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JAMES KING'S SCRIPT FOR THE ANNUAL GENERAL MEETING OF

LOVISA HOLDINGS LIMITED

29 OCTOBER 2019

Ladies & Gentlemen, welcome to the Annual General Meeting of Lovisa Holdings Limited.

My name is James King and I have been on the Board of Lovisa for over three years and am standing here today as the Meeting Chair in the place of our Chairman, Brett Blundy who is unable to be here due to international commitments. As you will be aware, Brett took over as Chairman of Lovisa at the conclusion of last year's AGM. Brett has asked me to offer his apologies to you all for not being able to attend today.

Before we commence with the formal business of the meeting, can I ask that you kindly turn off your mobile phones.

I would like to take the opportunity to introduce to you my fellow Directors present here today:

- Shane Fallscheer, Managing Director
- Tracey Blundy, Non-Executive Director
- John Armstrong, Non-Executive Director

Also absent today is our newest Director, Sei Jin Alt who brings to the company broad merchandising, managerial, financial and operational experience in multiple fashion categories, as well as business expertise gained over 20 years in the industry across a number of major US retailers including Francesca's, JC Penny, Nordstrom and Macy's.

Sei Jin was appointed to the Board on the 19th February 2019, lives in Houston, Texas and gives us "on the ground" Board representation in the USA. Like Brett, Sei Jin offers her apologies for not being here with us today.

We also have present our Company Secretary and Chief Financial Officer, Chris Lauder as well as Tony Romeo, Partner at KPMG, the Company's auditor.

Before moving to the formal business of the meeting, I will take the opportunity to give you a brief overview of the 2019 financial year and I will then invite our Managing Director, Shane Fallscheer to present to you his thoughts on the operations for the 2019 year just passed and an update on our current trading environment.

Following the meeting, my fellow directors and I would be delighted if you would join us for afternoon tea.

The 2019 financial year saw a continuation of your company's solid performance with another strong year of new store growth, primarily in the UK, US and French markets. We delivered top line sales growth of 15.3% in spite of the challenge of facing a small negative comparable store sales result for the first time since the company listed on the ASX.

We focused on continuing to invest in support of our growth strategy, which meant that overall support costs have increased. However with another strong gross margin performance we were able to deliver profit growth, with Net Profit After Tax increasing 3% for the year, enabling us to continue to return surplus cash to shareholders via a 15c final dividend.

To give you some flavour to these results, I'd like to read you a couple of paragraphs from Brett's comments in this year's annual report which he titles "Moving Globally".

> "Five continents, fifteen countries, over four hundred stores, and we will not stop here. Lovisa's global presence continues to expand at a rapid pace. The opportunities we are seeing across the globe right now are more exciting than at any point in Lovisa's history.
>
> To capture this growth and win the market we have to operate with speed and efficiency. This is the way to go. Our customers connect with our products, and our team is constantly striving to meet all their needs.
>
> We now have Lovisa boutiques from London to Los Angeles and to Singapore. And from Brea to Lille to Leeds. This demonstrates the global reach of the Lovisa brand and its acceptance by consumers in many different cities".

One of the keys to our success globally has been the ability to identify quality retail store sites in locations with high pedestrian traffic. This typically involves leases in AA, A or B grade rated shopping centres and malls ideally with 50 to 70 sq metre store spaces and harmonised layouts.

Consistent with our philosophy of speed and efficiency, we opened up 61 new stores internationally, but this put a large amount of pressure on our resources as we continued to invest in people and systems to drive growth. This combined with higher fit-out costs, and therefore depreciation, was the primary reason for the slower growth in EBIT.

Be reassured we will continue to focus on maintaining the right balance between the speed of our new store rollout, and diligence in site selection to ensure every new store meets our investment hurdles.

During the year we have also reviewed the efficiency of our global supply chain and in August successfully transitioned from our Hong Kong third party warehouse to a new third party warehouse in Qingdao, China to ensure we are better placed to support the global expansion.

A key tangible opportunity we have developed for giving customers what they want is our roll out of piercing into our stores. This has required retro fitting each store, sourcing world class piercing products and training the team to provide the service our customers come to expect and deserve.

This represents an important new product offering for our store teams, and the teams have rallied behind this new category as consumers embrace the offer. It's interesting that this opportunity only became apparent when we opened stores on the other side of the world.

This is a timely reminder for us to always challenge the status quo when thinking about how best to serve our customers.

I would now like to introduce our Managing Director, Shane Fallscheer to give you an update on the business and current trading conditions.

Mr Fallscheer, Managing Director

Thank you Jim, and good afternoon everyone.

Jim has touched on the key highlights of the year:

- EBIT up 2.8% at $52.5 million dollars
- Nett profit after tax up 3.0% at $37.0 million dollars
- Like for Like sales down 0.5%
- Revenue up 15.3% at $250.3 million dollars
- Total store numbers as at the end of the financial year were 390, being a net increase of 64 stores
- This generated a final dividend of 15 cents per share fully franked, taking the full year dividend to 33 cents per share

Revenue for the year was up 15.3% with comparable store sales down 0.5%, and whilst we are generally happy with our execution on meeting our customers product needs, we have not seen the same major trends in the fashion jewellery sector as we have seen in recent years. That said we are happy that we have been able to deliver strong growth from new stores and are well positioned to react and deliver to whatever trends prevail in the market.

We were also pleased that we were able to deliver positive comparable store sales for the second half. Importantly, we have remained focused during the year on preserving our strong gross margins and have not chased sales at the expense of margin.

Moving on to Gross Margins, our gross profit of $201.4 million dollars was up 16% at an 80.5% margin, a 50 basis point improvement from last year as we continued to benefit from the tail end of higher USD hedge rates in this period. We have maintained our focus on margin rather than chasing sales, with continued diligence in inventory management and promotional effectiveness resulting in a small improvement in margin on a constant currency basis in spite of the more challenging trading conditions.

Whilst we have again been able to deliver strong margins, as you can see from the chart on the right hand side of the page, we are a fashion business and therefore our margins can experience some degree of volatility.

As we've said previously, we have continued to reinvest into the growth trajectory of our business which has put pressure on our CODB% throughout the year. We have invested in our senior executive team to ensure we have the capability to execute and grow in our new markets, invested for the future in the relocation of our Asian logistics function from Hong Kong to Qingdao, and have also had the impact of the launch of eCommerce in Australia, NZ, the UK and Europe.

The rollout of stores in new regions has also had an impact on CODB, with opening costs and higher than normal store wages through the opening periods having an impact on overall cost of operating in the newer markets. We expect these newer markets to operate at a slightly higher CODB than our more mature markets, however remain committed to delivering efficiencies in these markets to manage this.

The Company's cash flow was again strong with operating cash conversion at 107% as we continue to manage our working capital well in the face of the ongoing investment into stocking out new stores.

The Company's balance sheet remains strong and reflects the significant investment made during the year into the store rollout, with capital expenditure for the year of $24.1m predominantly from new store fit outs and refurbishments on existing stores upon lease renewal. Overall this represents an $8.9m increase on the prior year as we build scale and grow the store network in new markets.

As with June 2018, we finished the period with net cash, significant headroom in our covenants and $25m of financing facilities available to fund the future growth of the business, which all combined to allow us to maintain the increased final dividend level from the prior year, and increase it in line with the growth in profit at 15 cents per share.

As we continue the store rollout in our growth territories, we will continue to assess on an ongoing basis the cash flow requirements of the store opening schedule and make future decisions on both dividends and capital structure of the business as required, reminding everyone that we do not target a specific dividend payout ratio.

Now to talk to our store growth through FY19. We finished the year with 390 stores trading with a net 64 stores opening during the period, which comprised 70 new stores opened and 6 closed as well as 12 relocations as we continually optimise the store network. We now have 61% of the store network outside Australia.

The UK store rollout has continued, with 14 new stores added in the region for the period to take the total to 38 stores.

The rollouts in the US and France continued with 8 stores trading in France at the end of the financial year and 19 in the US, across California, Texas and Florida, and a strong pipeline of new stores in progress.

Results to date indicate that the Lovisa offer is resonating with the American consumer. Whilst operating costs in this market have been higher than some of our other markets so far, in particular new store build costs, we are happy with the progress and outcomes to date in the USA, even though the expansion is putting some upward pressure on overall CODB and depreciation.

In relation to France, we continue to be pleased with the performance of the stores we have opened to date and are focused on sourcing appropriate sites to grow this market. As with the US, our experience in this market to date has been that operating costs have been higher than our average, and the store rollout slower than we are used to.

In relation to Spain, we are currently trading from 9 stores with 1 store opened in the second half as we focus on operational improvement in this market. As we discussed at the half year, our performance in this region has been inconsistent to date and as a result we have elected to slow any further store openings until we can deliver on the key metrics required to expand in this market.

Moving now to an operational update. We have been busy over the past year in both recruiting and investing in the people and processes that drive our business. Some of the key technology and process investments we've made are listed here, which are important to make sure that we keep ahead of the growth curve and so that our support functions can keep pace with the growing store network.

We have also continued to invest into our operational structures, with the appointment in November 2018 of a number of important senior roles including a Chief Operating Officer, and leaders of our US and our European businesses. Each of these appointments bring with them significant long term retail experience in quality global companies and are already adding a lot of value. We have also made investments into regional store management and support functions in our growth markets.

We launched the Lovisa.com eCommerce website in October 2018 in the Australian and New Zealand markets, and Lovisa.uk into the UK in July 2019, and continue to refine our omni-channel operating model before launching to other markets.

So in summary we've achieved an EBIT of $52.5 million dollars for the financial year and 80.5% gross margin, being a solid result driven primarily from continued new store rollout offset by a decline in comparable store sales of 0.5% for the year, with positive comparable store sales in the second half. We have again been able to deliver increased margins, benefiting from the higher USD hedge rates during the period.

We have invested in resources to support our global expansion, and our disciplined approach to working capital management has resulted in strong cash conversion at 107%. We've opened a net 64 stores and closed the financial year with 390 stores trading across 15 countries, and 61% of our stores are now trading outside Australia, with store rollouts gaining momentum in France and the US.

Now to talk to current trading and outlook. Trading since the end of the financial year has seen a continuation of the improvement seen in the second half, with comparable store sales for the 17 weeks to date of +2.3%.

As noted at the half year, currency headwinds have begun to have an impact and will continue to do so through FY20 as our average USD hedge rate is expected to fall below US$0.70.

We continue our focus on expanding our store network, and expect the increase in number of stores for FY20 to be higher than in FY19, with 31 net new stores opened since the end of FY19 taking the store network to 421 as at today.

To deliver this we will continue to invest in our support structures, in particular in the USA, to support store network growth and the larger business. We are now trading from 33 stores in the US across 5 states having recently opened in Illinois and Minnesota.

So in summary, our core focus moving forward is to continue to invest in roles required to deliver our growth ambitions while we maintain our commitment to sourcing suitable store locations across all of our territories and continue our obsessive approach to delivering on trend product to our customers. I'll now hand you back to Jim for the official business of the meeting.

James King, Director

Thank you Shane. I'd like to take this opportunity to thank Shane for his efforts in leading this company through what has been a period of immense growth and success, and hopefully with plenty more to come.

As we will cover later in Item 2 of the formal business of the meeting, there has been a vote against our remuneration report and in particular with reference to the level of Shane’s fixed remuneration. I’d just like to take a moment to talk to that before we move on to the formal business of the meeting.

Running a global business is an extremely demanding and complex task, requiring significant sacrifice due to travel commitments and associated time away from family, and this is particularly true with Shane. It is also important to remember that as a successful global retailer, this company needs to be remunerating executives with reference to appropriate global benchmarks, not just other Australian listed companies.

In recognition of this, the Board elected to increase Shane’s fixed remuneration to $1.5 million for the 2019 financial year, as set out in the FY19 Remuneration Report. As a Board we are very comfortable that Shane’s new remuneration package is appropriate given his ongoing importance to the business and the terrific job he has done and continues to do to position it for future international growth, which we believe is in the best interests of all shareholders.