



Press release

28 August 2014

Russian tax claim received and Wellness products no longer affected by recent sanctions

Official claim put forward by authorities in Russian tax investigation

Following several years of ongoing tax investigation in Russia, Oriflame today received an official claim from the authorities amounting to €21m including penalty fees. The claim contradicts opinions of local and international experts as well as local and international legislation and praxis.

The claim relates to royalty payments (including related VAT) while all other areas of investigation have been dropped. Oriflame remains confident in its practice within this area, with royalty levels at or below industry praxis, and the company has today initiated a litigation process to contest the claim as it contradicts local and international legislation.

The cash out effect from the claim is estimated to amount to approximately €11m to be paid in the third quarter 2014 prior to the litigation. The amount will be reversed following successful litigation process as per practice in Russia. In accordance with local and international opinions supporting Oriflame's position, no profit and loss impact is currently foreseen.

Oriflame Wellness products no longer affected by recent sanctions

The Russian government has amended the list of banned products under the previously imposed sanctions against import of food products from certain countries. Biological active supplements, vitamins and protein concentrates have now been excluded from the list which implies that Oriflame Wellness products are allowed to be imported to Russia. This means that Oriflame expects the total business impact from the sanctions to be limited.

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Founded in 1967, Oriflame is a beauty company selling direct in more than 60 countries. Its wide portfolio of Swedish, nature-inspired, innovative beauty products is marketed through approximately 3 million independent Oriflame Consultants, generating annual sales of around €1.5 billion. 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. Oriflame is a Luxembourg company group with corporate offices in Luxembourg and Switzerland. Oriflame Cosmetics is listed on the Nasdaq OMX Nordic Exchange.