Lovisa Holdings Limited
ACN 602 304 503
Level 1, 818 Glenferrie Road
Hawthorn VIC 3122

t +61 3 9831 1800
f +61 3 9804 0060
e info@lovisa.com

lovisa.com

Full Year 2022 Results Announcement
Strong Sales and Profit Growth Continues

- Revenue up 59.3% to $458.7m with strong momentum through the financial year
- Comparable store sales up 19.9% on FY21
- 85 net new stores opened during the period, 629 at year end
- Gross Margin 78.9% with Gross Profit up 63.8% to $361.8m
- EBIT[1] increased by 86.6% to $79.7m
- On a 52 week basis[2], EBIT was up 81.4% to $77.5m
- Cash conversion of 99% with operating cash flow[1] of $96.7m
- Net Cash of $24.2m with $50m of cash debt facilities and $20m of bank guarantee facilities in place
- Final Dividend of 37.0 cents per share, 30% franked
- Results for the financial year represent a 53-week period (FY22: 52 weeks)

Results Highlights

(A$'m)	**FY22[1]** **(pre AASB 16)** 53 weeks	**FY22[1]** **(pre AASB 16)** 52 weeks[2]	**FY21[1]** **(pre AASB 16)** 52 weeks	**Variance** 53 vs 52 weeks	**Variance** 52 vs 52 weeks
Revenue	458.7	448.2	288.0	59.3%	55.6%
Gross profit	361.8	353.7	221.0	63.8%	60.1%
EBITDA	97.2	94.7	60.2	61.6%	57.4%
EBIT	79.7	77.5	42.7	86.6%	81.4%
NPAT	59.9	58.2	27.7	116.3%	110.3%
EPS (cents)	55.7c	54.2c	25.8c	29.9c	28.4c
Net Cash	24.2	24.2	35.6	($11.4)	($11.4)
Final dividend (cps)	37.0c	37.0c	18.0c	19.0c	19.0c

Chief Executive Officer Victor Herrero said, "I'm thrilled with the acceleration in the performance of the business over this financial year. I would like to thank the team for helping to deliver a seamless transition for me into the business and remaining laser-focused on the continuing success of Lovisa globally. The financial result the team have been able to achieve this year is very pleasing, with the business continuing to go from strength to strength and well placed to take advantage of future opportunities as they arise".

[1] Financial metrics used throughout this document represent the financial performance of the company excluding the impact of lease accounting standard AASB 16 to ensure comparability with prior periods. A reconciliation between the previous accounting standard and the new standard is included in the Lovisa FY22 Results Presentation.
[2] FY22 includes 53 weeks compared to FY22 which includes 52 weeks, therefore a 52 week underlying profit has been calculated and included above, refer Appendix 3 of FY22 Full Year Results Presentation for further details.

Results

Revenue was $458.7m up 59.3% on FY21 (including the 53rd week of trade in FY22) with comparable store sales up 19.9%. Comparable store sales momentum was pleasingly able to be maintained across the financial year despite disruptions experienced in Q1 in Australia, New Zealand and Malaysia where those markets were subject to temporary closures, with overall trading days lost higher than in prior year in that period. Once stores were able to be open and trading and restrictions were lifted we were able to deliver strong growth across all markets as economic conditions improved, and maintain this across the financial year.

In response to inflationary pressures, we implemented price increases during Q3 of the financial year, which helped to deliver strong sales growth with minimal impact experienced in volumes. Whilst all markets grew strongly for the financial year, Asia continues to be our most challenging region with lower levels of tourism continuing to restrain performance.

Gross Profit was up 63.8% on FY21 with Gross Margin at 78.9%, benefiting from price increases implemented in the second half and favourable exchange rates compared to prior year partly offset by continued higher freight costs.

Cost of Doing Business (CODB) was well controlled, with tight management helping mitigate inflationary pressures on labour costs and the ongoing challenge of high logistics costs. CODB was also impacted by the temporary store closures experienced across a number of markets in Q1.

Cash flow was again strong despite catch up on deferred rent payments during the financial year and higher stock holdings due to the implementation of the additional warehouse in Poland and to mitigate the risk of supply chain disruptions, with cash from operations before interest and tax of $96.7m, and operating cash conversion of 99%.

Capital expenditure for the period was $34.5m predominantly from new store fit outs, up $21.1m on prior year as the pace of new store opening increased with 96 new company owned stores built for the period. Cash tax payments for the period were low as a result of lower instalment rates due to lower prior year profits, which will reverse in FY23. Cash taxes in the current period were also impacted by higher profit contributions from markets with prior year tax losses.

Our continued strong balance sheet position has enabled the Board to announce a Final dividend of 37.0 cents, taking full year dividends to 74.0 cents, reflecting the strong cash outcome for the period and the ongoing strength of our balance sheet.

The Board will continue to assess dividend levels each half year and determine the appropriate level of dividend based on profitability, cash flows, and future growth capex requirements. The Board do not currently have a specific dividend payout ratio and will continue to base dividends on the cash flow needs of the company and the structure of the balance sheet.

Store Growth

A key driver of future growth for Lovisa is the continued global store roll out. The company opened a further net 85 stores during the period, taking the store network to 629 stores globally across 24 countries, including 2 new markets in Poland and Canada, and 2 new franchise markets in the Middle East (Cyprus and Lebanon). We were also able to open our first store in Northern Ireland during the financial year (included within UK store count).

Store number growth					
Country	**FY22**	**FY21**	**Var YOY**	**New Stores**	**Closures**
Australia	154	153	1	6	(5)
New Zealand	25	24	1	3	(2)
Singapore	17	18	(1)	0	(1)
Malaysia	32	28	4	4	0
South Africa	69	64	5	7	(2)
United Kingdom	42	41	1	2	(1)
France	59	52	7	8	(1)
Germany	40	38	2	6	(4)
Belgium	11	8	3	3	0
Switzerland	6	8	(2)	0	(2)
Netherlands	5	6	(1)	0	(1)
Austria	3	3	0	0	0
Luxembourg	2	2	0	0	0
Poland	1	0	1	1	0
USA	118	63	55	55	0
Canada	1	0	1	1	0
Middle East	44	36	8	8	0
Total	629	544	85	104	(19)

The rollouts in the US and France continued during the year with 8 new stores opened in France and 55 in the USA, with stores now trading across 33 states. Cleanup of the tail of stores acquired as part of the beeline deal in prior year continued throughout the current year with 8 stores closed as leases expired where they were not considered up to Lovisa standards. We were able to make progress in expansion in the acquired markets, with 6 new stores opened in Germany and 3 in Belgium during the year and continue to look for opportunities across all our existing European markets, as well as in new markets such as Poland.

New store opportunities were also able to be executed in South Africa, Malaysia and Australia, with ongoing focus on exiting under-performing stores also resulting in closures across these markets.

Digital Update

Our focus on our digital capabilities has improved our execution in this area over the past 2 years, with this sales channel becoming a more important part of our overall customer offering and delivering sales growth for the year of 30% on the same time last year. With local sites operational in local currency and languages servicing all of our company owned markets, we now have an improved platform from which to enhance our customer proposition. We continue to focus on improving our order fulfilment capability with the implementation of dedicated online fulfilment warehouses in key markets, and ongoing work underway to deliver improved delivery experiences for our customers. We have made progress online but believe we are still in the infancy stage with our global online offering and we are continuing to invest to support and drive ongoing growth in this area whilst remaining focused on maintaining profitability levels.

Trading Update and Outlook

Trading for the first 7 weeks of FY23 has seen a continuation of the strong performance of FY22, with comparable store sales for this period of +21.0% on FY22. Total sales for this period are 66.1% up on the same period in FY22, with prior year impacted by lockdowns in parts of Australia, New Zealand and Malaysia.

Since the end of the financial year we have opened another two new markets, with two stores now open in Hong Kong, and our first store open in Namibia. The store network is currently at 651 stores, with 22 new stores open year to date.

We continue to focus on opportunities for expanding both our physical and digital store network, with structures in place to drive this growth in existing and new markets and expect rollout momentum to increase going forward. Our balance sheet remains strong with available cash and debt facilities supporting continued investment in growth.

For further enquiries please contact:

Victor Herrero	Chris Lauder
Chief Executive Officer	Chief Financial Officer
03 9831 1800	03 9831 1800