

29th August 2024

Oriflame

SECOND QUARTER 2024

Anna Malmhake, CEO

Carl Rogberg, CFO

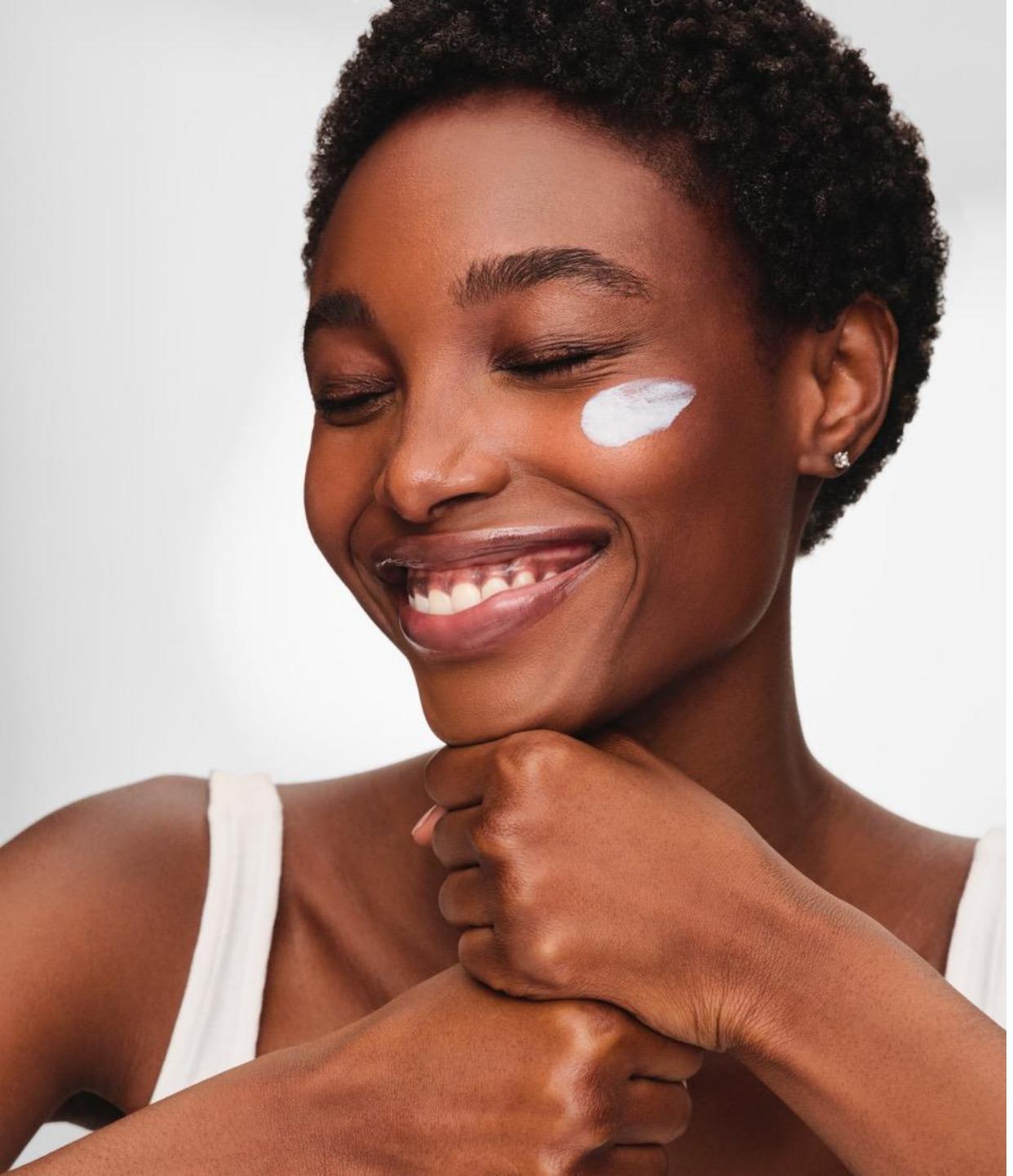
ORIFLAME  
— SWEDEN —

# 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.



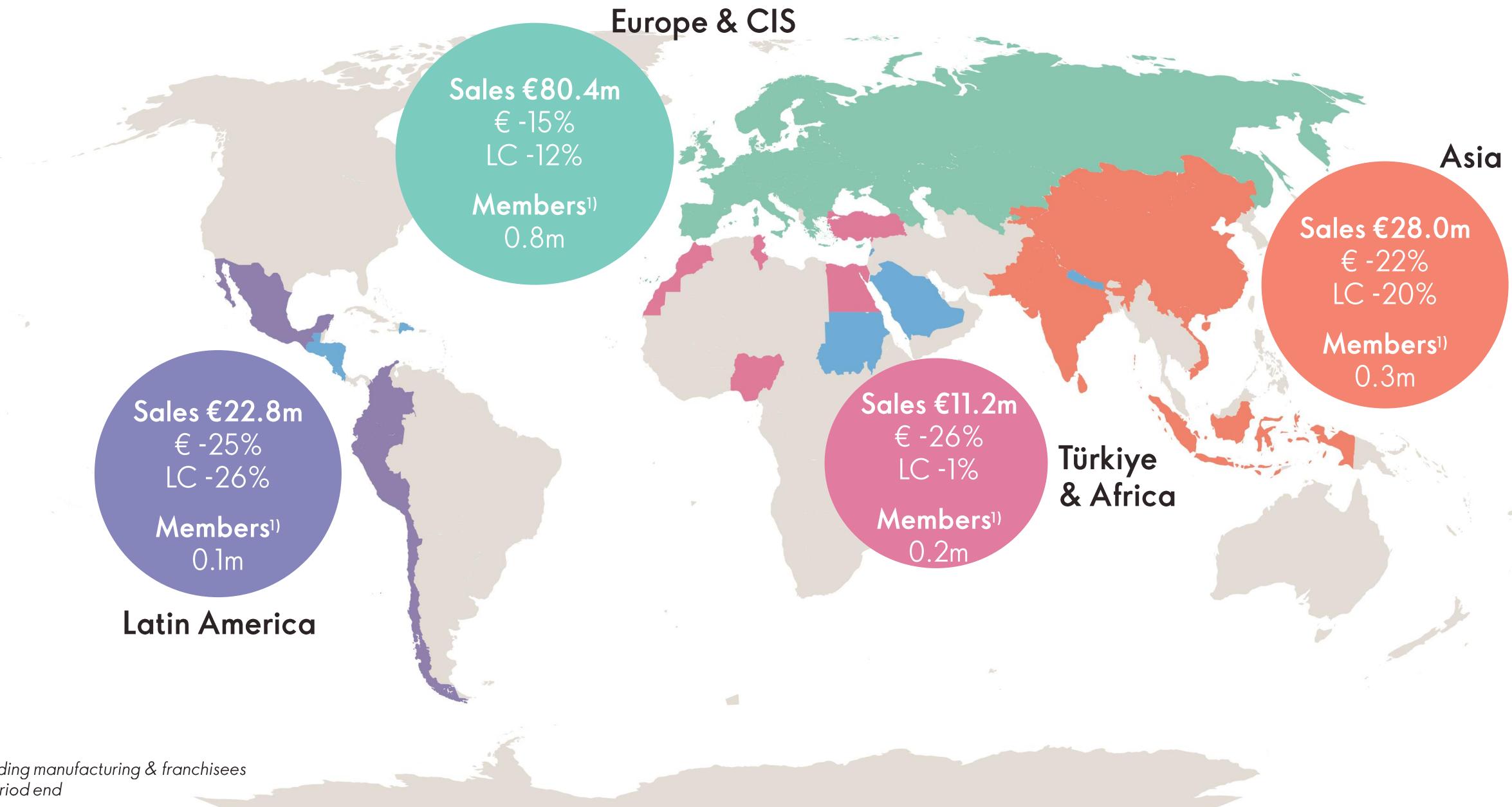
# HIGHLIGHTS



## Q2 highlights

- **Sales** €148.2m (€181.9m) -19% in €, -15% in LC
  - Members average 1.4m (1.7m) -14%
  - FX -4%
- **Gross Margin: 66.9% (68.4%)**
  - Margin improvement versus Q1 which ended at 64.9%
  - Negatively impacted by FX rates movements (-90bps) and higher than anticipated discounts to liquidate excess stock
  - Partial positive offset by price increase impacts
- **EBITDA** €6.0m (€11.9m)
  - Adjusted EBITDA margin 4.0% (6.6%)
  - Half of the margin drop is related to foreign exchange impact
  - Adjusted administrative expenses reduced by €9.7m (-17.7%)
- **Adjusted cash flow before financing** €-2.8m (€-1.7m)
  - Cash balance: €78.3m versus €57.3m at prior quarter end
  - Remaining interest rate swaps sold for a total of €24.0m
  - Working capital: minor working capital movement of €-0.9m versus negative movement in the same quarter PY (€-3.8m)
  - RCF was drawn down at end of the quarter by €15.5m

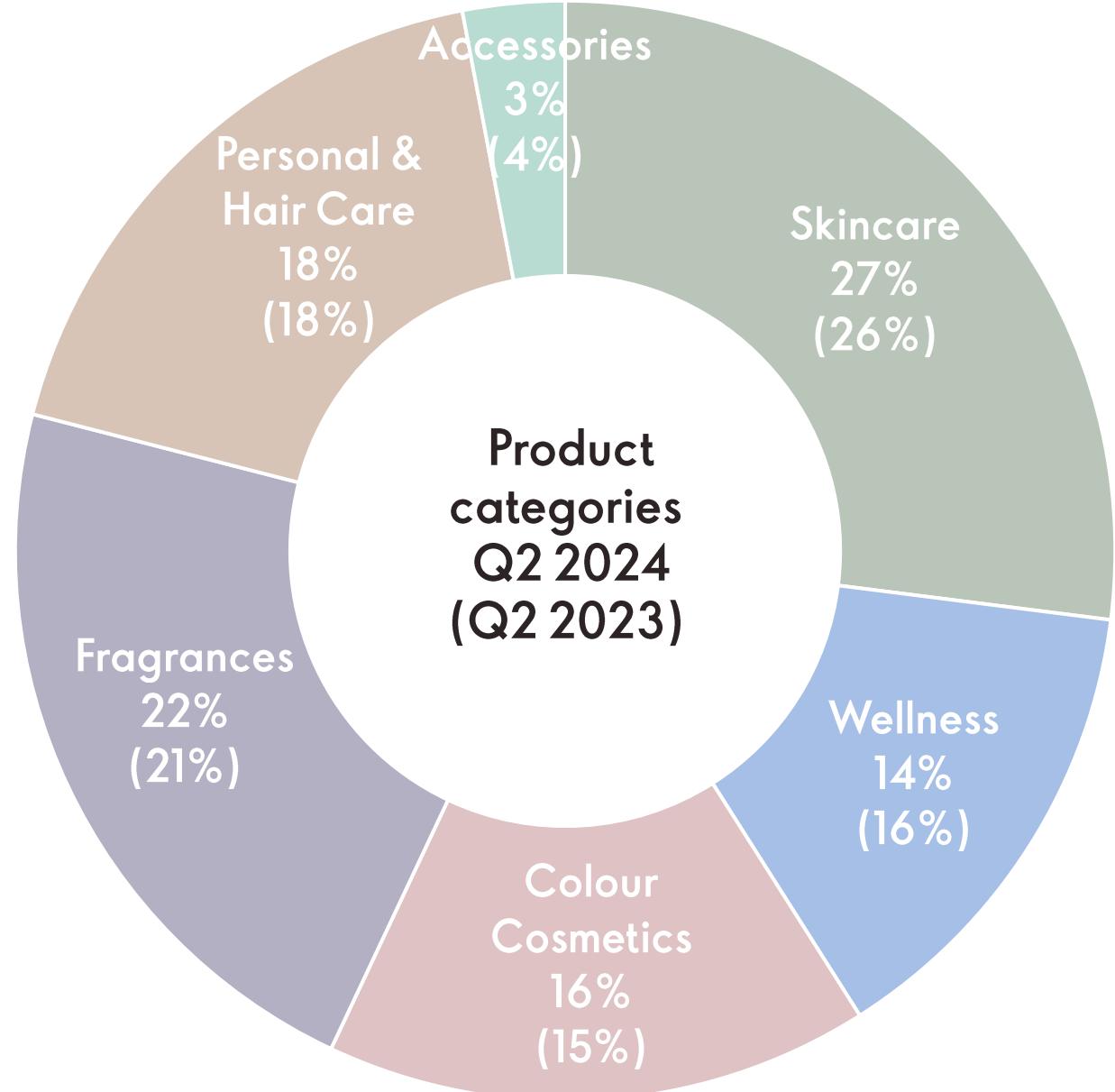
# Q2 Geographic overview\*



## Operational highlights

### Category development

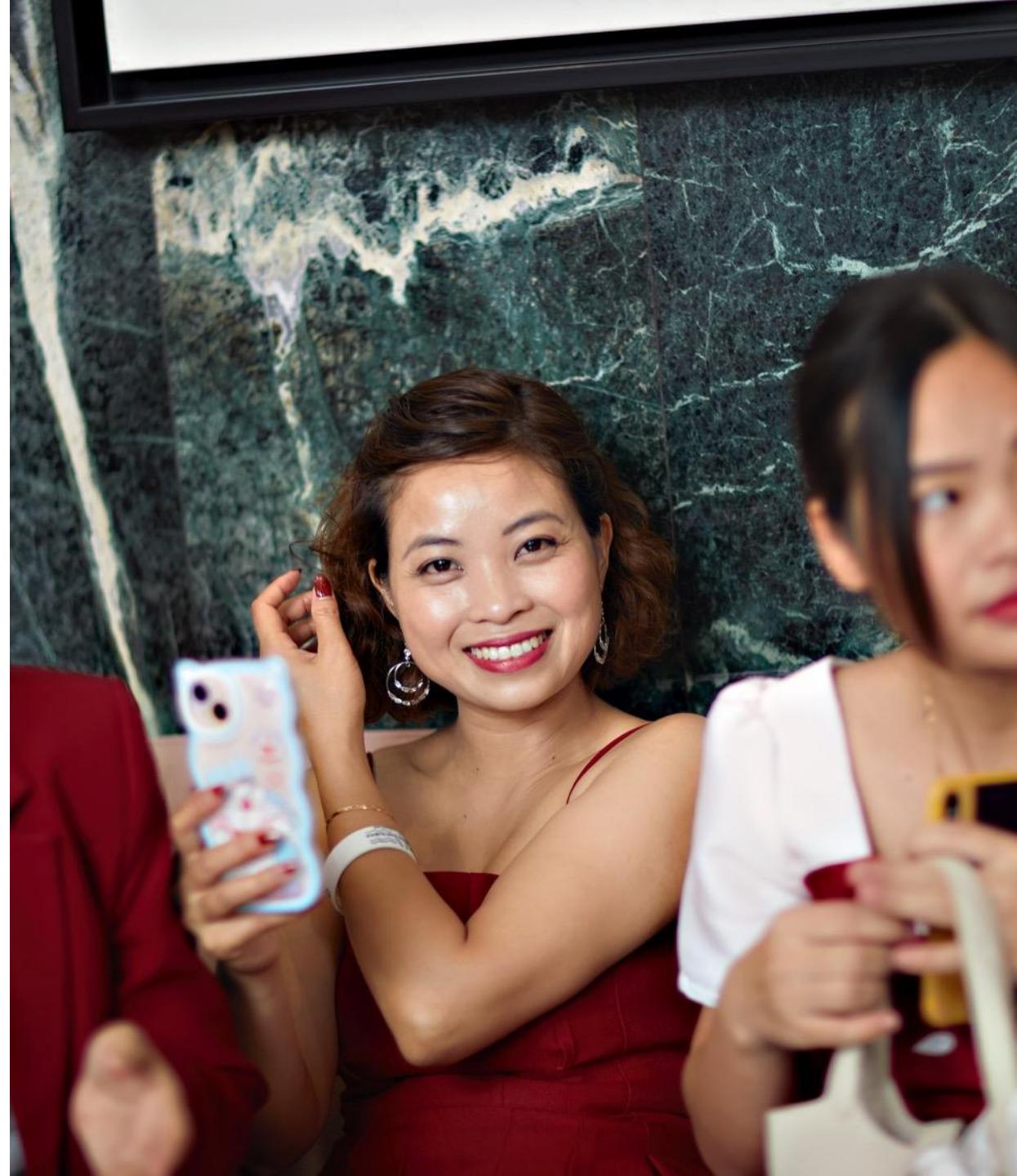
- Skin Care was driven by Novage+ and with Royal Velvet and Diamond Cellular growing in Europe and CIS
- Wellness Pack continued to be the best seller in the category, followed by Astaxanthin and Omega 3
- Within Fragrances the launches of Nordic Waters Infinite Blue, Oh Sweet! Mango, Whispers of Me and Volare contributed positively to the results
- Hair Care cycling the strong launch of Duologi last year



# Operational highlights

## Digital

- More than 99% of all orders were placed through the website or mobile app. Focus was on implementation and promotion of social selling features on global scale
- The key activities included:
  - Continued development and rollout of the Beauty Community Model
  - Preparations for digital tools and services to support the new European markets
- As part of the social selling focus:
  - A gamification initiative was launched
  - The Oriflame Sharing App was further rolled out
- Focus continued on finding opportunities to simplify and automate processes using AI tools and capabilities.



# Operational Highlights

## Sustainability

- Oriflame published its 2023 Sustainability Report
- Oriflame actioned external reporting including Roundtable on Sustainable Palm Oil (RSPO), Annual Communication of Progress (ACOP), UN Global Compact, and are preparing Carbon Disclosure Project (CDP) data
- In Q2 Oriflame was acknowledged as Climate leader in Europe for the 4th year in a row (by Financial Times and Statista)
- A double materiality assessment in line with Corporate Sustainability Reporting Directive (CSRD) is under way
- Examples of products with sustainability profile that were launched:
  - Face and lip products in the Giordani Gold range, certified with The Vegan Society™
  - Novage+ Intense Nourishment Facial Oil Capsules with plant-based biodegradable capsules

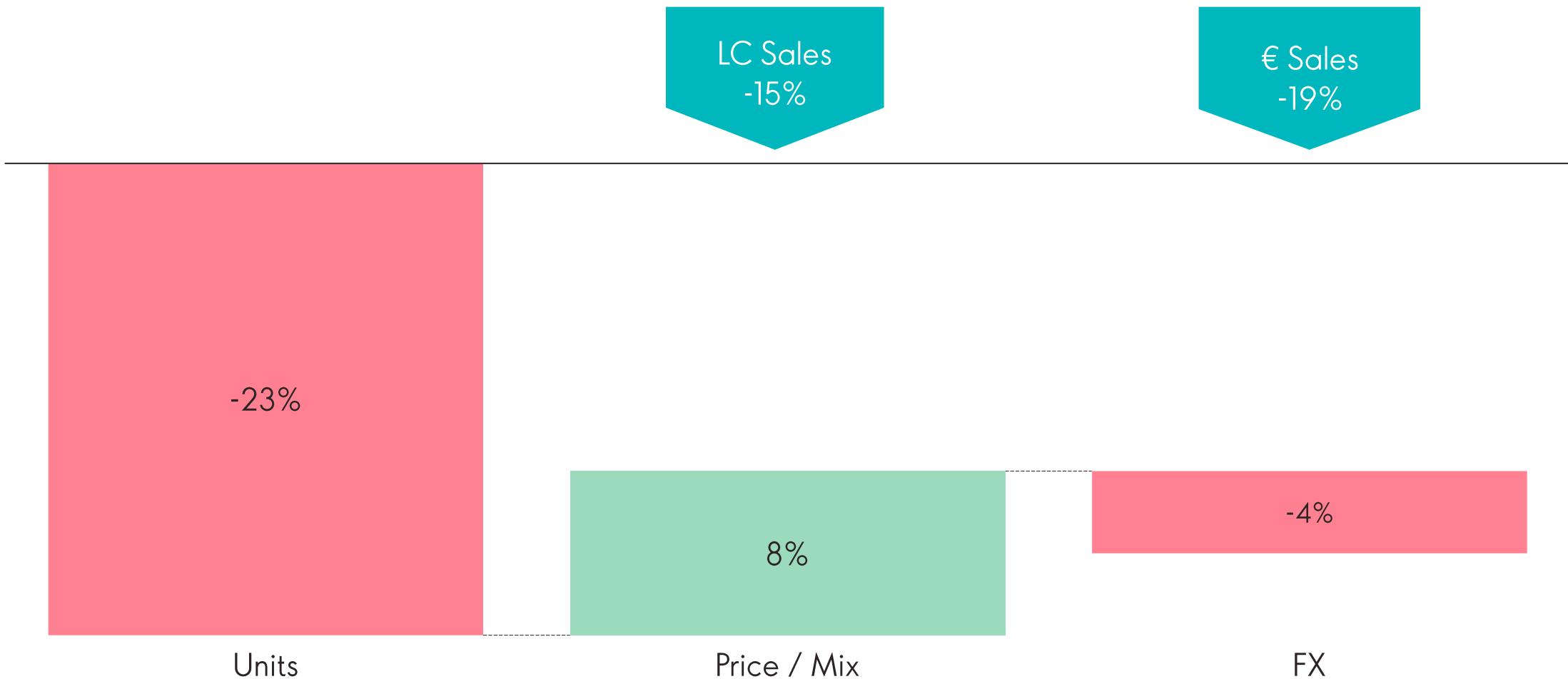




# FINANCIALS

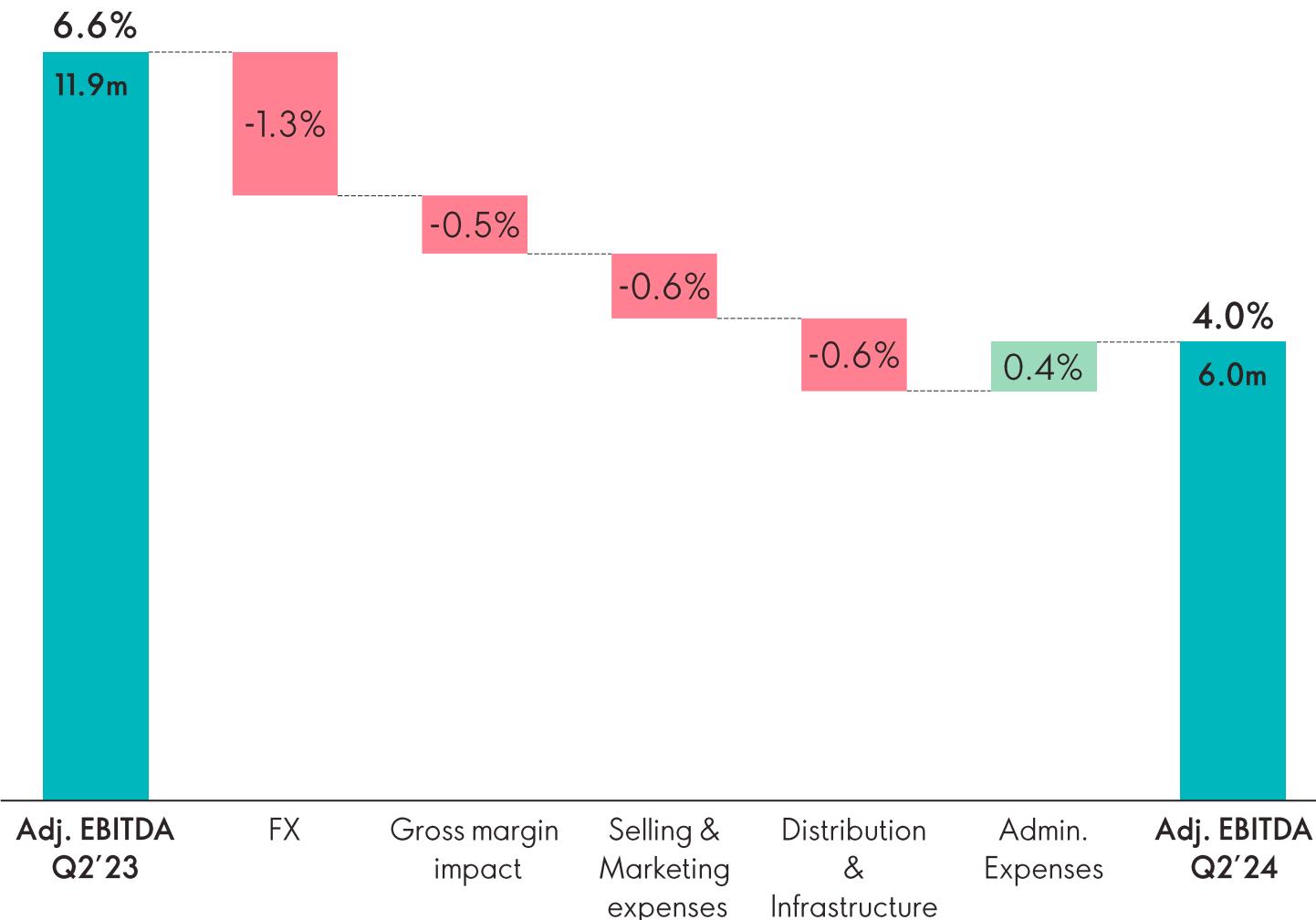
## Q2'24 Sales

Sales negatively impacted by foreign exchange impact and reduction in units sold, partly offset by positive price / mix



# Adjusted EBITDA analysis - Q2'24

## Adj. EBITDA margin vs PY



## Highlights

- Adj. EBITDA at €6.0m (4.0%) vs €11.9m (6.6%) previous year
- Half of the EBITDA margin drop was related to negative FX impact (130bps)
- Negative impact from product cost inflation, higher than anticipated discounts to liquidate excess stock and under-recoveries offset by positive price/mix
- Adj. Admin. Expenses continued to decrease thanks to the restructuring programme initiated at the end of 2023 (€-9.7m\* or -17.7% compared to prior year quarter)

\* Based on total adjusted admin. expenses in €

# From Adjusted EBITDA to Adjusted Net Loss - Q2'24

(€ million)



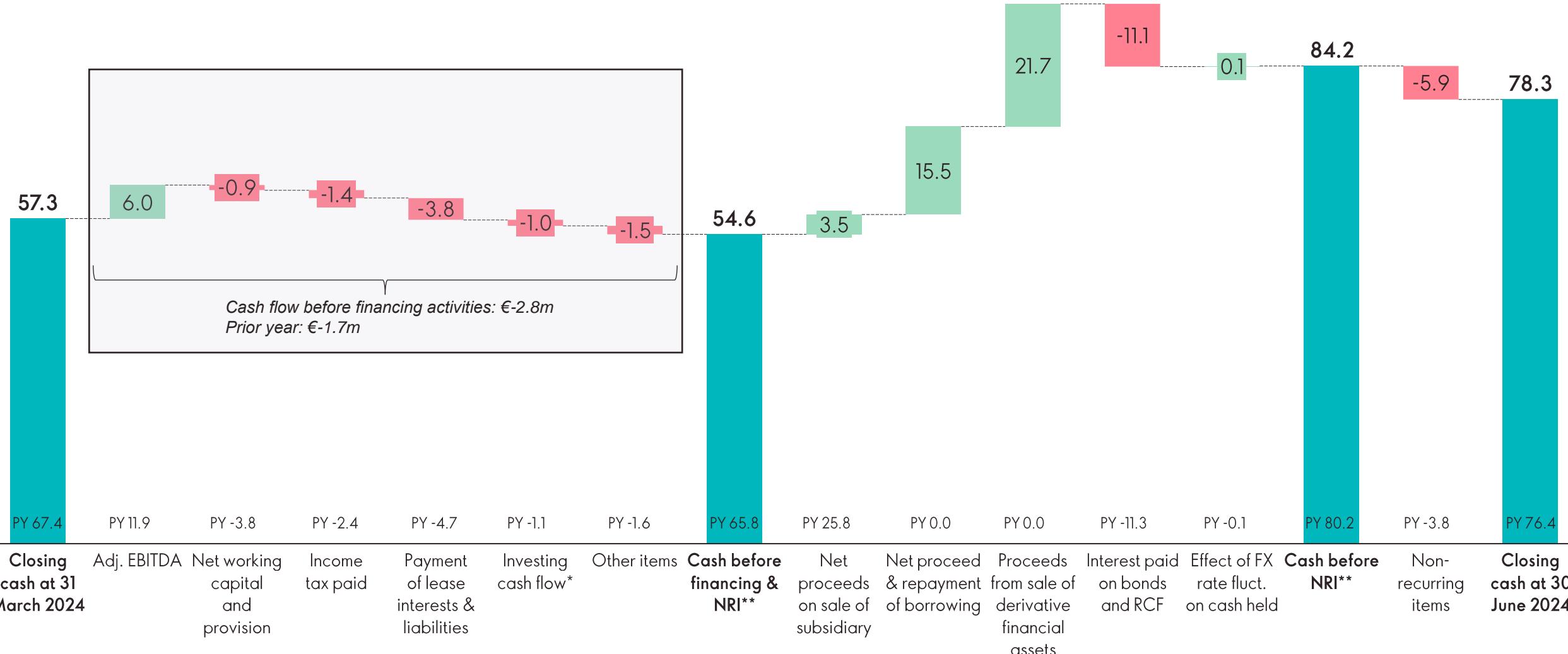
## Highlights

### Net financing costs & other impacted by

- €6.8m FX losses, mainly coming from the \$550m bonds revaluation (€-5.0m)
- Net interest expenses amounted to €14.3m – mainly coming from €12.5m net interest expenses on the bonds due to higher interest rate on unhedged bonds
- Offset by €2.2m gain from a sale of a subsidiary (investment property)

# Cash flow development - Q2'24

(€ million)



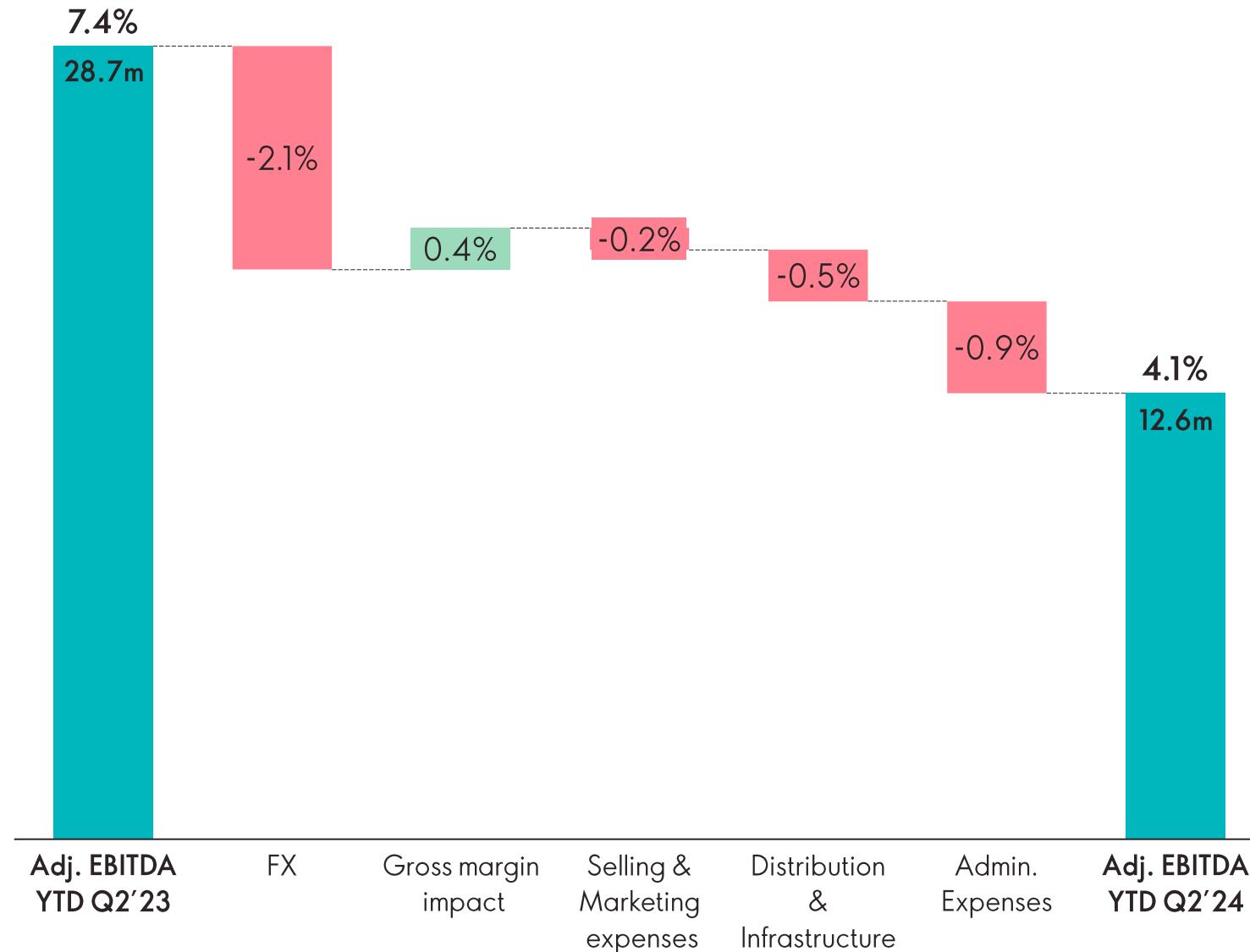
## YTD Q2'24 Sales

Sales negatively impacted by foreign exchange impact and reduction in units sold, partly offset by positive price / mix



# Adjusted EBITDA analysis - YTD Q2'24

## Adj. EBITDA margin vs PY



## Highlights

- Adj. EBITDA decreased from €28.7m (7.4%) to €12.6m (4.1%)
- 210 bps negative impact from FX on EBITDA
- Positive impact from improved price/mix offset by product cost inflation and under-recoveries
- Adj. admin expenses went up from deleveraging of lower sales impact. In absolute terms the reduction was €18.4m\* or -16.9% compared to prior year

\* Based on total adjusted admin. expenses in €

# From Adjusted EBITDA to Adjusted Net Loss - YTD Q2'24

(€ million)



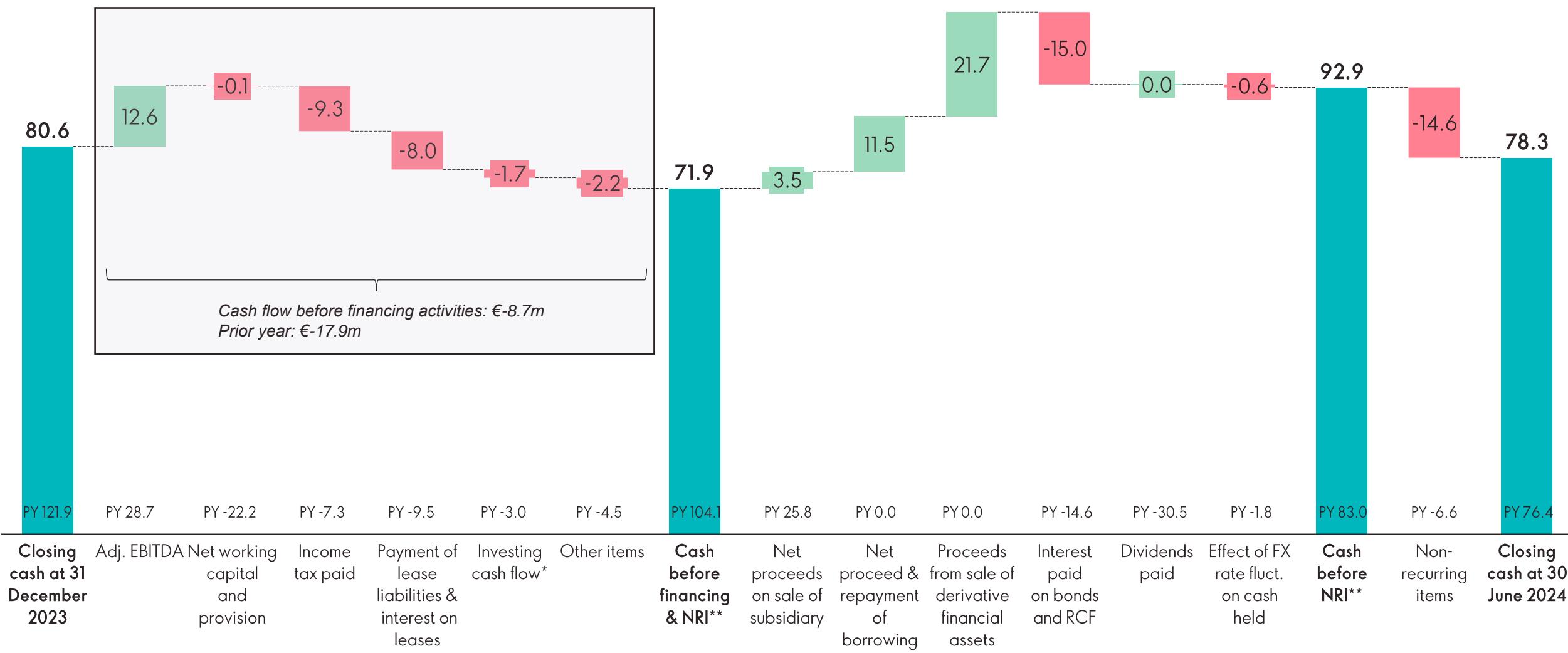
## Highlights

### Net financing costs & other impacted by

- €19.6m FX losses, mainly coming from the \$550m bonds revaluation (€-16.0m)
- Net interest expenses amounted to €23.3m – mainly coming from €20.3m net interest expenses due to higher interest rate on unhedged bonds
- Partial offset by a gain of €2.2m gain from a sale of a subsidiary (asset held for sale)

# Cash flow development - YTD Q2'24

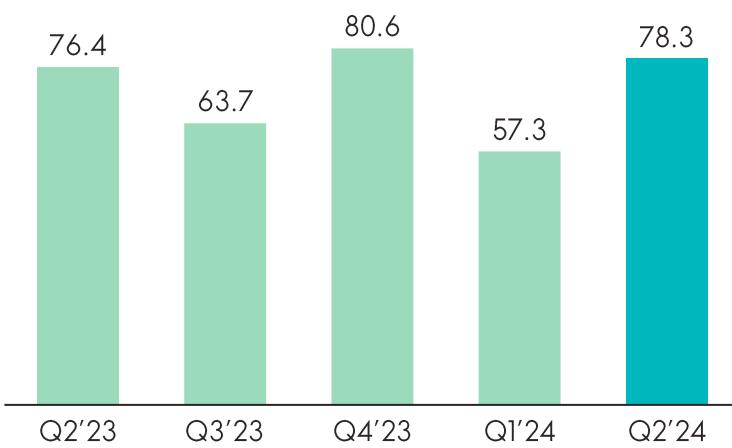
(€ million)



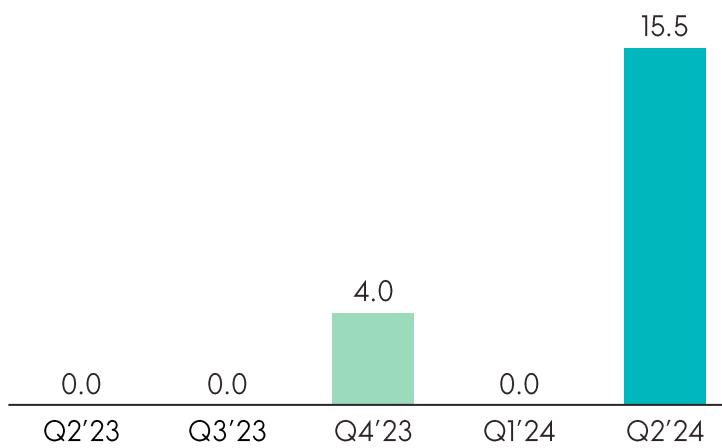
\* Excluding "net proceeds on sale of a subsidiary" / \*\* NRI = Non-recurring items

# Funding & Financial Position

**Cash balance (€ million)**

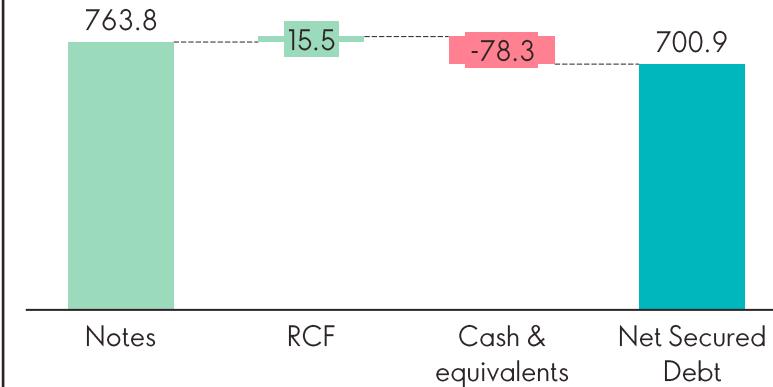


**RCF – Draw down balance (€ million)**



**Net Secured Debt (€ million)**

Q2'24

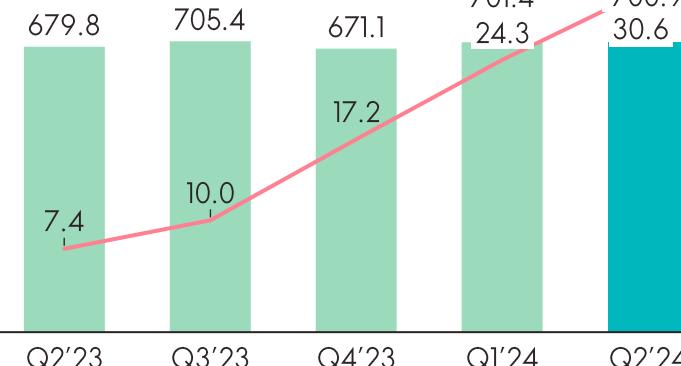


## Highlights

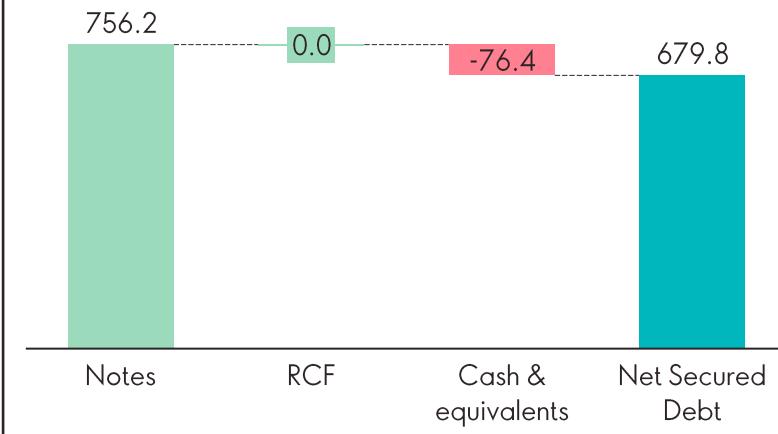
- €250m and \$550m Notes maturing in May 2026
- €100.0m RCF (maturing in October 2025)
- Cash balance of €78.3m as of 30 June 2024
- €15.5m RCF draw down as of 30 June 2024

**Net Secured Debt ratio**

**Net Secured Debt (€ million)**



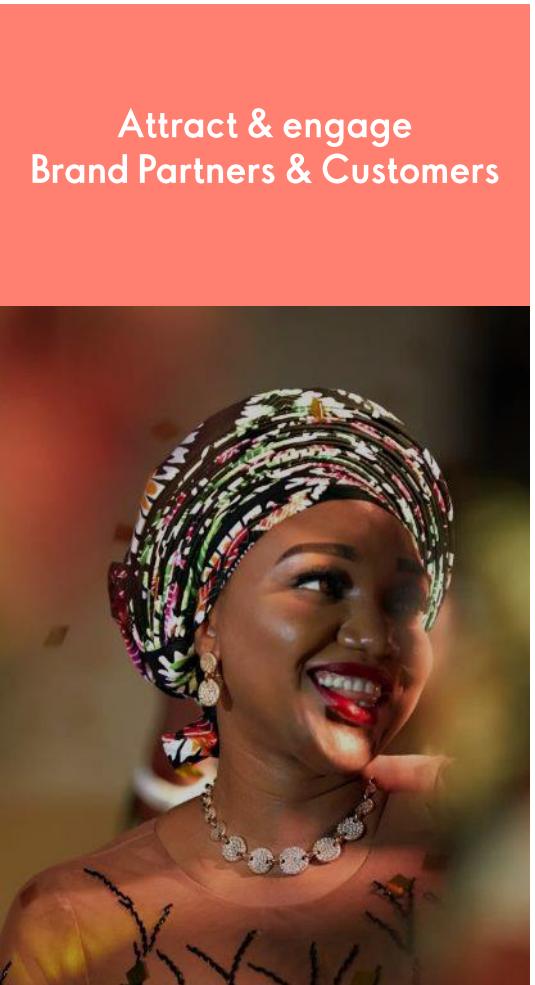
Q2'23





# GOING FORWARD

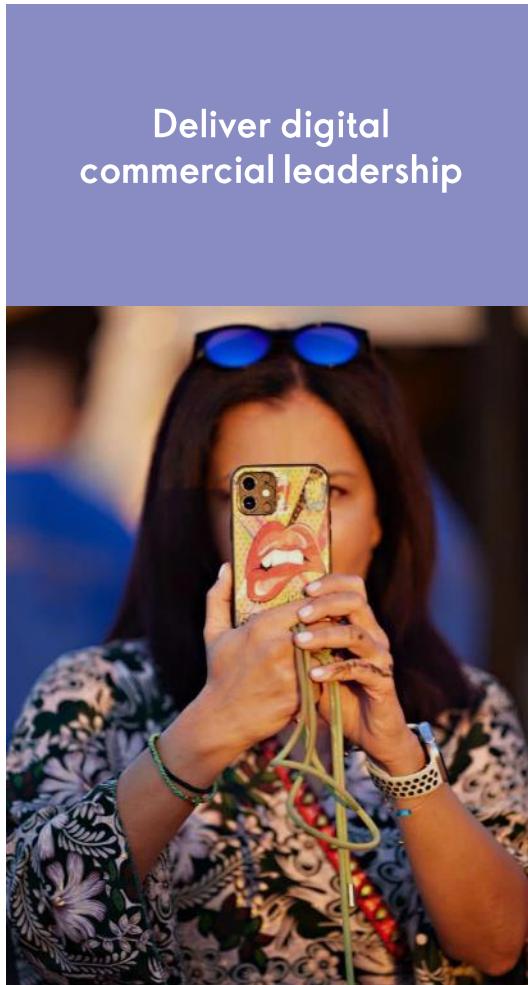
# These strategic pillars articulate our transformative journey



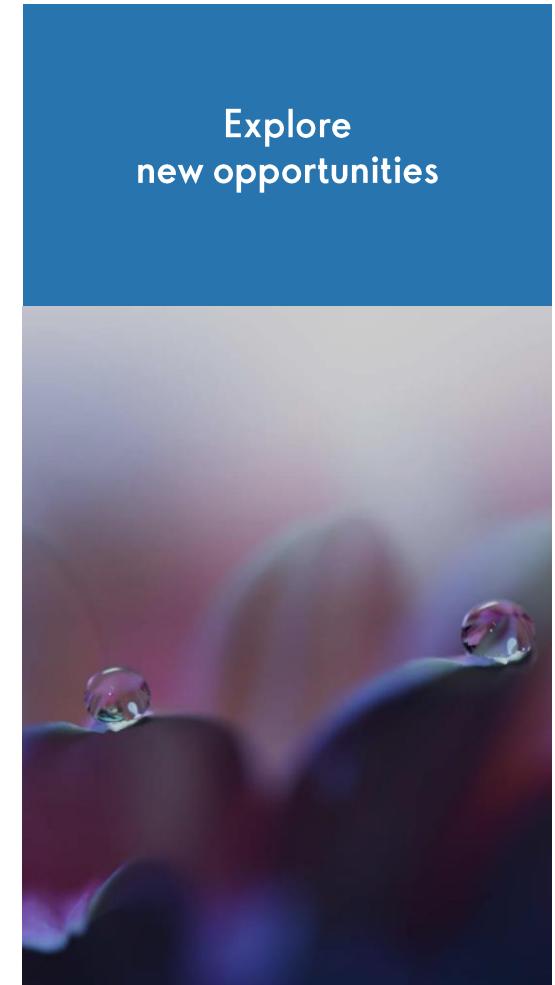
Attract & engage  
Brand Partners & Customers



Create an attractive  
brand & product offer



Deliver digital  
commercial leadership



Explore  
new opportunities



## Beauty Community Model

- End of Q2, rolled out **in 28 markets** (EU/CIS, China, Indonesia) many of which indicating satisfactory results. Other markets to follow in 2024/2025
- **Improved earnings** for Brand Partners on most levels
- **Q2 NPS results** show good improvement vs previous quarter in many BCM markets
- **Tactical sales program “WOW Summer”** launched June, until mid September

# Marketing & Brand Investments

New Brand Campaign successfully implemented

- Small scale testing of marketing investment in digital campaigns, sometimes supported by tactical Out of Home showing promising results, in particular supporting recruitment
  - Indonesia (February – July)
  - UK (March – June)
  - Romania (March – June)
  - Poland (April – June)
- The first Global PR event in Oriflame “The House of Essenza”, supporting the launch of a new fragrance, took place during Gold Conference in Rome, featuring several international influencers from Lead and Scale markets



## Attractive portfolio and product offer

Ongoing simplification and segmentation, including pricing adjustments

Price adjustments implemented in several markets:

- **Portugal:** end of March / April
- **UK:** end of April / June
- **Poland, Romania, Czech Republic and Ukraine:** June/July
- **Indonesia:** staggered implementation starting May
- **Moldova, Slovakia, Sweden** – August

Positive first results in majority of the markets after repositioning.

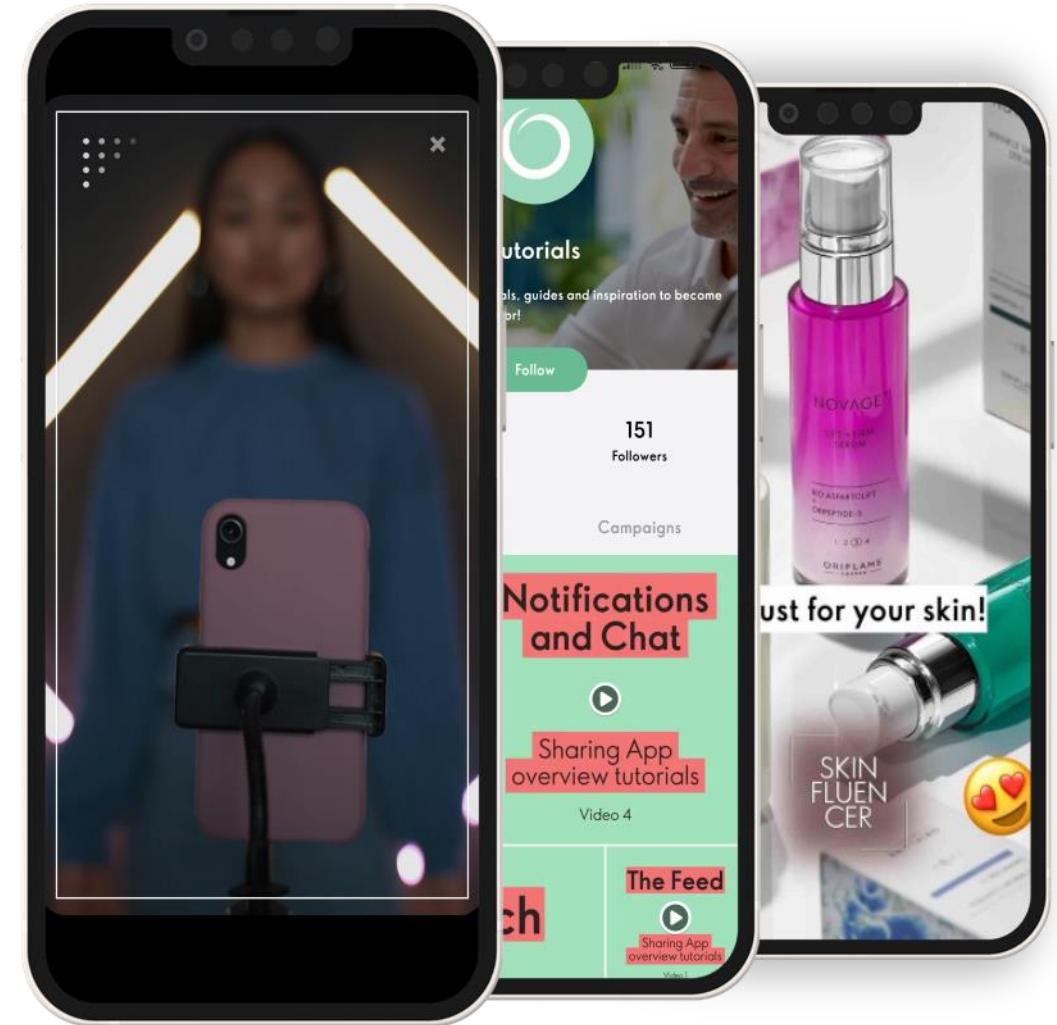
Launch of **Wellophilosophy Skincare**, offering Vegan skincare infused with trending adaptogens & mood-enhancing benefits – supporting our holistic approach to beauty.



# Digital Transformation

Simplifying and improving the digital experience

- High **focus on improving CRM** to groom the entire Brand Partners and Members' experience with personalized approach
  - New contract signed with Salesforce Marketing Cloud.
  - High speed rollout in eligible markets during 2024/25, and focus on increased utilization and local execution
- **Continued roll-out of Sharing App** – now live in most markets enabling our Brand Partners with curated content that is easy and fun to share will boost their business
- Continued implementation of **AI initiatives**, supporting the business operations



# Exploring New Opportunities

- **100% EU presence since 11<sup>th</sup> July:**
  - **6 New markets:** Malta, Luxembourg, Belgium, France, Italy, Austria
  - **Seamless International Sponsoring launched:** make it easier for Brand Partners to attract customers and sell globally
- **UK Incubation Market:**
  - Digital activation campaign implemented with strong results, exceeding initial estimates in reach
  - Pricing adjustments fully executed
  - Local Warehouse opened August 22<sup>nd</sup> enabling speed and efficiency of delivery
  - Continued solid sales and recruitment growth
- **Personalised Wellness Subscription trial live in Spain in September**



# Transformation journey is well underway

Several initiatives are ongoing to address the challenges

- **Restructuring and savings programme**
  - still progressing ahead of targets
- **Implementation of the Beauty Community Model**
  - rolled out in 28 markets end of Q2, roll-out to continue 2024 and 2025
- **Brand and Marketing investments**
  - new brand campaign successfully implemented, growing exposure and brand awareness in 5 markets with additional investments
- **Simplification and segmentation of portfolio, including pricing adjustments**
  - continued optimisation of portfolio, and price adjustments implemented in several markets with positive signals
- **Improving digital tools and focus on CRM**
  - continued work to improve and simplify digital tools, and CRM, to groom the entire Brand Partners and Members' experience
- **Exploring new opportunities**
  - 100% EU presence since July, continued implementation of new initiatives in UK as incubation market, and personalized wellness subscription live in Spain



# Thank you

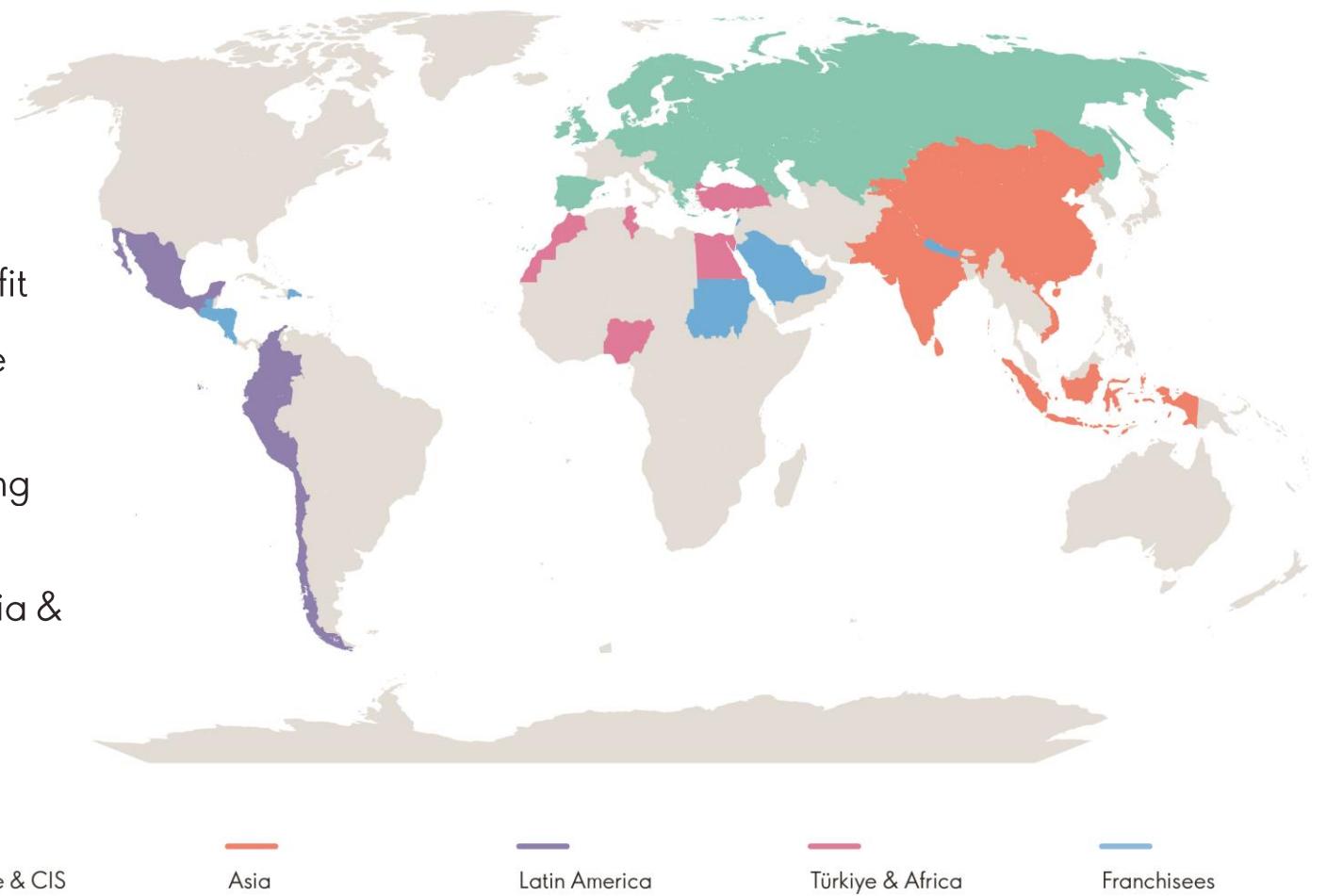
# Appendix

- Oriflame snapshot 2023
- Adjusted EBITDA
- Debt & Debt ratio

# Oriflame snapshot 2023

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

- Approximately **1.7m** Members
- **€0.8b** in sales
- Adj. EBITDA **€39.0m** and **€14.8m** Adj. Operating Profit
- **98%** of orders online. Around 1 million via the Oriflame App
- Around **1,350** beauty and wellness **products** (including approximately 150 accessories)
- Founded in 1967. Manufacturing entities in China, India & Poland. Headquartered in UK & Switzerland



\* including markets operated by franchisees

# Adjusted EBITDA

€ million	Q2'24	Q2'23	YTD Q2'24	YTD Q2'23	LTM Q2'24	YTD Q4'23
Operating profit / loss (-)	-3.3	0.6	-4.9	7.6	-287.5	-275.1
Depreciation, amortisation and impairment	8.8	8.1	16.4	16.7	280.6	280.8
<b>EBITDA</b>	<b>5.5</b>	<b>8.7</b>	<b>11.6</b>	<b>24.2</b>	<b>-6.9</b>	<b>5.8</b>
Purchase Price Allocation (PPA) items	1.9	1.9	3.8	3.8	255.7	255.7
Non-recurring items (NRI) *	1.8	3.4	2.5	4.9	31.7	34.2
Amortisation and impairment included in PPA & NRI	-3.3	-2.1	-5.2	-4.2	-257.6	-256.7
<b>Adjusted EBITDA</b>	<b>6.0</b>	<b>11.9</b>	<b>12.6</b>	<b>28.7</b>	<b>22.9</b>	<b>39.0</b>
* Non-recurring items						
	1.8	3.4	2.5	4.9	31.7	34.2
Impairment	1.4	0	1.4	0	1.4	0
Restructuring, reorganisation and employee related costs	0.4	3.4	1.0	4.9	30.3	34.2

## Debt & Debt ratio

€ million	Q2'24	Q2'23
Senior Secured Notes - € 250.0 million	250.0	250.0
Senior Secured Notes - \$ 550.0 million	513.8	506.2
Notes	763.8	756.2
RCF	15.5	0.0
<b>Secured debt</b>	<b>779.3</b>	<b>756.2</b>
less cash and cash equivalents	-78.3	-76.4
<b>Net Secured Debt</b>	<b>700.9</b>	<b>679.8</b>
Secured debt	779.3	756.2
Lease liabilities short term	10.6	12.0
Lease liabilities long term	18.5	24.3
Lease liabilities	29.1	36.3
<b>Total debt</b>	<b>808.4</b>	<b>792.4</b>
less cash and cash equivalents	-78.3	-76.4
<b>Total Net debt</b>	<b>730.1</b>	<b>716.0</b>

€ million	Q2'24	Q2'23
Net Secured debt	700.9	679.8
Adjusted EBITDA LTM	22.9	91.3
<b>Net Secured debt ratio</b>	<b>30.6</b>	<b>7.4</b>

*More than 50 years in, Oriflame is the choice of more than 1.5 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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