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Oriflame

FIRST QUARTER 2023

Magnus Brännström, CEO
Gabriel Bennet, CFO

ORIFLAME
— S W E D E N —

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.

HIGHLIGHTS



Q1 highlights

Difficult sales and market conditions remain in all regions

Sales €208.3m (€229.9m) -9% in €, -10% in LC

- Members average 2.0m (2.4m) -19%
- Members average LC productivity +8%
- All regions with Euro/LC decline except for Latin America
- Cetes Manufacturing external sales up 43%

Adjusted EBITDA €16.8m (€22.1m)

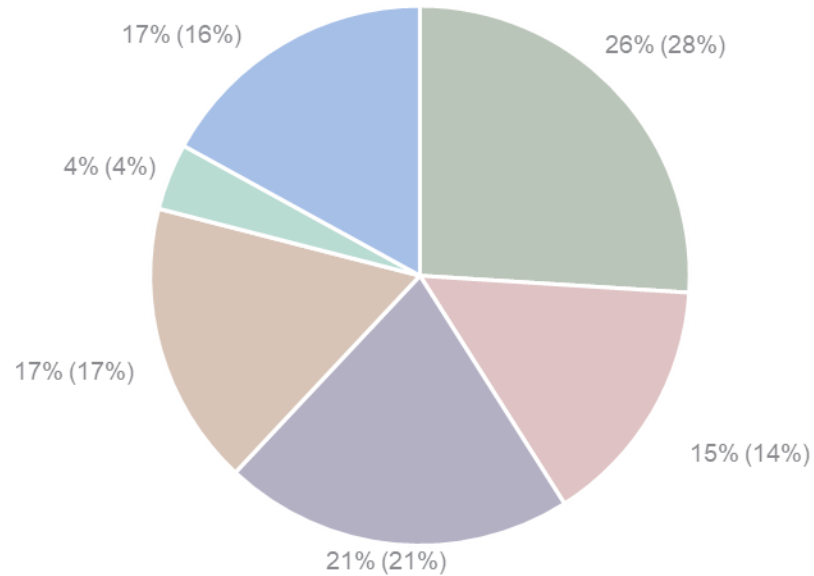
- Adjusted EBITDA margin 8.1% (9.6%)
- First signs of pricing catching up with product cost
- Lower cost base from restructuring partially offset by inflationary increases

Adjusted cash flow before financing €-16.2m (€-11.5m*)

Strategic review of assets for sale in Russia

- Progressing and has resulted in several offers on the Oriflame manufacturing entity in Russia (Cetes Cosmetics)

Product categories Q1 2023 (Q1 2022)



Operational highlights

Brand and Innovation

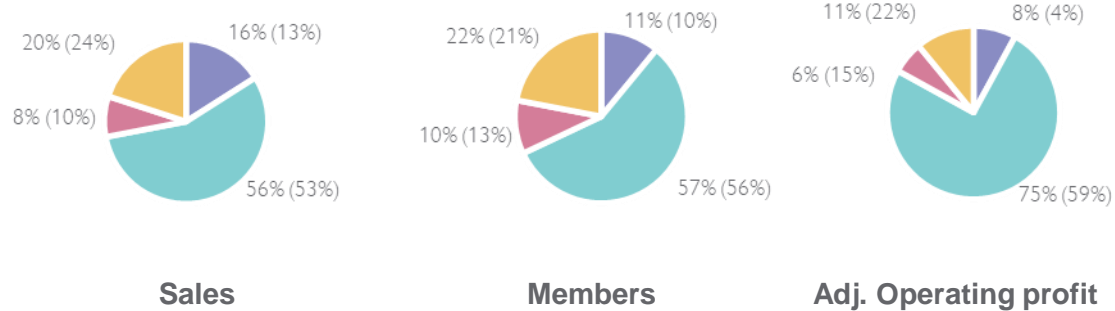
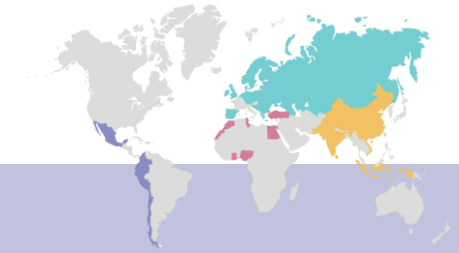
Skin Care was the lead category in Q1. The Novage anti-aging brand continues to be the main share of sales.

Fragrances was still in high demand, supported by Valentine's and Women's Day. The hero brand Giordani Gold continues to be the most relevant within the category.

The Wellness packs Women and Men maintained the top product positions within the *Wellness* category.

Within *Personal & Hair Care*, the Love Nature brand, which has been restaged, performed very well and Activelles, featuring a small range of anti-perspirant deodorants, showed good results.

Q1 Regional overview



Q1

EUR growth

LC growth

Adj. Operating margin

Latin America	Europe & CIS	Asia	Türkiye & Africa	Group
7%	-5%	-26%	-32%	-9%
0%	-11%	-23%	-7%*	-10%
4.0%	10.8%	4.3%	6.2%	5.0%

Latin America

Sales increase in € while in local currency sales were unchanged. Increase in € coming from higher activity among members with improvements seen mainly in Mexico and Colombia.

Europe & CIS

Sales decreased in € and local currency, due to lower number of members from weaker activity and recruitment. In Ukraine sales continues to recover. Operating margin decreased - price increases and positive exchange rate variations compensated for product cost inflation, while selling and administrative expenses were higher.

Asia

Sales drop in € and local currency due to less members and lower activity. China improved the activity among members, which somewhat improved sales levels after the reopening after strict lockdowns. Operating margin decreased due to lower sales and higher selling expenses.

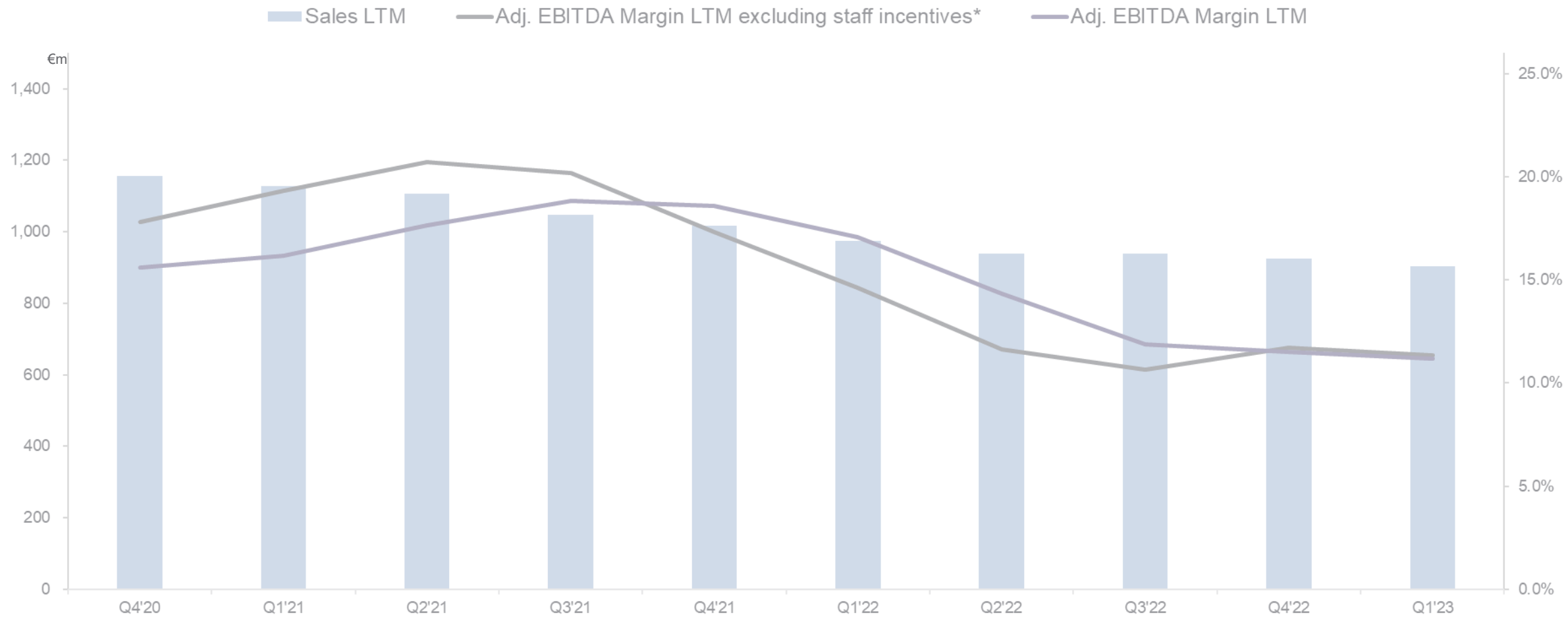
Türkiye & Africa

€ sales drop as a result of strong devaluations of local currency in Türkiye and Nigeria as well as weak performance in the region. Sales in local currencies also decreased. The operating margin decreased, negatively impacted by adverse exchange rate impacts and higher selling and administrative costs.

* Sales growth in local currencies calculation has been adjusted for Türkiye hyperinflation

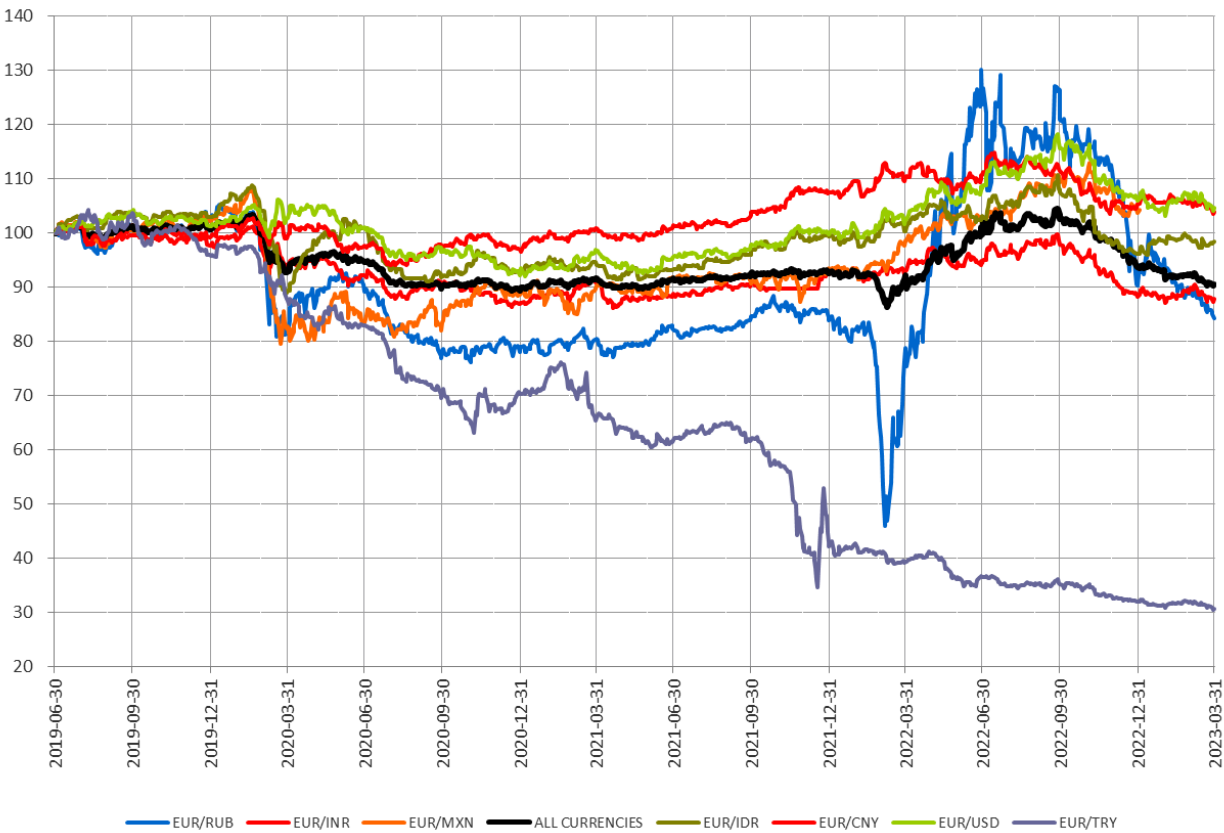
FINANCIALS

LTM Sales, adj. EBITDA margin LTM excl. staff incentives, adj. EBITDA Margin LTM



* Unaudited - Estimated amount of staff incentives

Group Currencies Impact (on Sales) – Q1 2023 Since July 2019



- The exchange rates had a slightly positive impact for the group in the quarter. There was a gradual weakening of the exchange rates during the quarter linked to the weakening of the Russian Ruble and strengthening of the Euro. The Turkish Lira continued to weaken.
- Impact on adj. operating profit was positive 40bps in Q1
- For Q2 and with the uncertainty and volatility of exchange rates in mind, we currently expect the negative impact on both sales (-10%) and EBIT (-250).
- Below is the exchange rate impact for 2023 (grey numbers = actual, blue numbers = forecast)

Estimated impact on:	Q1 act	Q2 Fc	FY Fc
- Sales, around	+1%	-10%	-12%
- OP – approx. (bps)	+40	-250	-275

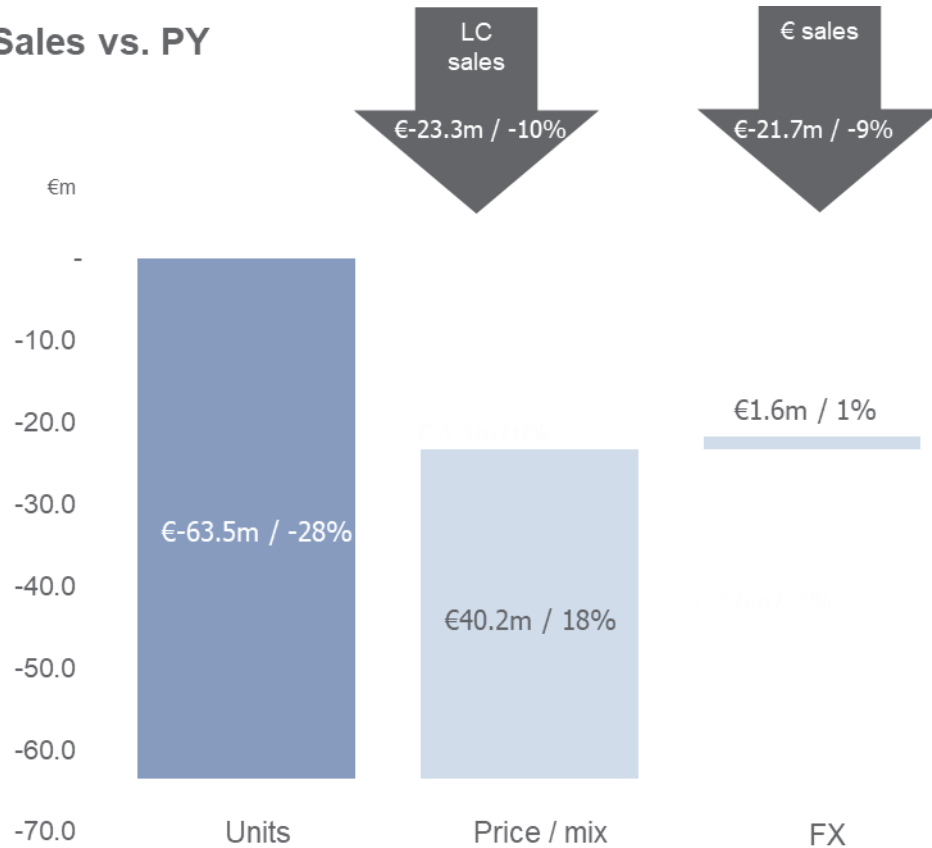
€m	Q1'23	Q1'22	% change
Sales	208.3	229.9	-9.4%
Cost of Sales	-70.6	-82.2	-14.0%
Adj. Gross profit	137.6	147.7	-6.8%
	66.1%	64.3%	
Selling and marketing expenses	-66.8	-69.5	-3.8%
Distribution and Infrastructure	-5.9	-6.1	-4.1%
Administrative expenses	-54.6	-57.7	-5.4%
Adj. Operating profit	10.3	14.4	-28.4%
	5.0%	6.3%	
Net financing costs	-14.9	-0.3	
Loss from associates, net of tax	-0.0	-0.0	215.5%
Adj. Net profit before tax	-4.6	14.2	
	-2.2%	6.2%	
Total income tax expense	-2.2	-4.3	-48.2%
Adjusted net profit	-6.8	9.9	
	-3.3%	4.3%	
Adj. EBITDA	16.8	22.1	-24.1%
Adj. EBITDA margin, %	8.1%	9.6%	

Adj. income statement Q1

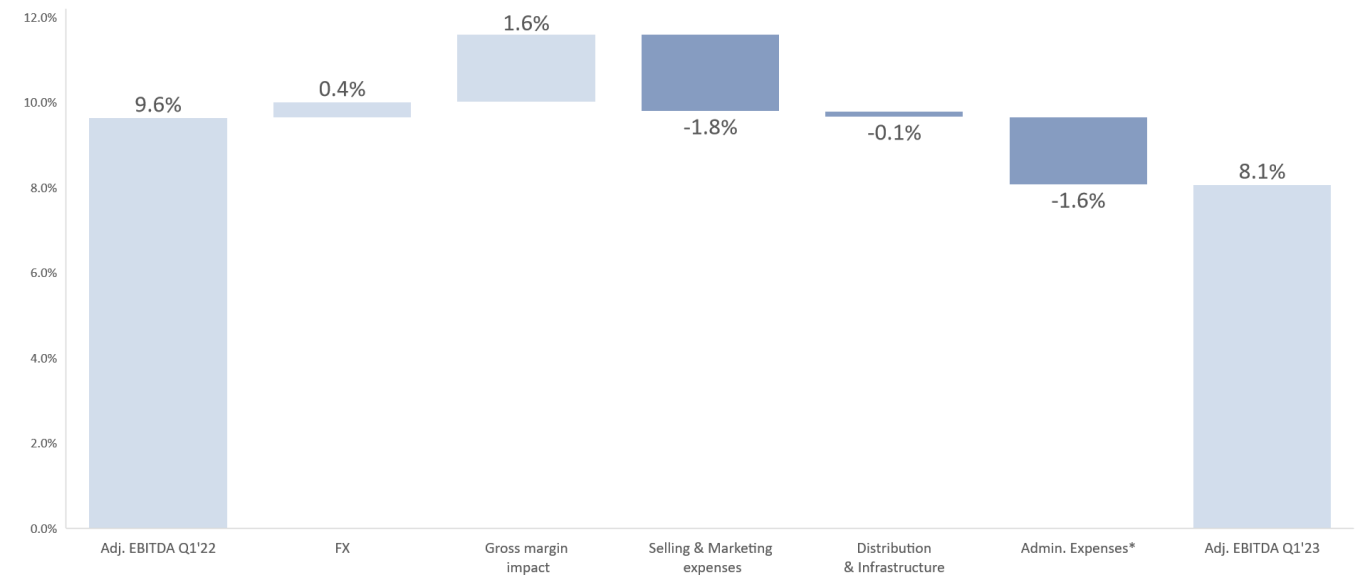
- Sales mix
 - Unit sales: -28%
 - Price/mix: 18%
- Adj. Gross margin 66.1% (64.3%)
 - Positive impacts from price increase and exchange rate more than offsetting product cost increases
- Adj. EBITDA margin 8.1% (9.6%)
- Adj. operating margin 5.0% (6.3%)
 - Higher gross margins
 - Lower administrative expenses due to savings from restructuring programs in staff and office expenses, partly offset by inflationary increases
 - Currency impact was positive 40bps
- Net financing cost income of €11.9m previous year from sale of Russian rouble forward contracts
- Adj. net profit €-6.8m (€9.9m)

Q1 sales and adjusted EBITDA analysis

Sales vs. PY

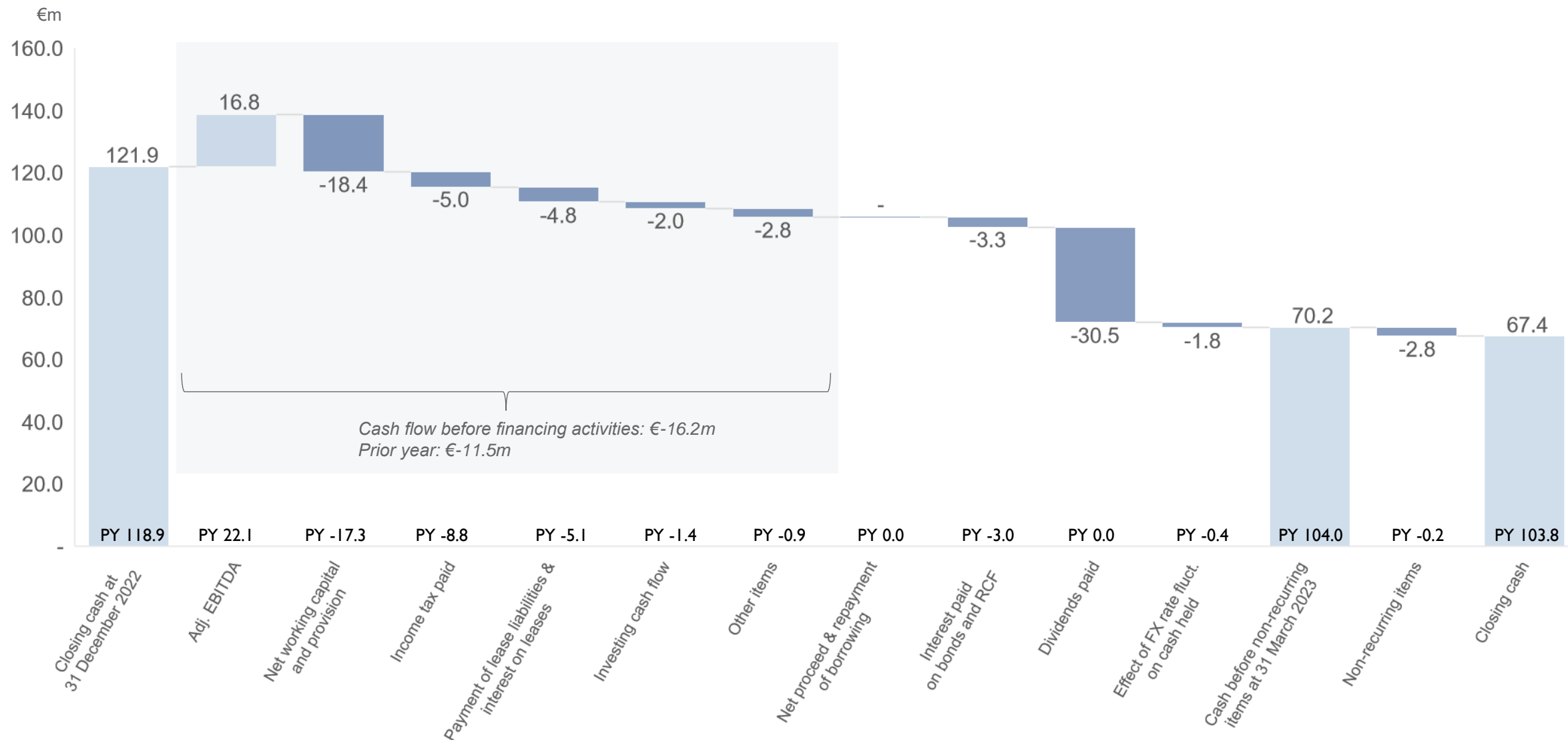


Adj. EBITDA margin vs. PY



* Administrative expenses excluding FX and depreciation & amortisation went up from deleveraging of lower sales impact. On an absolute value, the reduced by €2.0m, partly offset by inflationary increases

Cash flow development – Quarter 1, 2023



The cash before non-recurring items and closing cash balance as at 31 March 2023 include cash held for sale of €1.2 million

Funding and financial position

Refinancing

- Refinancing completed May 2021
- €250m at a rate of 4.25% + 3 month Euribor (*€200m notional swapped into fixed EUR with margin 0.14%*)
- \$550m at a rate of 5.125% (swapped € interest rate 3.53%)
- Maturity May 2026

Liquidity / Financial ratios

- Cash on balance sheet: €67.4m^{*3}
- €100.0m Revolving Facility (maturity Oct 2025): no draw down as of 31 March 2023
- Net Secured Debt ratio: 6.8 ^{*1}
- Net Secured Debt ratio at hedged value: 6.3 ^{*1}
- Adj. EBITDA LTM: €101.2m ^{*2}

€m	31 March 2023	Year end 2022
Notes ^{*1}	755.7	765.7
Revolving Facility	-	-
Total secured debt	755.7	765.7
Cash and Cash Equivalents	67.4 ^{*3}	121.9
Total Net Secured Debt	688.3	643.7
Lease liabilities ^{*1}	39.2	46.6
Total Net Debt	727.6	690.3
Total debt ^{*1}	795.0	812.3

^{*1} see appendix "Debt" and "debt ratio"

^{*2} see appendix "Adjusted EBITDA"

^{*3} including cash held for sale of €1.2 million

GOING FORWARD



Going forward

Short-term actions to regain sales momentum

- Stronger recruitment and activation initiatives
- Q2 re-launch of Novage+ skincare range
- Attention to more activity driven product segments
- Renewed focus on social gathering, meetings and conferences to boost sales
- Focus on increased usage of digital sales tools, such as eCatalogue

Ongoing focus

- Pricing up in line with inflation
- Cost reduction program implementation
- Focus on Skin Care and Wellness to drive positive product mix
- Focus on online and digital tools
- Further penetration of existing markets and enter new markets

Q&A

Appendix

- Oriflame snapshot 2022
- Net financing cost Q1 2023
- Purchase Price allocation (PPA) and non-recurring items
- Adjusted EBITDA
- Debt & Debt ratio



Oriflame snapshot 2022

An international social selling beauty company with strong Swedish attributes operating in 60+ countries*

Approximately **2.1m** Members

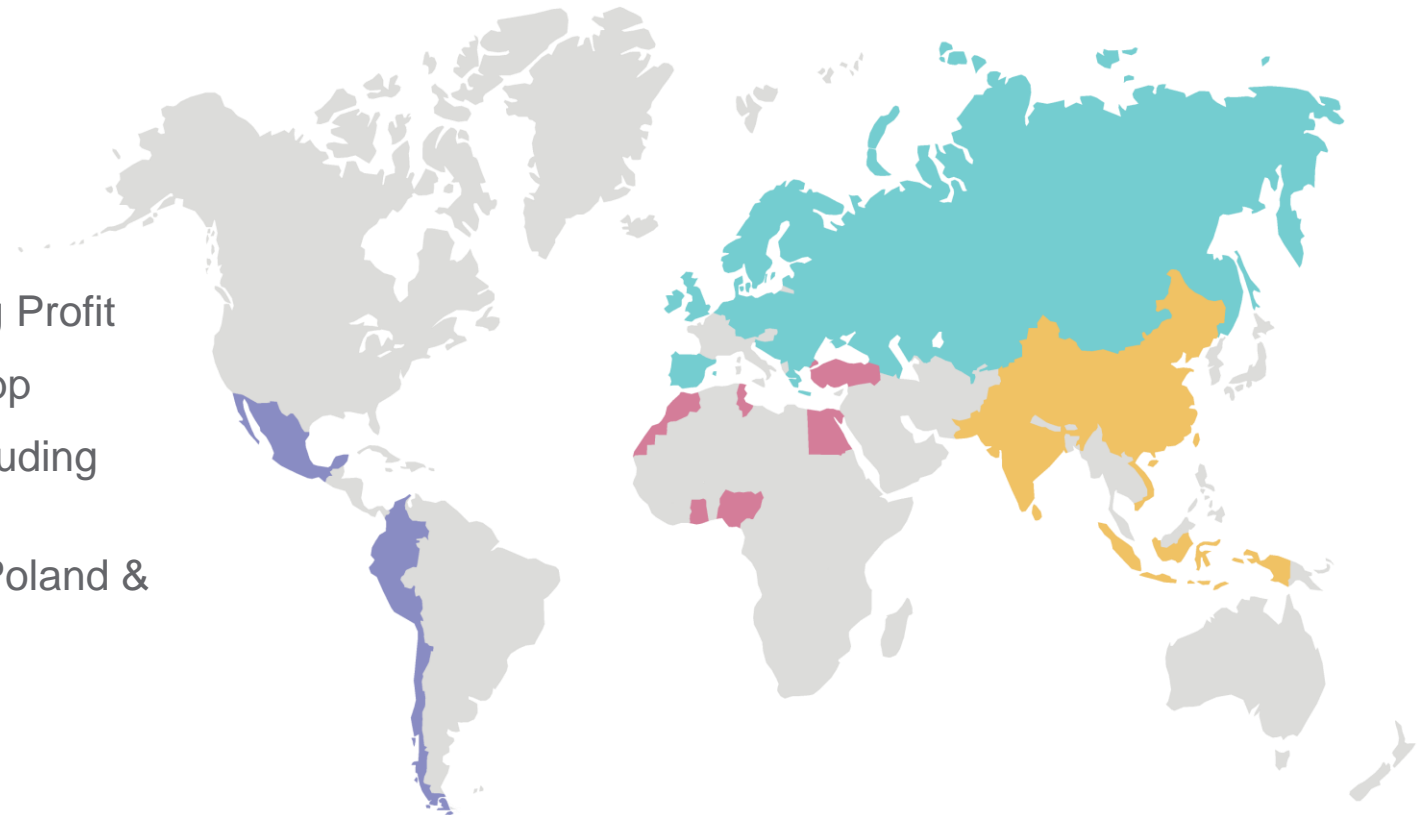
€0.9b in sales

Adj. EBITDA **€106.5m** and **€76.3m** Adj. Operating Profit

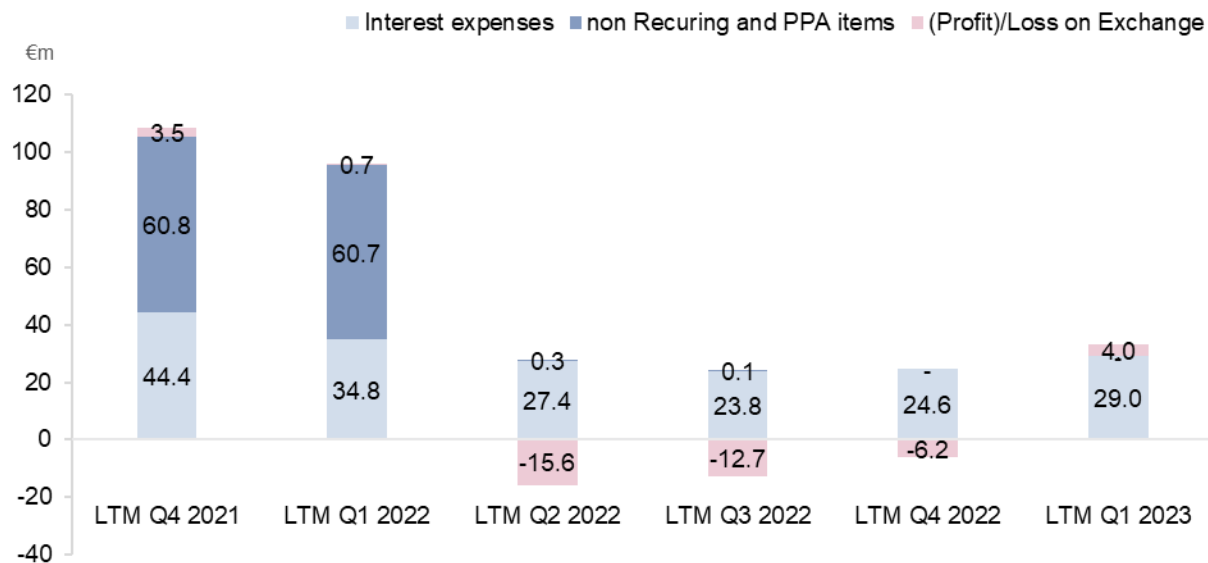
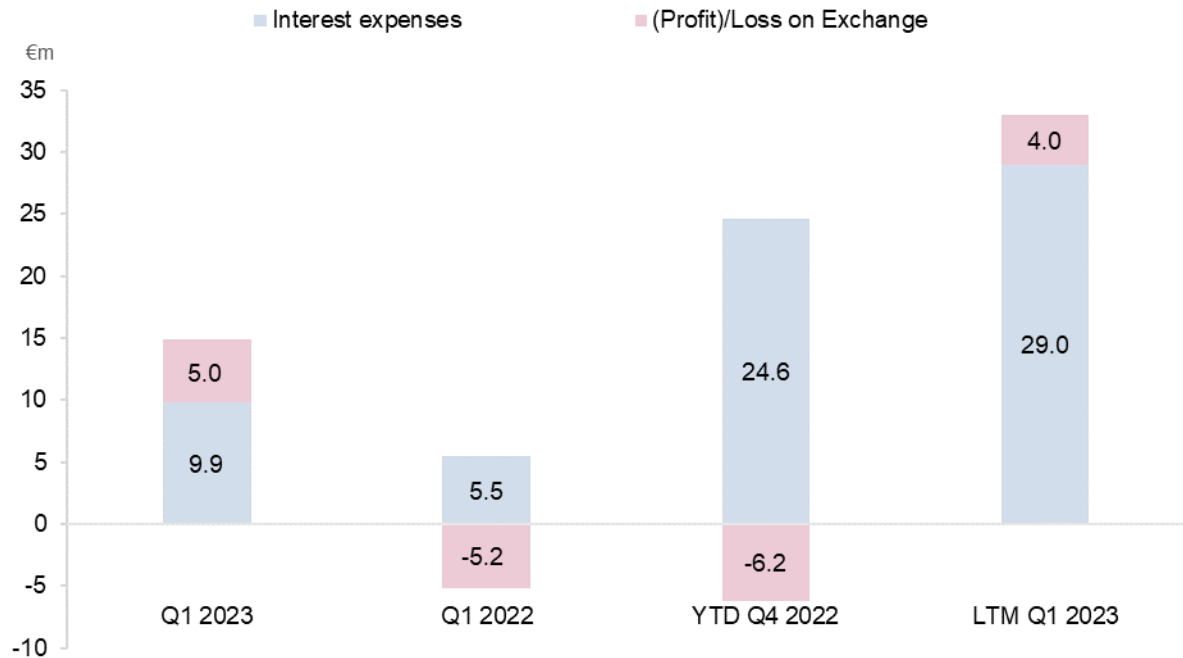
98% of orders online. Around 1 million Oriflame App

Around **1,400** beauty and wellness **products** (including approximately 200 accessories)

Founded in 1967. Manufacturing in China, India, Poland & Russia. Headquartered in UK & Switzerland



** including markets operated by franchisees*



Net financing cost Q1 2023

Net financing costs Q1

Increase of net financing costs in Q1 2023 compared to Q1 2022 due to:

- Income recognised in Q1 2022 from the sale of RUB forward contracts amounting to €11.9m
- Positive revaluation impact of interest swap derivative instruments in place for bonds prior year

Non-recurring and PPA items

LTM Q2 2021 to Q1 2022 include non-recurring items from the re-financing in Q2 2021:

- €41.3m make-whole on early repayment of the old bonds
- €19.0m write-off of capitalized front fees on the repaid old bonds

Purchase Price Allocation (PPA) and non-recurring items

Summary (€'000)	Impact on the Balance Sheet	Impact on the income statement									Comments
	2019	2019 YTD	2020 YTD	2021 YTD	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 YTD	2023 Q1	
Inventory	322.0	-308.5	-13.5	-	-	-	-	-	-	-	Consumed by Q1 2020
Customer list	14.1	-3.5	-5.3	-3.5	-	-	-	-	-	-	Depreciated over 2 years
Manufacturing know-how	37.5	-3.8	-5.6	-7.5	-1.9	-1.9	-1.9	-1.9	-7.6	-1.9	Depreciated over 5 years
Brand	546.2	-	-	-	-	-	-	-	-	-	Indefinite life time with annual impairment test
Goodwill	279.2	-	-	-	-	-	-	-18.8	-18.8	-	Impairment recognised during Q4'22
Other	4.1	0.0	0.0	0.2	-	-	-	-	-	-	IFRS 16 leases
Total PPA on EBIT		-315.8	-24.4	-10.8	-1.9	-1.9	-1.9	-20.6	-26.3	-1.9	
Financial expenses		-0.8	-0.9	-0.6	-	-	-	-	-	-	IFRS 16 leases
Total PPA on PBT		-316.6	-25.3	-11.4	-1.9	-1.9	-1.9	-20.6	-26.3	-1.9	
Tax	-139.6	72.7	5.4	1.7	0.2	0.2	0.2	0.2	0.7	0.2	Tax impact on PPA
Total PPA	1,063.4	-243.9	-19.9	-9.7	-1.7	-1.7	-1.7	-20.5	-25.5	-1.7	
NRI (net of tax)		-62.1	-8.0	-61.1	-6.8	-62.1	-2.5	-0.4	-71.8	-1.2	Restructuring / Impact from war in Ukraine / 2021 Refinancing / Employee related costs
Total PPA and NRI		-306.0	-27.9	-70.8	-8.5	-63.8	-4.2	-20.8	-97.3	-2.9	

Adjusted EBITDA

€ million	Q1'23	Q1'22	LTM Q1'23	YTD'22
Operating profit	7.0	8.6	-26.2	-24.6
Depreciation, amortisation and impairment	8.6	9.6	110.9	111.9
EBITDA	15.6	18.2	84.6	87.3
Purchase Price Allocation (PPA) items	1.9	1.9	26.3	26.3
Non-recurring items *	1.5	3.9	72.1	74.6
Amortization included in PPA	-1.9	-1.9	-7.5	-7.5
Impairment included in non-recurring items and PPA	-0.2	-	-74.3	-74.1
Adjusted EBITDA	16.8	22.1	101.2	106.5
* Non-recurring items	1.5	3.9	72.1	74.6
Impairment of property, plant and equipment	-	-	55.3	55.3
Restructuring costs	1.5	2.4	14.8	15.8
Employee related costs	-	-	2.6	2.6
Impact from the war in Ukraine	-	1.5	-0.6	0.9

Debt

€ million	31 March 2023	Year end 2022
<i>Senior Secured Notes - € 250.0 million</i>	250.0	250.0
<i>Senior Secured Notes - \$ 550.0 million</i>	505.7	515.7
Notes	755.7	765.7
RCF	-	-
Secured debt	755.7	765.7
less cash and cash equivalents	-67.4	-121.9
(a) Net Secured Debt	688.3	643.7
Hedge on Secured Debt	-48.2	-58.1
(b) Net Secured Debt at hedged value	640.1	585.6
Secured debt	755.7	765.7
<i>Lease liabilities short term</i>	12.9	13.1
<i>Lease liabilities long term</i>	26.3	33.5
Lease liabilities	39.2	46.6
Total debt	795.0	812.3
less cash and cash equivalents	-67.4	-121.9
Total Net debt	727.6	690.3

€ million	31 March 2023	Year end 2022
Net Secured debt	688.3	643.7
Adjusted EBITDA LTM	101.2	106.5
(a) Net Secured debt ratio	6.8	6.0
Net Secured debt at hedged value	640.1	585.6
Adjusted EBITDA LTM	101.2	106.5
(b) Net Secured debt ratio at hedged value	6.3	5.5

More than 50 years in, Oriflame is the choice of more than two 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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