Lovisa Holdings Limited
2022 HALF-YEAR

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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.

CONTENTS

STRATEGY RECAP

Our strategic plans remain in place

OUR PAST

12 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 586 stores across 22 markets in that time

Sales CAGR of 30% in that time

OUR PRESENT

Although we have some short-term challenges with COVID we are well on the way in establishing a truly 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 seeing strong growth in our digital platform and will continue to invest in digital

We have a strong balance sheet, no debt and we continue to control our costs

OUR FUTURE

Continued expansion in our current markets with the same successful disciplines and criteria used to date

Continued investment in our team investing ahead of our growth curve

Continued focus on our Digital platforms globally

Continued focus on identifying new markets to pilot our Lovisa brand

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

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HALF YEAR OVERVIEW[1]

- Strong sales performance for the period with positive global comparable store sales for the half-year of +21.5% compared to 1H21
- Total sales up 48.3% on 1H21 reflecting strong comps and growth in the store network offset by ongoing COVID disruptions throughout the period
- CODB at 51.8% to sales, well managed in the face of continuing challenges from temporary store closures and sales disruption
- Delivered EBIT of $49.1m for the half-year, up 59% on prior year
- CEO transition successfully completed during the period

- Global rollout strategy remains a key focus with 42 net new stores opened for the period and 126 more stores compared to December 2020
- US market up to 81 stores at half-year end, and Europe now 165 stores trading
- Cash flow from operations $54m with operating cash conversion at 93% reflecting settlement of deferred rent payments and increased inventory levels to mitigate supply chain risks
- $52.7m of cash at half-year end with no debt
- Interim dividend of 37 cents, 30% franked, reflecting strong balance sheet position

[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 easier comparability with prior comparatives. A reconciliation between the pre and post AASB 16 numbers is included at Appendix 2. Comparable store sales excludes periods where stores were temporarily closed during the current or prior financial year due to COVID related lockdowns.

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FINANCIAL OVERVIEW[1]

($000)	HY22 (Statutory)	HY22 (pre AASB 16)	HY21 (pre AASB 16)	Variance (pre AASB 16)
Revenue	**217,822**	**217,822**	146,871	48.3%
Gross profit	**170,657**	**170,657**	113,414	50.5%
EBITDA	**81,755**	**57,870**	39,581	46.2%
EBIT	**50,750**	**49,078**	30,872	59.0%
NPAT	**36,178**	**36,705**	21,549	70.3%
EPS (cents)	**33.7**	**34.2**	20.1	70.3%
Dividend (cents)	**37.0**	**37.0**	20.0	+17.0 cents

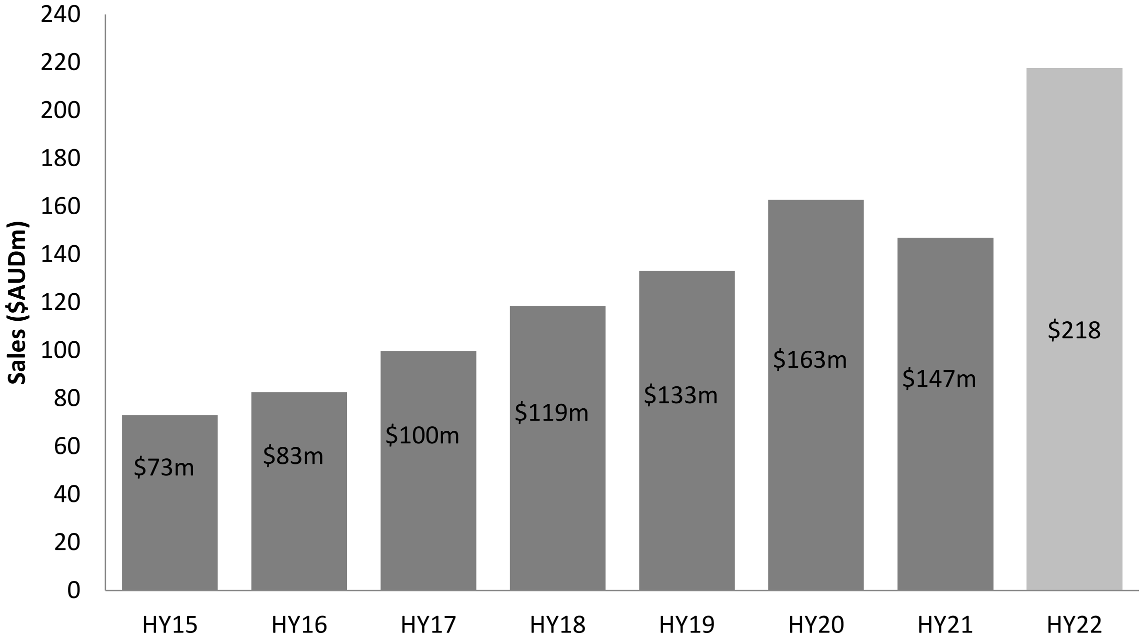
- Improved financial performance as key markets traded well as economic activity improved across most markets
- Disruptions impacted on Q1 in particular with a number of markets closed however minimal wage or rent relief
- Revenue up 48.3% on 1H21 with comparable store sales up 21.5%
- CODB well managed with strong focus on efficiency while building structure to support next stage of growth
- Continued store rollout with 49 new stores opened for the period offset by 7 closures
- Continued strong balance sheet and cashflow generation with $52.7m of net cash at half-year end and no debt resulting in increased interim dividend of 37 cents

[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 easier comparability with prior comparatives. A reconciliation between the pre and post AASB 16 numbers is included at Appendix 2. Comparable store sales excludes periods where stores were temporarily closed during the current or prior financial year due to COVID related lockdowns.

TRADING PERFORMANCE - SALES

Sales recovery continues

- Total Global Sales Revenue up 48.3% to $218m, returning to previous sales growth trajectory
- Benefits of increasing store network offset by impacts from COVID-19 lockdowns and disruptions across all markets, with stores subject to temporary closure across a number of markets through Q1
- Comp sales up 21.5% on 1H21, with momentum maintained throughout the period despite tougher Q2 comps in prior year
- Strong store network platform in place to drive growth into the future
- E-commerce sales continue to grow, up 36% on prior year



TRADING PERFORMANCE - SALES

Strong Sales momentum

- Australia/New Zealand region delivered growth despite significant impacts from temporary store closures primarily in Q1, with strong comp sales for these markets after re-opening
- Europe sales reflect continued new store growth with an increase of 6 stores in France and 2 in Belgium plus 87 acquired from beeline and trading since Q4FY21, offset by the impact of COVID disruption in these markets
- USA sales reflect continued new store growth with an increase of 18 stores for the period, with prior year impacted more heavily by COVID restrictions
- Asia sales continued to be impacted by COVID with slow recovery as a result of lower tourism and continued local restrictions
- South Africa recovered well with 3 new stores opened and strong comparable store sales for the period

Region ($AUD '000)	HY22	HY21	Variance
Australia / NZ	83,874	82,508	1.7%
Asia	9,221	10,428	-11.6%
Africa	23,468	17,097	37.3%
Europe	68,533	20,955	227.0%
USA	31,628	15,156	108.7%
Total	216,724	146,144	48.3%

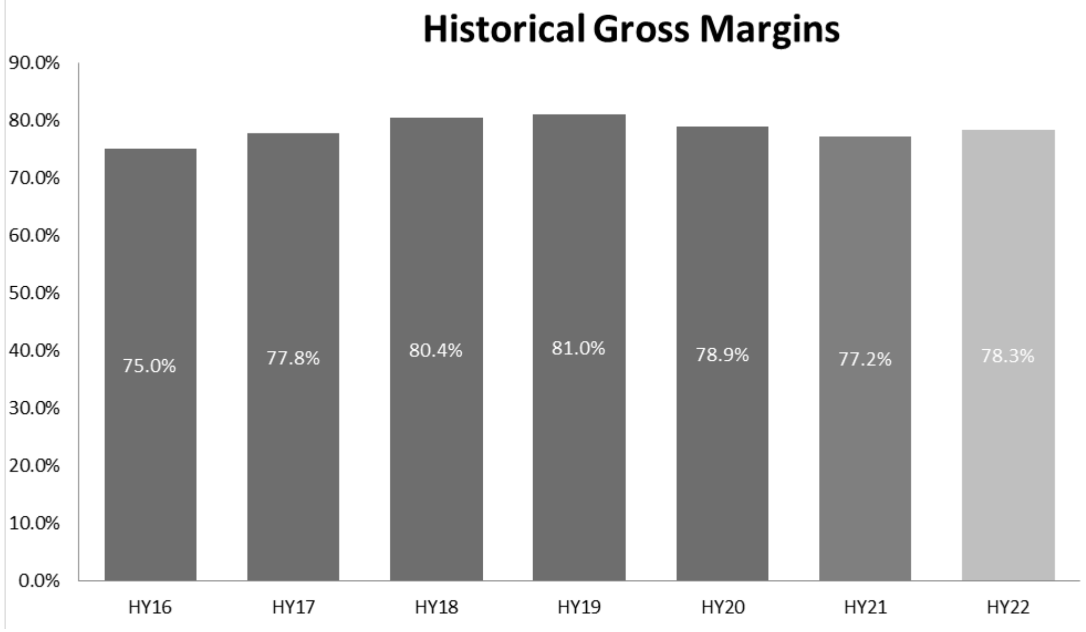
*Sales revenue excluding franchise income

TRADING PERFORMANCE - GROSS MARGIN

Gross Margin at Constant Currency*			
	HY22	HY22	HY21
Currency USD	0.74	0.70	0.70
Sales	217,822	217,822	146,871
Cost of Sales	(47,165)	(49,991)	(33,457)
Gross Profit	170,657	167,831	113,414
Gross Margin	78.3%	77.0%	77.2%

*Constant currency impact on inventory purchases

- Gross profit increased 50.5% to $170.7m
- Gross Margin was 78.3%, benefiting from a favourable currency position with average hedge rate 4 cents higher than HY21



- Constant currency Gross Margin down only slightly despite significantly higher freight costs in the period due to COVID surcharges and shortages of capacity

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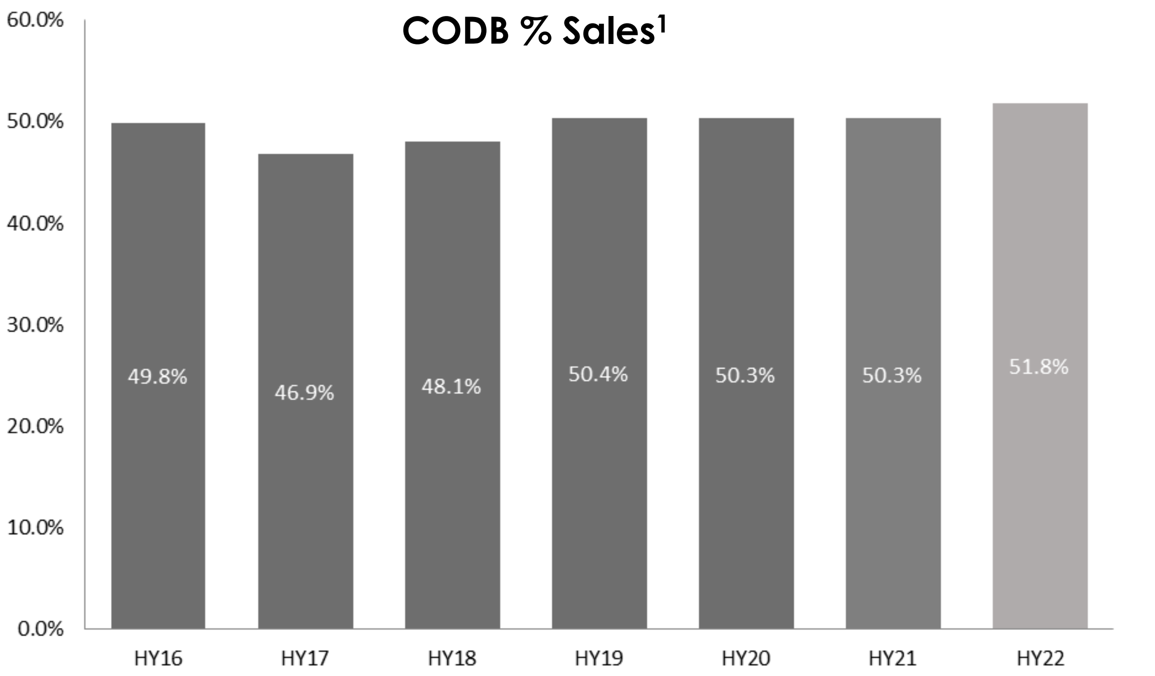
COST OF DOING BUSINESS[1]

Cost pressures well managed

- CODB well managed despite impacts of significant temporary store closures in Q1 with minimal government wage subsidies or rent abatements globally
- Elevated logistics costs continued during the period, remaining well above pre COVID levels
- Continued weak sales conditions in Asia impacting on CODB % sales in that market
- Impact of new CEO sign-on bonus and LTI expense offset by reversal of outgoing Managing Director LTI expense from prior years on exit



[1] 1H22, 1H21 and 1H20 results represent performance excluding the impact of AASB 16. A reconciliation between pre and post AASB 16 numbers is included at Appendix 2.

CASH FLOW[1]

Continued investment in store rollout

(A$000s)	HY22 (pre AASB 16)	HY21 (pre AASB 16)
Cash from operating activities	53,629	52,028
Net interest paid	(276)	(292)
Tax paid	(3,111)	(6,022)
Net cash from operations	**50,242**	**45,714**
Property Plant & Equipment	(13,717)	(6,375)
Cash paid for beeline acquisition	(156)	-
Key Money	-	(384)
Net cash provided by/(used in) investing activities	**(13,873)**	**(6,759)**
Dividends paid	(19,343)	(16,119)
Net cash used in financing activities	**(19,343)**	**(16,119)**
Opening cash	35,552	20,434
Effect in movement in exchange rates	116	(765)
Closing cash	**52,694**	**42,505**
Net movement in cash	**17,142**	**22,071**

- Cash flow from operating activities $53.6m with operating cash conversion at 93% as a result of investment in inventory to mitigate supply chain risks and catch up of deferred rent
- Capital expenditure of $13.7m includes 41 new company owned stores built for the period, well up on prior year as the store rollout regains momentum
- Low tax paid for the period reflects lower instalment rates due to lower prior year profits and increased profitability from newer markets with historical tax losses

[1] Results represent performance excluding the impact of AASB 16. A reconciliation between pre and post AASB 16 numbers is included at Appendix 2.

BALANCE SHEET[1]

Continued Balance Sheet strength

- Inventory holdings increased reflecting store network growth, new Poland DC, and increased stock on hand to mitigate supply chain risks
- Debt facilities of $50m in place with no cash debt drawn and material headroom in covenants
- Interim dividend of 37.0c announced, to be paid in April 2022 reflecting strong 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)	HY22 (Statutory)	FY21 (Statutory)	HY21 (Statutory)
Net Cash	52,694	35,552	42,505
Receivables	12,450	11,325	6,993
Inventories	42,873	34,211	25,533
Derivatives	768	0	0
Total current assets	**108,785**	**81,088**	**75,031**
Property Plant & Equipment	48,533	42,112	42,713
Lease Right of Use Assets	163,234	158,081	140,240
Intangibles	4,274	4,378	4,333
Deferred tax asset	10,464	12,591	10,513
Total assets	**335,290**	**298,250**	**272,830**
Payables	37,165	33,693	26,179
Lease Liabilities	55,943	54,484	44,301
Derivatives	-	144	2,164
Provisions	21,178	13,518	13,941
Total current liabilities	**114,286**	**101,839**	**86,585**
Lease Liabilities	153,189	146,203	123,476
Provisions	4,825	4,493	3,482
Total liabilities	**272,300**	**252,535**	**213,543**
Net assets	**62,990**	**45,715**	**59,287**

Covenants	HY22	FY21	HY21
Fixed charge ratio > 1.40	2.36	2.29	1.86
Operating leverage < 1.75	0.20	0.17	0.18

STORE GROWTH

International Rollout continued with 42 net new stores opened

Store number growth					
Country	HY22	FY21	HY21	Var 6 mths	Var YOY
Australia	158	153	156	5	2
New Zealand	24	24	24	0	0
Singapore	18	18	19	0	(1)
Malaysia	29	28	28	1	1
South Africa	67	64	63	3	4
United Kingdom	41	41	42	0	(1)
France	58	52	25	6	33
Germany	38	38	0	0	38
Belgium	10	8	0	2	10
Switzerland	7	8	0	(1)	7
Netherlands	6	6	0	0	6
Austria	3	3	0	0	3
Luxembourg	2	2	0	0	2
USA	81	63	62	18	19
Middle East	44	36	36	8	8
Vietnam	0	0	5	0	(5)
Total	586	544	460	42	126

- Number of international stores continued to grow with offshore territories now 73% of the store network
- 49 new stores opened in the period offset by 7 closures
- Increase of 126 stores on December 2020, including 87 acquired in Europe as a result of the beeline acquisition in FY21
- US rollout continued with 18 new stores opened, we are now trading from 19 US states
- Pace of organic rollout increased during the period however was constrained by labour shortages and logistics challenges, in particular in the USA, which has also impacted store build costs
- 2 new franchise markets opened in the Middle East in Cyprus and Lebanon
- Global leasing team in place to drive growth from existing and new markets

DIGITAL UPDATE

- Focus on our digital capabilities accelerated over the last 2 years, with enhanced website performance and user experience
- Improved customer service levels with investment in customer support
- All company owned markets serviced via digital store fronts
- Online sales grew by 36% on 1H21, continuing the positive momentum delivered over the past 2 years with significant upside opportunity with improved execution
- Ongoing focus on global fulfilment capability with dedicated Online 3PL warehouses now operational in key markets and new EU warehouse in Poland servicing both our physical stores and European digital customers, however further investment continues in this space
- We continue to invest in support team and infrastructure to deliver an improved digital customer experience

TRADING UPDATE AND OUTLOOK

- Trading for the first 8 weeks of the second half has seen a continuation of the strong performance of the first half, with comparable store sales for this period of +12.1% on FY21. Total sales for this period are 61.7% up on the same period in FY21
- Cost pressures in global logistics as a result of worldwide shipping capacity constraints have continued
- 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
- The store network is currently at 589
- Our balance sheet remains strong with available cash and debt facilities supporting continued investment in growth
- As a result of the current uncertainty in the global economic environment we are not in a position to provide any further information in relation to outlook for the business

SUMMARY

- Sales recovery has been strong across most markets, however parts of Europe and Asia still impacted by ongoing COVID-19 disruption
- Progress continues to be made in digital with increasing contribution from online sales and opportunity for further improvements to be made
- EBIT of $49.1m up 59% on 1H21
- Comparable store sales up 21.5% for the period on 1H21 with the strong start to the year maintained
- Good CODB control despite cost headwinds from logistics and temporary store closures, allowing for continued investment in team structure to support building the platform for future growth
- International expansion continued with a further net 42 new stores opened during the period and a total network of 586 stores at half-year end
- 73% of store network now outside of Australia
- Interim Dividend of 37 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 Half-Year presentation for the period ended 26 December 2021.

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

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 Half-Year 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.
- 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)	**HY22 Statutory**	Impact of application of AASB 16	**HY22 (pre AASB 16)***	HY21 Statutory	HY21 (pre AASB 16)	Variance (Statutory)	Variance (pre AASB 16*)
Revenue	**217,822**	**0**	**217,822**	**146,871**	**146,871**	48.3%	48.3%
Cost of sales	**(47,165)**	**0**	**(47,165)**	**(33,457)**	**(33,457)**	41.0%	41.0%
Gross profit	**170,657**	**0**	**170,657**	**113,414**	**113,414**	**50.5%**	**50.5%**
Employee expenses	**(52,696)**	**0**	**(52,696)**	**(32,189)**	**(32,189)**	63.7%	63.7%
Property expenses	**(8,250)**	**22,861**	**(31,111)**	**(5,486)**	**(22,488)**	50.4%	38.3%
Distribution expenses	**(9,748)**	**0**	**(9,748)**	**(6,811)**	**(6,811)**	43.1%	43.1%
(Loss)/profit on disposal of PPE	**(311)**	**0**	**(311)**	**(10)**	**(10)**	2942.8%	2942.8%
Other expenses	**(19,311)**	**0**	**(19,311)**	**(12,427)**	**(12,427)**	55.4%	55.4%
Other income	**1,414**	**1,024**	**390**	**92**	**92**	323.9%	323.9%
EBITDA	**81,755**	**23,885**	**57,870**	**56,583**	**39,581**	**44.5%**	**46.2%**
Depreciation	**(31,005)**	**(22,213)**	**(8,792)**	**(26,057)**	**(8,709)**	19.0%	1.0%
EBIT	**50,750**	**1,672**	**49,078**	**30,526**	**30,872**	**66.3%**	**59.0%**
Finance income	**72**	**0**	**72**	**14**	**14**	403.2%	403.2%
Finance cost	**(2,925)**	**(2,577)**	**(348)**	**(2,606)**	**(306)**	12.3%	13.8%
Profit before tax	**47,897**	**(905)**	**48,802**	**27,934**	**30,580**	**71.5%**	**59.6%**
Income tax expense	**(11,719)**	**378**	**(12,097)**	**(8,382)**	**(9,031)**	39.8%	33.9%
Net profit after tax	**36,178**	**(527)**	**36,705**	**19,552**	**21,549**	**85.0%**	**70.3%**
EPS (cents)	**33.7**		**34.2**	**18.2**	**20.1**	15.5	14.1

[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 period comparatives.