



HEALTH & BEAUTY

INVESTOR CONFERENCE ANNUAL REPORT 2023

LR HEALTH & BEAUTY GROUP
APRIL 30, 2024



CONTENT

01_BUSINESS HIGHLIGHTS

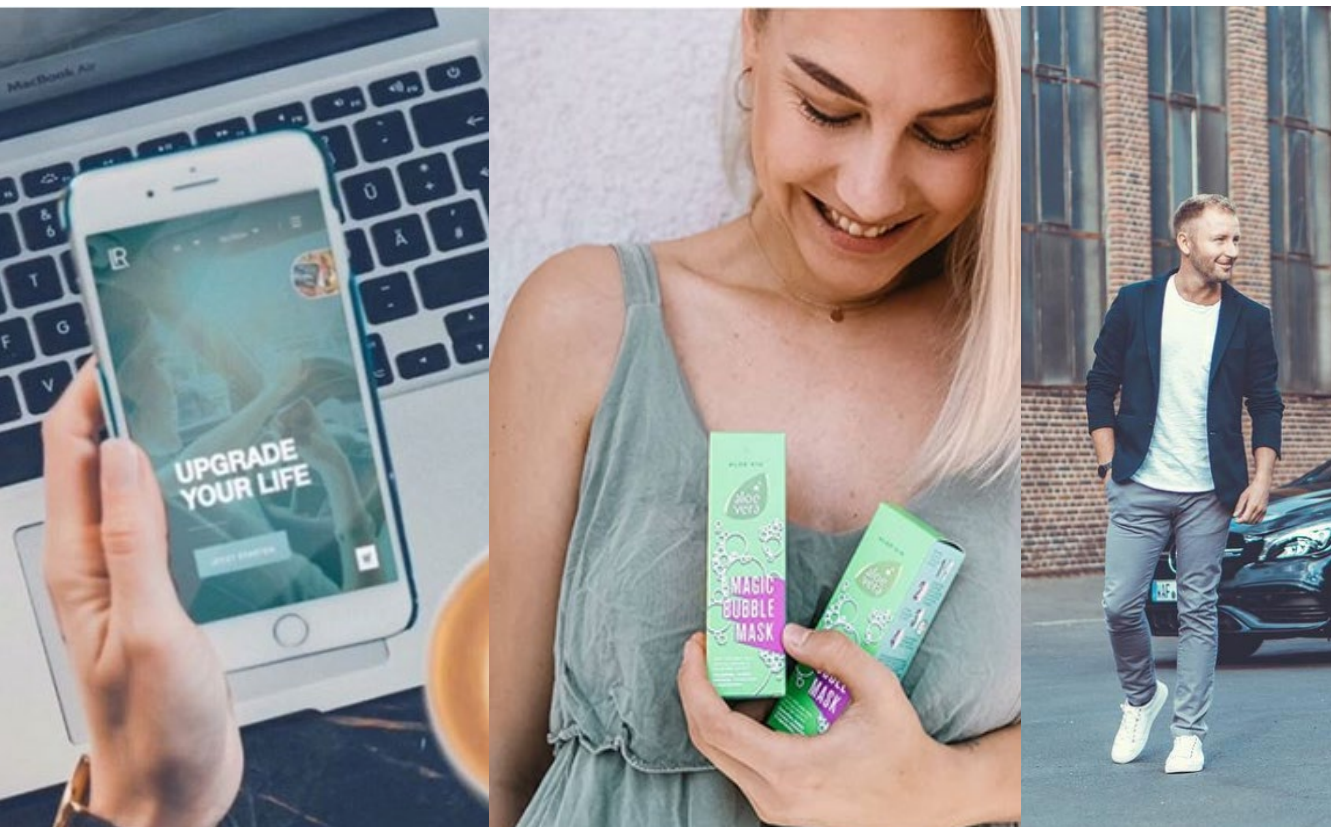
02_FACTS & FIGURES

03_CORPORATE BOND

04_OUTLOOK




HEALTH & BEAUTY



01__ BUSINESS HIGHLIGHTS


ALL KEY LEVERS SHOW SIGNIFICANT IMPROVEMENTS BASED ON THE SUCCESSFUL IMPLEMENTATION OF STRATEGY

Business Opportunity



New careers and productivity increased

Products



Last three major launches are the Top 3 launches ever

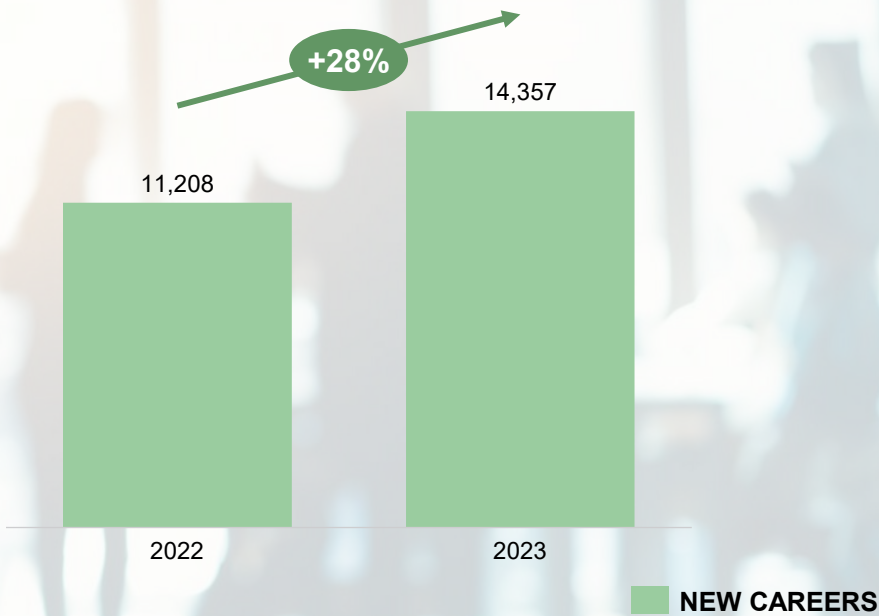
Expansion



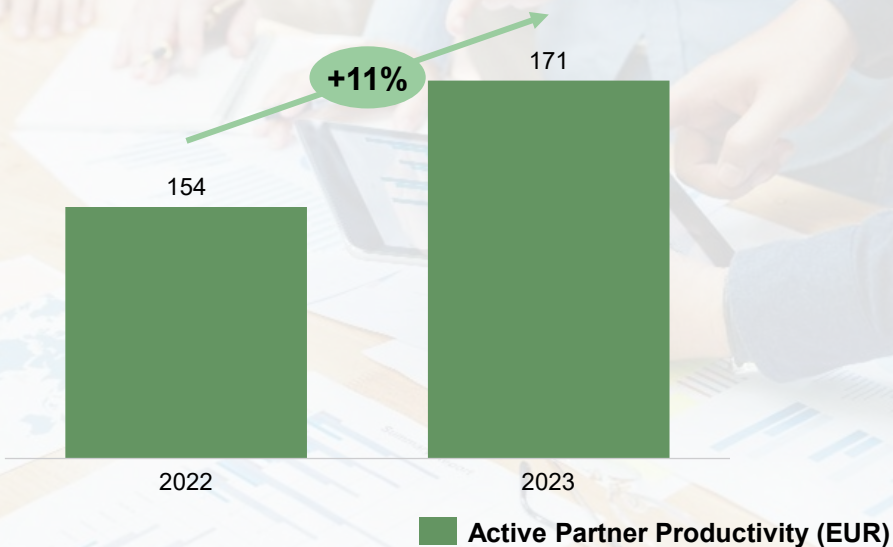
Strong entry in UK in August 2023

NEW CAREERS AND PARTNER PRODUCTIVITY SIGNIFICANTLY INCREASED IN 2023

CAREER DEVELOPMENT compared to the previous year



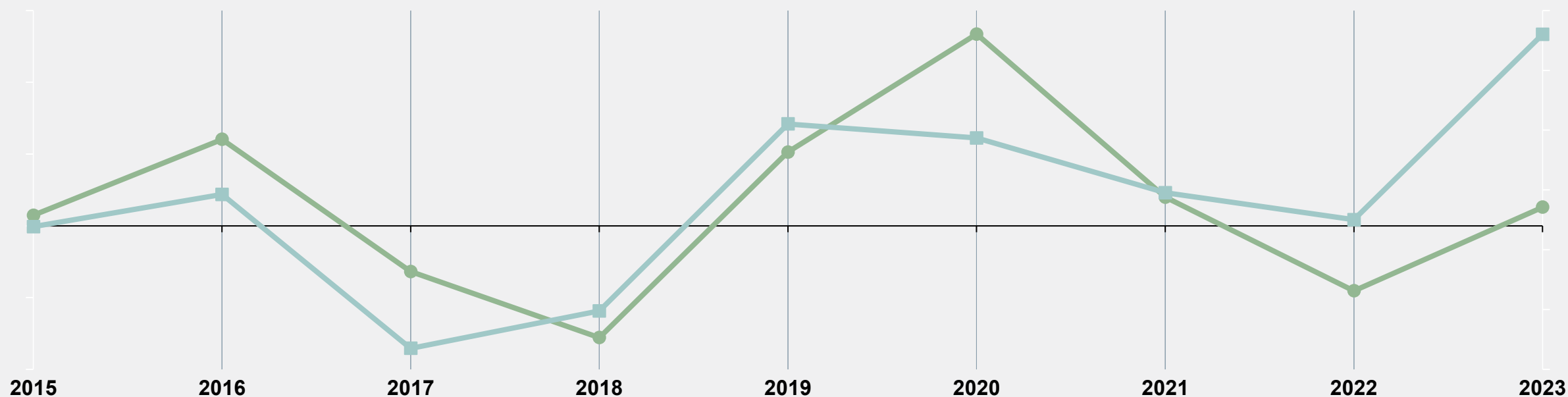
PRODUCTIVITY IN 2023 compared to the previous year



SHARE OF NEW PRODUCTS CORRELATES STRONGLY WITH SALES TREND

Strong correlation between **new product impulses** and **sales development**

—●— Sales vs. PY —■— Sales share of new products



THREE BEST LAUNCHES IN LR HISTORY SINCE INTRODUCTION OF NEW LAUNCH CONCEPT



HEALTH & BEAUTY



EXPANSION STATUS

UNITED KINGDOM



- Digital first approach successful
 - Cross-sponsoring from different existing European markets
 - Great development of recruits and careers

⇒ **Steadily rising sales**

- Lean Expansion approach successful
 - Direct delivery from Germany
 - No local HQ

⇒ **Stable operations at relatively low costs**

EXPANSION STATUS

SOUTH KOREA



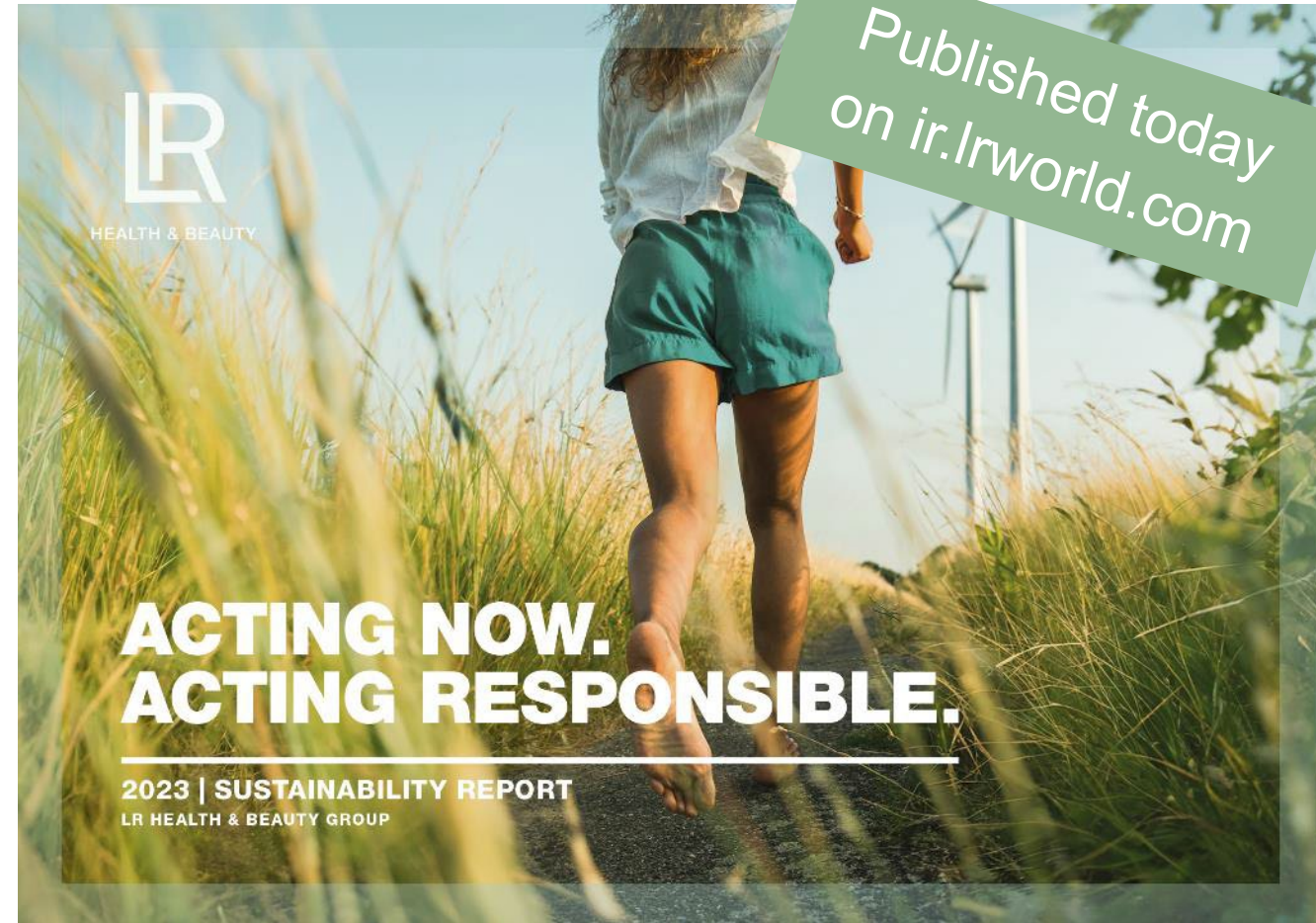
- South Korea is the second largest direct selling market in the world ➡ great potential for LR
- We've established a strong local entity
- The separate career plan for South Korea did not lead to the desired results

THEREFORE:

- New approach with new local management and European career plan from April 1, 2024

SUSTAINABILITY AS AN INTEGRAL PART OF OUR BUSINESS STRATEGY

- Once again, we published a separate sustainability report to show the various aspects of our sustainability activities.
- One highlight from the report is the newly installed photovoltaic system with a capacity of around 1,000 kWp. This project should enable us to reduce our need for external electricity, which will both help the environment and reduce electricity costs.



LR GLOBAL KIDS FUND HIGHLIGHTS 2023



LR GLOBAL KIDS FUND
initiated by LR Health & Beauty



Project visit for Kirsten Ueckmann (chairwoman) and two LR partners/ LRGKF sponsors to the **SOS Children's Village Vari (GR)**.



A good reason to celebrate!
5 years of cooperation
CliniClowns (NL)
and LRGKF.



LR Business Rollout UK!
New children's aid project for the LRGKF:
Theodora Children's Charity (UK).



Launch with new **LRGKF merchandise** articles.
Donation amount included.

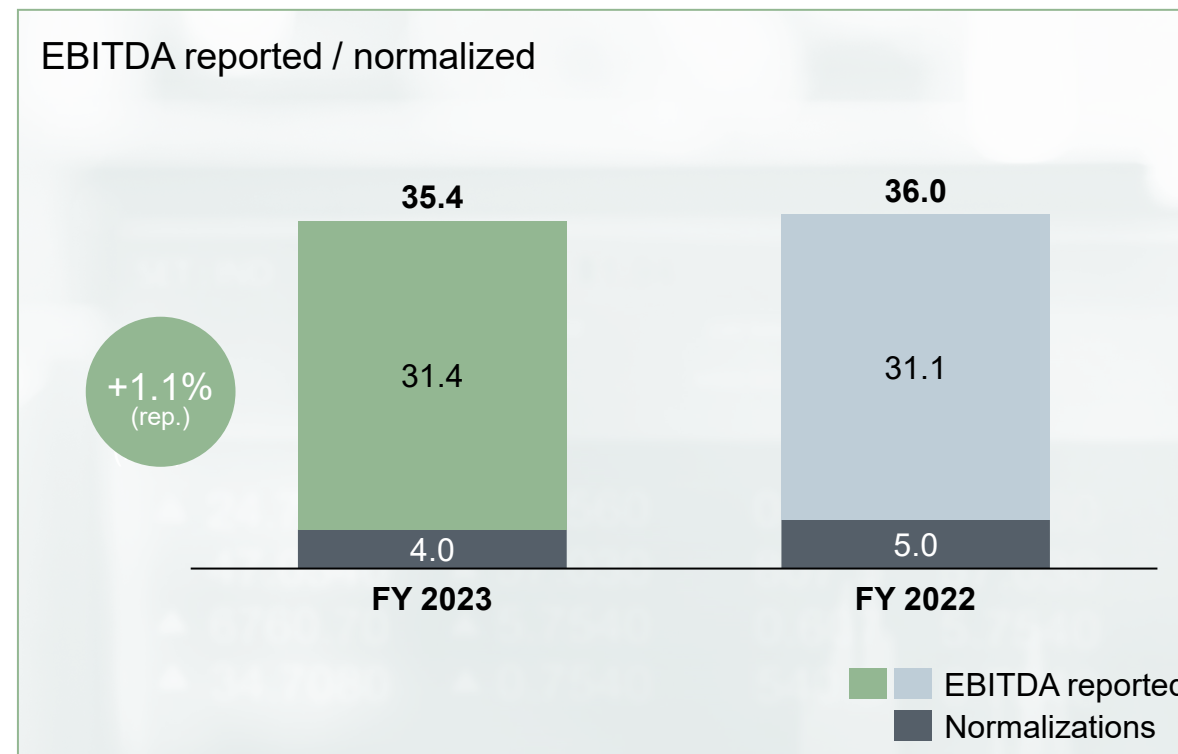
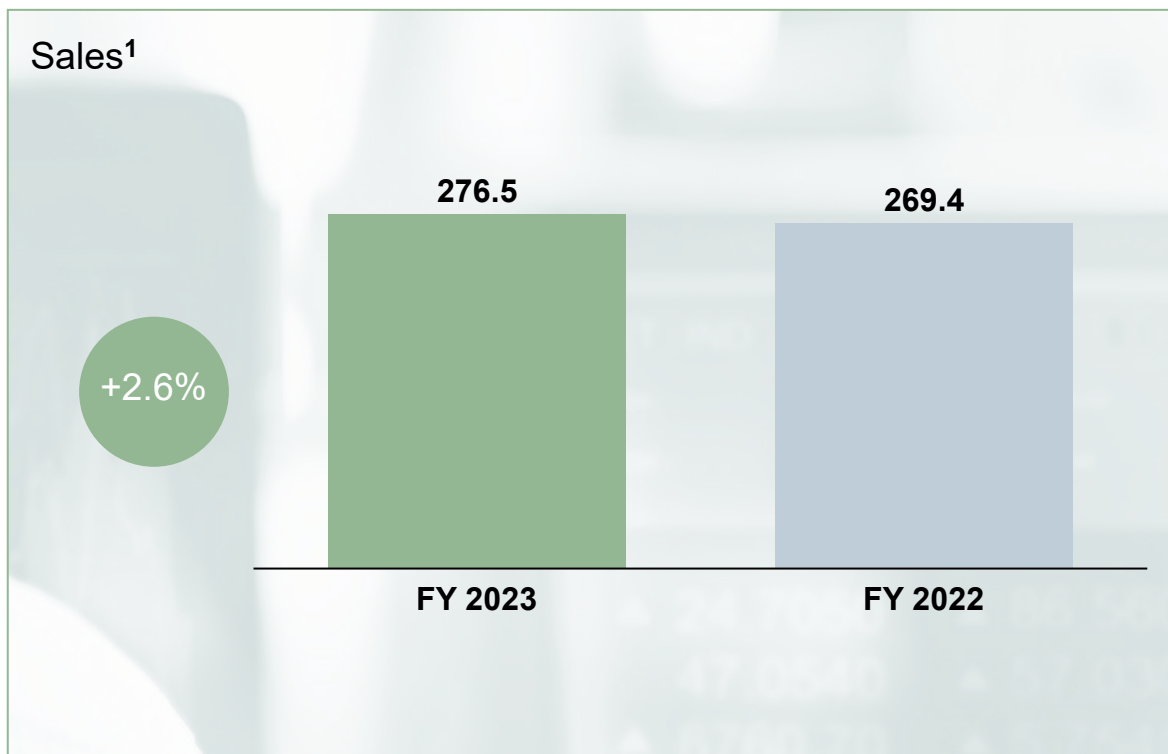
In the year 2023, the LR Global Kids Fund has supported 21 projects and donated EUR 435,000



02____ FACTS & FIGURES

PRELIMINARY NUMBERS CONFIRMED – SALES AND REPORTED EBITDA INCREASED

Development of Sales¹ and EBITDA LR Group vs. PY, in EUR m

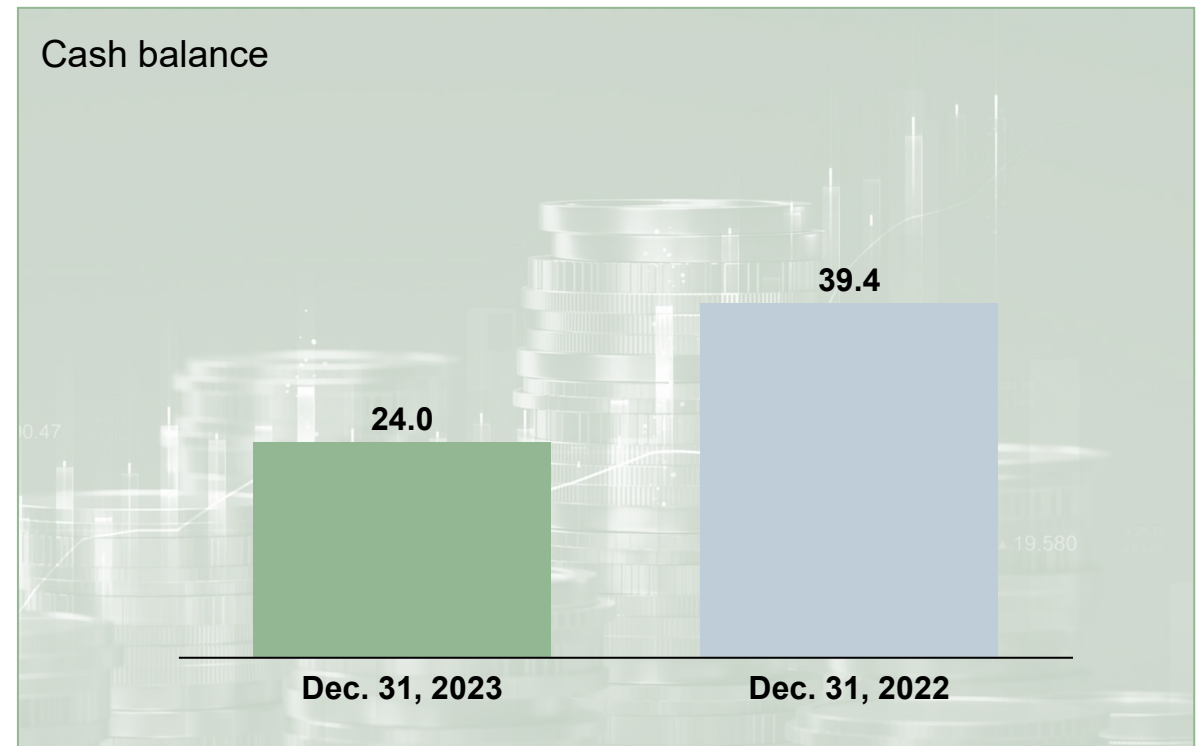
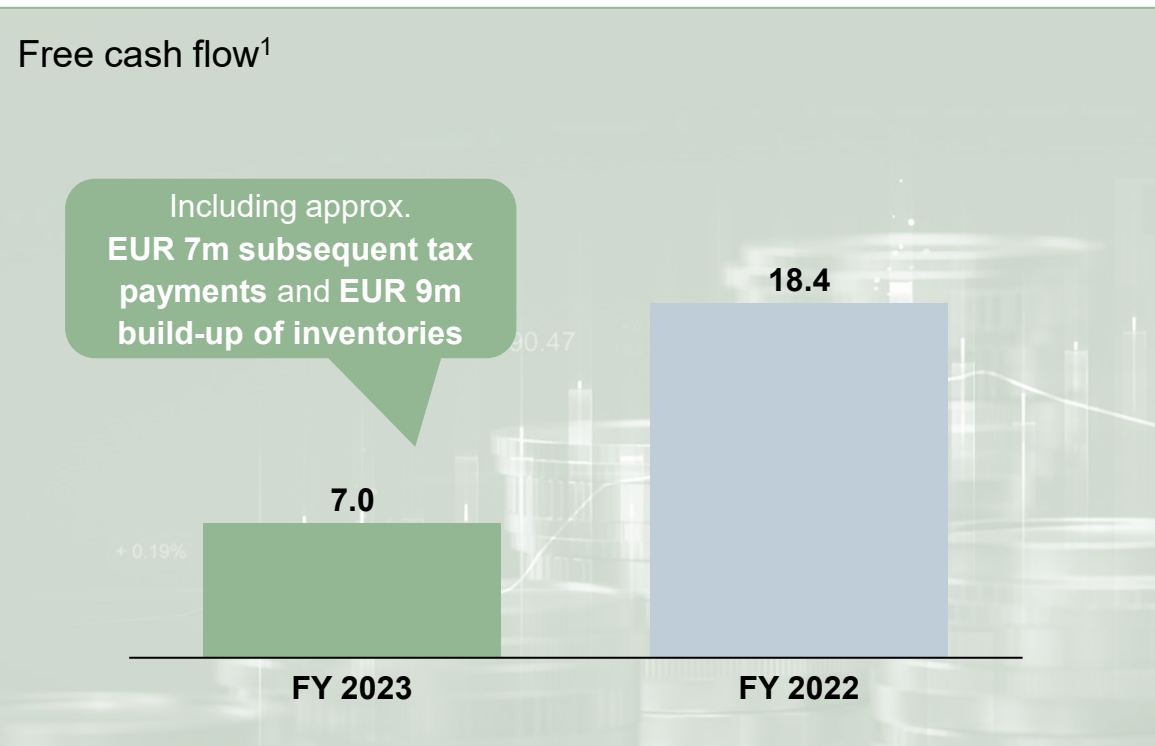


(1) Sales as revenue from goods sold.

Audited figures on the basis of the LR Group with parent company LR Health & Beauty SE (the preliminary figures were published on the basis of the LR Group with parent company LR Global Holding GmbH).

FREE CASH FLOW AS WELL AS CASH BALANCE IMPACTED BY SUBSEQUENT TAX PAYMENTS AND INCREASED INVENTORIES

Development of free cash flow¹ and cash at LR Group, in EUR m



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

Audited figures on the basis of the LR Group with parent company LR Health & Beauty SE (the preliminary figures were published on the basis of the LR Group with parent company LR Global Holding GmbH).

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

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

<i>in EUR m</i>	FY 2023	FY 2022	Δ in %
Sales¹	276.5	269.4	+2.6%
Revenue	274.5	268.3	+2.3%
Changes in finished goods and work in progress	+4.2	-2.4	
Other operating income	+6.3	+21.6	
Cost of material	-53.4	-49.0	+9.1%
Personnel expenses	-53.5	-54.6	-2.1%
Other operating expenses	-146.6	-152.8	-4.0%
EBITDA	31.4	31.1	+1.1%
Exceptional items	4.0	5.0	
EBITDA normalized	35.4	36.0	-1.8%
<i>in % of sales</i>	<i>12.8%</i>	<i>13.4%</i>	

<i>in EUR m</i>	Dec. 31, 2023	Dec. 31, 2022	Δ in %
Non-current assets	151.2	148.8	+1.6%
Current assets	83.5	86.5	-3.4%
<i>thereof inventories</i>	34.6	25.8	+34.3%
<i>thereof trade receivables</i>	13.8	10.7	+29.5%
<i>thereof cash</i>	24.0	39.4	-39.2%
Total assets	234.7	235.3	-0.2%
Equity	27.2	28.9	-5.8%
Non-current liabilities	151.0	148.4	+1.7%
<i>thereof liabilities from bonds</i>	125.5	124.6	+0.7%
<i>thereof liabilities from loans</i>	8.1	8.5	-4.3%
Current liabilities	56.5	58.0	-2.6%
<i>thereof liabilities from loans</i>	0.4	0.4	+2.5%
<i>thereof income tax liabilities</i>	1.2	7.6	-84.5%
Total equity and liabilities	234.7	235.3	-0.2%

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

Audited figures on the basis of the LR Group with parent company LR Health & Beauty SE (the preliminary figures were published on the basis of the LR Group with parent company LR Global Holding GmbH).



03____ CORPORATE BOND

MAINTENANCE TEST WITH TWO LEVERAGE COVENANTS WILL START IN Q1 2024

Referring to terms and conditions for LR Health & Beauty SE senior secured floating rate bonds 2024/2028

- First maintenance test with publication of reporting Q1 2024 at the end of May.

- The maintenance test will include:

- **Leverage Ratio**
(‘Net Interest Bearing Debt to Group EBITDA’)

- **Pre-IFRS 16 Leverage Ratio**
(‘Pre-IFRS 16 Net Interest Bearing Debt to Pre-IFRS 16 Group EBITDA’)

Period	Leverage Ratio	Pre-IFRS 16 Leverage Ratio
Issue date to June 30, 2024	5.00	6.00
July 1, 2024, to June 30, 2025	4.75	5.70
July 1, 2025, to June 30, 2026	4.50	5.40
July 1, 2026, to June 30, 2027	4.25	5.10
July 1, 2027, to final maturity date	4.00	4.75



04__ OUTLOOK

SUCCESSFUL START INTO 2024



HEALTH & BEAUTY

- Successful start to the year
- First sales partner events show great spirit and momentum
- Product launch of the new **FIGUACTIVE** Shake Tasty Caramel at the expected high level
- Overall stable sales expected for the beginning of 2024 despite unfavorable exchange rate development compared to the previous year



SUCCESS STORY CONTINUES: GREAT PRODUCT LAUNCHES IN 2024

The LR HEALTH MISSION
3-6 months support for
intestinal, liver and cell
metabolism



Launched in April 2024

Launch of a completely new
product range in September

Great potential

All preparations on track

Coming in Fall

NEW LOGISTICS CENTER: GO-LIVE OF FIRST COUNTRIES PLANNED IN 2024



- Go-Live incl. new warehouse management system planned in Q4 2024
- Starting with
 - supply of the stockholding subsidiaries and
 - first countries with customer shipments from Germany
- Migration of the other countries with customer shipments from Germany in the course of 2025

CAUTIOUS EXPECTATIONS FOR 2024 DUE TO HIGH UNCERTAINTY IN MARKET ENVIRONMENT

- 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 the general consumer sentiment are factors that are difficult to calculate.
- Against this background, the management expects for 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.