



HEALTH & BEAUTY

# Q3 2022

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**UNAUDITED CONSOLIDATED  
INTERIM REPORT**

LR HEALTH & BEAUTY GROUP

**UNAUDITED INTERIM REPORT**

LR GLOBAL HOLDING GMBH



HEALTH & BEAUTY

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WE ARE THE  
MOST ATTRACTIVE  
SOCIAL SELLING  
PLATFORM.

WE MAKE OUR  
CUSTOMERS  
FEEL HEALTHY  
AND BEAUTIFUL.

WE  
BELIEVE  
IN  
MORE



WE BELIEVE  
IN MORE  
QUALITY  
FOR YOUR  
LIFE



FINANCIAL HIGHLIGHTS  
LR HEALTH & BEAUTY GROUP

in EUR m	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Sales*	65.1	67.7	196.6	220.8
Normalised EBITDA	5.9	7.4	22.2	30.1
in % of Sales	9.0 %	10.9 %	11.3 %	13.6 %
Free cash flow	6.2	(2.1)	(5.6)	2.8
Cost of materials	(11.3)	(13.9)	(33.9)	(43.4)
Personnel expenses	(12.9)	(13.4)	(39.8)	(40.6)
Other operating expenses	(36.6)	(35.8)	(115.7)	(116.6)

IR.LRworld.com

\*Sales as revenue from goods sold

# UNAUDITED CONSOLIDATED INTERIM REPORT Q3 2022 CONTENT

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02

# WE BELIEVE IN MORE STABILITY

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IN 1985 LR STARTED AS A COMPANY WITH FIVE EMPLOYEES. NOW WE ARE ONE OF THE LEADING EUROPEAN SOCIAL SELLING COMPANIES IN THE FIELD OF HEALTH AND BEAUTY PRODUCTS. AND THE STABLE GROWTH OF MORE INTERNATIONALITY, QUALITY, RESPONSIBILITY AND OPPORTUNITIES STILL CONTINUES.



MORE STABILITY

WE CARE FOR PEOPLE’S LIVES



OUR COMPANY

As a modern social selling partner, the LR Group distributes over 300 different products in the areas of body care, beauty, health and nutrition in 28 countries through the partner community, which comprises about 300,000 active sales partners and customers.

Since its foundation in 1985 in Ahlen / Germany, LR Health & Beauty has established itself as one of the leading European social selling companies in the field of health and beauty products. LR is also a member of the European association Direct Selling Europe (DSE) and has over 1,200 employees across the globe. With quality “Made in Germany” and a unique business model, we have been a successful European business for the past 37 years and are currently expanding worldwide. In March 2021, we successfully entered the Asian market and started with LR South Korea.

Since May 27th 2022, the former CFO and COO of LR Global Holding GmbH, Dr Andreas Laabs, assumed the role of Chief Executive Officer (CEO) from Andreas Friesch, who stepped down from his position as CEO for personal reasons. Together

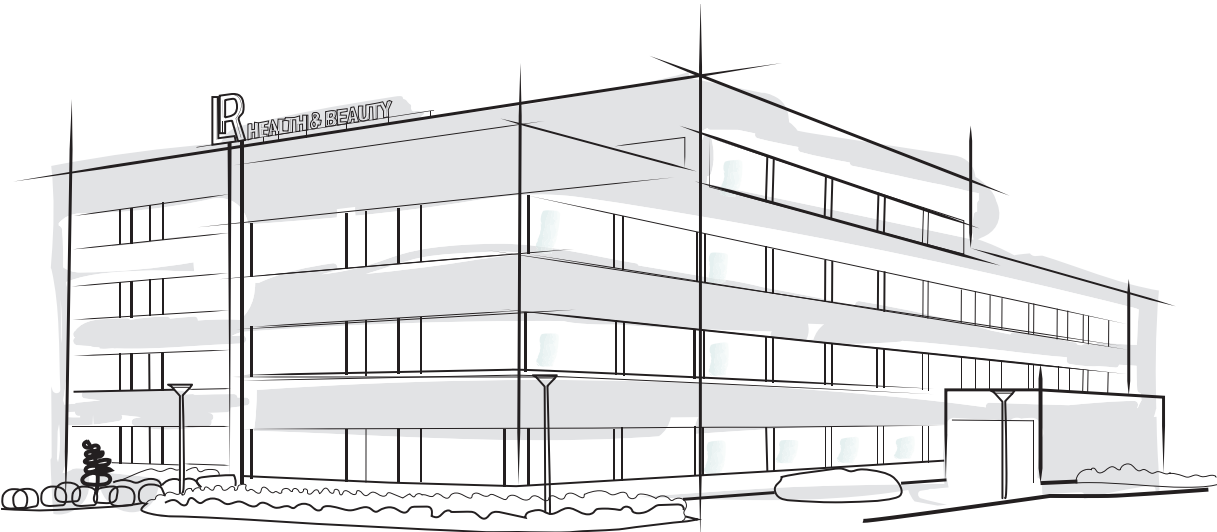
with Andreas Laabs and Thomas Heursen, Andreas Friesch navigated LR very successful through challenging times. The new CEO Dr Laabs, who has already been part of LR since 2014, is successfully driving the further development of the LR together with Andreas Grootz, General Manager Legal & New Markets, and Thomas Heursen, General Manager Global Partner Relations, as well as his entire management team.

2020 – the company’s 35th anniversary – was already an outstanding and successful year for LR and 2021 has even surpassed this great success of the past years. Buoyed up by this excellent news, LR Global Holding GmbH successfully entered the international capital market in February 2021.

In the past years, we continued our dynamic growth course in order to further develop LR into the leading digital social selling platform. To this end, LR’s structures were further aligned with the digitization trend in the market (e.g. the LR ConnectApp) and new blockbuster products were continuously launched. With the new Zeitgard Pro Cosmetic Device launched in autumn 2022,

SINCE **37**  
YEARS SUCCESSFUL  
IN EUROPE

OVER **1,200**  
EMPLOYEES



LR achieved a quantum leap in apparative cosmetics. It is an innovative 4-in-1 device and a perfect recruiting tool for our partners worldwide. One brand with a large LR product segment that has been highly topical for many years and has consistently been one of our international top sellers is our high-quality aloe vera product range – especially our Aloe Vera Drinking Gels. And this year we celebrate the 20th anniversary of Aloe Vera at LR – an absolute power duo!

Thanks to our unique business opportunity and our innovative and competent health and beauty solutions, we sustainably improve the quality of life for many people. With an individual career programme, targeted training, excellent service and a wide range of training tools, we have been leading our sales partners to business success for over 37 years.

Our customers should feel healthy and beautiful when using our products. Irrespective of place, time, economic crises or pandemics, we are offering an attractive and individual purchasing experience on our digital social selling platforms – 24/7.

OUR VISION

“ We are the most attractive social selling platform. Through our unique business opportunity and innovative as well as competent health and beauty solutions, we improve the quality of life. We help our partners grow through our human-centric incentive system, training and support services. We make our customers feel healthy and beautiful. We provide a unique personal customer experience through our social selling touchpoints.

MORE STABILITY



OVER **300**  
HEALTH & BEAUTY  
PRODUCTS

**28**  
COUNTRIES  
WORLDWIDE

OUR INNOVATIVE PRODUCTS

Our product portfolio comprises cutting-edge health and beauty solutions that combine natural ingredients with scientific innovation. This includes care products and cosmetics, perfumes and nutritional supplements as well as essential oils and care products with essential oils. At the company-own development centre, experts from the fields of cosmetics and health constantly research and work on new solutions and products. Numerous marketing awards and certificates by renowned German institutes such as SGS INSTITUT FRESENIUS or Dermatest, confirm the high quality and innovative strength of our products.

The secret to our success? We have always banked on the quality principle “Made in Germany” and manufacture over 90 % of our products in

“ With innovative product solutions that cater to people’s growing health and beauty consciousness, we are fully on-trend.

Germany. The high product quality is ensured by strict internal controls and double-checked by renowned and independent laboratories. We do not do animal testing and set great store by using reusable raw materials. We also promote environmentally friendly production processes and energy-saving logistics solutions.



OUR BUSINESS CONCEPT

For over 37 years, we have been giving people the opportunity to shape their lives independently and successfully by becoming sales partners. Thousands of LR sales partners have achieved financial freedom and a better quality of life thanks to LR. They are all part of an international team that has established LR’s success with a modern sales system, digital possibilities, enthusiasm for fantastic products and plenty of passion.

The LR business model offers independence coupled with the security of a large company that supports its partners in all phases of their careers. Especially in difficult times, like in 2020 and 2021, this concept has proven to work well – an added bonus is the team spirit in the LR community. In 2021, we were able to top our record turnover from 2020, so that we were able to achieve a new record sales growth last year.

The merging of offline and online activities is becoming more and more important for the LR business and has shown us a glimpse of the future. With innovative tools, such as “LR Connect”, our company is state-of-the-art and ideally equipped to meet the requirements of the digital age.

OUR SOCIAL ENGAGEMENT: LR GLOBAL KIDS FUND E.V.

“More quality for your life” not only applies to the products and the business model, but also to the social commitment of LR Health & Beauty. The charity, founded in 2009, is based on the collective commitment of the company, its employees, sales partners and customers and supports children’s aid projects in 18 countries in which LR is active. At the general meeting on 22 September 2022, Kirsten Ueckmann was elected as the new chairwoman of the LR Global Kids Fund e.V. (LRGKF). She has been an integral part of the LRGKF board team for more than ten years and succeeds Andreas Friesch in her new role.

OUR AWARDS



2021  
COMPANY AWARD FEDERAL  
ASSOCIATION OF DIRECT  
SELLING GERMANY

LR has been awarded second place in the category “Large Companies” in 2021, which means that LR achieved the second strongest sales growth in this category in 2020.



2021  
TOP 100 AWARD

LR Health & Beauty Germany has received the Top 100 Award for 2021 – an award for the 100 most innovative, medium-sized companies in Germany.



2020  
DIGITAL BUSINESS AWARD  
NETWORK CAREER

Special award for the great digital support of LR sales partners during the global COVID-19 pandemic.



2019/20  
GERMAN BRAND AWARD

In the “Excellent Brands” competition, the LR LIFETAKT 5IN1 BEAUTY ELIXIR convinced the 2019 jury in the “Beauty & Care” category as one of the best product brands in the industry. On top of that, the elixir also received a “Special Mention” in the cross-sector category of “Product of the Year”.



In 2020, LR received its second German Brand Award, this time for the sleep-promoting product LR LIFETAKT NIGHT MASTER.



2018  
CHILDREN’S VILLAGE CLUB

In 2018, SOS Children’s Villages International awarded the LR Global Kids Fund e.V. the bronze SOS Children’s Village Cup for the valuable work they do.





# WE BELIEVE IN MORE INTERNATIONALITY

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WITH OUR INTERNATIONAL SALES COMPANIES IN 28 COUNTRIES, OVER 1,200 EMPLOYEES AND THOUSANDS OF INDEPENDENT SALES PARTNERS, WE ARE ONE OF THE LEADING DIRECT SALES ENTERPRISES IN EUROPE. DUE TO THE CONTINUOUS CREATION OF NEW MARKET OPPORTUNITIES, LR HEALTH & BEAUTY ENSURES STEADY GROWTH.



MORE INTERNATIONALITY

OUR SALES COMPANIES IN 28 COUNTRIES



LR GROUP HEADQUARTER IN GERMANY

- LR Global Holding GmbH
- LR Health & Beauty Systems Beteiligungs GmbH
- LR International Beteiligungs GmbH
- LR Partner Benefits GmbH
- LR Health & Beauty Systems GmbH
- Styria Immobilienleasing GmbH & Co. Projekt Ahlen KG
- LR Jersey Holding Limited, Jersey
- Divanno Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG



INTERNATIONAL SALES COMPANIES

REGION 1

- AUSTRIA**  
LR Health & Beauty Systems GmbH
- BELGIUM / LUXEMBOURG**  
LR Cosmetic Belgium b.v.b.a
- GERMANY**  
LR Deutschland GmbH
- NETHERLANDS**  
LR Health & Beauty Systems BV
- SWITZERLAND**  
LR Health & Beauty Systems AG

REGION 2

- CZECH REPUBLIC**  
LR Health & Beauty Systems s.r.o.
- ITALY**  
LR Health & Beauty Systems S.R.L.
- POLAND**  
LR Health & Beauty Systems Sp. z.o.o
- PORTUGAL**  
L. de Racine Cosmetics Lda.
- SLOVAKIA**  
LR Health & Beauty Systems s.r.o
- SPAIN**  
LR Health & Beauty Systems S.L.
- UKRAINE**  
LR Health & Beauty Systems TOV

REGION 3

- ALBANIA**  
LR Health & Beauty Systems Sh.p.k.
- BULGARIA**  
LR Health & Beauty Systems EOOD
- DENMARK**  
LR Health & Beauty Systems ApS
- FINLAND**  
LR Health & Beauty Systems OY
- FRANCE**  
LR Health & Beauty Systems SAS
- GREECE / CYPRUS**  
LR Health & Beauty Systems EPE
- HUNGARY**  
LR Health & Beauty Systems Kft.
- NORWAY**  
LR Health & Beauty Systems AS
- ROMANIA**  
LR Health & Beauty Systems S.R.L
- RUSSIA / KAZAKHSTAN**  
LR Russ O.O.O
- SWEDEN**  
LR Health & Beauty Systems AB
- TURKEY**  
LR Health & Beauty Systems Ltd.

EXPANSION

- SOUTH KOREA**  
LR Health & Beauty LLC, South Korea



The breakdown by regions has changed in 2022.



# LR HEALTH & BEAUTY GROUP

MANAGEMENT REPORT & FINANCIAL STATEMENTS





# MANAGEMENT REPORT

The LR Health & Beauty Group and its parent company LR Global Holding GmbH (hereinafter referred to as LR Group, LR or the Group) is an internationally operating enterprise with a primary focus on cosmetics and dietary supplements. The LR Group is represented with 34 companies worldwide in 28 countries and markets its products through direct sales with marketing plans focused on the European and Asian markets.

## SALES AND OTHER INCOME

In the third quarter 2022 (Q3 2022), LR Group has achieved a sales<sup>1</sup> volume of kEUR 65,131 (PY: kEUR 67,658). This corresponds to a decrease of –3.7% compared to the third quarter of the previous year (Q3 2021). In the first nine months 2022 (YTD 2022), sales amounted to kEUR 196,630, which corresponds to a decrease compared to the previous year of –11.0%. This comparison is strongly affected by the different macroeconomic framework conditions in the respective periods. Driven by exceptionally strong growth in the financial year 2020 and the last large lockdowns in several countries, six consecutive monthly sales records were achieved in the first half-year 2021. As a result, the first half-year 2021 (H1 2021) marked the highest sales values in LR history. Without these strong supporting conditions, the sales development in January and February this year was below 2021 values but still above the values of 2020, which was in line with LR Groups expectations. With the outbreak of war in Ukraine, sales dropped by –23.7% in March 2022 compared to the previous year. The Ukraine subsidiary located in Kiev had to temporarily be closed, and further negative effects due to the uncertain situation were also recorded in other markets, especially

in the neighboring countries, but also in Central and Western Europe. In addition, the high inflation and the resulting change in consumer behavior contributed to the decline in sales.

Since the unexpected sales drop in March, LR Group has been working on stabilizing the sales development. In 2021, the usual seasonal development caused a significant sales drop from March as the highest month in terms of sales (kEUR 29,129) to August as the month with lowest sales (kEUR 20,456). On the contrary, based on successful sales activation measures, LR managed to prevent this regular seasonal dip in 2022. In the third quarter, the year-on-year gap narrowed to just –3.7%. A particularly important building block along the way was the launch of the new patented cleansing device Zeitgard Pro in September. It is the most successful product launch in recent years and offers not only high quality for the end customer but also a wide range of business opportunities for our sales partners.

Region 1<sup>2</sup>, the largest region within LR Group in terms of sales including the German market, registered a slight decline in sales from kEUR 27,741 in Q3 2021 to kEUR 27,284 in Q3 2022. This corresponds to a decrease of –1.6%. In the first nine months, the sales decreased by –9.6% from kEUR 89,771 in 2021 to kEUR 81,145 in 2022.

Region 2<sup>2</sup>, including Ukraine and neighboring markets, continued to record the largest percentage decline, at –16.8% in Q3 2022 and at –20.0% in the first nine months. The total sales in Region 2 amounted to kEUR 15,411 in Q3 2022 (PY: kEUR 18,517) and to kEUR 48,477 YTD 2022 (PY: kEUR 60,634).

<sup>1</sup> Sales as revenue from goods sold.

<sup>2</sup> The breakdown by regions has changed in 2022. For comparison purposes, the sales of the previous year are calculated with the current breakdown.



## LR HEALTH &amp; BEAUTY GROUP

In Region 3<sup>2</sup>, the sales slightly increased from kEUR 21,214 in Q3 2021 to kEUR 21,994 in Q3 2022, which corresponds to an increase of +3.7%. In the first nine months 2022 compared to the previous year the sales decreased by –5.9% from kEUR 69,874 to kEUR 65,774.

Adding up other revenue in the amount of kEUR 8,023 for the first nine months 2022 to the total sales of kEUR 196,630 sums up to kEUR 204,653 as revenue before sales reductions. After sales reductions of kEUR –9,861, the revenue amounts to kEUR 194,792.

The high increase in other operating income from kEUR 4,734 YTD 2021 to kEUR 16,018 YTD 2022 results primarily from exchange rate valuations, a compensation payment from a supplier, and costs on-charged to the shareholders in the first half-year. Looking at the third quarter individually, the other operating income increased from kEUR 1,082 in 2021 to kEUR 1,889 in 2022.

## COST STRUCTURE

The cost of materials for LR Group decreased in the third quarter 2022 by kEUR 2,639 to kEUR 11,258 (PY: kEUR 13,897) and in the first nine months of the year by kEUR 9,447 to kEUR 33,911 (PY: kEUR 43,358). In addition, the changes in finished goods and work in progress in Q3 2022 amounted to kEUR –936 (PY: kEUR 1,695) and in the first nine months 2022 to kEUR –2,882 (PY: kEUR 5,451). The sum of cost of materials and the changes in finished goods and work in progress amounted to kEUR 12,194 in Q3 2022 (PY: kEUR 12,202) and to kEUR 36,793 YTD 2022 (PY: kEUR 37,907). In relation to revenue, this corresponds to an increased ratio of 18.9% in Q3 2022 (PY: 18.1%) and 18.9% in the first nine months 2022 (PY: 17.4%).

The personnel expenses slightly decreased by –3.6% to kEUR 12,916 in Q3 2022 (PY: kEUR 13,396) and by –1.8% to kEUR 39,840 in the first nine months 2022 (PY: kEUR 40,563). The number of employees amounted to 1,247 as of September 30, 2022; this corresponds to a decrease compared to the previous year (1,318 as of September 30, 2021) as well as compared to the end of the previous quarter (1,275 as of June 30, 2022).

The other operating expenses add up to kEUR 36,636 in the third quarter 2022 (PY: kEUR 35,827) and to kEUR 115,655 in the first nine months 2022 (PY: kEUR 116,633). This includes losses from currency exchange rates in the amount of kEUR 11,486 (PY: kEUR 2,830) in the first nine months 2022. However, it must be noted that likewise gains from currency exchange rates have occurred (shown within the other operating income). Offset against each other, this would result in losses from currency exchange of approximately EUR 0.1 million. Without this extraordinary effect, the other operating expenses would have been significantly reduced. Compared with the previous year, particularly the bonus payments had a decreasing effect caused by the lower sales volume.

## ECONOMIC RESULTS

Q3 2022 closed with a reported EBITDA of kEUR 4,733 (PY: kEUR 6,956) and the first nine months 2022 closed with a reported EBITDA of kEUR 18,522 (PY: kEUR 27,196). Compared to

the previous year, this corresponds to a decrease of –32.0% in the third quarter 2022 and –31.9% in the first nine months 2022. This reduction is mainly driven by the decreased sales and costs for a large IT project for the renewal of the ERP system and the eShop. Taking exceptional items of kEUR 1,206 in Q3 2022 and of kEUR 3,913 in the first nine months 2022 into account, the normalized EBITDA amounts to kEUR 5,939 in Q3 2022 (PY: kEUR 7,372) and to kEUR 22,435 in YTD 2022 (PY: kEUR 30,111). This corresponds to a decrease of –19.4% in Q3 2022 and –25.5% YTD 2022. Deducting amortization and depreciation of kEUR 3,654 (PY: kEUR 3,762) in Q3 2022 from the reported EBITDA results in an EBIT of kEUR 1,079 (PY: kEUR 3,194). In the first nine months 2022, the amortization and depreciation amount to kEUR 11,296 (PY: kEUR 10,551) and thus the EBIT results to kEUR 7,226 (PY: kEUR 16,645).

The interest result amounts to kEUR –2,982 in Q3 2022 (PY: kEUR –13,192; affected by extraordinary IFRS revaluation effects) and to kEUR –8,733 in the first nine months 2022 (PY: kEUR –19,152). After deduction of income taxes in the amount of kEUR 293 for Q3 2022 (PY: kEUR 1,301) and kEUR 1,424 for the first nine months 2022 (PY: kEUR 4,623), the loss for the third quarter 2022 amounts to kEUR –2,196 (PY: kEUR –11,299) and for the nine months of the year to kEUR –2,931 (PY: kEUR –7,130).

<sup>3</sup> Liters in the first half-year

<sup>4</sup> Since the Aloe Vera start 20 years ago



OVER **74,000,000**  
SOLD BOTTLES OF  
ALOE VERA DRINKING GEL<sup>4</sup>

## FINANCIAL STATUS

The asset side of the balance sheet shows no material changes. The total assets marginally decreased from kEUR 231,018 as of December 31, 2021, to kEUR 230,418 as of September 30, 2022. Therein the non-current assets decreased by kEUR –4,340 to kEUR 144,964, mainly due to a reduction in intangible assets and right-of-use assets. On the other hand, the sum of current assets increased by kEUR 3,740 to kEUR 85,454 compared to December 31, 2021. This is mainly due to an increase in trade receivables and income tax receivables. The cash-level slightly increased to kEUR 30,401 as of September 30, 2022, compared to kEUR 30,033 at the end of the previous year.

The equity endowment has already been improved substantially in the financial year 2021 due to the contribution of the shareholder loans at the end of November 2021. Accordingly, the capital reserve increased significantly and the total equity including non-controlling interests added up to kEUR 29,537 as of December 31, 2021. Driven by the total comprehensive income of the first nine months 2022 in the amount of kEUR –1,894, the total equity decreased to kEUR 27,643 as of September 30, 2022.

OVER **47,800**  
LITERS OF  
EMERGENCY SPRAY SOLD<sup>3</sup>



LR HEALTH & BEAUTY GROUP

The structure of the liabilities is mainly characterized by the liabilities from bonds. On January 27, 2021, LR Global Holding GmbH, the former parent company of the LR Group, placed a senior secured corporate bond (WKN: A3HFM, ISIN: NO0010894850) with a volume of kEUR 125,000. It was mainly issued to institutional investors by way of a private placement. The bond was issued in the so-called “Nordic bond format” under Swedish law and with the involvement of Nordic Trustee & Agency AB as trustee. Trading in the Open Market of the Frankfurt Stock Exchange started at February 3, 2021, and as of January 26, 2022, the bonds are also listed on the regulated market of NASDAQ Stockholm. The net issue proceeds were used for the repayment of the Senior Facility Agreement (liabilities to financial institutions), which was terminated on February 4, 2021, and for a partial repayment of the shareholder loans.

The non-current liabilities added up to kEUR 139,060 as of December 31, 2021. In the first nine months of 2022, the non-current liabilities increased to kEUR 146,554, mainly due to the completion of a new Sale-And-Lease-Back agreement for the headquarters in Ahlen, Germany. For settlement purposes, a special purpose vehicle (Divanno Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG), which is fully consolidated, was installed as purchaser and lessor. The purchase price amounted to kEUR 9,000 and the lease contract was concluded for 20 years with an option for further 10 years. As a result of the corresponding bank loan agreement entered into by the SPV on very favorable terms (interest rate of only 2.5% p.a.), kEUR 8,561 are shown in the position borrowings within the non-current liabilities, and kEUR 351 are shown under borrowings in the current liabilities. In total the current liabilities added up to kEUR 62,421 as of December 31, 2021, and decreased to kEUR 56,221 as of September 30, 2022. A major change can be noticed in the reduction of trade payables by kEUR –5,332 to kEUR 28,078 as of September 30, 2022, which is mainly caused by the payout of the annual bonus in second quarter.

The cash flow from operating activities in Q3 2022 increased to kEUR 6,804 from kEUR –782 in the previous year and is quite stable at kEUR 7,253 (PY: kEUR 7,292) viewing the first nine months period compared to the previous year. The cash flow from investing activities amounts to kEUR –561 in Q3 2022 (PY: kEUR –1,362) and to kEUR –1,680 in the first nine months 2022 (PY: kEUR –4,468).

The free cash flow including the cash flow from operating activities as well as the cash flow from investing activities amounted to kEUR 6,243 in Q3 2022 (PY: kEUR –2,144) and to kEUR 5,573 in the first nine months of the year (PY: kEUR 2,824).

The cash flow from financing activities amounts to kEUR –4,513 for Q3 2022 (PY: kEUR –8,796). For the first nine-months period, the cash flow from financing activities amounted to kEUR –5,165 (PY: kEUR –16,630; impacted by the refinancing activities in 2021).

Overall, the total cash flow of the third quarter 2022 amounts to kEUR 1,730 and for the first nine months 2022 to kEUR 408. Including changes in cash due to exchange rates, the cash as of September 30, 2022, amounted to kEUR 30,401.

OUTLOOK

The usual seasonal development shows a significant drop from March as the month with the highest sales in the first half-year to August as the month with lowest sales in the full year. To counteract this development in 2022, LR Group implemented several activation measures for sales partners as well as for customers and could successfully reduce the sales drop compared to the previous year step by step.

Besides the sales measures, the LR Group also implemented cost and liquidity measures at an early stage. Various planned but non-essential operating expenses were reduced or eliminated. Capital expenditures were also reduced through cancellations, reductions, and rescheduling.

In terms of personnel costs, a temporary hiring freeze has been imposed on new positions and vacancies are currently no longer automatically filled.

In order to strengthen the liquidity situation, a sale-and-lease-back agreement has already been implemented for the headquarters building (see above under “non-current liabilities”). Furthermore, working capital is closely monitored.

Against the background of the current difficult situation due to the war in Ukraine, the resulting negative effects on neighboring countries, as well as the current high inflation and the associated general consumer restraint on the one hand, and the successful measures of the LR Group described above on the other hand, LR Group specified the full-year sales guidance for 2022 to the range of EUR 265 million to EUR 270 million. In addition, the EBITDA outlook for 2022 can be further specified to EUR 24 million to EUR 30 million.

This forecast is based on the assumption that the effects of the war in Ukraine and inflation or other unforeseeable disruptions in the final months of the year will not lead to any significant unexpected impacts on LR Group’s business.

Ahlen, November 25, 2022

LR Global Holding GmbH  
– Company management –

  
Dr. Andreas Laabs  
(CEO)

  
Andreas Grootz  
(General Manager)



DR. ANDREAS LAABS  
CEO



ANDREAS GROOTZ  
GENERAL MANAGER

## LR HEALTH &amp; BEAUTY GROUP

UNAUDITED CONSOLIDATED INTERIM STATEMENT  
OF FINANCIAL POSITIONS AS OF SEPTEMBER 30, 2022

kEUR	Note	Sep. 30, 2022	Dec. 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		113,735	115,859
Property, plant and equipment	8.	12,871	13,620
Right-of-use assets		16,511	18,214
Deferred taxes		1,847	1,611
		<b>144,964</b>	<b>149,304</b>
<b>Current assets</b>			
Inventories	9.	30,322	29,599
Trade receivables	10.	12,657	10,209
Income tax receivables		1,299	252
Other assets		10,775	11,621
Cash	11.	30,401	30,033
		<b>85,454</b>	<b>81,714</b>
<b>TOTAL ASSETS</b>		<b>230,418</b>	<b>231,018</b>

UNAUDITED CONSOLIDATED INTERIM STATEMENT  
OF FINANCIAL POSITIONS AS OF SEPTEMBER 30, 2022

kEUR	Note	Sep. 30, 2022	Dec. 31, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Subscribed capital		25	25
Capital reserve		160,102	160,102
Currency translation reserve		-4,108	-5,145
Accumulated loss		-128,371	-125,440
Total equity before non-controlling interests		27,648	29,542
Non-controlling interests		-5	-5
<b>TOTAL EQUITY</b>		<b>27,643</b>	<b>29,537</b>
<b>Non-current liabilities</b>			
Provisions		385	391
Deferred taxes		2,543	2,972
Liabilities from bonds	10.	124,217	123,657
Borrowings		8,561	0
Lease liabilities		10,830	12,022
Other liabilities		18	18
		<b>146,554</b>	<b>139,060</b>
<b>Current liabilities</b>			
Trade payables	10.	28,078	33,410
Other liabilities		9,383	9,640
Lease liabilities		6,450	6,602
Borrowings		351	0
Income tax liabilities		7,253	6,687
Provisions		4,706	6,082
		<b>56,221</b>	<b>62,421</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>230,418</b>	<b>231,018</b>



## LR HEALTH &amp; BEAUTY GROUP

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD JAN. 1, 2022 TO SEP. 30, 2022

kEUR	Note	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Revenue	4.to 5.	64,590	67,299	194,792	217,565
Changes in finished goods and work in progress		-936	1,695	-2,882	5,451
Other operating income		1,889	1,082	16,018	4,734
Cost of material		-11,258	-13,897	-33,911	-43,358
a) Raw materials and supplies		-9,326	-11,242	-28,079	-35,523
b) Cost of purchased services		-1,932	-2,655	-5,832	-7,835
Personnel expenses		-12,916	-13,396	-39,840	-40,563
a) Wages and salaries		-10,758	-11,289	-33,491	-34,452
b) Expenses for social security and pension schemes		-2,158	-2,107	-6,349	-6,111
Other operating expenses		-36,636	-35,827	-115,655	-116,633
<b>EBITDA</b>	<b>5.</b>	<b>4,733</b>	<b>6,956</b>	<b>18,522</b>	<b>27,196</b>
Amortization and depreciation		-3,654	-3,762	-11,296	-10,551
Interest income		11	8	29	36
Interest expenses		-2,993	-13,200	-8,762	-19,188
<b>Profit or loss before tax</b>		<b>-1,903</b>	<b>-9,998</b>	<b>-1,507</b>	<b>-2,507</b>
Income taxes	<b>7.</b>	<b>-293</b>	<b>-1,301</b>	<b>-1,424</b>	<b>-4,623</b>
<b>PROFIT OR LOSS FOR THE PERIOD</b>		<b>-2,196</b>	<b>-11,299</b>	<b>-2,931</b>	<b>-7,130</b>
thereof attributable to:					
Non-controlling interests		0	0	0	0
Shareholders		-2,196	-11,299	-2,931	-7,130

## UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JAN. 1, 2022 TO SEP. 30, 2022

kEUR	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<b>Profit or loss for the period</b>	<b>-2,196</b>	<b>-11,299</b>	<b>-2,931</b>	<b>-7,130</b>
Components of other comprehensive income which will be reclassified to profit or loss after tax in subsequent periods	481	-21	1,037	170
Currency translation differences	481	-21	1,037	170
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-1,715</b>	<b>-11,320</b>	<b>-1,894</b>	<b>-6,960</b>
thereof attributable to				
Non-Controlling interests	0	0	0	0
Shareholders	-1,715	-11,320	-1,894	-6,960

**UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES  
IN EQUITY FOR THE PERIOD JAN. 1, 2022 TO SEP. 30, 2022**

kEUR	Sub- scribed capital	Capital reserve	Accumu- lated loss	Currency translation reserve	Equity before non-controlling interests	Non- controlling interests	Total equity
<b>Jan. 1, 2022</b>	<b>25</b>	<b>160,102</b>	<b>-125,440</b>	<b>-5,145</b>	<b>29,542</b>	<b>-5</b>	<b>29,537</b>
Currency trans- lation differences	0	0	0	1,037	1,037	0	1,037
Profit or loss for the period	0	0	-2,931	0	-2,931	0	-2,931
<b>Sep. 30, 2022</b>	<b>25</b>	<b>160,102</b>	<b>-128,371</b>	<b>-4,108</b>	<b>27,648</b>	<b>-5</b>	<b>27,643</b>
<b>Jan. 1, 2021</b>	<b>25</b>	<b>1,790</b>	<b>-116,730</b>	<b>-5,575</b>	<b>-120,490</b>	<b>-11</b>	<b>-120,501</b>
Currency trans- lation differences	0	0	0	170	170	0	170
Grant provided by shareholders	0	5,000	0	0	5,000	0	5,000
Contribution due to the remea- surement of the shareholder loan	0	39,030	0	0	39,030	0	39,030
Profit or loss for the period	0	0	-7,130	0	-7,130	0	-7,130
<b>Sep. 30, 2021</b>	<b>25</b>	<b>45,820</b>	<b>-123,860</b>	<b>-5,405</b>	<b>-83,420</b>	<b>-11</b>	<b>-83,431</b>

**UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH  
FLOWS FOR THE PERIOD JAN. 1, 2022 TO SEP. 30, 2022**

kEUR		Q3 2022	Q3 2021	YTD 2022	YTD 2021
<b>1. Cash flow from operating activities</b>	<b>Note</b>				
Profit or loss for the period		-2,196	-11,299	-2,931	-7,130
Amortization and depreciations (+) of fixed assets		3,654	3,762	11,296	10,551
Increase (+) / reduction (-) in provisions		-1,077	-698	-1,382	-590
Other non-cash expenses(+) / income (-)		0	239	36	-2,465
Income (-)/losses (+) on the disposal of fixed assets		-3	0	-4	0
Increase (-)/reduction (+) of inventories, trade receivables and other assets		1,654	-7,095	-467	-13,787
Increase (+)/reduction (-) of trade payables and other liabilities		2,310	644	-6,940	79
Interest expenses (+)/interest income (-)		2,981	13,192	8,733	19,152
Income tax expenses (+) / income (-)	7.	293	1,301	1,424	4,623
Income taxes paid (-)		-812	-828	-2,512	-3,141
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>6,804</b>	<b>-782</b>	<b>7,253</b>	<b>7,292</b>
<b>2. Cash flow from investing activities</b>					
Payments from (+) the disposal of property, plant and equipment		0	0	6	6
Payments for (-) investments in property, plant and equipment		-317	-391	-558	-1,292
Payments for (-) investments in intangible assets		-244	-971	-1,128	-3,182
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-561</b>	<b>-1,362</b>	<b>-1,680</b>	<b>-4,468</b>
<b>3. Cash flow from financing activities</b>					
Proceeds from shareholders contributions		0	5,000	0	5,000
Proceeds (+) from borrowings		0	0	9,000	0
Payments from (+) the issue of bonds		0	0	0	125,000
Payments for (-) interest		-2,365	-7,624	-6,986	-10,968
Repayment (-) of (finance) loans		0	0	0	-84,800
Repayment (-) of real estate loan		0	-3,938	0	-3,938
Repayment (-) of shareholder loan		0	0	0	-40,400
Repayment (-) of borrowings		-87	0	-87	0
Repayment (-) of lease liabilities		-2,061	-2,234	-7,092	-6,524
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>-4,513</b>	<b>-8,796</b>	<b>-5,165</b>	<b>-16,630</b>
<b>4. Cash at the end of period</b>					
Net increase (+) / decrease (-) in cash		1,730	-10,940	408	-13,806
Changes in cash due to exchange rates		-345	-11	-40	188
Cash at the beginning of period		29,016	29,512	30,033	32,179
<b>CASH AT THE END OF PERIOD</b>		<b>30,401</b>	<b>18,561</b>	<b>30,401</b>	<b>18,561</b>

# LR GLOBAL HOLDING GMBH AHLEN / GERMANY

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2022 TO SEPTEMBER 30, 2022.

### 1. INFORMATION ON THE GROUP

LR Global Holding GmbH (hereinafter referred to as “LR Global”) is a company with limited liability incorporated in Germany, domiciled in Ahlen, Germany, and registered in the Münster Commercial Register under HRB 14367. The Company has its registered office in Kruppstraße 55, 59227 Ahlen, Germany.

The direct parent company of LR Global is LR Health & Beauty SE, Munich. The ultimate controlling parent company is Alocos Holding S.à r.l., with registered office in Luxembourg, Luxembourg.

The Group is an internationally operating enterprise with a primary focus on cosmetics and dietary supplements. LR Global is represented with 33 subsidiaries worldwide. The Group’s production site is located in Ahlen (Germany). All subsidiaries are supplied from Ahlen. Research and development is also implemented exclusively in Germany.

The Group markets its products through direct sales, with marketing plans focused on the European and Asian markets. The product range comprises dietary supplements, perfumes, cosmetics, and accessories. The Group’s business is primarily determined by private consumption and the pertinent cosmetics and food laws.

### 2. BASIS FOR PREPARING THE FINANCIAL STATEMENTS AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

#### a. Basis for preparing the financial statements

The interim condensed consolidated financial statements for the nine months ended September 30, 2022, have been prepared in accordance with IAS 34 Interim Financial Reporting. They are in line with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information, effective within the European Union. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes and should be read in conjunction with the Group’s annual consolidated financial statements as of December 31, 2021.

The Group assets were assessed according to the going-concern principle, i.e. with the assumption of continuation of the Company.

The functional currency and reporting currency of the Group is euro (EUR). The consolidated financial statements are prepared in euro, as the majority of transactions within the Group is implemented in said currency. Unless specified otherwise, all values are rounded up or rounded off to full thousand euro (kEUR).

#### b. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

### 3. NEW GROUP COMPANIES

With effect as of April 4, 2022 LR acquired all shares in Divanno Grundstücksverwaltungs-gesellschaft mbh & Co Vermietungs KG, Mainz. The purchase price amounts to kEUR 5. The solely asset of the acquired company is a bank account of the same amount. The acquisition relates to the sale-and-lease-back agreement closed with DAL Deutsche Anlagen-Leasing GmbH & Co. KG.

### 4. REVENUE FROM CONTRACT WITH CUSTOMERS

See Note 5, Operating segments, for the breakdown of revenue by geographical region.

Revenues in the regions essentially comprise revenues from products of the Group. Other revenues comprise revenues from services rendered such as cost allocations, seminars, and events as well as revenue of kEUR 3,601 (PY: kEUR 3,228) recognized over time from subleasing vehicles to partners. The sales deductions mainly comprise revenue-based discounts to partners.

### 5. OPERATING SEGMENTS

For management purposes, the Group is organized into business units and its respective local companies and establishments are combined into three regions. Local companies are not grouped by geographical location but grouped individually. The three reported regions break down in detail as follows:

- Region 1** comprises Austria, Belgium, Germany, Luxembourg, Switzerland, and the Netherlands.
- Region 2** comprises the Czech Republic, Italy, Poland, Portugal, Slovakia, Spain and Ukraine.
- Region 3** comprises Albania, Bulgaria, Cyprus, Denmark, Finland, France, Greece, Kazakhstan, Hungary, Norway, Romania, Russia, Sweden, and Turkey.



Until December 31, 2021, the local companies in Denmark, Finland, France, Norway and Sweden were allocated to Region 1.

The “Adjustments” column largely contains the Group’s holding and management companies as well as eliminations.

The Company’s management board is the chief operating decision maker, who separately monitors the business units’ operating results to make decisions about resources to be allocated and assess its performance. For the analysis of business performance and the Group’s situation, the management board uses earnings before interest, taxes, depreciation, and amortization (EBITDA) as well as gross revenue as financial ratios which are compared with the latest forecast for the reporting period. Group financing (including finance costs, finance income and other income) and income tax expenses are managed on a group basis and are not allocated to operating business units.

Transfer prices between the German production company and the local sales companies are based on the transactional net margin method in accordance with the OECD Guidelines. Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

The table below shows revenue, EBITDA, and goodwill of the LR Group’s business units for the first nine months ended September 30, 2022:

kEUR	Region 1	Region 2	Region 3	Total segments	Adjustments	Total
Revenue from external customers	81,145	48,477	65,774	195,396	1,234	196,630
Revenue from other segments	41,584	1,468	784	43,836	-43,836	0
Revenue other	3,140	1,770	2,247	7,157	866	8,023
Sales reduction	-3,338	-2,432	-4,128	-9,898	37	-9,861
<b>TOTAL REVENUE</b>	<b>122,531</b>	<b>49,283</b>	<b>64,677</b>	<b>236,491</b>	<b>-41,699</b>	<b>194,792</b>
Segment EBITDA	11,882	2,672	7,193	21,747	-3,225	18,522
Goodwill	76,547	14,325	10,647	101,519	0	101,519

The table below shows revenue, EBITDA, and goodwill of the LR Group’s business units (in the regional breakdown from January 1, 2022) for the first nine months ended September 30, 2021:

kEUR	Region 1	Region 2	Region 3	Total segments	Adjustments	Total
Revenue from external customers	89,771	60,634	69,874	220,279	570	220,849
Revenue from other segments	56,685	1,278	746	58,709	-58,709	0
Revenue other	3,793	1,727	2,103	7,623	760	8,383
Sales reduction	-3,937	-3,100	-4,630	-11,667	0	-11,667
<b>TOTAL REVENUE</b>	<b>146,312</b>	<b>60,539</b>	<b>68,093</b>	<b>274,944</b>	<b>-57,379</b>	<b>217,565</b>
Segment EBITDA	23,488	4,831	3,848	32,167	-4,971	27,196
Goodwill	76,547	14,325	10,647	101,519	0	101,519

## 6. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

The Group performed its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The Group’s impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount units were disclosed in the annual consolidated financial statements for the year ended December 31, 2021.

For the allocation of goodwill to segments, we refer to note 5.

As of September 30, 2022, due to the conflict between the Russian Federation and Ukraine the Group performed an impairment test for the goodwill allocated to Region 2. The test concluded that no impairment is currently required.

## 7. INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major items of income tax expenses for the nine months ended September 30, 2022, and September 30, 2021:

kEUR	2022	2021
<b>Current income tax</b>		
Current tax expenses	-2,101	-4,647
<b>Deferred tax income</b>		
Origination and reversal of temporary differences	677	24
from deferred tax assets	410	-272
from deferred tax liabilities	267	296
<b>TOTAL</b>	<b>-1,424</b>	<b>-4,623</b>

## 8. PROPERTY, PLANT AND EQUIPMENT

### Acquisitions and disposals

During the nine months until September 30, 2022, the Group acquired assets with total acquisition costs of kEUR 558 (September 30, 2021: kEUR 1,148). The major part of the acquisition belongs to other technical and office equipment.

No major disposal took place in the first nine months ended September 30, 2022.

## 9. INVENTORIES

Inventories are measured at the lower of cost and net realizable value.

kEUR	Sep. 30, 2022	Dec. 31, 2021
Raw materials and supplies	10,062	7,885
Work in progress	291	187
Finished products	15,108	17,039
Goods for sale	4,134	4,066
Goods in transit	727	422
<b>TOTAL INVENTORIES</b>	<b>30,322</b>	<b>29,599</b>

Impairment of inventories recognized as expenditures amounts to kEUR 1,749 (September 30, 2021: kEUR 1,087)

## 10. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All assets and liabilities, for which the fair value is disclosed in the financial statements, are categorized within the measurement hierarchy, described as follows, based on the lowest level input that is significant to the fair-value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

With the exception of trade receivables, the Group measures financial assets at amortized cost plus transaction costs incurred. Trade receivables are measured at the transaction price.

Financial liabilities are initially measured at fair value or fair value less transaction costs. The Group's financial liabilities include trade payables, lease liabilities, other financial liabilities, bonds, and loans and borrowings.

Due to the maturity, the fair value of the financial assets including trade receivables and cash corresponds to the reported carrying amount. Also, the fair value of the trade payables and the lease liabilities corresponds to the reported carrying amount due to the maturity.

For the interest bearing financial liabilities, the quantitative disclosures for fair value measurement of liabilities according to hierarchy as of September 30, 2022, as follows:

kEUR		Fair value measurement using			Total
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Carrying amount	Level 1	Level 2	Level 3	
<b>Liabilities for which a fair value is reported</b>					
Interest bearing loans					
Corporate bond	124,217	106,875	0	0	106,875
Fixed-rate loan	8,912	0	8,912	0	8,912

The fair value of the corporate bonds is based on the observed market price of EUR 85.5 per bond as of September 30, 2022.

For the interest bearing financial liabilities the quantitative disclosures for fair value measurement of liabilities according to hierarchy as of December 31, 2021, as follows:

kEUR		Fair value measurement using			Total
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Carrying amount	Level 1	Level 2	Level 3	
<b>Liabilities for which a fair value is reported</b>					
Interest bearing loans					
Corporate bond	123,657	128,125	0	0	128,125

## FINANCIAL LIABILITIES

On January 27, 2021, LR Global Holding GmbH, the parent company of the Group, placed a senior secured corporate bond (WKN: A3HFM, ISIN: NO0010894850) with a volume of EUR 125 million. It was issued to institutional investors mainly in Germany and other European countries as part of a private placement. The bond was issued in the "Nordic bond format" under Swedish law and with the involvement of Nordic Trustee & Agency AB, Stockholm, Sweden, as trustee. Trading in the Open Market of the Frankfurt Stock Exchange started on February 3, 2021. On January 26, 2022, the Nasdaq Stockholm admitted the senior secured corporate bond of LR Global for trading.

The bonds bear interest at EURIBOR +7.25% (with a floor of zero). Interest is payable on a quarterly basis. The bonds mature on February 3, 2025. The effective interest rate of the bond is currently 8.15%.

The Group companies have deposited collateral in this context. In addition, covenants in the form of an interest coverage ratio and leverage ratio were agreed. The Group performs quarterly a maintenance test if these covenants are met. For the third quarter ended September 30, 2022, the covenants are met.

As of September 30, 2022, the carrying amount of the liabilities from the bond was kEUR 124,217 and included capitalized transaction costs.

## 11. CASH

Cash in the balance sheet comprises cash at banks and on hand and is measured at amortized cost. Due to the good creditworthiness of the relevant banks, no loss allowances were required.

The Group has pledged a part of its cash at banks to fulfill collateral requirements.

Cash comprised the following as of September 30, 2022, and December 31, 2021:

kEUR	Sep. 30, 2022	Dec. 31, 2021
Cash at hand	48	43
Cash at banks	30,353	29,990
<b>CASH</b>	<b>30,401</b>	<b>30,033</b>

## 12. RELATED PARTY DISCLOSURES

For the Group, related companies and parties pursuant to IAS 24 are companies or parties which directly or indirectly control or are controlled by the Group or are under the joint control of and/or significantly influence the Group or are significantly influenced by the latter as well as members of the management in key positions.

Accordingly, the direct parent company of LR Global, LR Health & Beauty SE, Munich, its ultimate parent company, Aloco Holding S.à r.l., Luxembourg, Luxembourg, members of the management board as well as their relatives, members of the LR Global advisory board and subsidiaries of the LR Global Group are defined as related companies or parties.

The total amount of transactions with related companies and parties in the respective financial year is outlined in the following table:

kEUR	Receivables from parent companies		Liabilities to parent companies	
	Sep. 30, 2022	Dec. 31, 2021	Sep. 30, 2022	Dec. 31, 2021
<b>Aloco Holding S.à r.l.</b>	2,377	1,012	0	0
<b>LR Health &amp; Beauty SE</b>	0	78	93	122

kEUR	Income from parent company		Expenses to parent companies	
	Jan. 1 to Sep. 30, 2022	Jan. 1 to Sep. 30, 2021	Jan. 1 to Sep. 30, 2022	Jan. 1 to Sep. 30, 2021
<b>Aloco Holding S.à r.l.</b>	1,365	0	0	270
<b>LR Health &amp; Beauty SE</b>	11	0	1,001	0

## Remuneration to individuals in key positions of the Group

kEUR	Jan. 1 to Sep. 30, 2022	Jan. 1 to Sep. 30, 2021
Short-term employee benefits	3,521	3,812
<b>TOTAL REMUNERATION TO INDIVIDUALS IN KEY POSITIONS</b>	<b>3,521</b>	<b>3,812</b>

The amounts shown in the table were recognized as expenditure in the reporting period in connection with individuals in key positions.

Ahlen, November 25, 2022

### LR Global Holding GmbH - Company management -

  
 Dr. Andreas Laabs  
 (CEO)

  
 Andreas Grootz  
 (General Manager)





# LR GLOBAL HOLDING GMBH

MANAGEMENT REPORT & FINANCIAL STATEMENTS



# MANAGEMENT REPORT

LR Global Holding GmbH, with its registered office at Kruppstraße 55, 59227 Ahlen, Germany, (herein-after referred to as LR Global) is an intermediate holding company carrying out central group functions, including the determination and further development of group strategy, capital allocation, financing, and management development. LR Global has direct and indirect shareholdings in 33 subsidiaries via its equity investment.

The revenue in the third quarter of 2022 (Q3 2022) amounted to kEUR 4,577 (PY: kEUR 2,238) and in the first nine months of the year (YTD 2022) to kEUR 11,300 (PY: kEUR 5,632). Such revenue resulted primarily from the internal on-charging of services to the LR Health & Beauty Systems GmbH, Ahlen. This corresponds to an increase in revenue of about 100% in Q3 2022 and YTD 2022. The other operating income increased to kEUR 658 in Q3 2022 (PY: kEUR 41) and to kEUR 2,175 YTD 2022 (PY: kEUR 146) with cost on-charged to the shareholders as the main factor for such increase.

The personnel expenses amounted to kEUR 3,480 in Q3 2022 (PY: kEUR 2,369) and to kEUR 11,581 YTD 2022 (PY: kEUR 6,110). This apparently large increase compared to the previous year is in fact the result of an internal reorganization completed in the fourth quarter of 2021. As part of the reorganization, a significant number of employees were assigned to LR Global while the number of employees of LR Health & Beauty Systems GmbH decreased accordingly. Compared to the end of the third quarter of the previous year, the number of employees of LR Global increased from 76 to 217 at the end of the reporting period. The other operating expenses increased to kEUR 1,012 in Q3 2022 (PY: kEUR 2,965). In the first nine months of the 2021, the other operating expenses were mainly driven by one-time costs related to the issuance of a kEUR 125,000 senior secured

corporate bond (WKN: A3HFM, ISIN: NO0010894850). As a result, the other operating expenses decreased by kEUR –1,839 –to kEUR 3,469 YTD 2022 compared to the previous year. The interest result amounts to kEUR –1,423 in Q3 2022 (PY: kEUR –1,582) and to kEUR –4,081 YTD 2022 (PY: kEUR –4,155) mainly driven by the interest payments for the corporate bond. After income taxes of kEUR 732 in Q3 2022 (PY: kEUR 964), the net profit amounts to kEUR –1,414 (PY: kEUR –3,232). For the first nine months 2022, the net profit after income taxes of kEUR 2,195 (PY: kEUR 2,892) amounts to kEUR –7,855 (PY: kEUR –12,697).

The total assets as of September 30, 2022, are almost stable at kEUR 349,933 compared to December 31, 2021 (kEUR 345,098). Non-current assets also remained virtually stable as of September 30, 2022, at kEUR 192,129 compared to the previous year-end (kEUR 192,132). Consequently, there are also no significant changes in the current assets which amount to kEUR 154,736 as of September 30, 2022 (kEUR 152,924 as of December 31, 2021).

The equity endowment already changed fundamentally in the fourth quarter of the previous year. The contribution of shareholder loans and an extraordinarily high net profit caused by the reversal of an impairment had covered the former equity loss. In total, the equity increased to kEUR 132,601 as of December 31, 2021. Including the net loss of the first nine months 2022, the equity decreased to kEUR 124,746 as of September 30, 2022. The liabilities also changed significantly in the previous year. Shareholder loans and bank liabilities have been eliminated from the accounts, while the main items as of September 30, 2022, are the liabilities from the corporate bond in the amount of kEUR 125,843 (valuation according to German

GAAP / Handelsgesetzbuch differing from IFRS valuation in the Group reporting) and liabilities to affiliates in the amount of kEUR 83,622. In total the liabilities increased from kEUR 202,106 as of December 31, 2021, to kEUR 209,929 as of September 30, 2022.

The cash flow from operating activities amounts to kEUR 2,316 in Q3 2022 (YTD 2022: kEUR 6,898). The cash flow from investing activities amounts to kEUR 0 in Q3 2022 as well as YTD 2022. The cash flow from financing activities amounts to kEUR –2,316 in Q3 2022 (YTD 2022: kEUR –6,898).

Ahlen, November 25, 2022

**LR Global Holding GmbH**  
**– Company management –**

  
Dr. Andreas Laabs  
(CEO)

  
Andreas Grootz  
(General Manager)



UNAUDITED INTERIM STATEMENT OF  
FINANCIAL POSITIONS AS OF SEPTEMBER 30, 2022

kEUR	Sep. 30, 2022	Dec. 31, 2021
<strong>NON-CURRENT ASSETS</strong>		
Intangible assets	0	0
Property, Plant and Equipment	14	17
thereof Other equipment, office and operating equipment	14	17
Financial assets	192,115	192,115
thereof Shares in affiliates	192,115	192,115
	<strong>192,129</strong>	<strong>192,132</strong>
<strong>CURRENT ASSETS</strong>		
Receivables and other assets	154,736	152,924
thereof Trade receivables	1	1
thereof Receivables from shareholders	2,877	1,090
thereof Receivables from affiliates	151,665	150,565
thereof Other assets	193	1,268
Cash at hand and at banks	0	0
	<strong>154,736</strong>	<strong>152,924</strong>
<strong>PREPAID EXPENSES</strong>		
	<strong>68</strong>	<strong>42</strong>
<strong>TOTAL ASSETS</strong>	<strong>346,933</strong>	<strong>345,098</strong>

UNAUDITED INTERIM STATEMENT OF  
FINANCIAL POSITIONS AS OF SEPTEMBER 30, 2022

kEUR	Sep. 30, 2022	Dec. 31, 2021
<strong>EQUITY</strong>		
Subscribed capital	25	25
Capital reserve	152,430	152,430
Accumulated loss	-27,709	-19,854
	<strong>124,746</strong>	<strong>132,601</strong>
<strong>PROVISIONS</strong>		
Tax provision	7,948	6,136
Other provisions	1,477	1,422
	<strong>9,425</strong>	<strong>7,558</strong>
<strong>LIABILITIES</strong>		
Liabilities from corporate bond	125,843	125,806
Trade payables	32	1,512
Liabilities to shareholders	250	0
Liabilities to affiliates	83,622	73,690
Other liabilities	182	1,098
	<strong>209,929</strong>	<strong>202,106</strong>
<strong>DEFERRED TAX LIABILITIES</strong>		
	<strong>2,833</strong>	<strong>2,833</strong>
<strong>TOTAL EQUITY AND LIABILITIES</strong>	<strong>346,933</strong>	<strong>345,098</strong>



## LR GLOBAL HOLDING GMBH

## UNAUDITED INTERIM STATEMENT FOR PROFIT AND LOSS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

kEUR	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Revenue	4,577	2,238	11,300	5,632
Other operating income	658	41	2,175	146
	<b>5,235</b>	<b>2,279</b>	<b>13,475</b>	<b>5,778</b>
Personnel Expenses	3,480	2,369	11,581	6,110
thereof wages and salaries	2,930	2,152	9,878	5,479
thereof social security, pension and other benefit costs	550	217	1,703	631
Amortization and Depreciation of intangible assets and property, plant and equipment	2	3	4	10
Other Operating Expenses	1,012	593	3,469	5,308
	<b>4,494</b>	<b>2,965</b>	<b>15,054</b>	<b>11,428</b>
Income from investments	0	0	0	0
Other interest and similar income	1,083	980	3,220	2,786
Other interest and similar expenses	2,506	2,562	7,301	6,941
	<b>-1,423</b>	<b>-1,582</b>	<b>-4,081</b>	<b>-4,155</b>
Income taxes	732	964	2,195	2,892
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-1,414</b>	<b>-3,232</b>	<b>-7,855</b>	<b>-12,697</b>

## UNAUDITED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

kEUR	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>				
Profit or loss for the period	-1,414	-3,232	-7,855	-12,697
Amortization and depreciations (+) and write-up (-) on fixed assets	1	3	4	10
Reduction (-)/Increase (+) in provisions	-273	876	55	102
Increase (-)/Reduction (+) of inventories, trade receivables or other assets	-360	854	1,381	-38,706
Increase (+)/Reduction (-) of trade payables and other liabilities	2,334	1,437	7,420	9,412
Interest expenses (+)/interest income (-)	1,423	1,581	4,081	4,154
Income tax expenses (+) / income (-)	732	964	2,195	2,892
Income tax paid (-)	-128	-167	-383	-1,042
	<b>2,316</b>	<b>2,316</b>	<b>6,898</b>	<b>-35,875</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Payments for (-) investments in intangible assets	0	0	0	-7
Payments for (-) investments in property, plant and equipment	0	0	0	-1
	<b>0</b>	<b>0</b>	<b>0</b>	<b>-8</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Payments from (+) the issue of bonds	0	0	0	125,000
Repayment (-) of shareholder loan	0	0	0	-40,400
Repayments (-) of (finance) loans	0	0	0	-43,306
Payments (-) for interest	-2,316	-2,316	-6,898	-5,411
	<b>-2,316</b>	<b>-2,316</b>	<b>-6,898</b>	<b>35,883</b>

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