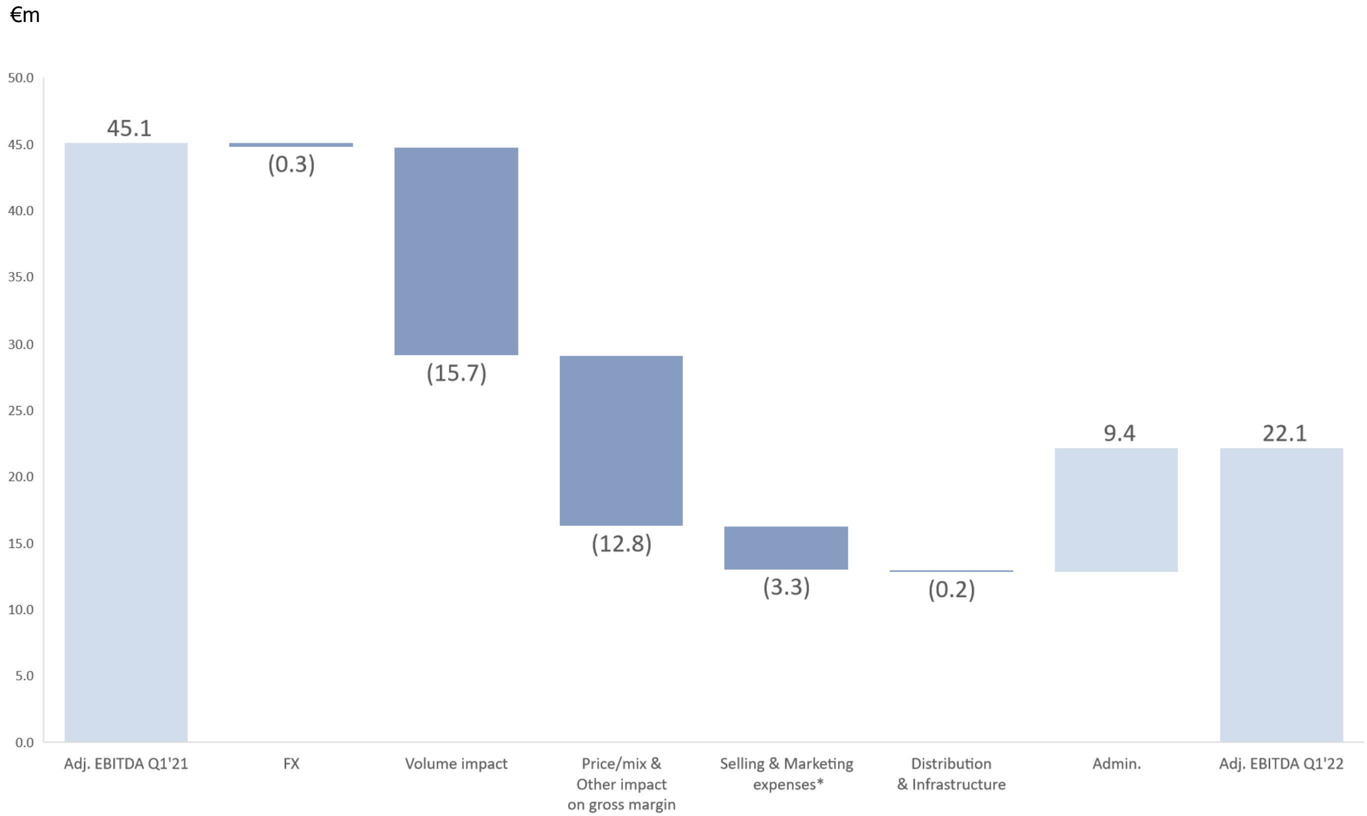
Q1 sales and adjusted EBITDA analysis

Sales vs. PY



- Sales €229.9m (€272.8m) -16% in €, -15% in local currency (LC)
  - Unit sales -15%
  - Price/mix 0%
- Positive LC development in Turkey & Africa. LC sales decline in the other regions
- € sales decline in all regions

Adj. EBITDA vs. PY



* Excluding volume impact

Adjusted EBITDA decreased from €45.1m to €22.1m, negatively impacted by lower unit sales and gross margins, higher selling and marketing expenses and partially compensated by lower administrative expenses.

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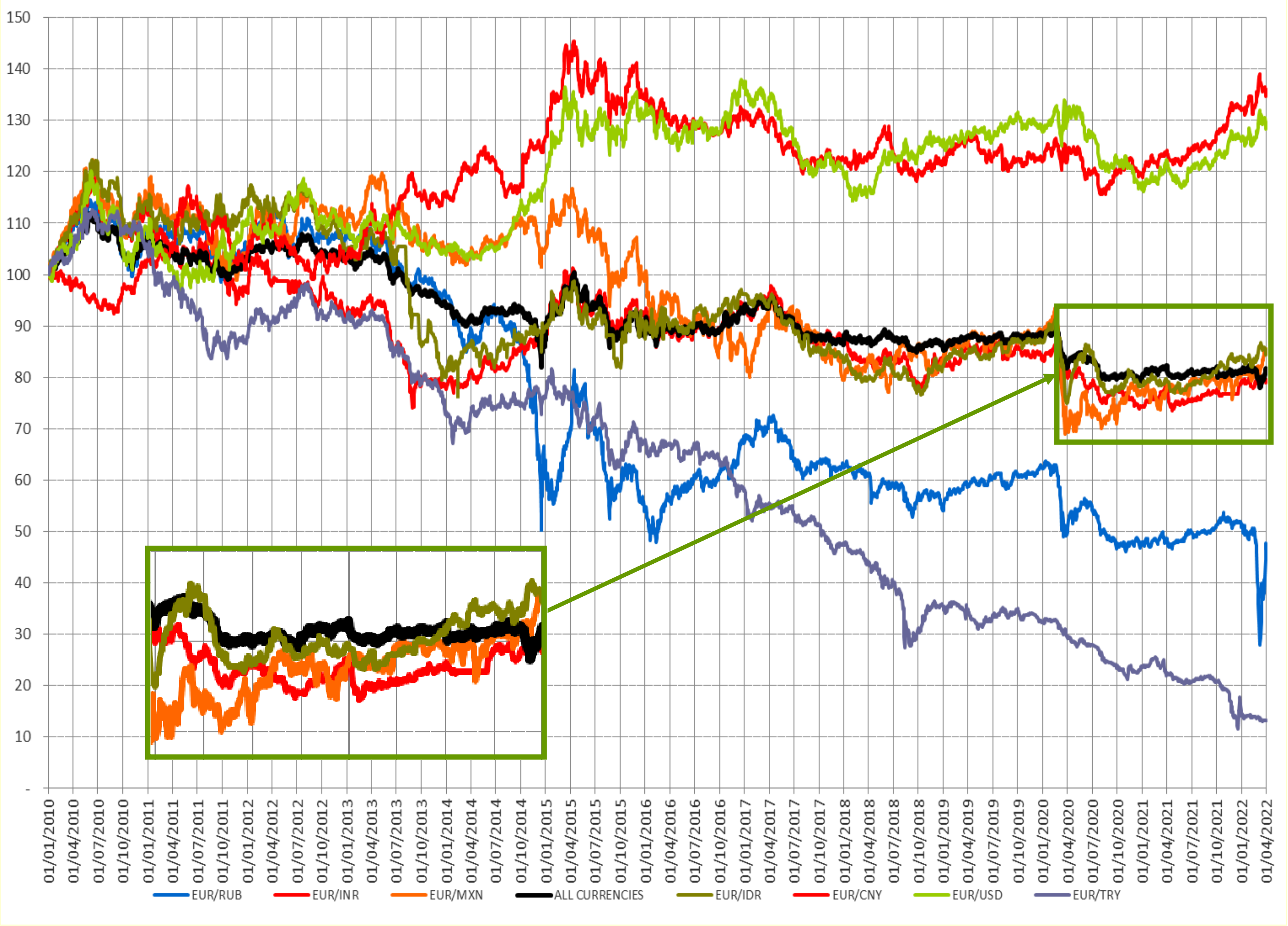
Group Currencies Impact (on Sales) – Q1 2022



COMMENTS

- The foreign exchange rates in most of the Oriflame markets were stronger than prior year due to the 8% strengthening of the USD. This positive impact was outbalanced by the devaluation of the Russian Rouble (-6%) and the Turkish Lira (-43%) resulting in negative -0.6% overall impact on sales.
- Impact on operating profit was negative 10bps for the quarter
- The guidance for 2022 is depending on the extent RUB, BLR and UAH devaluation (assuming current levels the impact on sales will be 3% negative and 100bps on EBIT). For Q2, we expect a negative impact on both sales and EBIT. Below table gives a forecast range, where the higher negative impact assumes sharp devaluation of RUB, BLR and UAH.
- Below is the range guidance for 2022 (black numbers = actual, blue numbers = forecast)

Forecasted impact on:	Q1 act	Q2 fc	Q3 fc	Q4 fc	YTD fc
- Sales, around	-1%	-2% to -5%	-3% to -7%	-4% to -8%	-3% to -6%
- OP – approx. (bps)	-10	-75 to -150	-100 to -225	-150 to -275	-100 to -200

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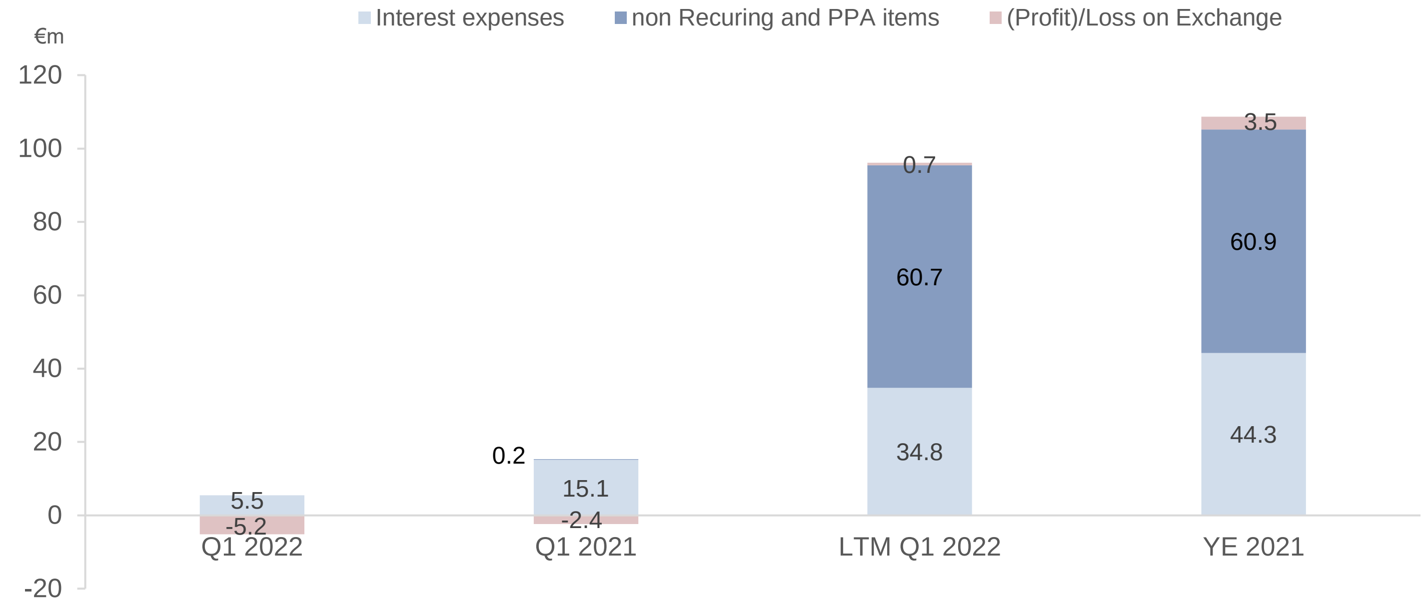
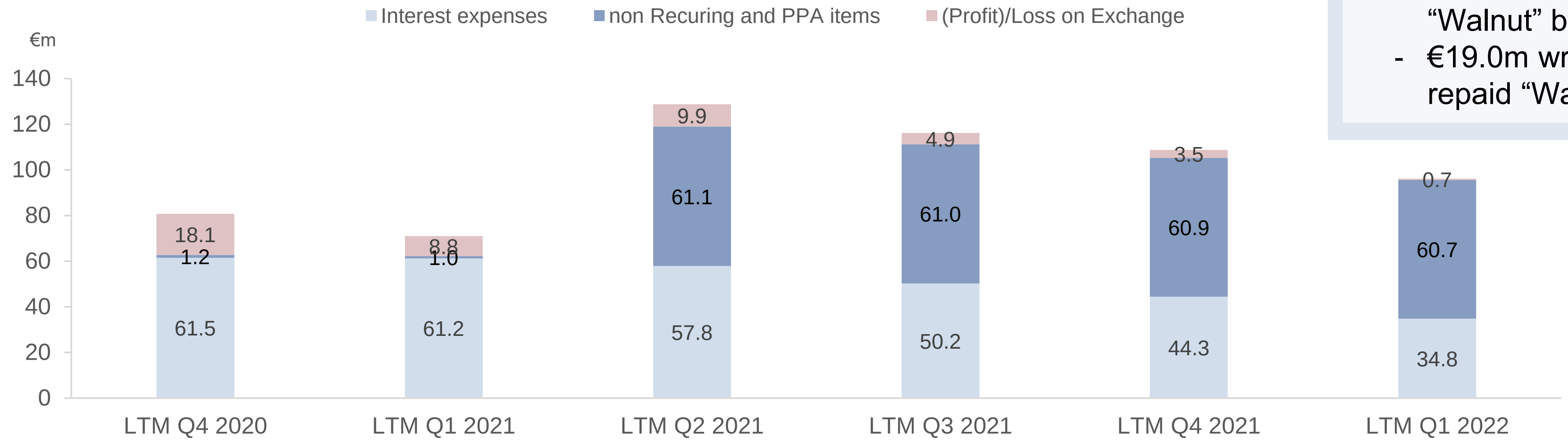
Net financing cost – Q1 2022





Net financing costs Q1

Decrease in Q1 due to

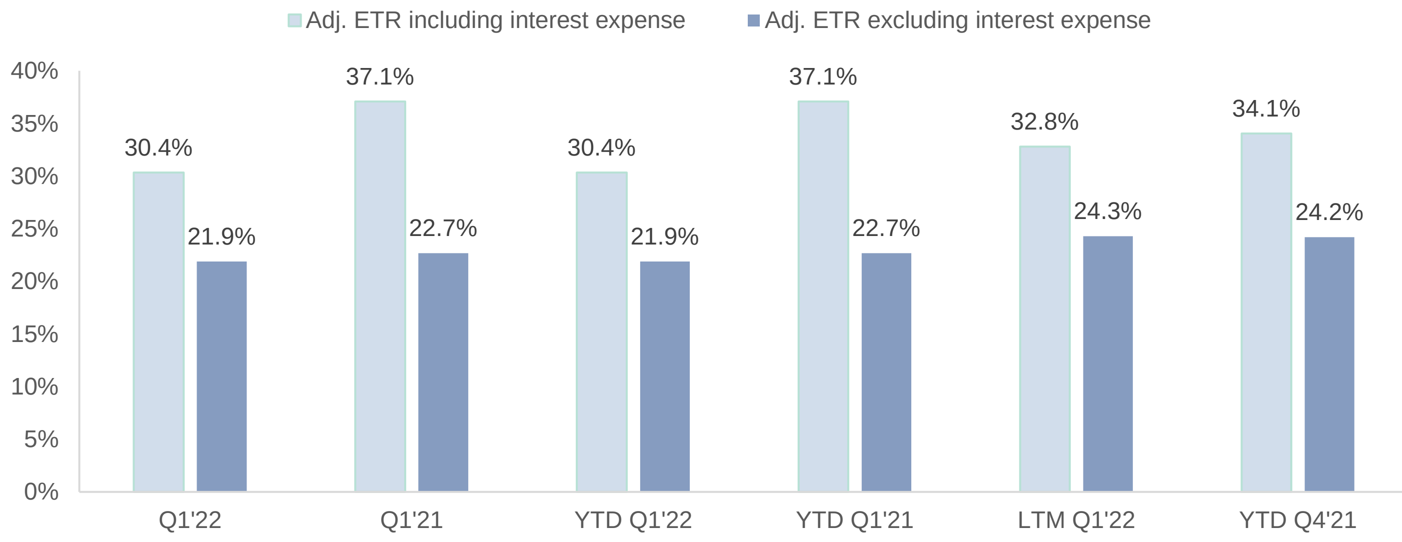
- lower average interest rate after re-financing in May 2021 (€-9.8m of interest on the bonds compared to Q1 2021).
- All RUB forward contracts were closed during the quarter resulting in a €11.9m gain, which was offset by unrealised foreign exchange losses.

Non-recurring and PPA items

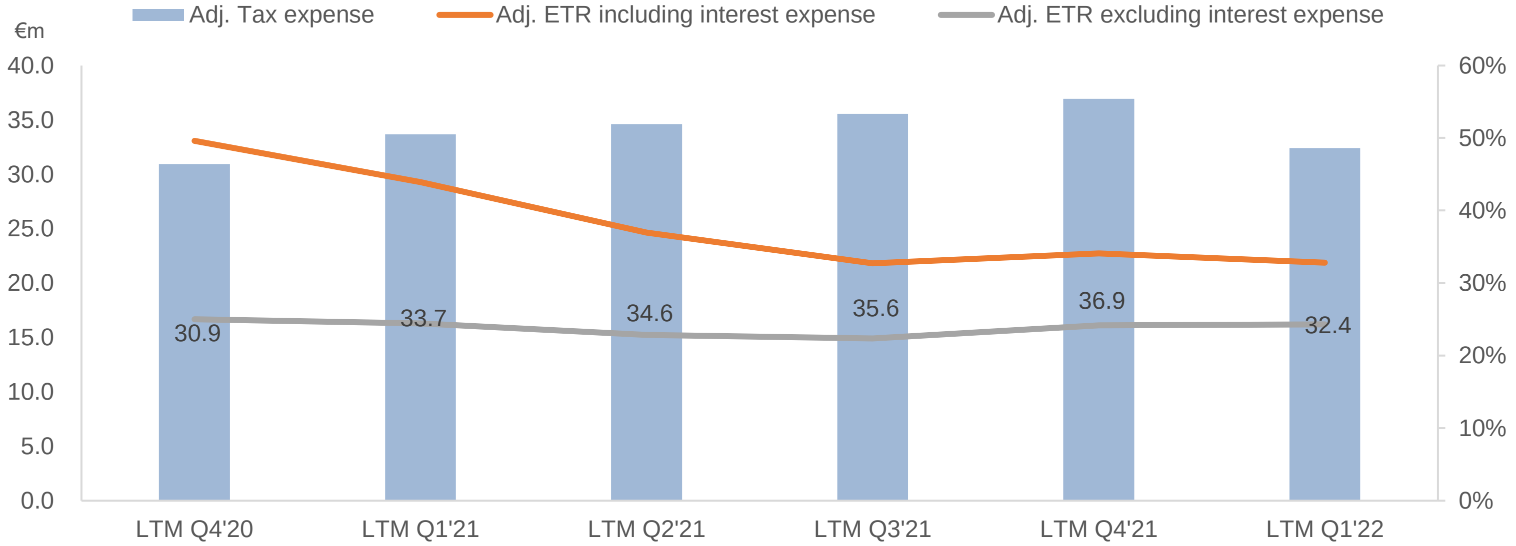
LTM increase in Q2 2021 in net financing costs due to non-recurring items, including mainly:

- €41.3m make-whole on early repayment of the "Walnut" bonds
- €19.0m write-off of capitalised front fees on the repaid "Walnut" bonds

Income Tax Expenses – Q1 2022



	LTM Q4'20	LTM Q1'21	LTM Q2'21	LTM Q3'21	LTM Q4'21	LTM Q1'22
Profit before tax	62.4	76.7	93.7	108.7	108.5	98.8
Interest expense	*61.5*	*61.2*	*57.8*	*50.2*	*44.3*	*34.6*
PBT excl. interest expense	123.8	137.9	151.5	158.9	152.7	133.5
Adj. Tax expense	**30.9**	**33.7**	**34.6**	**35.6**	**36.9**	**32.4**
Adj. ETR including interest expense	**49.6%**	**43.9%**	**37.0%**	**32.7%**	**34.1%**	**32.8%**
Adj. ETR excluding interest expense	**25.0%**	**24.4%**	**22.9%**	**22.4%**	**24.2%**	**24.3%**



COMMENTS

- The Q1 2022 (21.9%) ETR excluding interest expense is lower than Q1 2021 (22.7%) mainly due negative sales momentum in high tax rated countries

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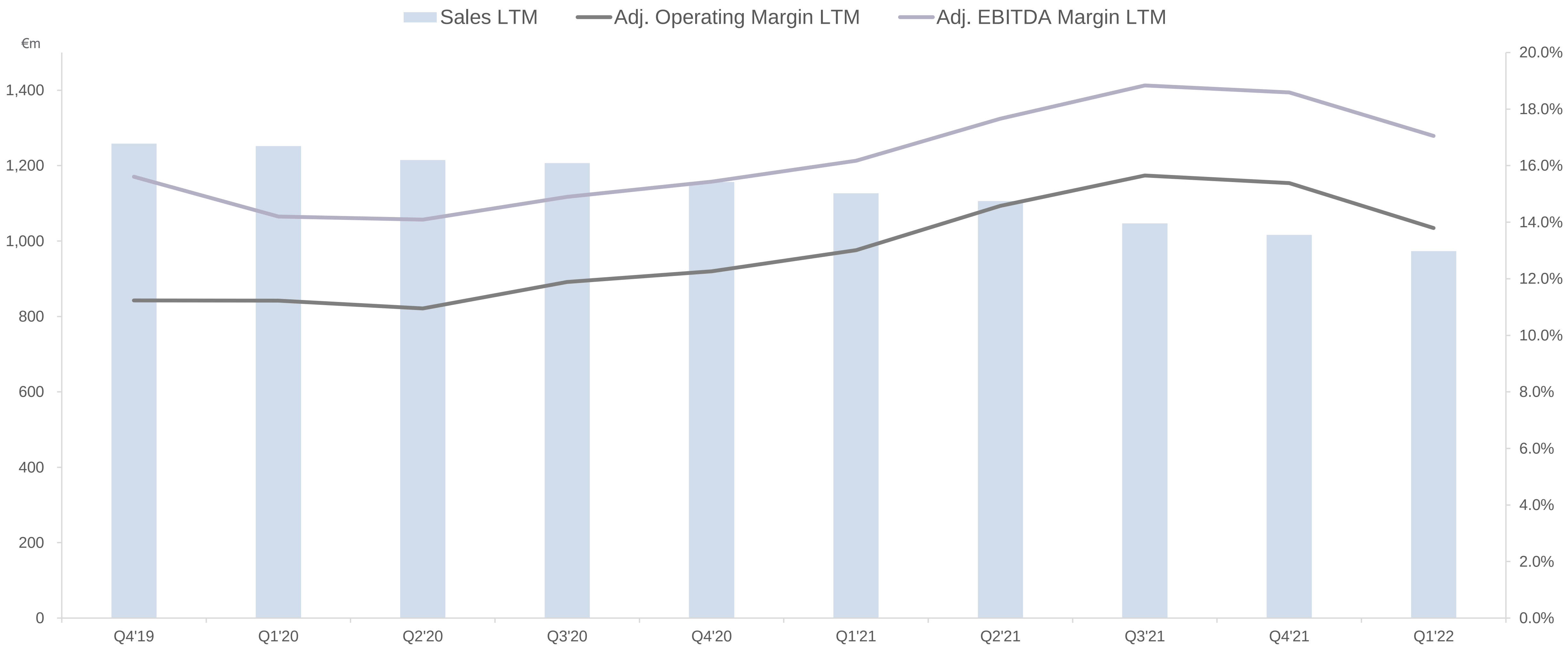
LTM Sales, adj. operating margin and adj. EBITDA development



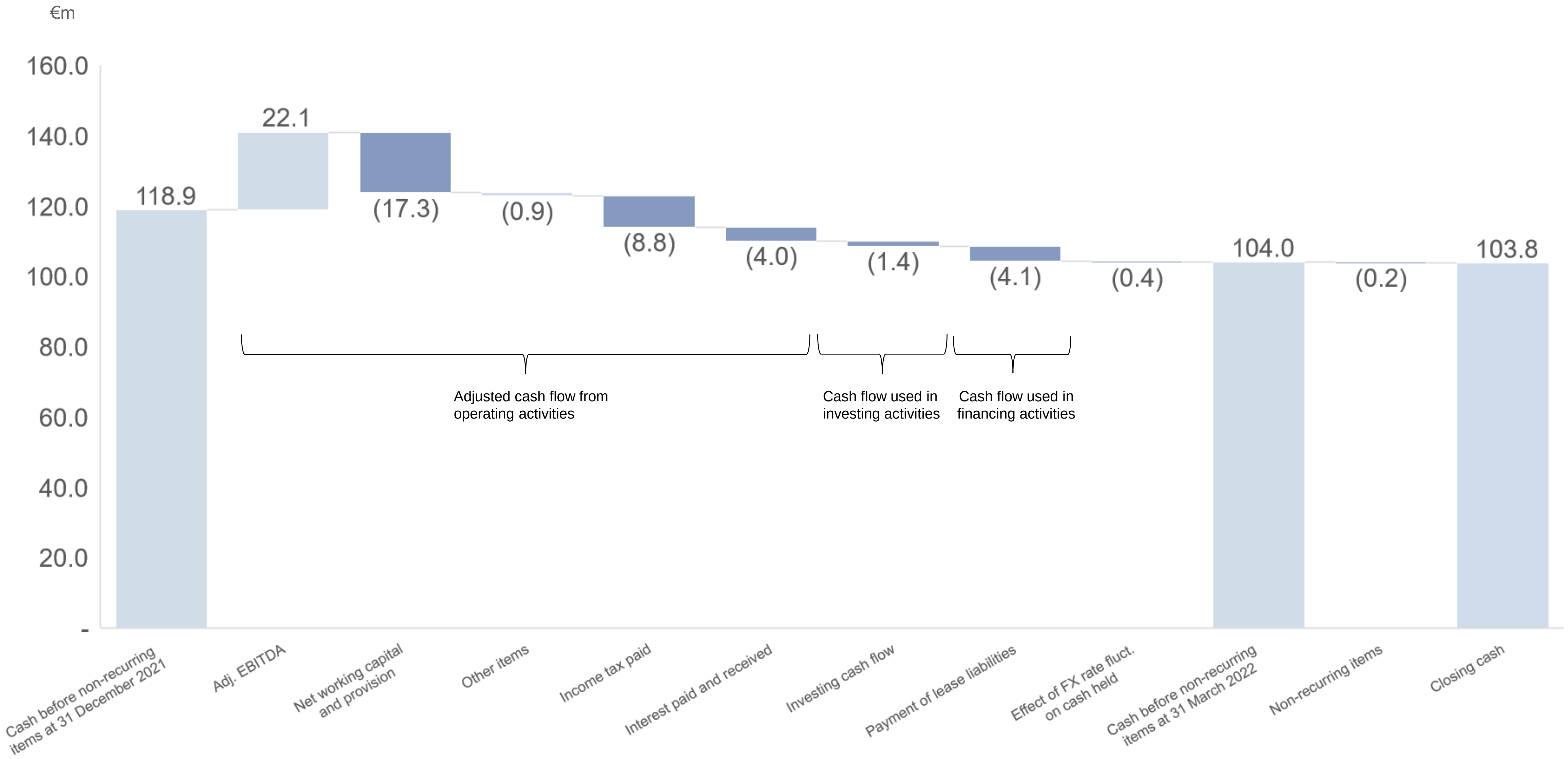
Cash flow before financing activities

€m	Q1’22	Q1’21	LTM Q1’22	YTD Q4’21
Cash flow from/(used in) operating activities	(9.1)	9.9	(36.0)	(17.0)
Excluding Interest received	(0.2)	(0.3)	(1.4)	(1.5)
Excluding Interest and bank charges paid	4.2	27.0	92.2	115.0
Cash flow used in investing activities	(1.4)	(0.9)	(7.4)	(6.9)
Payment of lease liabilities	(4.1)	(4.5)	(16.4)	(16.8)
Non-recurring and PPA items	0.2	0.7	1.8	2.3
Adj. Cash flow before financing activities	**(10.5)**	**31.9**	**32.8**	**75.2**

COMMENTS

- Underlying cash flow before financing activities decreased by €42.4m
- Negatively impacted by
  - Adj. EBITDA €22.9m
  - Adj. working capital €13.2m (primarily due to decrease of trade payables of €27.0m offset by decrease of inventories €14.0m)
  - Income tax paid €1.5m
  - Others €5.1m
- Partly offset by:
  - Payment of lease liabilities €0.4m

Cash flow development – Quarter 1, 2022



Funding and financial position

	Capitalisation of the Issuer after the transaction	
€m	Q1'22	Year end 2021
Cash and Cash Equivalents	103.8	118.9
Notes	745.5	735.6
Revolving Facility	-	-
Total senior secured indebtedness	745.5	735.6
Lease liabilities	37.6	39.3
Total indebtedness	783.1	774.9
Total Net Secured Debt	641.7	616.8
Total Net Debt	679.3	656.0

Refinancing

- Refinancing completed May 2021
- €250m at a rate of 4.25% + 3 month Euribor *(swapped into fixed EUR with margin 0.14%)*
- $550m at a rate of 5.125% (swapped € interest rate 3.47%)
- Maturity 2026

Liquidity / Financial ratios

- Cash on balance sheet: €103.8m
- €100.0m Revolving Facility: no draw down as of 31 March 2022
- Net secured debt/Adjusted EBITDA LTM: 3.9
- Adj. EBITDA LTM: €166.0m
- Covenant EBITDA LTM: €147.5m

CONCLUSIONS

AND GOING FORWARD

Conclusions

Q1 2022

- The hopes for 2022 were to come back to normality after the Covid-19 pandemic. These hopes were shattered on 24 February by the Russian invasion in Ukraine.
  - The operations in Ukraine were closed and the Company focused on ensuring the safety of the 115 employees in the country.
  - With immediate effect Oriflame stopped the exports of products from Russia to the global warehouse in Europe, which also serves Ukraine.
  - As a consequence of the war, Ukraine was moved from the reportable segment CIS to Europe.
  - The Company further decided to reduce the operations in Russia by suspending investments, marketing, training, events and online sales to end consumers. These actions will have a material impact on our business in Russia.

- Group sales in LC decreased due to challenges in most of the markets
  - Continuing challenges on recruitment and activity.
  - Drop in unit sales, impacting the leverage and manufacturing negatively.
  - Price mix effect was neutral.

- Profitability
  - Severely impacted by the lower sales
  - Slightly lower net price per unit (related to offers to reduce the inventory) and higher than anticipated cost inflation further impacted the profitablity
  - Favourable impact on lower administrative expenses

- The adjusted operating cash flow decreased due to lower sales and timing differences

Going forward

- Sales in Russia, Belarus and Ukraine expected to further slow down
- Short-term actions to regain sales momentum in remaining regions
  - Stronger recruitment and activation initiatives
  - Attention to more activity driven product segments
  - Focus on recently launched activities related to Oriflame 55 years anniversary in 2022
  - Renewed focus on social gathering, meetings and conferences to boost sales
  - Focus on increased usage of digital sales tools, especially recently launched eCatalogue
- Focus on Skin Care and Wellness to drive positive product mix
- Focus on online and digital tools
- Further penetration of existing markets and exploration to enter into new markets
- A major program to reduce the administrative expenses further is launched and expected to render positive impact in the second half of 2022
- Further increase margins through targeted manufacturing and supply/chain efficiency as well as price adjustments in line with inflation

“As the war in Ukraine broke out the same day as we reported our year-end figures, the hope to come back to a new normal after the pandemic was shattered. Since then, our main priority has been to ensure the personal safety and provide every possible support to our employees, their families and our brand partners in Ukraine. Our thoughts are with all the innocent people suffering from the war in Ukraine, and we follow the development closely.

We drastically restricted our business in Russia, suspending investments, marketing, training, events and online sales to end consumers. The first quarter report is significantly marked by the consequences of the challenging geopolitical situation, that will continue to have a material impact on our business. At the same time, we made several successful product launches, entered a new market in Africa, improved our online tools and took further steps within our sustainability agenda.

During the quarter the operating margin was negatively impacted by lower sales, higher product cost, lower gross margins and higher selling and marketing expenses linked to the reintroduction of meetings and conferences. Our cost control and efficiency measures continue to be effective and will intensify further the coming months, combined with price increases to offset the high cost inflation.

At this stage it is difficult to quantify the effects, both short and long term. Despite disruptions due to external challenges, our key focus ahead remains: to regain sales momentum and continuously drive an efficient, profitable and cash generative business with the aim to give individuals around the world a possibility to grow. We have responded and adapted to challenges for 55 years and will continue to do so.”

Magnus Brännström

Magnus Brännström, CEO & President

MORE THAN 50 YEARS IN, ORIFLAME IS THE CHOICE OF THREE MILLION PEOPLE. LOOKING AHEAD, WE ARE COMMITTED TO CONTINUING TO BUILD ON THIS SIMPLE FORMULA – EMPOWERING PEOPLE AND ENABLING POSITIVE CHANGE AROUND THE WORLD.

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