

Lovisa 2024 AGM Report

ASX code	LOV
Meeting date	Friday, 22 November 2024
Type of meeting	In person only
Monitor	Katja Bizilj
Pre AGM-meeting	NA

Meeting Statistics

Number of holdings represented by ASA	32
Number of shares represented by ASA	44,528
Value of shares represented by ASA	\$1.22 million
Total number attending meeting	42 in person
Market capitalisation	\$3.03 billion
ASA open proxies voted	On a poll. ASA voted in favour of resolutions 3 and 6 and against resolutions 2, 4 and 5

During the welcoming address LOV Chair, Brett Blundy, noted LOV's strategy remains focussed on global growth and investing in future markets, emphasising the company's expansion of physical stores and online presence during FY23/24. He reminded attendees LOV operates worldwide in 32 currencies and 14 languages since its inception 14 years ago.

Going forward, he said the "customer focussed" company intends to pay more attention to board succession planning and investing in systems to support global growth, both of which will require continued significant investment.

The AGM followed the agenda with questions taken and proxies received "up to commencement of the AGM" displayed following each agenda item. There was an opportunity for further questions after the conclusion of agenda items during which time the Chair also addressed questions emailed to the company prior to the AGM.

Despite the remuneration report receiving a 73.58% vote against - this being a second strike on its pay report (and a fourth "against" vote since 2021) - which triggered a board spill (easily defeated with approximately 88.10% voting against) there were no shareholder questions about this item. There were also no questions regarding performance rights to the CEO.

The Chair responded to all questions, deferring to the CEO, Victor Herrero, and CFO, Chris Launder, once each to expand on relevant points.

Shareholders asked about LOV's offer (or not) of a parental leave plan. The company reviews its policies continuously, and, given it operates in many states, it manages policies case by case and balances responsibilities according to statutes of each state. There is a policy for parental leave under statutory guidelines for Australian based employees.

Investors queried what had changed in the last 12 months to warrant LOV's want/need to increase the size of its board. Chair said LOV was a complex company whose complexity was increasing as its global presence was expanding. The company needed more board members with experience and qualifications to manage the global expansion. Nevertheless, there are no immediate plan for an expansion of the board size, but LOV wants flexibility should this eventuate.

The questions received prior to the AGM queried why the company did not adopt the hybrid model. The Chair advised the meeting with shareholders in person was best. It was also asked whether there would be changes in delivery /implementation of global strategy when the incoming CEO (John Cheston, the former CEO of Smiggle) replaces Victor Herrera in mid-2025. No change is intended. Lastly, there was a question about LOV's attitude to debt. LOV has very little debt and intends to maintain this position.

A shareholder questioned LOV's operation in China and the inherent risks. The Chair advised China was a tough market and LOV is still embedding itself there. Also, LOV is a nimble company and should issues arise the company would be able to shift quickly. Its business would be interrupted but it wouldn't be a disaster.

Another question asked why LOV had followed a different business model in several states (i.e. franchise model in Panama and a partnership in Ghana and Ivory Coast). The Chair advised LOV was a company-owned business; however, legal and/or political requirements in some states necessitated the adoption of particular models in those states. This is and will remain the exception.

Shareholders questioned the following:

- What LOV's future "focus on systems" meant, i.e. modernising and staying in front with emerging technology, such as RFID (merchandise managing system), which are game changers but require significant investment;
- What the Chair thought were the current major risks for the company (staying ahead of competition and succession planning to best support growing LOV operations);
- Thoughts of future directors being based in other states (board is not discounting this but has no immediate plans); and
- The company's approach to acquisitions. They are not against them, and they've occurred in the past in European markets (a reverse acquisition).

However, LOV is best at organic growth, so it intends to continue to pursue this path of expansion as it delivers highest investor returns. The company remains flexible regarding acquisitions and it's a further reason for wanting to increase the size of the board so there's flexibility with the management of increased operations and a growing number of staff.

There were 42 in-person AGM attendees.

The meeting concluded after 80 minutes.

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