Lovisa Holdings Limited
2023 HALF YEAR RESULTS

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Some of the information contained in this presentation contains "forward-looking statements" which may not directly or exclusively relate to historical facts. These forward-looking statements reflect the current intentions, plans, expectations, assumptions and beliefs about future events of Lovisa Holdings Limited (LOV) and are subject to risks, uncertainties and other factors, many of which are outside the control of LOV.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks.

Because actual results could differ materially from LOV's current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.

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STRATEGY RECAP

Our strategic plans remain in place

OUR PAST

13 years ago we set out to develop a fast fashion jewellery concept to meet customers needs

We were determined to focus on fashion jewellery maintaining a high margin and small store footprint model

With plans to globalise the brand we set about building a model that can be centrally managed and rolled out globally

We have opened over 700 stores across more than 30 markets in that time

Sales CAGR of 30% in that time

OUR PRESENT

We are well on the way in establishing a global brand

We continue to develop over 100 new lines every week for our customers

We continue to build and invest in our structures to support our future growth

We are investing in our digital platform and strategy to drive continued global growth

We have a strong balance sheet and we continue to control our costs

OUR FUTURE

Continued expansion both in existing and new markets with the same successful disciplines and criteria used to date

Continued investment in our team investing ahead of our growth curve and building global capability

Continued focus on our Digital platforms globally as well as expanding our brand presence through online marketplaces

Continued focus on identifying new markets to grow our Lovisa brand

We remain excited about the future and we believe the present situation will provide future opportunities

HALF YEAR OVERVIEW[1]

- Strong sales performance with global comparable store sales for the period up 12.5% compared to HY22
- Total sales up 44.8% on HY22 reflecting strong comparable store sales and growth in the store network
- Strong Gross Margin performance, up 190bps
- CODB well controlled while continuing to make significant investment into growing the business
- NPAT of $47.7m for the period, up 31.9% on prior year
- 715 stores at the end of the half year
- Global rollout accelerated, with 86 net new stores opened for the period, with 7 new markets opened and presence in over 30 countries
- US market up to 155 stores at half year end, and Europe now 194 stores trading
- Cash flow from operations $115.8m, up 49% on prior year, reflecting solid working capital management
- $24.0m of net cash at half year end
- Conditional approval from our financiers (subject to execution of facility documents) for extension of our existing cash debt facilities for a further 3 years and increase in the facility limit to $100 million
- Interim dividend of 38 cents, fully franked, reflecting continued strong balance sheet position

[1] Financial metrics used throughout this document represent the financial performance of the company including the impact of lease accounting standard AASB 16. A reconciliation between the pre and post AASB 16 numbers is included at Appendix 2 for reference purposes only.

FINANCIAL OVERVIEW[1]

($000)	HY23 (Statutory)	HY22 (Statutory)	Variance
Revenue	**315,483**	217,822	44.8%
Gross profit	**253,196**	170,657	48.4%
EBITDA	**103,940**	81,755	27.1%
EBIT	**70,098**	50,750	38.1%
NPAT	**47,723**	36,178	31.9%
EPS (cents)	**44.3**	33.7	31.6%
Dividend (cents)	**38.0**	37.0	+1.0 cent

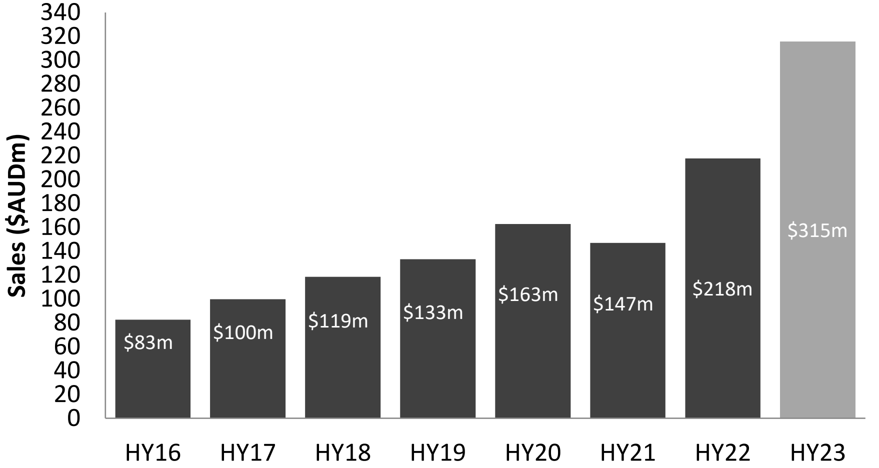
- Continued strong profit growth as all markets traded well
- Revenue up 44.8% on HY22 with comparable store sales up 12.5%
- CODB well managed with focus on investment to support next stage of growth
- Continued store rollout with 103 new stores opened for the period offset by 17 closures
- Strong balance sheet and cashflow generation with $24.0m of net cash at half year end resulting in increased interim dividend of 38 cents

[1] Financial metrics used throughout this document represent the financial performance of the company including the impact of lease accounting standard AASB 16. A reconciliation between the pre and post AASB 16 numbers is included at Appendix 2.

TRADING PERFORMANCE - SALES

Sales growth momentum continues

- Global Sales Revenue up 44.8% to $315.5m, both from comparable stores and network growth, comparable store sales up 12.5% on HY22
- Benefit of price increases in 2HFY22 continued to contribute to sales growth, with growth in both volume and price
- Strong store network platform in place to drive growth into the future with stores now in over 30 countries
- Australia/New Zealand and Asian regions cycling temporary store closures in prior year in Q1, and disrupted trade in most markets globally in the same period with all trading well in the current period
- Europe sales reflects continued new store growth with a net increase of 25 stores in the period including 4 new markets compared to the prior half year
- Americas region continued store rollout momentum, with 37 net new stores in the USA combined with 2 new markets in Mexico and Canada
- Africa continued to perform well, benefiting from 6 net new stores in the period including 2 in Namibia



Region ($AUD '000)	HY23	HY22	Variance
Australia / NZ	113,869	83,874	35.8%
Asia	19,002	9,221	106.1%
Africa	28,178	23,468	20.1%
Europe	91,052	68,533	32.9%
Americas	62,493	31,628	97.6%
Total	314,594	216,724	45.2%

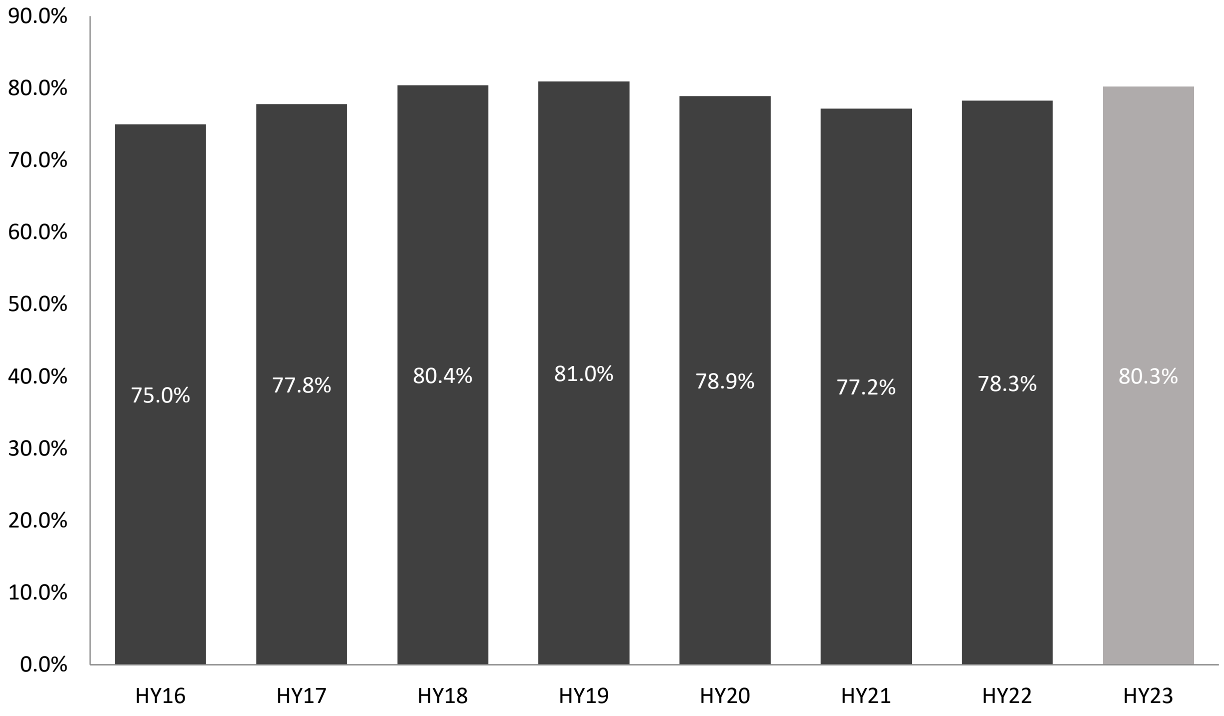
*Sales revenue excluding franchise income

TRADING PERFORMANCE - GROSS MARGIN

Gross margin improvement delivered

- Gross profit increased 48.4% to $253.2m
- Gross Margin was 80.3%, benefiting from price increases in 2HFY22 and strong focus on optimising gross margins
- Currency impacts on gross margin becoming less pronounced with significant cash flows now generated in USD and Euro

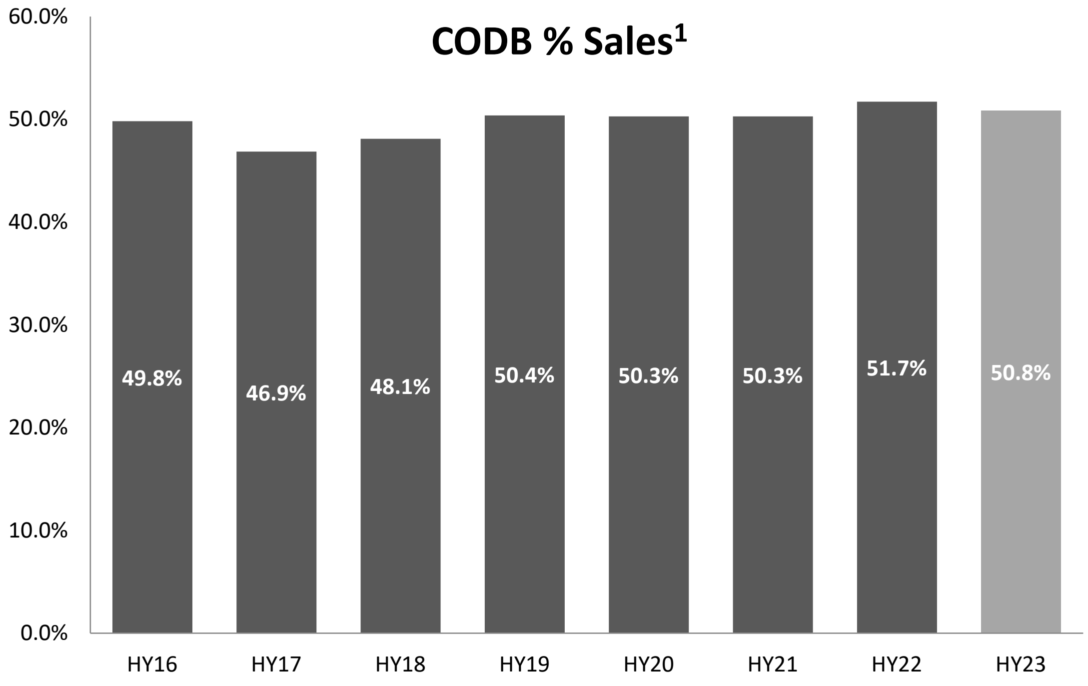
Historical Gross Margins



COST OF DOING BUSINESS[1]

Cost pressures well managed

- CODB well managed with continued investment made into growing the business
- Inflationary pressures continue, however have been offset by top line growth to date
- Total CODB up 65% on the prior half year, including $15m Long Term Incentive expense associated with the existing CEO LTI package
- Excluding this item and on a pre-AASB16 basis CODB % to sales was 50.8%, in line with previous periods
- Investment continues to be made into structures to drive global rollout and opening of new markets
- Controllable costs well managed in line with store network growth



[1] HY23, HY22, HY21 and HY20 results represent performance excluding the impact of AASB 16 and the impact of the CEO LTI Expense. A reconciliation between pre and post AASB 16 numbers is included at Appendix 2.

CASH FLOW

Continued investment in store rollout

(A$000s)	HY23	HY22
Cash from operating activities	115,837	77,545
Net interest paid	(4,999)	(2,853)
Tax paid	(12,753)	(3,111)
Net cash from operations	**98,085**	**71,581**
Property Plant & Equipment	(31,821)	(13,717)
Cash acquired from beeline acquisition	0	(156)
Key Money	(71)	0
Net cash used in investing activities	**(31,892)**	**(13,873)**
Share options exercised	260	0
Proceeds from borrowings	16,000	0
Payment of lease liabilities	(27,063)	(21,339)
Dividends paid	(39,898)	(19,343)
Net cash used in financing activities	**(50,701)**	**(40,682)**
Opening cash	34,153	35,552
Effect in movement in exchange rates	393	116
Closing cash	**50,038**	**52,694**
Net movement in cash	**15,885**	**17,142**

- Cash flow from operating activities $115.8m, up 49.4%
- Capital expenditure of $31.8m includes 101 new company owned stores built for the period as the store rollout accelerates
- Tax paid for the period reflects tax instalments returning to more normal levels following lower payments in recent years
- Significant increase in dividends for the period with focus on returning surplus cash to shareholders and allowing for increased debt in capital structure of the business
- Increase in lease payments and interest paid reflect growth in the store network

BALANCE SHEET

Balance Sheet remains strong

- Inventory holdings increased reflecting store network growth and stock holdings to support coming store openings, with clean stock position at the end of the period
- Increase in lease liabilities reflects acceleration of store rollout
- Strong Net Cash position of $24.0m, despite significant investment in the business and increased dividends paid over the past year
- Conditional approval from our financiers (subject to execution of facility documents) for extension of our existing cash debt facilities for a further 3 years and increase in the facility limit to $100 million to support future growth
- Interim dividend of 38.0c determined to be paid in April 2023, reflecting cash flow generation for the period and continued strong balance sheet position
- We will continue to review dividend levels going forward based on cash and facilities available and capital requirements of store network expansion

(A$000s)	HY23	HY22
Net Cash	24,038	52,694
Receivables	22,803	12,450
Inventories	58,314	42,873
Derivatives	256	768
Total current assets	**105,411**	**108,785**
Property Plant & Equipment	94,416	48,533
Lease Right of Use Assets	215,510	163,234
Intangibles	4,206	4,274
Deferred tax asset	18,475	10,464
Total assets	**438,018**	**335,290**
Payables	53,210	37,165
Lease Liabilities	54,322	55,943
Provisions	28,100	21,178
Total current liabilities	**135,632**	**114,286**
Lease Liabilities	207,594	153,189
Provisions	6,811	4,825
Total liabilities	**350,037**	**272,300**
Net assets	**87,981**	**62,990**

Covenants	HY23	HY22
Fixed charge ratio > 1.40	2.53	2.36
Leverage Ratio < 1.75	0.34	0.20

STORE GROWTH

Global Rollout accelerating with 86 net new stores opened

Store number growth							
Country	**HY23**	**FY22**	**HY22**	**Var 6 mths**	**New Stores**	**Closures**	**Var YOY**
Australia	163	154	158	9	11	(2)	5
New Zealand	26	25	24	1	1	0	2
Singapore	15	17	18	(2)	1	(3)	(3)
Malaysia	39	32	29	7	7	0	10
Hong Kong	3	0	0	3	3	0	3
South Africa	73	69	67	4	8	(4)	6
Namibia	2	0	0	2	2	0	2
United Kingdom	42	42	41	0	0	0	1
France	62	59	58	3	4	(1)	4
Germany	47	40	38	7	7	0	9
Belgium	10	11	10	(1)	0	(1)	0
Switzerland	8	6	7	2	2	0	1
Netherlands	5	5	6	0	0	0	(1)
Austria	4	3	3	1	1	0	1
Luxembourg	2	2	2	0	0	0	0
Italy	4	0	0	4	4	0	4
Poland	8	1	0	7	7	0	8
Hungary	1	0	0	1	1	0	1
Romania	1	0	0	1	1	0	1
USA	155	118	81	37	39	(2)	74
Canada	1	1	0	0	0	0	1
Mexico	2	0	0	2	2	0	2
South America*	1	0	0	1	1	0	1
Middle East*	41	44	44	(3)	1	(4)	(3)
Total	715	629	586	86	103	(17)	129

* Franchise markets

- 103 new stores opened in the period offset by 17 closures including 5 relocations, with constant focus on keeping the network strong
- USA rollout continued with 39 new stores opened in the period and now trading from 39 USA states, and since the end of the half now our largest individual market
- 7 new markets opened in the period, adding Hong Kong, Namibia, Mexico, Italy, Romania, Hungary and Columbia (franchise), following Poland and Canada opened at the end of FY22
- Now trading from over 30 countries, with a strong base for acceleration of store network growth
- Global leasing team expanded to drive growth from existing and new markets

DIGITAL UPDATE

- Continued focus on enhancement of website performance, user experience and fulfilment capability
- Progress made however still a lot of opportunity for improved execution and performance
- Investment made into digital partnerships, with Lovisa now live with online marketplaces in Europe (Zalando, Kaufman) and the US (Simon Premium Outlets), with work progressing on a number of other marketplaces globally
- Marketplaces provide a further opportunity to extend the reach of the Lovisa brand, particularly in newer markets
- We continue to invest in support team and infrastructure to deliver an improved digital customer experience

TRADING UPDATE AND OUTLOOK

- Trading for the first 7 weeks of the second half saw comparable store sales for this period up 12.3% on FY22. Total sales for this period are 24% up on the same period in FY22
- Since the end of the half-year, we have opened our first 2 stores in new franchise market Peru, with the store network currently at 746 including 31 net new stores opened for the second half 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
- Since the end of the half year, we have received conditional approval from our financiers (subject to execution of facility documents) for extension of our existing cash debt facilities for a further 3 years and increase in the facility limit to $100 million to support future growth

SUMMARY

- Sales performance strong for the period, both in comparable stores and from new store rollout
- Global expansion continued with net 86 new stores opened during the period, more than for the whole of FY22, and a total network of 715 stores at half year end
- 7 new markets opened during the period across Europe, Africa, Asia and the Americas
- Comparable store sales up 12.5% for the period on HY22
- 190bp improvement in Gross Margin driven by price increases in 2HFY22 and strong execution on product
- Good CODB control despite inflationary pressures and costs of new market openings, allowing for continued investment in team structure to support building the platform for future growth
- NPAT of $47.7m, up 31.9% on prior period
- Interim Dividend of 38 cents per share to be paid in April

APPENDICES

APPENDIX 1

ASIC Regulatory Guide 230 Disclosing non-IFRS financial information

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Lovisa Holdings Limited is required to make a clear statement about the non-IFRS information included in the Profit announcement and presentation for the half year ended 1 January 2023.

In addition to statutory report amounts, the following non-IFRS measures are used by management and the directors as the primary measures of assessing financial performance of the Group and Individual Segments:

Non-IFRS measures used in describing the Business Performance include:

- Earnings before interest tax (EBIT), both Reported and Underlying
- Earnings before interest, tax, depreciation, amortisation (EBITDA) both Reported and Underlying
- Underlying Net Profit Before and After Tax
- Comparable Store Growth
- Cost of Doing Business (CODB)

In addition to the above the following non-IFRS measures are used by management and the directors to assess the underlying performance of the Group for the period.

- Constant Currency Margin

The directors consider that these performance measures are appropriate for their purposes and present meaningful information on the underlying drivers of the continuing business.

Many of the measures used are common practice in the industry within which Lovisa operates. The Profit Announcement and presentation has not been audited or reviewed in accordance with Australian Auditing Standards.

Definitions

- EBITDA - Result from operating activities before Depreciation and Amortisation
- EBIT - Result from operating activities
- Comparable Store Growth - Sales performance compared to last periods for stores trading in the retail network greater than one year before foreign currency movements. This measure excludes stores for the periods in the current and prior year that they were temporarily closed due to COVID related government lockdowns.
- CODB – Cost of Doing Business, represents the difference between Gross Profit and EBITDA, excluding Other Income, and measured excluding or including the impact of AASB 16 (as noted) to allow more meaningful comparison to prior periods
- Net Cash - Cash on hand less overdraft and borrowings
- Constant Currency Margin - Stock purchases in USD held constant from prior year

APPENDIX 2 – PROFIT AND LOSS STATEMENT[1]

($'000)	**HY23 (Statutory)**	Impact of application of AASB 16	**HY23 (pre AASB 16)**	HY22 (Statutory)	HY22 (pre AASB 16)	Variance (Statutory)	Variance (pre AASB 16)
Revenue	315,483		315,483	217,822	217,822	44.8%	44.8%
Cost of sales	(62,287)		(62,287)	(47,165)	(47,165)	32.1%	32.1%
Gross profit	253,196		253,196	170,657	170,657	**48.4%**	**48.4%**
Employee expenses	(89,146)		(89,146)	(52,696)	(52,696)	69.2%	69.2%
Property expenses	(12,189)	26,092	(38,281)	(8,250)	(31,111)	47.8%	23.0%
Distribution expenses	(16,718)		(16,718)	(9,748)	(9,748)	71.5%	71.5%
(Loss)/profit on disposal of PPE	(548)	298	(846)	(311)	(311)	76.1%	171.9%
Other expenses	(30,953)		(30,953)	(19,311)	(19,311)	60.3%	60.3%
Other income	298		298	1,414	390	(78.9%)	(23.5%)
EBITDA	103,940	26,390	77,549	81,755	57,870	27.1%	34.0%
Depreciation	(33,842)	(25,595)	(8,247)	(31,005)	(8,792)	9.1%	(6.2%)
EBIT	70,098	795	69,302	50,750	49,078	38.1%	41.2%
Finance income	51		51	72	72	(28.6%)	(28.6%)
Finance cost	(5,050)	(4,278)	(772)	(2,925)	(348)	72.6%	121.9%
Profit before tax	65,099	(3,483)	68,581	47,897	48,802	**35.9%**	**40.5%**
Income tax expense	(17,376)	750	(18,126)	(11,719)	(12,097)	48.3%	49.8%
Net profit after tax	47,723	(2,733)	50,456	36,178	36,705	**31.9%**	**37.5%**
EPS (cents)	44.3		46.9	33.7	34.2	10.6	12.7

[1] Financial metrics used throughout this document represent the financial performance of the company based on statutory results. The above analysis is provided to assist with comparability with prior period comparatives.