LOVISA HOLDINGS LIMITED

ANNUAL REPORT 2024

CONTENTS

BECOMING A GLOBAL LEADER

900 STORES IN **46 COUNTRIES** ON **6 CONTINENTS**

CONTINUED EXPANSION OF **GLOBAL** FOOTPRINT

7 NEW MARKETS OPENED DURING THE YEAR

ONGOING INVESTMENT IN PEOPLE AND INFRASTRUCTURE

STRONG BALANCE SHEET TO SUPPORT FUTURE GROWTH POTENTIAL

HIGHLIGHTS

REVENUE
$698.7M
(UP 17.1%)

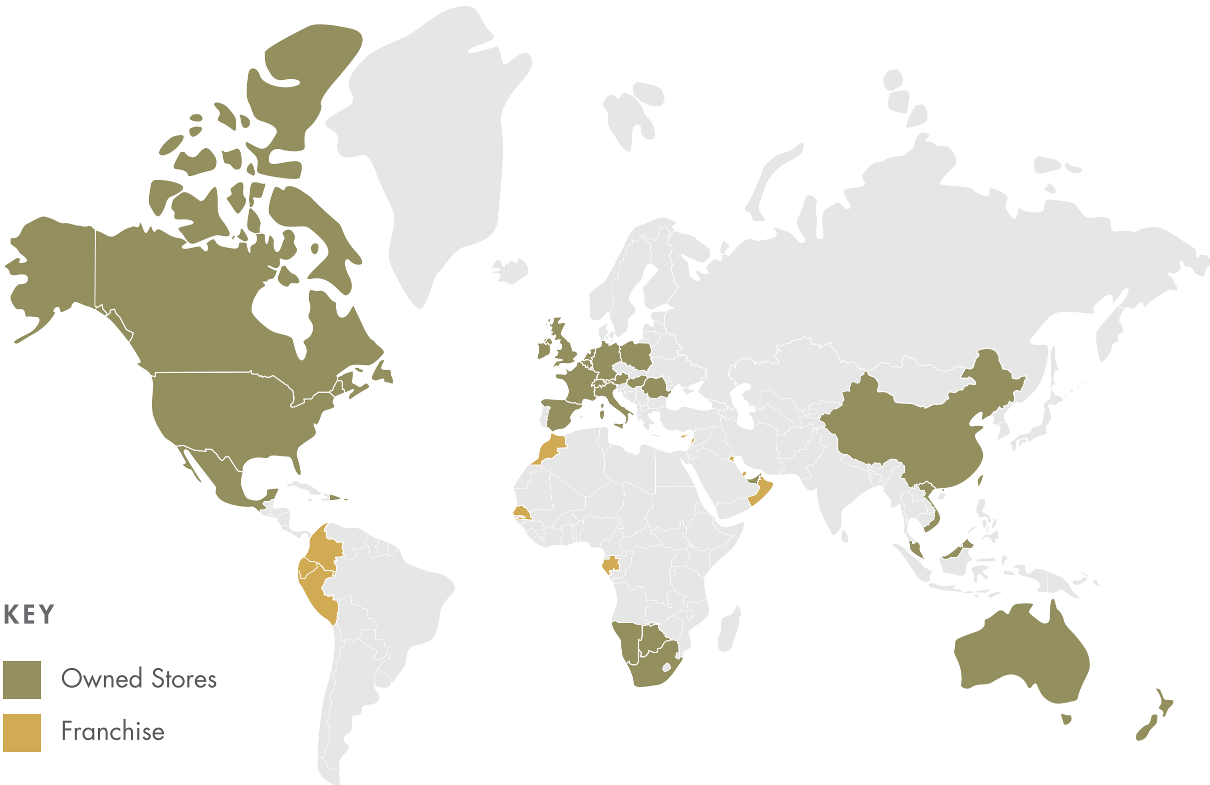
EBIT
$128.2M
(UP 21.2%)

TOTAL STORES
900
128 NEW STORES OPENED FOR THE PERIOD

NPAT
$82.4M
(UP 20.9%)

FULL YEAR DIVIDENDS
87.0c
(UP 18.0 CENTS)

GLOBAL REACH



STORE NUMBERS

Owned		FY24	FY23
Aus/NZ	Australia	178	168
	New Zealand	28	27
Americas	USA	207	190
	Canada	14	7
	Mexico	4	4
Europe/UK	UK	50	44
	France	86	68
	Germany	53	47
	Belgium	17	11
	Switzerland	8	9
	Netherlands	9	7
	Austria	9	7
	Luxembourg	2	2
	Poland	19	18
	Spain	2	1
	Hungary	2	2
	Romania	1	1
	Italy	9	7
	Ireland	3	0

Owned		FY24	FY23
Asia	Singapore	16	16
	Malaysia	44	41
	Hong Kong	9	8
	Taiwan	1	1
	Vietnam	1	0
	China	1	0
Africa	South Africa	81	75
	Botswana	3	1
	Namibia	3	2
Middle East	UAE	5	1
Total Owned		**865**	**765**

Franchise	FY24	FY23
Middle East	15	28
Africa	5	2
South America	15	6
Total Franchise	**35**	**36**

TOTAL STORES	**900**	**801**

ABOUT LOVISA

Lovisa was born from a desire to fill the void for fashion forward and directional jewellery that is brilliantly affordable.

Now trading from 900 stores across 46 countries as well as our expanding digital presence across our own websites and third party marketplaces, the customer is at the centre of everything we do. Our business model ensures trends are quickly identified and our customers are provided with a broad, quality product range. We have deployed a vertically integrated business model through which we develop, design, source and merchandise 100% Lovisa branded products.

CHAIRMAN'S REPORT

This year has been marked by significant strides in our global expansion and continued growth across multiple markets. Some of the operational highlights of the past year and our plans for the future are set out below.

Store Expansion
We opened 128 new stores during FY24, bringing our total store count to 900 stores. This expansion has solidified our position as a leading jewellery retailer in numerous markets worldwide.

Market Penetration
We entered 7 new markets in FY24, including China, Vietnam, Ireland, Senegal, Ecuador, Guadeloupe, and Gabon. Building on this momentum, we have already expanded our presence to Ivory Coast, the Republic of Congo, and Panama since the end of the financial year.

Global Footprint
Our operations now span 6 continents, and at the date of this report we are now serving customers in 49 markets and trading in 32 currencies. This remarkable achievement underscores our organisational capabilities.

Distribution Centres
In August 2024, we opened our third Lovisa operated inventory distribution centre in Columbus, Ohio, USA. This facility added 45 new Lovisa team members. Since opening, the warehouse has already successfully received 2 million units and dispatched 1 million units of inventory, whilst providing no disruption to our store and customer network.

As our operations in the Americas region expand, we anticipate that this warehouse has the capacity to support over 1,000 stores, handling all inventory needs including those for e-commerce, marketplaces, fixtures, back-of-house supplies, and marketing materials. This facility represents the second major company-owned warehouse we have launched in under 18 months, following our opening last year in Wroclaw, Poland. This move aligns with our strategy to provide continuous improvement to our distribution services via Lovisa's in-house teams rather than relying on third-party logistics providers.

Combined with our existing warehouses in Melbourne, Australia and Qingdao, China, we are ready to support our growing network of stores globally and ensure efficient logistics and timely delivery of products to our customers.

Our People
Our global team continues to be the backbone of our success. Their passion, expertise, and commitment to Lovisa have been instrumental in driving our growth and achieving our goals.

This is an appropriate place to pause and reflect. Fourteen years ago, we set out to create a concept "***To bring brilliantly affordable, on trend jewellery to the women of the world***". I am both lucky and grateful to sit at the pinnacle of an organisation that has achieved this mission in a very short period. We have become big, really big. I continue to applaud, acknowledge and be very grateful for the many individuals at Lovisa who continuously contribute to our great story. It is important that I highlight some examples of remarkable individuals that have contributed so strongly to Lovisa. We are lucky to have them and many others like them.

Avitra Brhma Dava – Country Manager, Singapore

Feb 2017	Age 21 Part-Time Team Member (IOI City Mall Malaysia)
Nov 2017	Full Timer (Internship Genting Highlands Malaysia)
Apr 2018	Store Manager (Fahrenheit 88 Malaysia)
Sep 2018	Store Manager (Nu Sentral Malaysia)
Mar 2019	Accepted into Global Future Lovisa Leaders Malaysia program
Aug 2019	Flagship Store Manager (KLCC Malaysia)
Feb 2020	Regional Manager (Malaysia)
Jun 2024	Country Manager (Singapore)

Brooke Tipton – Global Visual Merchandise Manager, Australia

Jun 2015	Age 17, Part-Time Team Member (Chadstone, Australia)
Jun 2016	Store Manager (Doncaster, Victoria Gardens, and Melbourne Central locations, Australia)
Sep 2018	Visual Merchandiser (Australia)
Dec 2019	Senior Visual Merchandiser (Australia)
Dec 2021	Global Visual Merchandise Manager (manages over 1,000 planograms and leads product operations communications for the broader business)

Georgia Holman – Regional Training Manager, Europe

Aug 2017	Age 16, Part-Time Team Member (Guildford, UK)
Nov 2019	Store Manager (Hammersmith, UK)
Mar 2020	Accepted into Global Future Lovisa Leaders program
Aug 2020	Store Manager (flagship store Stratford, UK)
Apr 2021	Store Manager (flagship store White City, UK)
Oct 2021	Regional Manager (Central London, UK)
Mar 2024	Regional Training Manager, Europe

Helena Klassmann - State Manager, Queensland and Northern Territory, Australia

Sep 2017	Age 20, Part-Time Team Member (Kawana, Australia)
Mar 2018	Store Manager (Noosa, Australia)
Mar 2019	Accepted into Global Future Lovisa Leaders program
May 2019	Regional Manager (Queensland, Australia)
Jan 2020	State Manager (South Australia)
Oct 2022	New Store Openings Operation Support (United Kingdom and Europe)
Dec 2023	State Manager (Queensland and Northern Territory, Australia)

Victor Herrero – Global CEO

Finally, not forgetting our remarkable Global CEO, Victor Herrero. After a phenomenal 3-year run, Victor will be stepping down on 31 May, 2025. It has been an outstanding three years together with the opening of 25 new markets and increasing the store network by 350 stores so far, now at over 900 stores globally. The Board of Directors extends their heartfelt thanks for his exceptional effort and contributions to Lovisa.

John Cheston

A new era - starting 4 June, 2025, the reins will be passed to the talented John Cheston. With a wealth of retail experience and a proven track record of success, John is poised to take Lovisa to even greater heights. Get ready for a new era of operational excellence, growth, innovation, and excitement under his leadership!

Our Priorities

We continue to remind everybody that our customer comes first and sits at the top of our 'inverted' organisational pyramid, with our focus on:

- Delivering operational excellence across our physical and digital stores to drive comparable store sales growth in our existing store network;
- Acceleration of our store network growth and expansion of our market presence;
- Continued investment in our people, their development and succession; and
- Continued refinement and investment in technologies and infrastructure that will keep us nimble, efficient and better able to globalise our support functions.

I want to express my deepest gratitude to our customers, teams, board members, and loyal shareholders. Our collective efforts are the driving force behind our sustainable growth and long-term success.

With our team's dedication and the strength of our business model, I am confident we will continue to create value for our customers and shareholders, whilst providing a huge opportunity for our team to grow wherever they choose to.

Brett Blundy
Chairman of the Board

DIRECTORS' REPORT

Details of the qualifications and experience of each Director in accordance with the requirements of the Corporations Act have been included below.


Brett Blundy


Victor Herrero


Tracey Blundy


Sei Jin Alt


Bruce Carter


John Charlton

Brett Blundy
Non-Executive Director & Chairman
Appointed 1 November 2018
Chairman of the Board

Along with being the Chairman, co-founder and substantial shareholder of Lovisa, Brett is also the Chairman and Founder of BB Retail Capital ("BBRC"), a private investment group with diverse global interests across retail, capital management, retail property, beef, and other innovative ventures. Brett is one of Australia's most successful retailers, with BBRC's retail presence extending to over 2,000 stores across 45 countries. Brett is currently a non-executive Director of Accent Group Limited (ASX:AX1).

Victor Herrero
Chief Executive officer
Appointed 14 October 2021

Victor brings vast global experience having spent 13 years with the Inditex Group, one of the world's largest fashion retailers with 8 store formats such as Zara, Pull & Bear and Massimo Dutti. The Inditex group with over 7,000 stores in 80 markets and sales over US$30billion pioneered fast fashion retailing growing numerous brands, including Zara, around the world. During Victor's time at Inditex, he held numerous roles including Head of Asia Pacific and Managing Director Greater China and led the company's expansion through this region rolling out 800 stores across multiple countries including China and India.

Victor also spent four years as CEO of global retail brand Guess based in California, and was most recently Chairman and CEO of international shoe manufacturer and retailer Clarks. Victor is also director of G-III Apparel Group (Nasdaq Listed) and Viva China Holdings Limited (listed on the Hong Kong Stock Exchange).

Tracey Blundy
Non-Executive Director
Appointed 6 November 2014
Member of the Audit, Business Risk & Compliance Committee
Chair of the People, Leadsership, Remuneration & Nomination Committee

Tracey joined BB Retail Capital in 1981 and is a nominated representative of BB Retail Capital on the Board of Lovisa. Tracey has held a number of senior executive positions across BB Retail Capital's brands, including Chief Executive Officer of Sanity Entertainment and Bras n Things. She is a Board-level advisor across the BB Retail Capital portfolio bringing in-depth knowledge and expertise on retail operations and roll-out strategy.

Tracey was a founding shareholder of Lovisa in 2010, and has since been a senior advisor to the Company's management team. Tracey is currently a Director of BB Retail Capital Pty Limited and BB Retail Property Pty Limited.

John Charlton
Independent Non-Executive Director
Appointed 26 August 2020

Member of the Audit, Business Risk & Compliance Committee
Member of the People, Leadership, Remuneration & Nomination Committee

John is a career retailer and brings over 38 years' experience in retailing operations in Australia. He was previously the founder and owner of Spendless Shoes Pty Ltd, a company he grew to 248 stores as well as a successful online site before selling to The Shoe Group in July 2019. He has served as a member of the Council of Wilderness School for 12 years (7 years as Chair), Saint Peter's College for 5 years, is currently a member of the Council of the University of Adelaide, and is a Non-Executive Director of the Detmold Group Advisory Board.

Bruce Carter AO
Independent Non-Executive Director
Appointed 18 November 2022
Member of the People, Leadership, Remuneration & Nomination Committee
Chairman of the Audit, Business Risk & Compliance Committee

Bruce has spent over 30 years in corporate recovery and insolvency and was formerly managing partner at Ferrier Hodgson Adelaide for 19 years and prior to that a partner at Ernst & Young, Chair of the South Australian Economic Development Board and a member of the Executive Committee of Cabinet. He holds a Masters of Business Administration from Heriot-Watt University and a Bachelor of Economics from University of Adelaide. He is a Fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. Bruce is currently Chair of the Australian Submarine Corporation, chair of AIG Australia Ltd and a director of Bank of Queensland Limited. Bruce is a former director of Crown Resorts Limited, SkyCity Entertainment Group Ltd, Genesee and Wyoming Inc (NYSE) and the Aventus Group.

Sei Jin Alt
Independent Non-Executive Director
Appointed 19 February 2019

Sei Jin brings to the Board broad merchandising, managerial, financial, and operational experience in multiple fashion categories as well as business leadership expertise gained over 20 years in the industry across a number of major US retailers including Francesca's, JC Penny, Nordstrom and Macy's along with advisory role experience for wholesale and retail brands.

Nico van der Merwe
Alternate Director to Brett Blundy
Appointed 19 February 2019

Nico van der Merwe has over 30 years' experience in commercial roles across the retail, consumer and private equity sectors. Nico has held a number of senior financial roles in BBRC from 1997 to 2020 including 12 years as Group Chief Financial Officer and is currently an Advisor to the Group. He holds Bachelor of Accounting Science (Hons) and Bachelor of Commerce degrees and is a member of the Institute of Chartered Accountants in Australia. Nico was appointed alternate director for Brett Blundy on 19 February 2019.

1. DIRECTORS

The Directors of Lovisa Holdings Limited (the 'Company') present their report together with the Consolidated Financial Statements of the Company and its controlled entities (the 'Group' or 'Consolidated Entity') for the financial year ended 30 June 2024.

Director	Board		Audit and Risk		Remuneration & Nomination	
	Number attended	Number held	Number attended	Number held	Number attended	Number held
T Blundy	5	5	4	4	5	5
B Carter	5	5	4	4	5	5
V Herrero	4	5	4	4	5	5
B Blundy	5	5	3	4	5	5
J Charlton	4	5	4	4	5	5
S J Alt	5	5	4	4	5	5
N van der Merwe	-	-	4	4	-	-

1.1 Company Secretary

Chris Lauder was appointed Company Secretary on 15 September 2017. He is also the company's Chief Financial Officer. Mr Lauder is a Chartered Accountant.

1.2 Directors Interests in Shares

The relevant interest of each Director in the Company at the date of the report is as follows:

Director	Ordinary Shares in the Company
B Blundy (1)	43,207,500
T Blundy (2)	1,153,005
V Herrero	2,140,328
J Charlton	29,000
S J Alt	-
B Carter	15,000
N van der Merwe	-

(1) Shares held by BB Retail Capital Pty Ltd
(2) Shares held by Coloskye Pty Ltd

2. PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the retail sale of fashion jewellery and accessories. The business has 900 retail stores in operation at 30 June 2024 across 46 markets, including 35 franchise stores. There was no significant change in the nature of the activities of the Group during the period.

3. DIVIDENDS

Dividends paid to members during the financial year were as follows:

	2024	2023
	$000's	$000's
Final ordinary dividend for the year ended 2 July 2023 of 31.0 cents per fully paid share 70% franked paid on 19 October 2023 (2023: 37.0 cents, 30% franked)	34,005	39,898
Interim ordinary dividend for the year ended 30 June 2024 of 50.0 cents per fully paid share 30% franked paid on 18 April 2024 (2023: 38.0 cents, fully franked)	54,846	40,976
Total dividends paid	88,851	80,874

4. REVIEW OF OPERATIONS

The following summary of operating results and operating metrics reflects the Group's performance for the year ended 30 June 2024:

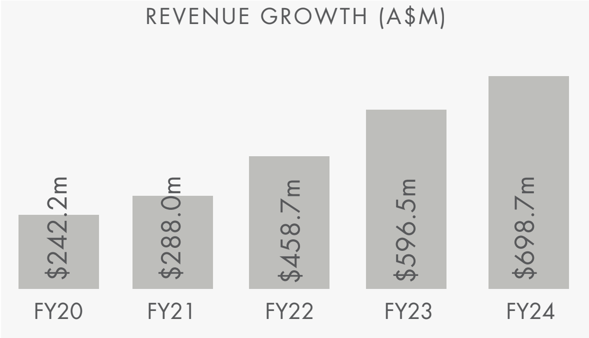
4.1 Financial Performance

Revenue for the year ended 30 June 2024 was up 17.1% on FY23 reflecting growth in the store network offset by comparable store sales down 2.0% on FY23, an improvement on the first half of the financial year with the Group returning to positive comparable store sales in the second half.

This resulted in Earnings Before Interest and Tax of $128.2m, up 21.2% on FY23, and Net Profit after Tax up 20.9% on FY23.

Consolidated $'000	2024	2023	Change
Sales	698,664	596,456	17.1%
Gross profit	565,790	476,714	18.7%
Gross Margin	81.0%	79.9%	1.1%
EBIT	128,177	105,742	21.2%
Net profit after tax (NPAT)	82,411	68,164	20.9%
Basic Earnings per share	75.4	63.3	19.1%

4.1.1 Sales



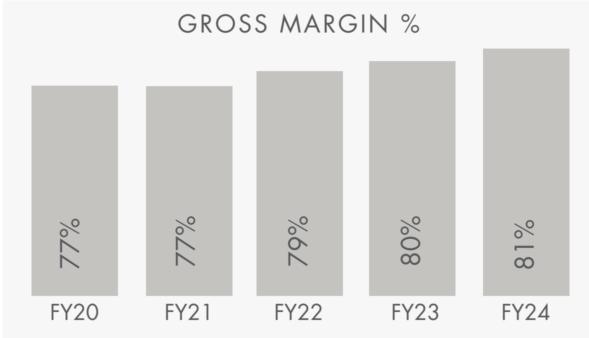
Revenue was $698.7m up 17.1% on FY23 with comparable store sales down 2.0%.

The business was able to again deliver strong growth in the store network for the financial year, with 900 stores now trading globally across over 46 markets at financial year end, a net increase of 99 stores including 7 new markets.

This included 128 new stores opened for the financial year, offset by 28 closures and 1 relocation. Pleasingly the store rollout was able to be delivered across all regions, with 14 new stores in Australia/NZ, 8 in Asia, 15 in Africa/Middle East, 50 in Europe and 27 in the Americas as well as 14 new franchise stores in South America, Africa and the Middle East.

The growth in the store network included 3 new company owned market openings in the financial year, with our first stores opened in China, Vietnam and Ireland, complementing the opening of 12 new markets in the year prior. Included in store closures were 14 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.

4.1.2 Gross Profit Margin



Gross profit for the financial year was $565.8m, an increase of 18.7% on the prior year. Gross Margin was 81.0% compared to 79.9% in FY23, benefitting from ongoing focus on price points and tight management of product cost and inventory.

4.1.3 Cost Of Doing Business, Depreciation and Net Finance Costs

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 $27.0m in the prior year to $11.9m in the current period.

Depreciation expense, including impairment expense, for the period was up 28.5% on the prior year, impacted by the significant growth in the store network over the past 2 years. Net finance costs were up 36.9%, reflecting the interest charge associated with higher lease liabilities, combined with higher borrowings and interest rates during the year.

4.1.4 Earnings

Statutory earnings before interest and tax (EBIT) was $128.2m being a 21.2% increase on EBIT from the prior year. Statutory net profit after tax increased 20.9% to $82.4m with EPS at 75.4 cents.

4.1.5 Cash Flow

The Group's net cash flow from operating activities before interest and tax was $240.4m. Capital expenditure of $23.3m relates predominately to new store openings and refurbishments of current stores upon lease renewal, as well as investment into the Group's IT systems and supply chain capability.

The Group closed the financial year with $23.5m in net debt, a reduction of $9.9m on the prior year.

4.2 Financial Position

Consolidated	Actual 2024 $'000	Actual 2023 $'000	Change 2023/2024 %
Net debt	(23,480)	(33,350)	(29.6%)
Trade receivables and prepayments	19,445	23,202	(16.2%)
Inventories	68,622	60,098	14.2%
Trade payables and provisions	(82,106)	(57,957)	41.7%
Net lease liabilities	(53,668)	(51,846)	3.5%
Property, plant & equipment	123,588	121,389	1.8%
Intangible assets and goodwill	4,419	4,274	3.4%
Net derivative (liability)/asset	(318)	915	(134.8%)
Net current tax (liability)/receivable	3,250	(7,660)	142.4%
Net deferred tax balances	20,534	20,924	(1.9%)
Net assets/equity	80,286	79,989	0.4%

*Represents total cash and cash equivalents less total loans and borrowings.

Working capital

The Group's net working capital position increased during the year with inventory levels increasing from $60.1m to $68.6m, in line with growth in store network, with payables benefitting from tight cash flow management including improvements in supplier trading terms during the year.

Property, plant and equipment

Capital expenditure during the year reflects fit out costs associated with new stores and refurbishment of existing stores, as well as investment into technology and supply chain capability. Store fit out costs are depreciated over the expected useful life.

Debt facilities

The Group currently has total debt facilities of $120m.

As at the end of the financial year, $54m remained drawn on the term debt facility, which has been classified as a non-current liability due to the maturity date of the facility not being within the next 12 months.

5. BUSINESS STRATEGIES

Lovisa has achieved rapid growth since it was founded, with revenue growing from $25.5 million in FY2011 to $698.7 million in FY2024. The Group continues to focus on its key drivers to deliver growth in sales and profit.

Growth pillar	Business Strategy Section	Strategy	Risks	Achievements
Global expansion	5.2	• Continue to leverage current global territories including continued rollout in newer territories and filling remaining gaps in other existing markets • Expansion into new global markets • Leverage the Company's capital in large international markets • Consider franchise partners for selected territories • Continue to develop our digital capability and ensure that all markets we trade in have access to a digital sales channel	• Competition (6.1) • Retail environment and general economic conditions (6.2) • Failure to successfully implement growth strategies (6.4) • Availability of appropriately sized sites in good locations with satisfactory cost structures	• We continued to grow the store network during the financial year with net 99 new Lovisa stores (including 128 new and 29 closed stores). This included 7 new markets opened during the year across Europe, the Americas, Africa and Asia. • We now have dedicated e-commerce sites across all key markets in which we operate, as well as presence on a number of popular online marketplaces globally.
Streamline global supply chain	5.3	• Streamline and optimise supply base in Asia • Optimise air and sea freight whilst maintaining speed to market operating model • Ongoing review of size, location and number of warehouses globally to ensure most efficient movement of products to our stores	• Exchange rates (6.5) • Product sourcing or supply chain disruptions • Fluctuations in global freight costs as a result of market disruptions experienced by logistics providers	• Chinese warehouse operates to support our Asian, Americas and African stores, Australian warehouse to support Australia/ New Zealand, and Poland warehouse operates to support Europe. Since the end of the financial year we have opened a new warehouse in the USA (Ohio) to support our American market. • Dedicated warehouses now operational in the UK, South Africa (3PL), Malaysia and the USA to support e-commerce sales
Enhance existing store performance	5.4	• Optimise and improve existing store network • Continue to target high traffic shopping precincts • Judicious pricing	• Competition (6.1) • Retail environment and general economic conditions (6.2) • Prevailing fashions and consumer preferences may change (6.6)	• Global roll-out of in-store piercing service, now including nose piercing and more premium piercing products such as 14 carat gold and diamond studs • We continue to close stores in sub-optimal locations • Investment in regional support team structures and learning and development to ensure consistent high quality retail execution
Brand proliferation	5.5	• Continue to leverage social media to connect with customers and increase brand loyalty	• Prevailing fashions and consumer preferences may change (6.6) • Privacy breaches	• Continued focus on online execution across all existing markets • Presence on online marketplaces in key markets • Increased social media engagement
Lead and pre-empt trends	5.1	• Stay on trend with shifts in jewellery and accessory market • Continue to provide a high quality and diverse product offering	• Prevailing fashions and consumer preferences may change (6.6)	• Continued strong performance being testament to an ability to identify trends • Implementation of Buying teams in the UK and USA to complement central team in Australia

5.1 Lead and Pre-Empt Trends

Product innovation is a core component of Lovisa's competitive advantage. Our customers expect a broad range of fashionable products that are in line with the latest global fashion trends. In order to meet this expectation, Lovisa employs a large and experienced product team who are responsible for Lovisa's forward range planning, designs, product development, production, visual merchandising and merchandise planning, ensuring Lovisa is continually meeting market demand. Whilst the product team is primarily based in Melbourne, teams are now also in place in London and Los Angeles to provide more constant localised intelligence to the global buying process, with the team also travelling the world to identify global trends. In addition, its product teams meet with suppliers in China, India, Thailand and other parts of Asia frequently.

As Lovisa is frequently developing new products in response to evolving fashion trends, it does not register patents on its product designs. This is consistent with practices in the fast fashion industry.

5.2 New Store Rollouts & International Expansion

One of the key attributes of the Group's success has been the ability to identify and secure quality retail store sites in locations with high pedestrian traffic. This typically involves securing leases in AA, A or B grade rating shopping centres and malls. Lovisa has refined its global store model based on what it understands to be the optimal store size, location and format. The combination of a target 50-80 square metre floor space and a homogenised layout allows Lovisa to have strict criteria when identifying and securing potential store sites in new regions, facilitating the roll-out of stores quickly, at low cost. On average, it takes between 2-4 weeks to fit out a new Lovisa store depending on local conditions.

The key driver of future growth for Lovisa is the continued global store roll-out. Lovisa has proven it is capable of successfully operating profitably globally, having established a portfolio of stores in 46 markets and supporting franchised stores across 13 markets in the Middle East, Africa and South America. Lovisa will continue to explore other markets, with our first stores opened during the year in company owned markets in China, Vietnam and Ireland, as well as new franchise markets in Ecuador, Senegal, Guadeloupe and Gabon.

The Group plans to remain nimble and opportunistic in expanding and moving into new markets, such that if opportunities arise, the Group may accelerate its plans to enter a new market or continue to grow an existing market. Likewise it will defer its entry into a new market if it considers that appropriate opportunities are not presented at the relevant time.

The history of Lovisa stores is as follows:

	2020	2021	2022	2023	2024
Australia	152	153	154	168	178
New Zealand	23	24	25	27	28
Singapore	19	18	17	16	16
South Africa	62	64	69	75	81
Malaysia	27	28	32	41	44
United Kingdom	42	41	42	44	50
Spain	-	-	-	1	2
France (i)	21	52	59	68	86
Germany (ii)	-	38	40	47	53
Belgium (ii)	-	8	11	11	17
Netherlands (ii)	-	6	5	7	9
Austria (ii)	-	3	3	7	9
Luxembourg (ii)	-	2	2	2	2
Switzerland (ii)	-	8	6	9	8
Poland	-	-	1	18	19
USA	48	63	118	190	207
Canada	-	-	1	7	14
Hong Kong	-	-	-	8	9
Taiwan	-	-	-	1	1
Botswana	-	-	-	1	3
Namibia	-	-	-	2	3
Mexico	-	-	-	4	4
Hungary	-	-	-	2	2
Romania	-	-	-	1	1
Italy	-	-	-	7	9
UAE	-	-	-	1	5
China	-	-	-	-	1
Ireland	-	-	-	-	3
Vietnam	-	-	-	-	1
Middle East/Africa Franchise	34	36	44	30	20
South America Franchise	-	-	-	6	15
Vietnam Franchise	7	-	-	-	-
Total	**435**	**544**	**629**	**801**	**900**

(i) Of these stores, 22 were acquired as a result of the acquisition of the retail assets of beeline GmbH during 2021

(ii) These stores were acquired as a result of the acquisition of the retail assets of beeline GmbH during 2021

5.3 Streamline Global Supply Chain

Lovisa's third party suppliers are currently located in mainland China, India and Thailand. Stock is inspected by Lovisa's quality control team in China. Once manufactured, stock is transported to Lovisa's company operated warehouses in Melbourne, Australia (for stock to be sold in Australia and New Zealand) or Wroclaw, Poland (for stock to be sold in Europe), or our 3PL warehouse in Qingdao China (for stock to be sold in all other countries).

Lovisa constantly reviews its supply chain process for potential efficiency gains and cost reductions in order to generate higher gross margins. This includes improvements in its global warehouse and logistics program and the consolidation and rationalisation of its supplier base. As a result of this constant review the company has implemented warehouses in the USA, South Africa (3PL), the UK and Malaysia to better support our online customers in these markets.

5.4 Enhance Existing Store Performance

Lovisa is constantly reviewing the efficiency of its existing store network to ensure that stores are run as profitably as possible, with stores closed if they are not performing to expectations and new sites continuing to be identified. Whilst some of the markets Lovisa operates in are mature and have less opportunities for new store openings, our leasing team continues to assess new sites as they arise. The global roll-out of piercing services into stores has been successful in driving enhanced customer loyalty and providing new customers an additional reason to choose to shop at Lovisa.

Also critically important in optimising store performance both in new and existing markets is the focus on operational execution at store level to ensure consistently high operational standards across all markets delivering the best experience for our customers. To ensure that we deliver on this, we continue to invest in people and localised support structures as well as enhancing our learning and development capabilities to ensure that we not only have the right team in place but that they are equipped to operate consistently to the level required.

5.5 Brand Proliferation

Lovisa supports the growth of its brand through social media and promotional activity that matches our customer base and our international footprint. Efforts are focused on social media, rather than traditional media, as we believe it connects us directly to our customers in a way that suits their lifestyle.

The brand is also developed through the customer in-store experience – on trend product, cleanly merchandised, focused imagery, and the store "look and feel". Stores are located in high foot traffic areas, in high performing centres. The Group's online stores and presence on 3rd party marketplaces operate to service the markets in which the Group operates company-owned stores.

6. MATERIAL BUSINESS RISKS

The business risks faced by the Group and how it manages these risks are set out below. Further information surrounding how the Group monitors, assesses, manages and responds to risks identified is included within Principle 7 of the Company's Corporate Governance statement.

6.1 Competition

The fast fashion jewellery sector in which Lovisa operates is highly competitive. While the costs and time that would be required to replicate Lovisa's business model, design team, IT systems, global store network, warehouse facilities and level of brand recognition would be substantial, the industry as a whole has relatively low barriers to entry. The industry is also subject to ever changing customer preferences.

Lovisa's current competitors include:

- specialty retailers selling predominately fashion jewellery;
- department stores;
- fashion apparel retailers with a fashion jewellery section; and
- smaller retailers (i.e. less than five stores) that specialise in the affordable jewellery segment.

Competition is based on a variety of factors including merchandise selection, price, advertising, new stores, store location, store appearance, online presence and execution, product presentation and customer service.

Lovisa's competitive position may deteriorate as a result of factors including actions by existing competitors, the entry of new competitors or a failure by Lovisa to successfully respond to changes in the industry.

To mitigate this risk, Lovisa employs a large product team to meet market demands as described in section 5.1. Management believes it would take a number of years for a new entrant to establish a portfolio of leases comparable with Lovisa in premium store locations due to substantial barrier to entry costs as detailed above.

6.2 Retail Environment and General Economic Conditions

As Lovisa's products are typically viewed by consumers to be 'discretionary' items rather than 'necessities', Lovisa's financial performance is sensitive to the current state of, and future changes in, the retail environment in the countries in which it operates. However, with a low average retail spend per transaction, macro market performance is less likely to have a material impact on our business compared to other discretionary categories.

Lovisa's main strategy to overcome any downturn in the retail environment or economic conditions is to continue to offer our customers quality, affordable and on trend products.

6.3 Public health crises, political crises and other catastrophic events outside of our control affect our sales or supply of inventory

Natural disasters, such as hurricanes, earthquakes, tsunamis, power shortages or outages, or floods; public health crises, such as pandemics and epidemics; social unrest; political crises, such as terrorism, war, political instability or other conflict; or other events outside of our control, could damage or destroy our stores or our products, make it difficult for our employees or customers to travel to our stores, result in delays or disruptions in the production and/or delivery of merchandise to our distribution centres or our stores or in the fulfillment of e-commerce orders to our consumers, or require us to incur substantial additional costs to ensure timely delivery.

Moreover, these types of events could negatively impact consumer spending in the impacted regions or, depending upon the severity, globally, which could adversely impact our operating results.

Factors mitigating these risks include the significant geographical diversity of our operations, continued investment in e-commerce channels to offset temporary inability to trade from physical stores, and business continuity plans and experience developed during the COVID-19 pandemic.

6.4 Failure to Successfully Implement Growth Strategies

Lovisa's growth strategy is based on its ability to increase earnings contributions from existing stores and continue to open and operate new stores on a timely and profitable basis.

Lovisa's store roll-out program is dependent on securing stores in suitable locations on acceptable terms, and may be impacted by factors including delays, cost overruns and disputes with landlords.

The following risks apply to the roll-out program:

- new stores opened by Lovisa may be unprofitable;
- Lovisa may be unable to source new stores in preferred areas, and this could reduce Lovisa's ability to continue to expand its store footprint;
- new stores may reduce revenues of existing stores; and
- establishment costs may be greater than budgeted for.

Factors mitigating these risks are that fit-out costs are low with minimal standard deviation in set-up costs across sites and territories through our small store format and homogeneous store layout, minimising potential downside for new stores. The Group assesses store performance regularly and evaluates store proximity and likely impact on other Lovisa stores as part of its roll-out planning.

When entering new markets, Lovisa assesses the region, which involves building knowledge by leveraging a global network of industry contacts as well as our significantly globally experienced senior leadership team, and aims to secure a portfolio of stores in order to launch an operating footprint upon entry. The Group plans to remain nimble and opportunistic in expanding and moving into new markets, such that if opportunities arise, the Group may accelerate its plans to enter a new market or continue to grow an existing market. Likewise it will defer its entry into a new market if it considers that appropriate opportunities are not presented at the relevant time. Regular investigation and evaluation of new stores and territories is undertaken by management to ensure that the Group's store footprint continues to expand.

6.5 Exchange Rates

The majority of inventory purchases made by Lovisa are priced in USD. Lovisa is exposed to movements in the exchange rate in the markets it operates in. Adverse movements could have an adverse impact on Lovisa's gross profit margin and overall profitability of non-AUD denominated markets.

The Group's foreign exchange policy is aimed at managing its foreign currency exposure in order to protect profit margins by entering into forward exchange contracts against movements in currencies required to be converted to USD associated with payments for inventory. The Group does not currently hedge its foreign currency earnings. The Group monitors its working capital in its foreign subsidiaries to ensure exposure to movements in currency is limited.

6.6 Prevailing Fashions and Consumer Preferences May Change

Lovisa's revenues are entirely generated from the retailing of jewellery and piercing services, which is subject to changes in prevailing fashions and consumer preferences. Failure to predict or respond to such changes could adversely impact the future financial performance of Lovisa. In addition, any failure by Lovisa to correctly judge customer preferences, or to convert market trends into appealing product offerings on a timely basis, may result in lower revenue and margins.

In addition, any unexpected change in prevailing fashions or customer preferences may lead to Lovisa carrying increased obsolete inventory.

To mitigate this risk, Lovisa employs an experienced global product team to meet market demands as described in section 5.1. As the Group responds to trends as they occur, this drives store visits by customers and significantly reduces the risk of obsolete stock.

7. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

8. LIKELY DEVELOPMENTS

Information on likely developments is contained within the Review of Operations section of this annual report.

9. REMUNERATION REPORT - AUDITED

9.1 Remuneration Overview

The Board recognises that the performance of the Group depends on the quality and motivation of its team members employed by the Group around the world.

The Group remuneration strategy therefore seeks to appropriately attract, reward and retain team members at all levels of the business, but in particular for management and key executives. The Board aims to achieve this by establishing executive remuneration packages that include a mix of fixed remuneration, short-term incentives and long-term incentives.

In performing this responsibility, the Committee must give appropriate consideration to the Group's performance and objectives, employment conditions and external remuneration relativities in the global market that Lovisa operates in.

Further information surrounding the responsibilities of the People, Leadership, Remuneration and Nomination Committee is included within Principle 8 of the Company's Corporate Governance statement.

9.2 Principles Used to Determine the Nature and Amount of Remuneration

Key Management Personnel

Key Management Personnel (KMP) have the authority and responsibility for planning, directing and controlling the activities of the consolidated entity, and comprise:

- Non-Executive Directors
- Chief Executive Officer
- Chief Financial Officer

Non-Executive Director KMP

Brett Blundy	Chairman
Tracey Blundy	Director
John Charlton	Director
Sei Jin Alt	Director
Bruce Carter AO	Director
Nico van der Merwe	Alternate Director

Executive KMP

Victor Herrero	Chief Executive Officer
Chris Lauder	Chief Financial Officer

This report has been audited by the Company's Auditor KPMG as required by Section 308 (3C) of the Corporation Act 2001.

The People, Leadership, Remuneration and Nomination Committee is governed by its Charter which was developed in line with ASX Corporate Governance Principles and Recommendations. The Charter specifies the purpose, authority, membership and the activities of the Committee and the Charter is annually reviewed by the Committee to ensure it remains consistent with regulatory requirements.

A. Principles Used to Determine the Nature and Amount of Remuneration

(a) Non-Executive Directors KMP Remuneration

Non-executive Directors' fees are determined within an aggregate Non-executive Directors' pool limit of $800,000. Total Non-executive Directors' remuneration including non-monetary benefits and superannuation paid at the statutory prescribed rate for the year ended 30 June 2024 was $598,031. Brett Blundy, the Non-executive Chairman, is entitled to receive annual fees of $240,000. Other Non-executive Directors are entitled to receive annual fees between $77,000 to $97,000 inclusive of superannuation.

The Non-executive Directors' fees are reviewed annually to ensure that the fees reflect market rates. There are no guaranteed annual increases in any Directors' fees. None of the non-executive Directors participate in the short or long term incentives.

(b) Executive remuneration

Lovisa's remuneration strategy is to:

- Offer a remuneration structure that will attract, focus, retain and reward highly capable people;
- Have a clear and transparent link between performance and remuneration;
- Build employee engagement and align management and shareholder interest; and
- Ensure executive remuneration is set with regard to the size and nature of the position with reference to global market benchmarks (in the context of the Group operating in a global marketplace) and the performance of the individual.

Remuneration will incorporate at risk elements to:

- Link executive reward with the achievement of Lovisa's business objectives, continued growth and financial performance; and
- Ensure total remuneration is competitive by global market standards.

The Board believes that the remuneration structures in place for the executive team, and in particular the Chief Executive Officer, Victor Herrero are appropriate. The Board were therefore disappointed to receive votes against the Remuneration Report at the 2023 Annual General Meeting totalling 73.4% of votes cast.

Lovisa is a global business competing for talent in the global market with significant global growth potential, which requires compensation packages competitive in this context to attract and retain the appropriate calibre of executive to deliver the Group's strategy and growth targets.

Whilst the Board understands the concerns of some shareholders in relation to the potential remuneration payable, it is of the view that the structure and at risk remuneration in place for the leadership of the Group is appropriate.

As announced by the Company on 3 June 2024, the Company's current Chief Executive Officer, Victor Herrero, will leave the company on 31 May 2025, and John Cheston has been appointed to the Chief Executive Officer role and will commence in the role on 4 June 2025. The Board have taken the opportunity as part of this change to review the remuneration package structure in place for both Victor (in relation to the 2025 financial year) and John (upon his commencement), with the following remuneration packages in place respectively:

- Victor Herrero's fixed cash remuneration will remain at US$1,300,000 per annum for the remainder of his tenure, and he will not be entitled to any further short or long term incentives other than those already in place and vesting in August 2024 as set out in this report
- John Cheston's remuneration package will comprise the following components from his commencement in June 2025:
  - Fixed Remuneration of A$2,350,000 per annum;
  - Short-term Incentive Opportunity of A$2,350,000 per annum vesting on a straight-line basis subject to the following performance hurdles:
    - EBIT Growth <18.5%: Nil
    - EBIT Growth 18.5%: $188,000
    - EBIT Growth 30% or greater: $2,350,000
  - Subject to shareholder approval, John shall be eligible to participate in the Group's Long Term Incentive Plan (LTI) as amended and restated from time to time. He will be entitled to an initial 3-year LTI Grant vesting annually over its 3 year term to a maximum value of A$2,350,000 per annum, based on the following vesting schedule:
    - FY26: A$2,350,000
    - FY27: A$2,350,000
    - FY28: A$2,350,000
    - TOTAL: A$7,050,000
  - Vested LTI will be satisfied by the issue of Rights over ordinary shares in the Company, that will be subject to a 2-year holding lock during which time they will be entitled to receipt of dividends from the company by way of an equivalent cash payment. At the end of the 2-year holding lock they are convertible to ordinary shares for nil consideration at any time within the following 10 year period.
  - For each Performance Period, the number of Rights to be granted will be calculated by dividing the value of the applicable vested LTI Opportunity (following testing against the performance hurdle) by the 30 calendar-day volume-weighted average price (VWAP) of a Share for the period up to and including 30 June of the relevant Performance Period.
  - The performance hurdles for each year will be based on EBIT growth over the EBIT performance of the financial year immediately prior for each year as follows:
    - EBIT Growth <18.5%: Nil
    - EBIT Growth 18.5%: A$188,000
    - EBIT Growth 30% or greater: A$2,350,000
  - Calculation of the EBIT Hurdle and achievement against the EBIT Hurdle will be determined by the Board (or a committee of the Board) in its reasonable good faith discretion, having regard to any matters that it considers relevant.

B. Remuneration Structure

The current executive salary and reward framework consists of the following components:

- Base salary and benefits including superannuation
- Short-term incentive scheme comprising cash
- Long-term incentive scheme comprising cash and options or performance rights

The mix, quantum, terms and conditions associated with each of these components is determined annually by the Board using their discretion for each individual executive.

The mix of fixed and at risk components for each Senior Executive as a percentage of total actual remuneration for the 2024 financial year is as follows:

Senior Executive	Fixed remuneration	At risk remuneration
Victor Herrero	15%	85%
Chris Lauder	54%	46%

9.2 Principles Used to Determine the Nature and Amount of Remuneration (continued)

B. Remuneration Structure (continued)

Base Salary and Benefits

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and non-cash benefits. Retirement benefits are delivered to the employee's choice of superannuation fund where relevant. The Group has no interest or ongoing liability to the fund or the employee in respect of retirement benefits.

Short Term Incentive plan

The Group operates a short-term incentive (STI) plan that rewards some Executives and Management on the achievement of pre-determined key performance indicators (KPIs) established for each financial year according to the accountabilities of his/her role and its impact on the organisation's performance. KPIs include company profit targets and personal performance criteria. Using a profit target ensures variable reward is paid only when value is created for shareholders.

The STI plan structure in place for FY24 was as follows:

KMP	Opportunity	Performance Period	Performance Measures	FY24 Outcome
Victor Herrero Chief Executive Officer	nil	n/a	n/a	n/a
Chris Lauder Chief Financial Officer	$341,250	12 months, subject to continued employment until the date of payment	Discretionary based on the Board's assessment of performance with reference to the following KPI: Delivery of 18% growth in EBIT on FY23 to $125m in FY24 (actual outcome 21% growth) Delivery of 20% growth in Total Sales on FY23 to $715m in FY24 (actual outcome 17% growth) Delivery of cost of doing business as a % to sales lower than FY23 (actual outcome - 0.6% to sales) Stock at cost per store (on a constant currency basis) equal to or below LY (actual outcome achieved)	70%

Victor Herrero, Chief Executive Officer was not eligible to participate in the annual STI program, with his at-risk remuneration comprised entirely of his LTI.

The award of 70% of the Chief Financial Officer's STI was based on the Board's assessment of his performance against the criteria noted above, and therefore $238,875 of the STI opportunity of $341,250 to be paid.

Long Term Incentive plan

The Company operates a long-term incentive (LTI) plan. The plan is designed to align the interests of the executives with the interest of the shareholders by providing an opportunity for the executives to receive an equity interest in Lovisa and in some cases a cash payment. The plan provides flexibility for the Company to grant performance rights and options as incentives, subject to the terms of the individual offers and the satisfaction of performance conditions determined by the Board from time to time.

The key terms associated with the LTI plan are:

- A Performance Option or Right entitles the holder to acquire a share upon payment of an applicable exercise price at the end of the performance period, subject to meeting specific performance conditions (for Performance Rights, the exercise price is nil).
- Options will be granted for nil consideration.

Performance Conditions

The Board considers profit based performance measures such as EPS and EBIT to be the most appropriate performance conditions as they align the interests of shareholders with management.

FY2022 Chief Executive Officer LTI Plan

Following his appointment as Chief Executive Officer of the Group in November 2021, Victor Herrero was granted a 3-year LTI Grant on 23 November 2021 (Grant Date) vesting annually over its 3 year term including a Cash Award and a Performance Rights component, with the number of Performance Rights to be granted under the award determined at the date set out in the table below (Determination Date). The table below sets out the maximum LTI opportunity for each performance period, split between a Cash Award and Performance Rights. The number of Performance Rights to be granted to Victor is determined on the Determination Dates specified below by dividing the grant value by the 30-day volume weighted average price (VWAP) of the Company's Shares at the relevant Determination Date specified below (Fair Value).

Tranche	End of Performance Period	Date number of Performance Rights determined (Determination Date)	Maximum Value of Performance Rights to be Granted (AUD)	Maximum Cash Award Opportunity (AUD)	Total Maximum LTI Opportunity (AUD)	Number of Performance Rights Granted at Determination Date
Tranche 1	3 July 2022	23 November 2021	8,400,000	3,600,000	12,000,000	400,000
Tranche 2	2 July 2023	4 July 2022	24,400,000	3,600,000	28,000,000	1,742,857
Tranche 3	30 June 2024	3 July 2023	24,400,000	3,600,000	28,000,000	1,242,995

The Fair Value of each Performance Right for the purpose of determining the number of Performance Rights granted under Tranche 1 above was $21.00, $14.00 for Tranche 2, and $19.63 for Tranche 3. The grant of the Chief Executive Officer LTI Plan noted above was approved by shareholders at the 2021 Annual General Meeting, including the 400,000 Performance Rights granted on 23 November 2021 the 1,742,857 Performance Rights granted on 4 July 2022, and the 1,242,995 Performance Rights granted on 3 July 2023.

The performance hurdles for each LTI tranche are set out below, with performance against the EBIT hurdles to be tested at the end of each Performance Period and based on EBIT before the share-based payments expense recognised in the period associated with the LTI grants made to the CEO as set out above. Actual EBIT (before CEO's LTI) outcomes between hurdles will result in a pro-rata vesting of the cash and rights.

Tranche	EBIT Hurdle (pre LTI) (A$m)	Cash Award Amount (A$m)	Value of Performance Rights that Vest (based on value per right at Grant Date) ($Am)	Total LTI Award value (based on value of Performance Rights at Grant Date) ($Am)
Tranche 1 (vesting based on performance against EBIT Hurdle for FY22)	less than 65.0	0.0	0.0	0.0
	65.0	1.5	1.5	3.0
	70.0	1.75	1.75	3.5
	80.0	2.5	2.5	5.0
	95.0	3.6	5.4	9.0
	105+	3.6	8.4	12.0
Tranche 2 (vesting based on performance against EBIT Hurdle for FY23)	less than 90.0	0.0	0.0	0.0
	90.0	1.0	1.0	2.0
	95.0	1.5	1.5	3.0
	100.0	2.5	2.5	5.0
	110.0	3.6	4.4	8.0
	115.0	3.6	8.4	12.0
	120.0	3.6	14.4	18.0
	130+	3.6	24.4	28.0
Tranche 3 (vesting based on performance against EBIT Hurdle for FY24)	less than 95.0	0.0	0.0	0.0
	95.0	2.0	2.0	4.0
	100.0	3.0	3.0	6.0
	110.0	3.6	5.4	9.0
	125.0	3.6	10.4	14.0
	140.0	3.6	18.4	22.0
	155+	3.6	24.4	28.0

Calculation of the EBIT Hurdle and achievement against the EBIT Hurdle has been determined by the Board (or a committee of the Board) in its reasonable good faith discretion, having regard to any matters that it considered relevant. The number of Performance Rights that vest is calculated by dividing the value of the Performance Rights that vest as specified above by the Fair Value of each Performance Right for that Tranche as calculated at the Determination Date.

Upon Vesting of the Performance Rights and conversion to shares, the shares will be subject to a 12-month holding restriction period (this does not apply to the Cash component).

The actual vesting outcome for the Tranche 3 Performance Rights described above was determined by the Board based on the financial performance for the 2024 financial year, Tranche 2 based on the 2023 financial year, and Tranche 1 based on the 2022 financial year, as follows:

Tranche	Performance Outcome (EBIT pre share-based payments expense)	% of total opportunity vested	Total LTI Opportunity ($)	LTI Vested ($)	Vested LTI Cash ($)	Vested LTI – Performance Rights ($)	Vested Performance Rights (Number)
Tranche 1	$101.3m	90.80%	$12,000,000	$10,901,100	$3,600,000	$7,301,100	347,671
Tranche 2	$132.8m	92.80%	$28,000,000	$26,000,000	$1,600,000	$24,400,000	1,742,857
Tranche 3	$140.1m	78.76%	$28,000,000	$22,053,083	$3,600,000	$18,453,083	940,045

The vesting % of Tranche 2 noted above reflects the agreed vesting outcome between the Board and Mr Herrero, with the actual vesting % based on the EBIT outcome equal to 100% then reduced to the 92.8% vesting noted above by mutual agreement.

FY2024 Executive LTI Plan

On 6 September 2023 an LTI Award was made to certain Executives as part of the FY2024 LTI, comprising Performance Rights and a Cash component. The key terms associated with the FY2024 Executive LTI Grant are:

- The performance period commences 3 July 2023 and ends 28 June 2026, with the LTI Award vesting evenly over the 3 year period.
- Upon Vesting of the Performance Rights and conversion to shares, the shares will be subject to a 12-month holding restriction period (this does not apply to the Cash component).
- A total of 34,170 Performance Rights were granted, based on a total grant value of $670,758 divided by the 30 day VWAP of the Company's Shares to the date of grant of $19.63. The LTI Award also included a Cash component totalling $670,758, with the total LTI Award value $1,341,516. The cash component is paid out annually at equal tranches over the 3 year period.

For the Performance Rights and Cash Award to Vest, the Group needs to meet or exceed the following performance hurdles based on the Group's Earnings Before Interest and Tax for the FY24 financial year and continued employment with the Group as follows:

Tranche	End of Performance Period	Primary Performance Hurdle	Secondary Performance Hurdle
Tranche 1	30 June 2024	Growth in Company EBIT for FY24 of between 17.5% (20% vesting) to 30% (100% vesting) over FY23 (FY24 EBIT Hurdle)	Continued employment at the vesting date
Tranche 2	29 June 2025	Growth in Company EBIT for FY24 of between 17.5% (20% vesting) to 30% (100% vesting) over FY23 (FY24 EBIT Hurdle)	Continued employment at the vesting date
Tranche 3	28 June 2026	Growth in Company EBIT for FY24 of between 17.5% (20% vesting) to 30% (100% vesting) over FY23 (FY24 EBIT Hurdle)	Continued employment at the vesting date

The FY24 EBIT Hurdle is calculated based on growth on FY23 Statutory EBIT. Once the FY24 EBIT Hurdle performance has been determined and the resulting vesting percentage determined for Tranche 1, this vesting percentage will also be applied to Tranche 2 and 3 assuming continued employment at the vesting date for each of those tranches.

The actual EBIT for the financial year ended 30 June 2024 was $128.2m, representing growth of 21.2% on FY23. As a result, subsequent to the end of the financial year the Board have determined that 43.8% of the LTI Award granted under Tranche 1 has vested, with an equivalent vesting percentage to be applied to the subsequent tranches and those LTI Awards also vesting should each executive remain employed at the subsequent vesting dates.

FY2023 Executive LTI Plan

On 29 August 2022 an LTI Award was made to certain Executives as part of the FY2023 LTI, comprising Performance Rights and a Cash component. The key terms associated with the FY2023 Executive LTI Grant are:

- The performance period commences 4 July 2022 and ends 29 June 2025, with the LTI Award vesting evenly over the 3 year period.
- Upon Vesting of the Performance Rights and conversion to shares, the shares will be subject to a 12-month holding restriction period (this does not apply to the Cash component).
- A total of 53,757 Performance Rights were granted, based on a total grant value of $752,645 divided by the 30 day VWAP of the Company's Shares to the date of grant of $14.00. The LTI Award also included a Cash component totalling $752,645, with the total LTI Award value $1,505,290. The cash component is paid out annually at equal tranches over the 3 year period.

For the Performance Rights and Cash Award to Vest, the Group needed to meet or exceed the following performance hurdles based on the Group's Earnings Before Interest and Tax for the FY23 financial year and continued employment with the Group as follows:

Tranche	End of Performance Period	Primary Performance Hurdle	Secondary Performance Hurdle
Tranche 1	2 July 2023	Growth in Company EBIT for FY23 of between 17.5% (20% vesting) to 30% (100% vesting) over FY22 (FY23 EBIT Hurdle)	Continued employment at the vesting date
Tranche 2	30 June 2024	Growth in Company EBIT for FY23 of between 17.5% (20% vesting) to 30% (100% vesting) over FY22 (FY23 EBIT Hurdle)	Continued employment at the vesting date
Tranche 3	29 June 2025	Growth in Company EBIT for FY23 of between 17.5% (20% vesting) to 30% (100% vesting) over FY22 (FY23 EBIT Hurdle)	Continued employment at the vesting date

The FY23 EBIT Hurdle was calculated based on growth on FY22 Statutory EBIT adjusted to remove the 53rd week of trading in FY22 to ensure comparability between periods. The actual EBIT for the financial year ended 2 July 2023 was $105.7m, representing growth of 31.5% on FY22 (on a 52 week basis). As a result, subsequent to the end of the 2023 financial year the Board determined that 100% of the LTI Award granted under Tranche 1 had vested, with an equivalent vesting percentage to be applied to the subsequent tranches and those LTI Awards also vesting should each executive remain employed at the subsequent vesting dates. As a result, 17,919 Tranche 1 rights vested and were converted to shares for the relevant executives during FY24, with cash LTI payments made totalling $250,882.

Each executive entitled to Tranche 2 above remained employed with the Company at 30 June 2024 and therefore at that date a further 17,919 rights vested and were issued to executives subsequent to financial year end, with the Tranche 2 cash LTI payment also made subsequent to financial year end totalling $250,882.

FY2022 Executive LTI Plan

In September 2021 a grant of Performance Options was made to certain Executives as part of the FY2022 LTI. The key terms associated with the FY2022 Executive LTI Grant are:

- The performance period commences 28 June 2021 and ends 30 June 2024.
- The exercise price of the Performance Options is $14.37, which represents the 30 day VWAP to the date of grant.
- A total of 150,000 Performance Options were granted.
- The grant of Performance Options is subject to performance conditions based on delivering the Group's EBIT target over the performance period, as set out below.
- The expiry of the Performance Options is 12 months following the end of the performance period.
- 90,000 options were forfeited during a prior year.

The Board determined the EBIT Target growth hurdles applicable to the FY2022 grant is as follows:

Group's EBIT for the financial year ending 30 June 2024	% of LTI Options that vest and become exercisable
Less than $90m	Nil
$90m - $95m	20% awarded
$95m - $100m	35% awarded
$100m - $110m	50% awarded
$110m - $120m	75% awarded
>$120m	100% awarded

The actual EBIT for the financial year ended 30 June 2024 was $128.2m. As a result, subsequent to the end of the financial year the Board have determined that 60,000 of the Performance Options with a value of $479,404 granted under this tranche have vested.

9.3 Equity Remuneration Analysis

Analysis of Options and Performance Rights over Equity Instruments Granted as Compensation

Details of the vesting profile of options and performance rights awarded as remuneration to each key management person are detailed below.

	Performance Rights/Options granted			Grant date	Included in Remuneration for the current year $	% vested in the period	% forfeited in the period	Financial period in which grant vests	Maximum Value yet to vest (iii)
	Number	Value $	Performance period commences						
V Herrero									
FY22 LTIP Tranche 2 (FY23 vesting)(i)	1,742,857	24,400,000	4 Jul 2022	23 Nov 2021	2,255,788	100%	-	30 Jun 2024	-
FY22 LTIP Tranche 3 (FY24 vesting)(i)	1,242,995	24,400,000	3 Jul 2023	23 Nov 2021	8,041,170	(iv)	-	29 Jun 2025	1,127,183
C Lauder									
FY21 LTIP	100,000	289,100	29-Jun-20	16-Oct-20	41,300	100%	-	30-Jun-24	N/A
FY22 LTIP	60,000	479,404	28-Jun-21	25-Aug-21	136,526	(iv)	-	29-Jun-25	N/A
FY23 LTIP Tranche 1 (FY23 vesting)(ii)	3,869	54,167	4-Jul-22	29-Aug-22	7,683	100%	-	30-Jun-24	-
FY23 LTIP Tranche 2 (FY24 vesting)(ii)	3,869	54,167	4-Jul-22	29-Aug-22	24,989	100%	-	30-Jun-24	-
FY23 LTIP Tranche 3 (FY25 vesting)(ii)	3,869	54,167	4-Jul-22	29-Aug-22	17,085	-	-	29-Jun-25	20,043
FY24 LTIP Tranche 1 (FY24 vesting)(ii)	2,897	62,090	3-Jul-23	6-Sep-23	23,227	(v)	(v)	29-Jun-25	3,967
FY24 LTIP Tranche 2 (FY25 vesting)(ii)	2,897	62,090	3-Jul-23	6-Sep-23	12,495	-	-	29-Jun-25	14,699
FY24 LTIP Tranche 3 (FY26 vesting)(ii)	2,897	62,090	3-Jul-23	6-Sep-23	8,549	-	-	28-Jun-26	18,647

(i) During FY22, Mr Herrero was granted long term incentives as set out at 9.2 above, including performance rights vesting over the financial years 2022, 2023 and 2024. Whilst the value of the performance rights were granted as at November 2021, the number of performance rights granted under each tranche of the grant has been determined at the start of each performance period, with tranche 1 determined at 23 November 2021, tranche 2 determined on 4 July 2022, and tranche 3 determined on 3 July 2023 based on the 30 day VWAP of Lovisa shares at that date. The total potential value of the long term incentive at inception across the 3 year term was $68 million, including $57.2 million performance rights (as set out above) and $10.8m in cash settled incentives.

(ii) During FY23, Mr Lauder was granted an LTI Award comprising 3 Tranches vesting over the period FY23 to FY25, to a total value of $325,000, comprising Performance Rights granted across the 3 tranches totalling $162,500 resulting in the grant of a total of 11,607 Performance Rights, and a cash component also totalling $162,500. During FY24, Mr Lauder was granted an LTI Award comprising 3 Tranches vesting over the period FY24 to FY26, to a total value of $341,250 at calculation date, comprising Performance Rights granted across the 3 tranches based on an allocation at calculation date of $170,625 resulting in the grant of a total of 8,692 Performance Rights (with a fair value at grant date of $186,271), and a cash component totalling $170,625.

(iii) The maximum value of performance rights yet to vest is determined based on the amount of the grant date fair value that is yet to be expensed. The minimum value of share rights yet to vest is nil since the shares will be forfeited if the vesting conditions are not met.

(iv) Vesting of rights and options is known at the date of this report for these tranches, as detailed elsewhere in this report.

(v) 43.8% vesting of these rights is known at the date of this report.

The value of performance rights or options granted or exercised by each key management person during the financial year is detailed below:

Key Management Person	Granted in year $(i)	No. of shares issued on exercise	Value of rights or options exercised in year $(ii)	Exercise price of Options Exercised during the year
V Herrero	-	1,742,857	37,349,429	N/A
C Lauder	186,270	103,869	1,510,913	7.15

(i) The value of performance rights granted in the year is the fair value of the performance rights calculated at grant date. The total value of the performance rights granted is included in the table above. This amount is allocated to remuneration over the vesting period.

(ii) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

9.4 Options and Performance Rights Over Equity Instruments

The movement during the reporting period in the number of performance rights and options over ordinary shares in Lovisa Holdings Limited held directly or beneficially, by each key management person, including their related parties, is as follows:

Key Management Person	Held at 3 July 2023	Granted	Exercised	Forfeited	Held at 30 June 2024	Vested during the year	Vested and exercisable at 30 June 2024
Directors							
V Herrero							
- FY22 LTIP (Tranche 2)	1,742,857	-	(1,742,857)	-	-	100%	-
- FY22 LTIP (Tranche 3)	-	1,242,995	-	-	1,242,995	-	(i)
Executives							
C Lauder							
- FY21 LTIP	100,000	-	(100,000)	-	-	100%	-
- FY22 LTIP	60,000	-	-	-	60,000	-	(ii)
- FY23 LTIP (Tranche 1)	3,869	-	(3,869)	-	-	100%	-
- FY23 LTIP (Tranche 2)	3,869	-	-	-	3,869	100%	3,869
- FY23 LTIP (Tranche 3)	3,869	-	-	-	3,869	-	-
- FY24 LTIP (Tranche 1)	-	2,897	-	-	2,897	-	(iii)
- FY24 LTIP (Tranche 2)	-	2,897	-	-	2,897	-	(iii)
- FY24 LTIP (Tranche 3)	-	2,898	-	-	2,898	-	(iii)

(i) 78.76% vesting of rights and options is known at the date of this report.

(ii) 100% vesting of options is known at the date of this report.

(iii) 43.8% vesting of Tranche 1 rights is known at the date of this report, with the remaining 56.2% of each of Tranche 1, 2 and 3 of the FY24 LTI therefore forfeited and the future vesting of the remaining 43.8% of Tranche 2 and 3 subject to continued employment as set out above.

9.5 Details of Remuneration

Details of the remuneration of the Directors and Key Management Personnel (KMPs) is set out below.

	Year	Short Term Employment Benefits			Post-Employment Benefits	Long Term Benefits		Share Based Payments	
		Salary & Fees ($)	Other monetary benefits ($)	Performance based payment ($)	Super Contributions ($)	Annual & Long Service Leave ($)	Performance based payment ($)	Options / Rights ($)	Total ($)
NON-EXEC DIRECTORS									
B Blundy	**2024**	**240,000**	**-**	**-**	**-**	**-**	**-**	**-**	**240,000**
	2023	150,000	-	-	-	-	-	-	150,000
T Blundy	**2024**	**87,387**	**-**	**-**	**9,629**	**-**	**-**	**-**	**97,016**
	2023	73,059	-	-	7,685	-	-	-	80,744
B Carter	**2024**	**97,000**	**-**	**-**	**-**	**-**	**-**	**-**	**97,000**
	2023	44,955	-	-	4,734	-	-	-	49,689
J Charlton	**2024**	**78,378**	**-**	**-**	**8,637**	**-**	**-**	**-**	**87,015**
	2023	73,059	-	-	7,685	-	-	-	80,744
S J Alt	**2024**	**77,000**	**-**	**-**	**-**	**-**	**-**	**-**	**77,000**
	2023	70,000	-	-	-	-	-	-	70,000
J King (3)	**2024**	-	-	-	-	-	-	-	-
	2023	28,100	-	-	2,950	-	-	-	31,050
N van der Merwe	**2024**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	-	-	-	-	-	-	-	-
TOTAL NON-EXEC DIRECTORS	**2024**	**579,765**	**-**	**-**	**18,266**	**-**	**-**	**-**	**598,031**
	2023	439,713	-	-	23,054	-	-	-	462,227
EXEC DIRECTORS									
V Herrero (1)	**2024**	**1,982,158**	**70,748**	**-**	**-**	**-**	**1,623,854**	**10,296,948**	**13,973,708**
	2023	1,908,225	62,940	-	-	88,314	2,058,028	24,975,099	29,092,606
OTHER KMP									
C Lauder (2)	**2024**	**617,375**	**-**	**238,875**	**27,577**	**61,942**	**90,309**	**271,854**	**1,307,932**
	2023	568,281	-	260,000	25,292	64,701	321,776	439,222	1,679,272
TOTAL EXEC	**2024**	**2,599,533**	**70,748**	**238,875**	**27,577**	**61,942**	**1,714,163**	**10,568,802**	**15,281,640**
	2023	2,476,506	62,940	260,000	25,292	153,015	2,379,804	25,414,321	30,771,878

(1) Victor Herrero was appointed as a Director of the Company on 14 October 2021 and commenced as Chief Executive Officer on 9 November 2021. Included in Other Monetary Benefits is remuneration related to car allowance and reimbursement of personal costs related to life insurance and tax advice. Mr Herrero's LTI award described above includes both cash and equity settled components subject to performance conditions over the performance periods ending 3 July 2022, 2 July 2023 and 30 June 2024, with the associated expense recognised over the relevant performance period.

(2) Chris Lauder was granted a cash retention incentive of $300,000 in March 2022 payable in August 2023 based on continued employment at that date, with the associated expense included in remuneration over that period in the table above.

(3) Resigned 18 November 2022.

9.6 Details of KMP Employment Contracts

The remuneration and other terms of employment of the CEO and CFO are set out in individual employment contracts. Victor Herrero's existing employment contract with the Company was amended on 1 June 2024 to include a fixed term ending on 31 May 2025. Chris Lauder's employment contract is not subject to a fixed term. Notice periods under these employment contracts are as follows:

Name	Notice period/termination payment
Victor Herrero	The Company may terminate the employment contract immediately for "Cause", and Victor can terminate the employment contract immediately for "Good Reason", each by providing written notice to the other subject to relevant cure periods in each circumstance. Termination for "Cause" includes serious misconduct, wilful and continuous failure to perform duties, and material breach of the employment contract, for "Good Reason" includes material breach of the employment contract and customary change of control provisions. Where Victor's employment is terminated for Cause by the Company, no termination benefits are payable. Where Victor's employment is terminated by Victor for good reason, he may be eligible for a termination payment equal to the base salary of the remaining term of the contract, subject to a minimum payment of 3 months base salary.
Chris Lauder	6 months' notice by either party (or payment in lieu). Where Mr Lauder's employment is terminated due to serious misconduct or gross negligence, Mr Lauder's employment may be terminated immediately without any pay in lieu and the stated notice period will not apply.

9.7 Consequences of Performance on Shareholder Wealth

In considering the consolidated entity's performance and the benefits for shareholder wealth, the People, Remuneration and Nomination Committee has regard to a range of indicators in respect of senior executive remuneration and linked these to the previously described short and long term incentives.

The following table presents these indicators showing the impact of the Group's performance on shareholder wealth, during the financial years:

	2024	2023	2022	2021	2020
Earnings before interest and tax ($000)	128,177	105,742	82,684	43,527	25,667
Net profit after tax ($000)	82,411	68,164	58,387	24,829	11,221
Dividends paid	88,851	80,874	59,103	37,611	15,866
Share Price	$32.87	$19.30	$14.26	$14.45	$8.08
Earnings per share	75.4	63.3	54.3	23.1	10.6

KMP Shareholdings

The following table details the ordinary shareholdings and the movements in the shareholdings of KMP (including their personally related entities) for the financial year ended 30 June 2024.

No. of shares	Held at 3 July 2023	Shares Purchased	Shares Purchased from Options and Rights	Shares Sold	Other Movements	Held at 30 June 2024
Non-executive Directors						
B Blundy	43,207,500	-	-	-	-	43,207,500
T Blundy	1,153,005	-	-	-	-	1,153,005
B Carter	15,000	-	-	-	-	15,000
J Charlton	29,000	-	-	-	-	29,000
S J Alt	-	-	-	-	-	-
N van der Merwe (alternate)	-	-	-	-	-	-
Executive Directors						
V Herrero	397,471	-	1,742,857	-	-	2,140,328
Executive						
C Lauder	27,546	-	103,869	(15,000)	-	116,415

10. INSURANCE OF OFFICERS AND INDEMNITIES

During the financial year, Lovisa Holdings Limited paid a premium of $430,300 (2023: $480,000) to insure the Directors and officers of the Group.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

11. AUDIT SERVICES

11.1 Auditors 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 92 and forms part of this Directors' Report.

11.2 Audit and Non-Audit Services Provided by the External Auditor

During the financial year ended 30 June 2024 the following fees were paid or were due and payable for services provided by the external auditor, KPMG, of the Consolidated Entity:

Consolidated Entity	2024 $000	2023 $000
Audit and assurance services		
Audit and review of financial statements	990	674
Other services		
Tax compliance services	354	377
Other accounting services	36	141
	1,380	1,192

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board of Directors has considered the position and, in accordance with advice received from the Audit, Business Risk and Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit, Business Risk and Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

12. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

13. ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the entity.

14. NON-IFRS FINANCIAL INFORMATION

This report contains certain non-IFRS financial measures of historical financial performance. The measures are used by management and the Directors for the purpose of assessing the financial performance of the Group and individual segments. The measures are also used to enhance the comparability of information between reporting periods by adjusting for non-recurring or controllable factors which affect IFRS measures, to aid the user in understanding the Group's performance. These measures are not subject to audit.

15. ROUNDING OF AMOUNTS

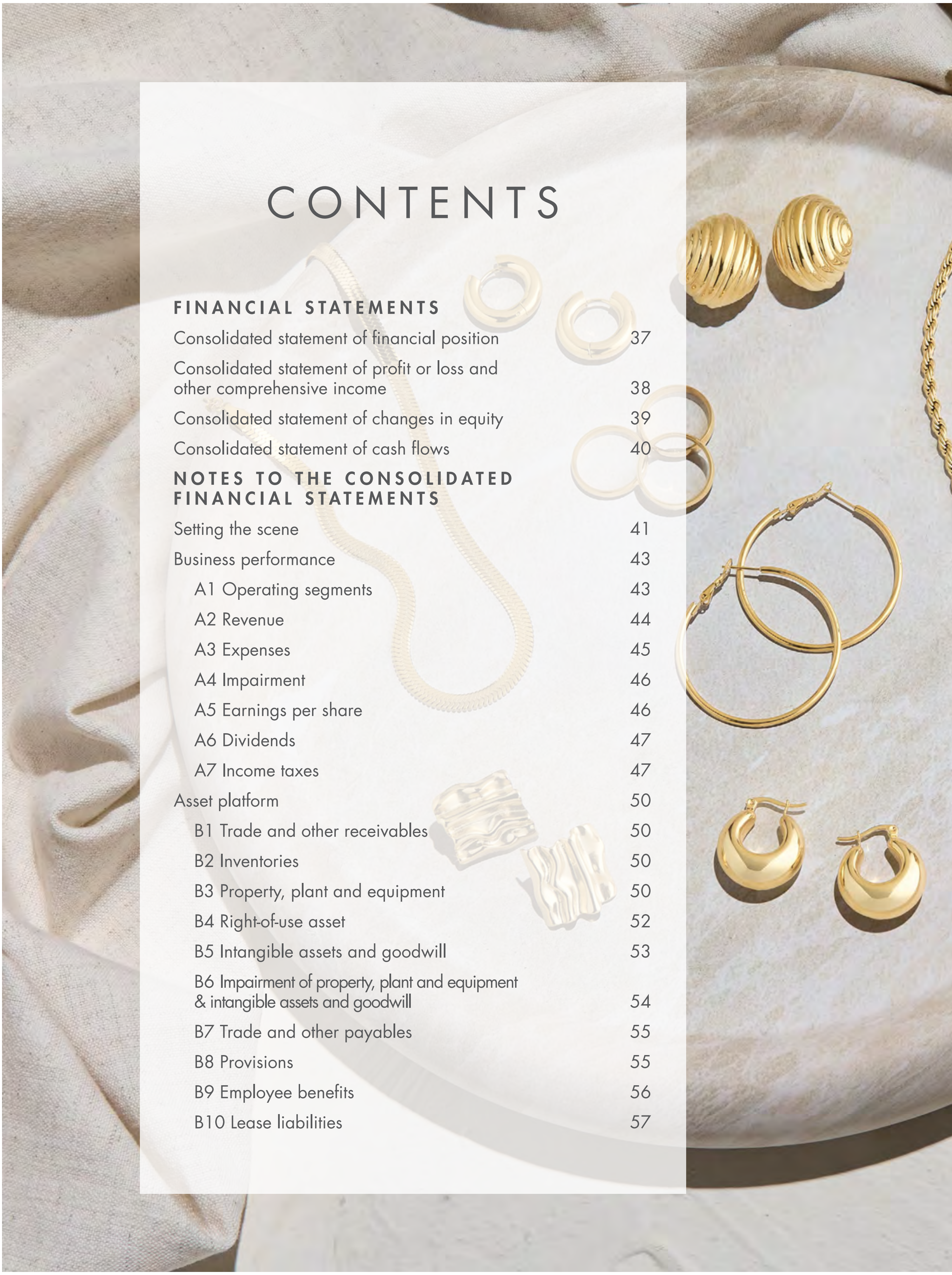
The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' Report have been rounded 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 the Directors

Brett Blundy
Non-Executive Chairman

Victor Herrero
Chief Executive Officer

Melbourne, 26 August 2024



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	30 June	2 July
Consolidated ($000s)		**2024**	**2023**
Assets			
Cash and cash equivalents	C5	30,520	31,650
Trade and other receivables	B1	19,445	23,202
Current tax receivables		11,521	210
Inventories	B2	68,622	60,098
Derivatives	C4	-	915
Total current assets		130,108	116,075
Deferred tax assets	A7	23,285	20,924
Property, plant and equipment	B3	123,588	121,389
Right-of-use asset	B4	251,399	255,741
Intangible assets and goodwill	B5	4,419	4,274
Total non-current assets		402,691	402,328
Total assets		532,799	518,403
Liabilities			
Trade and other payables	B7	61,140	39,677
Employee benefits - current	B9	9,180	7,667
Provisions - current	B8	2,522	2,413
Lease liability - current	B10	58,406	57,606
Derivatives	C4	318	-
Current tax liabilities		8,271	7,870
Total current liabilities		139,837	115,233
Employee benefits - non current	B9	432	339
Lease liability - non current	B10	246,661	249,981
Provisions - non current	B8	8,832	7,861
Deferred tax liabilities	A7	2,751	-
Loans and borrowings - non current	C3	54,000	65,000
Total non-current liabilities		312,676	328,131
Total liabilities		452,513	438,414
Net assets		80,286	79,989
Equity			
Issued capital	C1	214,852	214,137
Common control reserve		(208,906)	(208,906)
Other reserves		20,240	43,524
Retained earnings		54,100	31,234
Total equity		80,286	79,989

The Notes on pages 41 to 80 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2024

Consolidated ($000s)	Note	2024	2023
Revenue	A2	698,664	596,456
Cost of sales	B2	(132,874)	(119,742)
Gross profit		565,790	476,714
Salaries and employee benefits expense	A3	(206,281)	(182,377)
Property expenses	A3	(41,487)	(25,313)
Distribution costs	B2	(25,398)	(28,403)
Depreciation and amortisation expense		(93,122)	(74,224)
Loss on disposal of property, plant and equipment		(108)	(1,181)
Impairment (expenses) / reversals	A4	(2,220)	19
Other income		535	614
Other expenses	A3	(69,532)	(60,107)
Operating profit		128,177	105,742
Finance income		248	224
Finance costs		(17,833)	(13,068)
Net finance costs		(17,585)	(12,844)
Profit before tax		110,592	92,898
Income tax expense	A7	(28,181)	(24,734)
Profit after tax		82,411	68,164
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Cash flow hedges		(656)	(878)
Foreign operations - foreign currency translation differences		(8,612)	3,697
		(9,268)	2,819
Other comprehensive income, net of tax		(9,268)	2,819
Total comprehensive income		73,143	70,983
Profit attributable to:			
Owners of the Company		82,411	68,164
		82,411	68,164
Total comprehensive income attributable to:			
Owners of the Company		73,143	70,983
Total comprehensive income for the year		73,143	70,983
Earnings per share			
Basic earnings per share (cents)	A5	75.38	63.25
Diluted earnings per share (cents)	A5	74.47	61.94

The Notes on pages 41 to 80 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2024

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 for the year								
Profit		-	-	68,164	-	-	-	68,164
Cash flow hedges		-	-	-	-	(878)	-	(878)
Foreign operations - foreign currency translation differences		-	-	-	-	-	3,697	3,697
Total comprehensive income for the year		-	-	68,164		(878)	3,697	70,983
Capital contributions	C1	260	-	-	-	-	-	260
Employee share schemes	D3	-	-	-	25,297	-	-	25,297
Transfers from Reserves		-	-	15,623	(15,623)	-	-	-
Dividends	A6	-	-	(80,874)	-	-	-	(80,874)
Total transactions with owners of the company		260	-	(65,251)	9,674	-	-	(55,317)
Balance at 2 July 2023		214,137	(208,906)	31,234	32,244	666	10,614	79,989
Balance at 3 July 2023		214,137	(208,906)	31,234	32,244	666	10,614	79,989
Total comprehensive income for the year								
Profit		-	-	82,411	-	-	-	82,411
Cash flow hedges		-	-	-	-	(656)	-	(656)
Foreign operations - foreign currency translation differences		-	-	-	-	-	(8,612)	(8,612)
Total comprehensive income for the year		-	-	82,411	-	(656)	(8,612)	73,143
Capital contributions	C1	715	-	-	-	-	-	715
Employee share schemes	D3	-	-	-	15,290	-	-	15,290
Transfers from Reserves		-	-	29,306	(29,306)	-	-	-
Dividends	A6	-	-	(88,851)	-	-	-	(88,851)
Total transactions with owners of the company		715	-	(59,545)	(14,016)	-	-	(72,846)
Balance at 30 June 2024		214,852	(208,906)	54,100	18,228	10	2,002	80,286

The Notes on pages 41 to 80 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2024

Consolidated ($000s)	Note	2024	2023
Cash flows from operating activities			
Cash receipts from customers		784,907	665,072
Cash paid to suppliers and employees		(544,502)	(476,695)
Cash generated from operating activities		240,405	188,377
Interest received		248	224
Interest paid		(17,833)	(13,068)
Income taxes paid		(35,306)	(34,369)
Net cash from operating activities	C5	187,514	141,164
Cash flows from investing activities			
Acquisition of fixed assets		(38,459)	(76,677)
Proceeds from fit out contributions		15,338	16,147
Acquisition of key money intangibles	B5	(147)	(191)
Net cash used in investing activities		(23,268)	(60,721)
Cash flows from financing activities			
Share options exercised		715	260
(Repayment of borrowings)/Facility proceeds	C3	(11,000)	55,000
Payment of lease liabilities	B10	(66,020)	(57,997)
Dividends paid	A6	(88,851)	(80,874)
Net cash used in financing activities		(165,156)	(83,611)
Net decrease in cash and cash equivalents		(910)	(3,168)
Cash and cash equivalents at the beginning of the year	C5	31,650	34,153
Effect of movement in exchange rates on cash held		(220)	665
Cash and cash equivalents at the end of the year	C5	30,520	31,650

The Notes on pages 41 to 80 are an integral part of these consolidated financial statements.

Lovisa Holdings Limited (the "Company") is a for-profit company incorporated and domiciled in Australia with its registered office at Level 1, 818-820 Glenferrie Road, Hawthorn, Victoria 3122. The consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually the "Group companies"). The Group is primarily involved in the retail sale of fashion jewellery and accessories.

Lovisa Holdings Limited reports within a retail financial period. The current financial year represents a 52 week period ended on 30 June 2024 (2023: 52 week period ended 2 July 2023). This treatment is consistent with section 323D of Corporations Act 2001.

The consolidated financial statements of the Group for the financial year ended 30 June 2024 were authorised for issue by the Board of Directors on 26 August 2024.

Basis of accounting

The consolidated financial statements and supporting notes form a general purpose financial report. It:

- Has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards (AASBs) including Australian Accounting Interpretations, adopted by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) and Interpretations as issued by the International Accounting Standards Board;
- Has been prepared on a historical cost basis except for derivative financial instruments which are measured at fair value;
- Presents reclassified comparative information where required for consistency with the current year's presentation;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2023. These do not result in significant impacts on the FY24 Consolidated Financial Statements;
- Does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective except as disclosed in note D9; and
- Has been prepared on a going concern basis of accounting. At 30 June 2024, the Group's statement of financial position is in a net current liability position of $9.7m, with net assets of $80.3m. The Group's approach to managing liquidity risk is detailed in Note C4 and the Group's undrawn credit facilities are detailed in Note C3. The Group continues to be able to meet its financial obligations as and when they fall due and remains a going concern.

Use of judgements and estimates

In preparing these consolidated financial statements, management has made a number of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Judgements and estimates which are material to the financial statements are outlined below.

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 remain uncertain 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.

In all scenarios modelled, the liquidity requirements of the Group are within the available facilities and are forecast to meet financial covenants.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the financial year ended 30 June 2024 are included in the following notes:

- Note A7 – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Note B2 - inventories: recognition and measurement of stock provisioning;
- Note B6 – impairment test: key assumptions underlying

recoverable amounts, including the recoverability of goodwill and key money;

- Notes B8 and D2 – recognition and measurement of provisions for site restoration and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note B10 - recognition and measurement of lease liabilities: key assumptions underlying the lease term including the exericise or not of options or break clauses.

Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note B6). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see note C1).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Acquisition of assets

The Group accounts for asset purchases by allocating the transaction price to the individual assets and liabilities acquired based on their relative fair values at the date of purchase.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct activities of the entity.

The financial results of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases.
The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Foreign currency

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

Translation of foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Lovisa at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign currency operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss on disposal of the entity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

About the Notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- The amount with respect to the information is significant because of its size or nature;
- The information is important for understanding the results of the Group;
- It helps to explain the impact of significant changes in the Group's business; or
- It relates to an aspect of the Group's operations that is important to its future performance.

Subsequent events

Other than the dividend determined to be paid as set out in Note A6, no matters or circumstances that have arisen since the end of the financial year 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.

BUSINESS PERFORMANCE

This section highlights key financial performance measures of the Lovisa Group's operating segments, as well as Group financial metrics incorporating revenue, earnings, taxation and dividends.

A1 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 reportable segments but meet the aggregation criteria to form reportable segments at a geographic level.

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 (Singapore, Malaysia, Hong Kong, Taiwan, Vietnam, and China), Africa/Middle East (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, Romania, and Ireland) and the Group's franchise stores in the Middle East, Africa, and South America. Geographic revenue information is included in Note A2.

In presenting the following information, segment assets were based on the geographic location of the assets.

	2024	2023
($000s)	**Non-current assets (i)**	**Non-current assets (i)**
Australia / New Zealand (ii)	59,158	63,795
Asia	9,231	11,750
Africa / Middle East	9,286	7,366
Europe	144,553	123,330
Americas	152,759	170,889
Total	374,987	377,130

(i) Excluding financial instruments, deferred tax assets, employee benefit assets and intangible assets.

(ii) Australia's non-current assets as at 30 June 2024 are $53,932,000 (2023: $56,850,000).

A2 REVENUE

Revenue by nature and geography

The geographic information below analyses the Group's revenue by region. In presenting the following information, segment revenue has been based on the geographic location of customers.

($000s)	**2024**	**2023**
Sale of Goods		
Australia / New Zealand (i)	200,075	198,646
Asia	36,976	37,311
Africa / Middle East	52,195	48,800
Europe	230,413	181,639
Americas	177,498	128,183
Total Sale of Goods	697,157	594,579
Franchise Revenue		
South America	289	292
Middle East	947	1,547
Africa	271	38
Total Franchise Revenue	1,507	1,877
Total Revenue	698,664	596,456

(i) Australia's revenue for the year ended 30 June 2024 is $175,639,000 (2023: $174,839,000)

Revenue recognition and measurement

Revenue is recognised when the customer obtains control of the goods, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns and trade discounts. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from the sale of fashion jewellery is recognised when the customer obtains control of the goods. A right of return provision has been recognised in line with the Group's returns policy and in line with the requirements of AASB 15 along with a right to recover returned goods asset. The right of return provision decreases revenue and the right to recover returned goods decreases cost of sales.

Franchise income

Franchise income, which is generally earned based upon a percentage of sales is recognised on an accrual basis.

A3 EXPENSES

Expenses by nature

Consolidated ($000s)	**2024**	**2023**
Property expenses		
Variable lease expenses	10,978	2,626
Outgoings	30,509	22,687
Total property expenses	41,487	25,313
Salaries and employee benefits expense		
Wages and salaries	172,820	138,715
Compulsory social security contributions	20,465	15,819
Increase in liability for long-service leave	218	78
LTI - Cash component	2,018	2,468
Share-based payment expense	10,760	25,297
Total salaries and employee benefits expense	206,281	182,377
Other expenses		
Administrative expenses	21,021	15,992
Banking expenses	8,723	7,382
Data and communication expenses	14,135	9,403
Legal and consulting expenses	10,336	10,617
Other expenses	15,317	16,713
Total other expenses	69,532	60,107

A4 IMPAIRMENT

Amounts recognised in profit or loss

Consolidated ($000s)	**2024**	**2023**
Store impairment charges	3,959	2,075
Key money impairment charges	-	78
Reversal of store impairment charges	(1,739)	(2,172)
	2,220	(19)

During the year ended 30 June 2024, net impairment expense of $2,220,000 ($2,220,000 after tax) (2023: $19,000 impairment reversal ($19,000 after tax)) was included within the consolidated statement of profit or loss and other comprehensive income. This impairment expense was in the Americas, Europe and Asian regions. Refer to Note B6.

A5 EARNINGS PER SHARE (EPS)

Calculation methodology

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

EPS for profit attributable to ordinary shareholders of Lovisa Holdings Limited

	2024	**2023**
Basic EPS (cents)	75.38	63.25
Diluted EPS (cents)	74.47	61.94
Profit attributable to ordinary shareholders ($000s)	82,411	68,164
Weighted average number of ordinary shares for basic EPS (shares)	109,324,573	107,763,351
Weighted average number of ordinary shares and potential ordinary shares for diluted EPS (shares)	110,662,667	110,049,842

	2024	**2023**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	109,324,573	107,763,351
Adjustments for calculation of diluted earnings per share:		
- Options	25,091	89,878
- Performance rights	1,313,003	2,196,613
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	110,662,667	110,049,842

Information concerning the classification of securities

i) Options and performance rights

Options and performance rights granted to employees under the Lovisa Holdings Long Term Incentive Plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required hurdles would have been met based on the Group's performance up to the reporting date, and to the extent to which they are dilutive. The options and performance rights have not been included in the determination of basic earnings per share. Details relating to the options and performance rights are set out in note D3.

At 30 June 2024, no options and performance rights (2023: nil) were excluded from the diluted weighted average number of ordinary shares calculation because their effect would have been anti-dilutive.

A6 DIVIDENDS

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

The following dividends were paid by the Company for the year.

Consolidated ($000s)	**2024**	**2023**
31.0 cents per qualifying ordinary share, 70% franked (2023: 37.0 cents, 30% franked)	34,005	39,898
50.0 cents per qualifying ordinary share, 30% franked (2023: 38.0 cents, fully franked)	54,846	40,976
	88,851	80,874

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.

Consolidated ($000s)	**2024**	**2023**
37.0 cents per qualifying ordinary share, unfranked (2023: 31.0 cents, 70% franked)	40,586	33,428
	40,586	33,428

Consolidated ($000s)	**2024**	**2023**
Dividend franking account		
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2023: 30%)	3,508	5,933

A7 INCOME TAXES

Recognition and measurement

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred taxes arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to AASB 12) from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences such as leases. An entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings.

A7 INCOME TAXES (CONTINUED)

(a) Amounts recognised in profit or loss

Consolidated ($000s)	2024	2023
Current tax expense		
Current period	29,696	30,161
Changes in estimates related to prior years	(756)	603
	28,940	30,764
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(1,721)	(5,978)
Changes in temporary differences related to prior years	962	(52)
	(759)	(6,030)
Total income tax expense	28,181	24,734

(b) Reconciliation of effective tax rate

Consolidated ($000s)	2024	2023
Profit before tax from continuing operations	110,592	92,898
Tax at the Australian tax rate of 30% (2023: 30%)	33,178	27,869
Effect of tax rates in foreign jurisdictions	(2,577)	(2,757)
Non-deductible expenses	277	121
Recognition of tax effect of previously unrecognised tax losses	(3,454)	(2,073)
Current year losses for which no deferred tax asset is recognised	614	782
Other movements	(1,378)	(201)
Changes in estimate related to prior years	603	603
Withholding tax payable	918	390
Total current period tax expense	28,181	24,734

Effective tax rates (ETR)

Bases of calculation of each ETR

Global operations – Total consolidated tax expense ETR: IFRS calculated total consolidated company income tax expense divided by total consolidated accounting profit on continuing operations.

Australian operations – Australian company income tax expense ETR: IFRS calculated company income tax expense for all Australian companies and Australian operations of overseas companies included in these consolidated financial statements, divided by accounting profit derived by all Australian companies included in these consolidated financial statements.

Percentage	2024	2023
ETR		
Global operations – Total consolidated tax expense	25.5%	26.6%
Australian operations – Australian company income tax expense	27.4%	31.5%

A7 INCOME TAXES (CONTINUED)

(c) Deferred tax assets and liabilities reconciliation

Unused tax losses for which no deferred tax asset has been recognised total $2,719,000 (2023: $5,043,000).

(d) Expected settlement of deferred tax balances

	Statement of financial position		Statement of profit or loss	
Consolidated ($000s)	**2024**	**2023**	**2024**	**2023**
Property, plant and equipment	(2,332)	(5,852)	(3,604)	2,342
Employee benefits	2,644	2,134	(515)	(422)
Long term incentives	8,621	10,472	8,813	(7,250)
Provisions	1,608	1,127	(490)	(60)
Other items	982	1,329	(768)	532
Lease liabilities	67,130	70,696	(3,566)	28,675
Right-of-use assets	(63,912)	(67,841)	1,436	(28,785)
Transaction costs	58	94	36	13
Carry forward tax losses	5,735	8,765	(2,101)	(1,075)
Deferred tax expense	-	-	(759)	(6,030)
Net deferred tax assets	20,534	20,924		
Presented in the Statement of financial position as follows:				
Deferred tax assets	23,825	20,924		
Deferred tax liability	2,751	-		

Consolidated ($000s)	**2024**	**2023**
Deferred tax assets expected to be settled within 12 months	39,736	28,821
Deferred tax assets expected to be settled after 12 months	48,256	66,850
	87,992	95,671
Deferred tax liabilities expected to be settled within 12 months	14,647	15,808
Deferred tax liabilities expected to be settled after 12 months	52,811	58,939
	67,458	74,747
Net deferred tax assets	20,534	20,924

Global minimum tax framework

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

The Group operates in several countries (refer note D1) which have either enacted or substantively enacted new tax legislation to implement the Pillar Two global minimum top-up tax (top-up tax), which seeks to apply a 15% global minimum tax. The Group does not expect to be subject to material top-up tax in relation to its operations in any of these countries.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax if it is incurred from 1 July 2024.

The Group continues to monitor and evaluate domestic implementation of Pillar Two by relevant countries of the OECD and based on the information available at this point in time, the exposure to the additional taxation under Pillar Two is not estimated to be material for the Group.

ASSET PLATFORM

This section outlines the key operating assets owned and liabilities incurred by the Group.

B1 TRADE AND OTHER RECEIVABLES

Recognition and measurement

Trade and other receivables are initially recognised at fair value and subsequently stated at their amortised cost using the effective interest method, less impairment losses.

Consolidated ($000s)	**Note**	**2024**	**2023**
Trade receivables		1,397	1,857
Deposits		4,424	3,496
Prepayments		7,578	4,809
Other receivables (i)		6,046	13,040
		19,445	23,202

(i) Other receivables include landlord fit-out contributions receivable.

Impairment of receivables

Recoverability of receivables is assessed monthly to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Significant receivables are individually assessed for impairment. Receivables with a short duration are not discounted.

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is disclosed in Note C4.

B2 INVENTORIES

Recognition and measurement

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost includes the product purchase cost, import freight and duties together with other costs incurred in bringing inventory to its present location and condition using the weighted average cost method. All stock on hand relates to finished goods.

Costs of goods sold comprises purchase price from the supplier, cost of shipping product from supplier to warehouse, shrinkage and obsolescence. Warehouse and outbound freight costs are reported as distribution expenses. Inventories recognised as expenses during 2024 and included in cost of sales amount to $128,962,000 (2023: $116,799,000).

During 2024, inventories of $19,017,000 (2023: $13,354,000) were written down to net realisable value and included in cost of sales.

B3 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of acquired assets includes estimates of the costs of dismantling and removing the items and restoring the site on which they are located where it is probable that such costs will be incurred.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

Depreciation and amortisation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life on all property, plant and equipment.

The residual value, the useful life and the depreciation method applied to an asset are re-assessed at least annually.

B3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing disposal proceeds with the carrying amount of the disposed asset and are recognised in the profit or loss in the year the disposal occurs.

Reconciliation of carrying amount

Consolidated ($000s)	Note	Leasehold improvements	Hardware and software	Fixtures and fittings	Total
Depreciation policy		Lease term	3 years	3 years	
Cost					
Balance at 4 July 2022		128,610	10,405	2,742	141,757
Additions		75,036	2,070	308	77,414
Disposals		(4,755)	(155)	(137)	(5,047)
Effect of movements in exchange rates		3,734	158	43	3,935
Balance at 2 July 2023		202,625	12,478	2,956	218,059
Balance at 3 July 2023		202,625	12,478	2,956	218,059
Additions		35,633	1,217	55	36,905
Disposals		(1,781)	(92)	-	(1,873)
Effect of movements in exchange rates		(1,429)	(17)	2	(1,444)
Balance at 30 June 2024		235,048	13,586	3,013	251,647

Consolidated ($000s)	Note	Leasehold improvements	Hardware and software	Fixtures and fittings	Total
Accumulated depreciation and impairment losses					
Balance at 4 July 2022		(63,710)	(8,527)	(2,265)	(74,502)
Depreciation		(20,347)	(1,644)	(356)	(22,347)
Impairment		(1,086)	-	-	(1,086)
Disposals		2,676	125	126	2,927
Effect of movements in exchange rates		(1,593)	(64)	(5)	(1,662)
Balance at 2 July 2023		(84,060)	(10,110)	(2,500)	(96,670)
Balance at 3 Jul 2023		(84,060)	(10,110)	(2,500)	(96,670)
Depreciation		(29,522)	(1,704)	(228)	(31,454)
Impairment		(1,741)	-	-	(1,741)
Disposals		1,096	86	-	1,182
Effect of movements in exchange rates		599	25	-	624
Balance at 30 June 2024		(113,628)	(11,703)	(2,728)	(128,059)
Carrying amounts					
At 3 July 2022		64,900	1,878	477	67,255
At 2 July 2023		118,565	2,368	456	121,389
At 30 June 2024		121,420	1,883	285	123,588

B4 RIGHT-OF-USE ASSET

The Group has leases for retail stores, offices and warehouse facilities. The leases run for a period of 3 to 10 years but may have extension options as described below.

Consolidated ($000s)	Note	Total
Cost		
Balance at 4 July 2022		288,367
Additions		105,618
Re-measurement of lease liabilities		20,665
Effect of movements in exchange rates		11,831
Balance at 2 July 2023		426,481
Balance at 3 July 2023		426,481
Additions		51,997
Re-measurement of lease liabilities		7,563
Effect of movements in exchange rates		(3,959)
Balance at 30 June 2024		482,082

Consolidated ($000s)	Note	Total
Accumulated depreciation and impairment losses		
Balance at 4 July 2022		(116,330)
Depreciation and impairment charges for the year		(51,866)
Impairments		1,183
Effect of movements in exchange rates		(3,727)
Balance at 2 July 2023		(170,740)
Balance at 3 July 2023		(170,740)
Depreciation and impairment charges for the year		(61,652)
Impairments		9
Effect of movements in exchange rates		1,700
Balance at 30 June 2024		(230,683)
Carrying amounts		
At 3 July 2022		172,037
At 2 July 2023		255,741
At 30 June 2024		251,399

Accounting policy

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. It may subsequently be reduced by impairment losses and adjusted for certain remeasurements of the lease liability.

B4 RIGHT-OF-USE ASSET (CONTINUED)

Accounting policy (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The Group determines its incremental borrowing rate by adjusting its current borrowing rates with market specific interest rates obtained from external financing sources.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Variable lease payments: Leases may include variable lease payments, including payments that are variable based on a percentage of sales, depend on an index or rate, as well as variable payments for items such as property taxes, insurance, promotion spend, and other operating expenses associated with leased assets. Such variable lease payments are excluded from the calculation of the right-of-use asset and are recognised in the period in which the obligation is incurred.

Low value assets: The Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets, such as office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Recognition and measurement

Additions to right-of-use assets represent leases for new stores. Right-of-use assets have been adjusted for the re-measurement of lease liabilities due to changes to existing lease terms, including extensions to existing lease terms. As a result of re-measurement adjustments exceeding the carrying value of the right-of-use asset, a gain of $535,000 has been recognised in other income in the statement of profit or loss and other comprehensive income during the year ended 30 June 2024 (2023: $614,000).

At 30 June 2024, the Group has executed leases for which the lease commencement date has not yet occurred. These leases have a duration of up to 10 years and once commenced will result in an increase in lease liabilities and right-of-use assets, on a total basis, of approximately $7,996,000 (2023: $14,129,000).

The Group has not recognised any rent concessions that are a direct consequence of the COVID-19 pandemic in the statement of profit or loss and other comprehensive income for the year ended 30 June 2024 (2023: $306,000).

Expenses relating to variable lease payments not included in lease liabilities of $10,956,000 have been recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2024 (2023: $2,910,000).

B5 INTANGIBLE ASSETS AND GOODWILL

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is not amortised.

Key Money

Key money represents expenditure associated with acquiring existing operating lease agreements for company-operated stores in countries where there is an active market for key money (e.g. regularly published transaction prices), also referred to as 'rights of use'. Key money is not amortised but annually tested for impairment. Key money in countries where there is not an active market for key money is amortised over the contractual lease period.

B5 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Consolidated ($000s)	Note	Key Money	Goodwill
Balance at 4 July 2022		2,048	2,186
Additions		191	-
Disposals		-	-
Impairment		(78)	-
Amortisation		(10)	-
Effect of movements in exchange rates		155	(218)
Balance at 2 July 2023		2,306	1,968
Balance at 3 July 2023		2,306	1,968
Additions		147	-
Disposals		-	-
Impairment		-	-
Amortisation		(24)	-
Effect of movements in exchange rates		(50)	72
Balance at 30 June 2024		2,379	2,040

B6 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS AND GOODWILL

Recognition and measurement
Impairment

The carrying amounts of the Group's goodwill and indefinite life intangibles are tested for impairment at each reporting period. Property, plant and equipment 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 (CGU) exceeds its recoverable amount. A cash-generating unit 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.

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. The Group uses value in use for the purposes of impairment testing, with the estimated future cash flows 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.

B6 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Key assumptions for the impairment testing carried out at 30 June 2024

Stores with indicators of impairment at 30 June 2024 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 sales profile by market 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, an impairment expense of $3,959,000 was recognised for store fit-out and lease right-of-use assets (2023: $2,075,000 for store fit-out and lease right-of-use assets). Refer to notes B3, B4 and B5 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. Prior years' impairment losses totalling $1,739,000 were reversed during the current year (2023: $2,172,000).

B7 TRADE AND OTHER PAYABLES

Recognition and measurement

Liabilities for trade payables and other amounts are carried at their amortised cost.
Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Consolidated ($000s)	**2024**	**2023**
Trade payables	33,071	19,075
Accrued expenses	28,069	20,602
	61,140	39,677

Trade payables are unsecured and are usually paid within 30 days of recognition. Information about the Group's exposure to currency and liquidity risk is included in Note C4.

B8 PROVISIONS

Recognition and measurement

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Consolidated ($000s)	**Site restoration**	**Return provision**	**Total**
Balance at 3 July 2023	9,721	553	10,274
Provisions made during the year	1,859	400	2,259
Provisions used during the year	(808)	(311)	(1,119)
Effect of movement in exchange rates	(56)	(4)	(60)
Balance at 30 June 2024	10,716	638	11,354
Current	1,884	638	2,522
Non-current	8,832	-	8,832
	10,716	638	11,354

B8 PROVISIONS (CONTINUED)

(a) Site restoration

	Key Estimates
In accordance with the Group's legal requirements, a provision for site restoration in respect of make good of leased premises is recognised when the premises are occupied. The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period. Since the adoption of AASB 16 *Leases* from 1 July 2019, site restoration is now capitalised as part of the lease right-of-use asset and depreciated over the life of the lease term. For prior periods the amount of the provision for future restoration costs was capitalised as part of leasehold improvements and depreciated over the estimated useful life of the leasehold improvements. The unwinding of the effect of discounting on the provision was recognised as a finance cost.	Expenditure to settle the restoration obligation at the end of the lease term is based on the Group's best estimate of cost of restorations.

B9 EMPLOYEE BENEFITS

Recognition and measurement

Long-term service benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using high quality Australian corporate bond rates at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Consolidated ($000s)	2024	2023
Current		
Liability for annual leave	8,437	6,992
Liability for long-service leave	743	675
Non-Current		
Liability for long-service leave	432	339
Total employee benefit liabilities	9,612	8,006

For details on the related employee benefit expenses, see Note A3.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

B10 LEASE LIABILITIES

The Group has leases for retail stores, offices and warehouse facilities. The leases run for a period of 3 to 10 years but may have extension options as described below.

Consolidated ($000s)	Note	Total
Balance at 4 July 2022		218,372
Liability recognised during the period		117,660
Re-measurement of lease liabilities		20,100
Lease payments		(68,574)
Interest		10,577
Effect of movements in exchange rates		9,452
Balance at 2 July 2023		**307,587**
Balance at 3 July 2023		307,587
Liability recognised during the period		55,228
Re-measurement of lease liabilities		10,914
Lease payments		(79,389)
Interest		13,369
Effect of movements in exchange rates		(2,642)
Balance at 30 June 2024		**305,067**
Current lease liability		58,406
Non-current lease liability		246,661
		305,067

Accounting policy

Refer to note B4.

Recognition and measurement

Additions to lease liabilities represent leases for new stores. Lease liabilities have been re-measured due to changes to existing lease terms, including extensions to existing lease terms and exercise of break clauses.

The Group has executed leases for which the lease commencement date has not yet occurred and therefore the lease liability has not been recognised at 30 June 2024, refer to note B4.

The timing of the contractual cash flows for the lease liabilities are disclosed in note C4(b).

RISK & CAPITAL MANAGEMENT

This section discusses the Group's capital management practices, as well as the instruments and strategies utilised by the Group in minimising exposures to and impact of various financial risks on the financial position and performance of the Group.

C1 CAPITAL AND RESERVES

Recognition and measurement

Ordinary shares

Initially, share capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(a) Share capital

	No. of Ordinary Shares		Value of Ordinary Shares	
	2024	**2023**	**2024**	**2023**
Share Capital	**'000's**	**'000's**	**'000's**	**'000's**
On issue at beginning of year	107,832	107,460	241,684	234,165
Shares issue to Employee Share Trust	1,861	372	39,876	7,519
On issue at end of year	109,693	107,832	281,560	241,684
Treasury Shares				
On issue at beginning of year	-	-	(27,547)	(20,288)
Shares issued to trust	(1,861)	(372)	(39,876)	(7,519)
Shares allocated on option exercise	1,861	372	715	260
	-	-	(66,708)	(27,547)
Share Capital After Treasury Shares	109,693	107,832	214,852	214,137

All ordinary shares rank equally with regard to the Company's residual assets.

(i) Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of these shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

(ii) Treasury shares

Treasury shares are shares in Lovisa Holdings Limited that are held by the Lovisa Holdings Limited Share Trust for the purposes of issuing shares under the Long Term Incentive Plans. When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share capital.

C1 CAPITAL AND RESERVES (CONTINUED)

(b) Nature and purpose of reserves

(i) Common control reserve

The Group's accounting policy is to use book value accounting for common control transactions. The book value used is the book value of the transferor of the investment. Book value accounting is applied on the basis that the entities are part of a larger economic group, and that the figures from the larger group are the relevant ones. In applying book value accounting, no entries are recognised in profit or loss; instead, the result of the transaction is recognised in equity as arising from a transaction with shareholders.

The book value (carry-over basis) is accounted for on the basis that the investment has simply been moved from one Group owner to a new Group Company. In applying book value accounting, an adjustment may be required in equity to reflect any difference between the consideration received and the aggregated capital of the transferee. The adjustment is reflected in the 'common control reserve' capital account.

(ii) Translation reserve

The translation reserve reflects all foreign currency differences of the international entities upon translation to the Group's functional currency.

(iii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(iv) Share-based payments reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of options and performance rights issued to employees but not exercised
- the grant date fair value of shares issued to employees
- the grant date fair value of deferred shares granted to employees but not yet vested

C2 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

C3 LOANS AND BORROWINGS

Recognition and measurement

Loans and borrowings are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note C4.

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

					30 June 2024		2 July 2023	
Consolidated ($000s)	**Lender**	**Currency**	**Nominal interest rate**	**Year of maturity**	**Facility Limit**	**Amount Drawn**	**Facility Limit**	**Amount Drawn**
Cash advance facility	CBA	AUD	0.85% - 1.10% + AUD BBSY Bid	2026	80,000	34,000	80,000	65,000
Multi-option facility - Overdraft and Trade Finance	CBA	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	54,000	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 (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 (2023: $20 million).

The facilities were renewed during 2023 extending the maturity date of the facilities to 19 April 2026 (notwithstanding that individual products by virtue of their nature have their own maturity dates) and increasing the available credit limit as outlined above.

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 Commonwealth Bank of Australia (CBA). Under the facility the Group has financial covenants and has been in compliance with these through the year ended 30 June 2024.

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

- $20 million revolving loan facility (2023: $20 million)
- $20 million bank guarantee facility for global letters of credit and bank guarantees (2023: $20 million)

The revolving loan facility was finalised in April 2023, and the bank guarantee facility was renewed at the same time, extending the maturity date of the facilities to 19 April 2026 (notwithstanding that individual products by virtue of their nature have their own maturity dates) and increasing the available credit limit as outlined above.

The HSBC facilities have 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 550,000) 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 D2(a) for guarantees outstanding at 30 June 2024.

C4 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

(a) Fair values

Recognition and measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has established a control framework with respect to the measurement of fair values. This includes overseeing all significant fair value measurements, including Level 3 fair values, by the CFO.

The Group periodically reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group Audit, Business Risk and Compliance Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2024		Carrying Amount				Fair Value			
Consolidated ($000s)	**Note**	**Hedging instruments**	**Loans and receivables**	**Other financial assets/ liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities measured at fair value									
Derivatives		318	-	-	318	-	318	-	318
		318	-	-	318	-	318	-	318
Financial assets not measured at fair value									
Trade and other receivables	B1	-	19,445	-	19,445	-	-	-	-
Cash and cash equivalents	C5	-	30,520	-	30,520	-	-	-	-
		-	49,965	-	49,965	-	-	-	-
Financial liabilities not measured at fair value									
Secured bank loans	C3	-	54,000	-	54,000	-	-	-	-
Trade and other payables	B7	-	-	61,140	61,140	-	-	-	-
		-	54,000	61,140	115,140	-	-	-	-

C4 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(a) Fair values (continued)
Recognition and measurement (continued)

2 July 2023		Carrying Amount				Fair Value			
Consolidated ($000s)	Note	Hedging instruments	Loans and receivables	Other financial assets/ liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value									
Derivatives		915	-	-	915	-	915	-	915
		915	-	-	915	-	915	-	915
Financial assets not measured at fair value									
Trade and other receivables	B1	-	23,202	-	23,202	-	-	-	-
Cash and cash equivalents	C5	-	31,650	-	31,650	-	-	-	-
		-	54,852	-	54,852	-	-	-	-
Financial liabilities not measured at fair value									
Secured bank loans	C3	-	65,000	-	65,000	-	-	-	-
Trade and other payables	B7	-	-	39,677	39,677	-	-	-	-
		-	65,000	39,677	104,677	-	-	-	-

(i) Valuation technique and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Forward exchange contracts	Market comparison technique: Fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date. These over-the-counter derivatives utilise valuation techniques maximising the use of observable market data where it is available.	None	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Secured bank loans	Discounted cash flows.	Not applicable.

(ii) Transfers between Level 1 and 2

There were no transfers between Level 1 and Level 2 during the year.

(iii) Level 3 fair values

There were no Level 3 financial assets or liabilities during the year.

C4 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management

The Group has exposure to the following risks arising from financial instruments:
- credit risk (see (b)(ii))
- liquidity risk (see (b)(iii))
- market risk (see (b)(iv))

(i) Risk Management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Audit, Business Risk and Compliance Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit, Business Risk and Compliance Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Committee's specific function with respect to risk management is to review and report to the Board that:

a) the Group's ongoing risk management program effectively identifies all areas of potential risk;

b) adequate policies and procedures have been designed and implemented to manage identified risks;

c) a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and

d) proper remedial action is undertaken to redress areas of weakness.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits placed for leased outlets.

The Group's credit risk on its receivables is recognised on the consolidated statement of financial position at the carrying amount of those receivable assets, net of any provisions for doubtful debts. Receivable balances and deposit balances are monitored on a monthly basis with the result that the Group's exposure to bad debts is not considered to be material.

Credit risk also arises from cash and cash equivalents and derivatives with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted by Lovisa.

At the reporting date, the carrying amount of financial assets recorded in the financial statements, net of any allowances for impairment losses, represents the Group's maximum exposure to credit risk. There were no significant concentrations of credit risk.

Past due but not impaired

As at 30 June 2024, no trade receivables were past due but not impaired (2023: nil). The other classes within trade and other receivables do not contain impaired assets and are not past due.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Cash flow forecasts are updated and monitored weekly.

The Group maintains the following lines of credit secured by security interests granted by Lovisa Holdings Ltd and certain of its subsidiaries over all of their assets in favour of the Commonwealth Bank of Australia (CBA):
- $80 million revolving cash advance facility; and
- $20 million multi option facility available for overdraft, trade finance and a contingent liability facility for global letters of credit and bank guarantees.

The Group also holds the following lines of credit with the HSBC Bank Australia Limited (HSBC):
- $20 million revolving loan facility; and
- $20 million bank guarantee facility for global letters of credit and bank guarantees

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.

C4 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iii) Liquidity risk (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude interest payments and the impact of netting agreements.

30 June 2024			Contractual cash flows				
Consolidated ($000s)	Carrying amount	Total	2 mths or less	2-12 mths	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade payables	33,071	33,071	24,357	8,714	-	-	-
Secured bank loans	54,000	54,000	-	-	-	54,000	-
Lease liabilities	305,067	345,953	10,930	60,815	67,831	141,134	65,243
	392,138	433,024	35,287	69,529	67,831	195,134	65,243
Derivative financial liabilities							
Forward exchange contracts used for hedging:							
- Outflow	33,320	33,320	8,454	24,866	-	-	-
- Inflow	(33,002)	(33,002)	(8,356)	(24,646)	-	-	-
Total	318	318	98	220	-	-	-

The gross (inflows)/outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The future cash flows on trade payables may be different from the amount in the above table as exchange rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

2 July 2023			Contractual cash flows				
Consolidated ($000s)	Carrying amount	Total	2 mths or less	2-12 mths	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade payables	19,075	19,075	19,075	-	-	-	-
Secured bank loans	65,000	65,000	-	-	-	65,000	-
Lease liabilities	307,587	348,933	11,705	56,729	62,012	140,562	77,925
	391,662	433,008	30,780	56,729	62,012	205,562	77,925
Derivative financial assets							
Forward exchange contracts used for hedging:							
- Outflow	42,776	42,776	10,453	32,323	-	-	-
- Inflow	(43,691)	(43,691)	(10,855)	(32,836)	-	-	-
Total	(915)	(915)	(402)	(513)	-	-	-

C4 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iv) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Audit, Business Risk and Compliance Committee. The Group also applies hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The presentation currency of the Group is the Australian dollar (AUD) which is the functional currency of the majority of Lovisa. The currencies in which transactions are primarily denominated are Australian dollars, Euro, US dollars, British pounds and South African Rand.

The Company's foreign exchange policy is aimed at managing its foreign currency exposure in order to protect profit margins by entering into forward exchange contracts and currency options, specifically against movements in the USD rate against the AUD because inventory purchases are in USD.

The following table defines the range of cover that has been authorised by the Board relating to purchases over a defined period:

Exposure	Minimum Hedge Position	Neutral Hedge Position	Maximum Hedge Position
Purchases 0 to 6 months	60%	80%	100%
Purchases 7 to 9 months	40%	50%	75%
Purchases 10 to 12 months	30%	40%	50%

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	30 June 2024		2 July 2023	
In thousands of	EUR	USD	EUR	USD
Cash and cash equivalents	143	1,117	6	689
Trade receivables	-	1,144	-	922
Trade payables	(1,755)	(15,447)	(1,485)	(11,436)
Net statement of financial position exposure	(1,612)	(13,186)	(1,479)	(9,825)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD or EUR against all other currencies would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The translation of the net assets in subsidiaries with a functional currency other than the Australian dollar has not been included in the sensitivity analysis as part of the equity movement.

There is no impact on reserves in equity as the foreign currency denominated assets and liabilities represent cash, receivables and payables.

C4 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iv) Market risk (continued)

Sensitivity Analysis (continued)

	Profit or loss	
Effect in thousands of dollars	**Strengthening**	**Weakening**
30 June 2024		
EUR (5 percent movement)	(81)	81
USD (5 percent movement)	(659)	659
2 July 2023		
EUR (5 percent movement)	(74)	74
USD (5 percent movement)	(491)	491

Interest rate risk

The Group is subject to exposure to interest rate risk as changes in interest rates will impact borrowings which bear interest at floating rates. Any increase in interest rates will impact Lovisa's costs of servicing these borrowings which may adversely impact its financial position. This impact is not assessed to be material.

Increases in interest rates may also affect consumer sentiment and the level of customer demand, potentially leading to a decrease in consumer spending.

Cash flow sensitivity analysis for variable rate instruments

The Group's debt facilities all have variable interest rates. At 30 June 2024, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, there would have been +/- $54,000 impact on pre tax profit for the year (2 July 2023: $98,000), as a result of higher/lower interest expense from variable rate borrowings. There is no impact on equity.

(c) Derivative assets and liabilities

The Group holds derivative financial instruments to manage its foreign currency risk exposures.

Recognition and measurement

Derivative financial instruments are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are generally recognised in profit or loss.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Forward rate contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

C4 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

(c) Derivative assets and liabilities (continued)

Forward rate contracts (continued)

The following table provides details of the derivative financial assets and liabilities included on the balance sheet:

	2024	2023
Derivatives		
Forward exchange contracts	(318)	915
	(318)	915

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

		2024				2023		
		Expected Cash Flows				Expected Cash Flows		
Consolidated ($000s)	Carrying Amount	Total	12 mths of less	More than 1 year	Carrying Amount	Total	12 mths of less	More than 1 year
Forward exchange contracts:								
Assets	-	-	-	-	915	915	915	-
Liabilities	(318)	(318)	(318)	-	-	-	-	-
	(318)	(318)	(318)	-	915	915	915	-

A loss of $115,000 was included in other expenses on foreign currency derivatives not qualifying as hedges (2023: loss of $78,000).

C5 CASH FLOWS

Recognition and measurement

Cash and cash equivalents comprise cash balances, and cash in transit and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Consolidated ($000s)	2024	2023
Bank balances		
Cash and cash equivalents in the statement of financial position (i) (ii)	30,520	31,650
Bank overdrafts used for cash management purposes	-	-
Cash and cash equivalents in the statement of cash flows	30,520	31,650

(i) Includes $409,000 (2023: $417,000) of cash in savings accounts to collateralise bank guarantees.

(ii) Includes $9,640,000 (2023: $9,350,000) relating to receivables from credit card merchants for electronic funds transfers, credit card and debit card point of sale transactions.

C5 CASH FLOWS (CONTINUED)

Reconciliation of cash flows from operating activities

Consolidated ($000s)	**Note**	**2024**	**2023**
Cash flows from operating activities			
Profit after tax		82,411	68,164
Adjustments for:			
Depreciation		93,122	74,224
Impairment (reversals) / charges		2,220	(19)
Gain on remeasurement of lease liability		(535)	(614)
Loss on sale of property, plant and equipment		109	1,181
Share based payments		10,760	25,297
Fair value adjustment to derivatives	C4	115	78
Exchange differences		(7,332)	2,901
		180,870	171,212
Change in inventories		(8,524)	(9,884)
Change in trade and other receivables (i)		(3,116)	(2,656)
Change in tax receivables		(11,311)	586
Change in deferred tax assets / (liabilities) (i)		4,921	(3,775)
Change in trade and other payables (i)		23,016	(8,454)
Change in current tax liabilities		401	(6,214)
Change in provisions and employee benefits (i)		1,257	349
Net cash from operating activities		187,514	141,164

(i) Net of changes in balances for non-operating activities.

OTHER INFORMATION

This section includes mandatory disclosures to comply with Australian Accounting Standards, the Corporations Act 2001 and other regulatory pronouncements.

D1 LIST OF SUBSIDIARIES

Set out below is a list of subsidiaries of the Group. All subsidiaries are wholly owned, unless otherwise stated.

Name	**Principal place of business**
Lovisa Australia Pty Ltd	Australia
Lovisa Pty Ltd	Australia
Lovisa Employee Share Plan Pty Ltd	Australia
Lovisa International Pte Ltd	Singapore
Lovisa Singapore Pte Ltd	Singapore
Lovisa Accessories Pty Ltd	South Africa
DCK Jewellery South Africa (Pty) Ltd	South Africa
Lovisa New Zealand Pty Ltd	New Zealand
Lovisa Malaysia Sdn Bhd	Malaysia
Lovisa UK Ltd	United Kingdom
Lovisa Global Pte Ltd	Singapore
Lovisa Complementos España SL	Spain
Lovisa America, LLC	United States of America
Lovisa France SARL	France
Lovisa Hong Kong Ltd	Hong Kong
Lovisa Germany GmbH	Germany
Lovisa Retail Germany GmbH	Germany
Lovisa Austria GmbH	Austria
Lovisa Belgium BV	Belgium
Lovisa Netherlands BV	Netherlands
Lovisa Switzerland AG	Switzerland
Lovisa Retail France SARL	France
Lovisa Luxembourg SARL	Luxembourg
Lovisa Canada Ltd	Canada
Lovisa Poland sp. Z o.o.	Poland
Lovisa Retail Mexico S.A. DE C.V.	Mexico
Lovisa Retail Namibia (Pty) Ltd	Namibia
Lovisa Italy S.R.L.	Italy
Lovisa Hungary Kft.	Hungary
Lovisa Portugal, Unipessoal LDA	Portugal
Lovisa Retail S.R.L.	Romania
Lovisa Ireland Limited	Ireland
Lovisa Taiwan Limited	Taiwan

D1 LIST OF SUBSIDIARIES (CONTINUED)

Lovisa (Shenzhen) Retail Company Ltd	China
Lovisa Macau Limited	Macau
Lovisa Botswana Propietary Limited	Botswana
Lovisa Fashion Accesories L.L.C.	United Arab Emirates
Lovisa Vietnam Company Limited	Vietnam

D2 COMMITMENTS AND CONTINGENCIES

(a) Guarantees

The Group has guarantees outstanding to landlords and other parties to the value of $15,741,000 at 30 June 2024 (2023: $14,871,000).

(b) Capital commitments and contingent liabilities

The Group is committed to incur capital expenditure of $641,000 at 30 June 2024 (2023: $6,673,000). There are no contingent liabilities that exist at 30 June 2024 (2 July 2023: none).

D3 SHARE-BASED PAYMENT ARRANGEMENTS

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(a) Descriptions of the share-based payment arrangements and performance rights

The Board has issued share options and performance rights programmes that entitle key management personnel and senior management to acquire shares in the Company. Under these programmes, holders of vested options are entitled to purchase shares at the relevant exercise price at the grant date. Currently, these programmes are limited to key management personnel and senior management.

All options and performance rights are to be settled by physical delivery of shares.

At 30 June 2024 the Group has the following share-based payment arrangements:

(i) Share options and rights programmes (equity-settled)

Long Term Incentives - Annual Programmes (FY 2022)

Share Option Programme	*Grant date*	**Number of instruments (000's)**	**Exercise Price ($)**	**Contractual life of options**	**Vesting conditions**
Granted					
FY 2022 LTI (CEO FY22 Tranche 1)	November 2021	-	-	N/A	347,761 Performance Rights vested during FY23
FY 2022 LTI (CEO FY22 Tranche 2)	November 2021	-	-	N/A	1,742,857 Performance Rights vested during the current financial year
FY 2022 LTI (CEO FY22 Tranche 3)	November 2021	1,243	-	3 years	Refer CEO Performance Rights granted table below
FY 2022 LTI (Exec FY22)	August 2021	60	$14.37	3 years	Refer Executive Performance Options granted table below

400,000 Performance Rights granted to the CEO under the CEO FY22 Tranche 1 Grant were approved at the Company's AGM on 22 November 2021, with 347,671 vested and exercised in FY23 and the remaining 52,329 lapsing unvested. In July 2022, a further 1,742,857 rights were granted to the CEO under the CEO FY22 Tranche 2 Grant, which vested and were exercised in full during the current financial year. In July 2023, a further 1,242,995 rights were granted to the CEO under the CEO FY22 Tranche 3 Grant. Subsequent to the end of the financial year, the Board have determined that 940,045 of these Performance Rights have vested, with the remaining 302,950 lapsing unvested. Subsequent to the end of the financial year, the Board also determined that 60,000 Performance Options under the FY2022 Executive LTI have vested.

Performance Hurdles in relation to Performance Rights Granted to the CEO

Company's EBIT (pre LTI) for the financial year ending 30 June 2024	% of Performance Rights that vest and become exercisable
$95.0m - $100.0m	8% to 12%
$100.0m - $110.0m	12% to 22%
$110.0m - $125.0m	22% to 43%
$125.0m - $140.0m	43% to 75%
$140.0m to $155.0m	75% to 100%
$155.0m +	100%

D3 SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

(i) Share options and rights programmes (equity-settled) (continued)

Performance Hurdles in relation to Performance Options Granted to Other Executives

Group's EBIT for the financial year ending 30 June 2024	% of LTI Options that vest and become exercisable
Less than $90m	Nil
$90m - $95m	20% awarded
$95m - $100m	35% awarded
$100m - $110m	50% awarded
$110m - $120m	75% awarded
>$120m	100% awarded

(a) Descriptions of the share-based payment arrangements and performance rights

Long Term Incentives - Annual Programmes (FY 2024)

Performance Right Programme	*Grant Date*	**Number of Instruments (000's)**	**Exercise Price ($)**	**Contractual Life of Rights**	**Vesting Conditions**
Performance Rights Granted					
FY 2024 LTI (Executive Tranche 1)	September 2023	11,390	-	1 Year	Refer Performance Rights Granted table below
FY 2024 LTI (Executive Tranche 2)	September 2023	11,390	-	2 Years	Refer Performance Rights Granted table below
FY 2024 LTI (Executive Tranche 3)	September 2023	11,390	-	3 Years	Refer Performance Rights Granted table below
		34,170			

Tranche	*End of Performance Period*	**Primary Performance Hurdle***	**Secondary Performance Hurdle**
Tranche 1	30 June 2024	Growth in Company EBIT for FY24 of between 17.5% (20% vesting) to 30% (100% vesting) over FY23 (FY24 EBIT Hurdle)	Continued employment at the vesting date
Tranche 2	29 June 2025	Growth in Company EBIT for FY24 of between 17.5% (20% vesting) to 30% (100% vesting) over FY23 (FY24 EBIT Hurdle)	Continued employment at the vesting date
Tranche 3	28 June 2026	Growth in Company EBIT for FY24 of between 17.5% (20% vesting) to 30% (100% vesting) over FY23 (FY24 EBIT Hurdle)	Continued employment at the vesting date

During the financial year, 34,170 performance rights were granted to Executives. Subsequent to the end of the financial year, the Board have determined that based on performance against the FY24 EBIT Hurdle noted below, 43.8% of the Tranche 1 Executive Performance Rights above have vested, equal to 4,989 Rights, with the remaining 6,402 Performance Rights lapsing unvested. This vesting percentage will now also be applied to Tranche 2 and 3 vesting, which is based on continued employment at the end of the relevant performance periods. As a result, a further 12,803 Tranche 2 and 3 Performance Rights have also lapsed unvested subsequent to the end of the financial year.

D3 SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

(i) Share options and rights programmes (equity-settled) (continued)

(a) Descriptions of the share-based payment arrangements and performance rights (continued)

Long Term Incentives - Annual Programmes (FY 2023)

Performance Right Programme	*Grant Date*	**Number of Instruments (000's)**	**Exercise Price ($)**	**Contractual Life of Rights**	**Vesting Conditions**
Performance Rights Granted					
FY 2023 LTI (Executive Tranche 1)	September 2022	-	-	1 Year	17,919 Performance Rights vested during the current financial year
FY 2023 LTI (Executive Tranche 2)	September 2022	17,919	-	2 Years	Refer Performance Rights Granted table below
FY 2023 LTI (Executive Tranche 3)	September 2022	17,919	-	3 Years	Refer Performance Rights Granted table below
		35,838			

Tranche	*End of Performance Period*	**Primary Performance Hurdle***	**Secondary Performance Hurdle**
Tranche 1	2 July 2023	Growth in Company EBIT for FY23 of between 17.5% (20% vesting) to 30% (100% vesting) over FY22 (FY23 EBIT Hurdle)	Continued employment at the vesting date
Tranche 2	30 June 2024	Growth in Company EBIT for FY23 of between 17.5% (20% vesting) to 30% (100% vesting) over FY22 (FY23 EBIT Hurdle)	Continued employment at the vesting date
Tranche 3	29 June 2025	Growth in Company EBIT for FY23 of between 17.5% (20% vesting) to 30% (100% vesting) over FY22 (FY23 EBIT Hurdle)	Continued employment at the vesting date

* The FY23 EBIT Hurdle is calculated based on growth on FY22 Statutory EBIT adjusted to remove the 53rd week of trading in FY22 to ensure comparability between periods.

The FY23 EBIT Hurdle performance was determined during the current financial year, with the resulting vesting percentage of 100% for Tranche 1, with this vesting percentage also applied to Tranche 2 and 3 assuming continued employment at the vesting date for each of those tranches. Subsequent to the end of the current financial year a further 17,919 of Tranche 2 Performance Rights were determined to have vested based on the continued employment of the relevant Executives at vesting date.

(b) Measurement of fair values

(i) Equity-settled share-based payment arrangements

The fair value of the employee share options (see (a)(i)) have been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the transactions were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

	FY2021 LTI	**FY2022 LTI (EXEC)**
Fair value at grant date	$1.25	$2.50
30 day VWAP share price at grant date	$7.15	$14.37
Exercise price	$7.15	$14.37
Expected volatility (weighted-average)	33.70%	33.70%
Expected life (weighted-average)	3 years	3 years
Expected dividends	3.50%	3.50%
Risk-free interest rate (based on government bonds)	0.25%	0.22%

D3 SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

(b) Measurement of fair values (continued)

(i) Equity-settled share-based payment arrangements (continued)

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price.

The fair values of each Performance Rights grant was determined based on the 30 day VWAP of Lovisa shares as of the relevant grant date as follows

Programme	Fair Value at Grant Date
FY 2022 LTI (CEO FY22 Tranche 1)	$21.00
FY 2022 LTI (CEO FY22 Tranche 2)	$14.00
FY 2022 LTI (CEO FY22 Tranche 3)	$19.63
FY 2023 LTI (Exec FY23)	$14.00
FY 2024 LTI (Exec FY24)	$19.63

(c) Reconciliation of outstanding share options/rights

The number and weighted average exercise prices of share options and performance rights under the share options and rights programmes were as follows.

	Performance Rights		Share Options		
	Number 000's	Weighted average remaining life	Number 000's	Weighted average exercise price $	Weighted average remaining life
Outstanding at 3 July 2023	1,797	0.2 years	160	9.86	0.9 years
Granted during the year	1,277	-	-	-	-
Forfeited during the year	-	-	-	-	-
Exercised during the year	(1,761)	-	(100)	7.15	-
Outstanding at 30 June 2024	1,313	0.2 years	60	14.37	0.2 years
Exercisable at 30 June 2024	18		-	-	
Exercisable at release of the Group's full year results	945		60	14.37	
Outstanding at 4 July 2022	400	0.2 years	262	10.15	1.3 years
Granted during the year	1,797	-	-	-	-
Forfeited during the year	(52)	-	(77)	10.60	-
Exercised during the year	(348)	-	(25)	10.60	-
Outstanding at 2 July 2023	1,797	0.2 years	160	9.86	0.9 years
Exercisable at 2 July 2023	-		-	-	
Exercisable at release of the Group's full year results	1,754		100	7.15	

(d) Expenses recognised in profit or loss

For details on the related employee benefit expenses, see Note A3.

D4 RELATED PARTIES

(a) Parent and ultimate controlling party

Lovisa Holdings Limited is the parent entity and ultimate controlling party in the Group comprising itself and its subsidiaries. Subsidiaries of the Group are listed in note D1.

(b) Transactions with key management personnel

(i) Key management personnel compensation

The key management personnel compensation comprised the following:

Consolidated ($000s)	**2024**	**2023**
Short-term employee benefits	3,489	3,239
Post-employment benefits	46	48
Share based payment	10,569	25,414
Termination benefits	-	-
Other long term benefits	1,776	2,533
	15,880	31,234

Compensation of the Group's key management personnel includes salaries and non-cash benefits (see Note A3).

Detailed remuneration disclosures are provided in the Remuneration report on pages 23 to 33.

(ii) Key management personnel and Director transactions

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or joint control over these companies. There were no transactions or balances outstanding from these related parties during the period or at 30 June 2024 except for those disclosed in note D4(c) (2 July 2023: nil).

(c) Other related party transactions

	Transaction values for the year ended		**Balance outstanding as at**	
Consolidated ($000s)	**30 June 2024**	**2 July 2023**	**30 June 2024**	**2 July 2023**
a) Expenses				
Expense recharges	261	231	-	-
b) Sales				
Recharges	-	-	-	-

Included in expenses in the period is $240,000 relating to Directors fees for Brett Blundy in his capacity as Director and Chairman of the Company. Transactions between the Lovisa Group and BB Retail Capital (BBRC) and its related parties have been disclosed above due to BBRC 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 BBRC have developed over many years of retail operating experience. During the year, BBRC has recharged expenses relating to travel and conferences attended by Lovisa executives. Expense recharges are priced on an arm's length basis. The Group will continue to utilise BBRC'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 year. None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

D5 AUDITOR'S REMUNERATION

Consolidated ($)	**2024**	**2023**
a) KPMG		
Audit and review services		
Auditors of the Company - KPMG Australia		
Audit and review of financial statements	699,980	476,000
Network firms of KPMG Australia		
Audit and review of financial statements	290,051	198,000
Total remuneration for audit and review services	990,031	674,000
Other services		
Auditors of the Company - KPMG Australia		
In relation to other assurance, taxation and due diligence services	44,924	186,970
Network firms of KPMG Australia		
In relation to other assurance, taxation and due diligence services	345,373	330,940
Total remuneration for other services	390,297	517,910
Total remuneration of KPMG	1,380,328	1,191,910
b) Non-KPMG audit firms		
Audit and review services		
Audit and review of financial statements	130,414	26,639
Total remuneration for audit and review services	130,414	26,639
Other services		
In relation to other assurance, taxation and due diligence services	132,410	151,121
Total remuneration for other services	132,410	151,121
Total remuneration of non-KPMG audit firms	262,824	177,760
Total auditors remuneration	1,643,152	1,369,670

D6 DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investment Commission, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Lovisa Australia Pty Ltd
- Lovisa Pty Ltd

Both of these companies became a party to the Deed on 18 June 2015, by virtue of a Deed of Assumption.

A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2024 is set out as follows.

Statement of profit or loss and other comprehensive income and retained earnings

Consolidated ($000s)	**2024**	**2023**
Revenue	220,970	217,156
Cost of sales	(78,594)	(74,071)
Gross profit	142,376	143,085
Salaries and employee benefits expense	(75,212)	(86,513)
Property expenses	(5,948)	(3,348)
Distribution costs	(2,930)	(1,163)
Depreciation	(20,208)	(18,051)
Gain / (loss) on disposal of property, plant and equipment	52	(46)
Other income and expenses	11,930	11,352
Dividend income	25,249	32,907
Finance income	61	26
Finance costs	(6,081)	(4,345)
Profit before tax	69,289	73,904
Tax expense	(12,257)	(12,621)
Profit after tax	57,032	61,283
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year, net of tax	57,032	61,283
Retained earnings at beginning of year	12,786	16,754
Transfer from reserves	29,306	15,623
Impact of change in accounting policy	-	-
Dividends recognised during the year	(88,851)	(80,874)
Retained earnings at end of year	10,273	12,786

D6 DEED OF CROSS GUARANTEE (CONTINUED)

Statement of financial position

Consolidated ($000s)	**30 June 2024**	**2 July 2023**
Assets		
Cash and cash equivalents	4,371	4,086
Trade and other receivables	65,861	97,199
Inventories	20,229	17,699
Current tax receivables	10,328	-
Derivatives	-	915
Total current assets	100,789	119,899
Deferred tax assets	11,280	14,538
Property, plant and equipment	22,527	21,462
Right-of-use asset	31,482	37,146
Investments	210,119	210,080
Total non-current assets	275,408	283,226
Total assets	376,197	403,125
Liabilities		
Trade and other payables	32,636	27,114
Employee benefits - current	3,390	3,045
Derivatives	318	-
Lease liability - current	11,365	13,468
Current tax liabilities	-	42
Provisions - current	708	1,882
Total current liabilities	48,417	45,551
Employee benefits - non-current	1,175	1,013
Lease liability - non-current	27,337	30,053
Loans and borrowings - non-current	54,000	65,000
Provisions - non current	980	750
Total non-current liabilities	83,492	96,816
Total liabilities	131,909	142,367
Net assets	244,288	260,758
Equity		
Issued capital	214,852	214,137
Common control reserve	925	925
Share based payments reserve	18,228	32,244
Cash flow hedge reserve	10	666
Retained earnings	10,273	12,786
Total equity	244,288	260,758

D7 PARENT ENTITY DISCLOSURES

($000s)	**2024**	**2023**
Result of parent entity		
Profit for the year	55,249	67,906
Other comprehensive income	-	-
Total comprehensive income for the year	55,249	67,906
Financial position of parent entity at year end		
Current assets	39,673	47,702
Non-current assets	210,905	210,905
Total assets	250,578	258,607
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Net assets	250,578	258,607
Total equity of parent entity comprising of:		
Share capital	216,326	215,611
Share based payments reserve	18,228	22,676
Accumulated profits	16,024	20,320
Total equity	250,578	258,607

(a) Parent entity accounting policies

The financial information for the parent entity, Lovisa Holdings Limited, has been prepared on the same basis as the consolidated financial report, except as set out below.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost.

(b) Parent entity contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2024.

(c) Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note D6.

D8 NEW STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

The Group has applied the following standards and amendments for the first time for the annual reporting year ending 30 June 2024:

- AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules;
- AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates;
- AASB 17 *Insurance Contracts;* and
- Disclosure of Accounting Policies - Amendements to IAS1 and IFRS Practice Statement 2

D9 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards are effective for annual periods beginning after 1 July 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.
The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current;
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants;
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements;
- AASB 2022-5 Amendments to Australian Accounting standards – Lease Liability in a Sale and Leaseback; and
- Lack of Exchangeability –Amendments to IAS 21

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Section 295(3A) of the Corporations Act 2001 requires disclosure of the tax residency of each entity included in the Consolidated Entity Disclosure Statement (CEDS). In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as it is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

• Australian tax residency has been assessed based on current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

• Foreign tax residency has been assessed based on applicable foreign legislation and where available judicial precedent.

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year as required by the *Corporations Act 2021* (s.295(3A)(a)).

As at 30 June 2024, no entities had a different or an additional tax residency from their country of incorporation.

For the year ended 30 June 2024:

Entity Name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Lovisa Holdings Limited (the Company)	Body corporate	Australia		Australian	N/A
Lovisa Australia Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Lovisa Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Lovisa Employee Share Plan Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Lovisa International Pte Ltd	Body corporate	Singapore	100%	Foreign	Singapore
Lovisa Singapore Pte Ltd	Body corporate	Singapore	100%	Foreign	Singapore
Lovisa Accessories Pty Ltd	Body corporate	South Africa	100%	Foreign	South Africa
DCK Jewellery South Africa (Pty) Ltd	Body corporate	South Africa	100%	Foreign	South Africa
Lovisa New Zealand Pty Ltd	Body corporate	New Zealand	100%	Foreign	New Zealand
Lovisa Malaysia Sdn Bhd	Body corporate	Malaysia	100%	Foreign	Malaysia
Lovisa UK Ltd	Body corporate	United Kingdom	100%	Foreign	United Kingdom
Lovisa Global Pte Ltd	Body corporate	Singapore	100%	Foreign	Singapore
Lovisa Complementos España SL	Body corporate	Spain	100%	Foreign	Spain
Lovisa America, LLC	Body corporate	United States of America	100%	Foreign	United States of America
Lovisa France SARL	Body corporate	France	100%	Foreign	France
Lovisa Hong Kong Ltd	Body corporate	Hong Kong	100%	Foreign	Hong Kong
Lovisa Germany GmbH	Body corporate	Germany	100%	Foreign	Germany
Lovisa Retail Germany GmbH	Body corporate	Germany	100%	Foreign	Germany
Lovisa Austria GmbH	Body corporate	Austria	100%	Foreign	Austria

Entity Name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Lovisa Belgium BV	Body corporate	Belgium	100%	Foreign	Belgium
Lovisa Netherlands BV	Body corporate	Netherlands	100%	Foreign	Netherlands
Lovisa Switzerland AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Lovisa Retail France SARL	Body corporate	France	100%	Foreign	France
Lovisa Luxembourg SARL	Body corporate	Luxembourg	100%	Foreign	Luxembourg
Lovisa Canada Ltd	Body corporate	Canada	100%	Foreign	Canada
Lovisa Poland sp. Z o.o	Body corporate	Poland	100%	Foreign	Poland
Lovisa Retail Mexico S.A. DE C.V.	Body corporate	Mexico	100%	Foreign	Mexico
Lovisa Retail Namibia (Pty) Ltd	Body corporate	Namibia	100%	Foreign	Namibia
Lovisa Italy S.R.L.	Body corporate	Italy	100%	Foreign	Italy
Lovisa Hungary Kft.	Body corporate	Hungary	100%	Foreign	Hungary
Lovisa Portugal, Unipessoal LDA	Body corporate	Portugal	100%	Foreign	Portugal
Lovisa Retail S.R.L.	Body corporate	Romania	100%	Foreign	Romania
Lovisa Ireland Limited	Body corporate	Ireland	100%	Foreign	Ireland
Lovisa Taiwan Limited	Body corporate	Taiwan	100%	Foreign	Taiwan
Lovisa (Shenzhen) Retail Company Ltd	Body corporate	China	100%	Foreign	China
Lovisa Macau Limited	Body corporate	Macau	100%	Foreign	Macau
Lovisa Botswana Propietary Limited	Body corporate	Botswana	100%	Foreign	Botswana
Lovisa Fashion Accesories L.L.C.	Body corporate	United Arab Emirates	100%	Foreign	United Arab Emirates
Lovisa Vietnam Company Limited	Body corporate	Vietnam	100%	Foreign	Vietnam

SIGNED REPORTS

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 37 to 80 and the Remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance, for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the group entities identified in Note D6 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785

3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2024.

4. The Directors draw attention to the Basis of Accounting for the consolidated financial statements set out on page 41, which includes a statement of compliance with International Financial Reporting Standards.

5. In the Directors' opinion, the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act 2001 for the year ended 30 June 2024 is true and correct.

Signed in accordance with a resolution of the Directors.

Victor Herrero

Chief Executive Officer

Melbourne

26 August 2024

Independent Auditor's Report

To the shareholders of Lovisa Holdings Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Lovisa Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2024.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024.
- Notes, including material accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recoverability of property, plant and equipment ($123.6 million) and right-of-use assets ($251.4 million)

Refer to Note B3, B4 and B6 to the Financial Report

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's assessment of its property plant and equipment and right-of-use assets for impairment, given the size of their balances (being 72% of total assets). In addition, the Group recorded an impairment charge of $3,959,000 excluding reversals against its property plant and equipment and right-of-use assets for underperforming stores. The assessment for impairment indicators is made at a store-by-store basis as each store is determined to be a Cash Generating Unit (CGU). If such indicators exist, the specific CGU's recoverable amount is estimated using the value in use model. For CGUs for which a value in use model was prepared, we focussed on the key forward-looking assumptions the Group applied, including: • forecast operating cash flows and growth rates – the Group operates in competitive market conditions, especially given the current uncertain retail environment impacting consumer spending which are anticipated to continue in the near term in certain markets. These conditions, increase the possibility of property, plant and equipment and right-of-use assets being impaired. • discount rate – these are complicated in nature because they are required to reflect the individual trading environment and the model's approach to incorporating the CGU-specific risks into the cash flows or discount rates.	Our procedures included: • We considered the reasonableness of parameters applied in the impairment indicator assessment performed by the Group, and relevant disclosures against the requirements of the accounting standards. For CGUs with indicators of impairment: • We considered the appropriateness of the value in use method applied by the Group to determine recoverable amounts, against the requirements of the accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We compared the forecast cash flows contained in the value in use models to Board approved forecasts. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models by comparing them to financial results achieved in the current year. • We considered the sensitivity of the models to changes in key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range, to identify those CGUs at higher risk of impairment, or those assumptions at higher risk of bias or inconsistency in application, in order to focus our further procedures. • We challenged the Group's forecast cash flow and growth assumptions in light of the expected continuation of depressed

We involve our valuations specialists with the assessment. Given the extensive number of CGUs, the Group performs many individual impairment assessments. The models are largely manually developed, and use adjusted historical performance and a range of internal and external sources as inputs to the assumptions as the basis to estimate forecast cash flows. The selection of these forward-looking assumptions is potentially prone to greater risk for bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions.	consumer spending. We compared forecast growth rates, including those implicit in the year 1 forecast cash flows, to published studies of industry trends and expectations, and considered differences for the Group's operations. We used our knowledge of the Group, its past performance, business and customers, and our industry experience. • We checked the consistency of the growth rates for the respective CGUs to external indices, past performance of the Group, and our experience regarding the feasibility of these in the industry and economic environment in which they operate. • Working with our valuation specialists, we independently developed a discount rate range for each CGU subject to recoverable amount determinations using publicly available market data for comparable entities, adjusted by risk factors specific to the individual CGUs and the retail sector they operate in, and compared them with the rates used by the Group. • We recalculated the impairment charge and compared it to the amount recorded by management. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Lovisa Holdings Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the *Remuneration Report* and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Lovisa Holdings Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in section 9 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Trent Duvall

Partner

Melbourne

26 August 2024

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 audit of Lovisa Holdings Limited for the financial year ended 30 June 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG	Trent Duvall
	Partner
	Melbourne
	26 August 2024

ASX INFOMATION

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Lovisa Holdings Limited is responsible for the corporate governance of the Group. The Lovisa Holdings Board of Directors is committed to achieving best practice in the area of corporate governance and business conduct. Lovisa Holdings Limited's Corporate Governance Statement outlines the main corporate governance principles and practices followed by the Group. These policies and practices are in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) unless otherwise stated.

Details of the Company's Corporate Governance Statement as well as key policies and practices and the charters for the Board and each of its committees are available on the Company's website (http://www.lovisa.com/shareholder-info/), including performance against measurable objectives. The Corporate Governance Statement will be lodged with ASX at the same time that this Annual Report is lodged with ASX.

The Corporate Governance Statement includes details of the main corporate governance practices in place throughout the reporting period (unless otherwise stated) in relation to the corporate governance principles and recommendations published by the ASX Corporate Governance Council and are current as at 30 August 2024 and have been approved by the Board. The Board is comfortable that the practices are appropriate for a Company of Lovisa Holdings' size.

SHAREHOLDINGS (AS AT 30 AUGUST 2024)

SUBSTANTIAL SHAREHOLDERS

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number
BB Retail Capital Pty Ltd	43,207,500

VOTING RIGHTS

Ordinary shares

Refer to Note C1 in the financial statements.

Options

There are no voting rights attached to options.

Rights

There are no voting rights attached to rights.

Redeemable preference shares

There are no voting rights attached to redeemable preference shares.

Non-redeemable preference shares

There are no voting rights attached to non-redeemable preference shares.

Distribution of equity security holders

Range	Number of equity security holders	Units	% of Issued Capital
1 - 1,000	8,743	2,740,788	2.50
1,001 - 5,000	2,367	5,252,799	4.79
5,001 - 10,000	276	2,037,789	1.86
10,001 - 100,000	218	5,588,818	5.09
100,001 and over	29	94,090,364	85.76
Total	11,633	109,710,558	100.00

The number of shareholders holding less than a marketable parcel of ordinary shares is 260.

Securities Exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Sydney.

Other information

Lovisa Holdings Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Twenty largest shareholders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number of ordinary shares held	Percentage of capital held
BB RETAIL CAPITAL PTY LTD	43,207,500	39.38
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,786,171	11.65
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,416,946	11.32
CITICORP NOMINEES PTY LIMITED	11,913,111	10.86
BNP PARIBAS NOMINEES PTY LTD	2,638,197	2.40
VICTOR HERRERO AMIGO	2,090,528	1.91
NATIONAL NOMINEES LIMITED	1,567,404	1.43
BNP PARIBAS NOMS PTY LTD	1,394,838	1.27
COLOSKYE PTY LIMITED	1,153,005	1.05
MRS VANESSA LOUISE SPEER	927,460	0.85
TRUEBELL CAPITAL PTY LTD	690,000	0.63
MARICH NOMINEES PTY LTD	486,361	0.44
BNP PARIBAS NOMINEES PTY LTD	395,769	0.36
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	270,925	0.25
MOORGATE INVESTMENTS PTY LTD	192,725	0.18
CLYDE BANK HOLDINGS (AUST) PTY LTD	190,006	0.17
CITICORP NOMINEES PTY LIMITED	184,961	0.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	178,523	0.16
BNP PARIBAS NOMINEES PTY LTD	169,287	0.15
STORNOWAY NOMINEES PTY LTD	145,000	0.13
Total	92,998,717	84.77
Balance of register	16,711,841	15.23
Grand total	109,710,558	100.00

	Number on issue	Number of holders
Options and performance rights issued under the Lovisa Holdings Ltd Long Term Incentive Plan to take up ordinary shares	1,355,084	5

CORPORATE DIRECTORY

Company Secretary

Chris Lauder, Chief Financial Officer and Company Secretary

Principal Registered Office

Lovisa Holdings Limited
Level 1, 818-820 Glenferrie Road
Hawthorn VIC 3122
+61 3 7042 6440

Location of Share Registry

Link Market Services Limited
Tower 4
727 Collins Street
Melbourne Victoria 3000
+61 3 9615 9800

Stock Exchange Listing

Lovisa Holdings Limited (LOV) shares are listed on the ASX.

Auditors

KPMG
Tower 2, Collins Square
727 Collins Street
Melbourne Victoria 3000

Website

www.lovisa.com