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Full Year 2024 Results Announcement Sales and Profit Growth Continues

- Revenue up 17.1% to \$699m
- FY24 comparable store sales down 2.0%, with improving trend through H2
- Gross Margin 81.0%, up 110bps
- 128 new stores opened during the period, 900 at year end
- China, Vietnam and Ireland markets opened during the year
- EBIT \$128.2m up 21.2%
- Net Profit After Tax up 20.9% to \$82.4m
- Operating cash flow of \$240m up 27.6%
- Final Dividend of 37.0 cents per share, unfranked

Results Highlights

(A\$'m)	FY24 (Statutory)	FY23 (Statutory)	Variance
Revenue	698.7	596.5	17.1%
Gross profit	565.8	476.7	18.7%
EBIT	128.2	105.7	21.2%
NPBT	110.6	92.9	19.0%
NPAT	82.4	68.2	20.9%
Operating Cash Flow	240.4	188.4	27.6%
EPS (cents)	75.4	63.3	12.1c
Final dividend (cps)	37.0c	31.0c	6.0c

Chief Executive Officer Victor Herrero said, "The company has once again delivered strong sales, gross margin and profit growth at the same time as investing in the structures to support our steady global expansion. This positions us well to continue our growth in both existing and new markets. I want to again share my appreciation of the entire global Lovisa team for their hard work and dedication to achieve these results."

Results

Revenue was \$699m, up 17.1% on FY23 with the strong growth in the store network in recent years providing solid sales growth despite comparable store sales being down 2.0% for the financial year. Trading performance improved across the company in the second half with comparable store sales positive for the half.

In response to the continued inflationary pressures globally we have continued to focus on pricing and promotion management supporting both sales growth and gross margin expansion. Gross Profit was up 18.7% on FY23, with Gross Margin a highlight up 110 basis points to 81.0% on top of the 100 basis point improvement delivered in FY23.

We continued to invest in rolling out new markets, new stores in existing markets, and the structures required to manage them effectively on an ongoing basis, including support teams, logistics and technology to drive a more efficient operating model. This combined with inflationary pressures in most areas of the business but in particular



on wages meant that cost of doing business was higher. This impact was offset by a reduction in CEO Long-Term Incentive expense from \$27m in the prior year to \$12m in the current year.

Depreciation and interest expense both reflect the growth in the store network, with depreciation of store fit outs and lease right of use assets increasing as a result of the increase in store numbers, and interest expense increasing due to the associated increase in lease liabilities combined with a higher interest rate environment and higher debt levels. It should be noted that lease interest expense is higher in the early years of a lease, therefore as we continue to open stores the impact on this line is proportionally higher than store network growth.

Cash flow was again strong, with cash from operations before interest and tax of \$240m, up 27.6% on FY23. Lease payments were higher, reflecting the growth in the store network, with the associated growth in balance sheet lease liabilities resulting in a large increase in lease payments classified as interest payments, with cash interest payments increasing 36% as a result of this combined with the increase in the level of gross debt on the balance sheet.

Capital expenditure for the period was \$23.3m, predominantly from new store fit outs, down from \$60.7m in prior year with a slower pace of new store openings and the benefit of collection of outstanding landlord fitout contributions related to store openings (and capex spend) in prior year.

Our continued strong balance sheet and cash flow position has enabled the Board to announce an unfranked final dividend of 37.0 cents, taking the full year dividend to 87 cents, a 26% increase on FY23.

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 growth for Lovisa is the continued global store roll out. The company opened 128 new stores during the period, taking the store network to 900 stores globally across 46 markets. This includes the opening of our first stores in Ireland and the key Asian markets of mainland China and Vietnam, as well as new franchise markets Ecuador, Senegal, Guadeloupe and Gabon, with a total of 7 new markets opened in the year.

Country	Store number growth					
	FY24	FY23	New Stores	Relocations	Closures	Var YOY
Australia	178	168	13	(1)	(2)	10
New Zealand	28	27	1	0	0	1
Singapore	16	16	2	0	(2)	0
Malaysia	44	41	3	0	0	3
Hong Kong	9	8	1	0	0	1
Taiwan	1	1	0	0	0	0
China	1	0	1	0	0	1
Vietnam	1	0	1	0	0	1
South Africa	81	75	8	0	(2)	6
Namibia	3	2	1	0	0	1
Botswana	3	1	2	0	0	2
United Kingdom	50	44	6	0	0	6
Ireland	3	0	3	0	0	3
Spain	2	1	1	0	0	1
France	86	68	18	0	0	18
Germany	53	47	8	0	(2)	6
Belgium	17	11	6	0	0	6
Netherlands	9	7	3	0	(1)	2
Austria	9	7	2	0	0	2
Luxembourg	2	2	0	0	0	0
Switzerland	8	9	0	0	(1)	(1)
Poland	19	18	1	0	0	1
Italy	9	7	2	0	0	2
Hungary	2	2	0	0	0	0
Romania	1	1	0	0	0	0
United Arab Emirates	5	1	4	0	0	4
USA	207	190	19	0	(2)	17
Canada	14	7	7	0	0	7
Mexico	4	4	1	0	(1)	0
Middle East/Africa Franchise	20	30	4	0	(14)	(10)
South America Franchise	15	6	10	0	(1)	9
Total	900	801	128	(1)	(28)	99

The Americas market was again a major driver of store network growth with 37 new stores opened in the period in the region including 10 new franchise stores in South America. The strong base we have built in Europe allowed that region to deliver the largest share of new store growth for the year with 50 new stores opened.

During FY23 we renegotiated our franchise contract with our Middle Eastern franchise partner, allowing us to convert the UAE market to company operated while the remainder of the countries in the region remain as franchise operations. As part of this change, a further 14 franchise stores in the UAE were closed during the financial year as the existing partner exits this business. We were able to convert 3 UAE franchise stores to company owned and have since opened a further 2 stores and are actively looking at expanding this market.

Our ongoing focus on the quality of the store network resulted in 14 stores being closed during the financial year (excluding the UAE stores noted above), and we will continue to focus on store profitability and action stores not delivering to required levels of return on investment. With a footprint now in 46 markets and increased support structures in place we are well positioned to continue our global rollout across both existing and new markets.

Digital and E-Commerce

We continue to focus on our execution of e-commerce and our journey towards being an omni-channel retailer, with ongoing investment in customer experience and support systems including a new product information management system. We now have a presence on a number of e-commerce marketplaces globally, including Zalando in Europe, ASOS in the UK, and The Iconic in Australia, and importantly we are now live on key Chinese online marketplaces Tmall, Douyin, Little Red Book, WeChat and JD.com as part of our strategy to build our presence in the market. We have also invested in dedicated e-commerce fulfilment centres operating in the UK, Malaysia and China.

USA Warehouse

In August 2024 we have opened our new company-operated 5,000m² warehouse in Columbus, Ohio to service our growing Americas region, currently serviced from our Chinese 3PL warehouse. This warehouse represents an important step in the growth of our Americas business, currently servicing over 200 stores and provides capacity to support significant future growth across the region. This new facility adds to our existing company-operated EU warehouse in Wroclaw, Poland, our ANZ warehouse in Melbourne, Australia, and our 3PL warehouse in Qingdao, China.

Trading Update and Outlook

Trading for the first 8 weeks of FY25 saw comparable store sales for this period up 2.0% on the same time last year. Total sales for this period are 12.7% up on the same period in FY24. Since the end of the financial year, we have opened 10 new stores with 2 closures, with the total store count at 908 including our first franchise stores recently opened in Ivory Coast and Republic of Congo, adding another 2 new markets to the network. 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 store rollout to continue. Our balance sheet remains strong with available cash and debt facilities supporting continued investment in growth.

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Authorised for release by Lovisa Holdings Limited's Board of Directors