



HEALTH & BEAUTY

INVESTOR CONFERENCE Q2 2024

LR HEALTH & BEAUTY GROUP
AUGUST 30, 2024



HEALTH & BEAUTY

CONTENT

01_BUSINESS HIGHLIGHTS

02_FACTS & FIGURES

03_CORPORATE BOND

04_OUTLOOK





HEALTH & BEAUTY



01__ BUSINESS HIGHLIGHTS

LR HEALTH MISSION (META CURE)

BEST LAUNCH IN LR HISTORY

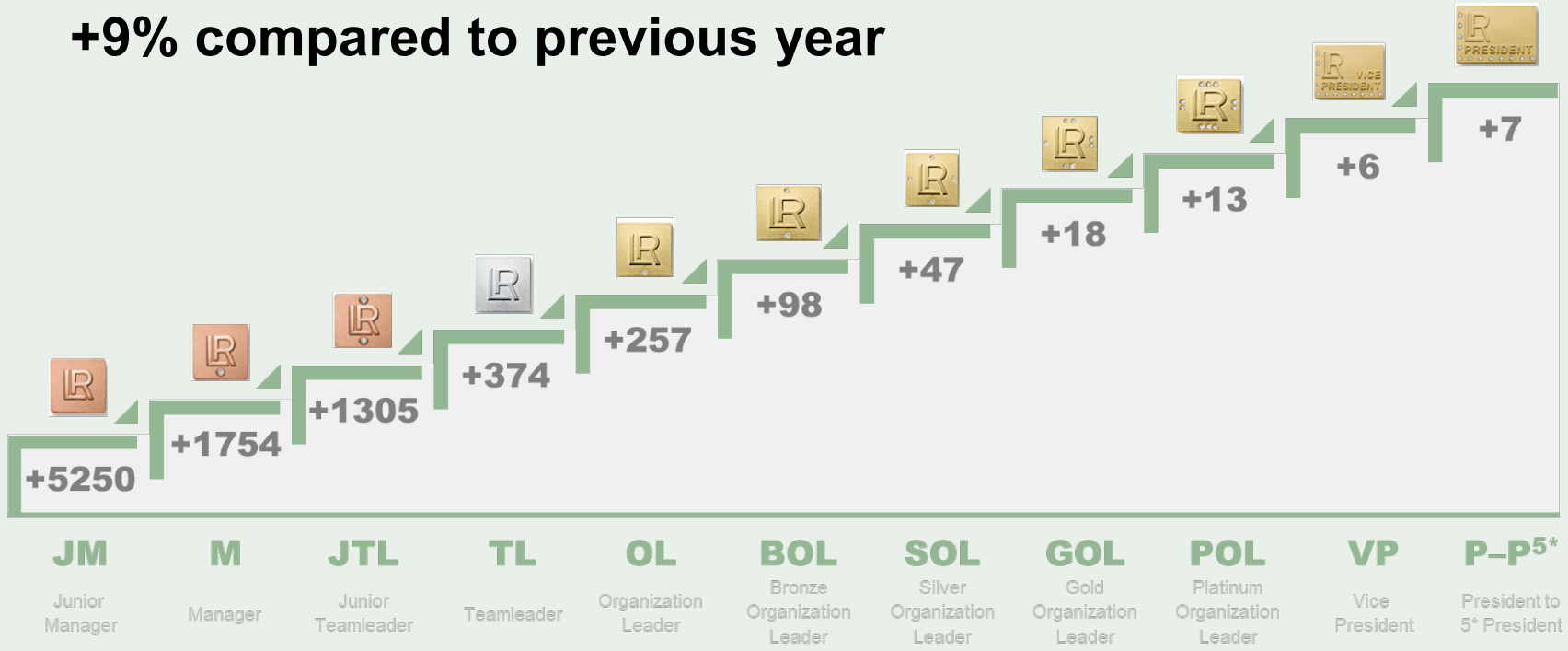
- Best launch in LR history after the first 3 months
- Strong support for subscription sales, for example in Germany an average of 44% of new subscriptions in Q2 were from Meta Cure
- Most popular product among new sales partners and consumers in Q2



INCREASING CAREER DEVELOPMENT – OUTSTANDING EXAMPLES IN RECENT MONTHS



9,100 new careers in H1 2024
+9% compared to previous year



Willi & Marco Fausel

4* President since June 2024



Irina Meyer

3* President since May 2024



Moindjoumoi & Saïd Cheikh

1* President since February 2024



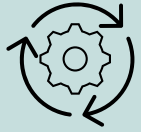
Julia Rau

2* President since June 2024

LRneo – DIGITAL SOLUTION FOR BUSINESS NEEDS



HEALTH & BEAUTY



Successfully transformed LRneo into a holistic partner portal

Including latest news for each country
Options to plan content, competitions and support sales partners with most relevant support material for every launch



Great feedback from sales partners



Strategic roadmap with functions to promote sales partner growth

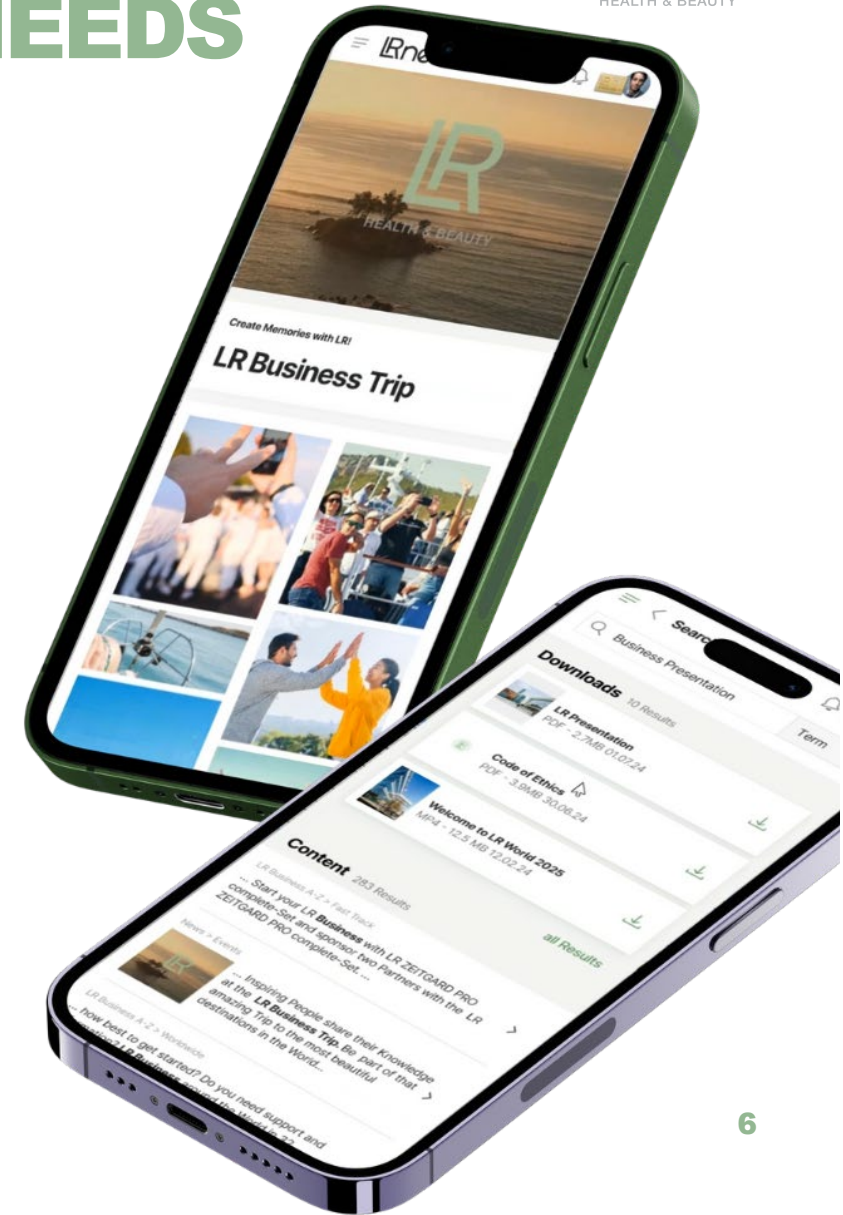
Over 60% of bonus recipients already using the platform:
70% of them mobile

Digital Recognition

Combining Data & Content

Dashboard | Analytics | Partner homepage
10/2023

News | Knowledge | Competitions
04/2024



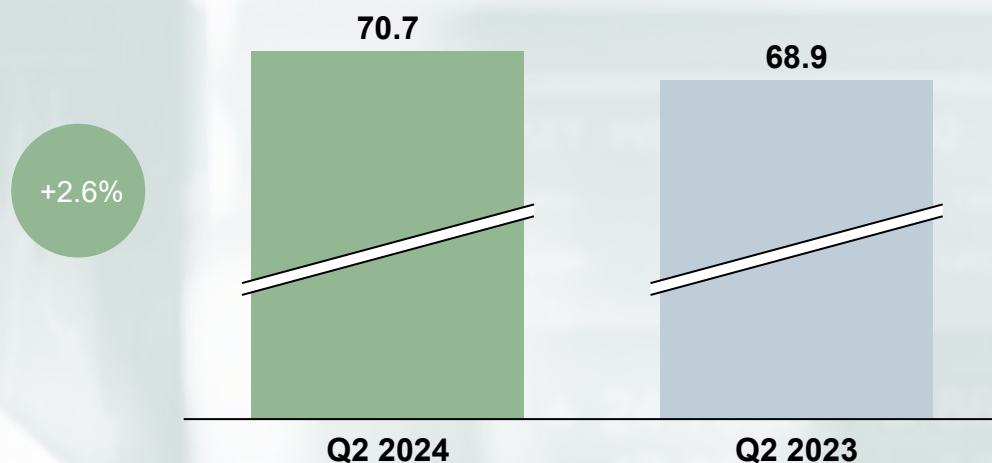


02_ FACTS & FIGURES

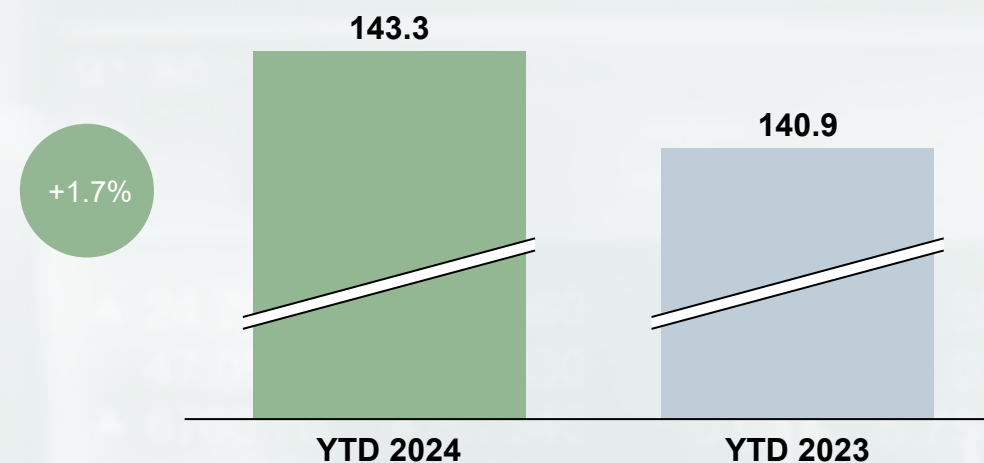
CONTINUOUS SALES GROWTH LEADS TO SECOND STRONGEST Q2 SALES IN LR HISTORY

Sales¹ development LR Group

Sales development Q2 2024 vs. PY, in EUR m



Sales development YTD 2024 vs. PY, in EUR m



(1) Sales as revenue from goods sold.

REGION CENTRAL EASTERN EUROPE BACK ON THE GROWTH PATH



HEALTH & BEAUTY

Sales¹ Q2 2024 per region compared to previous year

Region Western Europe

Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Norway, Portugal, Spain, Sweden, Switzerland, the Netherlands, Turkey and the United Kingdom

+0.3%

in EUR m

Q2 2024	Q2 2023
43.2	43.0

Region Central Eastern Europe

Albania, Bulgaria, Cyprus, Czech Republic, Greece, Hungary, Kazakhstan, Poland, Romania, Russia, Slovakia and Ukraine

+8.0%

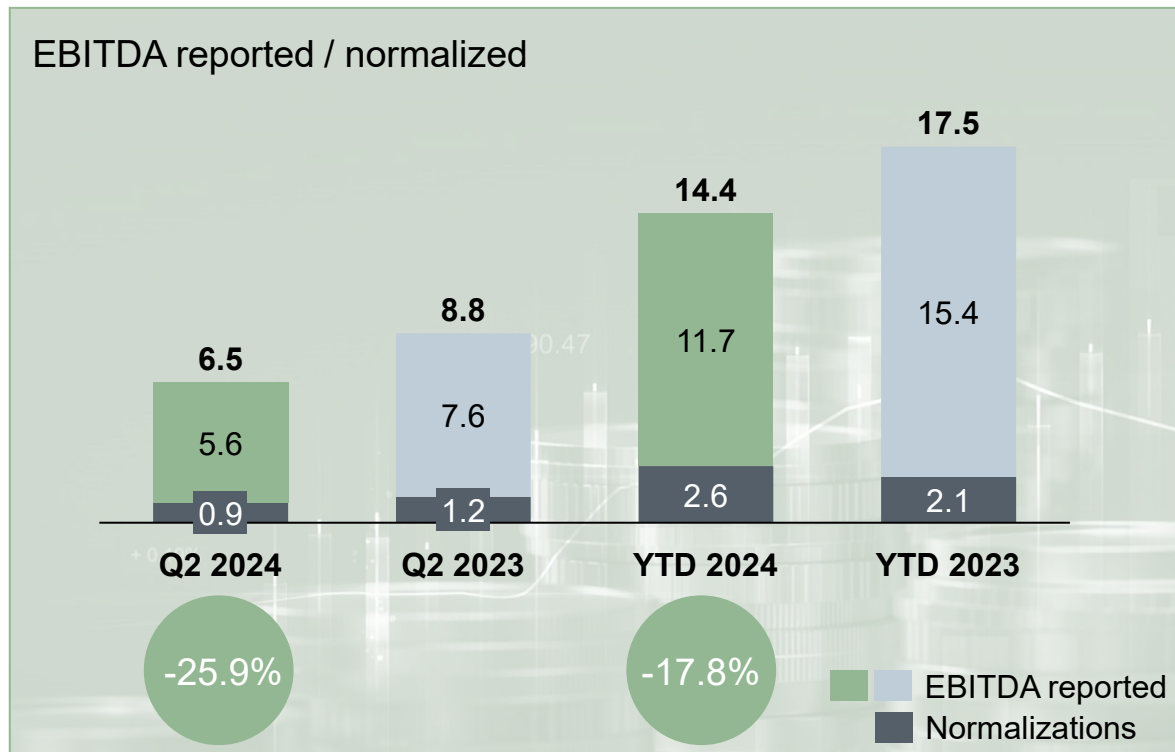
in EUR m

Q2 2024	Q2 2023
27.4	25.3

(1) Sales as revenue from goods sold.

EBITDA IMPACTED IN PARTICULAR BY TWO EXTRAORDINARY EFFECTS

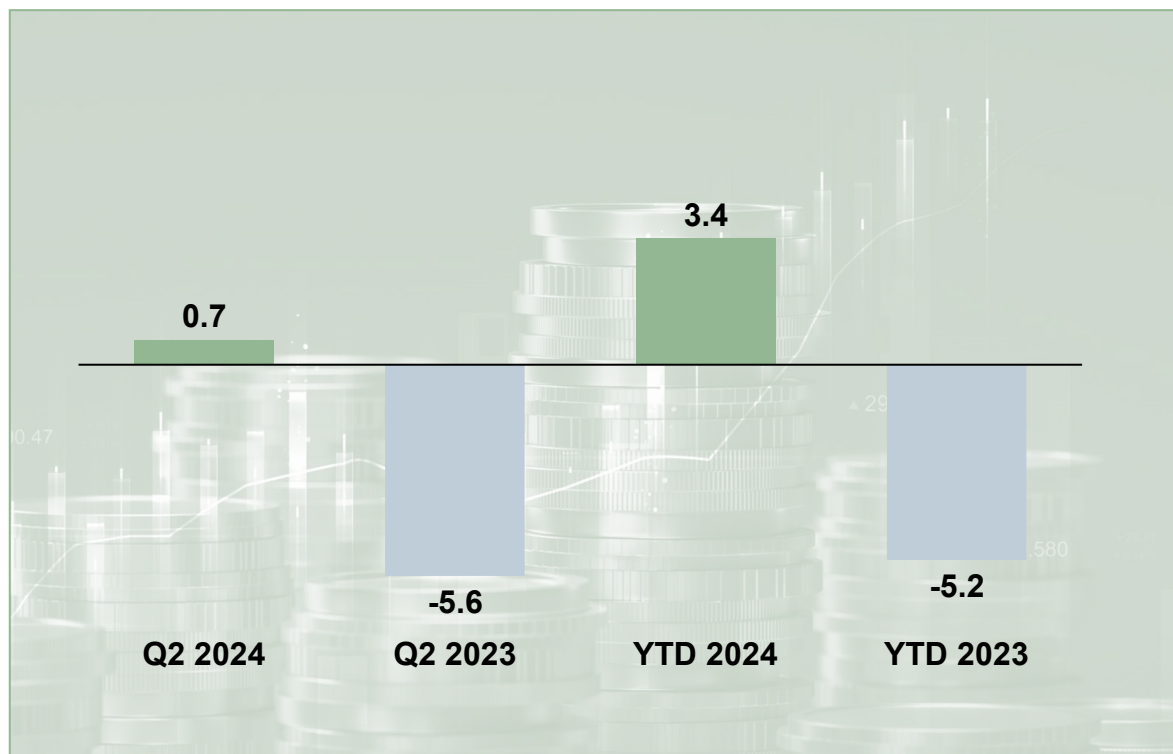
Development of EBITDA reported / normalized at LR Group, in EUR m



- In the previous year, other revenue of more than EUR 1m for rendered services were invoiced in the second quarter, which will be booked in the third quarter this year
- EBITDA reported negatively impacted by the one-off effects in connection with the refinancing of the corporate bond

FREE CASH FLOW SIGNIFICANTLY ABOVE PRIOR YEAR

Development free cash flow¹ at LR Group, in EUR m



- Positive free cash flow despite payment of the annual bonus to sales partners of approx. EUR 7m
- Q2 and H1 2024 negatively impacted by one-off effect in connection with the refinancing of the corporate bond
- Prior year was impacted by subsequent tax payments for previous years

(1) Free cash flow, defined as sum of cash flow from operating activities and cash flow from investing activities.

SALES INCREASED WHILE EBITDA IMPACTED BY EXTRAORDINARY EFFECTS

Unaudited consolidated interim statement of profit and loss (shortened)

<i>in EUR m</i>	Q2 2024	Q2 2023	Δ in %	YTD 2024	YTD 2023	Δ in %
Sales¹	70.7	68.9	+2.6%	143.3	140.9	+1.7%
Revenue	68.9	68.5	+0.6%	139.6	139.3	+0.3%
Changes in finished goods and work in progress	-1.0	+1.2		-0.9	+1.7	
Other operating income	+0.7	+1.1		+3.0	+2.2	
Cost of material	-12.2	-13.4	-9.4%	-25.6	-27.2	-5.9%
Personnel expenses	-14.0	-13.3	+5.1%	-29.1	-27.0	+7.6%
Other operating expenses	-36.8	-36.5	+0.8%	-75.4	73.6	+2.5%
EBITDA	5.6	7.6	-26.1%	11.7	15.4	-23.5%
Exceptional items	0.9	1.2		2.6	2.1	
EBITDA normalized	6.5	8.8	-25.9%	14.4	17.5	-17.8%
<i>in % of sales</i>	9.2%	12.8%		10.0%	12.4%	

- Sales above previous year's level
- Revenue increase lower in relation to sales increase due to phasing effect in other revenue
- Ratio of the sum of material costs and changes in finished goods and work in progress to sales YTD 2024 of 18.5% on comparable level (PY: 18.1%)
- Personnel costs increased due to higher headcount compared to YTD 2023 and the payout of inflation compensation premium
- Other operating expenses increased YTD 2024, which was mainly driven by costs in conjunction with the issue of the corporate bond

(1) Sales as revenue from goods sold, not part of the P&L according to IFRS.

INVENTORY LEVEL SUCCESSFULLY REDUCED

Unaudited consolidated interim statement of financial positions (shortened)

<i>in EUR m</i>	Jun 30, 2024	Dec 31, 2023	Δ in %
Non-current assets	150.4	151.2	-0.5%
Current assets	70.1	83.5	-16.1%
<i>thereof inventories</i>	29.2	34.6	-15.6%
<i>thereof trade receivables</i>	17.5	13.8	+26.6%
<i>thereof cash</i>	13.4	24.0	-43.9%
Total assets	220.5	234.7	-6.1%
Equity	18.3	27.2	-32.7%
Non-current liabilities	153.7	151.0	+1.8%
<i>thereof liabilities from bonds</i>	124.0	125.5	-1.2%
<i>thereof shareholder loans (subordinated)</i>	4.0	0.0	
Current liabilities	48.5	56.5	-14.3%
<i>thereof trade payables</i>	26.1	34.7	-24.8%
Total equity and liabilities	220.5	234.7	-6.1%

- Reduction of inventories is progressing as planned
- Usual build-up of trade receivables YTD
- Equity reduced by total comprehensive income; Economic equity including the subordinated shareholder loan amounts to EUR 22.3m
- The book value of the new bond 2024/2028 corresponds to the issue amount of EUR 130.0m less discounted issue fees and OID plus accrued interest
- Seasonal reduction of trade payables due to payout of annual bonus to LR sales partners



HEALTH & BEAUTY



03__

CORPORATE BOND

SUCCESSFUL MAINTENANCE TEST IN Q2 2024

Calculation referring to Clause 13.1 of terms and conditions for LR Health & Beauty SE senior secured floating rate bonds 2024/2028

Leverage Ratio

Net Interest Bearing Debt

/

Group EBITDA

4.41x per LTM Q2 2024

Status: compliant (covenant 5.0x)

Pre-IFRS 16 Leverage Ratio

Net Interest Bearing Debt excluding

any Financial Indebtedness under any lease (...)

/

Group EBITDA minus the interest expenses in respect of any lease (...)

4.07x per LTM Q2 2024

Status: compliant (covenant 6.0x)



HEALTH & BEAUTY



04_ **OUTLOOK**

LR EXPANDS ITS IT LANDSCAPE WITH A NEW NEAR-SHORE IT HUB IN GREECE



HEALTH & BEAUTY

- **Athens** chosen as new location due to **dynamic IT infrastructure and rich talent pool**
- More **independence** from external service providers in connection with **cost reduction** based on insourcing
- Strengthening the ability to develop **individual solutions** for the sales partners
- **Opening** of the new center of excellence is **planned for 2025** and will take place in close cooperation with the Greek entity



ANNOUNCING INNOVATIVE NEWS AT THE UPCOMING SALES EVENTS

- Simultaneous Business Days in **25 countries within 7 days** at the end of September
- Great response from sales partners, **most events already sold out**
- **Significant innovations** for sales partners to be announced
 - On the **product side**:
Launch of a brand new, promising product range
 - On the **business side**:
Substantial improvements for sales partners in the business model



OUTLOOK FULL YEAR 2024

UNCHANGED



HEALTH & BEAUTY

- The further course of the war in Ukraine, the mutual sanctions between Russia and the European Union and the persistence of the current decline in inflation rates and their impact on the general interest rate level and general consumer sentiment are factors that are difficult to calculate.
- Against this background, the management still expects the 2024 financial year **sales¹ to remain at the previous year's level**. The management also assumes that further cost increases will be largely offset by price increases and that **EBITDA will therefore be slightly lower or stable compared to the previous year**.



(1) Sales as revenue from goods sold.

MORE QUALITY
for your life.