



HEALTH & BEAUTY

# INVESTOR CONFERENCE ANNUAL REPORT 2022

LR HEALTH & BEAUTY GROUP  
APRIL 28, 2023



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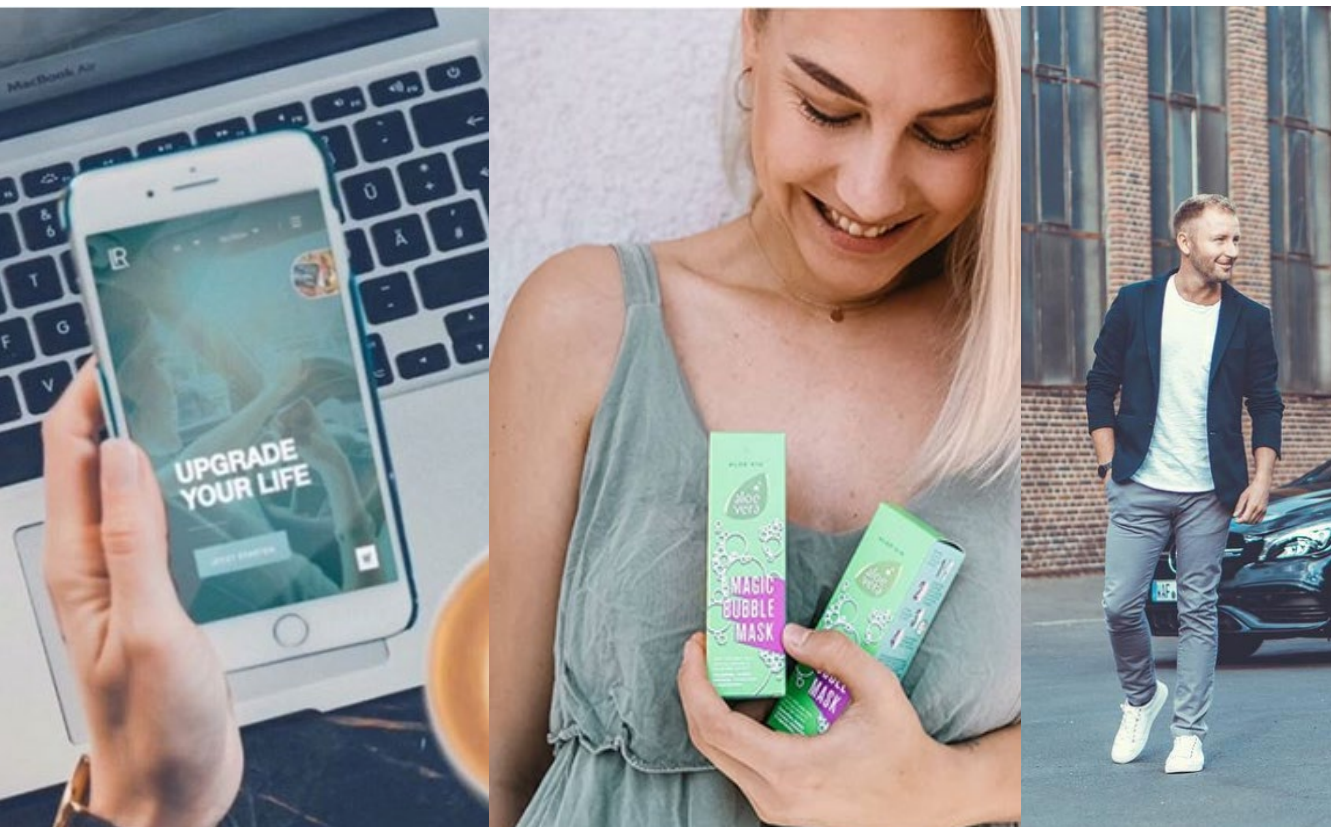
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# 01\_\_ BUSINESS HIGHLIGHTS



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## Recap Q1 2022:

In Jan/Feb 2022, sales were on the expected level, but the outbreak of the war in Ukraine had a negative impact on overall consumer sentiment in Europe



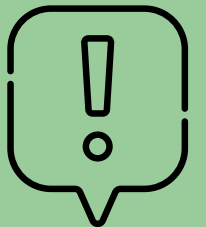
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# WE REFOCUSSED OUR SALES STRATEGY ON BUSINESS OPPORTUNITY DUE TO DROP IN CONSUMER SENTIMENT



LR can choose the focus of sales actions between consumption and business opportunity

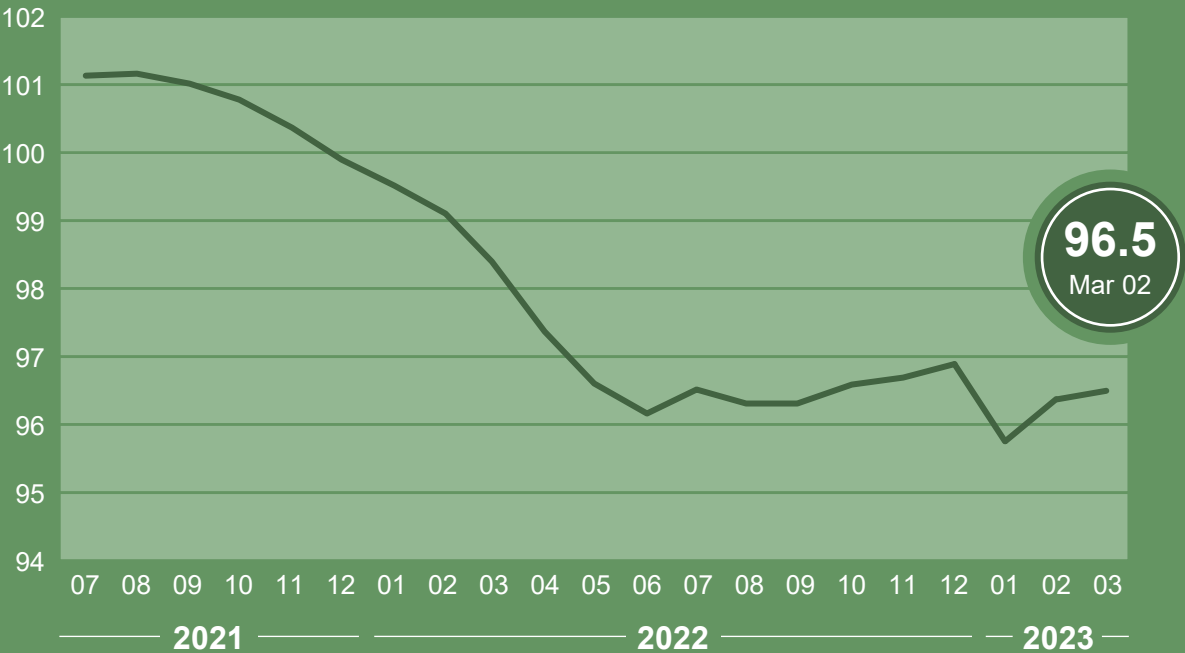


# FOCUS ON BUSINESS OPPORTUNITY MITIGATES THE DROP IN CONSUMER SENTIMENT



## Customers cut back on consumption

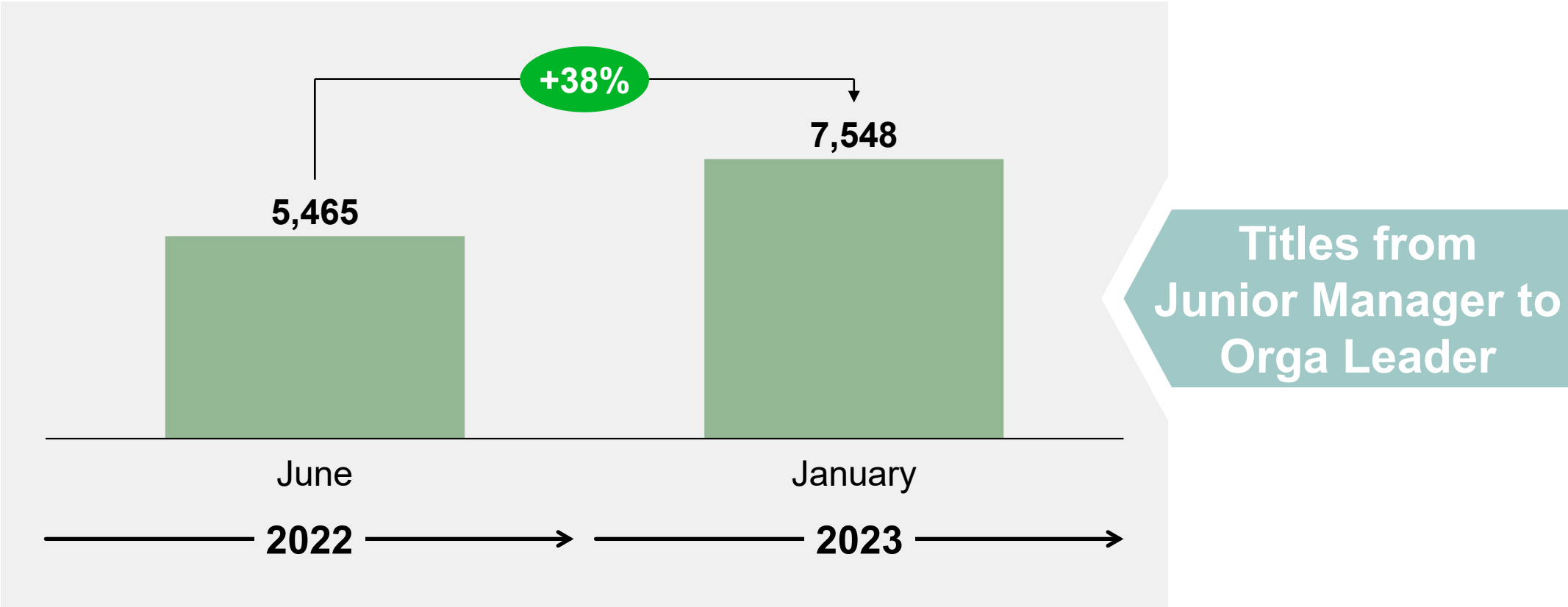
OECD Consumer Confidence Indicator for Europe



## Business opportunity drives LR's success

- Business Sets
- Fast Track Bonus
- Cash back
- Installments

# BOOST OF PARTNER CAREERS – STRONG SALES MOMENTUM INDICATOR

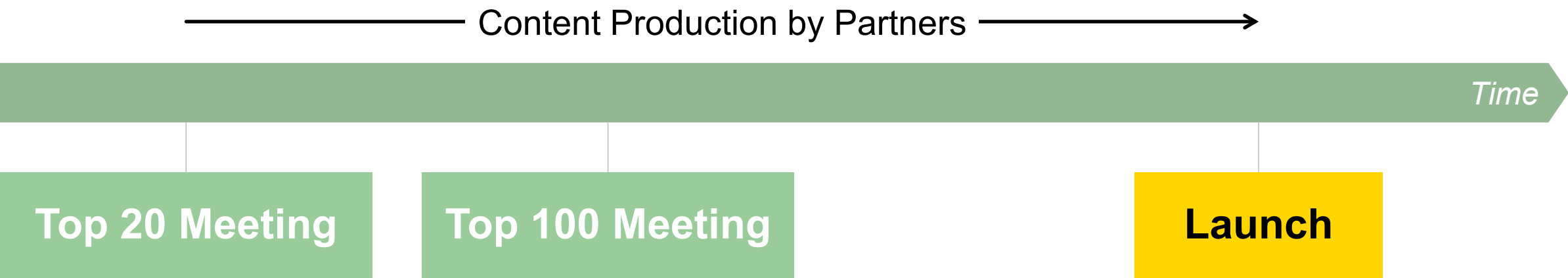




# NEW PRODUCT LAUNCH CONCEPT – MORE THAN DOUBLED SALES FOR THE LAST TWO LAUNCHES

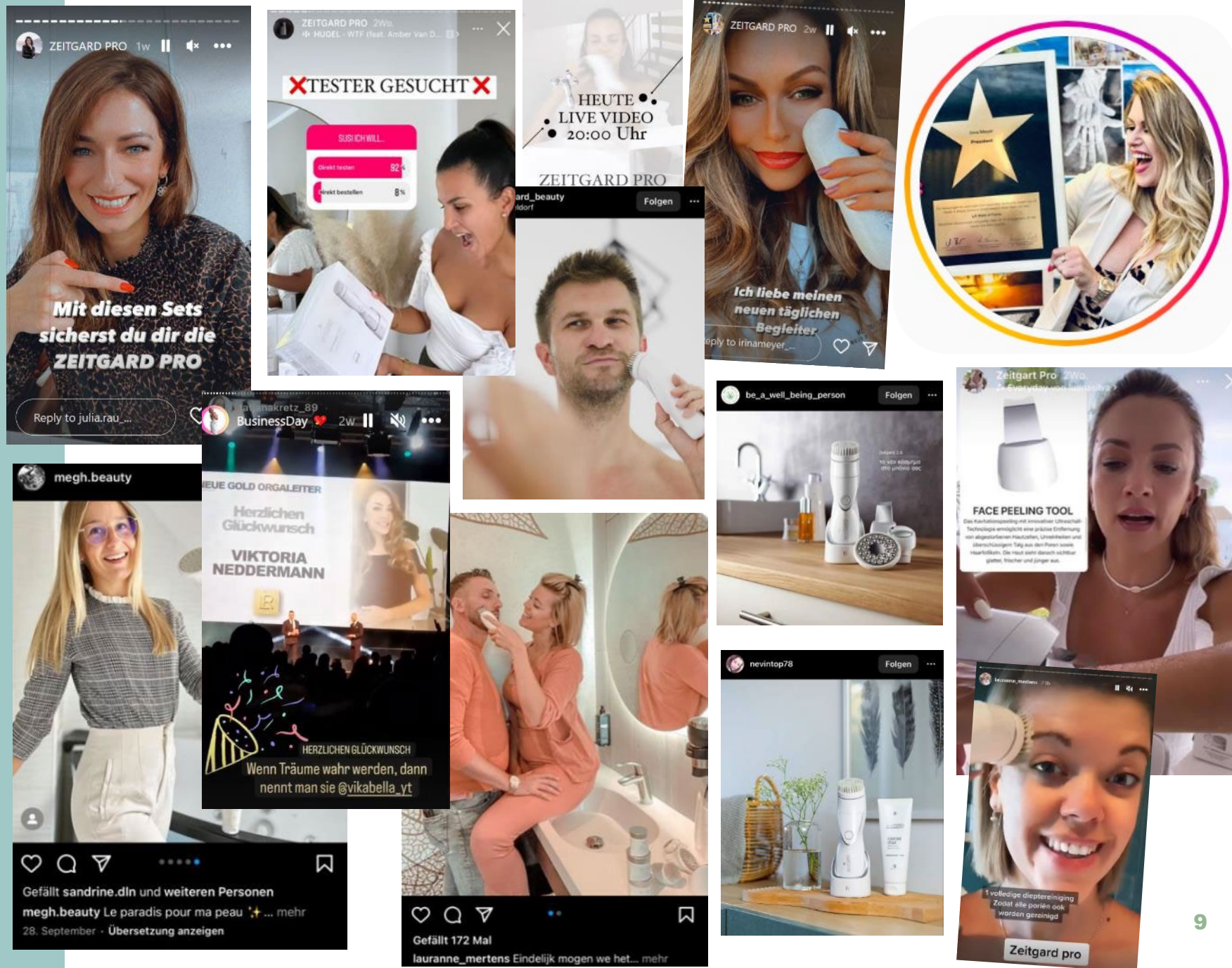


We have changed our communication strategy. We have started to involve our top partners at an early stage in the launch preparations with a systematic cascade of meetings allowing them to produce content and develop sales tools prior to the launch date.





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# TWO OF THE BEST LAUNCHES IN LR'S HISTORY AFTER CHANGING LAUNCH CONCEPT

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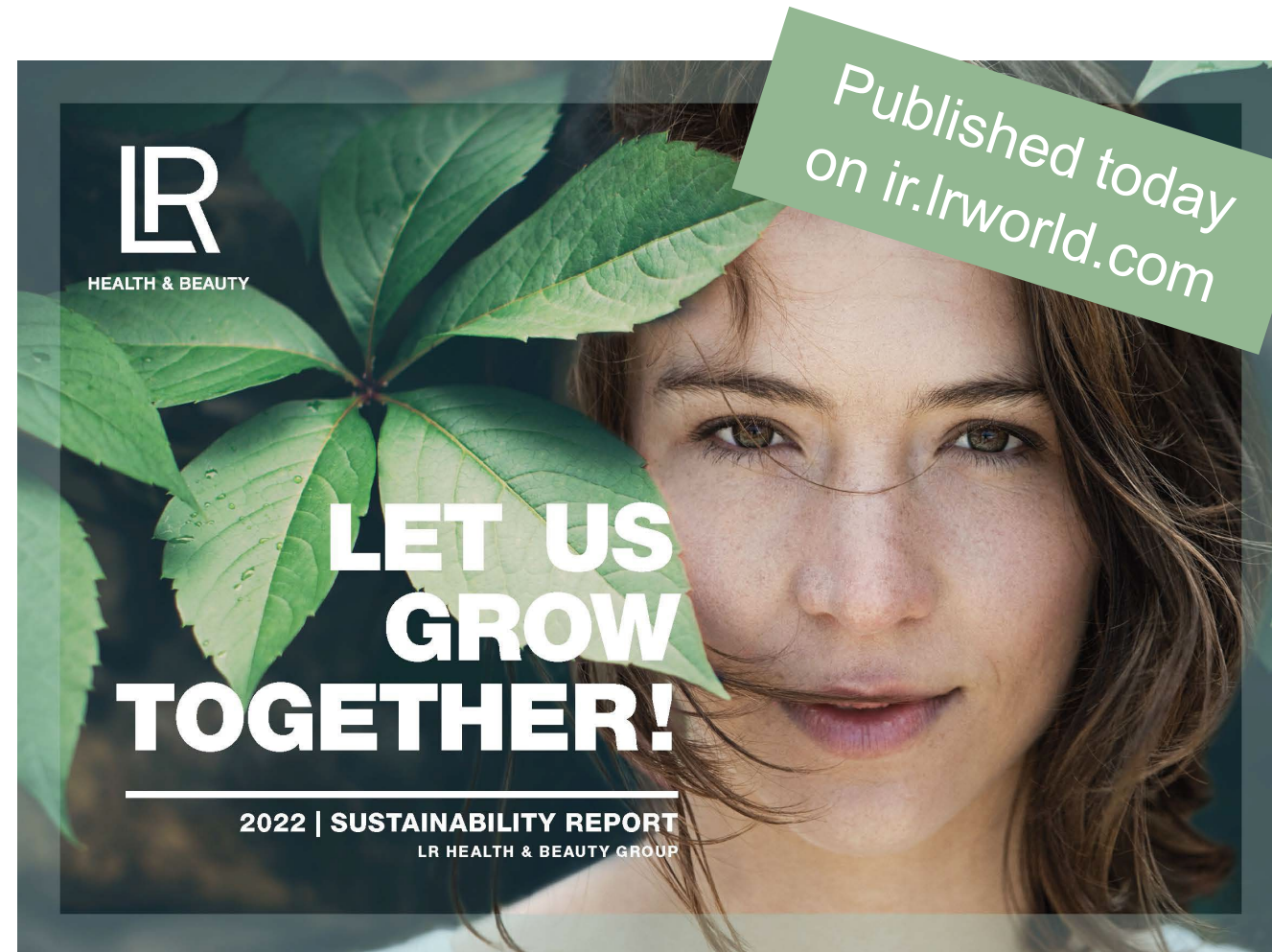




# SUSTAINABILITY HAS BEEN AN INTEGRAL PART OF OUR BUSINESS STRATEGY FOR MANY YEARS



- With the changing perception of sustainability issues in society, we now want to communicate our sustainability commitment more broadly to the public.
- For this reason, we are for the first time publishing a stand-alone sustainability report that highlights the various aspects of our sustainability activities.



# HIGHLIGHTS 2022

## LR GLOBAL KIDS FUND



LR GLOBAL KIDS FUND  
initiated by LR Health & Beauty



Donation check handed over to the RTL Children's House Lunch Club. EUR 2,500 donation to enable the children to participate in the Lifedance project.



Kirsten Ueckmann has become chairwoman of LR Global Kids Fund e.V. in 2022, replacing the previous chairman Andreas Friesch.



New opening of the RTL Children's House Lunch Club in Ahlen.



Donation of EUR 200,000 to the RTL Children's House Lunch Club at the "RTL Spendenmarathon" live on TV.

**In the year 2022, the LR Global Kids Fund has supported 18 projects and donated about EUR 570,000**



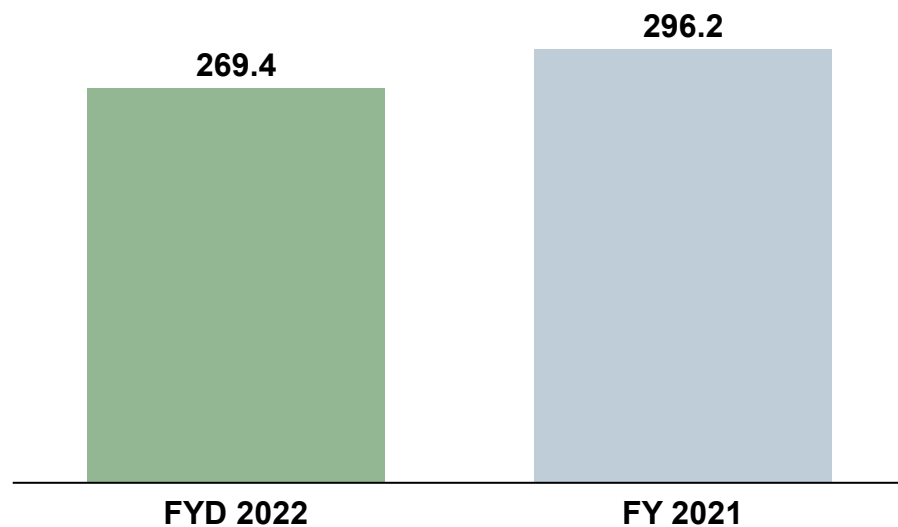
## 02\_\_\_\_ FACTS & FIGURES



# SOLID PERFORMANCE IN CHALLENGING 2022 – AS IN PY, FIGURES AT UPPER END OF FORECAST

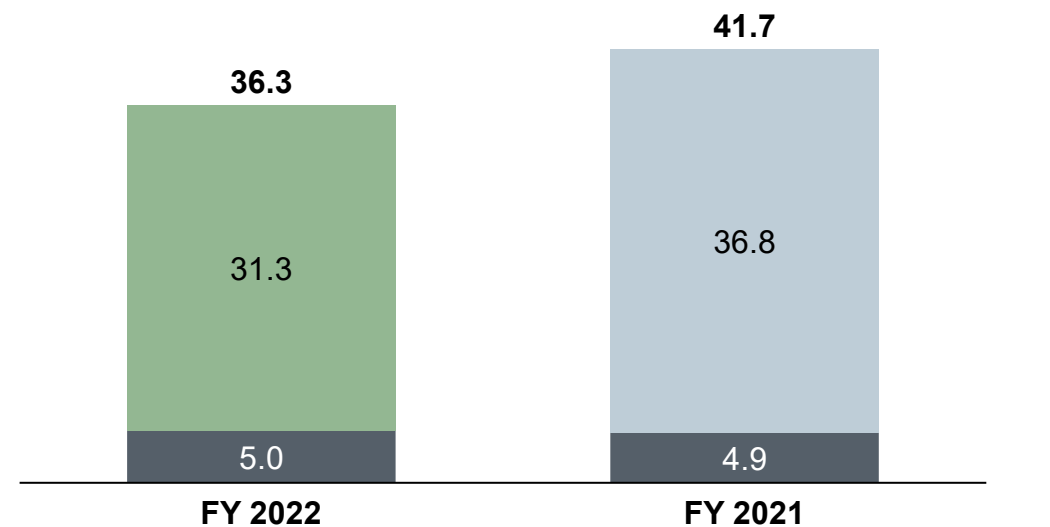
## Development of Sales<sup>1</sup> and EBITDA LR Group vs. PY, in EUR m

### Sales<sup>1</sup>



-9.1%

### EBITDA reported / normalized



-13.0%

EBITDA reported  
Normalizations

(1) Sales as revenue from goods sold

# STRATEGIC ADJUSTMENTS LED TO STRONG RECOVERY IN THE SECOND HALF OF THE YEAR

Sales<sup>1</sup> H1, H2 and FY 2022 per region<sup>2</sup> compared to previous year

## Region 1

Austria, Belgium / Luxembourg, Germany, the Netherlands, and Switzerland

H2 vs. H1  
**+15.8 pp.**

H1 2022	H2 2022	FY 2022
-13.2%	+2.6%	-5.5%

## Region 2

Czech Republic, Italy, Poland, Portugal, Slovakia, Spain, and Ukraine

H2 vs. H1  
**+2.2 pp.**

H1 2022	H2 2022	FY 2022
-21.5%	-19.3%	-20.4%

## Region 3

Albania, Bulgaria, Denmark, Finland, France, Greece / Cyprus, Hungary, Norway, Romania, Sweden, and Russia / Kazakhstan

H2 vs. H1  
**+11.2 pp.**

H1 2022	H2 2022	FY 2022
-10.0%	+1.2%	-4.6%

(1) Sales as revenue from goods sold

(2) The breakdown by regions has changed in 2022

For comparison purposes, the sales of the previous year are calculated with the current breakdown



# AUDITED FIGURES W/O SIGNIFICANT CHANGES TO THE PRELIMINARY PUBLISHED FIGURES

## Audited consolidated statement of profit and loss and statement of financial positions *(shortened)*

<i>in EUR m</i>	<b>FY 2022</b>	<b>FY 2021</b>	<b>Δ in %</b>
Revenue	268.3	292.9	-8.4%
Changes in finished goods and work in progress	-2.4	+3.7	
Other operating income	+21.6	+8.6	
Cost of material	-49.0	-56.9	-14.0%
Personnel expenses	-52.7	-54.2	-2.7%
Other operating expenses	-154.6	-157.5	-1.8%
<b>EBITDA</b>	<b>31.3</b>	<b>36.8</b>	<b>-15.0%</b>
Exceptional items	5.0	4.9	
<b>EBITDA normalized</b>	<b>36.3</b>	<b>41.7</b>	<b>-13.0%</b>
<i>in % of revenue</i>	<i>13.5%</i>	<i>14.2%</i>	

<i>in EUR m</i>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>	<b>Δ in %</b>
Non-current assets	148.8	149.3	-0.3%
Current assets	86.7	81.7	+6.1%
<i>thereof inventories</i>	25.8	29.6	-12.9%
<i>thereof cash</i>	39.1	30.0	+30.3%
<b>Total assets</b>	<b>235.5</b>	<b>231.0</b>	<b>+1.9%</b>
Equity	29.1	29.5	-1.5%
Non-current liabilities	148.4	139.1	+6.7%
<i>thereof liabilities from bonds</i>	124.6	123.7	
<i>thereof borrowings</i>	8.5	0	
Current liabilities	58.1	62.4	-7.0%
<i>thereof borrowings</i>	0.4	0	
<i>thereof income tax liabilities</i>	7.6	6.7	+14.1%
<b>Total equity and liabilities</b>	<b>235.5</b>	<b>231.0</b>	<b>+1.9%</b>



## 03\_\_\_\_ CORPORATE BOND

# SUCCESSFUL MAINTENANCE TEST FY 2022 – ADDITIONAL GUARANTOR

Referring to terms and conditions for LR Global Holding GmbH senior secured floating rate bonds 2021/2025

- Ratio of net interest bearing debt to Group EBITDA (the “Leverage Ratio”) for the relevant period is **3.11**
- Accordingly, the maintenance test is met for the relevant period (**4.50** covenant)
- LR Russia is going to become Guarantor under the Guarantee subject to the Agreed Security Principles

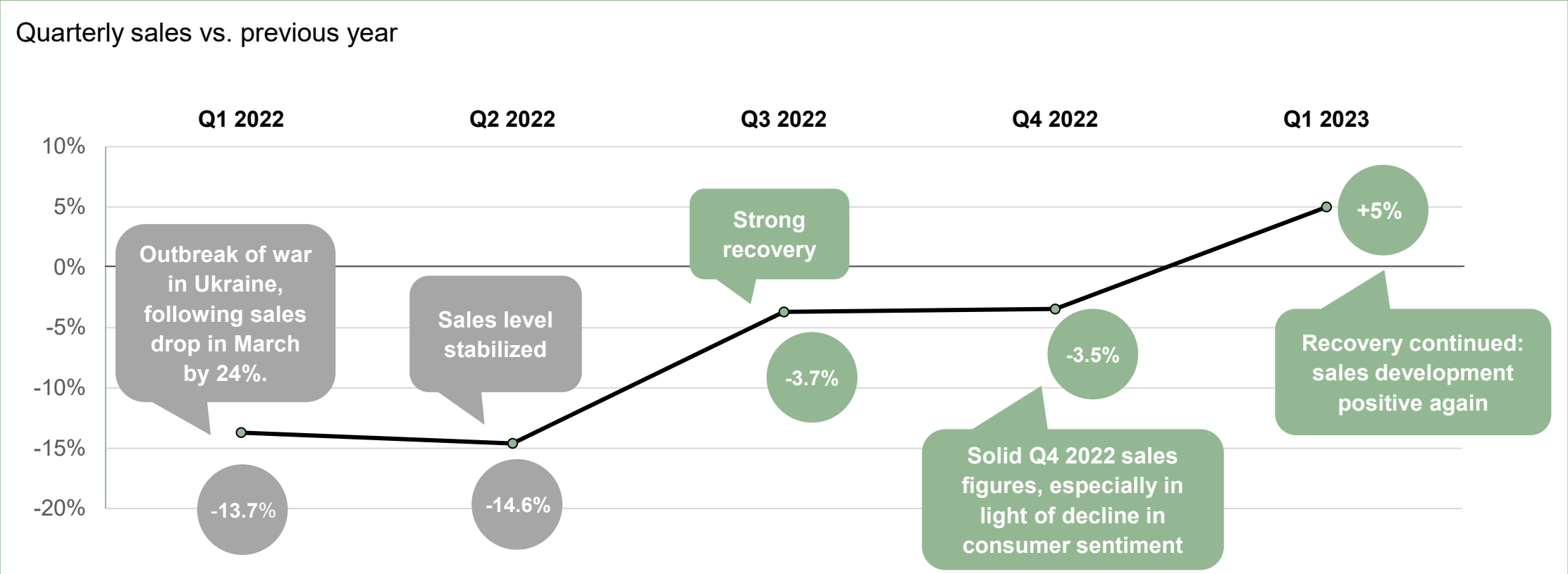
reference date	December 31, 2022
relevant period	Jan 1, 2022 – Dec 31, 2022
in EUR m	
net interest bearing debt <sup>1</sup>	111.677
Group EBITDA <sup>1</sup>	35.869



## 04\_\_ OUTLOOK

# CONTINUING POSITIVE SALES TREND – Q1 2023 EXPECTED TO BE ABOVE PRIOR YEAR

## Sales<sup>1</sup> development LR Group



(1) Sales as revenue from goods sold



# Next step in our expansion strategy: LR goes UK



- UK offers a very **attractive direct sales market** with a population of almost 70 million in geographical proximity.
- Considerable sales potential and **great opportunities for cross-sponsoring**. In particular for Germany, Poland (largest foreign population), and Benelux.
- **No major barriers** to market entry. Legal framework is essentially based on EU law despite Brexit and easily accessible both geographically and linguistically.
- Initially, the market will be **serviced from Germany**. **Strong expertise** of the German sales team **without high start-up costs**.



Scotland



Northern Ireland



Wales



England

# CAUTIOUS EXPECTATIONS FOR 2023 DUE TO DIFFICULT-TO-ASSESS POLITICAL DEVELOPMENTS

- Due to the **ongoing development**, which is **difficult to assess**, especially regarding the war in Ukraine and the mutual sanctions between Russia and the European Union, but also with regard to inflation and the consumer climate, the management assumes that **sales** (revenue from sold goods) **in 2023 will be at the previous year's level**.
- The management assumes that further cost increases will be largely compensated by price increases, and therefore a **slightly lower or stable EBITDA compared to the previous year** can be achieved.
- Provided that the previously mentioned external factors do not develop negatively and the **positive momentum** of the sales development from the last two quarters of 2022 continues, a **performance above the expected one is possible**.





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