

ADOREBEAUTY

GROUP

Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

27 October 2022

Q1 FY23 Business Update

Adore Beauty Group Limited (**ASX: ABY**) (**Adore Beauty** or **Company**), Australia's number one pureplay online beauty retailer¹, provides the following trading update for the three months ended 30 September 2022 (**Q1 FY23**).

Q1 FY23 Highlights:

- Revenue has grown over the two most recent quarters to \$45.4 million, albeit down 29% on the prior corresponding period (PCP)² when most of Australia was in lockdown
- Strong growth in returning customers, up 85% on a 2-year basis and up 14% on PCP³
- Active customers of 791k, up 12% on a 2-year basis, albeit down 9% on PCP⁴, reflecting year-one churn and normalised new customer growth
- Successfully scaling strategic initiatives – in Q1 FY23 the mobile app accounted for 18% of revenue; loyalty program members contributed over 60% of sales; launched second owned brand, AB Labs; and onboarded new international brands Dior and Huda Beauty
- Strong balance sheet provides flexibility to execute growth strategy, pursue opportunities

Adore Beauty delivered revenue of \$45.4 million in Q1 FY23, with year-on-year comparisons volatile as expected, as the Company cycles a period of significant growth when most of Australia was in lockdown. Revenue has grown over the two most recent quarters.

Returning customers remain the largest contributor to revenue, with growth in returning customers up 85% on a two-year basis, and up 14% on PCP. Adore Beauty had 791k active customers at the end of the quarter, up 12% on a two-year basis, albeit representing a small decline compared to the PCP, due to typical year-one churn and normalised new customer growth.

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1. Adore Beauty is the leading pureplay online beauty retailer in Australia, based on management estimates.
 2. Q1 FY23 revenue based on unaudited management accounts. Prior corresponding period refers to Q1 FY22.
 3. Returning customers refer to non-first time customers who have ordered in the last 12 months to 30 September 2022; Prior corresponding period is the 12 month period to 30 September 2021.
 4. Active customers refer to customers who have ordered in the last 12 months to 30 September 2022; Prior corresponding period is the 12 month period to 30 September 2021.

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Commenting on the Q1 FY23 results, Adore Beauty CEO Tennealle O'Shannessy said, "Adore Beauty has had a solid start to the new financial year, delivering quarterly revenue above the last two quarters, despite navigating more competitive trading conditions. Year-on-year comparisons in isolation simply reflect the cycling of two consecutive periods of strong growth when part or most of the country was in lockdown.

"Our loyalty program and mobile app are continuing to scale strongly, now contributing 60% and 18% of revenue respectively and supporting retention of existing customers. Adore Beauty's valuable returning customers are a key differentiator for the business contributing 70% of all revenues and providing a high level of revenue sustainability.

"We're also continuing to step up our investment in private label, scaling Viviology and successfully launching our second owned brand, AB Labs, earlier this month. AB Labs leverages the master Adore Beauty brand and features two initial skincare-led SPF products with a third SKU launching early next calendar year. Our first AB Labs range was developed in response to engagement with our loyalty members where more than a third said they don't wear sunscreen every day, but 80% would if the SPF incorporated a cosmeceutical."

In Q1 FY23, Adore Beauty further enhanced its unmatched brand portfolio and customer transaction experience, onboarding leading international brands Dior and Huda Beauty, and launching Refundid, reducing friction for customer returns. Adore Beauty's content remains best-in-class with the Beauty IQ podcast surpassing 4.6 million downloads during the quarter and nominated for an Australian Podcast Award.

In line with its geographic expansion plans, Adore Beauty has commenced scaling its New Zealand operations, launching payment partnerships with Laybuy, Zip Pay and Afterpay during the quarter.

The Company is focused on executing on its strategic initiatives to deliver scale benefits and EBITDA margin expansion over time.

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 customers 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 more than 270 brands and over 12,000 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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