

ADOREBEAUTY

GROUP

Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

23 February 2021

Adore Beauty delivers a record half, ahead of prospectus forecast

Adore Beauty Group Limited (ASX: ABY) (**Adore Beauty** or **Company**), Australia's number one pureplay online beauty retailer¹, today released half year results for the period ended 31 December 2020.

Key H1 FY21 Performance Highlights

- Revenue of \$96.2m was 8% ahead of prospectus forecast of \$89.0m² and up 85% on PCP, driven by strong customer growth and continued high customer retention;
- Record half with multiple record trading days including Afterpay Day in August, and Cyber Weekend in November, these promotions were 100% brand funded;
- Active customers increased to 777k, 7% ahead of prospectus forecast and up 82% on PCP³;
- Gross profit margin of 32.5% was up 1.4 percentage points on PCP, underpinned by product margin expansion;
- EBITDA⁴ of \$5.2m was 58% ahead of prospectus forecast of \$3.3m and up 188% on PCP; increasing EBITDA margin from 3.5% in PCP to 5.4%, ahead of prospectus forecast of 3.7%; and
- \$25.9 million cash as at December 31, with no debt.

Adore Beauty CEO, Tennealle O'Shannessy said *"I am pleased to present our first set of results as an ASX-listed company. We have delivered record growth and financial performance, exceeding our prospectus forecast."*

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1. Management estimates based on third party industry reports (2019, 2020), supplier data (2019), website traffic data (2020), and third party and internal customer data (2019, 2020).
 2. Also exceeded trading update revenue forecast of \$95.2M, update issued 1 December 2020.
 3. Active customers refer to customers who have made an order in the last 12 months, comparison of CY20 to CY19.
 4. Proforma adjustments are one-off costs related to the Company's IPO and initial listing on the Australian Stock Exchange as well as one-off acquisition, integration and restructuring expenses in both current period and PCP. Trading update issued 1 December 2020 noted anticipated positive impact on EBITDA for H1 FY21F.
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Additional H1 FY21 Operational Highlights

- Best in class and growing levels of customer satisfaction with a Net Promoter Score (NPS) of +82⁵ and customer retention up 4.2 percentage points on PCP to 65.5%, notwithstanding strong growth in customer numbers;
- Brand awareness increased by 33% to 52% driven by an expanded national TV campaign;
- Adore Beauty podcast downloads up 84% on PCP with approximately 930k downloads this half; and
- Strong progress on strategic priorities: launched Mobile App, piloted Private Label accessories offering, and onboarded 33 new brands including scaling adjacent categories.

Trading Update and Outlook

FY21 has started strongly with H1 Revenue up 85% on PCP, EBITDA up 188% on PCP and a cash balance at 31 December of \$25.8 million with no debt.

Adore Beauty experienced record levels of growth in the first half of FY21. As COVID-19 related restrictions ease we expect to deliver full year FY21 revenue growth above pre-COVID levels given the continued structural shift to online and strong retention of new customers acquired over the peak COVID period.

We are executing a clear strategy to cement our online market leadership position, and are well positioned to capture market share in a large and growing market benefitting from structural tailwinds, including:

- Permanent structural shift to online accelerated by COVID-19;
- Entrance of digital-native Millennials and Gen Z into market;
- Increasing importance of online to premium beauty brands; and
- Global beauty trends including premiumisation and increased focus on skin care.

As the business grows, we expect scale benefits to increase operating leverage and deliver further EBITDA margin expansion.

⁵ As at 1 January 2021.

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Adore Beauty CEO, Tennealle O'Shannessy said "Adore Beauty is Australia's market leader in online beauty retail. Our strong performance this half is underpinned by high levels of customer engagement, retention and satisfaction, and includes a record trading day of \$1.5m. We have been thrilled to welcome many new customers to our platform over the last six months and are pleased to continue to be the online beauty shopping destination for our loyal customers.

I have enormous respect for the passionate and dedicated team at Adore Beauty and their strong collective sense of purpose and commitment to deliver the best beauty shopping experience for our customers. It is their endless drive to provide the best range of brands and an exceptional online shopping experience, enriched by data-driven personalisation and highly engaging content, that continues to build our loyal customer base. Further, the strong relationships we have with our brand partners continue to underpin our strategy to develop and grow a platform for them that is integrated across digital media, content and marketing. Looking forward, we are executing a clear strategy to cement our online market leadership position, and we are well positioned to capture market share in a large and growing market benefitting from structural tailwinds."

Investor conference call details

An investor conference call will be held on Tuesday, 23 February 2021 at 10:30am AEST. If you have not already pre-registered for the call, you may join using the dial in details below.

Participant Dial-in Numbers

Teleconference:

<https://s1.c-conf.com/diamondpass/10012193-kih854.html> (if you dial in, you have the ability to ask a question).

Webcast link:

<https://webcast.openbriefing.com/7194/> (cannot ask a question, passive viewing only).

This announcement was authorised by the Board of Directors.

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About Adore Beauty

Launched in 2000 as Australia's first beauty focused e-commerce website with a vision to help women feel more confident and fabulous every day by delivering an empowering and engaging beauty shopping experience personalised to their needs. Adore Beauty has evolved to an integrated content, marketing and e-commerce retail platform that partners with a broad and diverse portfolio of over 260 brands and 10,800 products.

Adore Beauty operates in Australia and New Zealand. For further information please visit www.adorebeautygroup.com.au.

Forward Looking Statements

Certain statements made in this release are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Adore Beauty's current expectations, estimates and projections about the industry in which Adore Beauty operates, and beliefs and assumptions. Forward looking statements can generally be identified by the use of forward looking words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'will', 'could', 'may', 'target', 'plan' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on future earnings, distributions or financial position or performance are also forward looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Adore Beauty, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward -looking statements. Adore Beauty cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Adore Beauty only as of the date of this release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Adore Beauty has no obligation to release publicly any revisions or updates to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

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