



HEALTH & BEAUTY

INVESTOR CONFERENCE Q3 2024

LR HEALTH & BEAUTY GROUP
NOVEMBER 29, 2024



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01__ BUSINESS HIGHLIGHTS



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**MORE THAN
17,000
PEOPLE IN 25
COUNTRIES
ATTENDED
OUR
BUSINESS
DAYS IN
SEPTEMBER**



Experiencing the new product launch of LR ZEITGARD Signature and the exciting changes to the career plan



SUCCESSFUL LAUNCH OF A NEW RANGE OF DECORATIVE COSMETICS

		HIGHEST QUALITY STANDARDS		
	DEVELOPED WITH BEAUTY EXPERTS		REDUCED TO THE ESSENTIALS	

LR
ZEITGARD
Signature



STABLE BLOCKBUSTER SALES, COMPLEMENTED BY NEW INNOVATIONS



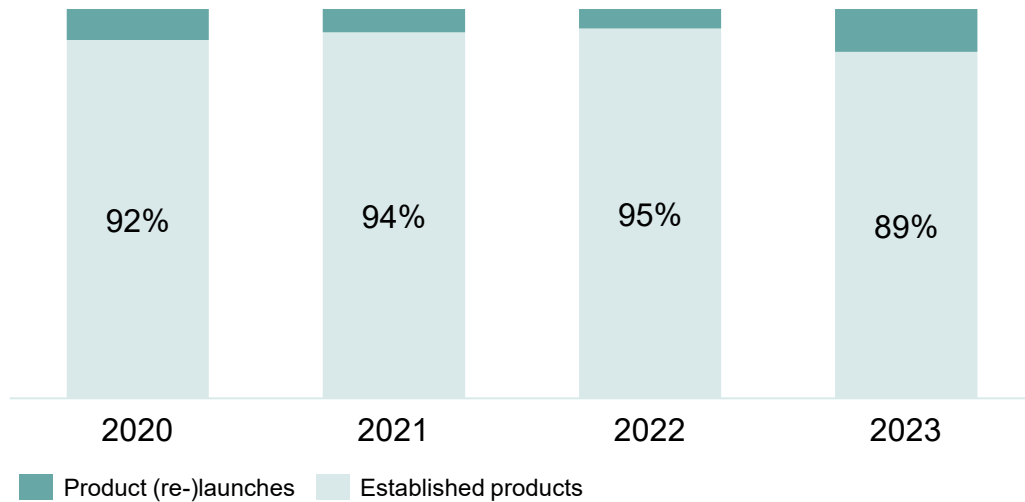
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Overall product strategy

Solid base of blockbusters,
complemented by new innovations

Sales split between established products
and launches (%)

~89% sales from evergreen
products in 2023



Last 5 launches

after changing the launch concept
became **the most successful***
launches in LR's history



September 2024



April 2024



September 2023



January 2023



September 2022



* In terms of sell-in turnover

LOGISTICS 4.0 – SUCCESSFUL IMPLEMENTATION OF NEW WAREHOUSE MANAGEMENT SYSTEM



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- Following the construction of the new logistics center, the **new warehouse management system** has now been **successfully implemented**
- In October, **deliveries to the stockholding subsidiaries** were switched to the new system
- Launch of the first countries with **B2C shipping** is scheduled for the end of 2024. Migration of all countries with direct customer delivery from Germany will take place during 2025

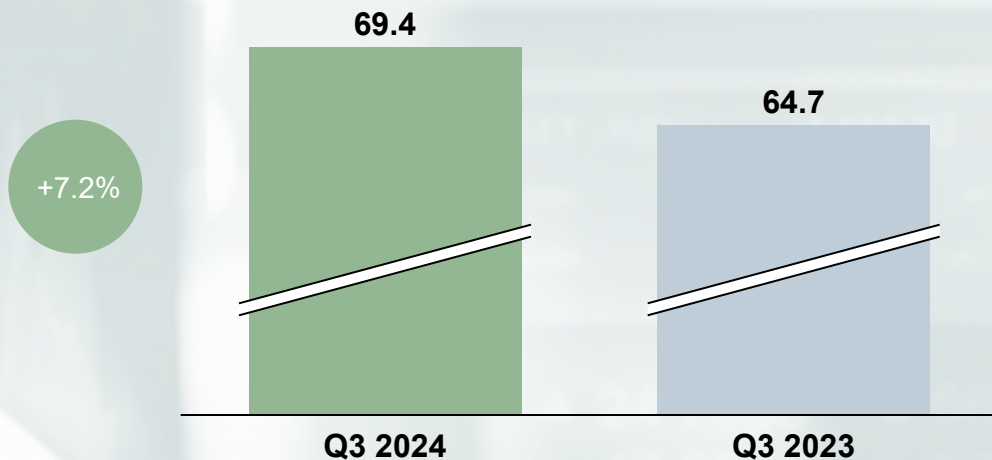


02_ FACTS & FIGURES

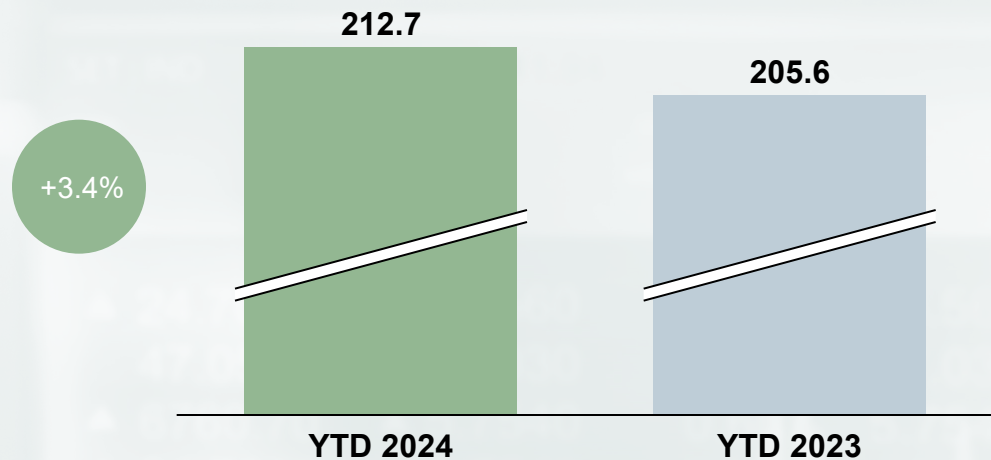
POSITIVE SALES TREND OF FIRST TWO QUARTERS ACCELERATED IN Q3

Sales¹ development LR Group

Sales development Q3 2024 vs. PY, in EUR m



Sales development YTD 2024 vs. PY, in EUR m



(1) Sales as revenue from goods sold.

BOTH REGIONS ON A PATH OF SUCCESSFUL GROWTH

Sales¹ Q3 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

+4.8%

	<i>in EUR m</i>	
	Q3 2024	Q3 2023
	41.7	39.8

Region Central Eastern Europe

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

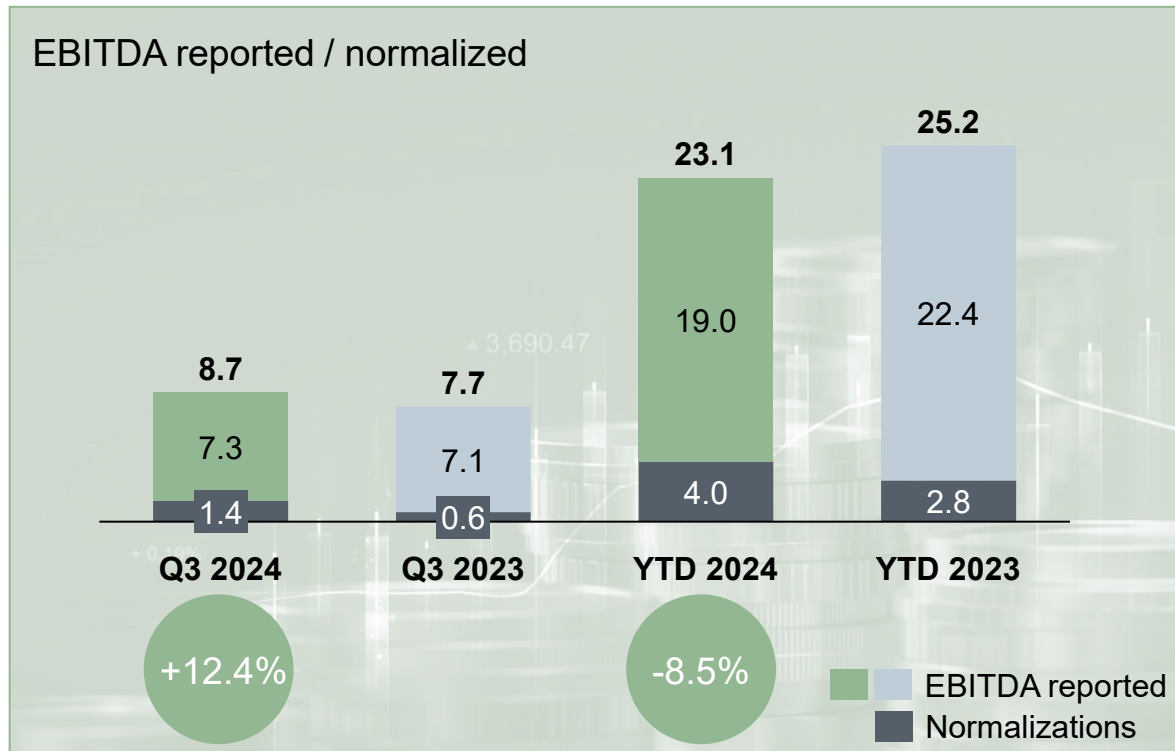
+12.5%

	<i>in EUR m</i>	
	Q3 2024	Q3 2023
	27.6	24.5

(1) Sales as revenue from goods sold.

EBITDA IN THE THIRD QUARTER ABOVE PREVIOUS YEAR'S LEVEL

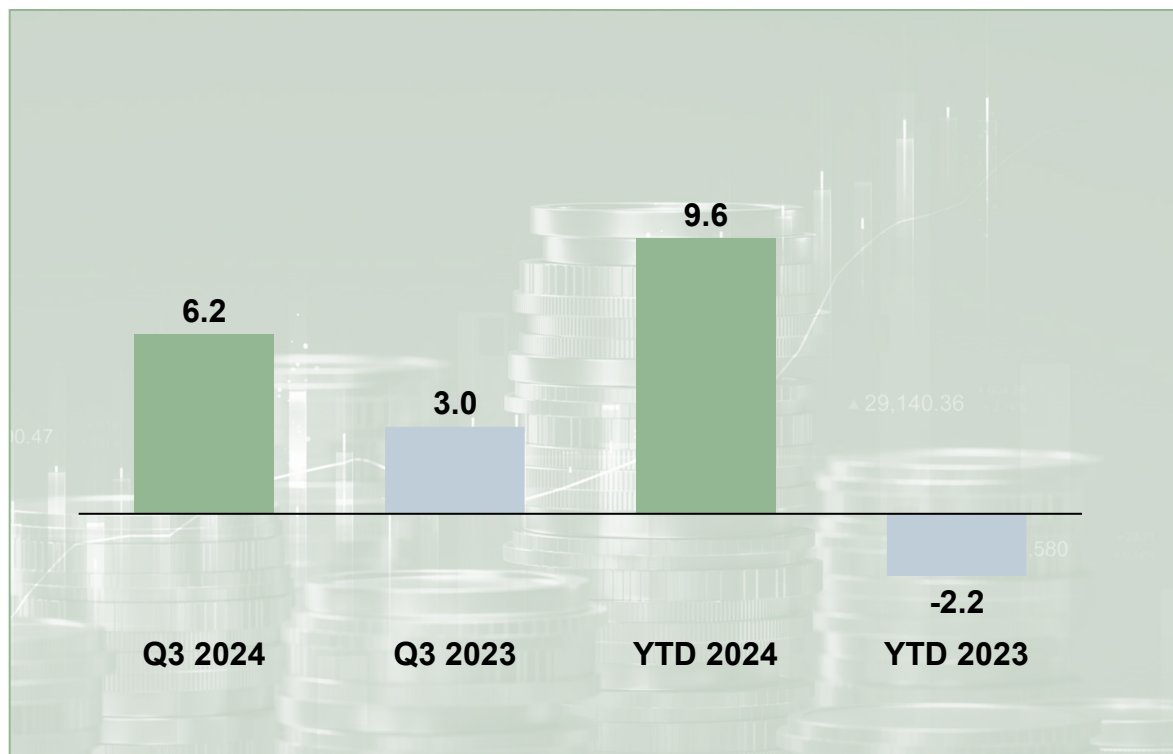
Development of EBITDA reported / normalized LR Group, in EUR m



- Higher personnel expenses in 2024 driven by accumulated inflation in recent years in combination with very limited salary increases in prior years
- YTD 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 of free cash flow¹ at LR Group, in EUR m



- Strong free cash flow in Q3 and YTD underlining robust business model
- Nevertheless, refinancing costs had a negative impact on the free cash flow
- Last years' YTD numbers were 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 AND EBITDA INCREASED IN THE THIRD QUARTER

Unaudited consolidated interim statement of profit and loss (shortened)

<i>in EUR m</i>	Q3 2024	Q3 2023	Δ in %	YTD 2024	YTD 2023	Δ in %
Sales¹	69.4	64.7	+7.2%	212.7	205.6	+3.4%
Revenue	68.4	64.0	+6.8%	208.0	203.3	+2.3%
Changes in finished goods and work in progress	+0.2	+3.7		-0.7	+5.4	
Other operating income	+1.8	+2.1		+4.8	+4.2	
Cost of material	-11.9	-14.6	-18.4%	-37.5	-41.8	-10.3%
Personnel expenses	-14.0	-13.3	+5.1%	-43.1	-40.3	+6.8%
Other operating expenses	-37.1	-34.8	+6.7%	-112.5	-108.4	+3.8%
EBITDA	7.3	7.1	+2.9%	19.0	22.4	-15.2%
Exceptional items	1.4	0.6		4.0	2.8	
EBITDA normalized	8.7	7.7	+12.4%	23.1	25.2	-8.5%
<i>in % of sales</i>	12.5%	11.9%		10.8%	12.3%	

- Sales above previous year's level
- Ratio of the sum of material costs and changes in finished goods and work in progress to sales YTD 2024 of 18.0% on comparable level (PY: 17.7%)
- Higher personnel expenses in 2024 driven by accumulated inflation in recent years in combination with very limited salary increases in prior years
- Other operating expenses increased in YTD 2024, mainly due to costs related to the issuance of the new corporate bond and higher distributor bonus caused by increased sales volume

(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>	Sep 30, 2024	Dec 31, 2023	Δ in %
Non-current assets	151.2	151.2	+0.0%
Current assets	71.1	83.5	-14.9%
<i>thereof inventories</i>	30.1	34.6	-13.1%
<i>thereof trade receivables</i>	17.6	13.8	+27.1%
<i>thereof cash</i>	13.8	24.0	-42.6%
Total assets	222.3	234.7	-5.3%
Equity	15.8	27.2	-42.1%
<i>Economic equity¹</i>	19.8	27.2	-27.3%
Non-current liabilities	154.8	151.0	+2.5%
<i>thereof liabilities from bonds</i>	124.5	125.5	-0.8%
<i>thereof shareholder loans (subordinated)</i>	4.0	0.0	
Current liabilities	51.7	56.5	-8.4%
<i>thereof trade payables</i>	30.1	34.7	-4.6%
Total equity and liabilities	220.5	234.7	-6.1%

- Inventory management on track
- Seasonal build-up of trade receivables YTD and increased subscription share
- Economic equity¹ including the subordinated shareholder loan amounts to EUR 19.8m
- 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 interests
- Seasonal reduction of trade payables mainly due to payout of annual bonus to LR distributors in Q2

(1) Economic equity not part of the balance sheet according to IFRS.



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03__

CORPORATE BOND

SUCCESSFUL MAINTENANCE TEST IN Q3 2024

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

Leverage Ratio

Net Interest Bearing Debt

/

Group EBITDA

4.38x per LTM Q3 2024

Status: compliant (covenant 4.75x)

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 (...)

4.06x per LTM Q3 2024

Status: compliant (covenant 5.70x)



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04_ **OUTLOOK**

PROMISING RESULTS FROM CAREER PLAN UPDATE IN OCTOBER

- Update of Career Plan focusing on **full-time LR distributors**
- Significant improvement of the business opportunity with the new “**Business Track**”
- More than 80% of the target group is already participating on the new business track resulting in **increased activity** by LR distributors
- Medium-term **reduction of scatter losses** in bonus payments to LR distributors
- **Short-term one-off additional costs** in connection with the realignment and accompanying sales measures





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Sparkling Christmas

It's time to shine

- **Limited editions**
- **Christmas top sellers**
- **Great set offers**



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LIMITED EDITIONS

CHRISTMAS TOP SELLERS

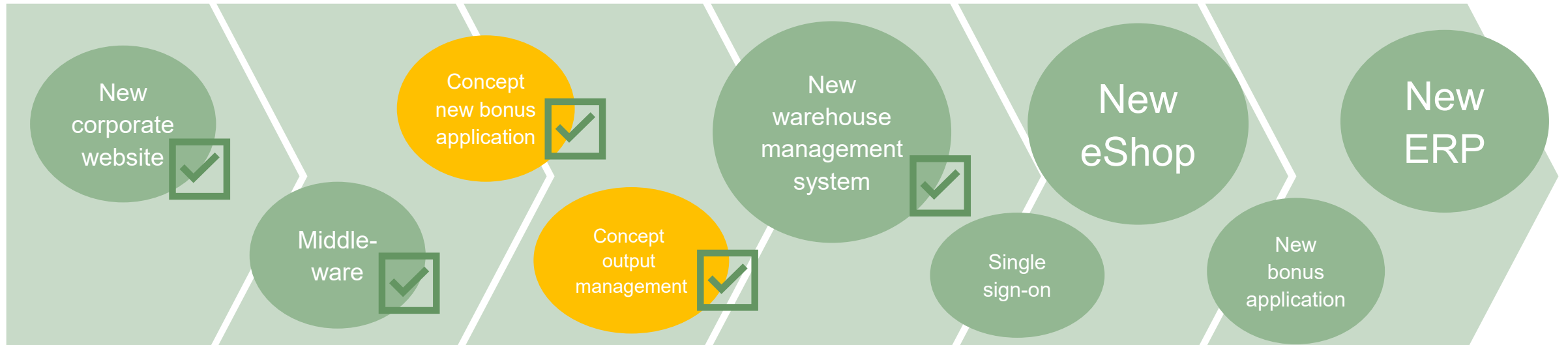
GREAT SET OFFERS



*limiteds

UPDATE ON GREENFIELD PROJECT

- Good results with the changed **project organization** to implement smaller projects in parallel work. **Independent go-live dates** to reduce complexity and for faster value creation
- **Greenfield architecture** will focus on standardized expert solutions instead of customization in ERP & eShop
- Project **New eShop** is running smoothly and on track



OUTLOOK FULL YEAR 2024

ADJUSTED

- Based on the business development for the first nine months of 2024 and the realignment of the career plan for distributors in the third quarter of 2024, LR Health & Beauty SE is adjusting its forecast for sales and EBITDA reported for the full year 2024.
- LR Health & Beauty SE is raising its **sales forecast** and now expects sales in the range of **EUR 288 million to EUR 292 million** in the 2024 financial year.
- In addition, the company is adjusting its **EBITDA expectations** for 2024 to a range of **EUR 26 million to EUR 29 million**.
- This is due to the fact that the realignment to the career plan for distributors in the third and fourth quarters of 2024 will result in a significant increase in the number of new distributors, which will have a positive impact on future sales expectations. At the same time, in addition to the refinancing costs incurred, earnings will be impacted primarily by one-off, extraordinary effects in the low single-digit million-euro range in connection with the updated career plan.



MORE QUALITY
for your life.