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ASX Market Announcements Office
ASX Limited

LOVISA HOLDINGS LIMITED (LOV) EUROPEAN ACQUISITION

Lovisa Holdings Limited (LOV) is pleased to announce the acquisition of the European retail store network of German wholesaler 'beeline GmbH', which is expected to add more than 80 stores to the Lovisa global store network across 6 European countries. The beeline retail business currently operates 114 retail stores in 7 countries selling fashion jewellery and accessories under the SIX and I AM brands. Lovisa will acquire the shares of the six retail trading entities of the beeline Group in Germany, Switzerland, The Netherlands, Belgium, Austria and Luxembourg, with all continuing stores to be rebranded to trade as Lovisa stores.

The shares in the 6 beeline entities will be acquired for a total purchase price of €60 (sixty Euros), with beeline GmbH ensuring a cash level of the entities of €9.87 million in aggregate. No financial debt will be taken on as a result of this transaction.

Lovisa has also entered into a Put Option agreement in relation to the acquisition of beeline France including a store network of 30 stores, providing beeline the option to sell the shares in beeline France to Lovisa following the completion of mandatory consultation with beeline France's employee works council. We will provide a further update upon successful completion of this process.

The acquisition of each country is to be completed progressively from 1 March 2021 through to end May 2021. The combined cash requirement for fitout and inventory for the conversion of stores to Lovisa is expected to be less than €5 million.

As part of the transaction, upon completion, we will take over approximately €3 million of bank guarantees associated with the leases of the acquired beeline entities, as well as provide a further €3 million bank guarantee to the vendor to support our obligations under the share purchase Agreement, expiring on 31 March 2022. These guarantees will be supported from existing credit facilities.

Managing Director Shane Fallscheer said "We are very excited that this transaction gives us the opportunity to add six new countries to our global store network, and provides us with a strong base and quality team to grow the Lovisa brand further in these markets into the future as part of our ongoing global rollout strategy."

The current beeline store network consists of 114 stores, including 30 stores in France subject to the Put Option discussed above. We expect to rationalize some stores as a result of lease breaks.



The current store network by country is set out below:

Country	Current Store Network
Germany	54
Switzerland	8
Netherlands	9
Belgium	8
Austria	3
Luxembourg	2
TOTAL (ex France)	84
France	30
TOTAL	114

To complement the expansion of our European store network, we are also focused on the delivery of improved ecommerce capability in this market and are in the process of implementing enhanced multilingual capability to support our European customers, as well as improved fulfilment capability from the implementation of a local warehouse in Europe that will support both the store network and e-commerce.

Whilst the acquired stores are a similar size and configuration to our current Lovisa portfolio, we are unable to provide specific guidance on the expected contribution of this acquisition to FY21 earnings as a result of uncertainty in relation to the impact of the continuing COVID situation in Europe.

Trading update

As disclosed recently, our 24 stores in France and 39 of our stores in the UK are currently temporarily closed as a result of government-imposed lockdowns in response to the resurgence of COVID we have seen recently across many countries. In the remainder of our store network we have seen a continuation of the improved sales trend previously reported, with comparable store sales for the first 19 weeks of FY21 of -9.2% as a result of continued stronger performance from those markets that have been re-opened longest and with the least restrictions in place, with Australia and New Zealand continuing to be our best performing regions.

Conference Call

A conference call for investors and analysts to discuss this acquisition, hosted by Shane Fallscheer (Managing Director), will be held at 9:00am (Melbourne time) today, Friday 13th November. You may join the call by dialling +61 2 8038 5221 or 1800 123 296 (toll free). When prompted, please provide the CONFERENCE ID: 3889493 to the operator. Participants are encouraged to dial in 10 minutes early to allow time to register and be admitted to the call. This call will be recorded and made subsequently available on the Lovisa Investor Relations website (<https://www.lovisa.com.au/pages/investor-centre>).

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