



OCTOBER 24TH 2023 10.00 CEST

Oriflame

THIRD QUARTER 2023

Anna Malmhake, CEO
Carl Rogberg, CFO

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.

HIGHLIGHTS



Q3 highlights

Sales €161.7m (€220.0m) -26% in €, -15% in Local Currency (LC)

- Members average 1.6m (2.0m) -19%, LC productivity +6%
- All regions with Euro/LC decline except Türkiye & Africa with LC sales increase

Adjusted EBITDA €4.1m (€24.7m)

- Adjusted EBITDA margin 2.5% (11.2%)

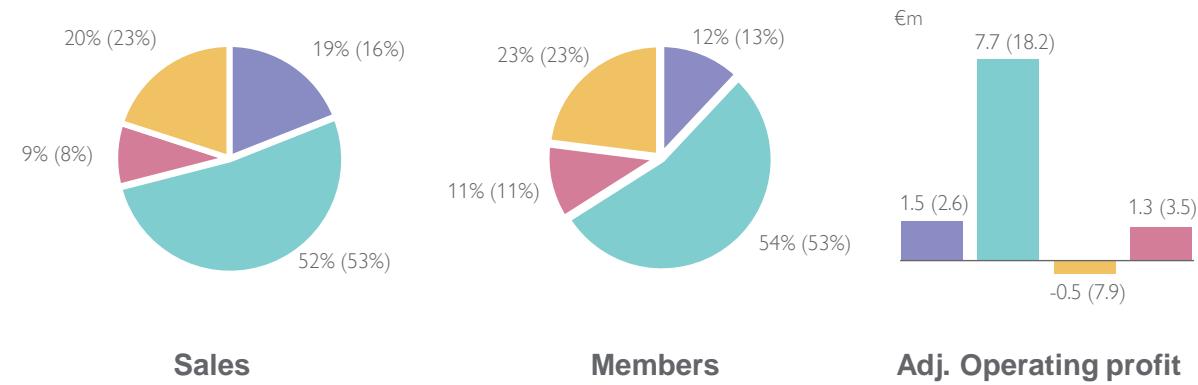
Major business transformation program being executed

- Slimmer company structure, driving speed and agility
- People cost savings €35m, net indirect spend savings 10m, still allowing for investment in marketing and tools for brand partners
- Non-recurring restructuring costs of €22.7m booked in Q3
- Dividend paid to repurchase €4.6m of management equity incentive program

Adjusted cash flow before financing €-13.9m (€23.3m)

Cross-currency interest rate swap FX sale of €12.9m to support short term liquidity

Q3 Regional overview



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

Latin America

Sales decrease in both € and local currency. Decrease is coming from less members due to weaker recruitment, partially offset by improved activity and productivity levels across the region.

Europe & CIS

Sales decreased in € and local currency. Strong devaluation of the Russian rouble affected the € sales negatively. Lower sales in local currency stems from lower number of members, partially offset by positive impact from improved productivity levels. Overall weak sales in the region. Operating margin decreased.

Asia

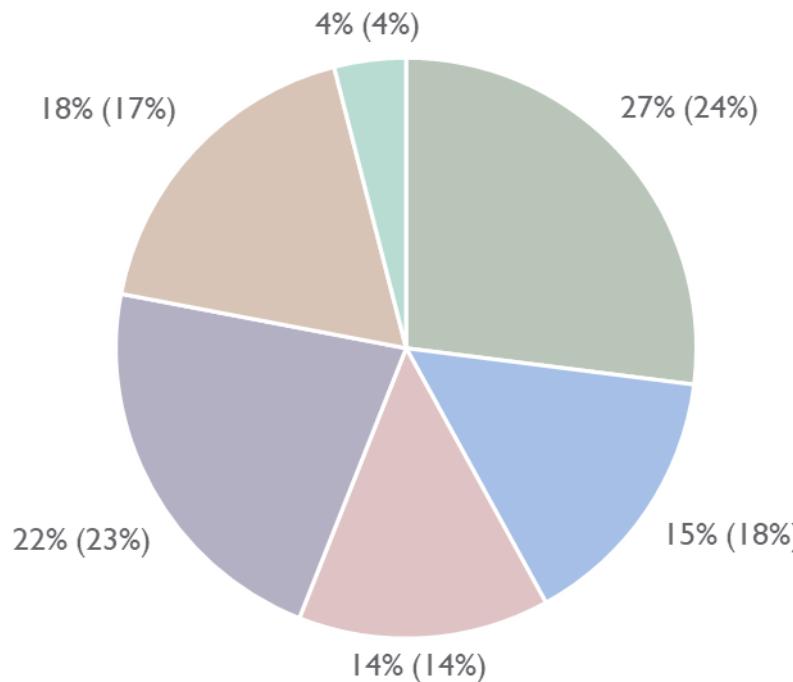
Sales drop in € and local currency due to less members and lower activity. Sales remain challenging in all major markets in Asia. Indonesia is showing signs of improvements. Operating margin decreased due to lower sales.

Türkiye & Africa

Türkiye & Africa region is experiencing high devaluation from the two major markets Türkiye and Nigeria leading to a Euro sales drop of 27%. Sales increased by 1% in local currency. Oriflame closed operations in Ghana during the quarter due to weak development.

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

Product categories Q3 2023 (Q3 2022)



Operational highlights

Brand and Innovation

Skin Care continued to lead in the quarter. The relaunch of the flagship brand Novage in Europe & CIS and Latin America remains successful. *Tender Care* was a stronger revenue contributor.

In *Wellness* the brand *Wellophilosophy* was launched to gradually replace *Wellness* by Oriflame. The new brand is building on current market trends and brings an updated image.

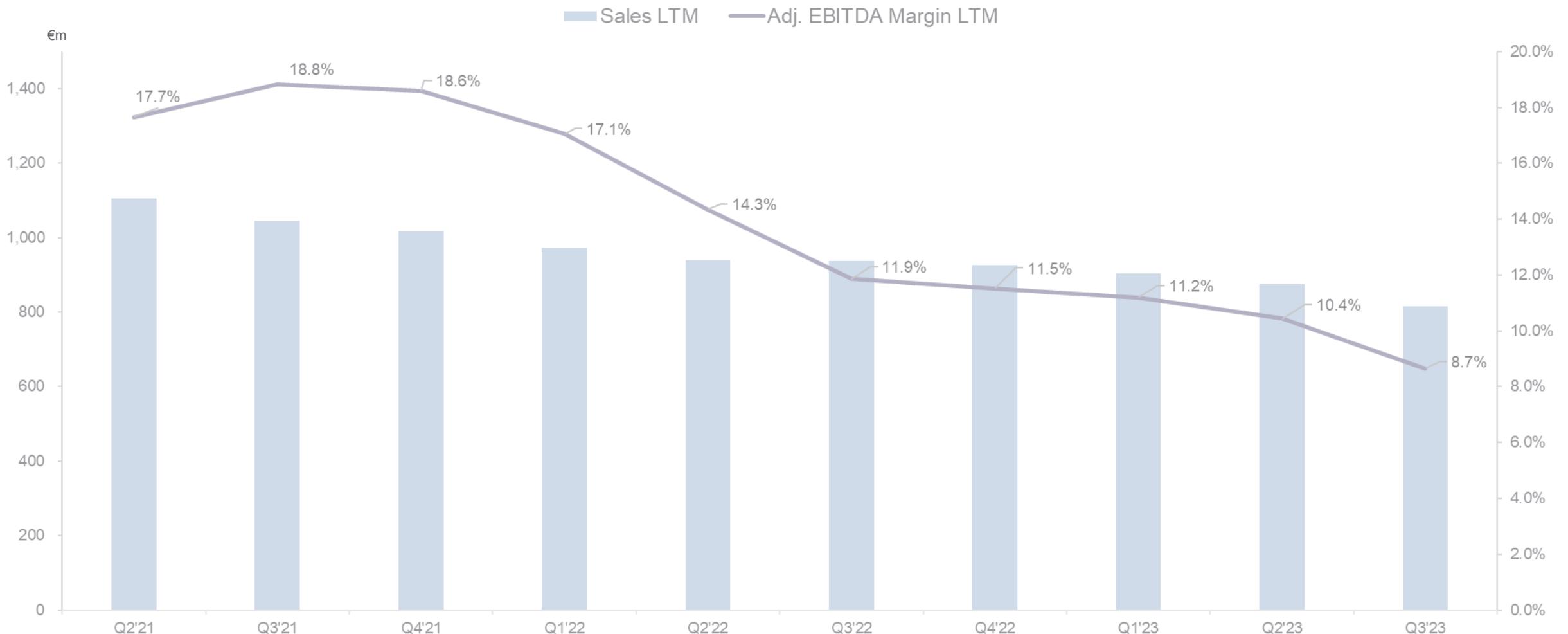
In *Colour Cosmetics* The One Wonderlash mascara range and the premium *Giordani Gold Age Defying Serum Boost* range continued to be top products.

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

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

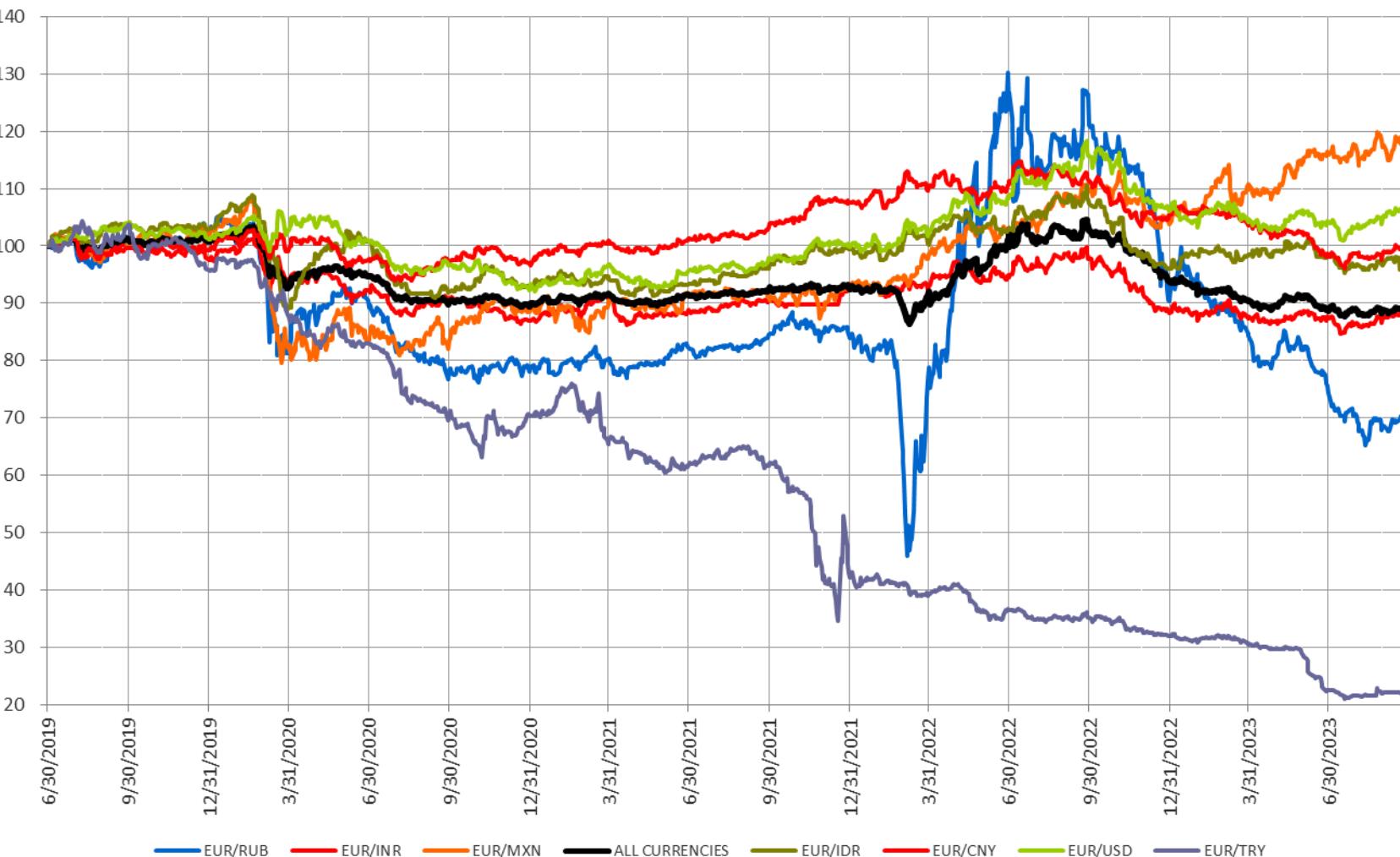
FINANCIALS

LTM Sales & adj. EBITDA Margin LTM



Group Currencies Impact (on Sales) – Q3 2023

Since July 2019



- All major currencies continued to be weak against the Euro versus prior year and in particular the Russian Rouble and Turkish Lira.
- Impact on adjusted operating profit was negative 420bps for the quarter and -170bps year to date.
- 2023 FX Impact overview

Impact on:	Q1 Act	Q2 Act	Q3 Act	YTD Act
- Sales, around	+1%	-7%	-11%	-6%
- Adj. OP – approx. (bps)	+40	-200	-420	-170

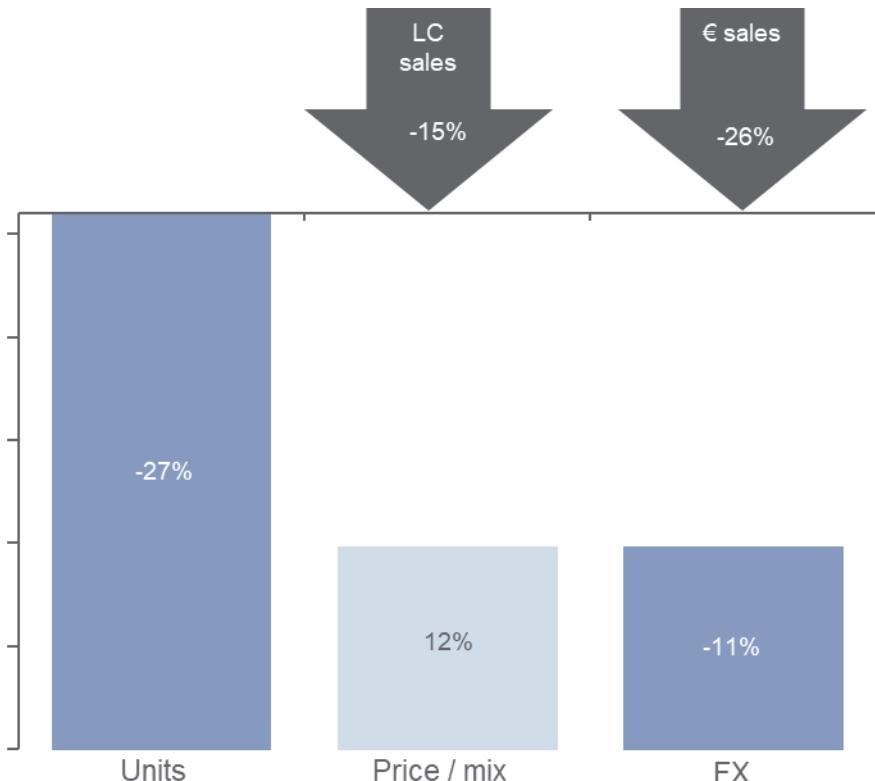
€m	Q3'23	Q3'22	% change
Sales	161.7	220.0	-26.5%
Cost of Sales	-55.4	-72.6	-23.7%
	-34.3%	-33.0%	
Adj. Gross profit	106.3	147.3	-27.9%
	65.7%	67.0%	
Selling and marketing expenses	-51.7	-67.1	-22.9%
	-32.0%	-30.5%	
Distribution and Infrastructure	-5.3	-6.5	-18.3%
	-3.3%	-2.9%	
Administrative expenses	-51.0	-56.6	-9.9%
	-31.5%	-25.7%	
Adj. Operating profit / loss (-)	-1.7	17.2	
	-1.1%	7.8%	
Net financing costs	-50.3	-8.1	523.1%
	-31.1%	-3.7%	
Net gain on disposal of a subsidiary	-0.0	-	
	0.0%	0.0%	
Loss from associates, net of tax	-0.0	-0.0	
	0.0%	0.0%	
Adj. profit / loss (-) before tax	-52.1	9.1	
	-32.2%	4.1%	
Total income tax expense	-2.1	-4.0	-46.6%
	-1.3%	-1.8%	
Adj. net profit / loss (-)	-54.2	5.2	
	-33.5%	2.3%	
Adj. EBITDA	4.1	24.7	-83.4%
	2.5%	11.2%	

Adj. income statement Q3

- Sales
 - Unit sales -27%
 - Price/mix 12%
 - FX impact -11%
 - EUR sales -26%**
- Adj. Gross margin 65.7% (67.0%). Positive impacts from price increase offset by devaluations, product cost inflation and a one off positive effect prior year from VAT provision reversal.
- As a % of sales, higher selling and marketing expenses due to timing of certain marketing campaigns and increased bad debt provisions in Latin America.
- €5.6m lower administrative expenses due to savings from restructuring programs in staff and office expenses and weaker local currencies partially offset by high inflation on salaries.
- Adj. operating margin -1.1% (7.8%)
 - Currency impact was negative 420bps
- The negative variance in net financing costs is mainly a result of the USD Cross Currency Interest Rate Swap sale resulting in a €37.2m loss on exchange rate where the €12.9m realised FX gain on the swap sale is offset by a negative unrealised FX loss of €50.1m (due to unhedged USD bond position).
- Adj. net loss €-54.2m (€5.2m net profit)
- Adj. EBITDA margin 2.5% (11.2%)

Q3 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.
In absolute value they decreased partially offset by higher inflation

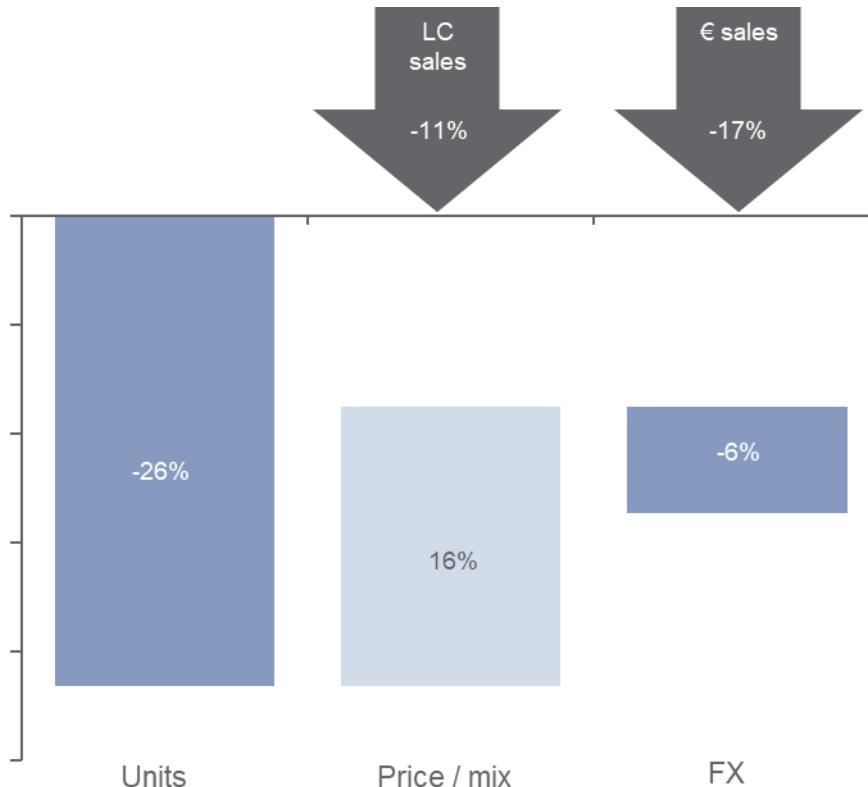
€m	YTD'23	YTD'22	% change
Sales	551.9	661.0	-16.5%
Cost of Sales	-183.5	-223.3	-17.8%
	-33.3%	-33.8%	
Adj. Gross profit	368.3	437.7	-15.8%
	66.7%	66.2%	
Selling and marketing expenses	-177.2	-200.5	-11.6%
	-32.1%	-30.3%	
Distribution and Infrastructure	-16.3	-18.4	-11.3%
	-3.0%	-2.8%	
Administrative expenses	-160.2	-172.9	-7.3%
	-29.0%	-26.2%	
Adj. Operating profit	14.5	45.9	-68.3%
	2.6%	6.9%	
Net financing costs	-77.3	-0.2	
	-14.0%	0.0%	
Net gain on disposal of a subsidiary	8.0	-	
	1.5%	0.0%	
Loss from associates, net of tax	-0.0	-0.0	
	0.0%	0.0%	
Adj. profit / loss (-) before tax	-54.8	45.7	
	-9.9%	6.9%	
Total income tax expense	-7.5	-14.6	-48.8%
	-1.4%	-2.2%	
Adj. net profit / loss (-)	-62.2	31.1	
	-11.3%	4.7%	
Adj. EBITDA	32.8	68.7	-52.2%
	5.9%	10.4%	

Adj. income statement YTD

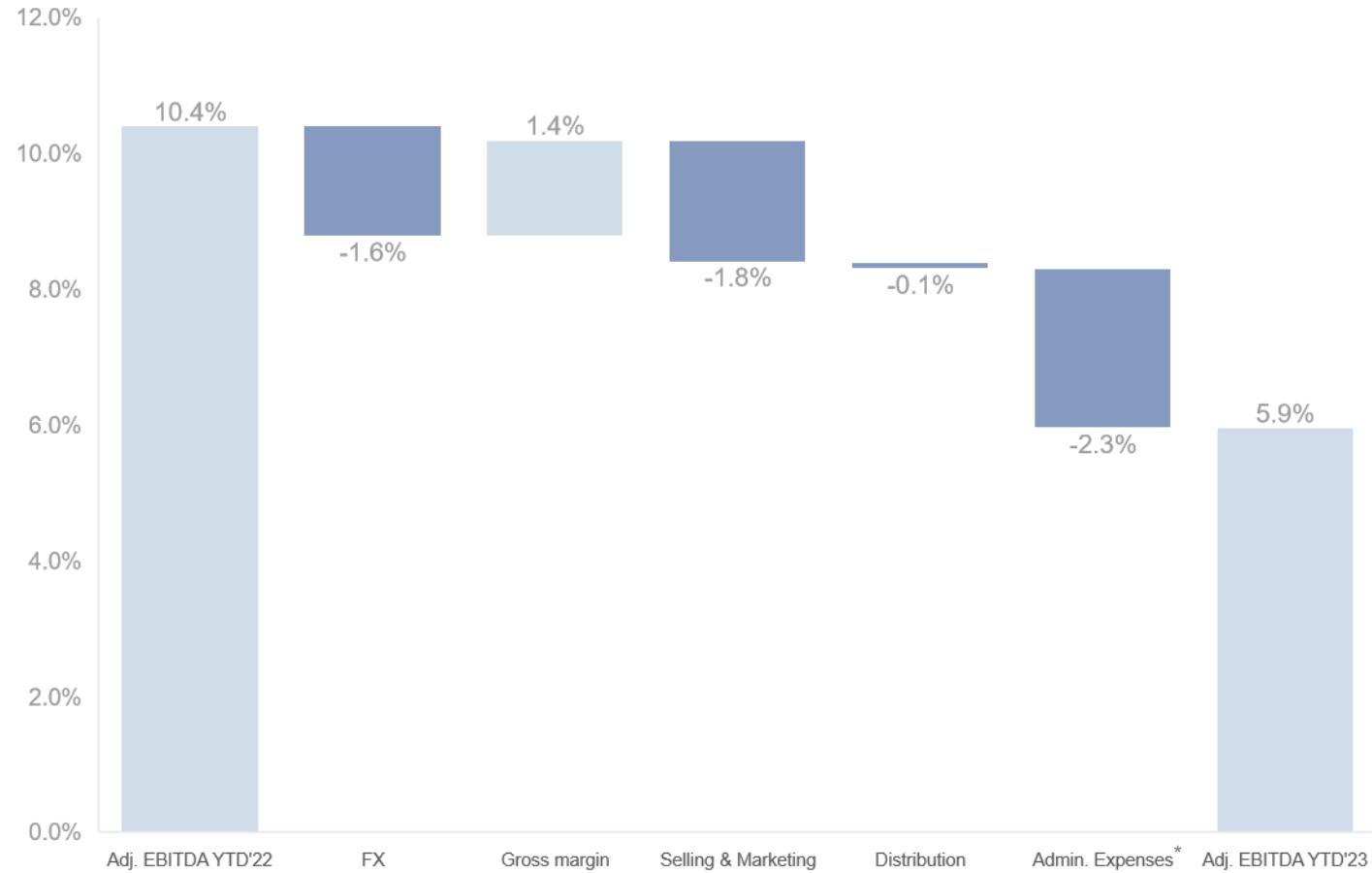
- Sales
 - Unit sales -26%
 - Price/mix 16%
 - FX impact -6%
 - EUR sales -17%**
- Adj. Gross margin 66.7% (66.2%) with positive impacts from price increase partially offset by negative impacts on exchange rate and product cost inflation.
- As a % of sales, higher selling and marketing expenses from restarted higher activities for seminars and conferences which were low in the first half of 2022.
- Lower administrative expenses due to savings from restructuring programs and exchange rate effects, partly offset by high inflationary pressure on salaries.
- Adj. operating margin 2.6% (6.9%)
 - Currency impact was negative 170bps
- Net financing costs negatively impacted by the result of the USD Cross Currency Interest Rate Swap sale resulting in a €37.2m net FX loss. PY was strongly positively impacted from gains on foreign exchange and sale of Russian Rouble forward contracts.
- Net gain on disposal from Cetes Russia manufacturing site sale
- Adj. net loss €-62.2m (€31.1m net profit)
- Adj. EBITDA margin 5.9% (10.4%)

YTD sales and adjusted EBITDA analysis

Sales vs. PY

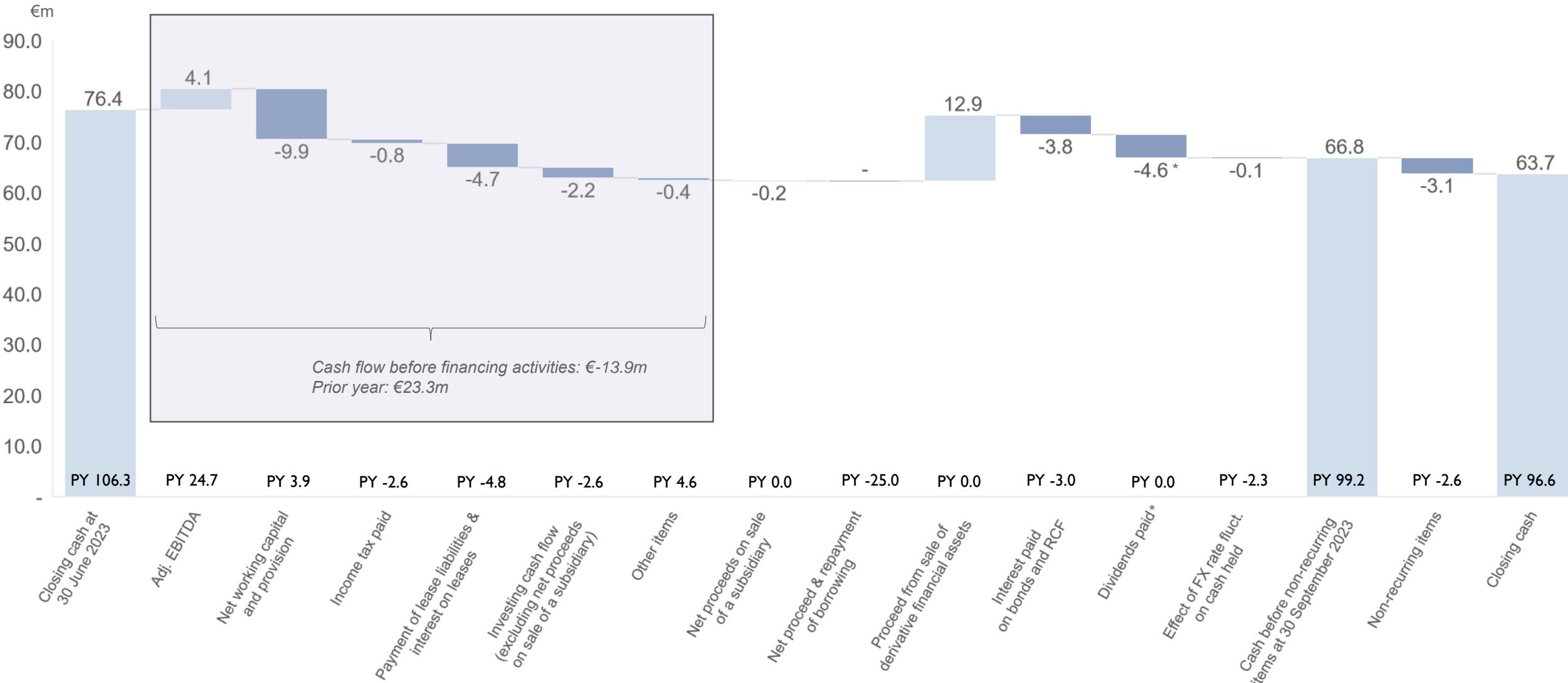


Adj. EBITDA margin vs. PY



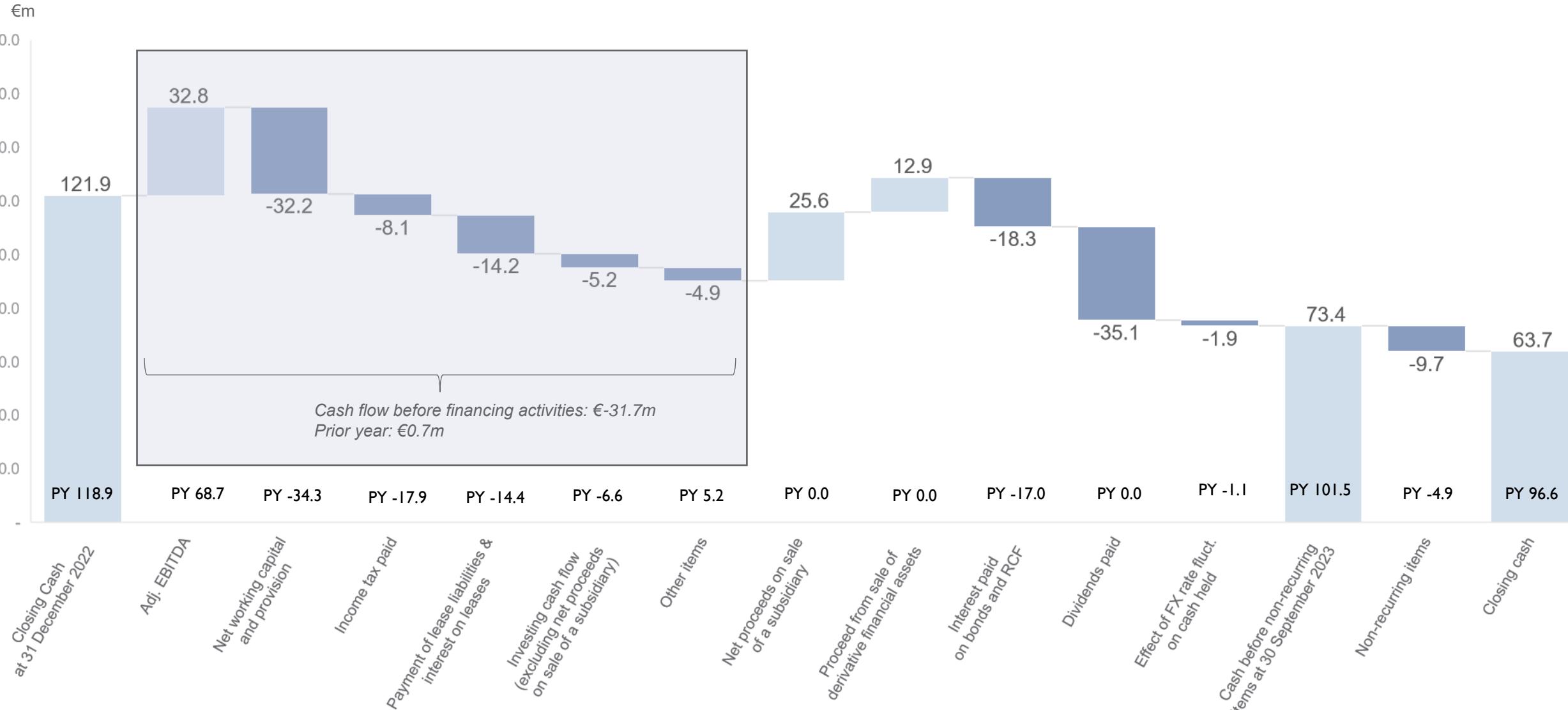
* Administrative expenses excluding FX and depreciation & amortisation went up from deleveraging of lower sales impact.
In absolute value they decreased with partial offset from higher inflation

Q3 Cash flow development



* Dividend paid to repurchase €4.6m of management equity incentive program

YTD Cash flow development



€m	30 September 2023	Year-end 2022
Notes *1	769.2	765.7
Revolving Facility	-	-
Total secured debt	769.2	765.7
 Cash and Cash Equivalents	 63.7	 121.9
 Total Net Secured Debt	 705.4	 643.7
Lease liabilities *1	34.4	46.6
 Total Net Debt	 739.8	 690.3
 Total debt *1	 803.6	 812.3

Funding and financial position

Refinancing

- Refinancing completed May 2021
- €250m at a rate of 4.25% + 3-month Euribor (*€150m 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: €63.7m
- €100.0m Revolving Facility (maturity Oct 2025): no draw down as of 30 September 2023
- Net Secured Debt ratio: 10.0 *1
- Adj. EBITDA LTM: €70.7m *2

*1 see appendix "Debt and debt ratio"

*2 see appendix "Adjusted EBITDA"

GOING FORWARD



Transformation journey has started

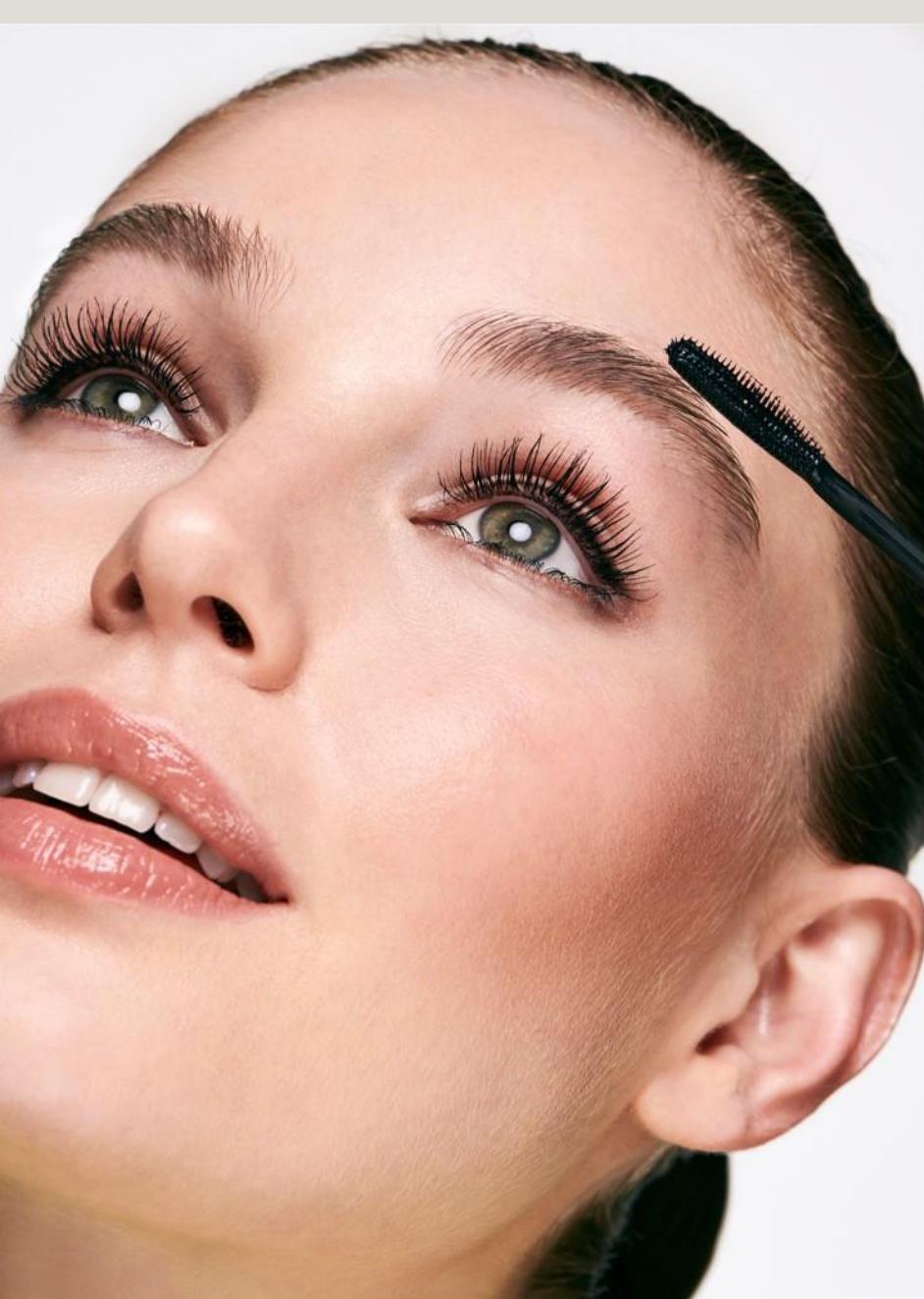
Several initiatives are ongoing to address the challenges

- **New Operating model**
- **Restructuring and savings programme**
- **Launch of the Beauty Community Model**
 - a new digitally enabled compensation model for Members and Brand Partners
- **Simplification and segmentation of the portfolio**
 - adjusted to market needs and purchasing power
- **Brand & marketing investments**
 - bring back to help Brand Partners promote Oriflame

New Operating Model

Market Categorisation into Lead, Scale, Venture and Incubation Markets

	Lead Market	Scale Market	Venture Market	Incubation Market
Strategic Role	In-market decision making under global guidance / strategic direction.	Focused on sales, brand partner recruitment & activation, local marketing execution and some choice of product portfolio	Focused on sales & brand partner recruitment / activation	One strategic market with additional resource; reports directly to CEO to test new digital-first approach
Markets	China, Mexico, Poland, India, Turkey	Romania, Portugal, Czechia, Ukraine, Vietnam, Indonesia, Uzbekistan, Kazakhstan, Nigeria, Morocco, Peru	All others	UK
Russia and Belarus – run stand-alone – under Lead Market Poland				



Savings & Restructuring Program

- Restructuring of organisation – introducing new operating model
- New organisation effective October 1st
- Savings program leading to:
 - Staff saving of €35m
 - Indirect costs of €10m (net of investments)
 - Working Capital benefits coming from inventory reduction, credit fees and payment term extensions



Beauty Community Model

- New mechanics
- Ongoing roll-out since April 2023 – launched in 13 markets to date
- Significant improvement in recruitment rate versus reference markets

NOVAGE⁺



WELLOSO PHYTM



Beauty
Categories



Simplification and segmentation of the portfolio

- Reduced newness but with improved productivity – focus on 4 mega launches per year with new go-to-market strategy
- Ongoing analysis of portfolio – 15 quick wins identified
- Portfolio Segmentation to adjust portfolio to local consumer needs and purchasing power

Brand & Marketing Investments

- Our Brand Partners are our key marketing channel, but they need support
- Low investments in marketing during the past years, directly correlated to sales
- Brand and marketing initiatives planned for Q1 2024 and on – test in 3 pilot markets



Q&A

Appendix

- Oriflame snapshot 2022
- 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

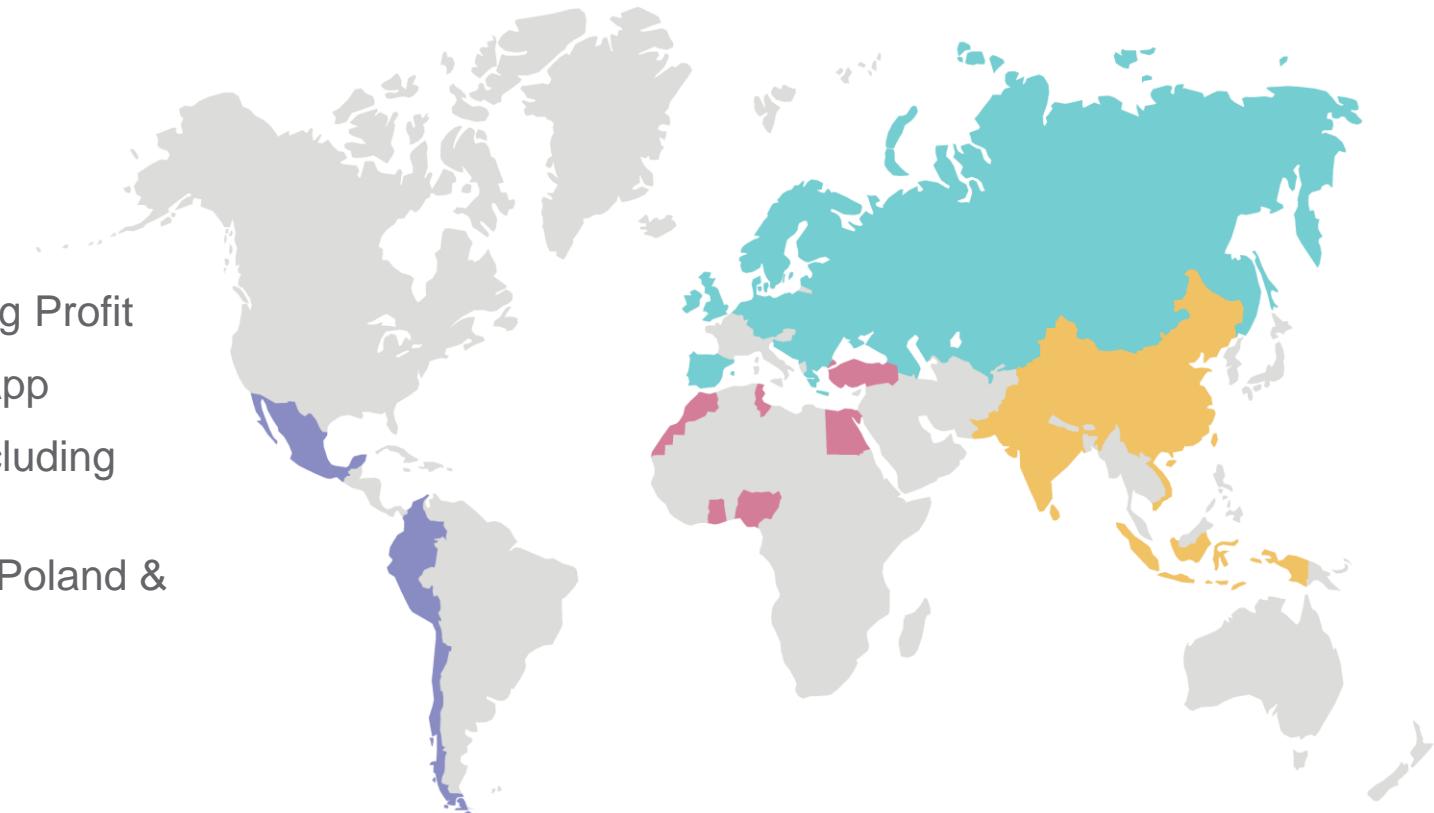
€0.9b in sales

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

Purchase Price Allocation (PPA) and non-recurring items

PPA Summary (M €)	BS Impact	P&L Impact								Comments
		2019	2019	2020	2021	2022	Q1'23	Q2'23	Q3'23	2023
Inventory	322.0	-308.5	-13.5	-	-	-	-	-	-	Consumed by Q1 2020
Customer list	14.1	-3.5	-7.0	-3.5	-	-	-	-	-	Depreciated over 2 years
Manufacturing know-how	37.5	-3.8	-7.5	-7.5	-7.5	-1.9	-1.9	-1.9	-5.6	Depreciated over 5 years
Brand	546.2	-	-	-	-	-	-	-	-	indefinite life time with annual impairment test
Goodwill	279.2	-	-	-	-18.8	-	-	-	-	Impairment recognised during Q4'22
Other	4.1	0.0	-0.1	0.2	-	-	-	-	-	Software and Right-of-use assets
Total PPA on EBIT		-315.8	-28.1	-10.8	-26.3	-1.9	-1.9	-1.9	-5.6	IFRS 16 leases
Financial expenses		-0.8	-1.2	-0.6	-	-	-	-	-	
Total PPA on PBT		-316.6	-29.2	-11.4	-26.3	-1.9	-1.9	-1.9	-5.6	
Tax	-135.4	72.7	6.1	1.7	0.7	0.2	0.2	0.2	0.5	
Total PPA	1,067.6	-243.9	-23.1	-9.7	-25.5	-1.7	-1.7	-1.7	-5.1	
Non-recurring Items		-16.6	-10.1	-61.1	-74.5	-1.5	-3.4	-20.3	-25.2	Restructuring / Impact from war in Ukraine / 2021
Tax on non-recurring items		-	2.1	-	2.8	0.3	0.6	1.1	1.9	Refinancing / Impairment / staff related costs
Total PPA and non-recurring items		-260.6	-31.1	-70.8	-97.3	-2.9	-4.5	-20.9	-28.4	

Adjusted EBITDA

€ million	Q3'23	Q3'22	YTD Q3'23	YTD Q3'22	LTM Q3'23	Year end 2022
Operating profit	-23.9	12.8	-16.3	-30.7	-10.2	-24.6
Depreciation, amortisation and impairment	8.0	9.4	24.7	83.8	52.7	111.9
EBITDA	-15.9	22.3	8.3	53.1	42.5	87.3
Purchase Price Allocation (PPA) items	1.9	1.9	5.6	5.6	26.3	26.3
Non-recurring items (NRI) *	20.3	2.5	25.2	70.9	28.8	74.6
Amortisation and impairment included in PPA & NRI	-2.2	-1.9	-6.3	-60.9	-27.0	-81.6
Adjusted EBITDA	4.1	24.7	32.8	68.7	70.7	106.5
<i>* Total Non-recurring items</i>	<i>20.3</i>	<i>2.5</i>	<i>25.2</i>	<i>70.9</i>	<i>28.8</i>	<i>74.6</i>
<i>- Impairment of property, plant and equipment</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>55.3</i>	<i>-</i>	<i>55.3</i>
<i>- Restructuring costs and employee related costs</i>	<i>20.3</i>	<i>2.5</i>	<i>25.2</i>	<i>14.3</i>	<i>29.3</i>	<i>18.4</i>
<i>- Impact from the war in Ukraine</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1.3</i>	<i>-0.4</i>	<i>0.9</i>

Debt & Debt ratio

€ million	30 September 2023	Year end 2022	€ million	30 September 2023	Year end 2022
<i>Senior Secured Notes - € 250.0 million</i>	250.0	250.0	Net Secured debt	705.4	643.7
<i>Senior Secured Notes - \$ 550.0 million</i>	519.2	515.7	Adjusted EBITDA LTM	70.7	106.5
Notes	769.2	765.7	Net Secured debt ratio	10.0	6.0
RCF	-	-			
Secured debt	769.2	765.7			
less cash and cash equivalents	-63.7	-121.9			
Net Secured Debt	705.4	643.7			
Secured debt	769.2	765.7			
<i>Lease liabilities short term</i>	11.4	13.1			
<i>Lease liabilities long term</i>	23.0	33.5			
Lease liabilities	34.4	46.6			
Total debt	803.6	812.3			
less cash and cash equivalents	-63.7	-121.9			
Total Net debt	739.8	690.3			

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.

