



HEALTH & BEAUTY

# 2024

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**ANNUAL REPORT**  
LR HEALTH & BEAUTY GROUP



HEALTH & BEAUTY

WE  
BELIEVE  
IN  
MORE

“

OUR VISION IS TO  
BE THE WORLD’S MOST  
ATTRACTIVE COMPANY  
IN SOCIAL COMMERCE.

OUR MISSION IS  
TO OFFER PEOPLE THE  
CHOICE TO LIVE  
A SELF-DETERMINED  
LIFE. WE SUCCEED  
BECAUSE OF OUR  
BUSINESS OPPORTUNITY  
AND HIGH-QUALITY  
HEALTH AND BEAUTY  
SOLUTIONS.



LETTER OF CEO

DEAR ALL,

**THE 2024 REPORTING YEAR WAS AN IMPORTANT AND SUCCESSFUL YEAR FOR LR HEALTH & BEAUTY. WE HAVE SET THE COURSE FOR FURTHER FUTURE GROWTH.**

With the introduction of new, groundbreaking product solutions and the implementation of attractive sales initiatives for our distribution partners, LR was able to establish a clearly positive growth trend: in the first quarter, we recorded year-on-year growth of 0.8 %, in the second quarter of 2.6 %, in the third of 7.2 % and in the fourth quarter of 8.0 %. As a result, we succeeded in increasing sales by 4,6 % for the year as a whole despite a challenging market environment.

As in the previous financial year, the key challenges in the 2024 reporting year were a weakened consumer climate and geopolitical tensions. LR was able to counteract the weakened consumer climate with the launch of new product solutions such as LR HEALTH MISSION, a 6-month cure for intestinal, liver and cell metabolism, and the decorative cosmetics range LR ZEITGARD Signature. Both launches were very well received by LR distributors and thus made a significant contribution to sales growth.

Thanks to our early strategy adjustments following the outbreak of war in Ukraine in 2022, we were able to counteract the geopolitical challenges. In the 2024 reporting year, we continued to consistently implement the strategic adjustments defined at that time.

With the realignment of the career plan, LR set another essential course for profitable and sustainable growth in October 2024. The new career plan offers our distributors attractive incentives to develop their business and build up a supplementary or main income. This change has contributed significantly to the growth of partner careers: in the 2024 financial year, we saw a significant increase in the double-digit percentage range.



DR. ANDREAS LAABS  
CEO

“ OUR PRODUCT LAUNCHES WERE VERY WELL RECEIVED BY LR DISTRIBUTORS

In line with our strong performance we met our sales forecast of EUR 288 million to EUR 292 million for the 2024 financial year, with sales of EUR 289.2 million.

In the 2024 reporting year, LR achieved an EBITDA reported of EUR 27.3 million, which was also within the forecast range of EUR 26 million to EUR 29 million. The earnings performance for the financial year was impacted in particular by one-off effects associated with the realignment of the career plan in the fourth quarter and the early refinancing of the bond in the beginning of the year.

REFINANCING OF THE BOND SECURES LONG-TERM FINANCING

Against the backdrop of early financing security, LR Health & Beauty SE issued a new bond in Nordic Bond format in the amount of EUR 130 million at the beginning of the 2024 reporting year. It was used to redeem the bond issued by LR Global Holding GmbH in 2021. Many investors who had already invested in the LR Global Holding GmbH bond participated in the new issue. This shows that we have been able to build trust on the capital market and can rely on a stable investor structure. At the beginning of the 2025 financial year, the bond has been listed on the regulated market of Nasdaq Stockholm.

OUR STRATEGY WORKS!

We are on the right track with our strategy. We have remained true to our claim of giving people a better quality of life with high-quality product solutions. As one of the leading social commerce companies in Europe, we give people the opportunity to build a self-determined life for 40 years. That's what LR stands for! That is what drives us!

The countless positive responses from our distributors confirm that we are on the right track. In the 2024 reporting year, we made key adjustments to make the opportunities for potential and existing distributors even more attractive.

LR SETS NEW STANDARDS WITH INNOVATIVE PRODUCT SOLUTIONS

The year 2024 was dominated by new product solutions: The launch of LR HEALTH MISSION is one of the most successful product launches in the company's history. Not without reason, as the new products fit perfectly into our core range of nutritional supplements. Perfectly harmonized products with established and innovative active ingredients from nature and science support the body holistically in maintaining its natural health.

With the introduction of the decorative cosmetics brand LR ZEITGARD Signature in September, we have expanded our product range in a targeted way: LR Health & Beauty now offers both care and decorative cosmetics. The portfolio covers all the products needed for individual make-up: from foundation, mascara and eyeshadow to lipsticks and lip liners, everything is included. LR ZEITGARD Signature is a winning combination of innovative technologies and textures with nourishing ingredients. This new product line has been particularly well received by our distributors, about 80 % of whom are female and have a particular affinity for decorative cosmetics. The launch also goes down as one of the most successful launches in the company's history. In April 2025, the range was also expanded to include additional shades.



LETTER OF CEO

A COMPLETE SUCCESS: REALIGNMENT OF THE CAREER PLAN OFFERS MORE SECURITY IN BUSINESS DEVELOPMENT

With the realignment of the career plan in October 2024, we have set a groundbreaking milestone for the further growth of the LR Group. The new career plan offers our distributors more security when building up their business and at the same time creates attractive incentives for them to further develop their own independence. The success of this adjustment is impressive: in the last quarter of 2024, a double-digit percentage increase in new distributors was achieved. At the same time, LR recorded a significantly higher confirmation rate of the career levels achieved in the following months. These figures show the great success and make it clear that the resulting one-off expenses represent a lucrative investment in future growth.

In terms of the year as a whole, the number of new careers increased by 26% compared to the previous year. A development that has of course had a positive impact on sales.

INVESTMENT IN NEW LOGISTICS CENTER PROMOTES GROWTH STRATEGY OF THE LR GROUP

We have also prepared for further growth by investing in a new warehouse management system. In fall 2024, the Group's internal supply to subsidiaries were successfully converted to the new system. With the integration of the B2C business in the first half of 2025, the system will then fully ensure efficiency gains and improve scalability. LR has thus taken another important step towards greater service quality and cost efficiency.

One highlight will be the viewing platform, which extends the skywalk built in 2018, offering a view of the aloe vera production. The viewing platform will give our visitors exclusive insights into all logistics processes.

“ IN THE LAST QUARTER OF 2024, WE HAD DOUBLE-DIGIT PERCENTAGE INCREASE IN NEW DISTRIBUTORS

LR SETS NEW DIGITAL TRENDS

Digitalization simplifies the day-to-day work of our distributors. LR therefore strives to continuously improve its digital tools. Our online platform LRneo provides important impetus here. The online platform launched in October 2024 was technically expanded last year: a download center with an integrated search function provides all the documents that the LR community members need for their business development. LRneo can now also be accessed using your smartphone. Once again, this tool is helping our distributors to succeed in the digital world.

LR IS COMMITTED TO SUSTAINABLE AND RESPONSIBLE BUSINESS PRACTICES

In the recent past, society and companies have increasingly alternated between striving for sustainability and prioritizing economic goals. We take our responsibility to the environment seriously and are committed to greater sustainability.

Transparency regarding our targets, measures and progress in all economic, ecological and social fields of action is important to us. It is for this reason that we are again publishing a separate sustainability report for the 2024 financial year (planned for the end of May 2025, <https://ir.lrworl.com/en/sustainability/>). It shows our ESG measures in full.



(from left) Thomas Heursen, General Manager Global Partner Relations | Dr. Andreas Laabs, CEO | Andreas Grootz, General Manager Legal & New Markets | Patrick Sostmann, General Manager Sales & Marketing

LR HEALTH & BEAUTY FOCUSES ON TOP-CLASS PRODUCT LAUNCHES AND SALES INITIATIVES IN THE 2025 FINANCIAL YEAR

We have prepared well for the 2025 financial year. Strong product launches and sales initiatives are planned, and a special competition is already underway: our distributors can already qualify for the Global Leader Convention in fall 2025. The event brings together thousands of top executives from the LR community and is very popular. The focus of the event will be on our 40th company anniversary, which will be celebrated in style and with exceptional highlights.

LR HEALTH & BEAUTY HAS A POSITIVE OUTLOOK FOR THE NEW FINANCIAL YEAR 2025

Our strategic measures are working, and we have taken the right steps for a successful financial year 2025. We expect to see positive developments in terms of sales and earnings. Our clear commitment to the social commerce business model will continue to drive us in 2025. We will set new

standards that will optimally support our distributors in their business development – and we will bring new product solutions to the market that enhance the quality of life and well-being of even more people.

We are operating in a promising environment: more and more people are striving for a self-determined life. Health and beauty are hugely important to many people. At the same time, more and more people want to use and monetize their social media activity. LR offers ideal conditions for this.

With our business model, we are at the cutting edge, and with the measures we implemented in 2024, we have created an excellent basis for a successful financial year in 2025. I am very proud of that!

*A. Laabs*

Dr. Andreas Laabs, CEO



BRIEF OVERVIEW

OUR YEAR 2024

SALES<sup>1</sup> (in EUR million)

289.2  
+4.6%  
COMPARED TO PY

EBITDA REPORTED / NORMALIZED  
(in EUR million)

27.3 / 32.6



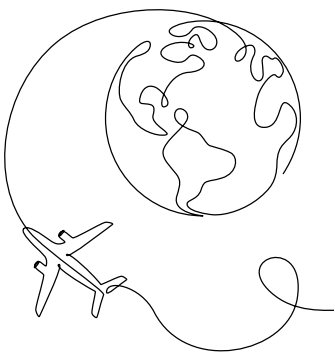
<sup>1</sup> Sales as revenue from goods sold

LR ZEITGARD SIGNATURE



LAUNCH OF A PREMIUM MAKE-UP BRAND

A high-end cosmetic line with state-of-the-art make-up essentials created by make-up artists



LR COUNTRIES

in total

32

LR HEALTH MISSION



LAUNCH OF A NEW HEALTH PRODUCT CONCEPT

A well thought-out 3- to 6-months support for intestinal, liver and cell metabolism

START OF A NEW UNIQUE BUSINESS CONCEPT WITH A GUARANTEED MONTHLY BONUS

Important driver for further sales growth



LR EMPLOYEES

around

1,200

# LR ANNUAL REPORT 2024 CONTENT

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# WE BELIEVE IN MORE QUALITY FOR YOUR LIFE

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IN 1985, LR STARTED AS A COMPANY  
WITH FIVE EMPLOYEES AND DEVELOPED  
INTO A SUCCESSFUL GLOBAL PLAYER.

THE STABLE GROWTH OF MORE  
INTERNATIONALITY, QUALITY, RESPONSIBILITY  
AND OPPORTUNITIES STILL CONTINUES.

# 01





MORE QUALITY FOR YOUR LIFE

# WE CARE FOR PEOPLE’S LIVES



## OUR COMPANY

The LR Group is one of the leading social commerce companies that distributes approx. 200 different products from the areas of nutritional supplements and cosmetic products in 32 countries through its hundreds of thousands registered distributors.

LR is a member of the European association Direct Selling Europe (DSE) and has around 1,200 employees across the globe. With quality “Made in Germany” and a unique business model, we have been a successful European business for almost 40 years.

In 2023, Dr Andreas Laabs took over the role of Chief Executive Officer. Dr Laabs, who has already been part of LR as managing director since 2014, is successfully driving the development of the LR Group together with Andreas Grootz, General Manager Legal & New Markets, Patrick Sostmann, General Manager Sales & Marketing and Thomas Heursen, General Manager Global Partner Relations, as well as his entire management team.

In February 2021, LR Global Holding GmbH successfully entered the capital market by issuing a bond. This bond was redeemed in 2024 and a new one was issued by the new parent company, LR Health & Beauty SE. In the past years, LR continued its dynamic growth course in order to further develop LR into a leading social commerce company. To this end, LR’s structures were further aligned with the digitization trend in the market (e.g. LRneo with all its digital tools) and new blockbuster products were continuously launched.

Despite external circumstances such as the war in Ukraine, high inflation rates and cautious consumer sentiment, LR was able to further stabilize and increase its growth trend in 2024 and achieved a sales growth of 4,6 %.

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 program,

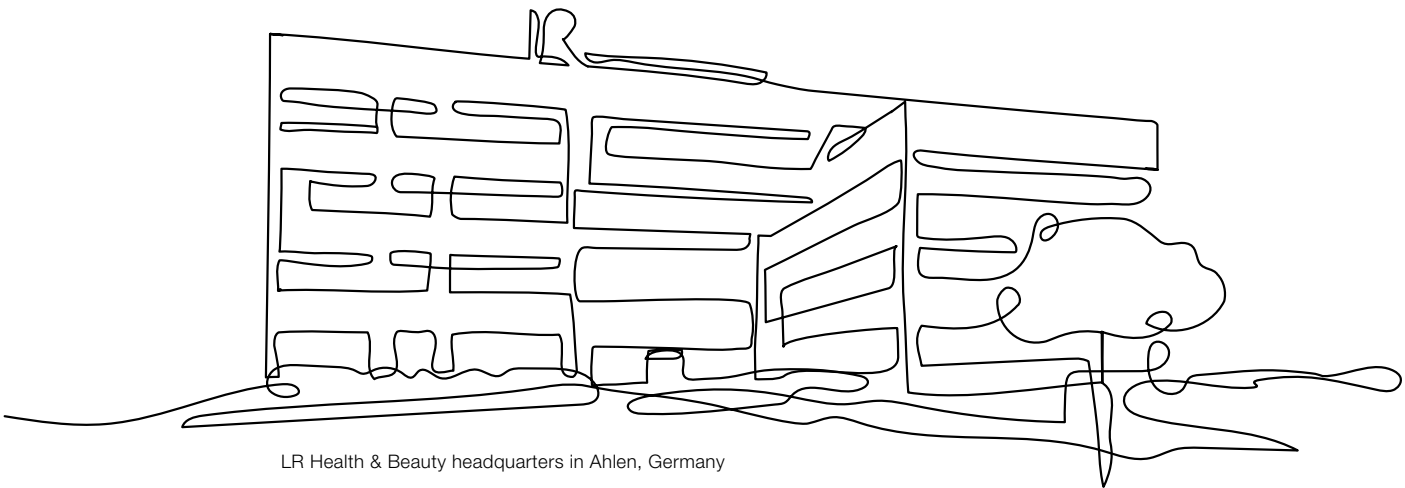
targeted training, excellent service and a wide range of training tools, we have been leading our distributors to business success for almost 40 years. Our customers should feel healthy and beautiful when using our products. Irrespective of place, time, economic crises or other external challenges, we are offering an attractive and individual purchasing experience on our digital social commerce platforms – 24/7.

## OUR SOCIAL COMMITMENT: 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 and since September 2023 under the leadership of Kirsten Ueckmann as Chairwomen, is based on the collective commitment of the company, its employees, distributors and customers and supports children’s aid projects in many LR countries.

SINCE **39**  
YEARS SUCCESSFUL  
IN EUROPE

AROUND **1,200**  
EMPLOYEES



LR Health & Beauty headquarters in Ahlen, Germany

## OUR VISION & MISSION

“ Our VISION is to be the world’s most attractive company in social commerce. Our MISSION is to offer people the best choice to live a self-determined life. We succeed because of our business opportunity and high-quality health and beauty solutions.



MORE QUALITY FOR YOUR LIFE



APPROX. **200**  
HEALTH & BEAUTY  
PRODUCTS

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 decorative cosmetics, perfumes and nutritional supplements. In our modern aloe vera production facility with innovative high-tech machinery, we produce high-quality aloe vera drinking gels with up to 98 % aloe vera leaf fillet content, setting standards throughout Europe. At the company's own development center, 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 Germany. The high product quality is ensured by strict internal controls and double-checked by renowned and

independent laboratories. We do not use animal testing and set great store by using reusable raw materials. We also promote environmentally friendly production processes and energy-saving logistics solutions.

With the LR ZEITGARD Pro Cosmetic Device launched in autumn 2022, LR achieved a quantum leap in apparative cosmetics. It is an innovative 4-in-1 device and a perfect recruiting tool for our distributors worldwide.

In January 2023, we had the next big launch: LR FIGUACTIVE. The products are better than ever and within the brand LR BODY MISSION, the high-quality products offer everyone the smart way to a good body feeling. We achieved another successful launch in September 2023 with our "Mind Master Formula Gold" product – a daily drink containing a unique formula of vitamins, energy nutrients and antioxidants for mental well-being.

In April 2024, we launched a very successful product concept, the LR HEALTH MISSION – a well thought-out 3 to 6-months support for intestinal, liver and cell metabolism. Most recently in September 2024, we presented our new premium make-up brand LR ZEITGARD Signature – a high-end cosmetic line with state-of-the-art make-up essentials for all skin tones, created by make-up artists.

OUR BUSINESS CONCEPT

For almost 40 years, we have been giving people the opportunity to shape their lives independently and successfully by becoming LR distributors. Thousands of LR distributors 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. Also in difficult times, like in the past three years, this concept has proven to work well – an added bonus is the team spirit in the LR community.

In 2024, we presented a unique new program, the LR BUSINESS TRACK with a guaranteed monthly bonus. This innovation in the LR career plan is a sensation in social commerce and a real game changer for our business. Because with a steady income stream the LR business is even more predictable and offers our partners the opportunity to concentrate fully on their job.

The merging of offline and online activities has become daily business for the partners. Working with social media platforms in particular has proven to be very efficient. It gives every partner the opportunity to quickly and easily get in touch with other people who have the same interests. Therefore, social media is a success factor and unlocks unlimited potential for direct sales to promote their business.

OUR AWARDS



2023  
GERMAN INNOVATION  
AWARD 2023 SPECIAL

LR received the German Innovation Award 2023 for the ZEITGARD Pro Cosmetic Device. The German Innovation Award honors products, technologies and services every year that distinguish themselves through new, innovative features.



2023  
GERMAN DESIGN AWARD  
SPECIAL 2023

LR received the German Design Award 2023 for the ZEITGARD Pro Cosmetic Device in the category "Bath and Wellness". The device convinced the top-class jury in the "Excellent Product Design" competition with its modern and timeless product design.



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.





02

# WE BELIEVE IN MORE INDEPENDENCE & FLEXIBILITY

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LR GIVES PEOPLE THE OPPORTUNITY TO  
WRITE THEIR OWN SUCCESSFUL STORY.  
THEY CAN MAKE THEIR DREAMS COME TRUE  
BY ACHIEVING FINANCIAL STABILITY AS A  
PART OF THE LR TEAM, WHEREVER THEY ARE.



MORE INDEPENDENCE & FLEXIBILITY

# OUR UNIQUE BUSINESS MODEL

LR OFFERS A FAIR WAY TO ACHIEVE MORE FINANCIAL STABILITY, MORE FREEDOM AND MORE QUALITY OF LIFE. WE APPRECIATE EVERY DISTRIBUTOR’S INDIVIDUAL COMMITMENT AND OFFER ATTRACTIVE INCOME OPPORTUNITIES. OUR PROVEN CAREER PLAN TAKES NEW DISTRIBUTORS BY THE HAND AND GUIDES THEM STEP-BY-STEP THROUGH OUR TRANSPARENT REMUNERATION SYSTEM.



“Equal opportunities for all people with different backgrounds and starting points. Fair business opportunities without risks to write personal success stories.

## THIS IS HOW THE LR BUSINESS WORKS

The LR journey usually starts with passion for our great products. People fall in love with LR product solutions that add more quality for their lives and share their experiences with other people. After the start as an independent LR distributor, people enjoy the opportunity to buy our products at great discounts and to build their own LR community. In today’s digital world most teams are formed via various social media channels. With every LR product sold, our distributors collect so-called “PVs” (Points Values). The Points Values are world-wide the same, facilitating a fair assessment. As the number of PVs increases, so does the Bonus Level and thus the earnings that each distributor receives. This means that the size of the team and the corresponding sales volume determines the remuneration possibilities. The more successful a team is, the higher the individual bonuses<sup>1</sup> will be at the end of each month.

<sup>1</sup> Distributors might also resell products to their customers to benefit from the difference between the purchase and the sales price (trade margin).

## DIVERSE CAREER OPPORTUNITIES

Our philosophy “More Quality for your Life” applies to both our products and our sales model. We offer best-in-class health and beauty solutions and great business opportunities, wich are appealing to the next generation. We help people to kick-start their career and to write their own success story. The key to the LR business model for the next generation is: from product love to business opportunity. Firstly, our distributors get to know and love the products. Secondly, they share their personal experience on digital channels and thirdly, build their own LR community and choose their individual career path.

At LR, everyone gets the chance to successfully and autonomously shape their life – regardless of gender, skin color, religion or background. Depending on their respective living situation, our distributors decide themselves how deeply they want to get involved in the business.

Many of our distributors ran their LR business on a part-time basis to earn some extra income. Today, many of them and also newcomers conduct full-time LR business. Thanks to our high-quality products within the starter packages (e.g., LR HEALTH MISSION, LR BODY MISSION, LR ZEITGARD), which enable high entry levels and thus a fast and successful career.

## LR BUSINESS TRACK GAME CHANGER

Our unique LR BUSINESS TRACK with a guaranteed monthly bonus for more advanced career levels enables our distributors a safe and fast income without any risk. This innovation in the LR career plan is a real game changer for our business. Because with a guaranteed bonus the LR business is even more predictable and offers our distributors the opportunity to concentrate fully on their job. Together with the already established LR FAST TRACK for entry career levels, LR offers thus an unbeatable concept-duo for a successful and speedy career at LR.

## LR FAST TRACK PROGRAM

Our Fast Track Program offers our distributors a safe and fast income without any risks. Recognition, motivation and support are just some of the many factors that make the Fast Track Program so attractive to LR distributors. This program is unique on the market, provides financial security, especially for newcomers, and encourages existing LR distributors to climb the career ladder. An outstanding program, especially for business introductions and extremely helpful in attracting new distributors and future leaders.

LR distributors decide for themselves how much time they want to invest in the business – in product sales and in building a team and achieving success together with other distributors. In our unique LR Career Plan, various bonus levels are set as economic incentives. Dedicated distributors can try to reach these and thus to boost their individual income.

## NO RISK – JUST FUN

As an LR distributor, you do not have to worry about storage, logistics and shipping – LR takes care of everything. In addition, you are not obliged to buy fixed amounts or to generate a certain turnover, and there are no contractual periods. In most cases new distributors buy a starter package with a selection of products so they can get to know them. They also get access to the personal partner website – as well as a whole range of print and online media. Thanks to our great business model and our digital platform LRneo with all its digital tools (e.g. LR MyOffice), everyone can work completely independently anytime and anywhere.

## SPECIAL SUPPORT

Seminars, coaching and an online platform with tutorials, presentations and webinars are available for individual further training. In addition, LR offers various of videos to present e.g. its products. Exciting live and digital events allow LR distributors to exchange ideas on a regular basis.

MORE INDEPENDENCE & FLEXIBILITY

MOBILITY COMES FIRST

In day-to-day business, LR distributors not only communicate with customers and within the team, they also need a high degree of mobility. As part of the LR Car Concept, our distributors are offered attractive cars at exclusive leasing rates. To this end, LR is collaborating with several prestigious car manufacturers: VW/AUDI, BMW, Mercedes and Porsche. These traditional German companies perfectly match our own company philosophy: modern, innovative and manufactured in accordance with German quality standards. We also support electromobility and offer our distributors various attractive electric cars which has been very well received by our distributors.

LR supports its distributors' mobility, provided they regularly generate a certain turnover with their teams. The extent of the subsidisation depends on the turnover generated and can amount to the entire leasing rate.

“SOCIAL COMMERCE” IS OUR GUIDING PRINCIPLE AND THE POWER BEHIND OUR BUSINESS

LR impresses internationally with an extremely strong community and thriving spirit. LR distributors love our company and are proud brand ambassadors. Millions of customers and thousands of LR distributors are enthusiastic about our products and use them themselves on a daily basis. They are families, couples, single parents or singles of all nationalities, skin colors and religions.

For us, social commerce means: Helping people achieve a better quality of life through our products and the opportunities our business offers. We focus on people in addition to products. Which is why our selling expenses do not flow into advertising measures, but directly into the career plan and thus benefit the extended international LR family.



“SOCIAL COMMERCE MEANS: TRUST! LR IS A COMPANY “FROM PEOPLE TO PEOPLE FOR PEOPLE”.

Social commerce means: trust! It is not a new invention. We are just taking what we have been doing for years to another level. The next level. We are a company “From people to people for people”. With exclusive events, parties, trips around the world and an extraordinary car concept, we reward the performance of our distributors and, at the same time, motivate them to do their best to achieve their personal goals. This creates trust and a close link with our company. The high number of distributors who stay with LR for many years speaks for itself.

Social commerce means: LR is always there where people can and want to meet and share their experiences with our products. We close the gap between retail and online trade. Unlike retail, we are always open and, unlike online retail, we always have people who stand for the product and share their experiences.

DIGITIZATION – FOR TURBO-CHARGED SOCIAL COMMERCE

Markets and companies are fundamentally changing due to increased digitization. Workflow, structures and processes are becoming more dynamic and more complex. As a successful company, we have quickly embraced the new technology and, above all, seen the many new possibilities it opens up for sales like our distributor front-end LRneo.

Innovative tools, such as the LR Connect app, offer simple and intuitive support for productive and efficient work, easy selling, quick communication and sophisticated training by our distributors. These tools also provide us with individual communication options thanks to streamlined net-working opportunities and straightforward access. The direct and quick exchange of information and data ensures maximum flexibility – irrespective of where and when.

DREAM TEAM: SOCIAL COMMERCE & DIGITAL NATIVES

For the generation of “digital natives”, the use of modern communication technologies and the advantages of the internet community are a matter of course. They are well-connected and navigate the virtual world extensively, both professionally and in private. Social media (e.g., Instagram, Facebook) are a fixed part of their day-to-day lives, and they know exactly how to exploit these channels for their business. It has been shown that this working method is efficient and successful.

And we see that more and more LR distributors have recognized the advantages of digital media and have successfully integrated them into their way of working.

SPOTLIGHT ON: LR IS YOUNG\* & DIGITAL\*\*

\*43 % of German recruits in 2024 were between 18 and 39 years while the share of this age group in the total population is only approx. 26 %.  
\*\*86 % of total orders at LR in 2024 were placed via online shop and subscription.  
(as of December 2024)



“Every distributor is a potential influencer.

The term “social” in social media shows how well the digital channels fit our business model: the aim is to find interested parties and to stay in contact with them. This is also true of LR. These days, significant relationships with potential customers or team partners can be established using modern social media. We speak with hundreds of thousands of voices. The distributors are our influencers and ambassadors.

**IN CONCLUSION:** The special challenge for LR is to reconcile proven traditional ways of working with the digital possibilities. The fact that our newcomers are getting younger and therefore more digitally savvy shows us how well LR is positioned for the future. And the last few years have shown that digital media is making a fundamental contribution to our strong growth.





# WE BELIEVE IN MORE INTERNATIONALITY

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WITH OUR INTERNATIONAL SUBSIDIARIES  
IN 32 COUNTRIES, AROUND 1,200 EMPLOYEES  
AND THOUSANDS OF INDEPENDENT  
DISTRIBUTORS, WE ARE ONE OF THE LEADING  
SOCIAL COMMERCE COMPANIES IN EUROPE.

MORE INTERNATIONALITY

MULTICULTURAL  
AND OPEN-MINDED

LR HEALTH & BEAUTY IS AN INTERNATIONALLY OPERATING ENTERPRISE WITH A PRIMARY FOCUS ON DIETARY SUPPLEMENTS AND COSMETICS. THE LR GROUP IS REPRESENTED BY 34 COMPANIES IN 32 COUNTRIES WORLDWIDE AND MARKETS ITS PRODUCTS ON THE EUROPEAN AND ASIAN SOCIAL COMMERCE MARKETS. THE GROUP'S PRODUCTION SITES ARE LOCATED IN AHLEN, GERMANY, AND ALL SUBSIDIARIES ARE SUPPLIED FROM AHLEN.

LR IS  
INTERNATIONAL

LR is an international company. The first foreign subsidiary was opened in Denmark in 1991. In the following years subsidiaries in numerous European countries were founded. 20 years later, in 2011, we count subsidiaries in 25 countries. Our recent market entries were in South Korea in 2021 and in the United Kingdom in 2024. The internationality is demonstrated not only by the number of LR subsidiaries in which we operate worldwide, but also by the number of nationalities. At the headquarters in Germany and in a total of 32 countries, about 45 different nationalities are represented.

THERE ARE NO  
BORDERS AT LR

The exchange with distributors and colleagues from all over the world provides the necessary change of perspective to successfully implement global measures and projects. We can learn a lot from each other every day and create great things together.

HOW DOES THE  
COOPERATION BETWEEN  
HEADQUARTERS & THE  
SUBSIDIARIES WORK?

It's a well-organized communication system between the regions and the headquarters. Our secret of success is the daily dialogue between all teams and all countries. For this we have set up a special department at headquarters, the "International Sales Service", to support the subsidiaries in the best possible way.

47

DIFFERENT  
NATIONALITIES

32

COUNTRIES  
WORLDWIDE



PORTUGAL



ITALY



ALBANIA



POLAND



## MORE INTERNATIONALITY

MEETINGS & SUPPORT  
ARE THE CENTERPIECE  
OF OUR BUSINESS

The monthly sales update from our General Manager Sales & Marketing, Patrick Sostmann – live via Teams – provides all countries with important business news and KPI's.

Our business strategies are regularly exchanged at international meetings and events with our top managers. Several times a year, a “Sales Strategy Meeting” is held with the Regional Vice Presidents, Regional Managing Directors and Head Office executives.

The Vice Presidents then carry the information from the Sales Strategy Meetings directly to the distributors at meetings such as the “Power Days” and “Business Days” in their countries – according to the motto “Think global – act local”!

“Once a year the highlight of all internal LR meetings takes place – the “Sales Management Conference” – with all Country and Sales Managers and Head Office executives.

And once a year the highlight of all internal LR meetings takes place – the “Sales Management Conference” – with all Country and Sales Managers and Head Office executives.

The biggest international business event is the “Global Leader Convention”, with thousands of LR distributors, which takes place every few years, usually combined with a festive evening gala such as in 2025 to celebrate the company's 40th anniversary.



BULGARIA



HUNGARY



ALBANIA

All you need  
is Signature



GREECE

BUSINESS DAYS 2024 – LR SIGNATURE LAUNCH

“For the launch of our make-up brand LR ZEITGARD Signature, the stages at the “Business Days” looked the same in all LR countries – it was one of the best prepared & most successful launches ever in the company history.

CONSISTENT APPEARANCE  
WORLDWIDE

The headquarters in Germany manages the worldwide communication (images, presentations and wording) with the aim of creating a uniform appearance, both visually and in terms of content. For new product solutions the headquarters provides all the necessary information in so-called “tool kits”, where the countries find the storylines, video material, and all the images and texts. Good example: For the launch of our make-up brand LR ZEITGARD Signature, the stages at the “Business Days” looked the same in all LR countries – it was one of the best prepared and most successful launches ever in the company history.

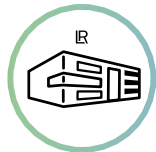
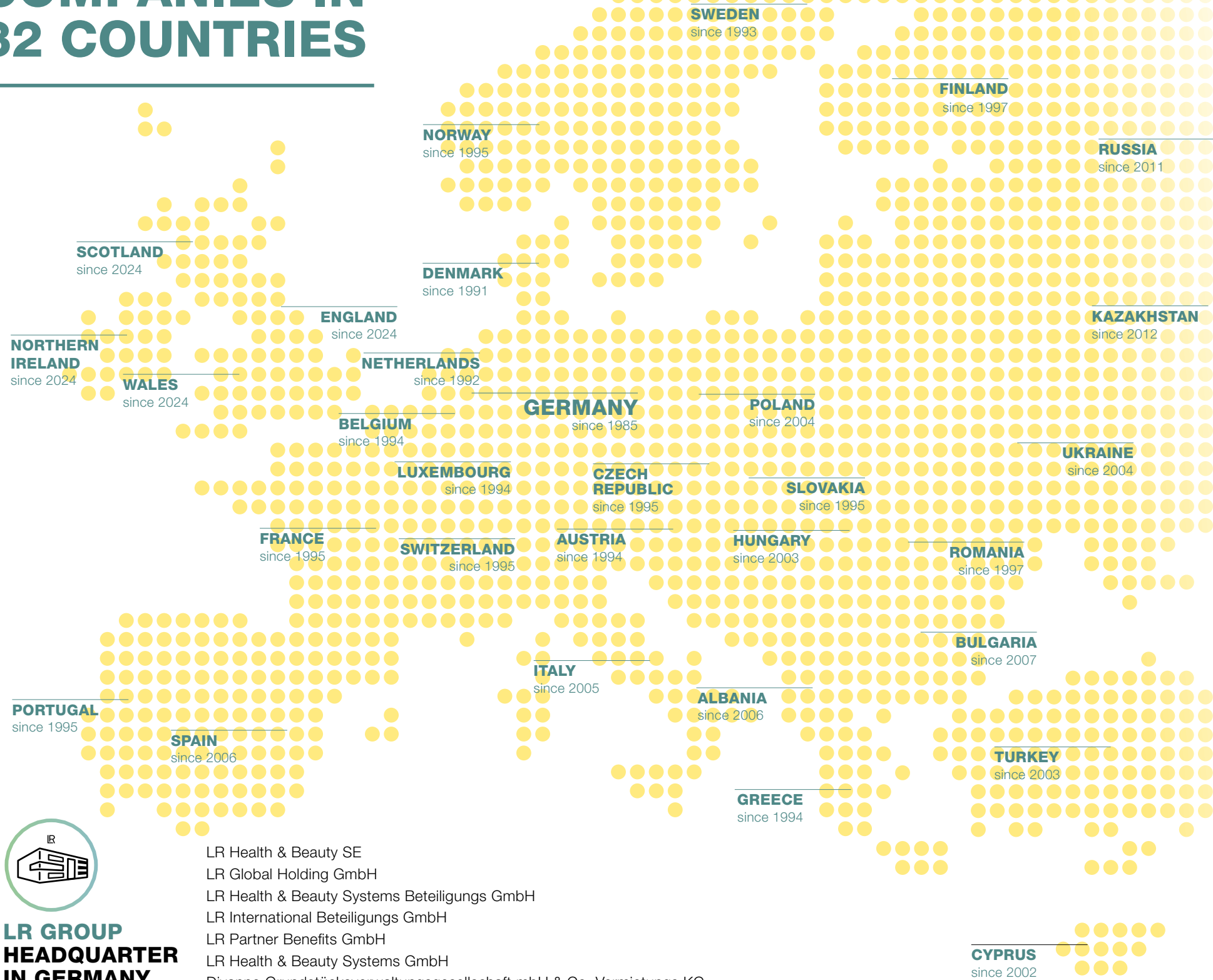
INTENSIVE  
COLLABORATION

New product launches, business concepts, sales campaigns or events are developed at LR together with our most important distributors from the very beginning – therefore they help to shape the future of LR.



MORE INTERNATIONALITY

OUR SALES COMPANIES IN 32 COUNTRIES



LR GROUP HEADQUARTER IN GERMANY

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



INTERNATIONAL SALES COMPANIES

WESTERN EUROPE

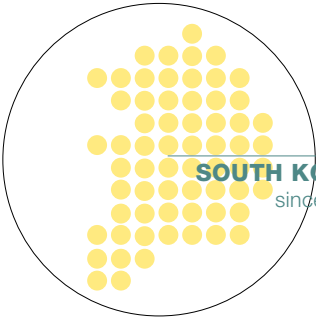
- AUSTRIA**  
LR Health & Beauty Systems GmbH
- BELGIUM / LUXEMBOURG**  
LR Cosmetic Belgium b.v.b.a
- DENMARK**  
LR Health & Beauty Systems ApS
- ENGLAND / NORTHERN IRELAND / SCOTLAND / WALES**  
LR Health & Beauty Limited
- FINLAND**  
LR Health & Beauty Systems OY
- FRANCE**  
LR Health & Beauty Systems SAS
- GERMANY**  
LR Deutschland GmbH
- ITALY**  
LR Health & Beauty Systems S.R.L.
- NETHERLANDS**  
LR Health & Beauty Systems BV
- NORWAY**  
LR Health & Beauty Systems AS
- PORTUGAL**  
L. de Racine Cosmetics Lda.
- SPAIN**  
LR Health & Beauty Systems S.L.
- SWEDEN**  
LR Health & Beauty Systems AB
- SWITZERLAND**  
LR Health & Beauty Systems AG
- TURKEY**  
LR Health & Beauty Systems Ltd.

CENTRAL EASTERN EUROPE

- ALBANIA**  
LR Health & Beauty Systems Sh.p.k.
- BULGARIA**  
LR Health & Beauty Systems EOOD
- CZECH REPUBLIC**  
LR Health & Beauty Systems s.r.o.
- GREECE / CYPRUS**  
LR Health & Beauty Systems EPE
- HUNGARY**  
LR Health & Beauty Systems Kft.
- POLAND**  
LR Health & Beauty Systems Sp. z o.o
- ROMANIA**  
LR Health & Beauty Systems S.R.L.
- RUSSIA / KAZAKHSTAN**  
LR Russ O.O.O
- SLOVAKIA**  
LR Health & Beauty Systems s.r.o
- UKRAINE**  
LR Health & Beauty Systems TOV

EXPANSION

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







# WE BELIEVE IN MORE PRODUCT QUALITY

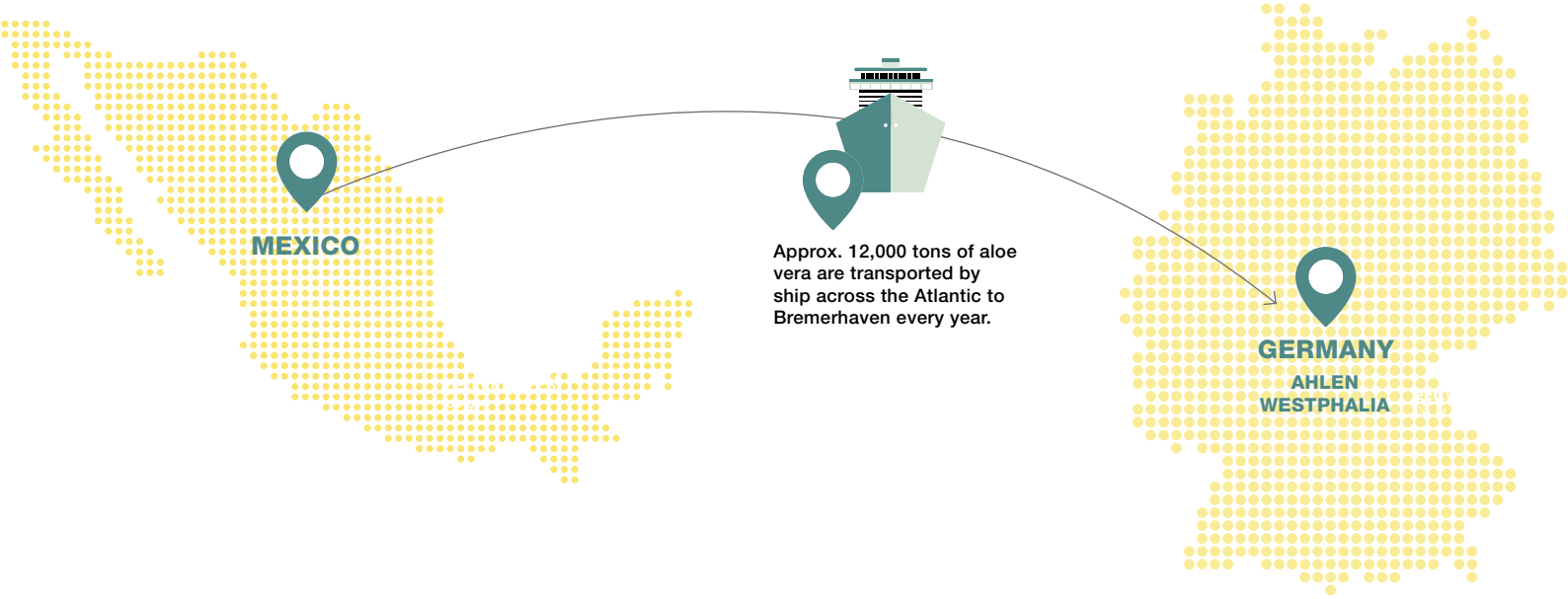
LR HAS INNOVATIVE, HIGHLY EFFECTIVE PRODUCT SOLUTIONS “MADE IN GERMANY”, THEY ARE PRODUCED ACCORDING TO THE LATEST SCIENTIFIC FINDINGS AND FROM THE BEST INGREDIENTS. LR IS CONSTANTLY WORKING ON NEW INNOVATIVE AND HIGH-QUALITY PRODUCT IDEAS.



MORE PRODUCT QUALITY

# OUTSTANDING PRODUCT QUALITY

FOR ALMOST 40 YEARS, WE HAVE BEEN DEVELOPING INNOVATIVE PRODUCT SOLUTIONS WITH THE AIM OF IMPROVING QUALITY OF LIFE AND WELL-BEING. AT THE COMPANY’S OWN RESEARCH & DEVELOPMENT CENTER AT THE HEAD-QUARTERS IN AHLEN, EXPERTS FROM THE FIELDS OF COSMETICS AND HEALTH CONSTANTLY RESEARCH AND WORK ON NEW SOLUTIONS AND PRODUCTS. ALSO, OUR DISTRIBUTORS ARE INVOLVED IN THIS PRODUCT DEVELOPMENT PROCESS RIGHT FROM THE START. THIS ENABLES US TO TAILOR OUR PRODUCT SOLUTIONS CLOSELY TO THE NEEDS OF THE MARKET AS WELL AS OUR DISTRIBUTORS.



Our product portfolio comprises cutting-edge health and beauty solutions that combine natural ingredients with scientific innovation. It is this special mix that convinces so many people around the world of the outstanding quality of our product solutions. This includes care products and decorative cosmetics, perfumes and nutritional supplements.

In our modern aloe vera production facility with innovative high-tech machinery, we produce our high-quality aloe vera drinking gels with up to 98% aloe vera leaf fillet content, setting standards throughout Europe. Environmentally friendly methods are very important to us. The aloe vera for our drinking gels is grown specifically for LR on plantations in Mexico, without any artificial fertilizers or pesticides.



The 40-meter-long glassy skywalk offers transparent insights into our health production facility in Ahlen.



The seal of the International Aloe Science Council (IASC) certifies that our aloe vera gel is of the highest quality and purity, from cultivation to processing, and the SGS INSTITUT FRESENIUS regularly confirms the consistently high quality of the aloe vera drinking gel.



The centerpiece is the mixing plant. 30,000 litres of aloe vera gel are produced per day and stored in our 6.50-meter-high containers.



MORE PRODUCT QUALITY

OUR TOP-SELLERS



LR HEALTH MISSION

is the well-thought-out intestinal metabolism cure for intestinal, liver and cell metabolism. Optimally harmonized products with established and innovative active ingredients from nature and science support the body in maintaining its natural health.



LR BODY MISSION

is the smart solution for achieving and maintaining a feel-good weight. The LR FIGUACTIVE shakes, soups and flakes impress with selected, natural ingredients and an attractive variety of flavors. Developed by experts based on scientific findings.



LR ALOE VIA

stands for care for naturally beautiful skin with a particularly high aloe vera content. NEW: Fermented aloe vera gel complements selected products to utilize the full spectrum of effects of aloe vera. Enriched with nourishing organic extracts – specially tailored to the respective skin care needs.



LR ZEITGARD

offers state-of-the-art technologies and highly effective formulas for the daily skincare routine. The centerpiece is the LR ZEITGARD Pro Cosmetic Device, a patent-pending device that intelligently combines modern technologies and four beauty tools. Whether face or body, cleansing or care – a true all-rounder at the highest technological level. LR ZEITGARD Signature offers selected make-up essentials in high-end quality, developed in co-operation with first-class make-up artists and leading global suppliers.

EXCELLENT PRODUCT QUALITY

SELECTED INGREDIENTS

We always select the ingredients of our products based on the latest research findings and only of the best quality. At the same time, we set high standards in the production of our products: In the beauty and care sector, for example, we do not use microplastics, parabens or mineral oils.

TESTED QUALITY

We set very high quality standards for our products. In addition to our continuous internal testing at the company's own product quality control department in Ahlen, we have compliance with these standards strictly monitored and certified by independent, recognized institutes. Numerous marketing awards and certificates by renowned German institutes such as SGS INSTITUT FRESENIUS or Dermatest GmbH, confirm the high quality and innovative strength of our products.

WE SET VERY HIGH QUALITY STANDARDS FOR OUR PRODUCTS.

THE SECRET TO OUR SUCCESS?

We have always banked on the quality principle “Made in Germany” and manufacture about 90 % of our products in Germany. “Made in Germany” stands for the proven quality – and therefore for the high standards we set for our products. In order to offer more transparency, we have labelled all our products that are manufactured in Germany with the “Made in Germany” logo. The high product quality is ensured by strict internal controls and

APPROX.  
**90 %**  
OF LR PRODUCTS ARE  
“MADE IN GERMANY”

double-checked by renowned and independent laboratories. We do not use animal testing and set great store by using reusable raw materials. We also promote environmentally friendly production processes and energy-saving logistics solutions.

“More Quality for Your Life” – our company claim fulfills its promise: LR's distributors and customers benefit from the first-class quality of our product range.

In addition to our outstanding LR LIFETAKT health products, we also produce the complete LR ALOE VIA care range in our modern production facility in Ahlen. Their skin compatibility is verified by the renowned, independent institutes Dermatest and Derma Consult. 28 products are patent-pending thanks to their unique combination of active ingredients.



<sup>1</sup>The choline contained in Liver Support contributes to the maintenance of normal liver function. The aloe vera contained in our Aloe Vera Drinking Gels contributes to the maintenance of normal intestinal function. The vitamin C contained in our Aloe Vera Drinking Gels contributes to normal energy metabolism.





OUR  
SUSTAINABILITY  
REPORT WILL  
BE PUBLISHED  
IN MAY 2025:  
[ir.lrworld.com](https://ir.lrworld.com)

# WE BELIEVE IN MORE RESPONSIBILITIES

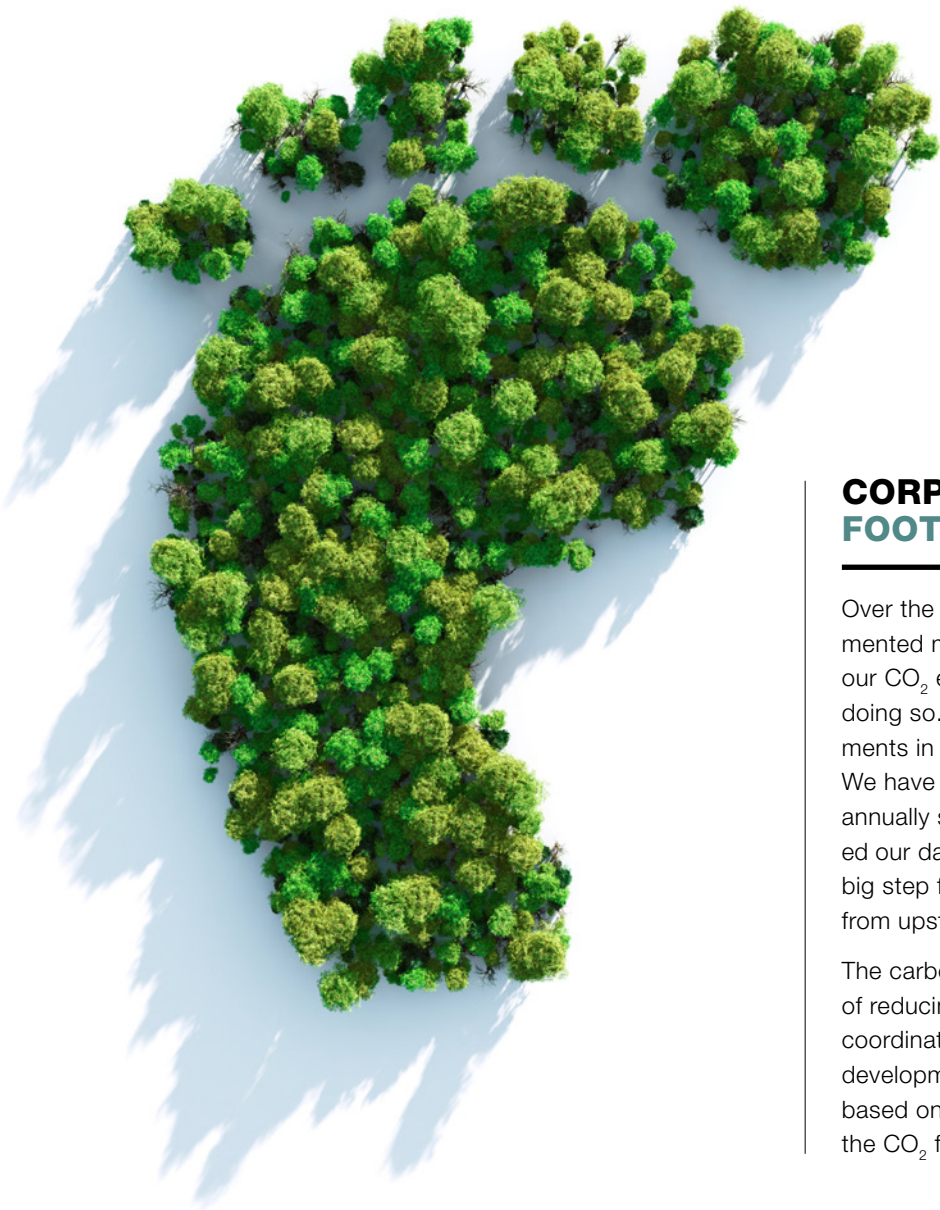
FOR US IT IS A MATTER OF COURSE THAT WE TAKE SOCIAL RESPONSIBILITY IN THE HERE AND NOW TO ASSUME SOCIAL RESPONSIBILITY AND TO SUPPORT SUSTAINABLE DEVELOPMENT. IT IS TIME TO ACT, TO BECOME SUSTAINABLE – ENVIRONMENTALLY, SOCIALLY AND ECONOMICALLY.



MORE RESPONSIBILITIES

ACTING IN AN ECOLOGICALLY SUSTAINABLE WAY

FOR US, ACTING IN AN ECOLOGICALLY SUSTAINABLE WAY MEANS TO WORK IN “UNISON” WITH NATURE. THIS MEANS: WE OFFER NATURE TIME TO REGENERATE AND PRESERVE IT FOR FUTURE GENERATIONS.



CORPORATE CARBON FOOTPRINT

Over the past few years, we have already implemented many individual measures to reduce our CO<sub>2</sub> emissions – and have been successful in doing so. We have also made further improvements in the measurement of CO<sub>2</sub> emissions. We have been calculating our carbon footprint annually since 2021 and have continuously expanded our database. This year, we will take a very big step forward here and include CO<sub>2</sub> emissions from upstream and downstream supply chains.

The carbon footprint helps us to tackle the issue of reducing CO<sub>2</sub> emissions in an analytical, coordinated and targeted manner. The further development of our sustainability strategy is also based on the evaluations and analyses from the CO<sub>2</sub> footprint calculation.

4,965

SQUARE METER PHOTOVOLTAIC SYSTEM



SUSTAINABLE ENERGY PRODUCTION

We aim to make the energy supply more sustainable. In 2024, our new photovoltaic system with around 2,500 modules was able to produce for a full year for the first time, generating around 810 MWh. The solar power generator – covering 4,965 square meters and boasting a peak capacity of approx. 1,000 kWp – was put into operation at the end of 2023. The company is using the system for its own energy needs but is also feeding excess energy into the power grid.

The green electricity is generated on the rooftops of the Aloe Vera production, the service center and the two logistics halls at the Porschestraße site in Ahlen. To ensure an efficient energy production, LR has chosen high-quality photovoltaic modules and had them installed using the latest technology. With the positive experience of our first photovoltaic system, a new project is already underway to examine the installation of a second photovoltaic system at the headquarters site in Ahlen, Germany. In addition, the electricity requirements at the headquarters in Ahlen, Germany, which exceed the capacity of the photovoltaic systems, are also covered by 100 % green electricity.

ABOUT 810

MWH ELECTRICITY GENERATED BY PHOTOVOLTAIC SYSTEM IN 2024

100%

GREEN ELECTRICITY AT THE HEADQUARTERS IN GERMANY

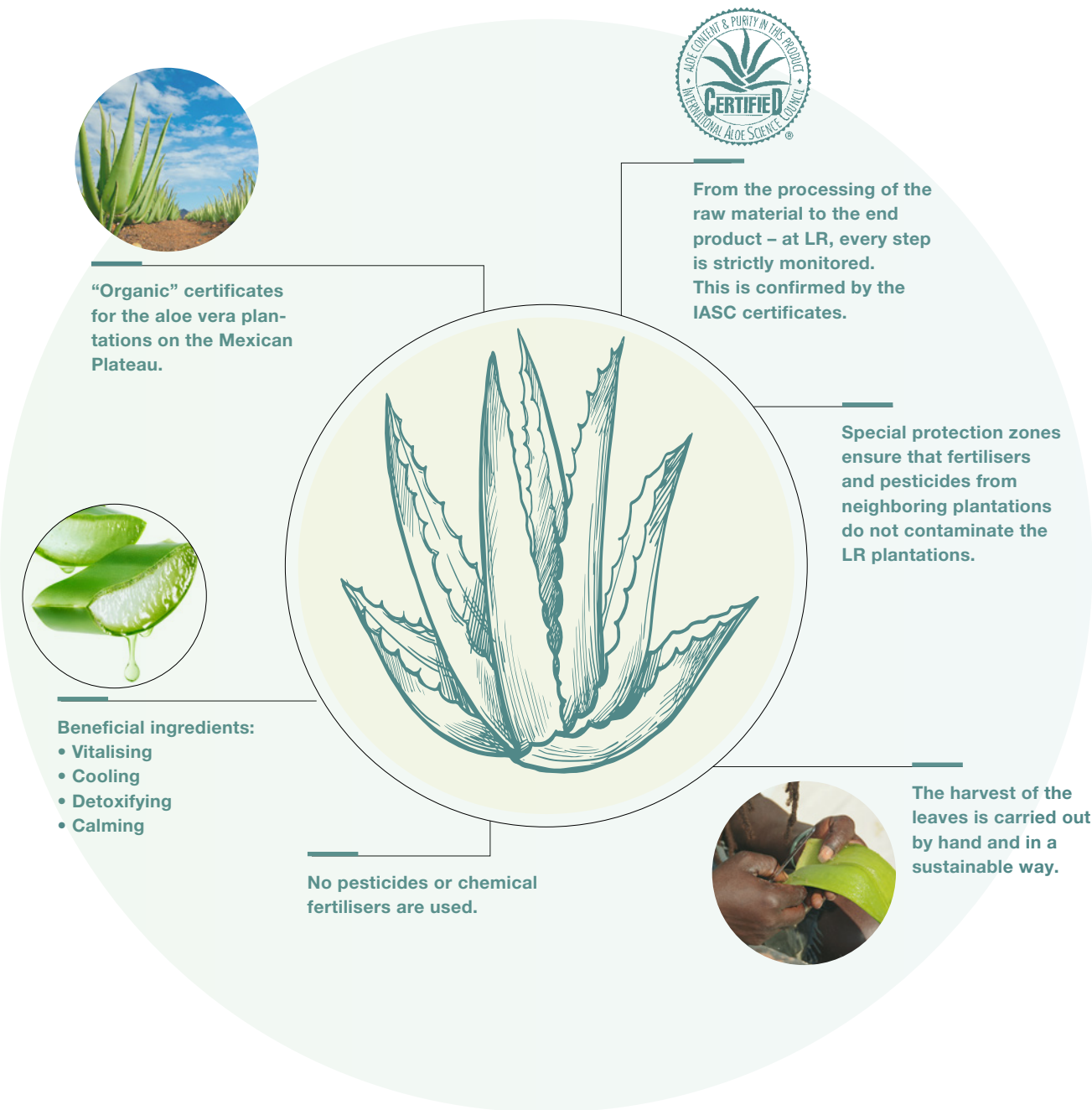


SUSTAINABLE FISHING QUALITY SEAL “FRIEND OF THE SEA”

Much of the world’s fish population is in danger due to overfishing. It is therefore all the more important to LR that any maritime raw materials in our products are obtained in a sustainable way. We ensure this by only using certified ingredients. For the fish oil used in the LR LIFETAKT Super Omega capsules, LR has chosen to use products with the “Friend of the Sea” quality seal, which is issued by the World Sustainability Organization. The organisation “Friend of the Sea” is a world leader in maritime affairs related to sustainability.



MORE RESPONSIBILITIES



ORGANIC ALOE VERA CULTIVATION

The aloe vera plants used in LR products are grown on plantations on the Mexican Plateau and are specially cultivated for LR. They are also certified organic. No pesticides or chemical fertilisers are used in the cultivation of the plants. Merely the aloe mulch that accumulates during processing serves as a natural fertiliser. This mulch forms

when the inner leaf fillet is separated from the outer leaf. The harvest of the leaves is carried out by hand and in a sustainable way. Only the outermost leaves, which are at least three years old, are harvested. This protects the plant and ensures the best possible concentration of beneficial ingredients.

88%

OF PRINTED MATERIALS MADE FROM FSC®-CERTIFIED OR RECYCLABLE PAPER

67%

ELECTRICALLY POWERED CARS IN THE LR FLEET

32

LR CHARGING STATIONS FOR E-MOBILITY

A DIFFERENT KIND OF PAPER: RECYCLED AND FSC®-CERTIFIED



Magazines and printed media? Product packaging? Paper for everyday use? LR is increasingly focusing on resource conservation and sustainability in these areas. Here, we rely particularly on global market leader, the FSC®, or Forest Stewardship Council®.

The FSC has set itself the goal of promoting ecologically appropriate, socially beneficial and commercially profitable forest management. It therefore monitors and certifies the cultivation of forests and the processing and production of the finished products.

By the end of 2024, we were already able to switch to a significant amount of FSC®-certified and recyclable material in terms of product packaging. And when you receive a printout or copy from our German headquarters, it will actually be printed on 100% recycled paper. In terms of the paper used to produce various magazines and print media, the figure is as high as 98%. And we have not even reached our goal here yet. We want to continue along this path during the next few years and make conscious and targeted use of FSC®-certified and recyclable material wherever possible.

TRAVELING THE FUTURE IS ELECTRIC

Several years ago we already started investing in our e-mobility charging infrastructure: A total of 32 charging stations exist at our Ahlen site – 20 of them at our headquarters on Kruppstraße, eight at our aloe vera production site, and four at our in-house advertising agency and IT department. All of our electric company and pool vehicles are therefore able to use the excellent charging infrastructure. And to further support the switch to electric cars, our "Charge at Home" project enables every employee with an electric company car to set up their own charging station at home with the support of LR.

In this way, we are continuing to electrify our company car fleet step by step. In 2024, even more employees switched to electrically powered vehicles, so that we have now increased the proportion of electrically powered cars in Germany to 67 % with 37 % purely electric cars and 29 % hybrid cars.

By increasing electrification of our company car fleet, we are able to reduce our fuel consumption – with the consequent reduction in CO<sub>2</sub> emissions. Thanks to modified internal guidelines which incentivize employees to switch to e-mobility, the proportion of e-cars increased significantly through 2024.

MORE RESPONSIBILITIES

# ACTING IN A SOCIALLY SUSTAINABLE WAY

FOR US, SOCIAL SUSTAINABILITY MEANS ENCOURAGING A RESPECTFUL, FAIR AND OUTSTANDING WORKING ENVIRONMENT IN WHICH EVERYONE HAS THE CHANCE TO GROW AND THRIVE AS INDIVIDUALS. AT LR, EACH INDIVIDUAL'S WELL-BEING IS OUR NUMBER ONE CONCERN.

## LR GLOBAL KIDS FUND 15 YEARS OF DEDICATION FOR DISADVANTAGED CHILDREN

Fifteen years ago, dedicated employees and management of LR Health & Beauty founded the LR Global Kids Fund e. V. (LRGKF) with the obvious purpose of aiding socially disadvantaged children and giving them a better chance of a self-determined existence. The organization's work, notably its support for global cooperation projects, is more important today than ever, since children's future are jeopardized by escalating violence, poverty and flight experiences. The association's most notable accomplishments include the cooperation with the Ahlen children's facility "Lunch Club", the introduction of sponsored membership, and the start of cooperation with the "SOS Children's Villages Worldwide Foundation". Since 2009, the association has raised around six million euros in donations. The development in recent years has been particularly pleasing: since 2020, the LRGKF has successfully raised half a million euros annually.



20

CHILDREN'S AID PROJECTS  
AND 24 EXTRA LOCAL  
HERO AID PROJECTS ON  
THE 15<sup>TH</sup> JUBILEE

IN 2009

FOUNDED BY  
LR EMPLOYEES

19

COUNTRIES



“ We are happy with what we have accomplished over the last 15 years, due to our numerous supporters. The demand for donations to support children's assistance initiatives remains high, and funding will be needed in the future.

Kirsten Ueckmann, Chairwoman of the board LR Global Kids Fund e. V.

The association's success is dependent on the social commitment of the LR Group, its employees, distributors, and customers. In 2024, the association supported 20 projects (one in Germany and 19 international projects) and donated an additional EUR 25,000 to a total of 25 "Local Heroes" projects worth EUR 1,000 each, which were proposed by partners and employees, 21 of which are in Germany and four in other European countries, in honor of the association's 15<sup>th</sup> anniversary.

“We are happy with what we have accomplished over the last 15 years, due to our numerous supporters. The demand for donations to support children's assistance initiatives remains high, and funding will be needed in the future,” says Kirsten Ueckmann, Chairwoman of the LRGKF. “It is therefore critical for us to maintain our social commitment in the future. We are building on our great commitment thus far and hope for the ongoing active support of our faithful LRGKF contributors, who have made these results possible.”



MORE RESPONSIBILITIES

WE CARE FOR OUR EMPLOYEES

“More quality for your Life” applies not only to LR’s business and products, but also to our employees at the company’s headquarters at Ahlen, Germany, and those worldwide. For us, “More Quality” means taking sustainable responsibility – for our community members, our suppliers, our region, for nature and also for our employees.



HEALTH OF OUR EMPLOYEES  
FIT FOR THE FUTURE

Health and beauty are not only found in LR’s products but in our corporate philosophy, too. Since 2017, LR has offered its employees various services as part of its company health management program, in order to make a sustainable contribution to maintaining the health of all employees. In addition to regular medical consultations on site, LR offers comprehensive check-ups for all employees at regular intervals.

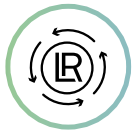
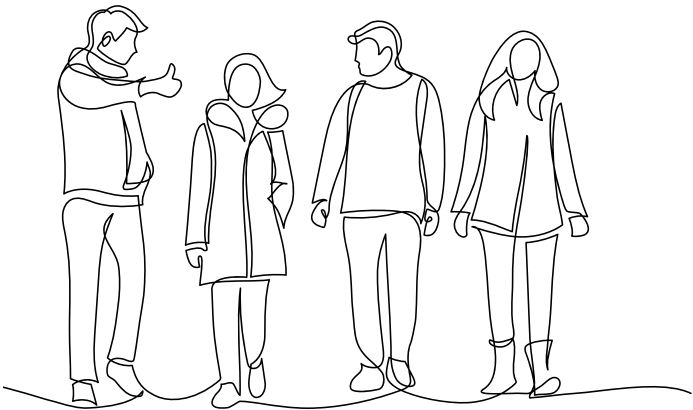
The occupational health management (OHM) plan also includes a free annual flu jab. Free fruit and water dispensers complete the health management at LR. Employees can also boost their health while helping the climate: with the bike leasing scheme! The company bikes can be used to ride to and from work but also for private trips.



TRAINEE CONCEPT  
PROMOTING YOUNG PEOPLE HOLISTICALLY

Promoting and developing young talents and offering them a promising future is something LR strives for. In this context, LR is offering a comprehensive training program, which covers different professional fields. The training is not just about professional qualifications, but also boosts social and personal skills such as confidence, creativity and openness. Close collaboration with the respective manager and the HR department is a fundamental pillar of the training.

Our trainee program for junior managers “of tomorrow” links theory and practice in a meaningful way, thereby enabling young people to successfully start their professional lives. Over the course of 18 months, the trainees receive comprehensive insights into the various areas of the company and are tasked with responsible jobs right from the start. Thus, they are well prepared for whichever area they decide to later work in. They are truly immersed into the various fields of work. As a global company, work at one of our many international locations is, of course, part of the trainee program. This way, our trainees can experience the international nature of LR at first hand and help to shape it – it also allows them to further expand their social network.



ONBOARDING  
EASY INTRODUCTION TO THE COMPANY

Taking new employees “on board” is important to us. To facilitate getting started at LR, LR has established a comprehensive onboarding program in addition to an orientation plan. An essential part is the mentoring program. In the first few months at LR, every new employee is accompanied by a personal mentor – a contact person who is ready to assist and guide the newcomer in all professional, personal and organisational matters. The mentoring program helps to quickly integrate new employees at LR, both on a professional and social level. At the same time, they learn to network within the company right from the start. In addition, the employees take part in a starter seminar and a tour of the company.



FAMILY AND CAREER  
YOU CAN HAVE BOTH

At LR, every single employee counts. Therefore, we are always thrilled when mothers – or fathers – return to the company after their baby break, and we support this with various models. Different working models are also available to all other employees and can be arranged in consultation with their manager. For instance, we offer flexible working hours based on a flexitime corridor. In addition, employees may also choose to return as part-time workers. LR also offers mobile work up to a maximum of 3 days per week, depending on the area of responsibility.



LR IS MORE  
MORE FOR EVERYONE

LR is a company for everyone who wants more. Under the hashtag #WEAREMORE, LR has an employer branding campaign in place to boost its reputation and build a better perception of LR as both a company and as an employer. LR is the employer for everyone who wants “more”. Greater opportunities, more openness and creativity in a culture that embeds mutual appreciation in its values.

ALL FOR ONE,  
ONE FOR ALL!

Doing more, creating great things. This is what LR wants to accomplish together with its employees – as a team and always hand in hand. Gender, age, religion, nationality and sexual orientation are irrelevant. “All for one, one for all” is what counts at LR – with respect and tolerance. And the common goal of acting sustainably and continuing to grow always remains in focus.

MORE RESPONSIBILITIES

# ACTING IN AN ECONOMICALLY SUSTAINABLE WAY

FOR US, ACTING IN AN ECONOMICALLY SUSTAINABLE WAY MEANS FINDING AN ECONOMIC APPROACH THAT IS BASED ON FAIR DEALINGS WITH ALL PARTIES INVOLVED. IN ADDITION, WE ARE LOOKING TO BE ECONOMICALLY SUSTAINABLE IN THE LONG TERM TO ENSURE A BRIGHT FUTURE.



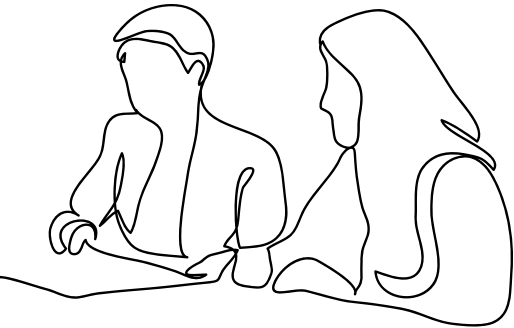
## COMPLIANCE EFFECTIVE RISK MANAGEMENT

Primary aim of the Compliance Management Policy at LR is preventing and clearing up any violations of legal, regulatory, contractual and other requirements, including internal company policies and guidelines. For a better understanding of the compliance aims, we have issued a code of conduct, which regulates important areas such as equal treatment, fair competition, anti-corruption, acceptance of gifts, and environmental protection.

The Compliance Committee – made up of Internal Audit, Global Finance, Legal, HR, Compliance and at least one general manager – meets regularly several times a year to coordinate and to report. Here, difficult compliance cases, legal news and reports from other LR countries are discussed. This is particularly important due to LR’s geo-graphical expansion, the ongoing renewal of the product portfolio and the rapidly changing external factors, e.g. due to new legislation.

## DIVERSITY EQUAL TREATMENT, TOLERANCE & EQUAL OPPORTUNITIES

As a social organisation, LR – like society as a whole – is a cooperation of independently acting individuals with different needs. But everyone also contributes knowledge, creativity and their own view of things. We see this diversity as an asset for our company. For us, appreciating our employees is a matter of course. We accept the uniqueness of each individual. We appreciate one another to learn from one another and to respect the other’s personality. Different ways of thinking enable new perspectives. This way, new and creative ideas emerge that lead us on new paths for a better tomorrow. Variety and diversity foster huge innovative potential, both in our employees and in our partners, for an open, tolerant, creative and productive way of working and thinking.



## CODE OF CONDUCT RESPECT & FAIRNESS THROUGHOUT THE COMPANY

LR is a company with integrity and stands for fair, respectful behavior towards employees and business partners as well as a high level of reliability in all business dealings. Our code of conduct is a key factor for our long-term success: every manager and every employee is obliged to treat one another, the company and business partners with respect, openness and honesty.

### Important pillars of this mutually accepted code are ...

#### ... towards our employees:

- Fair and respectful conduct
- Fair payment and promotion of skills
- Equal treatment on all levels, irrespective of sex, religion, age, sexual orientation or skin color
- Mutual openness and confidentiality with regard to all information

#### ... towards our business partners:

- Customer orientation and highest product quality
- Integrity and loyalty
- Rejection of all kinds of bribery and corruption
- Protection of personal and business data
- Compliance with all international requirements and laws





# WE BELIEVE IN A BRIGHT FUTURE

---

A GREAT FUTURE LIES AHEAD OF US.  
FOR ALMOST 40 YEARS, LR HAS  
SHOWN HOW SUCCESSFUL,  
STABLE AND FUTURE-ORIENTED  
THIS GLOBAL COMPANY IS.  
AND WE STILL BELIEVE IN MORE!





A BRIGHT FUTURE

EXTENSION OF PRODUCT RANGE:



LR ZEITGARD SIGNATURE

LR IS BECOMING MORE & MORE DIVERSE & INTERNATIONAL

After the successful launch of our exclusive make-up brand LR ZEITGARD Signature in 2024, we will extend the portfolio to include shades and special products for darker skin tones in 2025. This product range has been developed in collaboration with international make-up artists.

The subsequent launch of these products with their own development phase is a positive example of our research and quality expertise. It shows how important LR considers independent product

“ AS AN INTERNATIONAL COMPANY, IT IS PARTICULARLY IMPORTANT TO US TO OFFER HIGH-QUALITY MAKE-UP PRODUCTS FOR ALL COMMUNITY MEMBERS.

development for different target groups. As an international company, it is particularly important to us to offer high-quality make-up products for all community members.

LAUNCH OF NEW PRODUCTS:

FERMENTED ALOE VERA



MORE SKIN POWER THROUGH FERMENTED ALOE VERA GEL

With the launch of the new ALOE FERMENTED POWER products in 2025, LR is on the pulse of time, as fermentation is an increasing trend in the cosmetics industry.

The nourishing and regenerating power of aloe vera gel is complemented by numerous positive properties in combination with fermented aloe vera gel. Fermentation extracts more and stronger nutrients from the individual ingredients. A new Phyto complex has been created and the fermented aloe vera gel has further, additional properties: It becomes particularly bioavailable, accelerates skin regeneration, moisturizes deeply and promotes collagen synthesis.

“ ALOE FERMENTED POWER PRODUCTS ARE THE NEXT GENERATION OF HIGH-PERFORMANCE SKINCARE!

Thanks to their improved potency and extended spectrum of action, the new ALOE FERMENTED POWER products are the ideal everyday helpers for the whole family – from head to toe. Whether stretch marks, sunburn, redness or skin irritations – ALOE FERMENTED POWER products are the next generation of high-performance skincare!



A BRIGHT FUTURE

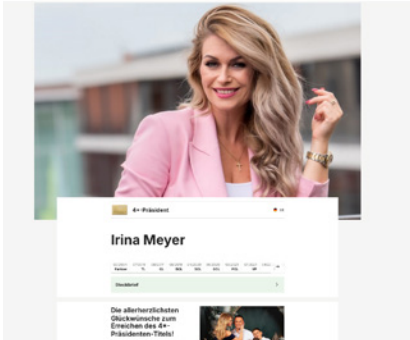
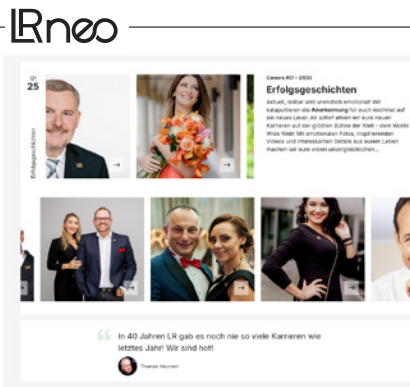
# “LR CAREERS”: THE NEW DIGITAL CAREER MAGAZINE

## UP-TO-DATE, SHAREABLE & EMOTIONAL

With the new digital career magazine, we present ourselves as a modern company with attractive business opportunities and motivate our distributors to become even more successful.

Whether it's the car concept, the Walk of Fame or incentives such as trips and events – we show our distributors how important they are to us in many ways. With “LR Careers”, we are catapulting the recognition of our distributors to an even higher level, because from 2025 we will honor new careers on the world's biggest stage – the World Wide Web! With authentic videos, meaningful photos and interesting details from their lives, we are making the many incomparable success stories of our distributors digitally relivable and shareable.

But it's not just about our top distributors: every month, all careers from Junior Team Leader upwards are honored. And another special highlight: each country can honor its own local heroes and put them into the spotlight – for even more motivation and passion, also at the entry levels. The new digital career magazine is always up-to-date, and the success stories are shareable. This means that our greatest careers are even more emotional and permanently visible. Endless inspiration, integrated into our innovative digital information tool for distributors “LRneo”, in order to take further account of a uniform digitization strategy.



The new digital career magazine is integrated into our innovative digital information tool for distributors “LRneo”. Always up-to-date and shareable!





A BRIGHT FUTURE



# 40 YEARS COMPANY ANNIVERSARY

We celebrate our 40 Years Success Story with two spectacular international events, which will both take place on the 6th of September at the famous Estrel Hotel in Berlin.

At the large Global Leader Convention during the day, our distributors from all over the world receive brand new and exclusive news about the LR business and our products and will have the unique opportunity to exchange ideas and network with each other.

In the evening, we celebrate all together the festive 40 Years LR Gala, an amazing anniversary event with excellent food, drinks and music.

To achieve the qualification for these exclusive events with more than 3,000 international guests, we are running a special Anniversary Competition for our distributors.

In addition, there will be a lot of attractive sales promotions every month during the hole anniversary year 2025.



Robotically controlled packaging system for our aloe vera drinking gels

## FASTER LOGISTICS PROCESSES FOR MORE EFFICIENCY

With the commencement of its new conveyor system, LR has reached an important milestone in terms of increasing efficiency. The new shipping line has started operations for the first 21 countries – the migration of all countries with direct customer delivery from Germany will take place gradually in 2025. All of the company's logistics processes will soon be bundled in an area of more than 10,000 square meters, which will also be used to expand storage capacity.

Following the construction of the new logistics center in the headquarters in Ahlen, the new warehouse management system (WMS) has been successfully implemented in 2024. After the physical and systemic integration of the modern conveyor technology, the new B2C logistics system is significantly more scalable than the previous picking system. Thanks to multi-order picking, we can ensure that several customer orders are processed in parallel by one order

picker. We can therefore adapt personnel planning much better to the actual workload. This flexibility will also enable us to dispatch a significantly higher parcel volume.

By implementing this major project, we are not only replacing our previous order picking system, but also achieving faster digitalization of our logistics processes.





# MANAGEMENT REPORT

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# LR HEALTH & BEAUTY SE, MUNICH/GERMANY

## COMBINED MANAGEMENT REPORT OF THE COMPANY AND THE GROUP FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2024

### A. FUNDAMENTALS OF THE GROUP

LR Health & Beauty SE, Munich, business address: Kruppstrasse 55, 59227 Ahlen, Germany (hereinafter also referred to as “LR SE”), is a European stock corporation incorporated in Germany pursuant to Art. 3 (2) SE Regulation and is registered in the Munich Commercial Register under HRB no. 258262. The share capital of the company amounts to EUR 10,120 thousand and is divided into 120,000 ordinary shares of no-par value and 10,000,000 no-par value bearer shares. It acts as a holding company with management services and a financing function for subsidiaries.

The LR Health & Beauty Group with its parent company LR Health & Beauty SE (hereinafter referred to as the LR Group, LR or the Group) is an internationally operating group that is primarily active in the cosmetics and food supplements industry. The LR Group is represented by 34 companies worldwide. The Group's production facilities are located in Ahlen (Germany), from which all subsidiaries are supplied. Research and development activities are also conducted exclusively in Germany.

The LR Group markets its products as a social commerce company, with marketing plans focused on the European and Asian markets. The product range comprises dietary supplements, perfumes, cosmetics, cosmetic devices, and accessories. The Company's business is primarily determined by private consumption and the pertinent cosmetics and food laws.

On March 31, 2025, the Group's consolidated financial statements were prepared by the management and subsequently submitted to the shareholders' meeting for approval.

The ultimate controlling parent company is Alocor Holding S.à r.l., with registered office in Luxembourg, Luxembourg.

### B. BUSINESS REPORT

#### Overall economy and sector development

Global economic development continued to be characterized by challenges in 2024. Following moderate growth of 3.3% in the previous year, global economic momentum

slowed further, affected by ongoing geopolitical tensions, higher inflation rates and declining momentum in global trade. According to the International Monetary Fund (IMF)<sup>1</sup>, global growth amounted to 3.2% in 2024, below the historical average of 3.7% (2000–2019).

In the Eurozone, LR Group's most important market, the economy showed a slight recovery. Growth for 2024, which continued to be affected by political uncertainties and weak industrial output, was reported at 0.8%. Germany recorded stagnating to slightly declining economic output of -0.2%, while other countries such as Spain (+3.1%) and Poland (+2.8%) recorded significantly more positive growth.

According to the World Federation of Direct Selling Association (WFDSA)<sup>2</sup>, after sales growth of +2.0% in 2021, direct selling worldwide recorded a slight decline in sales of -1.0% in 2022 and a more significant decline in sales of -2.3% in 2023. In Europe, LR Group's core market, following market growth of +4.4% in 2021, development slumped significantly in 2022 with the outbreak of war in Ukraine and recorded a decline of -1.0%. In 2023, development stabilized again significantly at +3.4%. At the time of preparing this management report, there is no valid data on the development in 2024.

#### Production

A substantial amount of the LR Group's dietary supplements is produced and bottled at the production facility in Ahlen. The LR Group is thus consistently implementing its strategic commitment to the quality promise “Made in Germany.” In addition, the Company is strengthening the profitability of this important product range. Most of the cosmetics and care products are also produced at the Ahlen site. In addition, contracts have been concluded with several suppliers. Cosmetic devices are purchased as merchandise in Europe, and accessories in Southeast Asia. The production and the dispatch line in Ahlen are designed for multi-shift operation. Staff shortages are covered by temporary workers. Together with the Theodor F. Leifeld Foundation, a logistics hall was built, for which a new warehouse management system was also set up, which was put into operation in October 2024.

#### Research and development

In its laboratories, the LR Group develops products for safeguarding and further expanding its market position, mainly in the field of cosmetics and dietary supplements. In addition to the application-oriented research and product developments, the focus is on contacting and negotiating with approval and monitoring authorities that have a significant influence on the launch of new products. In 2024, the focus was also on the enhancement of digital solutions to support the distributors.

Research and development expenditure in the financial year amounted to kEUR 2,601 (PY: kEUR 2,470).

#### Headcount

During the 2024 financial year, the Group employed an average headcount of 1,218 (PY: 1,217), including the Executive Board. Of which, 723 (PY: 714) can be allocated to the German subsidiaries and thereof 2 (PY: 1) to the LR Health & Beauty SE.

In 2024, an average of 18 apprentices were employed in the vocational fields of industrial clerk, digital & print media designer, image & sound media designer, marketing communications clerk, e-commerce clerk, IT specialist for system integration, IT specialist for application development and warehouse logistics specialist. In general, permanent employment after successful completion of the apprenticeship is envisaged.

<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

<sup>2</sup> <https://wfdsa.org/global-statistics/>  
<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwfdsa.org%2Fwp-content%2Fuploads%2F2024%2F09%2FWFDSA-Statistical-Database-2020-2023.xlsx&wdOrigin=BROWSELINK>



MANAGEMENT REPORT

Within the trainee program, one trainee was employed in the area of sales management in 2024, who is expected to be taken on in a permanent position in this segment in 2025.

The LR Group has a dual study program. In 2024, three participants were recruited for a dual study program in business administration. In 2024, nine dual students were therefore employed in business administration at LR.

C. IMPORTANT FINANCIAL PERFORMANCE INDICATORS

In order to analyze the course of business and the Group's position, sales (revenue from sold goods) and EBITDA are used as financial performance indicators for management purposes and are compared with the previous year's forecasts for the reporting period.

D. NON-FINANCIAL PERFORMANCE INDICATORS

Apart from financial indicators, the LR Group's business value is also determined by non-financial indicators concerning the relationships of the Company with its partners and employees as well as the product strategy. The LR Group is aware that this goal can only be achieved if it is able to retain competent and committed employees in the long term as an attractive and responsible employer, and if it develops products and solutions that meet the customers' requirements in the future. The Company attaches major importance to sustainably increasing the benefit for partners through its product and service offers. LR does not use any quantifiable key figures for the non-financial performance indicators, which is why these key figures are not material for the management of the LR Group.

E. POSITION OF THE GROUP

The assets, liabilities, financial position, and financial performance of the LR Group are explained on the basis of the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

Financial performance of the LR Group

The strong growth trend of the 2019 to 2021 financial years was interrupted in 2022 with the outbreak of war in Ukraine. The macroeconomic conditions have thus changed significantly. The high rise in inflation, the fall in real wages and the resulting sharp rise in interest rates have led to a weakening of consumer sentiment. Immediately after the outbreak of the war, the management began to adjust the strategic direction to the changed conditions and these strategic initiatives were systematically continued in 2024. In particular, this includes the decision to focus much more on the LR Business Opportunity in order to support the careers of our partners in the best possible way and to strengthen the resilience of our business model in the face of persistently weak general consumer sentiment.

In October 2024, we made significant adjustments to the LR career plan with the introduction of the new LR Business Track. This enables our distributors in advanced career stages to receive a guaranteed monthly bonus and thus a secure income if they achieve certain sales targets. The success of the change and the accompanying communication measures is reflected in a significant increase in new careers for LR distributors and double-digit percentage growth rates for new distributors in the last few months of the financial year. Together with the already established LR Fast Track for new distributors, LR thus offers an attractive concept for a quick career start and a successful long-term partnership.

Our strategy aims to make it as easy as possible to start an LR career so that new distributors can earn an additional income alongside a full-time job. In addition, we support our distributors in switching from a part-time position to a full-time position at LR. Thanks to the high-quality products in the starter sets, high entry levels and thus a fast and successful career are possible.

Another important building block was the adaptation of our new product strategy and the accompanying communication process. The last five new product launches, including the nutritional supplements of the LR Health Mission in April 2024 and the decorative cosmetics line LR Zeitgard Signature in September 2024, are among the most successful new product launches in LR's long history.

All these factors contributed to establishing an upward growth trend for LR over the 2024 financial year: In the first quarter, sales growth amounted to 0.8%, in the second quarter 2.6%, in the third 7.2% and in the fourth quarter sales increased by 8.0% compared to the previous year. All in all, LR increased sales by 4.6% for the year as a whole despite a challenging market environment. In the previous year, revenue growth amounted to 2.6%. In total, sales (revenue from goods sold) amounted to kEUR 289,221 in the financial year 2024 (PY: kEUR 276,473). Of this amount, kEUR 174,635 (PY: kEUR 169,211) is attributable to Region Western Europe<sup>3</sup>, which corresponds to growth of 3.2% and kEUR 113,903 (PY: kEUR 105,534) to Region Central Eastern Europe<sup>4</sup>, which grew by 7.9%. Thus, both regions are showing a positive growth trend. In addition, there are other sales of kEUR 11,455 (PY: kEUR 12,282), which mainly result from the on-charging of other services to our distributors. This results in revenues before sales deductions of kEUR 300,676 (PY: kEUR 288,755) and after sales deductions of kEUR 286,025 (PY: kEUR 274,477).

Other operating income remained stable in the 2024 financial year at kEUR 6,732 compared to kEUR 6,279 in the previous year.

The cost of materials decreased to kEUR 50,587 in the 2024 financial year (PY: kEUR 53,397), while at the same time the changes in finished goods and work in progress were negative at kEUR -2,287 (PY: kEUR +4,207). The total of cost of materials and changes in finished goods and work in progress thus increased from kEUR -49,190 in the 2023 financial year to kEUR -52,874 in the 2024 financial year. In relation to sales (revenue from goods sold), this results in a ratio<sup>5</sup> of 18.3%, which corresponds to a slight reduction compared to the previous year with 17.8%. This is based on valuation effects in finished goods, higher customs duties compared to the previous year and unfavorable currency effects.

Personnel expenses increased from kEUR 53,521 to kEUR 57,008. The average number of headcounts in the 2024 financial year was 1,218 and therefore hardly changed compared to the previous year (1,217). In addition to salary and wage adjustments in line with general inflation, one driver is the inflation compensation premium paid out in Germany. Overall, personnel costs in relation to total overall performance<sup>6</sup> have therefore risen to 20.1% (PY: 19.2%).

The Group's other operating expenses are mainly composed of bonuses granted to distributors, license fees and distribution costs, as well as selling, consulting, and administrative expenses, and losses from currency translation. The bonus granted to distributors has increased significantly against the backdrop of increased sales and one-off effects in connection with the change to the career plan that came into force in October 2024.

<sup>3</sup> Region Western Europe consisting of Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, and United Kingdom.  
<sup>4</sup> Region Central Eastern Europe consisting of Albania, Bulgaria, Czech Republic, Cyprus, Greece, Hungary, Kazakhstan, Poland, Romania, Russia, Slovakia, and Ukraine.  
<sup>5</sup> For internal management purposes, LR uses a ratio consisting of the total of cost of materials and changes in finished goods in relation to sales (revenue from goods sold).  
<sup>6</sup> Overall performance comprises revenues and changes in finished goods and work in progress.

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In addition, there was also a significant increase in legal and consulting costs, which is attributable to one-off expenses in connection with the issue of the corporate bond. Overall, other operating expenses have thus increased from kEUR 146,632 in the 2023 financial year to kEUR 155,546 in the 2024 financial year.

Compared to the previous year, EBITDA<sup>7</sup> slightly decreased to kEUR 27,329 (PY: kEUR 31,413), in particular due to the above-mentioned one-off effects. Taking into account normalizations of one-time, non-recurring and extraordinary operating expenses, such as expenses in connection with the refinancing of the corporate bond, totaling kEUR 5,243 (PY: kEUR 3,967), normalized EBITDA amounts to kEUR 32,572 (PY: kEUR 35,380).

Depreciation and amortization decreased slightly from kEUR 13,212 to kEUR 12,818 in the financial year 2024. This results in EBIT<sup>8</sup> of kEUR 14,511 (PY: kEUR 18,201).

The financial result of kEUR –21,219 (PY: kEUR –15,836) is characterized by the one-off expense from the early redemption of the corporate bond of LR Global Holding GmbH and by the interest expenses of the new corporate bond of LR Health & Beauty SE, which increased due to the higher nominal value compared to the previous year.

This results in earnings before taxes for the Group in the amount of kEUR –6,708 (PY: kEUR 2,365) for the 2024 financial year. Despite the negative earnings before taxes, income taxes increased from kEUR 3,320 in the previous year to kEUR 5,115 in the 2024 financial year, which is due in particular to the limited tax deductibility of interest expenses caused by the interest barrier<sup>9</sup>. The after-tax result thus amounts to kEUR –11,823 (PY: kEUR –865). After offsetting the other comprehensive income consisting of currency translation differences of kEUR –1,522 (PY: kEUR –818), the overall result is kEUR –13,345 (PY: kEUR –1,683).

The forecast issued by the LR Group for sales (revenue from goods sold) in the range of kEUR 288,000 to kEUR 292,000 was achieved at kEUR 289,221. The forecast for EBITDA reported in the range of kEUR 26,000 to kEUR 29,000 was also achieved at kEUR 27,329. The Executive Board is therefore satisfied with the development of the 2024 financial year.

Assets, liabilities, and financial position of the LR Group

As of December 31, 2024, total assets amounted to kEUR 225,571 (PY: kEUR 234,702), of which kEUR 152,218 (PY: kEUR 151,198) relate to non-current assets. Therein property, plant and equipment remained stable at kEUR 12,820 (PY: kEUR 12,966). Rights of use slightly decreased from kEUR 17,439 to kEUR 16,941. The largest position under non-current assets is intangible assets, which increased slightly from kEUR 119,372 to kEUR 120,705. The main item here is the goodwill of kEUR 101,522, which did not change during the reporting period.

Current assets totaled kEUR 73,353 (PY: kEUR 83,504). The inventories built up in the previous year due to the difficult situation on the global logistics market were reduced again in the financial year and now amount to kEUR 26,724 (PY: kEUR 34,612). Trade receivables are slightly above the previous year's level at kEUR 14,591 (PY: kEUR 13,824). Other assets (incl. income tax receivables) mainly consist of receivables from income and other taxes, deposits, periodic accrued expenses, as well as other receivables and increased from kEUR 11,113 to kEUR 12,397 in 2024. At the same time cash decreased in the 2024 financial year to kEUR 19,641 (PY: kEUR 23,955). The Group is largely a single financial entity.

Equity was significantly affected by two factors. On the one hand, the capital reserve increased by kEUR 1,376 due to allocation of the new shareholder loan. On the other hand, equity was reduced by the negative total comprehensive income of kEUR –13,345, resulting in equity totaling kEUR 15,260 as of December 31, 2024. This corresponds to an equity ratio of 6.8% (PY: 11.6%). Adding the remaining amount of the shareholder loan of kEUR 2,872, recognized in non-current liabilities, results in economic equity of kEUR 18,132, which corresponds to an economic equity<sup>10</sup> ratio of 8.0%.

The liabilities are mainly characterized by the corporate bond. On February 19, 2024, LR SE placed a senior secured corporate bond in the amount of EUR 130 million and issue proceeds of around EUR 125 million. The carrying amount of the corporate bond in the Group<sup>11</sup> of kEUR 124,974 corresponds to the issue amount less the acquisition commission recognized, which is added back pro rata over the term of the bond plus accrued interest. The proceeds from the placement were used to refinance the previously existing 2021/2025 bond of LR Global Holding GmbH (ISIN: NO0010894850). In this context, a loan agreement was concluded between LR Global Holding GmbH and LR Health & Beauty SE on March 1, 2024. The bond is issued in the so-called “Nordic Bond Format” under Swedish law and with the involvement of Nordic Trustee & Agency AB as trustee. The bond has an interest rate of 7.5% + 3M EURIBOR (with a floor of zero) and matures on March 6, 2028. It is traded on the Open Market of the Frankfurt Stock Exchange. The terms of the corporate bond require a listing on the regulated market of Nasdaq Stockholm within 12 months of the issue date, which was achieved on time in the new financial year 2025.

Compared to the previous year, provisions decreased from kEUR 4,328 to kEUR 3,671. Of this amount, kEUR 447 (PY: kEUR 356) relates to non-current provisions and kEUR 3,224 (PY: kEUR 3,972) to current provisions.

Lease liabilities totaled kEUR 17,961 and were thus at the previous year's level of kEUR 18,067. Of this amount, kEUR 12,119 (PY: kEUR 12,064) relates to non-current and kEUR 5,842 (PY: kEUR 6,003) to current lease liabilities.

A sale and leaseback agreement for the headquarters building in Ahlen, Germany, was already concluded in the 2022 financial year. For settlement purposes, a special purpose vehicle (Divanno Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG) acting as buyer and lessor was used and is fully consolidated. The corresponding liabilities from loans in the amount of kEUR 8,104 (PY: kEUR 8,470) are divided into non-current liabilities in the amount of kEUR 7,730 and current liabilities in the amount of kEUR 374.

Other liabilities of kEUR 9,749 are below the previous year's level of kEUR 11,293, in particular due to the lower VAT liabilities. Income tax liabilities increased from kEUR 1,184 in the previous year to kEUR 2,820 in the context of LR Health & Beauty SE as the new parent company. At kEUR 34,215, trade payables remained stable compared to the previous year's figure of kEUR 34,748.

In the 2024 financial year, the operating cash flow increased significantly to kEUR 26,962 compared to kEUR 12,874 in the previous year (previous year affected by subsequent tax payments for previous years). All other relevant factors affecting operating cash flow, such as profit, changes in inventories or trade receivable and trade payables, are described in Financial performance of the LR Group and Assets, liabilities, and financial position of the LR Group. The cash flow from investing activities amounted to kEUR –5,601 (PY: kEUR –5,922)

<sup>7</sup>Earnings before interest, taxes, depreciation and amortization.  
<sup>8</sup>Earnings before interest and taxes  
<sup>9</sup>The interest barrier describes a specific element of German tax law that limits the deduction of interest expenses for tax purposes.

<sup>10</sup> Economic equity defined as reported equity plus long-term shareholder loans with subordination.  
<sup>11</sup> Capitalized value of the bond in the Group according to IFRS different from the capitalized value in LR Health & Beauty SE accounted according to German accounting standard (*Handelsgesetzbuch*)



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and thus decreased slightly compared to the previous year. The main drivers are projects in the areas of digitalization and IT infrastructure as well as the modernization of logistics as part of the Logistics 4.0 project. Overall, this results in a free cash flow<sup>12</sup> of kEUR 21,361 (PY: kEUR 6,952). The cash flow from financing activities amounted to kEUR –25,925 (PY: kEUR –23,019) and is characterized by the early redemption of the former bond due to the issue of the new bond and the associated costs as well as a new shareholder loan.

The LR Group ensures that it can fulfill its obligations at all times. Its business activities create the basis for its ability to generate sustainable cash flows.

F. POSITION OF THE LR HEALTH & BEAUTY SE

The assets, liabilities, financial position, and financial performance of the LR Group is outlined in the financial statements prepared in accordance with German accounting standards (*Handelsgesetzbuch*).

Financial performance of LR Health & Beauty SE

Revenue stood at kEUR 1,552 in the 2024 financial year (PY: kEUR 1,015) and mainly derived from cost allocations to LR Health & Beauty Systems GmbH, Ahlen, for services rendered, which were above the previous year's level. The other operating income amounted to kEUR 46 (PY: kEUR 64).

At kEUR 1,537, personnel expenses in the reporting year were higher than in the previous year (kEUR 951), which is due in particular to the extension of the Management Board. Other operating expenses at LR SE include legal and consulting fees, which are the main driver of the significant increase in this financial year in connection with the issue of the corporate bond. They also include allowances for the Supervisory Board and travel expenses. In total, they amounted to kEUR 1,564 and thus increased significantly compared to the previous year (kEUR 211).

The financial result of kEUR –3,757 (PY: kEUR 0) is characterized by interest income from a shareholder loan to LR Global Holding GmbH in the amount of kEUR 11,507 (PY: kEUR 0), by interest payments for the corporate bond 2024/2028 in the amount of kEUR 13,289 and by expenses in the amount of kEUR 1,975 (PY: kEUR 0) from the profit and loss transfer agreement concluded with LR Global Holding GmbH in 2024.

Income taxes for LR Health & Beauty SE as the new parent company of the group amounted to kEUR 6,612 in the 2024 financial year (previous year: kEUR 0).

Overall, this results in a net loss for the year of kEUR –11,871 (PY: kEUR –83).

Due to the effects described above, the company's cost structure changed in the 2024 financial year compared to the previous year.

Assets and liabilities of LR Health & Beauty SE

The total assets of LR Health & Beauty SE increased to kEUR 286,597 as of December 31, 2024, compared to the previous year (kEUR 153,218). This significant increase is due to the issue of a corporate bond and the granting of an intercompany loan to LR Global Holding GmbH. The latter is reflected in non-current assets, which increased from kEUR 152,458 as

of December 31, 2023, to kEUR 281,273 as of December 31, 2024. In addition to shares in affiliates, which remained constant at kEUR 152,458 and consist exclusively of the shares in LR Global Holding GmbH, Ahlen, this also includes the new shareholder loan to LR Global Holding GmbH with a carrying amount of kEUR 128,816. Current assets amounted to kEUR 1,146 as of December 31, 2024 (PY: kEUR 760), of which receivables from affiliates increased mainly due to interest receivables in the amount of kEUR 1,067 (PY: kEUR 619). Following the integration of LR Health & Beauty SE into the cash pooling agreement with LR Health & Beauty Systems GmbH, cash has been reduced to kEUR 0 (previous year: kEUR 141).

LR SE's equity amounted to kEUR 140,326 as of December 31, 2024, and decreased by the net loss for the year compared to the previous year of kEUR 152,197.

The provisions totaling kEUR 2,281 (PY: kEUR 451) consist of tax provisions of kEUR 1,362 (PY: kEUR 0) arising from establishing LR SE as the parent company of the Group and other provisions of kEUR 919 (PY: kEUR 451). The latter include, in particular, provisions for personnel costs, audit costs, and outstanding supplier invoices.

The liabilities are mainly characterized by the corporate bond. On February 19, 2024, LR SE placed a senior secured corporate bond in the amount of EUR 130 million and issue proceeds of around EUR 125 million. The carrying amount of the corporate bond at LR Health & Beauty SE<sup>13</sup> amounts to kEUR 131,241. The proceeds from the placement were used to refinance the previously existing 2021/2025 bond of LR Global Holding GmbH (ISIN: NO0010894850). In this context, a loan agreement was concluded between LR Global Holding GmbH and LR Health & Beauty SE on March 1, 2024. The bond is issued in the so-called "Nordic Bond Format" under Swedish law and with the involvement of Nordic Trustee & Agency AB as trustee. The bond has an interest rate of 7.5% + 3M EURIBOR (with a floor of zero) and matures on March 6, 2028. It is traded on the Open Market of the Frankfurt Stock Exchange. The terms of the corporate bond require a listing on the regulated market of Nasdaq Stockholm within twelve months of the issue date, which was achieved on time in the new financial year 2025.

In addition, there are liabilities to shareholders with a carrying amount<sup>14</sup> of kEUR 4,016 (previous year: kEUR 500). On March 7, 2024, LR SE and Aloco Holding S.à r.l concluded an agreement for a fixed-interest shareholder loan in the amount of kEUR 4,000. The loan bears interest at an annual rate of 0.5%. The loan and the associated interest are due on March 30, 2028. Partial or full repayment of the loan is possible at any time.

Together with liabilities to subsidiaries amounting to kEUR 3,364 (PY: kEUR 0), resulting from the cash pooling agreement with LR Health & Beauty Systems GmbH, trade payables of kEUR 89 (PY: kEUR 5) and other liabilities of kEUR 56 (PY: kEUR 65), total liabilities amount to kEUR 138,765 (PY: kEUR 569).

For the 2024 financial year, the cash flow from operating activities amounts to kEUR 2,231 (PY: kEUR –139). All major factors affecting operating cash flow, such as profit, changes in receivables, or changes in liabilities, are described in the sections Financial performance of LR Health & Beauty SE and Assets and liabilities of LR Health & Beauty SE. Cash flow from investing activities amounted to kEUR -120,215 (PY: kEUR 0) and includes the transfer of losses from the profit and loss transfer agreement with LR Global Holding, the issue of the shareholder loan to LR Global Holding GmbH, and the interest payments received for the

<sup>12</sup> Free cash flow as the sum of cash flow from operating activities and cash flow from investing activities

<sup>13</sup> Carrying amount of the bond at LR Health & Beauty SE in accordance with German accounting standards (*Handelsgesetzbuch*) deviating from the carrying amount in the Group, which is reported in accordance with International Financial Reporting Standards (IFRS).

<sup>14</sup> Carrying amount of the shareholder loan in LR Health & Beauty SE in accordance with German accounting standards (*Handelsgesetzbuch*) deviating from the carrying amount in the Group, which is reported in accordance with International Financial Reporting Standards (IFRS).

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shareholder loan. Cash flow from financing activities totaling kEUR 117,842 (PY: kEUR 0) includes the inflows from the shareholder loan from the parent company Alico Holding S.à r.l., the issue of the corporate bond, and the interest paid on the corporate bond.

G. REPORT ON RISKS AND OPPORTUNITIES

Risk management

The internal control system for the accounting process consists of the following subareas.

The Group’s internal rules on the preparation of financial statements and accounting (e.g. guidelines, circulars) are made available on time to all employees involved. The company’s financial statements are prepared using a uniform reporting system for the entire Group. Reconciliation processes for Group-internal business transactions serve to prepare the corresponding consolidation steps. Central contact persons of the LR Group are also in continuous contact with the local subsidiaries in order to ensure IFRS-compliant accounting and compliance with reporting deadlines and obligations.

Corporate controlling/Group controlling systematically and regularly analyzes data from the Group using systems of key figures and reports this to the management. Sales are reported per country and region on a daily basis. Sales and earnings forecasts are prepared regularly. Information on partner productivity (assessed by the number of orders and order value per partner), number of active partners as well as on product quality (assessed by the number of returns, value, article, and reason for return) are analyzed on an ongoing basis. A comprehensive reporting package, including a statement of profit or loss, balance sheet, cash flow, revenue development by countries and product groups with analyzes of deviations against the plan and previous year at Group level, is also prepared on a monthly basis for the management and the supervisory board of LR SE.

In addition, the LR Group records risks through the compliance department and the involvement of the operational managers within the context of the risk management system. The “TÜV Rheinland”-certified Compliance Management System serves to identify, assess, and control internal and external risks at an early stage. The focus of risk identification is the risk inventory, which determines the main risks on an annual basis. The course of business and the opportunities and risks arising from current business are discussed in the meetings of the company management and the supervisory board. In principle, uniform guidelines apply to all business divisions, which are defined by the management of the LR Group and monitored by a central compliance system with the involvement of regional compliance delegates.

Business and market risks

The LR Group operates in a market characterized by a constant change in customer needs and the opportunities of potential competitors. In order to meet the needs of customers and to distinguish ourselves from potential competitors, new products and services are continually developed and existing products and services improved. Further business development and the success of the business model are based on private demand and the competitiveness of the overall offer (product and business opportunities) on the market. The drivers for future growth and thus business success are the number of new partners, improvement of reselling rates, consistently good product quality, attractive business opportunities, and compensation arrangements for partners, as well as country and language-oriented optimization of offers. The proactive steering of the outlined success factors is intended to ensure a positive development of the distributors, thus reducing the main risks for our business model.

The Group’s ability to acquire partners and to maintain and increase sales through its partners can be impacted by negative publicity or a negative public perception of the Group, the Group’s competitors, or the industry in general. The upswing in the use of social and digital media increases the speed and scale at which information, including misinformation, and opinions can be spread. Negative public perception can also include negative publicity regarding the sales structure of major social commerce companies and a negative perception of the business model or products of competitors. A large share of the LR Group’s income from the sale of goods is generated with products containing aloe vera. Negative publicity about products containing aloe vera in general could lead to a decline in consumer interest and weaken LR’s success factor as a result.

The outbreak of war in Ukraine has impaired the previously very stable situation in Europe, LR Group’s most important sales market. The LR Group has one sales company in Ukraine and one in Russia, with the Russian company additionally serving the market in Kazakhstan. Business operations in Ukraine have been ensured throughout the last two years, but the risk of a partial or complete closure of the subsidiary in Ukraine cannot be completely ruled out for security reasons. The Russian market faces considerable risks in the current situation with extensive financial and economic sanctions. Maintaining payment transactions to and from Russia could be made difficult by further sanctions. In addition, the availability of products for the subsidiary in Russia also represents a risk due to the sanctions and difficult logistics.

Moreover, the political and economic developments are constantly monitored by the management in order to be able to actively respond to any deterioration in framework conditions.

Operative risks

Continuous controls in line with the latest quality and safety regulations ensure top-quality and premium products. In addition to quality assurance of the existing product range, new and refined products are developed here as well. Considerable emphasis is placed on compliance with quality standards of the cosmetics and food regulations to reduce the product risk.

Most orders from partners and customers are placed online through the Group’s IT platform. In addition, the LR Group is greatly dependent on IT systems to maintain its revenue streams, communicate efficiently with partners, and to receive information on customer behavior and the sales patterns on various markets. This is especially important against the backdrop of the current IT projects to enhance the mobile apps available to the partners, the Group website, ERP (enterprise resource planning) system, and other administrative systems. Unplanned downtime of the Group’s IT systems, including the ERP system, due to system failure, computer viruses, denial of service attacks, or other reasons therefore poses a considerable risk.

Payment default risks are reduced by the type of payment methods offered as well as by using credit ratings from external service providers. In addition, accounts receivables are continuously monitored in the operational business.

A significant share of the Group’s revenue relates to products manufactured and/or packaged at the LR Group’s production facilities in Ahlen, Germany. Unplanned downtime at the Group’s production facilities due to plant outages, power cuts, natural disasters, or other causes could impair the Group’s ability to meet delivery requirements in part or in full.



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In addition, supplier failure or disruptions to supply chains could have negative effects on the manufacture and packaging of the Group’s products.

Further operative risks that might significantly influence the Company are currently not known.

Financial market risks

Foreign currency risks exist with suppliers who deliver on a USD basis. Currency hedging takes place if necessary, but was not carried out in the reporting period. Significant risks of price changes or default are not known. Foreign currency risks for deliveries to non-European countries are not minimized through financial measures but through shaping the economic conditions (i.e., “natural hedging”). In addition, there are exchange rate risks for the LR Group due to business activities and net investments in subsidiaries from non-euro countries. The Group’s top five non-euro markets in 2024 by sales (revenue from goods sold) were Russia/Kazakhstan (Russian roubles/Kazakh tenge), Poland (Polish złoty), the Czech Republic (Czech koruna), Ukraine (Ukrainian hryvnia), and Bulgaria (Bulgarian lev).

The general increase in the interest rate level over the 2022 and 2023 financial years, which fell only moderately in the past financial year, has significantly increased interest expenses. The EUR 125 million corporate bond issued by the LR Global Holding GmbH subsidiary in spring 2021 was redeemed in March 2024. The refinancing was carried out at the level of LR Health & Beauty SE. The redeemed bond as well as the newly issued bond use the 3M Euribor as the interest rate benchmark for the variable interest rate. In general, variable interest rates entail opportunities and risks.

The liquidity risk is regularly monitored based on budgetary planning. The Group’s liquidity provision provides a sufficient risk buffer for unplanned payments.

Legal risks

In the course of our business activities, risks to our financial performance and financial position may arise from legal disputes, mainly with respect to competition, patent, tax or contract law, or product liability. These risks are actively addressed through internal guidelines and professional legal advice, and attempts are made to mitigate them in advance.

The Group currently operates in 32 countries, in which very different rules and regulations, e.g., concerning marketing and quality standards for cosmetics and food safety, may apply. Non-adherence to such rules and regulations as well as regulatory or statutory changes can result in existing or future licenses and approvals being revoked or not issued or in penalties being imposed or claims being asserted against the Group.

Other relevant regulatory factors that could have a negative impact on the Group include:

- The imposition of legal, tax, or financial constraints on the Group or its partners that exert financial and/or structural pressure on the Group and its sales model.
- Contesting the status of the partners as independent contractors rather than employees or a change in employment laws or regulations or the social security regulations relating to independent contractors, which could result in additional financial obligations, investigations, and fines.
- Trade defense actions and import or export licenses, restricting LR’s options for selling its products.

- Changes in trade or antitrust law or changes in the interpretation of trade or antitrust law.
- The data protection regulations and their individual interpretation by the data protection authorities in the different countries.

Strict compliance with the statutory stipulations in the dietary supplements field, especially after the Health Claims Regulation came into force on July 1, 2007, is crucial for reducing risks. In connection with the general regulations applying to health and beauty products, the regulation of hydroxy anthracene derivatives (HAD), chemical substances that can occur naturally in certain parts of aloe vera, is of great importance to the LR Group as a processor of this raw material. The key regulation in this context is Regulation (EC) No 1925/2006 of the European Parliament and of the Council of December 20, 2006 on the addition of vitamins and minerals and of certain other substances to foods. In March 2021, this was amended by Commission Regulation (EU) 2021/468 and now contains a ban on the addition of HAD (and preparations of leaves of aloe vera species containing HAD) to food, which, according to the wording of the regulation, would have been tantamount to an effective ban on the substance. After the amendment became effective, the Standing Committee on Plants, Animals, Food and Feed (SCoPAFF) concluded that a certain number of parts per million (ppm), i.e., less than 1 ppm, can apply as a limit of quantification (LOQ) for deeming a substance to substantially contain no HAD. This interpretation was confirmed by the European Commission. The LR Group examines on a regular basis whether its products adhere to the limits specified in Regulation (EC) No 1925/2006 and has not identified any concentrations of HAD above 1 ppm to date. In four judgments dated November 13, 2024, the General Court declared the restrictions of Regulation 2021/468 invalid. The EU Commission has appealed against this ruling.

The majority of the risks described are inherent in the business model, our products, our markets, and our own production activities and are closely monitored accordingly. In addition, newly emerging risks, such as those arising from changes in the geopolitical situation or legislative changes, are identified and assessed as quickly as possible and analyzed for possible safeguards. Overall, we currently see no risks jeopardizing the continuance of the Group and LR SE.

Opportunities

The business and market risks described are offset by corresponding opportunities in the event of positive developments. There are also potential opportunities arising from the long-term trends in the markets for health and beauty products as well as in digitalization and social media use.

Direct selling as a sales channel continues to gain in attractiveness and thus opens up opportunities for growth. Although the data from the World Federation of Direct Selling Association (WFDSA) shows a break in the global trend for 2022 and 2023, the majority of LR markets have already recorded positive growth again for 2023. In a positively overall developing environment, the LR Group is sharpening its positioning as a successful social commerce company, particularly in the areas of digitalization and social media. Social commerce is an attractive business model that combines the advantages of two worlds. Digital efficiency, customer experience, and consumer knowledge from the e-commerce sector with the advantages of personal relationships, individual sales experience, and the ability to develop new products from direct sales in a targeted and needs-oriented manner. The result is a digital model with the potential to drive consumer engagement with the brand and products, drive targeted product innovation, and create strong customer retention through a loyal customer and distributor community. Supported by low customer

MANAGEMENT REPORT

acquisition costs, the potential for rapid and profitable growth is evident. The sales model is of particular interest to younger target groups, which also opens up attractive growth opportunities. The groups of 18–29-year-olds and 30–39-year-olds together account for around 45% of new LR distributors in Germany, while the German average for this age group is well below 30%. LR supports this trend in particular through the digital solutions and apps developed specifically for LR, such as LR Connect and LR NEO—tools that help LR distributors build their own successful careers in the digital world.

Another important component of the sales model is the retention of distributors through attractive bonuses as part of the LR Career Plan and additional incentives. The career plan is constantly being developed and was expanded in October 2024 to include a new component – the LR Business Track. This includes a guaranteed monthly bonus if certain criteria are met, providing our distributors with a secure income. This instrument makes the LR business even more predictable for distributors and offers them the opportunity not only to build up a secure side income, but also to take the step into the main income stream with LR. Together with the already established LR Fast Track Program for newly started distributors, LR thus offers a consistent concept from the start at LR via a side income in addition to the main income and thus supports the distributors in their successful career development. The above-average development of inflation rates in the previous two financial years, which has not yet returned to the previous level in the 2024 financial year, may lead to falling real wages for many employees if there is no corresponding increase in wages and salaries. Without additional income, falling real wages would lead to a declining quality of life. LR offers its distributors the opportunity to build up a side income with the greatest possible flexibility and, if necessary, to switch to their main job.

The potential of the sales model can be particularly exploited in combination with high-quality and target group-oriented products. For several years, LR has been involving its distributors in the product development process at a very early stage. This ensures that the needs of distributors and consumers are at the center of the process. The result can be seen in the last five major product launches in recent years, which represent the five best product launches in the entire history of LR. These include both new product launches and product relaunches. If LR can maintain this trend in the coming years, it can achieve high growth potential.

In addition to the individual and needs-oriented development of products, the fundamental market trends are also a positive factor for LR. The core areas of LR products are health and beauty solutions, both markets with a long-term positive growth trend. In the health sector in particular, we see an increasing focus on high-quality health products for habitual and therefore regular use. This trend fits with the LR Group's market positioning, with holistic product solutions in the medium to higher price segment. Product solutions such as the metabolic support concept LR Health Mission, launched in April 2024, or the long-standing top sellers in the nutritional supplements segment – the Aloe Vera Drinking Gels – promote long-term customer loyalty with high repurchase rates, including subscriptions. Today, around 85% of sales are generated by repeat customers.

H. OUTLOOK

Economic development in 2025 will continue to be affected by a number of factors that are difficult to predict. The ongoing war in Ukraine is not only having a direct impact on the markets in Russia and Ukraine, but also has a global impact on energy prices, trade, and geopolitical stability. Renewed disruptions in global supply chains could also have a negative impact on economic momentum. The development of inflation remains an important influencing factor, particularly in Europe, one of the LR Group's core markets. The development of inflation rates not only influences consumer spending, but also central banks' decisions on the future course of monetary policy.

The International Monetary Fund (IMF) expects global economic growth of 3.3% in 2025, which is slightly above the rate of 2024 (3.2%). However, these forecasts remain below the historical annual average of 3.7% (2000–2019). The main reasons for this are the ongoing restrictive monetary policy, the withdrawal of fiscal support, and structural obstacles to growth such as low production growth in many economies.

For the Eurozone, moderate growth of 0.8% is estimated for 2024, while the economy is expected to pick up slightly to 1.0% in 2025. In Germany, the LR Group's most important market, growth is expected to be almost stagnant at -0.2% in 2024 before the economy recovers slightly to +1.1% in 2025. This development reflects the ongoing challenges in the industrial sector and the impact of high energy prices.

The IMF's forecasts show that economic development in 2025 will continue to be characterized by uncertainty, but will also offer opportunities for growth and stabilization with regional differences.

The development of economic performance in the LR markets has different effects on the LR Group's business model. On the one hand, weak or negative economic growth often has an impact on consumer sentiment. On the other hand, in addition to pure product consumption, LR also offers a very attractive and flexible opportunity to generate additional income or main income as a distributor. Depending on the prevailing conditions, the LR Group's business model therefore offers the opportunity to market the consumer business or the distribution model in a more focused manner.

The combination of strategic enhancement of the sales model, new products, and strategic projects, especially in the area of digitalization, has already proven to be very robust under the challenging conditions during the pandemic and following the decline in sales as a result of the outbreak of the war in Ukraine. In addition to significant technical innovations in the digital sector and the further development of the sales remuneration system, the Group is focusing on the development of sustainable storytelling solutions in order to distinguish itself from the online and retail sectors.

The forecast issued by the LR Group for the 2024 financial year has been met. The forecast for sales (revenue from goods sold) in the range of kEUR 288,000 to kEUR 292,000 was achieved at kEUR 289,221. The forecast for EBITDA reported in the range of kEUR 26,000 to kEUR 29,000 was achieved at the upper end of the range at kEUR 27,329.

The development of the overall economic situation and its impact on the various LR markets remains difficult to assess. The further course of the war in Ukraine, the mutual sanctions between Russia and the European Union, 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.



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Against this backdrop, the Management Board expects stable to moderately increasing sales (revenue from goods sold) in the 2025 financial year. Taking into account the expected sales and the absence of one-off costs compared to the previous year, e.g. for the refinancing of the bond, the management assumes that a significantly higher EBITDA can be achieved in the LR Group.

As a holding company, the development of the individual company LR Health & Beauty SE depends on the development of the LR Group and is therefore not controlled individually. Apart from the interest expenses for the new bond issued in the past financial year, the cost structure is expected to remain largely unchanged compared to the previous year.


I. FINAL DECLARATION ON THE DEPENDENCY REPORT

The Management Board of LR Health & Beauty SE has prepared a report on relationships with affiliated companies for the 2024 financial year in accordance with the German Stock Corporation Act (Section 312 AktG), which contains the following concluding declaration:

“We declare that LR Health & Beauty SE has received appropriate consideration for the legal transactions and measures listed in the report on relationships with affiliated companies in accordance with the circumstances known to us at the time the legal transactions were carried out or the measures were taken or omitted and has not been disadvantaged by the fact that measures were taken or omitted.”

Munich, March 31, 2025

**LR Health & Beauty SE**  
– Executive Board –

  
Dr. Andreas Laabs  
(CEO)

  
Andreas Grootz  
(General Manager)





# CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET  
AS OF 31 DECEMBER 2024

kEUR	Note	Dec. 31, 2024	Dec. 31, 2023
<strong>ASSETS</strong>			
<strong>Non-current assets</strong>			
Intangible assets	13.	120,705	119,372
Property, plant and equipment	12.	12,820	12,966
Right-of-use assets	24.	16,941	17,439
Deferred taxes	11.	1,752	1,421
		<strong>152,218</strong>	<strong>151,198</strong>
<strong>Current assets</strong>			
Inventories	16.	26,724	34,612
Trade receivables	17.	14,591	13,824
Income tax receivables	18.	1,196	308
Other assets	18.	11,201	10,805
Cash	19.	19,641	23,955
		<strong>73,353</strong>	<strong>83,504</strong>
<strong>TOTAL ASSETS</strong>		<strong>225,571</strong>	<strong>234,702</strong>

kEUR	Note	Dec. 31, 2024	Dec. 31, 2023
<strong>EQUITY AND LIABILITIES</strong>			
<strong>Equity</strong>			
Subscribed capital		10,120	10,120
Capital reserve		151,506	150,130
Currency translation reserve		-8,731	-7,209
Accumulated loss		-137,635	-125,812
<strong>TOTAL EQUITY</strong>	<strong>20.</strong>	<strong>15,260</strong>	<strong>27,229</strong>
<strong>Non-current liabilities</strong>			
Provisions	22.	447	356
Deferred taxes	11.	5,945	3,893
Liabilities from bonds	15.2	124,974	125,490
Liabilities from loans	15.2	7,730	8,105
Liabilities from shareholder loans	15.2	2,872	0
Lease liabilities	24.	12,119	12,064
Other liabilities	23.	286	1,043
		<strong>154,373</strong>	<strong>150,951</strong>
<strong>Current liabilities</strong>			
Trade payables	23.	34,215	34,748
Other liabilities	23.	9,463	10,250
Lease liabilities	24.	5,842	6,003
Liabilities from loans	15.2	374	365
Income tax liabilities	23.	2,820	1,184
Provisions	22.	3,224	3,972
		<strong>55,938</strong>	<strong>56,522</strong>
<strong>TOTAL EQUITY AND LIABILITIES</strong>		<strong>225,571</strong>	<strong>234,702</strong>

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 2024 FINANCIAL YEAR

KEUR	Note	2024	2023
Revenue	4.	286,025	274,477
Changes in finished goods and work in progress		-2,287	4,207
Other operating income	6.	6,732	6,279
Cost of materials		-50,587	-53,397
a) Raw materials and supplies		-43,322	-45,706
b) Cost of purchased services		-7,265	-7,691
Personnel expenses		-57,008	-53,521
a) Wages and salaries		-48,194	-45,160
b) Expenditures for social security and pension schemes		-8,814	-8,361
Other operating expenses	9.	-155,546	-146,632
EBITDA		27,329	31,413
Amortization and depreciation		-12,818	-13,212
Finance result	10.	-21,219	-15,836
Profit or loss before tax		-6,708	2,365
Income taxes	11.	-5,115	-3,230
PROFIT OR LOSS FOR THE PERIOD		-11,823	-865

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 2024 FINANCIAL YEAR

KEUR	2024	2023
Profit or loss for the period	-11,823	-865
Components of other comprehensive income which will be reclassified to profit or loss after tax in subsequent periods	-1,522	-818
Currency translation differences	-1,522	-818
TOTAL COMPREHENSIVE INCOME	-13,345	-1,683



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR 2024

kEUR			Sub- scribed capital	Capital reserve	Accumu- lated loss	Currency translation reserve	Total equity
Jan. 1, 2023	Note	10,120	150,130	-124,947	-6,391	28,912	
Currency translation differences	20.	0	0	0	-818	-818	
Profit or loss for the period		0	0	-865	0	-865	
Dec. 31, 2023		10,120	150,130	-125,812	-7,209	27,229	
Jan. 1, 2024		10,120	150,130	-125,812	-7,209	27,229	
Currency translation differences	20.	0	0	0	-1,522	-1,522	
Contribution of the shareholder loan at nominal value	20.	0	1,376	0	0	1,376	
Profit or loss for the period		0	0	-11,823	0	-11,823	
Dec. 31, 2024		10,120	151,506	-137,635	-8,731	15,260	

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 2024 FINANCIAL YEAR

kEUR			2024	2023
1. Cash flow from operating activities	Note			
Profit or loss for the period (including results of minorities)			-11,823	-865
Amortization and depreciation (+) of fixed assets	12.		12,818	13,212
Increase (+) / reduction (-) in provisions	22.		-657	-862
Other non-cash expenses (+) / income (-)			-1,525	-1,807
Losses (+) on the disposal of fixed assets			0	1
Increase (-) / reduction (+) of inventories, trade receivables and other assets	16. to 18.		6,562	-12,458
Increase (+) / reduction (-) of trade payables and other liabilities	23.		-2,226	4,914
Interest expenses (+) / interest income (-)	10.		21,219	15,836
Income tax expenses (+) / income (-)	11.		5,115	3,230
Income taxes paid (-)			-2,521	-8,327
CASH FLOW FROM OPERATING ACTIVITIES			26,962	12,874
2. Cash flow from investing activities				
Payments from (+) the disposal of property, plant and equipment			2	11
Payments for (-) investments in property, plant and equipment			-1,599	-1,626
Payments for (-) investments in intangible assets			-4,004	-4,307
CASH FLOW FROM INVESTING ACTIVITIES			-5,601	-5,922
3. Cash flow from financing activities				
Proceeds (+) from the issue of bonds	15.2		122,135	0
Proceeds (+) from shareholder loan	15.2		4,000	0
Proceeds (+) from interest			229	176
Repayment (-) of bonds	15.2		-126,813	0
Repayment (-) of loan	15.2		-365	-356
Payments for (-) interest			-15,183	-13,209
Repayment (-) of lease liabilities	24.		-9,928	-9,630
CASH FLOW FROM FINANCING ACTIVITIES			-25,925	-23,019
4. Cash at the end of period				
Net decrease (-) or increase (+) in cash (subtotal 1 to 3)			-4,564	-16,067
Changes in cash due to exchange rates			250	604
Cash at the beginning of period			23,955	39,418
CASH AT THE END OF PERIOD			19,641	23,955

# LR HEALTH & BEAUTY SE, MUNICH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2024 FINANCIAL YEAR

### 1. INFORMATION ON THE GROUP

LR Health & Beauty SE (hereinafter referred to as “LR SE”) is a European stock corporation incorporated in Germany pursuant to Art. 3 (2) SE Regulation and has its registered office in Munich, Germany, and is registered in the commercial register of Munich under HRB No. 258262. The business address of the company is Kruppstraße 55, 59227 Ahlen, Germany.

LR SE and its subsidiaries (hereinafter jointly referred to as “the Group”) are an internationally operating enterprise with a primary focus on cosmetics and dietary supplements. LR SE is represented with 34 subsidiaries worldwide. The Group’s production sites are located in Ahlen (Germany). All subsidiaries are supplied from Ahlen. Research and development is also implemented exclusively in Germany.

The Group markets its products focused on the European and Asian social commerce 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.

The Group’s financial year starts on 1 January and ends on 31 December.

The ultimate controlling parent company is Alocó Holding S.à r.l., with registered office in Luxembourg, Luxembourg.

On 31 March 2025, the consolidated financial statements were prepared by management and subsequently submitted to the shareholders’ meeting for approval.

The consolidated statement of profit or loss was prepared using the nature of expense method.

The consolidated financial statements were assessed according to the going-concern principle, i.e. with the assumption of continuation of the Company.

### 2. ACCOUNTING POLICIES

#### 2.1 Basis for preparing the financial statements

The consolidated financial statements of LR SE as of December 31, 2024 were prepared in line with the International Financial Reporting Standards (IFRS), as adopted by the EU and by taking into account the applicable regulations under commercial law according to Sec. 315e (1) of the German Commercial Code (HGB). The term IFRS also includes the applicable International Accounting Standards and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for the financial year.

The consolidated financial statements have been prepared using the historical cost principle unless a standard provides for a different method.

Unless specified otherwise, all values are rounded up or rounded off to full thousand euros (kEUR). This can result in rounding differences.

#### 2.2 Consolidation principles

The consolidated financial statements comprise the financial statements of LR SE and its subsidiaries for the year ending December 31, 2024. Control within the meaning of IFRS 10 shall be said to exist if the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In particular, the Group controls an investee if and only if it has:

- power over the investee (i.e. due to the current existing rights, the Group has the opportunity to control such activities of the investee which have a significant impact on its returns);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor’s returns.

In general, it is assumed that the majority of voting rights results in control. To support this assumption and if the Group has no majority of voting rights or comparable rights in an investee, it considers all relevant facts and circumstances in assessing whether it has control over the investee. These include:

- contractual agreements with other vote holders,
- rights that result from other contractual agreements,
- voting rights and potential voting rights of the Group.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The consolidation of a subsidiary commences on the day on which the Group has attained control over the subsidiary. It ends when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or sold during the reporting period are reported in the consolidated financial statements from the date the Group has obtained control of the subsidiary until the date the control ends.

Profit or loss and each component of other comprehensive income are allocated to non-controlling interests even if this results in the non-controlling interests having a negative balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



## CONSOLIDATED FINANCIAL STATEMENTS

A change of the investment amount in a subsidiary without loss of control is recognized as an equity transaction.

In the event that the Group loses control over the subsidiary, the associated assets are derecognized (including goodwill) as well as liabilities, non-controlling interests and other equity components. Any gain or loss as a result thereof is reported in profit or loss. Any retained investment is measured at fair value. Furthermore, the components of other comprehensive income attributable to the parent company are transferred to profit or loss or retained earnings, as required, and the cumulative currency translation differences are derecognized from equity.

### 2.3 Basis of consolidation

The composition of the number of fully consolidated companies is as follows:

	Germany	International	TOTAL
<b>December 31, 2024</b>	8	26	34
<b>December 31, 2023</b>	8	26	34

In addition to the parent company, the following subsidiaries are incorporated in the consolidated financial statements:

	Share- holding (in %)	Cur- rency	Equity holding	Net income*
NAME AND REGISTERED OFFICE	2024		Dec. 31, 2024	2024
<b>ACTIVE DOMESTIC COMPANIES</b>				
LR Global Holding GmbH, Ahlen**	100	KEUR	124,442	1,975
LR Health & Beauty Systems GmbH, Ahlen**	100	KEUR	62,974	10,465
LR Health & Beauty Systems Beteiligungs GmbH, Ahlen**	100	KEUR	51,980	9,372
LR-International Beteiligungs GmbH, Ahlen**	100	KEUR	40,122	2,858
LR Partner Benefits GmbH, Ahlen	100	KEUR	-396	-76
LR Deutschland GmbH, Ahlen**	100	KEUR	25	118
Divanno Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	100	KEUR	5	0
<b>ACTIVE FOREIGN COMPANIES</b>				
LR Health & Beauty Systems B.V., Oisterwijk, The Netherlands	100	KEUR	-969	57
LR Health & Beauty Systems GmbH, Innsbruck, Austria	100	KEUR	320	280
LR Health & Beauty Systems AG, Steinhausen ZG, Switzerland	100	kCHF	366	216
LR Health & Beauty Systems Kft., Budapest, Hungary	100	kHUF	-41,365	-14,048
LR Health & Beauty Systems ApS, Copenhagen, Denmark	100	kDKK	-23,145	126
LR Health & Beauty Systems EPE, Athens, Greece	100	KEUR	-307	150
LR Cosmetic Belgium b.v.b.a, Herentals, Belgium	100	KEUR	1,662	196
LR Health & Beauty Systems AS, Hønefoss, Norway	100	kNOK	-15,239	-2,616
L. de Racine Cosmetics Lda., Loures, Portugal	100	KEUR	-5,880	-454
LR Health & Beauty Systems Sp. z o.o., Katowice, Poland	100	kPLN	3,422	3,372
LR Health & Beauty Systems Ltd., Istanbul, Turkey	100	kTRY	-138,596	-61,188
LR Health & Beauty Systems AB, Klippan, Sweden	100	kSEK	-15,385	-3,540
LR Health & Beauty Systems OY, Turku, Finland	100	KEUR	-573	6
LR Health & Beauty Systems S.R.L., Milan, Italy	100	KEUR	95	-73
LR Health & Beauty Systems EOOD, Sofia, Bulgaria	100	kBGN	118	113
LR Health & Beauty Systems SRL, Bucharest, Romania	100	kRON	-12,515	-706
LR Russ O.O.O, Moscow, Russia	100	krUB	-456,046	-44,740
LR Health & Beauty Systems s.r.o., Malenovice, Czech Republic	100	kCZK	429,704	13,907
LR Health & Beauty Systems SAS, Caluire-et-Cuire, France	100	KEUR	1,132	573
LR Health & Beauty Systems Sh.p.k., Tirana, Albania	100	kALL	-196,610	-15,421
LR Health & Beauty Systems SL, Barcelona, Spain	100	KEUR	-2,634	-237
LR Health & Beauty Systems s.r.o., Turzovka, Slovakia	100	KEUR	178	160
LR Health & Beauty Systems TOV, Kiev, Ukraine	100	kUAH	-6,138	9,721
LR Jersey Holding Limited, Jersey***	100	kGBP	-47	-10
LR Health & Beauty LLC, Seoul, South Korea	100	kKRW	-3,856,473	123,725
LR Health & Beauty Limited, London, United Kingdom	100	kGBP	-1,013	-551

\*before profit transfer

\*\* The Company makes use of the exemption pursuant to Section 264 (3) of the German Commercial Code (HGB)

\*\*\* amounts according the financial statements as of Dec 31, 2023

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realized within 12 months after the reporting date, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in normal operating cycle,
- held primarily for the purpose of trading,
- due to be settled within 12 months after the reporting date, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Fair value measurement

The Group initially measures financial instruments at fair value (adjusted for transaction costs). Trade receivables are measured at the transaction price stated in section 2.4.c) Revenue from contracts with customers.

Fair value is the price that would be received in case of the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability,
- or, in case of absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which the fair value is measured or 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.

There is no subsequent measurement of assets or liabilities at fair value as of the balance sheet date. For the disclosure requirements under IFRS 7.25 to disclose the fair value of each class of financial assets and liabilities in such a way that a comparison with the carrying amount is possible, please refer to Note 15.

c) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer. Revenue is recognized in the amount of the consideration expected to be received by the Group in exchange for these goods or services. The Group has generally concluded that it acts as principal in its revenue transactions because it usually has control over the goods or services before they are transferred to the customer. Customers are supplied directly from the LR Group's warehouses.

As a social commerce company, the LR Group distributes various personal care, beauty, health and nutrition products using its sales partner structures. Customers are able to register as partners and receive revenue-based discounts on their own transactions. If these partners build up their own sales structures, they also receive bonuses on the revenue generated by their structures based on the LR career plan with its staggered bonus system. The higher the partner's own revenue and the revenue generated by their own structure, the higher the bonus they can earn. Besides monetary rewards, bonuses include the opportunity to participate in a car program established by the LR Group under which they can lease cars at cheaper rates or the possibility to qualify for certain LR events.

Sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer. The main payment methods are credit card, debit order, cash on delivery and PayPal. The usual payment period is seven days. However, incoming payments may vary due to the payment methods offered to customers.

Other revenue

Other revenue comprises revenue from services to the partners such as seminars, events and other fees. This revenue is recognized at the point in time at which the services were rendered in full. Other revenue also includes rental income for vehicle subleased to partners, which is recognized over time. The payment period is one to seven days.



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Sales deductions

As part of the sale of its products, the Group grants its partners revenue-based discounts. The amount of revenue-based discounts varies by customer category in the Group’s career plan. The discounts are treated as sales deductions and deducted from the revenue from the sale of goods. The discounts are recognized as trade payables, since they are only paid out in the month after the order.

Rights of return

Over and above the legal requirements, the Group grants its partners the right to return unopened, undamaged and unused goods within 60 days. The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics.

The expected value is determined by applying the average return rate for the last 12 months to the revenue of the last month of the reporting period. The return rate itself is calculated using the value of the returns in a given month in relation to the incoming orders for that month. As in the previous year, the amount as of the reporting date is immaterial and will therefore not be discussed any further.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. For this purpose, the Group recognizes warranty provisions. Details on the accounting method for warranty provisions are contained in section o) Provisions. As in the previous year, the amount as of the reporting date is immaterial and will therefore not be discussed any further.

For the geographical indication of sales, the Company aggregates individual countries into groups (see Note 4). The classification into groups is based on the geographical proximity of the individual countries to each other.

d) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,

- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax assets relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. The recoverability of deferred tax assets is assessed on the basis of the budget and forecast which are also used to test for impairment of assets elsewhere in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recorded outside profit or loss are also recorded outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend in any future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be recovered or settled, either to settle the current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

Value added tax

Expenses and assets are recognized after deduction of VAT. The following cases are an exception:

- If the VAT incurred on the purchase of assets or the use of services cannot be reclaimed from the tax authority, it is recognized as part of the cost of the asset or as part of the expenses.

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- Receivables and liabilities are recognized together with the amount of VAT included therein.

The amount of VAT which is to be refunded by or paid to the tax authority is included in the balance sheet under receivables or payables.

e) Foreign currency translation

The Group’s consolidated financial statements are presented in euros, which is the parent company’s functional currency. The Group determines the functional currency for each company. The items included in the financial statements of each company are translated using the functional currency.

Transactions and balances denominated in foreign currencies

Transactions in foreign currencies are recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment in a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The accounting treatment of the gain or loss from the translation of non-monetary items measured at fair value is based on the recognition of the gain or loss from the change in the fair value of the item. (Translation differences from items for which the gain or loss from the measurement at fair value is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

For the purpose of determining the exchange rate to be used when initially recognizing the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from advance consideration, the date of the transaction shall be the date when the non-monetary asset or non-monetary liability arising from the advance consideration is initially recognized. If there are several payments or receipts in advance, the Group determines the transaction date for each payment or receipt from advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign companies are translated into euros at the exchange rate applicable at the reporting date. Income and expenses are translated at the exchange rate on the day of the transaction. The resulting differences are reported under other comprehensive income.

Hyperinflation

Due to the development in the current and in the previous financial years, the currency of Turkey is classified as the currency of a hyperinflation economy in the reporting period in accordance with the criteria of IAS 29. Therefore, the business activities there are presented restated for inflation and not on the basis of historical acquisition or production costs. For the restatement to the inflation the consumer price index TÜFE (Tüketici Fiyat Endeksi) is used. As of 31 December 2024 the value of the index was 2,684.55 (31 December 2023: 1,859.38) After the restatement, the single balance sheet items as well as expenses and income are translated into the reporting currency of the Group as stated before. Prior-year comparatives have not been restated. The effects resulting from the first-time application of IAS 29 and the differences arising from currency translation are recognized in retained earnings in the currency translation adjustment. The effect of the net position (debtors’s gain/ creditor’s loss) from the hyperinflation adjustment is recognized in other income or expense from currency translation.

The foreign exchange rates of the main currencies relevant to the Group are as follows:

ISO code		Average exchange rates		Exchange rates at the reporting date	
EUR 1 =		2024	2023	Dec. 31, 2024	Dec. 31, 2023
Albanian lek	ALL	100.7171	108.7896	98.3000	103.6000
British Pound	GBP	0.8467	0.8700	0.8303	0.8691
Bulgarian lev	BGN	1.9558	1.9558	1.9558	1.9558
Danish krone	DKK	7.4589	7.4510	7.4579	7.4529
Norwegian krone	NOK	11.6285	11.4234	11.7850	11.2450
Polish zloty	PLN	4.3066	4.5439	4.2710	4.3420
Romanian leu	RON	4.9747	4.9470	4.9744	4.9754
Russian ruble	RUB	100.4487	92.4596	113.1500	100.5000
Swedish krona	SEK	11.4338	11.4731	11.4490	11.0840
Swiss francs	CHF	0.9527	0.9718	0.9421	0.9266
South Korean won	KRW	1,474.7837	1,412.3599	1,531.9500	1,430.1870
Czech koruna	CZK	25.1229	24.0063	25.1530	24.7060
Turkish lira	TRY	35.5707	25.7506	36.8086	32.7435
Ukrainian hryvnia	UAH	43.4807	39.8164	43.7850	42.1154
Hungarian forint	HUF	395.5502	381.8640	411.0500	382.5000

f) Property, plant and equipment

Assets under construction are recognized at cost less accumulated impairment losses. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. If significant parts of property, plant and equipment must regularly be replaced, the Group depreciates them separately based on their corresponding useful lives.

Depreciable items of property, plant and equipment are depreciated using the straight-line method.



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Straight-line depreciation of property, plant and equipment is based on the following estimated useful lives:

- Buildings: up to 40 years maximum
- Technical equipment machines: 3 to 15 years
- Office and operating equipment: 3 to 23 years

Property, plant or equipment is derecognized either when it is disposed of (i.e., at the date the recipient obtains control) or when no further economic benefit is to be expected from either the use or disposal of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The asset’s residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at the end of each financial year.

g) Leases

With the commencement date, the Group assesses whether the contract constitutes or includes a lease. This is the case if the contract includes the right to control the use of an identified asset for a specific period in exchange for consideration.

Group as a lessee

The Group recognizes and measures all leases according to a single model. The Group does not make use of any of the exemptions granted under IFRS 16 for small-ticket assets and for short-term contracts. It recognizes liabilities for lease payments and right-of-use assets for the right to use the underlying assets.

Right-of-use assets

The Group records right-of-use assets at the commencement date (i.e. when the underlying leased asset is ready for use). Right-of-use assets are measured at acquisition cost less any accumulated depreciation and any accumulated impairment losses and are adjusted for any remeasurement of the lease liabilities. The cost of right-of-use assets comprises the recognized lease liabilities, the initial direct costs incurred and the lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis using the shorter of the lease term and the estimated useful life of the leases. Broken down by asset class, the leases have the following terms:

- Buildings: up to 15 years
- Equipment and machinery: up to 20 years
- Vehicles: up to 5 years
- IT hardware and other equipment: up to 5 years

The right-of-use assets are also tested for impairment. Details on the accounting policies are provided in section m) Impairment of non-financial assets.

Lease liabilities

On the commencement date, the Group recognizes the lease liabilities at the present value of the lease payments to be made over the lease term. Lease payments include fixed

payments (including in-substance fixed payments) less any lease incentives to be received, variable lease payments linked to an index or (interest) rate, and amounts expected to be paid due to residual value guarantees. Lease payments also include penalty payments for termination of the lease if the term considers that the Group may exercise the right of termination.

In calculating the present value of the lease payments, the Group uses its incremental borrowing rate at the commencement date of the lease as the interest rate underlying the lease cannot be easily determined. After the commencement date, the amount of lease liabilities is increased in order to reflect the increase in interest expense and decreased to reflect the lease payments made. In addition, the carrying amount of lease liabilities is reassessed if there is a change in the lease, in the term of the lease, in lease payments (for example in future lease payments resulting from a change in the index or interest rate used to determine those payments) or if there is a change in the assessment of an option to purchase the underlying asset.

Group as a lessor

Leases in which the Group does not transfer substantially all risks and benefits of ownership of an asset to the lessee are classified as operating leases. This mainly relates to the transfer to partners of cars leased by the Group.

Rental income is recognized on a straight-line basis over the term of the leases and is reported under other revenue due to its operating nature. Contingent rents that are depending on certain events are recognized in the period in which the conditions are met and the revenue is earned.

h) Intangible assets

Beside the goodwill, intangible assets include acquired software and internally generated intangible assets. Internally generated intangible assets exclusively comprise capitalized development costs. Other internally generated assets such as patents or trademarks are not capitalized. Instead, the corresponding expenses for these assets are recognized in profit or loss in the period in which they are incurred.

Initial recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent measurement

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The assets recognized in the balance sheet have defined useful lives with the exception of goodwill.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year.

For software, a useful life of 3 to 7 years has been assumed. Capitalized development costs are based on useful lives of 4 to 10 years.

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Goodwill is tested for impairment at least once a year or whenever there are any indications of impairment. Impairment testing is performed at the level of the cash-generating unit.

An intangible asset is derecognized either when it is disposed of or when no further economic benefit is to be expected from either the use or disposal of the asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Research and development costs

Research costs are recognized as expenses in the period in which they are incurred. Development costs for self-developed software projects are recognized as an intangible asset if the Group can demonstrate:

- the technical feasibility of completing the software so that the software will be available for use or sale
- its intention to complete the software and its ability to use or sell the software
- the way the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to reliably identify the expenses attributable to the software during its development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization begins when development has been completed and the software is available for use. It is amortized over the period of expected future benefit. Amortization is recognized under amortization, depreciation and impairment.

i) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

j) Financial assets

Initial recognition and measurement

On initial recognition, financial assets are generally measured at fair value plus transaction costs and classified as at amortized cost for subsequent measurement.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the Group’s business model for managing its financial assets. 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 disclosed in section c) Revenue from contracts with customers.

For a financial asset to be classified and measured as at amortized cost, cash flows must consist solely of payments of principal and interest (SPPI) on the outstanding principal amount. This assessment is called the SPPI test and is carried out at the level of the individual financial instrument. Financial assets with cash flows that do not exclusively represent payments of principal and interest must be classified as at fair value through profit or loss irrespective of the business model and measured accordingly. There were no applicable financial assets either in the reporting period or in the comparative period.

The LR Group holds financial assets exclusively to collect contractual cash flows.

Subsequent measurement

Financial assets measured at amortized cost are measured in subsequent periods using the effective interest method and are tested for impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group’s financial assets measured at amortized cost include trade receivables, security deposits for rent, other financial assets as well as cash.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the balance sheet) when one of the following conditions is met:

- The rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Impairment

The Group recognizes an allowance for expected credit losses (ECL) on trade receivables. Expected credit losses are based on the difference between the contractual cash flows payable under the contract and the total cash flows expected to be received by the Group, discounted using an approximation of the original effective interest rate. The expected cash flows include the cash flows from the sale of collateral held or other credit enhancements that are an integral part of the terms of the contract.

For trade receivables, the Group uses a simplified method to calculate expected credit losses. using allowance rates that are based on days past due.

k) Financial liabilities

Initial recognition and measurement

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 including bank overdrafts.

Subsequent measurement

For subsequent measurement, financial liabilities are classified into one category. In the periods to be reported, there were only financial liabilities measured at amortized costs.

After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest method depreciation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate depreciation is included as finance costs in the statement of profit or loss.



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Derecognition

A financial liability is derecognized when the obligation underlying the liability is discharged or canceled, or expires. If an existing financial liability is exchanged for another financial liability with substantially different contractual terms, or if the terms of an existing liability have changed substantially, such an exchange or change is treated as derecognition of the original liability and the addition of a new liability. The difference between the respective carrying amounts is reported in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

l) Inventories

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

Costs incurred in bringing the inventories to their present location and condition are recognized as follows:

- Raw materials and supplies:** First in – first out method (Fifo)
- Finished goods and work in progress:** Cost of direct materials and labor and an appropriate proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

The net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

m) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that non-financial assets may be impaired, especially goodwill, other intangible assets or property, plant and equipment and right-of-use assets. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In such cases, recoverability is tested at the level of the CGU. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount

of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in previous years. Such reversal is recognized in the statement of profit or loss.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired or if segments are changed.

Impairment is determined for goodwill by assessing the recoverable amount of each group of CGUs to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

n) Cash

Cash in the balance sheet comprises cash at banks and on hand and is measured at amortized cost.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are as defined above.

o) Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects a part or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Group recognizes provisions for qualifications achieved by its partners under the marketing plan or other rewards. Participants qualify for certain benefits, such as trips, based on the achievement of predefined targets in a specified period; these benefits are only granted after the reporting date. The total provisions are based on the expected cost and the number of qualifying participants as of the reporting date (see Note 24).

The Group recognizes provisions for warranties required by law for the remediation of defects in its technical products that existed at the time of sale. The provisions are based on the historical replacement rate, which is applied to the number of appliances sold and the production cost applicable as of the reporting date.

2.5 Changes in accounting standards

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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The following amendments were effective for annual periods beginning on or after January 1, 2024:

- Amendments to IFRS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback Arrangement
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

None of these amendments had a material impact on the consolidated financial statements of the Group.

2.6. Published standards not yet requiring mandatory application

New and amended standards and interpretations published but not yet mandatory at the time of publication of the consolidated financial statements are shown in the table below. The Group intends to adopt these new and amended standards and interpretations as of the effective date.

Standard/Interpretation		Mandatory applica- tion in reporting period	Endorsement by the EU Commission	Expected impact
IAS 21	Amendments to IAS 21: Lack of Exchangeability	2025	no	not significant
IFRS 7/ IFRS 9	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	2026	no	not significant
IFRS 18	Presentation and Disclosure in Financial Statements	2027	no	under review
IFRS 19	Subsidiaries without Public Accountability: Disclosures	2027	no	not significant

3. ESSENTIAL JUDGMENTS, ESTIMATIONS AND ASSUMPTIONS

The management makes judgments, estimations and assumptions for preparing the consolidated financial statements that affect the reported amounts of revenue, expenses, assets and liabilities as well as disclosure of contingent liabilities reported at the end of the reporting period. The uncertainties arising from these assumptions and estimations might lead to significant future adjustments of the carrying amount of the affected assets or liabilities.

Judgments

The management made the following judgments, which have a significant impact on the amounts recognized in the consolidated financial statements:

Determining the term of leases with renewal and termination options – LR Group as lessee

The Group determines the term of the lease on the basis of the non-terminable basic term of the lease as well as the periods resulting from an option to extend the lease if it is sufficiently certain that it will exercise this option (see Note 24).

Evaluating debtors’ future solvency

The assessment of the recoverability of trade receivables and other financial assets is subject to judgment when evaluating debtors’ future solvency.

Estimations and assumptions

The most important assumptions with respect to the future as well as other key sources of estimation uncertainties existing on the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below. The assumptions and estimations of the Group are based on parameters available at the time of preparing the consolidated financial statements. The circumstances and assumptions on future developments might, however, be subject to changes due to market fluctuations and market circumstances beyond the control of the Group. Such changes will only be reflected in the assumptions when they occur.

Impairment of non-financial assets

An asset or a cash-generating unit is impaired if its carrying amount exceeds the recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on the discounted cash flow method. Cash flows are derived from the business plan for the next four years and do not include restructuring measures the Group is not yet committed to and substantial future investments that will enhance the asset’s performance of the cash-generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation. The basic assumptions for determining the recoverable amount for the different cash-generating units including a sensitivity analysis are outlined in detail in Note 14.

4. REVENUE

As explained under 2.4.c) the revenue reported by the Group includes revenue from goods, other revenues and revenue reductions, which breaks down as follows:

	2024	2023
Revenue from goods	289,221	276,473
Other revenues	11,455	12,282
Revenue reductions	-14,651	-14,278
TOTAL	286,025	274,477

In addition to revenue from services rendered, other revenue also includes revenue of kEUR 4,266 (PY: kEUR 4,763) recognized over time from subleasing vehicles to partners. The Group has concluded contracts for commercial leases of various vehicles. The average term of the leases is two to three years. The leases do not provide for extension options. The vehicles are leased from automotive leasing companies and are therefore subject to IFRS 16 (see Note 24).



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As of 31 December, the Group is entitled to future lease payments from these contracts with the partners, which are divided as follows:

kEUR	Dec. 31, 2024	Dec. 31, 2023
Up to 1 year	739	627
Between 1 and 2 years	479	391
Between 2 and 3 years	222	186
More than 3 years	39	88
TOTAL	1,479	1,292

The revenue breaks down by geographical region as follows:

kEUR	2024	2023
D-A-CH	121,242	123,714
Eastern Europe and Asia	102,175	96,445
Western and Northern Europe	34,712	29,347
Southern Europe	27,896	24,971
TOTAL REVENUE FROM EXTERNAL CUSTOMERS	286,025	274,477

The breakdown is based on the location of the national companies, which corresponds to the location of the customer.

5. OPERATING SEGMENTS

For management purposes, the Group is organized into business units and its respective local companies and establishments are combined into two regions. In some cases, the local companies are assigned to a region geographically, in other cases they are assigned individually.

The two reported regions break down in detail as follows:

**Region Western Europe** comprises Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Norway, Portugal, Spain, Sweden, Switzerland, the Netherlands, Turkey and United Kingdom.

**Region Central Eastern Europe** comprises Albania, Bulgaria, Cyprus, Czech Republic, Greece, Kazakhstan, Hungary, Poland, Romania, Russia, Slovakia and Ukraine.

The regions are managed by the respective vice presidents of the region. The management board of LR Global is the chief operating decision maker, who separately monitors the region's 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 revenue without other revenue and before sales deductions 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 regions.

Regarding the content of the revenue please refer to 2.4.c).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 regions are on an arm's length basis in a manner similar to transactions with third parties.

The table below shows the revenue, EBITDA and goodwill of the LR Group's regions in the new structure for the 2024 financial year:

kEUR	Region Western Europe	Region Central Eastern Europe	Total Segments	Adjust-ments	Total
2024					
Revenue external customers	174,635	113,903	288,538	683	289,221
Revenue other segment	43,599	1,926	45,525	-45,525	0
Revenue other	6,991	2,895	9,886	1,569	11,455
Sales reduction	-8,590	-6,061	-14,651	0	-14,651
TOTAL REVENUE	216,635	112,663	329,298	-43,273	286,025
Segment EBITDA	17,845	8,841	26,686	643	27,329
Goodwill	77,422	24,097	101,519	3	101,522

The table below shows the revenue, EBITDA and goodwill of the LR Group's regions for the 2023 financial year:

kEUR	Region Western Europe	Region Central Eastern Europe	Total Segments	Adjust-ments	Total
2023					
Revenue external customers	169,211	105,534	274,745	1,728	276,473
Revenue other segment	40,938	1,668	42,606	-42,606	0
Revenue other	7,305	3,652	10,957	1,325	12,282
Sales reduction	-8,439	-5,839	-14,278	0	-14,278
TOTAL REVENUE	209,015	105,015	314,030	-39,553	274,477
Segment EBITDA	18,002	11,235	29,237	2,259	31,496
Goodwill	77,422	24,097	101,519	3	101,522

The "Adjustments" column largely contains the Group's holding and management compa-nies as well as eliminations. For a reconciliation of earnings before taxes please refer to the income statement.

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6. OTHER OPERATING INCOME

The main items of other operating income are outlined in the table below:

kEUR	2024	2023
Currency translation gains	3,693	4,154
Own work capitalised	957	752
Sundry other operating income	2,082	1,373
<b>TOTAL OTHER OPERATING INCOME</b>	<b>6,732</b>	<b>6,279</b>

Currency translation gains also include the debtor’s gain of kEUR 1,249 (PY: kEUR 1,342) on the monetary items from hyperinflationary valuation in accordance with IAS 29 (refer to explanations under Note 2.4e).

Sundry other operating income includes income from reversal of impairment losses on receivables written off, income from the transfer of partner structures, compensation from suppliers and items of income from individual countries which are all insignificant on their own and are therefore grouped under this item.

7. PERSONNEL EXPENSES

During the 2024 financial year, the Group employed an average headcount of 1,218 (PY: 1,217), of which 723 (PY: 714) can be allocated to the German subsidiaries and 495 (PY: 503) to the subsidiaries outside Germany. The total number of employees of 1,218 includes 18 (PY: 16) apprentices and 1 (PY: 2) trainees. Of the 18 apprentices, 9 are completing a dual study program.

8. RESEARCH AND DEVELOPMENT COSTS

Research and development costs reported in the statement of profit or loss for the 2024 financial year amount to kEUR 2,601 (PY: kEUR 2,470).

9. OTHER OPERATING EXPENSES

The main items of other operating expenses are outlined in the table below:

kEUR	2024	2023
Bonuses granted	-101,963	-92,619
Distribution costs	-24,824	-25,601
Administration costs	-15,814	-15,650
Expenses from currency translation	-2,469	-3,929
Legal and consulting fees	-6,977	-5,625
Royalties	-813	-808
Sundry other operating expenses	-2,686	-2,400
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>-155,546</b>	<b>-146,632</b>

The increase in bonuses granted to partners in 2024 is due to the increase in revenue in the financial year and the adjustment of the marketing plan of the Group as of 1. October 2024. The decrease of expenses from currency translation results from the different development of the exchange rates of the main Group currencies in the financial year. The higher legal and consulting costs are related to the refinancing of the Group through the issue of the bond 2024/2028 (see Note 15.2).

10. FINANCE RESULT

The main items of finance result are outlined in the table below:

kEUR	2024	2023
Interest income from bank balances	180	146
Other interest income	49	30
<b>TOTAL INTEREST INCOME</b>	<b>229</b>	<b>176</b>
Interest expenses bonds	-19,088	-13,881
Interest expenses bank overdraft/loans	-208	-218
Interest expenses shareholder loan	-248	0
Interest expenses lease liabilities	-1,896	-1,593
Other interest expenses	-8	-320
<b>TOTAL INTEREST EXPENSES</b>	<b>-21,448</b>	<b>-16,012</b>
<b>TOTAL FINANCE RESULT</b>	<b>-21,219</b>	<b>-15,836</b>

The increase in the interest expenses of the bonds results from the prematurity fee for the premature redemption of the bond 2021/2025 and the higher volume and interest rate level of the bond 2024/2028. (further explanations under Note 15.2).

11. INCOME TAXES

The major items of income tax expenses for the for the financial year ended December 31, 2024 and for the financial year ended December 31, 2023 are as follows:

kEUR	2024	2023
Current income tax	-3,371	-2,539
Current tax expenses for the financial year	-3,415	-2,576
Current tax expenses for prior years	44	37
<b>Deferred tax income</b>	<b>-1,744</b>	<b>-691</b>
Origination and reversal of temporary differences		
from deferred tax assets	523	58
from deferred tax liabilities	-2,071	-728
Impairment of deferred tax asset for loss carryforwards	-196	-21
<b>TOTAL</b>	<b>-5,115</b>	<b>-3,230</b>



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The reconciliation between income tax expenses and the product of profit or loss for the period multiplied by the tax rate applicable for the Group (2024: 31.4%, 2023: 31.4%) for the 2024 financial year can be broken down as follows:

kEUR	2024	2023	
Profit or loss for the period before taxes	-6,709	2,365	
Anticipated income tax (2024: 31.4%, 2023: 31.4%)	2,107	-742	
Change in recoverability of deferred tax assets	-6,664	-3,235	
Use of previously unrecognized tax losses	392	253	
Income tax expenses/income for previous years	-755	105	
Non-deductible tax expenses	-1,134	-1,155	
Non-deductible business expenses		-1,036	-552
Trade tax additions		-50	-557
Non-deductible expenses Sec. 8b of the German Corporation Tax Law		-48	-46
Permanent difference	789	771	
Tax rate difference	249	813	
Other	-99	-40	
INCOME TAX EXPENSES	-5,115	-3,230	

### Deferred taxes

Deferred taxes can be broken down as follows:

kEUR	Dec. 31, 2024	Dec. 31, 2023
Capitalization of internally generated intangible assets	-4,900	-4,080
Revaluation of fixed-assets in Turkey	-718	-22
Valuation of financial assets	-19	-19
Depreciation of buildings	377	334
Depreciation of property, plant and equipment	-3	0
Valuation of trade receivables	54	88
Valuation of inventories	383	261
Accrued costs	79	131
Valuation of non-current provisions	57	51
Capitalization of transaction costs for bonds	-671	-237
Valuation of trade payables	214	566
Valuation of current provisions	-58	-18
Valuation of other liabilities	455	88
Right-of-use assets and lease liabilities	304	204
Loss carryforwards available for offsetting against future profits	253	181
<b>DEFERRED TAX ASSETS/LIABILITIES, NET</b>	<b>-4,193</b>	<b>-2,472</b>

No deferred taxes were recognized in other comprehensive income.

As of December 31, 2024, no deferred tax assets were recognized for interest carryforwards of kEUR 11,762 (PY: kEUR 77,360). If the interest carryforwards could be utilized, profit would increase by kEUR 3,235 (PY: kEUR 21,274). Due to an indirect change of shareholder, the loss deduction pursuant to Section 8c KStG has been included in this analysis.

Furthermore, the Group did not recognize any deferred tax assets for loss carryforwards of kEUR 15,598 (PY: kEUR 19,285) or for temporary differences at the subsidiaries of kEUR 3,530 (PY: kEUR 3,143), since they were not expected to be usable. Deferred tax assets recognized in connection with the Portuguese subsidiary's loss carryforward were reassessed and written down by kEUR 196 (PY: kEUR 21) in the financial year. If losses and temporary differences for which no deferred tax assets were recognized could be used, profit would increase by kEUR 3,721 (PY: kEUR 4,016).

Deferred tax liabilities of kEUR 819 (PY: kEUR 819) were not recognized for taxable temporary differences in connection with shares in LR Health & Beauty Systems GmbH of kEUR 52,160 (PY: kEUR 52,160), since there was no intention to dispose of the shares.

No distributions are planned for the parent company and for the individual subsidiaries.

## 12. PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment can be found in the statement of changes in fixed assets (Appendix to the Notes to the Consolidated Financial Statements).

### Impairment of property, plant and equipment

There was no evidence for the necessity to carry out an impairment test for property, plant and equipment.

## 13. INTANGIBLE ASSETS

The reported intangible assets can be essentially broken down as follows:

- Goodwill (see Note 14)
- Acquired Software
- Internally generated intangible assets
- Internally generated intangible assets in development
- Other intangibles assets

The development of intangible assets can be found in the statement of changes in fixed assets (Appendix to the Notes to the Consolidated Financial Statement).

## 14. GOODWILL

Acquired goodwill of kEUR 135,055 arose for the Group from the business combination in 2013. As part of an impairment test, an impairment loss of kEUR 33,536 was recognized on this amount in the 2018 financial year.

As of December 31, 2024, the goodwill allocated to the two regions totaled kEUR 101,519 (PY: kEUR 101,519). See Note 5 for details of the allocation of goodwill to both regions.

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Impairment tests for the assets to be tested in accordance with IAS36, in particular the allocated goodwill, were carried out at the level of the newly defined regions as at December 31, 2024. The impairment tests led to no impairment in the 2024 financial year.

For the calculation of the impairment test, the cash flow forecast is based on the financial figures approved by the management. The discount rate applied for the cash flow forecast amounts to 9.44% (PY: 9.76%) after tax for both regions respectively the discount rate before tax to 13.27% (PY: 13.65%) for region Western Europe and 13.70% (PY: 14,31%) for region Central Eastern Europe. The same rate was applied to all regions due to the cross-border partner structures. From the point of view of the LR Group, it can be assumed that a potential purchaser would also use this approach for the same reason. The forecast cash flows for the individual segments is based on budgetary planning for the period from 2025 to 2028 for the individual countries and Group companies. A price increase of 2% was used for this forecast period. The expected average revenue growth rate is 8.05% for region Western Europe and 5.15% for region Central Eastern Europe. As such, the growth rates are in line with the positive business performance and the growth rates of individual countries. For the individual countries the transfer prices, valid at the time the budget was prepared, were used. For the other earnings items, the expected Group ratios were partly used. This leads to different developments in the gross profit and EBIDTA margins for the individual countries The growth rate used to calculate the perpetual annuity was 1% (PY: 1%).

Basic assumptions for value in use calculation

The following assumptions for the calculation of value in use are subject to estimation uncertainties:

- Gross margins
- Discount rates
- Price development
- Revenue growth rate

**Gross profit margins** – The gross profit margins for the subsequent financial year are calculated using an integrated planning process. The national companies’ individual plans are aggregated and grouped into cash-generating units. The management estimates subsequent years in the medium-term plan beyond the budget period at Group level using assumptions based on historical data. The outcome is then broken down to country level.

**Discount rates** – Discount rates represent the current market assessment of the risks specific to each cash-generating unit. The discount rate was estimated based on the weighted average cost of capital customary within the industry using a peer group of companies with similar product portfolios, i.e., who sell either health or beauty products and whose business activities are also conducted in Europe. The peer group was adjusted in the current financial year to shift the focus to companies selling health products.

**Price development** – Estimations are based on previous actual price developments, and known future price changes from price increases announced by suppliers are used as an indicator for future price developments.

**Revenue growth rate** – The growth rates are based on estimates by the management using historical data and the current revenue momentum in the individual markets. The growth rates play an important role in the calculation of future income and consequently also in the calculation of cash flow forecasts beyond the budget period.

**Sensitivity of the assumptions made** – The management holds the view that, according to prudent judgment, no fundamentally possible change to basic assumptions for determining the value in use of the regions might lead to a situation where the carrying amount of the regions materially exceeds its recoverable amount. There is also no need for impairment in case of a change of the interest rate by +5%.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

15.1 Financial assets

kEUR	Dec. 31, 2024Dec. 31, 2023	
MEASURED AT AMORTIZED COSTS		
Cash	19,641	23,955
Trade receivables	14,591	13,824
Security deposits and other deposits	2,215	891
Other financial assets	5,013	4,907
TOTAL FINANCIAL ASSETS	41,460	43,577
thereof current	41,460	43,577

Other financial assets include commission receivables of kEUR 3,783 (PY: kEUR 3,693).

See Note 17 for details of allowances on trade receivables. Interest income from cash is outlined in Note 10.

15.2 Financial liabilities

Interest-bearing loans

kEUR	Interest rate %	Maturity	Dec. 31, 2024	Dec. 31, 2023
Non-current interest-bearing loans				
Liabilities from bonds 2024/2028	Euribor + 7.5	2028	124,974	0
Liabilities from bonds 2021/2025	Euribor + 7.25	2025	0	125,490
Liabilities from loans	2,5	2025-2042	7,730	8,105
Liabilities from shareholder loans	0,5	2025-2028	2,872	0
Lease liabilities	10.47 - 66.25	2025-2044	12,119	12,064
Current interest-bearing loans				
Liabilities from loans	2.5	2025	374	365
Lease liabilities	10.47 - 66.25	2025	5,842	6,003
TOTAL INTEREST-BEARING LOANS			28,937	152,027

The interest-bearing loans are measured at amortized costs.



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Liabilities from bonds

On February 19, 2024, LR SE placed a senior secured corporate bond (ISIN: NO0013149658) with a nominal issue volume of EUR 130 million and issue proceeds of approximately EUR 125 million. These proceeds were used to refinance the existing 2021/2025 bond of LR Global Holding GmbH (ISIN NO0010894850). In this context, a loan agreement was concluded between LR Global Holding GmbH and LR SE on March 1, 2024. Like the 2021/2025 bond, the newly placed bond is issued in the so-called "Nordic bond format" under Swedish law and with the involvement of Nordic Trustee & Agency AB as trustee. The admission of the bond to the open market of the Frankfurt Stock Exchange had been completed by the issue date on March 4, 2024. The terms of the corporate bond require a listing on the regulated market of Nasdaq Stockholm within twelve months of the issue date. On March 11, 2024, the senior secured bond 2021/2025 of LR Global Holding GmbH was fully repaid. The delisting of the bond 2021/2025 from the Nasdaq Stockholm took place on March 7, 2024.

The bond bears interest at 3-Months EURIBOR +7.5% p.a. (with a floor of zero). Interest is payable on a quarterly basis. The bond matures on March 4, 2028. The interest rate of the bond at the balance sheet date is 10.412%.

The Group companies have deposited collateral in this context (see Note 25). In addition, covenants in the form of an interest coverage ratio and leverage ratio were agreed. The Group is currently not aware of any risk that these covenants will not be met.

As of December 31, 2024, the carrying amount of the liabilities from the bond was kEUR 124,974 and included capitalized transaction costs and accrued interest.

Liabilities from loans

In spring 2022, the Group entered into a sale and leaseback agreement with DAL Deutsche Anlagen Leasing GmbH & Co. KG. Under this agreement, the Group has taken out a fixed-interest loan in the amount of kEUR 9,000. The loan has a 20-year term and will be serviced quarterly over this period with a constant annuity. As of December 31, 2024, the carrying amount of the liabilities from loans was kEUR 8,104.

Liabilities from shareholder loan

On March 7, 2024, LR SE and Aloco Holding S.à r. l. closed an agreement about a fixed-interest shareholder loan in an amount of kEUR 4,000. The loan bears an interest rate in amount of 0.5% p.a. The loan and the related interests are due on March 30, 2028. Partial or full redemption of the loan is allowed at any time. Upon initial recognition, the loan is measured at a fair market interest rate, as the interest rate does not comply to the “at arm’s length” principle compared to the interest rate of the simultaneously issued bonds in the amount of 3-Months-EURIBOR +7.5%. The difference resulting from the valuation amounts to kEUR 1,376. As the loan is a transaction with the shareholders, the difference resulting from the valuation is recognized as a contribution to capital reserve. As a result of the valuation, the loan is subject to interest at the fair market interest rate (refer to Notes 20 and 26).

As of December 31, 2024, the carrying amount of the shareholder loan amounts to kEUR 2,872.

Explanations on lease liabilities can be found under Note 24.

See Note 10 for details of the interest expenses for the individual interest-bearing debt instruments.

Other financial liabilities

kEUR	Dec. 31, 2024	Dec. 31, 2023
<b>Other financial liabilities measured at amortized costs</b>		
Trade payables	34,215	34,748
Other financial liabilities measured at amortized cost	1,134	911
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>35,349</b>	<b>35,659</b>
thereof non-current	286	1,043
thereof current	35,063	34,616

15.3 Fair value

The methods used and assumptions made for determination of fair values can be broken down as follows:

- The fair value of the corporate bond is derived from the bond’s current market price.

The fair values of cash, trade receivables, other financial assets, trade payables and other current financial liabilities approximate their carrying amounts due to the short-term maturities of these instruments. Consequently, no fair values are reported for these financial instruments.

Quantitative disclosures for fair value measurement of liabilities according to hierarchy as of December 31, 2024:

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	
Liabilities for which a fair value is reported					
Interest bearing loans					
Liabilities from corporate bond 2024/2028	124,974	118,625	0	0	118,625
Liabilities from fixed-rate loan	8,104	0	7,273	0	7,273
Liabilities from fixed-rate shareholder loan	2,872	0	2,959	0	2,959

The levels are described in Note 2.4b).

The fair value of the corporate bond 2024/2028 is based on the observable market price of EUR 912,5 per bond as of December 31, 2024.

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Quantitative disclosures for fair value measurement of liabilities according to hierarchy as of December 31, 2023:

kEUR	Carrying amount	Fair value measurement using			Total
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
Liabilities for which a fair value is reported		Level 1	Level 2	Level 3	
Interest bearing loans					
Liabilities from corporate bond 2021/2025	125,490	122,813	0	0	122,813
Liabilities from fixed-rate loan	8,470	0	7,847	0	7,847

The fair value of the corporate bond 2021/2025 is based on the observable market price of EUR 982,5 per bond as of December 31, 2023.

15.4. Objectives and policies of the risk management for financial instruments

The Group’s principal financial liabilities comprise corporate bonds, interest-bearing loans and borrowings, trade and other payables, other financial liabilities and bank guarantees. The main purpose of these financial liabilities is to finance business activities of the Group. The Group’s principal financial assets include trade receivables and other financial receivables as well as cash which directly result from its business activity.

The Group’s financial assets and liabilities are exposed to the following risks.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two main types of risk to which the Group is exposed, namely interest rate risk and currency risk. Financial instruments exposed to market risk mainly include the Group’s corporate bond.

The sensitivity analyses in the following sections relate to the position as at December 31, 2024.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates as of the reporting date relates primarily to the corporate bond 2024/2028, which bears interest at a rate of 3 months EURIBOR + 7.5% p.a. (with a floor of zero).

If the interest level in the course of the 2024 financial year had been 100 basis points higher than the yield curve, the result would have been kEUR 1,337 lower. If the interest level in the course of the 2024 financial year had been 100 basis points lower than the yield curve, the result would have been kEUR 1,337 higher.

In the previous year, the risk of changes in market interest related primarily to the corporate bond 2021/2025 which bore interest at a rate of 3 months EURIBOR + 7.25% p.a. (with a floor of zero). If the interest level in the course of the previous financial year had been 100 basis points higher than the yield curve, the result would have been kEUR 1,286 lower. If the interest level in the course of the previous financial year had been 100 basis points lower than the yield curve, the result would have been kEUR 1,286 higher.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group’s exposure to the risk of changes in foreign exchange rates in the course of its operating activities relates primarily to the trade receivables and payables of its national companies denominated in currencies other than EUR.

Foreign currency sensitivity

The following table demonstrates the sensitivity of the consolidated earnings before tax (due to the change in fair values of monetary assets and liabilities) to a reasonably possible change in the EUR exchange rate vs. the Swiss franc, the British Pound, the Polish zloty, the Czech koruna, the Turkish lira, the Ukrainian hryvnia, the Russian ruble and the South Korean Won. All other variables remain constant. The sensitivity of the individual currencies is grouped in the table, since from the Group’s perspective, the sensitivity of the individual currencies is not material as such.

The Group’s exposure to foreign currency changes for all other currencies is not material.

	Appreciation	Devaluation
Exchange rate of these currencies against the Euro:	+10%	-10%
EFFECT ON PROFIT OR LOSS BEFORE TAX:	TEUR -836	TEUR 684

The table below shows the sensitivity of consolidated profit or loss before tax for the 2023 financial year:

	Appreciation	Devaluation
Exchange rate of these currencies against the Euro:	+10%	-10%
EFFECT ON PROFIT OR LOSS BEFORE TAX:	kEUR -757	kEUR 619

Default risk

The Group is exposed to default risks in the operative area. This means that the Group does not receive the agreed payment from the contractual partner on the due date. To largely reduce these risks, outstanding receivables relating to operating activities are continuously monitored. Potential defaults are accounted for using specific loss allowances and group-related loss allowances. Since the first-time recognition of expected credit losses in accordance with IFRS 9 the risk has not changed significantly.

The Group also engages debt collection agencies to collect past due receivables. As of December 31, 2024, this affected receivables of kEUR 3,427 (PY: kEUR 2,539). The maximum default risk is the carrying amount of financial assets (see Note 15.1).



CONSOLIDATED FINANCIAL STATEMENTS

The default risk of trade receivables as of December 31, 2024 breaks down as follows:

	Past due						TOTAL
	not past due	< 30 days	30-60 days	61-90 days	91-120 days	over 120 days	
Gross receivables	8,736	2,708	611	405	343	6,404	19,207
Loss allowance	33	52	4	4	3	4,520	4,616
Expected credit loss rate	0.38%	1.92%	0.65%	0.99%	0.87%	70.58%	

The default risk of trade receivables as of December 31, 2023 breaks down as follows:

	Past due						TOTAL
	not past due	< 30 days	30-60 days	61-90 days	91-120 days	over 120 days	
Gross receivables	8,995	3,003	513	282	195	5,032	18,020
Loss allowance	238	11	3	3	2	3,939	4,196
Expected credit loss rate	2.65%	0.37%	0.58%	1.06%	1.03%	78.28%	

Liquidity risks

The liquidity risk is defined as the risk of a company having difficulties to satisfy its obligations from financial liabilities. Based on the high level of cash at the reporting date, the group management regards the liquidity risk as low. To ensure the Group’s solvency at all times, cash forecasts are regularly prepared in which the expected cash inflows for the next 13 weeks are compared to the cash outflows for the same period.

The maturities of the undiscounted payments for the Group’s financial liabilities including interests are as follows:

KEUR	On demand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	TOTAL
Financial year as of December 31, 2024						
Liabilities from bonds 2024/2028	0	3,369	10,108	160,324	0	173,801
Liabilities from loans	0	143	430	2,293	7,165	10,031
Liabilities from shareholder loans	0	0	0	4,082	0	4,082
Other financial liabilities	1,134	0	0	0	0	1,134
Trade payables	10,656	17,824	4,888	762	85	34,215
Lease liabilities	0	1,850	5,551	10,995	4,779	23,175
TOTAL	11,790	23,186	20,977	178,456	12,029	246,438

KEUR	On demand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	TOTAL
Financial year as of December 31, 2023						
Liabilities from bonds 2021/2025	0	3,477	10,431	128,477	0	142,385
Liabilities from loans	0	143	430	2,866	7,165	10,604
Other financial liabilities	911	0	0	0	0	911
Trade payables	9,391	20,227	4,367	1,199	181	35,365
Lease liabilities	0	1,840	5,519	10,084	6,034	23,477
TOTAL	10,302	25,687	20,747	142,626	13,380	212,742

15.5 Changes in liabilities arising from financing

KEUR	Jan. 1, 2024	Cash flows	Other	Dec. 31, 2024
Liabilities from bonds 2024/2028	0	111,177	13,797	124,974
Liabilities from bonds 2021/2025	125,490	-130,781	5,291	0
Liabilities from loans	8,470	-573	207	8,104
Liabilities from shareholder loan	0	4,000	-1,128	2,872
Lease liabilities	18,067	-9,928	9,822	17,961
TOTAL LIABILITIES FROM FINANCING	152,027	-26,105	27,989	153,911

KEUR	Jan. 1, 2023	Cash flows	Other	Dec. 31, 2023
Liabilities from bonds 2021/2025	124,571	-12,962	13,881	125,490
Liabilities from loans	8,825	-573	218	8,470
Lease liabilities	16,990	-9,497	10,574	18,067
TOTAL LIABILITIES FROM FINANCING	150,386	-23,032	24,673	152,027

The item “Other” includes the effects of the reclassification of the long-term portion of interest-bearing loans to current liabilities and the effects of accrued but not yet paid interest on interest-bearing loans. Under lease liabilities, the Group also recognizes additions from the measurement of new leases as well as foreign currency changes under “Other.”

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16. INVENTORIES

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

kEUR	Dec. 31, 2024	Dec. 31, 2023
Raw materials and supplies	6,247	8,995
Work in progress	394	1,035
Finished products	15,095	18,133
Goods for sale	4,573	6,226
Goods in transit	415	223
<b>TOTAL INVENTORIES</b>	<b>26,724</b>	<b>34,612</b>

The amount of impairment losses on inventories recognized as an expense within cost of materials amounts to kEUR 1,084 (PY: kEUR 1,520). The impairment is largely the result of age-related allowances, depending on the best-before date of the products.

The Group has pledged a part of its inventories to fulfill collateral requirements. For further details, please refer to Note 25.

17. TRADE RECEIVABLES

kEUR	Dec. 31, 2024	Dec. 31, 2023
Trade receivables	14,591	13,824
<b>TOTAL TRADE RECEIVABLES</b>	<b>14,591</b>	<b>13,824</b>

Trade receivables do not bear interest. Their maturity varies depending on the payment method chosen by the customer.

As of December 31, 2024, trade receivables were impaired at a nominal value of kEUR 4,616 (PY: kEUR 4,196). The development of the allowance account can be broken down as follows (for details, please refer to Note 15.4 Default risk):

kEUR	2024	2023
<b>As of January 1</b>	<b>-4,196</b>	<b>-3,948</b>
Additions	-1,130	-655
Release	18	72
Utilisation	692	335
<b>AS OF DECEMBER 31</b>	<b>-4,616</b>	<b>-4,196</b>

For the recognition of loss allowances, the Group divides the receivables into four categories: receivables not past due, receivables up to 6 months past due, receivables between 6 and 12 months past due and receivables more than 12 months past due. The loss allowances account for the future expected credit losses on the receivables.

All loss allowances are recognized in the allowance account under distribution expenses (see Note 9). Reversals of loss allowances are recognized under other operating income (see Note 6).

18. OTHER ASSETS

Other Assets break down as follows as of December 31:

kEUR	Dec. 31, 2024	Dec. 31, 2023
<b>OTHER CURRENT ASSETS</b>		
Receivables from VAT	1,435	1,796
Income tax receivables	1,196	308
Security deposits and other deposits	2,215	891
Prepaid expenses	1,128	1,230
Payments on account	877	913
Other receivables	4,253	4,849
Sundry other assets	1,293	1,126
<b>TOTAL OTHER ASSETS</b>	<b>12,397</b>	<b>11,113</b>
thereof financial assets	5,798	5,798

19. CASH

The Group has pledged a part of its cash at banks to fulfill collateral requirements. For further details, please refer to Note 25.

Cash comprised the following as of December 31:

kEUR	Dec. 31, 2024	Dec. 31, 2023
Cash at hand	90	66
Cash at banks	19,551	23,889
<b>CASH</b>	<b>19,641</b>	<b>23,955</b>

Due to the good creditworthiness of the banks, no loss allowances were necessary.

20. SUBSCRIBED CAPITAL AND CAPITAL RESERVE

The development of equity is shown in the statement of changes in equity.

Subscribed capital

The company has issued a total of 10,120,000 shares with a par value of EUR 1 each, which were fully subscribed by the sole shareholder, Aloco Holding S.à.r.l. Luxembourg, Luxembourg. The capital is fully paid in.

Capital reserve

The capital reserve amounts to kEUR 151,506 (PY: kEUR 150,130) at December 31, 2024, and mainly results from contributions of the shareholders in the financial year 2021.



CONSOLIDATED FINANCIAL STATEMENTS

In the financial year 2024 the capital reserve increased by kEUR 1,376. On March 7, 2024, LR SE and Aloco Holding S.à r. l. closed an agreement about a fixed-interest shareholder loan in an amount of kEUR 4,000. The loan bears an interest rate in amount of 0.5% p.a. The loan and the related interests are due on March 30, 2028. Upon initial recognition, the loan is measured at a fair market interest rate, as the interest rate does not comply to the “at arm’s length” principle compared to the interest rate of the simultaneously issued bonds in the amount of 3-Months-EURIBOR +7.5%. The difference resulting from the valuation amounts to kEUR 1,376. As the loan is a transaction with the shareholders, the difference resulting from the valuation is recognized as a contribution to capital reserve (refer to Notes 15.2 and 26).

Retained earnings

The retained earnings contain differences from currency translations. The reserve for currency translation differences serves to record the differences from the conversion of financial statements of foreign subsidiaries and for foreign currency differences on all monetary items that are designated as part of the Group's net investment in a foreign operation.

In the financial year 2024, the effects resulting from the differences resulting from the currency translation were recognized in amount of kEUR –1,522 (PY: kEUR -818).

21. CAPITAL MANAGEMENT

The equity attributable to the shareholders of the parent company is subject to the Group's capital management. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business, maximize shareholder value and ensure compliance with the covenants for the bonds issued. Capital management is achieved through regular planning, control and review of EBITDA, cash flow, equity, net indebtedness and interest paid. The Company prepares annual planning which is updated via two forecasts and reviewed by monthly reporting. The Company performs direct rolling cash flow planning for short-term capital management purposes and to ensure compliance with covenants. Non-compliance with these covenants can be remedied by injecting further equity capital. In the 2024 financial year, all covenants agreed on in the framework of interest-bearing loans were complied with.

22. PROVISIONS

The Group's provision developed as follows in the 2024 financial year:

KEUR	Person-nel cost	Year-end and con-sultancy costs	Other pro-visions	TOTAL
As of January 1, 2024	1,302	602	2,424	4,328
Addition	879	570	1,149	2,598
Utilization	-412	-547	-1,710	-2,669
Release	-68	-33	-454	-555
Currency effects	-21	0	-10	-31
AS OF DECEMBER 31, 2024	1,680	592	1,399	3,671
Thereof				
short-term	1,233	592	1,399	3,224
long-term	447	0	0	447
	1,680	592	1,399	3,671

The Group's provision developed as follows in the 2023 financial year:

KEUR	Person-nel cost	Year-end and con-sultancy costs	Other pro-visions	TOTAL
As of January 1, 2023	2,142	593	2,455	5,190
Addition	429	560	1,695	2,684
Utilization	-970	-531	-1,351	-2,852
Release	-256	-20	-332	-608
Currency effects	-43	0	-43	-86
AS OF DECEMBER 31, 2023	1,302	602	2,424	4,328
Thereof				
short-term	946	602	2,424	3,972
long-term	356	0	0	356
	1,302	602	2,424	4,328

Personnel provisions mainly include expenses for jubilee payments to employees of kEUR 440 (PY: kEUR 356) and one-time payments in the amount of kEUR 120 (PY: kEUR 147) which are likely to be used within the next few years. In the prior year, other provisions include expenses for qualifications, such as trips and events, which were earned in the financial year (PY: kEUR 1,259). These provisions are subject to uncertainties regarding when and whether the planned events or trips can take place due to unforeseeable factors such as the coronavirus pandemic.

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23. TRADE PAYABLES, OTHER LIABILITIES AND INCOME TAX LIABILITIES

Trade payables, lease liabilities, other liabilities and income tax liabilities can be broken down as follows:

kEUR	Dec. 31, 2024	Dec. 31, 2023
<strong>NON-CURRENT NON-FINANCIAL LIABILITIES</strong>		
Other liabilities	286	1,043
<strong>CURRENT NON-FINANCIAL LIABILITIES</strong>		
Income tax liabilities	2,820	1,184
Liabilities from VAT and other taxes	2,697	3,778
Other liabilities	5,633	5,561
<strong>TOTAL NON-FINANCIAL LIABILITIES</strong>	<strong>11,436</strong>	<strong>11,566</strong>
<strong>CURRENT FINANCIAL LIABILITIES</strong>		
Trade payables	34,215	34,748
Other liabilities	1,134	911
<strong>TOTAL FINANCIAL LIABILITIES</strong>	<strong>35,349</strong>	<strong>35,659</strong>
<strong>TOTAL TRADE PAYABLES, INCOME TAX LIABILITIES AND OTHER LIABILITIES</strong>	<strong>46,785</strong>	<strong>47,225</strong>

Trade payables and other financial obligations do not bear interest, have different maturities (see Note 15.4) and are measured at amortized cost.

Other liabilities chiefly comprise personnel liabilities, generally bear no interest and have a maturity of six months on average.

24. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

The Group has concluded leases for buildings, technical equipment and machinery, vehicles and office and operating equipment. The leases for buildings have a contract term of 1 to 10 years. The leases for technical equipment and machinery have a contract term of 1 to 6 years. The leases of the vehicles and of the office and operating equipment have a contract term of 1 to 5 years.

The development of right-of-use assets according to asset classes at the reporting date is as follows:

kEUR	Buildings	Technical equipment and machinery	Vehicles	Office and operating equipment	TOTAL
<strong>AS OF JAN. 1, 2023</strong>	<strong>9,622</strong>	<strong>1,187</strong>	<strong>4,937</strong>	<strong>468</strong>	<strong>16,214</strong>
Additions	3,261	1,583	4,877	322	10,043
Disposals	-108	-9	-234	0	-351
Depreciation expense	-2,761	-278	-4,522	-374	-7,935
Currency effect	-249	0	-282	-1	-532
<strong>AS OF DEC. 31, 2023</strong>	<strong>9,765</strong>	<strong>2,483</strong>	<strong>4,776</strong>	<strong>415</strong>	<strong>17,439</strong>
Additions	2,906	0	5,638	446	8,990
Disposals	-413	0	-354	-6	-773
Depreciation expense	-2,822	-624	-4,706	-298	-8,450
Currency effect	-181	0	-84	0	-265
<strong>AS OF DEC. 31, 2024</strong>	<strong>9,255</strong>	<strong>1,859</strong>	<strong>5,270</strong>	<strong>557</strong>	<strong>16,941</strong>

The development of lease liabilities as of December 31, 2024 is as follows:

kEUR	2024	2023
<strong>AS OF 01.01.</strong>	<strong>18,067</strong>	<strong>16,990</strong>
Additions	8,991	9,910
Interest expense	1,896	1,593
Disposals	-773	-351
Repayments	-9,928	-9,497
Currency effect	-292	-578
<strong>AS OF 31.12.</strong>	<strong>17,961</strong>	<strong>18,067</strong>
Current	5,842	6,003
Non-Current	12,119	12,064

For further details regarding lease liabilities, see Note 15.

25. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Guarantees

Collateral was deposited with the trustee Nordic Trustee & Agency AB, Stockholm, Sweden, as part of the issue of the senior secured corporate bond on February 19, 2024.

The following serve as collateral in this respect:

- the shares in some of the companies within the Group (kEUR 317,515),
- cash at banks of some of the companies within the Group (kEUR 9,834),
- the IP rights (trademarks) within the Group,



CONSOLIDATED FINANCIAL STATEMENTS

- the stocks of some of the companies within the Group (kEUR 19,444),
- the intercompany receivables of some of the companies within the Group (kEUR 20,412).

The trustee may use the collateral if the terms and conditions of the bond are breached.

Contingent liabilities

ODDO BHF Aktiengesellschaft, Frankfurt am Main, has issued a bank guarantee in the amount of kEUR 100 in favor of Global Collect BV, Hoofddorp, The Netherlands, with LR Health & Beauty Systems GmbH, Ahlen, as principal debtor. The same bank has issued a bank guarantuee of kEUR 500 in favor of the Theodor F. Leifeld Foundation, a bank guarantuee of kEUR471 in favor of the Beckum Finance Office and a bank guarantee of kEUR 292.5 in favor of Divanno Grundstücksverwaltungsgesellschaft mbH.

As of December 31, 2024, the undrawn committed borrowing facilities of the Group for which all necessary conditions for use were already satisfied amounted to kEUR 636 (PY: kEUR 436).

Payment obligations vis-à-vis the various lessors in different countries have been assumed by the Group for non-payment under a set of lease contracts. As of December 31, 2024, these guarantees amounted to kEUR 1,451 (PY: kEUR 1,649).

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

On March 7, 2024, LR SE and Aloco Holding S.à r. l. closed an agreement about a fixed-interest shareholder loan in an amount of kEUR 4,000. The loan bears an interest rate in amount of 0.5% p.a. The loan and the related interests are due on March 30, 2028. Partial or full redemption of the loan is allowed at any time. Upon initial recognition, the loan is measured at a fair market interest rate, as the interest rate does not comply to the “at arm’s length” principle compared to the interest rate of the simultaneously issued bonds in the amount of 3-Months-EURIBOR +7.5%. The difference resulting from the valuation amounts to kEUR 1,376. As the loan is a transaction with the shareholders, the difference resulting from the valuation is recognized as a contribution to capital reserve. As a result of the valuation, the loan is subject to interest at the fair market interest rate (refer to Notes 15.2 and 20).

In the financial year 2024, interest expenses from the loan results in amount of kEUR 248. As of December 31, 2024, the carrying amount of the shareholder loan amounts to kEUR 2,872.

Remuneration to individuals in key positions of the Group

kEUR	2024	2023
Short-term employee benefits	7,144	7,508
TOTAL REMUNERATION TO INDIVIDUALS IN KEY POSITIONS OF THE GROUP	7,144	7,508

The amounts shown in the table were recognized as expenditure in the reporting period in connection with individuals in key positions. The key positions include the Group and the national management boards as well as the Vice Presidents of the individual regions, as they have a significant influence on the realisation of the Group’s objectives, particular reve-nue. Please refer to Note 28 for information on the remuneration of the supervisory board.

27. MEMBERS OF THE MANAGEMENT

The management of LR SE is constituted as follows:

- Dr. Andreas Laabs, CEO, Hamburg, Germany
- Andreas Grootz, General Manager Legal & New Markets, Kaarst

28. MEMBERS OF THE SUPERVISORY BOARD AND SUPERVISORY BOARD COMPENSATION

The supervisory board of the Group parent company consists of the following:

- Walter Muyres, entrepreneur, Mönchengladbach, Germany – Executive Chairman
- Philipp Jacobi, Managing Partner, QUADRIGA CAPITAL Eigenkapitalberatung GmbH, Frankfurt am Main, Germany – Deputy Chairman
- Michel Galeazzi, Founding partner Evoco AG, Zurich, Switzerland – Member (since March 1, 2024)
- Ingeborg Heinsius-Dageförde, entrepreneur, Düsseldorf, Germany – Member

In the 2024 financial year, the compensation received by the supervisory board amounted to kEUR 231 (PY: kEUR 63).

29. AUDITOR’S FEE

In the 2024 financial year, the total fee paid to the Group’s auditor amounted to kEUR 312 (PY: 298) and exclusively comprised services relating to the audit of the financial statements.

30. EVENTS AFTER THE REPORTING PERIOD

On February 28, 2025, the Nasdaq Stockholm admitted the senior secured corporate bond 2024/2028 of LR SE (ISIN: NO0013149658) for trading.

Munich, March 31, 2025

LR Health & Beauty SE  
- Company management -

  
Dr. Andreas Laabs  
(CEO)

  
Andreas Grootz  
(General Manager)

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN  
FIXED ASSETS FOR THE FINANCIAL YEAR 2024

		Acquisition and production costs						Accumulated amortization, depreciation and impairment						Carrying values	
kEUR	Note	As of Jan. 1, 2024	Addition	Disposal (-)	Reclassifi- cation	Currency effects	As of Dec. 31, 2024	As of Jan. 1, 2024	Addition	Disposal (+)	Reclassifi- cation	Currency effects	As of Dec. 31, 2024	As of Dec. 31, 2024	As of Dec. 31, 2023
Intangible assets															
Goodwill	14.	135,062	0	0	0	0	135,062	-33,540	0	0	0	0	-33,540	101,522	101,522
Software	13.	19,060	1,390	-211	1,608	-42	21,805	-15,232	-1,266	211	0	31	-16,256	5,549	3,828
Internally gene- rated intangible assets	13.	11,262	66	0	0	0	11,328	-7,073	-1,297	0	0	0	-8,370	2,958	4,189
Internally gene- rated intangible assets in de- velopment	13.	9,673	2,451	0	-1,608	0	10,516	0	0	0	0	0	0	10,516	9,673
Other intangible assets	13.	101,354	97	-2	0	-30	101,419	-101,194	-77	2	0	10	-101,259	160	160
		276,411	4,004	-213	0	-72	280,130	-157,039	-2,640	213	0	41	-159,425	120,705	119,372
Property, plant and equipment															
	12.														
Buildings		13,086	257	-228	0	6	13,121	-5,064	-508	228	0	-7	-5,351	7,770	8,022
Technical equip- ment and machi- nery		4,191	263	-90	128	1	4,493	-2,627	-316	90	0	1	-2,852	1,641	1,564
Other equipment, office and opera- ting equipment		9,875	704	-199	0	-85	10,295	-7,363	-905	197	0	78	-7,993	2,302	2,512
Assets under construction		0	375	0	739	-8	1,106	0	0	0	0	0	0	1,106	0
Payments on account		868	0	0	-867	0	1	0	0	0	0	0	0	1	868
		28,020	1,599	-517	0	-86	29,016	-15,054	-1,729	515	0	72	-16,196	12,820	12,966
TOTAL		304,431	5,603	-730	0	-158	309,146	-172,093	-4,369	728	0	113	-175,621	133,525	132,338



# INDEPENDENT AUDITOR’S REPORT

## TO LR HEALTH AND BEAUTY SE

### Audit opinions

We have audited LR Health & Beauty SE, Munich, and its subsidiaries’ (the Group) consolidated financial statements, comprising of the consolidated balance sheet as of December 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash-flow statement for the fiscal year from January 1, 2024 through December 31, 2024 as well as the notes to the consolidated financial statements, including significant information on accounting policies. In addition, we audited LR Health & Beauty SE’s combined management report for the 2024 fiscal year.

In our opinion, on the basis of the knowledge obtained in the audit,

- the attached consolidated financial statements comply, in all material respects to the IFRS Accounting Standards issued by the International Accounting Standards Board (hereafter referred to as “IFRS Accounting Standards”), as applicable in the EU and the additionally required German legal requirements pursuant to Art. 315e (1) HGB and provide, by taking into account these requirements, a true and fair view of the Group’s assets and financial position as of December 31, 2024 and of its profit situation for the fiscal year from January 1, 2024 through December 31, 2024; and
- the attached combined management report as a whole provides a true and fair view of the Group’s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of the Group’s future development.

Pursuant to Art. 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the consolidated financial statements’ and the combined management report’s legal compliance.

### Basis of our audit opinions

We have conducted our audit of the consolidated financial statements and of the combined management report in accordance with Art. 317 HGB and in compliance with German

Generally Accepted Standards for the Audit of Financial Statements as issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer; “IDW”). Our responsibilities pursuant to these regulations and principles are further described in the section “Auditor’s responsibilities for the audit of the consolidated financial statements and of the combined management report” in our auditor’s report. We are independent from the Group companies in accordance with the requirements pursuant to German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate in order to provide a basis for our audit opinions expressed on the consolidated financial statements and on the combined management report.

### Other information

The legal representatives and the Supervisory Board are responsible for the other information. The other information comprises

- all parts of the English version of the annual report (LR Annual report 2024) of LR Health & Beauty SE, Munich, for the financial year ended December 31, 2024, with the exception of the audited consolidated financial statements and combined management report and our auditor’s report.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the above-referenced other information and, in doing so, assess whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited management report disclosures or our knowledge obtained during the audit, or
- otherwise appears to be materially misstated.

### Responsibilities of the Legal representatives and the Supervisory Board for the consolidated financial statements and the combined management report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements pursuant to IFRS Accounting Standards as applicable in the EU and the additionally required German legal requirements pursuant to Art. 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, provide a true and fair view of the Group’s net assets, financial position, and profit situation. Furthermore, the legal representatives are responsible for such internal controls they have determined as being necessary in order to provide for the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

When preparing the consolidated financial statements, the legal representatives are responsible to assess the Group’s ability to continue as a going concern. They also have the responsibility to disclose, as applicable, matters related to the continuation as a going concern. Furthermore, they are responsible for financial reporting based on the going concern principle unless otherwise required due to actual or legal circumstances.

Furthermore, the legal representatives are responsible for the preparation of the combined management report that, as a whole, provides a true and fair view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of the Group's future development. Furthermore, the legal representatives are responsible for such precautions and measures (systems) they have deemed necessary in order to provide for the preparation of a combined management report that is in accordance with applicable German legal requirements, and in order to provide sufficiently appropriate evidence for the statements contained in the combined management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the combined management report.

**Auditor's responsibilities for the audit of the consolidated financial statements and the combined management report**

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from any material misstatements, whether due to fraud or error, and whether the combined management report as a whole presents a true and fair view of the Group's position and is, in all material respects, consistent with the consolidated financial statements and the knowledge obtained during our audit, complies with German legal requirements and appropriately presents the opportunities and risks of the Group's future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as issued by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the combined management report.

We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material misstatements in the consolidated financial statements and the combined management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatements resulting from fraud is higher than the risk of not detecting a material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- obtain an understanding of the internal controls relevant for the audit of the consolidated financial statements and of precautions and measures relevant for the audit of the combined management report in order to plan audit procedures being appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the group's internal controls or these precautions and measures;
- evaluate the appropriateness of accounting methods applied by the legal representatives and the reasonableness of estimates made by the legal representatives as well as the related disclosures;

- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit certificate. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements provide, by taking into account IFRS Accounting Standards as applicable in the EU and the additionally required German legal requirements pursuant to Art. 315e (1) HGB, a true and fair view of the Group's assets, liabilities, financial position and profit situation;
- obtain sufficient and appropriate audit evidence for the accounting information of the companies or business activities within the Group to enable us to express an audit opinion on the consolidated financial statements and the combined management report. We are responsible for instructing, supervising and performing the audit of the consolidated financial statements. We are solely responsible for our audit opinions;
- evaluate the management report's consistency with the consolidated financial statements, its conformity with German law, and its presentation of the Group's position;
- perform audit procedures in connection with the prospective information presented by the legal representatives in the combined management report. On the basis of sufficiently appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the underlying assumptions. There is a substantial unavoidable risk that future events will differ significantly from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Düsseldorf, April 17, 2025

**Baker Tilly GmbH & Co. KG**  
**Wirtschaftsprüfungsgesellschaft**

**Thomas Gloth**  
Wirtschaftsprüfer  
[German Public Auditor]

**Marina Stumpp**  
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BELIEVE IN  
MORE**

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