

Lovisa Holdings Limited ACN 602 304 503 Level 1, 818 Glenferrie Road Hawthorn VIC 3122

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Lovisa Holdings Limited Appendix 4D Half Yearly Report For the half-year ended 31 December 2023

The following sets out the requirements of Appendix 4D with the stipulated information either provided here or cross referenced to the HY2024 Interim Financial Report which is attached.

1. Company details

Company Name Lovisa Holdings Limited

ACN 602 304 503

Reporting Period 26 weeks ended 31 December 2023 Prior Half Year Reporting Period 26 weeks ended 1 January 2023

Prior Financial Year Ended 2 July 2023

2. Results for announcement to the market

Comparison to the prior period (Appendix 4D items 2.1 to 2.3)	Increase/ Decrease	Change %	To A\$'000s
Revenue from ordinary activities	Increase	18.2%	373,024
Profit before tax	Increase	11.7%	72,691
Profit after tax attributable to the members	Increase	12.0%	53,473

Dividends / distributions (Appendix 4D item 2.4)	Amount per security	Franked amount per security
Interim dividend for the 26 week period ended 31 December 2023 to be paid on 18 th April 2024	50.0 cents	15.0 cents

Record date for determining entitlement to the dividend	6 th March 2024
(Appendix 4D item 2.5)	

Brief explanation of the figures reported above necessary to enable the figures to be understood (Appendix 4D item 2.6)

For the half-year ended 31 December 2023 the Company reported net profit after tax of \$53.5m with same store sales 4.4% on the first half of the prior year and an additional 53 net new stores across the globe. Gross profit increased 18.9% to \$301.1m and gross margin for the half was 80.7% compared to 80.3% for the first half of the prior year.

This result reflects an increase of 12.0% on the Company's prior half-year statutory net profit after tax.

3. Dividends

Please refer to note 3 of the attached interim financial report for details of dividends paid in the reporting period and prior period.

4. Dividend reinvestment plans

Not applicable.

5. Net tangible asset per security

	Current period	Previous period
Net tangible asset backing per ordinary share	\$0.91	\$0.78

6. Entities over which control has been gained during the period

Not applicable.

7. Details of associates and joint ventures

Not applicable.

8. For foreign entities, which set of accounting standards has been used in compiling the report

The results of all foreign entities have been compiled using International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

9. Dispute or qualification arising from auditor's review

Not applicable.

Signed on behalf of Lovisa Holdings Limited, on the 21st February 2024

Chris Lauder

Chief Financial Officer and Company Secretary





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DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Lovisa Holdings Limited and the entities it controlled ('the Group') at the end of, or during, the half year ended 31 December 2023.

1. OPERATING AND FINANCIAL REVIEW

Lovisa's revenue for 1H FY2024 was \$373m, an increase of 18.2% on 1H FY2023, reflecting growth in the store network offset by comparable store sales down 4.4% compared to 1H FY2023.

Lovisa closed the half with 854 stores, with the global rollout of stores continuing with 74 new stores opened for the period, offset by 21 closures including 1 relocation. Pleasingly the store rollout was able to be delivered across all regions, with 9 new stores in Australia/NZ, 5 in Asia, 6 in Africa/Middle East, 26 in Europe, 22 in the Americas as well as 6 new franchise stores in South America. The growth in the store network included 2 new company owned market openings in the period, with our first stores opened in China and Vietnam, complementing the opening of 12 new markets in the year prior. Included in store closures were 13 UAE franchise stores closed by our franchise partner as part of the change of this market to company owned. The growth in the store network has set a solid foundation for ongoing growth.

Gross profit for the half was \$301m, an increase of 18.9% on the prior half year. Gross margin for the half was 80.7% compared to 80.3% for the first half of the prior year, benefitting from ongoing focus on price points and tight management of product cost and inventory.

We were able to continue 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 resulted in higher cost of doing business in the period, which was offset by a reduction in CEO Long-Term Incentive expense from \$15m in the prior half-year to \$6m in the current period.

Depreciation expense, including impairment expense, for the period was up 38.3% on the prior half year, impacted by the significant growth in the store network over the past year. Net finance costs were up 77.2%, reflecting the interest charge associated with higher lease liabilities, combined with higher borrowings and interest rates during the period.

Net profit before tax was \$72.7m, up 11.7% compared to the prior half year, with net profit after tax of \$53.5m, up 12%.

The Group's balance sheet remains strong with net cash of \$15.5m on hand at balance date. Inventory remains well managed, up 9% on December 2022, well below the growth rate of the store network.

The Group's cash generated from operating activities before interest and tax was \$150m compared to \$116m for the prior half year. Capital expenditure predominantly from new stores and existing store refurbishments was \$14.3m.

2. DIVIDENDS

Since the end of the half year, the Directors have resolved to pay an interim dividend of 50 cents per share 30% franked.

The interim dividend will be paid on 18 April 2024.

3. DIRECTORS

The following persons were Directors of Lovisa Holdings Limited during the half year and up to the date of the report:

Brett Blundy Non-Executive Director and Chairman

Victor Herrero Chief Executive Officer
Tracey Blundy Non-Executive Director
Sei Jin Alt Non-Executive Director
John Charlton Non-Executive Director
Bruce Carter AO Non-Executive Director

Nico van der Merwe Alternate Director to Brett Blundy

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 23.

DIRECTORS' REPORT

5. ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of Directors

Butt

Brett Blundy
Non-Executive Chairman

Victor Herrero

Chief Executive Officer

Melbourne, 21 February 2024





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Consolidated (\$000s)	Note	31 December 2023	2 July 2023	1 January 2023
Assets				
Cash and cash equivalents		58,516	31,650	50,038
Trade and other receivables		20,464	23,202	21,979
Current tax receivables		206	210	824
Inventories		63,713	60,098	58,314
Derivatives		-	915	256
Total current assets		142,899	116,075	131,411
Deferred tax assets		15,889	20,924	18,475
Property, plant and equipment	4	124,167	121,389	94,416
Right-of-use assets	6	252,065	255,741	215,510
Intangible assets and goodwill	5	4,397	4,274	4,206
Total non-current assets		396,518	402,328	332,607
Total assets		539,417	518,403	464,018
Liabilities				
Trade and other payables		57,692	39,677	53,210
Employee benefits - current		8,582	7,667	6,768
Provisions - current	7	2,879	2,413	3,582
Loans and borrowings - current	8	-	-	26,000
Lease liability - current	9	60,529	57,606	54,322
Derivatives		1,132	-	-
Current tax liabilities		4,320	7,870	17,750
Total current liabilities		135,134	115,233	161,632
Employee benefits - non current		359	339	325
Provisions - non current	7	8,319	7,861	6,486
Loans and borrowings - non current	8	43,000	65,000	-
Lease liability - non current	9	248,651	249,981	207,594
Total non-current liabilities		300,329	323,181	214,405
Total liabilities		435,463	438,414	376,037
Net assets		103,954	79,989	87,981
Equity				
Issued capital		214,852	214,137	214,137
Common control reserve		(208,906)	(208,906)	(208,906)
Other reserves		18,000	43,524	46,604
Retained earnings		80,008	31,234	36,146
Total equity		103,954	79,989	87,981

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

Cost of goods sold 171,870 (62,287) Gross profit 301,148 253,196 Solaries and employee benefits expense (102,972 189,146 Property expenses (20,343 (12,189) Distribution code 114,638 (16,718 Despectation 145,080 (33,764) Lass an disposal of property, plant and equipment 1472 (548 Impatiment expenses (11,734 (76) Other income 177 298 Other symmes (34,536 130,933 Operating profit 81,550 70,098 Finance expenses (8,948 (5,050) Net finance expenses (8,948 (5,050) Income lass expense (8,948 (5,050) Income lass expense (19,949 (7,076) Profit offer tax 72,691 65,099 Income lass expense (19,218 (17,376) Other comprehensive income (19,941 (17,400) OCI - Cash flow hedges (19,957 1,456	Consolidated (\$000s)	Note	31 December 2023	1 January 2023
Solories and employee benefits expense 102,972 (89,146) Property expenses 102,972 (89,146) Property expenses 102,972 (89,146) Property expenses 102,973 (12,189) Distribution costs 114,638 (16,718) Distribution costs 145,080 (33,766) Loss on disposal of property, plant and equipment 1472 (548) Impairment expense 10,734 (70) Differ incurring 177 (298) Chief expenses 143,536 (30,933) Operating profit 181,550 (70,988) Finance incurring 189,48 (15,050) Nef finance costs 18,948 (15,050) Nef finance costs 18,948 (15,050) Nef finance costs 18,948 (17,376) Profit defer tax 72,691 (50,099) Profit affer tax 17,376 (17,376) Profit affer tax 19,318 (1,440) Other comprehensive income 19,318 (1,440) Colled as flow hedges 11,935 (1,440) Colled Coash flow hedges 11,935 (1,440) Colled Coash flow hedges 11,935 (1,440) Colled Comprehensive income 140,581 (47,739) Profit affiributable te: 10,318 (1,473) Profit affiributable te: 10,318 (1,473) Colled Comprehensive income attributable te: 10,318 (1,473) Conners of the Company 140,581 (47,739) Conners of the Company 140,581 (47,739)	Revenue	2	373,024	315,483
Salaries and employee benefits expense (102,972) 189,146 Property expenses (20,343) (12,189) Destribution costs (14,638) (16,718) Depreciation (45,080) (33,766) Loss on disposal of property, plant and equipment (472) [548] Impairment expense (1,734) [76] Other income 177 298 Other expenses (34,534) (30,953) Operating profit 81,550 70,098 Finance income 89 51 Finance expense (8,948) (5,030) Net finance expense (8,949) (5,099) Profit before tax 72,691 65,099 Income tax expense (19,218) (17,374) Profit after tax 53,473 47723 OCI - Coath flow hedges (1,935) 11,440 OCI - Foreign operations - foreign currency translation differences 14,957) 1,456 Other comprehensive income 46,581 47739 Frofit attributable to: 73,473 47723 <td>Cost of goods sold</td> <td></td> <td>(71,876)</td> <td>(62,287)</td>	Cost of goods sold		(71,876)	(62,287)
Property expenses (20,343 1 2,189 1 4,438 (16,718	Gross profit		301,148	253,196
Distribution costs 114,6389 116,718	Salaries and employee benefits expense		(102,972)	(89,146)
Depreciation (45,080) (33,760) (154,080) (154,080) (154,080) (154,080) (154,080) (154,080) (154,080) (164,080) (17	Property expenses		(20,343)	(12,189)
Loss on disposal of property, plant and equipment (472) (548) Importment expense (11,734) (76) Other income 177 298 Other expenses (34,536) (30,953) Operating profit 81,530 70,098 Finance income 89 51 Finance expenses 18,481 (5,050) Net finance costs 18,8571 (4,997) Profit before tax 72,091 65,099 Income tax expenses (19,218) 17,376) Profit after tax 33,473 47,723 Other comprehensive income 11,9351 (1,440) OC1 - Cash flow hedges 11,9351 (1,440) OC1 - Foreign operations - foreign currency translation differences 14,9371 1,456 Other comprehensive income, net of tax 16,8921 16 Other comprehensive income 33,473 47,739 Profit attributable to: 20,472 33,473 47,723 Total comprehensive income attributable to: 20,581 47,739 Total comprehensive i	Distribution costs		(14,638)	(16,718)
Importment expense (1,734) (76) Other income 177 298 Other expenses (34,536) (30,933) Operating profit 81,550 70,098 Finance income 89 51 Finance costs 18,948 (5,050) Net finance costs (8,859) 14,999 Profit before tax 72,691 65,099 Income tax expense (19,218) (17,376) Profit after tax 53,473 47,723 Other comprehensive income (19,31) (1,440) OCI - Cash flow hedges (19,31) (1,440) OCI - Foreign operations - foreign currency translation differences (4,957) 1,450 Other comprehensive income, net of tax (6,892) 16 Total comprehensive income 46,581 47,739 Profit attributable to: (5,347,3) 47,723 Total comprehensive income attributable to: (5,882) 46,581 47,739 Total comprehensive income attributable to: (5,882) 47,739 Total comprehensive inco	Depreciation		(45,080)	(33,766)
Other coxpenses 177 298 Other expenses 134,534 (30,953) Operating profit 81,550 70,098 Finance income 89 51 Finance expense (8,948) (5,050) Net finance costs 18,859) (4,999) Profit before tax 72,691 65,099 Income tax expense (19,218) (17,376) Profit offer tax 53,473 47,723 Other comprehensive income Items that may be reclassified to profit or loss: (1,935) (1,440) OCI - Cash flow hedges 11,935) (1,440) OCI - Foreign operations - foreign currency translation differences [4,957] 1,456 OCI - Foreign operations - foreign currency translation differences [4,957] 1,456 Other comprehensive income, net of tax (6,892) 16 Total comprehensive income 46,581 47,739 Profit attributable to: (5,892) 53,473 47,723 Total comprehensive income attributable to: (5,892) 46,581 47,739	Loss on disposal of property, plant and equipment		(472)	(548)
Other expenses (34,536) (30,953) Operating profit 81,550 70,098 Finance income 89 51 Finance expense (8,948) (5,050) Net finance costs (8,859) (4,999) Profit before tax 72,691 65,099 Income tax expense (19,218) 17,376 Profit after tax 53,473 47,723 Other comprehensive income (19,351) (1,440) Items that may be reclassified to profit or loss: (1,935) 1,440) OCI - Cash flow hedges (1,935) 1,456 OCI - Foreign operations - foreign currency translation differences (4,957) 1,456 Other comprehensive income, net of tax 16,892 16 Total comprehensive income 46,581 47,739 Profit attributable to: 53,473 47,723 Owners of the Company 53,473 47,723 Total comprehensive income attributable to: 53,473 47,739 Owners of the Company 46,581 47,739 Earnings per share	Impairment expense		(1,734)	(76)
Operating profit 81,550 70,098 Finance income 89 51 Finance expense (8,948) (5,050) Net finance costs (8,859) (4,999) Profit before tax 72,691 65,099 Income tax expense (19,218) (17,376) Profit after tax 53,473 47,723 Other comprehensive income (1,935) (1,440) OCI - Cash flow hedges (1,935) (1,440) OCI - Foreign operations - foreign currency translation differences (4,957) 1,456 Other comprehensive income, net of tax (0,892) 16 Total comprehensive income 46,581 47,739 Profit attributable to: 53,473 47,723 Total comprehensive income attributable to: 53,473 47,723 Total comprehensive income attributable to: 53,473 47,739 Earnings per share 40,581 47,739 Earnings per share 40,581 47,739	Other income		177	298
Finance income 89 51 Finance expense 8,948 5,050 Net finance costs 8,859 14,999 Profit before tax 72,691 65,099 Income lax expense 119,218 (17,376) Profit after tax 53,473 47,723 Other comprehensive income Items that may be reclassified to profit or loss: OCI - Cash flow hedges (1,935) (1,440) OCI - Foreign operations - foreign currency translation differences (4,957) 1,456 Other comprehensive income (6,892) 16 Other comprehensive income 46,581 47,739 Profit attributable to: Owners of the Company 53,473 47,723 Total comprehensive income attributable to: Owners of the Company 46,581 47,739 Earnings per share Basic carnings per share (cents) 49,08 44,311 Other comprehensive income attributable to: Owners of the Company 46,581 47,739 Other comprehensive income attributable to: Owners of the Company 46,581 47,739 Other comprehensive income attributable to: Owners of the Company 46,581 47,739 Other compa	Other expenses		(34,536)	(30,953)
Residual (Substitution Substitution Substitut	Operating profit		81,550	70,098
Net finance costs (8,859) (4,999) Profit before tax 72,691 65,099 Income tax expense (19,218) (17,376) Profit after tax 53,473 47,723 Other comprehensive income Items that may be reclassified to profit or loss: (1,935) (1,440) OCI - Cash flow hedges (1,935) (1,440) OCI - Foreign operations - foreign currency translation differences (4,957) 1,456 Other comprehensive income, net of tax (6,892) 16 Total comprehensive income 46,581 47,739 Profit attributable to: Owners of the Company 53,473 47,723 Total comprehensive income attributable to: Owners of the Company 46,581 47,739 Earnings per share Basic earnings per share (cents) 49,08 44,31	Finance income		89	51
Profit before tax 72,691 65,099 Income tax expense (19,218) (17,376) Profit after tax 53,473 47,723 Other comprehensive income Items that may be reclassified to profit or loss: (1,935) (1,440) OC1 - Cash flow hedges (1,935) (1,440) OC1 - Foreign operations - foreign currency translation differences (4,957) 1,456 Other comprehensive income, net of tax (6,892) 16 Total comprehensive income 46,581 47,739 Profit attributable to: Owners of the Company 53,473 47,723 Total comprehensive income attributable to: Owners of the Company 46,581 47,739 Earnings per share 46,581 47,739 Earnings per share (cents) 49,08 44,31	Finance expense		(8,948)	(5,050)
Comparison Com	Net finance costs		(8,859)	(4,999)
Profit after tax 53,473 47,723 Other comprehensive income Items that may be reclassified to profit or loss: OCI - Cash flow hedges (1,935) (1,440) OCI - Foreign operations - foreign currency translation differences (4,957) 1,456 Other comprehensive income, net of tax (6,892) 16 Other comprehensive income 46,581 47,739 Profit attributable to: 53,473 47,723 Owners of the Company 53,473 47,723 Total comprehensive income attributable to: 46,581 47,739 Cowners of the Company 46,581 47,739 Earnings per share 49,08 44,31	Profit before tax		72,691	65,099
Other comprehensive income Items that may be reclassified to profit or loss: OCI - Cash flow hedges (1,935) (1,440) OCI - Foreign operations - foreign currency translation differences (4,957) 1,456 (6,892) 16 Other comprehensive income, net of tax (6,892) 16 Total comprehensive income 46,581 47,739 Profit attributable to: Owners of the Company 53,473 47,723 Total comprehensive income attributable to: Owners of the Company 46,581 47,739 Earnings per share Basic earnings per share (cents) 49.08 44.31	Income tax expense		(19,218)	(17,376)
Items that may be reclassified to profit or loss: OCI - Cash flow hedges	Profit after tax		53,473	47,723
Col - Cash flow hedges (1,935) (1,440) Col - Foreign operations - foreign currency translation differences (4,957) 1,456 (6,892) 16 Cother comprehensive income, net of tax (6,892) 16 Total comprehensive income 46,581 47,739 Profit attributable to: 53,473 47,723 Company 53,473 47,723 Company 53,473 47,723 Comprehensive income attributable to: 46,581 47,739 Company 46,581 47,739	Other comprehensive income			
OCI - Foreign operations - foreign currency translation differences (4,957) 1,456 (6,892) 16 Other comprehensive income, net of tax (6,892) 16 Total comprehensive income 46,581 47,739 Profit attributable to: 53,473 47,723 Total comprehensive income attributable to: 53,473 47,723 Total comprehensive income attributable to: 46,581 47,739 Earnings per share Earnings per share (cents) 49,08 44,31	Items that may be reclassified to profit or loss:			
(6,892) 16 Other comprehensive income, net of tax (6,892) 16 Total comprehensive income 46,581 47,739	OCI - Cash flow hedges		(1,935)	(1,440)
Other comprehensive income, net of tax (6,892) 16 Total comprehensive income 46,581 47,739 Profit attributable to: Owners of the Company 53,473 47,723 Total comprehensive income attributable to: Owners of the Company 46,581 47,739 Earnings per share Basic earnings per share (cents) 49.08 44.31	OCI - Foreign operations - foreign currency translation differences		(4,957)	1,456
Total comprehensive income 46,581 47,739 Profit attributable to: 53,473 47,723 Owners of the Company 53,473 47,723 Total comprehensive income attributable to: 46,581 47,739 Owners of the Company 46,581 47,739 Earnings per share 49,08 44,31			(6,892)	16
Profit attributable to: 53,473 47,723 Owners of the Company 53,473 47,723 Total comprehensive income attributable to: 46,581 47,739 Owners of the Company 46,581 47,739 Earnings per share 49.08 44.31	Other comprehensive income, net of tax		(6,892)	16
Owners of the Company 53,473 47,723 Total comprehensive income attributable to: Owners of the Company 46,581 47,739 Earnings per share 49.08 44.31	Total comprehensive income		46,581	47,739
53,473 47,723	Profit attributable to:			
Total comprehensive income attributable to: Owners of the Company 46,581 47,739 46,581 47,739 Earnings per share Basic earnings per share (cents) 49.08 44.31	Owners of the Company		53,473	47,723
Owners of the Company 46,581 47,739 46,581 47,739 Earnings per share 49.08 44.31			53,473	47,723
Owners of the Company 46,581 47,739 46,581 47,739 Earnings per share 49.08 44.31	Tatal company one ive in company attributable to			
Earnings per share 46,581 47,739 Basic earnings per share (cents) 49.08 44.31	·		16 501	17720
Basic earnings per share (cents) 49.08 44.31	Owners of the Company			47,739
Basic earnings per share (cents) 49.08 44.31				
Basic earnings per share (cents) 49.08 44.31	Earnings per share			
			49.08	44.31
			48 49	∆ 3.39

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2023

Attributable to Equity Holders of the Company

Consolidated (\$000s)	Note	Share Capital	Common Control Reserve	Retained Earnings	Share Based Payments Reserve	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Total Equity
Balance at 4 July 2022		213,877	(208,906)	28,321	22,570	1,544	6,917	64,323
Total comprehensive income								
Profit		-	-	47,723	-	-	-	47,723
Cash flow hedges		-	-	-	-	(1,440)	-	(1,440)
Foreign operations - foreign currency translation differences		-	-	-	-	-	1,457	1,457
Total comprehensive income for the period		-	-	47,723	-	(1,440)	1,457	47,740
Transactions with owners of the Company								
Employee share schemes		-	-	-	15,556	-	-	15,556
Share options exercised		260	-	-	-	-	-	260
Dividends	3	-	-	(39,898)	-	-	-	(39,898)
Total transactions with owners of the Company		260	-	(39,898)	15,556	-	-	(24,082)
Balance at 1 January 2023		214,137	(208,906)	36,146	38,126	104	8,374	87,981
Balance at 3 July 2023		214,137	(208,906)	31,234	32,244	666	10,614	79,989
Total comprehensive income								
Profit		-	-	53,473	-	-	-	53,473
Cash flow hedges		-	-	-	-	(1,935)	-	(1,935)
Foreign operations - foreign currency translation differences		-	-	-	-	-	(4,957)	(4,957)
Total comprehensive income for the period		-	-	53,473	-	(1,935)	(4,957)	46,581
Transactions with owners of the Company								
Employee share schemes		-	-	-	10,674	-	-	10,674
Share options exercised		715	-	-	-	-	-	715
Transfers from reserves		-	-	29,306	(29,306)	-	-	-
Dividends	3	-	-	(34,005)	-	-	-	(34,005)
Total transactions with owners of the Company		715	-	(4,699)	(18,632)	-	-	(22,616)
Balance at 31 December 2023		214,852	(208,906)	80,008	13,612	(1,269)	5,657	103,954

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

Consolidated (\$000s)	Note	31 December 2023	1 January 2023
Cash flows from operating activities			
Cash receipts from customers		419,301	353,474
Cash paid to suppliers and employees		(269,758)	(237,637)
Cash generated from operating activities		149,543	115,837
Interest received		89	51
Interest paid		(8,948)	(5,050)
Income taxes paid		(13,384)	(12,753)
Net cash from operating activities		127,300	98,085
Cash flows from investing activities			
Acquisition of fixed assets		(23,391)	(36,813)
Acquisition of key money intangibles	5	(148)	(71)
Proceeds from fit-out contribution		9,238	4,992
Net cash (used in) investing activities		(14,301)	(31,892)
Cash flows from financing activities			
Share options exercised		715	260
Facility proceeds / (repayment of borrowings)		(22,000)	16,000
Payment of lease liabilities	9	(30,221)	(27,063)
Dividends paid	3	(34,005)	(39,898)
Net cash (used in) financing activities		(85,511)	(50,701)
Net increase in cash and cash equivalents		27,488	15,492
Cash and cash equivalents at the beginning of the period		31,650	34,153
Effect of movement in exchange rates on cash held		(622)	393
Cash and cash equivalents at the end of the period		58,516	50,038

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

1 Summary of material accounting policies

Lovisa Holdings Limited (the "Company") is a for-profit company incorporated and domiciled in Australia with its registered office at Level 1, 818 Glenferrie Road, Hawthorn, Victoria 3122. The consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies"). The Group is primarily involved in the retail sale of fashion jewellery and accessories.

Lovisa Holdings Limited operates within a retail financial period. The current financial period was a 26 week period ending on 31 December 2023 (2023: 26 week period ending 1 January 2023).

The principal accounting policies adopted in the preparation of this consolidated financial report are set out below. These policies have been consistently applied to all the periods presented except as described below.

Basis of accounting

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 2 July 2023

Except as described below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of other new standards are effective from 1 July 2023 but they do not have a material effect on the Group's financial statements.

This condensed consolidated interim financial report has been prepared on a going concern basis of accounting. The Group continues to manage its liquidity risks (as described in the annual report for the year ended 2 July 2023) and the Group's undrawn credit facilities are detailed in Note 8. The Group continues to be able to meet its financial obligations as and when they fall due and remains a going concern.

Assumptions and estimation uncertainties

In making estimates of future performance, key assumptions and judgements have been stress tested for the impacts of prevailing economic conditions.

Global economic conditions have remained soft during the period and with a number of our markets continuing to experience above average levels of inflation and associated rising interest rates, this may slow demand and consumer spending across the broader global economy.

In respect of these financial statements, the impact of the uncertainties arising from these economic conditions is primarily relevant to estimates of future performance, which is in turn relevant to the areas of impairment of non-financial assets.

The following assumptions and judgements have been applied by the Group:

- Sales forecasts have been estimated based on current trading performance adjusted for expectations of economic conditions on demand.
- Gross margin and cost assumptions are based on known information.

Impairment of property, plant and equipment, right-of-use assets and intangible assets and goodwill

The carrying amounts of the Group's goodwill and indefinite life intangibles are tested for impairment at each reporting period. Property, plant and equipment and right-of-use assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in line with the calculation methodology listed below.

Cash-generating units

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit (CGU) is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Goodwill is tested at the level at which it is monitored, identified by the Group as the country level. Key money is tested at the store level. Property, plant and equipment and right-of-use assets are tested at the store level when there is an indication of impairment.

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

1 Summary of material accounting policies (continued) Impairment (continued)

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Sensitivity analysis is performed on this modelling by using a range of discount rates reflecting the potential risk of variability in the underlying forecasts or regional or market specific risks.

Cash flow forecasts

Cash flow forecasts are based on the Group's most recent plans and are based on expectations of future outcomes having regard to market demand and past experience, incorporating individual trading environment and risks specific to the CGU. For store level tests, cash flow forecasts are modelled for the length of the lease, identified as the essential asset for store CGUs. No terminal value is reflected in store level tests.

Discount rates

The Group applies a post-tax discount rate to post-tax cash flows. The post-tax discount rates incorporate a risk-adjustment relative to the risks associated with the specific CGU (geographic position or otherwise), with a high and low range used to apply sensitivity analysis to the cash flow modelling.

Key assumptions for the impairment testing carried out at 31 December 2023

Stores with indicators of impairment at 31 December 2023 were identified in certain of the Group's markets, requiring more detailed testing for certain stores. The following key assumptions were utilised for this impairment testing:

- Discount rate by country applied based on a high and low range to provide sensitivity analysis. The discount rates applied to store tests in these countries were in the range of 10% to 15% pre-tax.
- Growth rate based on expected impact of short-term considerations, and subsequent sales profile by market as detailed above under Assumptions and Estimation Uncertainties, with a longer term growth rate assumption of 3% in relation to sales and costs to allow for inflationary impacts until the end of the lease term which is considered to be the essential asset. No terminal value is included in discounted cash flow modelling at store level.

As a result of this testing, \$2.3m of impairment expense (\$2.3m after tax) (1 January 2023: nil) was recognised for store fit-out and lease right-of-use assets for the half year ended 31 December 2023 and is included in the consolidated statement of profit or loss and other comprehensive income. Refer to note 4 and note 6 respectively for further detail.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in previous years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

During the half year ended 31 December 2023, impairment reversal of \$0.6m (\$0.6m after tax) (1 January 2023: nil) was included within the consolidated statement of profit or loss and other comprehensive income.

2 Operating segments

(a) Basis for segmentation

The Chief Operating Decision Maker (CODM) for Lovisa Holdings Limited and its controlled entities, is the Chief Executive Officer (CEO). For management purposes, the Group is organised into geographic segments to review sales by territory as the CODM relies primarily on revenue to assess the performance of the segment and make decisions about resources to be allocated.

All territories offer similar products and services and are managed by sales teams in each territory reporting to regional management, however overall company performance is managed on a global level by the CEO and the Group's management team. Store performance is typically assessed at an individual store level. The individual stores are operating segments but meet the aggregation criteria to form a reportable segment.

The Group's stores exhibit similar long-term financial performance and economic characteristics within each geography, which include:

- a. Consistent products are offered;
- b. All stock sold utilises common design processes and products are sourced from the same supplier base; and
- c. Customer base is similar.

(b) Geographic information

The segments have been disclosed on a regional basis consisting of Australia and New Zealand, Asia (Singpaore, Malaysia, Hong Kong and Taiwan), Africa (South Africa, Botswana, Namibia, and United Arab Emirates), Americas (United States of America, Canada, and Mexico), and Europe (United Kingdom, Spain, France, Luxembourg, Belgium, Germany, Netherlands, Austria, Switzerland, Poland, Italy, Hungary, and Romanic) and the Group's franchise stores in the Middle East, Africa, and South America.

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

2 Operating segments (continued)

(c) Revenue by nature and geography

In presenting the following information, segment revenue has been based on the geographic location of customers.

(\$000s)	31 December 2023	1 January 2023
External revenues		
Australia / New Zealand	111,748	113,869
Asia	19,763	19,002
Africa / Middle East	28,859	28,178
Europe	120,297	91,052
Americas	91,425	62,493
Total external revenue	372,092	314,594
Franchise revenue		
South America	279	96
Africa / Middle East	653	793
Total franchise revenue	932	889
Total revenue	373,024	315,483

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

3 Dividends

(a) Ordinary shares

(\$000s)	31 December 2023	1 January 2023
Dividends provided for or paid during the half year 70% franked (2023: 30%		
franked)	34,005	39,898

(b) Dividends not recognised at the end of the half year

After the reporting date, the following dividends were proposed by the Board of Directors. The dividends have not been recognised as liabilities and there are no tax consequences.

(\$000s)	31 December 2023	1 January 2023
50 cents per qualifying ordinary share, 30% franked (2023: 38.0 cents, fully		
franked)	54,846	40,976

4 Property, plant and equipment

Consolidated (\$000s)	Leasehold improvements	Hardware and software	Fixtures and fittings	Total
Cost				
Balance at 3 July 2023	202,625	12,478	2,956	218,059
Additions	20,622	368	-	20,990
Disposals	(1,433)	(57)	-	(1,490)
Effect of movements in exchange rates	(3,094)	(48)	-	(3,142)
Balance at 31 December 2023	218,720	12,741	2,956	234,417
Accumulated depreciation				
Balance at 3 July 2023	(84,060)	(10,110)	(2,500)	(96,670)
Depreciation	(13,779)	(784)	(132)	(14,695)
Impairment	(1,581)	-	-	(1,581)
Disposals	915	54	-	969
Effect of movements in exchange rates	1,683	43	1	1,727
Balance at 31 December 2023	(96,822)	(10,797)	(2,631)	(110,250)
Carrying amounts				
At 2 July 2023	118,565	2,368	456	121,389
At 31 December 2023	121,898	1,944	325	124,167

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

5 Intangible assets and goodwill

Consolidated (\$000s)	Key Money	Goodwill	Total
Cost			
Balance at 3 July 2023	2,306	1,968	4,274
Additions	148	-	148
Amortisation	(12)	-	(12)
Disposals	-	-	-
Effect of movements in exchange rates	(26)	13	(13)
Balance at 31 December 2023	2,416	1,981	4,397

6 Right-of-use assets

Consolidated (\$000s)	Right-of-use assets - property
Cost	ргоролу
Balance at 3 July 2023	426,481
Additions	29,285
Re-measurement of lease liabilities	588
Effect of movements in exchange rates	(4,845)
Balance at 31 December 2023	451,509
Accumulated depreciation	
Balance at 3 July 2023	(170,740)
Depreciation and impairment charges	(30,381)
Impairments	(153)
Effect of movements in exchange rates	1,830
Balance at 31 December 2023	(199,444)
Carrying amounts	
At 2 July 2023	255,741
At 31 December 2023	252,065

7 Provisions

Consolidated (\$000s)	Site restoration	Refund liability	Total
Balance at 3 July 2023	9,721	553	10,274
Provisions made during the period	831	357	1,188
Provisions used during the period	(123)	(2)	(125)
Effect of movement in exchange rates	(128)	(11)	(139)
Balance at 31 December 2023	10,301	897	11,198
Current	1,982	897	2,879
Non-current	8,319	-	8,319
	10,301	897	11,198

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

8 Loans and borrowings

					31 Decem	ber 2023	2 July	2023
Consolidated (\$000s)	Lender	Currency	Nominal interest rate	Year of maturity	Facility Limit	Amount Drawn	Facility Limit	Amount Drawn
Cash advance facility	СВА	AUD	0.85% - 1.10% + AUD BBSY Bid	2026	80,000	23,000	80,000	65,000
Multi-option facility - Overdraft and Trade Finance	СВА	AUD	0.60% + AUD BBSY Bid	2026	20,000	-	20,000	-
Revolving loan facility	HSBC	AUD	1.75% - 2.10% + AUD BBSY Bid	2026	20,000	20,000	20,000	-
Total interest-bearing liabilities					120,000	43,000	120,000	65,000

The Group holds the following lines of credit with the Commonwealth Bank of Australia (CBA):

- \$80 million revolving cash advance facility (2 July 2023: \$80 million)
- \$20 million multi-option facility available for overdraft, trade finance and a contingent liability facility for global letters of credit and bank guarantees (2 July 2023: \$20 million).

The bank loans are secured by security interests granted by Lovisa Holdings Limited and a number of its subsidiaries over all of their assets in favour of the CBA. Under the facility the Group has financial covenants and has been in compliance with these through the half year ended 31 December 2023 (2 July 2023: compliant).

The Group holds the following lines of credit with the HSBC Bank Australia Limited (HSBC):

- \$20 million revolving facility (2 July 2023: \$20 million)
- \$20 million bank guarantee facility for global letters of credit and bank guarantees (2 July 2023: \$20 million).

The HSBC facility has been incorporated into the security deed for the CBA lending facilities. The financial covenants for the CBA facilities also apply to this facility.

In addition to the above facilities with CBA and HSBC, the Group holds lines of credit in certain of its overseas markets which are solely for the purpose of providing bank guarantees as security for store lease agreements.

Credit facilities for bank guarantees with ING Belgium (Euro 600,000) and Credit Suisse Switzerland (CHF 500,000) are subject to annual credit reviews. Facilities with other banks are secured either by standby letters of credit or restricted savings accounts, that is they are cash collateralised.

Refer to note 11(a) for guarantees outstanding at 31 December 2023.

9 Lease liability

Consolidated (\$000s)	
Balance at 3 July 2023	307,587
Liability recognised during the period	31,916
Re-measurement of lease liabilities	3,206
Lease payments	(36,095)
Interest	6,567
Effect of movement in exchange rates	(4,001)
Balance at 31 December 2023	309,180
Current	60,529
Non-current	248,651
	309,180

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

10 Related parties

	Transaction values for	the 26 weeks ended	Balance outstanding as at		
Consolidated (\$000s)	31 December 2023	1 January 2023	31 December 2023	1 January 2023	
Expenses	120	139	-	-	

Included in expenses in the period is \$120,000 relating to Directors fees for Brett Blundy in his capacity as Non-Executive Director and Chairman of the Company (1 January 2023: \$75,000). Transactions between the Lovisa Group and BB Retail Capital and its related parties have been disclosed above due to BB Retail Capital continuing to be in a position of holding significant influence in relation to the Group, with representation on the Board of Directors. Lovisa has, and will continue to benefit from the relationships that its management team and BB Retail Capital have developed over many years of retail operating experience. The Group will continue to utilise BBRC Retail Capital's retail operating experience on an arm's length basis.

All outstanding balances with other related parties are priced on an arm's length basis and are to be settled in cash within two months post the end of the reporting period. None of the balances are secured. No expense has been recognised in the current period or prior period for bad or doubtful debts in respect of amounts owed by related parties.

11 Capital commitments and contingencies

(a) Guarantees

The Group has guarantees outstanding to landlords and other parties to the value of \$15,136,000 at 31 December 2023 (2 July 2023: \$14,871,000). These are drawn against the bank guarantee facilities described in note 8.

(b) Capital commitments and contingent liabilities

The Group is committed to incur capital expenditure of \$2,133,000 (2 July 2023: \$6,673,000). There are no contingent liabilities that exist at 31 December 2023 (2 July 2023: none).

12 Events occurring after the reporting period

Refer to note 3 for dividends recommended since the end of the reporting period.

There are no other matters or circumstances that have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years.



DIRECTORS' DECLARATION

- 1. In the opinion of the Directors of Lovisa Holdings Limited ('the Company'):
 - (a) the consolidated financial statements and notes that are set out on pages 8 to 18 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance, for the 26 week period ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) there are reasonable grounds to believe that Lovisa Holdings Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Victor Herrero

Chief Executive Officer

Melbourne

21 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LOVISA HOLDINGS LIMITED



Independent Auditor's Review Report

To the shareholders of Lovisa Holdings Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying *Interim Financial Report* of Lovisa Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Lovisa Holdings Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the Interim Period ended on that date; and
- complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The *Interim Financial Report* comprises:

- Consolidated statement of financial position as at 31 December 2023
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Interim Period ended on that date
- Notes 1 to 12 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The *Group* comprises Lovisa Holdings Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The *Interim Period* is the 26 weeks ended on 31 December 2023.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LOVISA HOLDINGS LIMITED (CONTINUED)



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Trent Duvall

Partner

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Lovisa Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Lovisa Holdings Limited for the half-year ended 31 December 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Trent Duvall

Partner

Melbourne

21 February 2024

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