

# ADOREBEAUTY

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## GROUP

H1 FY25 RESULTS PRESENTATION

17 February 2025



## H1 FY25 KEY ACHIEVEMENTS

Developed a 3-year omni-channel strategy with clear, ambitious, measurable targets to deliver a step change in revenue and profit growth underpinned by a material margin expansion

Delivered material gross margin expansion of +270bpts through growth of owned brands, retail media, refined promotional cadence and disciplined inventory management

Successful completion of the iKOU acquisition with initial integration phase complete; performing in line with expectations and well positioned for accelerated growth

Significant growth of total contactable customers +20% on prior year to 1.26M; continued growth of active customers +4% on prior year

New store pipeline for both Adore and iKOU stores well progressed with four stores opening by June; additional 4-6 locations confirmed for CY2025

**ADORE BEAUTY LAUNCHED INTO ITS NEXT PHASE OF GROWTH, TARGETING  
30% REVENUE UPLIFT AND DOUBLING OF EBIT MARGIN OVER 3 YEARS**

## ADORE BEAUTY DELIVERS IMPROVED PROFITABILITY

Q2 performance demonstrates early success of strategy refresh

### H1 FY25 SUMMARY<sup>1</sup>

**\$103.0M**

Revenue  
+2.3% on PCP

**36.2%**

Gross margin  
+2.7 ppts on PCP

**\$4.7M**

Reported EBITDA<sup>2</sup>  
+98% on PCP  
*EBITDA margin 4.5%*

**\$2.8M**

Reported EBIT<sup>2</sup>  
+126% on PCP  
*EBIT margin 2.7%*

**\$11.7M**

Cash  
at 31 Dec 2024

**1.26M**

Total contactable  
database  
+20% on PCP

1. Comparisons to 6 months ending 31 December 2023 ('prior corresponding period', 'PCP') unless otherwise stated

2. Excluding restructuring and acquisition costs

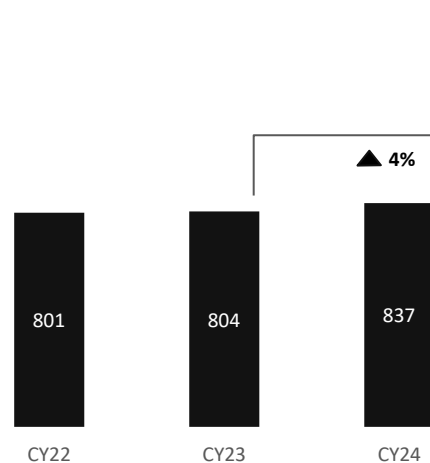




## GROWING AND LOYAL CUSTOMER BASE

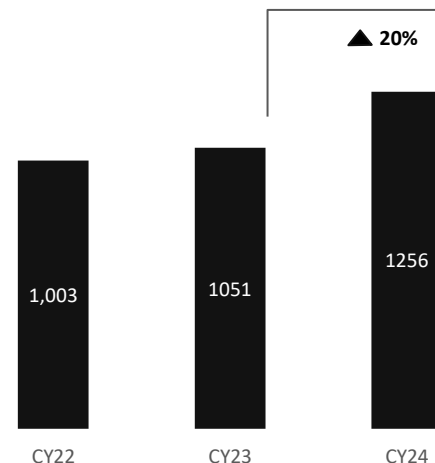
More than 1.2 million customers in contactable database

### ACTIVE CUSTOMERS<sup>1</sup> (‘000)



Solid growth in customers who shopped on the Adore Beauty platform over the year.

### TOTAL CONTACTABLE DATABASE<sup>2</sup> (‘000)



Leveraging the growing contactable database to grow active customers and increase share-of-wallet.

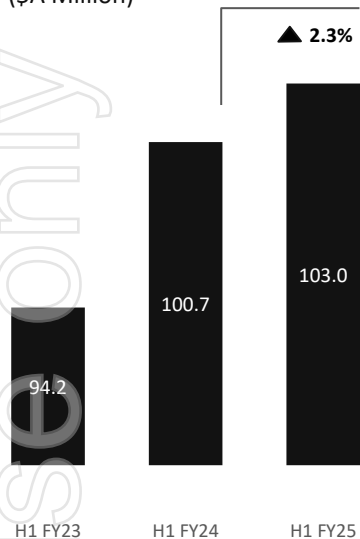
1. Customers who have ordered in the last 12 months. 2. Customers on Adore Beauty Group's database

# H1 FY25 FINANCIAL RESULTS

## IMPROVED QUALITY OF EARNINGS DELIVERS RECORD MARGINS

Working capital and gross margin expansion more than doubles EBIT

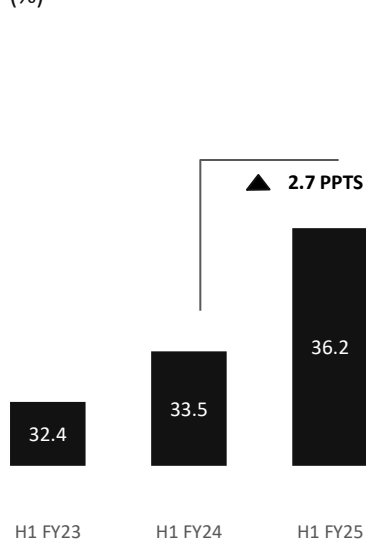
**REVENUE**  
(\$A Million)



### Improved quality of revenue

Progress with near-term objective of improving quality of revenue

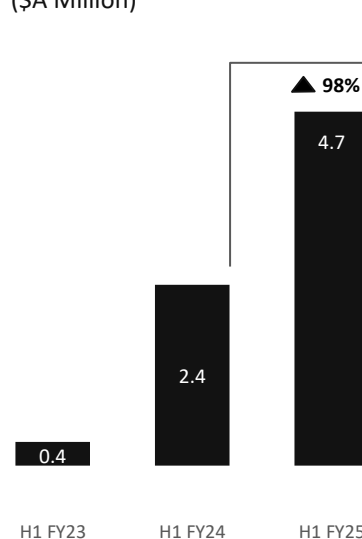
**GROSS MARGIN**  
(%)



### Focus on quality of earnings

Private label and retail media deliver margin expansion

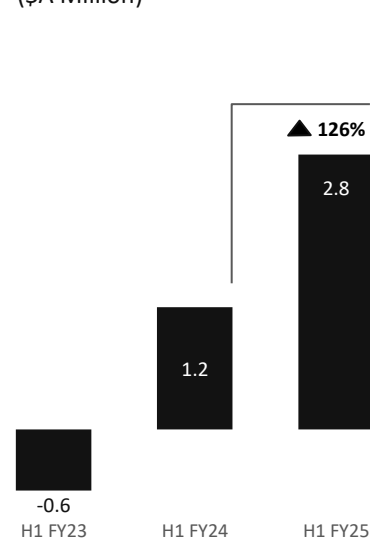
**REPORTED EBITDA**  
(\$A Million)



### Disciplined cost management and record GP margin deliver profit uplift

Reported EBITDA margin within guidance range for the full year

**REPORTED EBIT**  
(\$A Million)



### Working capital efficiencies from improved inventory turnover

On track to exceed 5% EBIT margin over 3 years

## H1 FY25 P&L

| A\$M                            | H1 FY24 | H1 FY25 | CHANGE   |
|---------------------------------|---------|---------|----------|
| Revenue                         | 100.7   | 103.0   | 2.3%     |
| Cost of sales                   | (66.9)  | (65.7)  | (1.9%)   |
| Gross profit                    | 33.7    | 37.3    | 10.5%    |
| Gross margin                    | 33.5%   | 36.2%   | 2.7 ppts |
| Employee costs                  | (10.4)  | (11.6)  | 11.6%    |
| Marketing and advertising costs | (13.9)  | (13.7)  | (1.9%)   |
| Other costs <sup>1</sup>        | (6.8)   | (7.7)   | 13.6%    |
| Operating EBITDA <sup>2</sup>   | 2.6     | 4.3     | 64.8%    |
| Margin                          | 2.6%    | 4.2%    | 1.6 ppts |
| Share Based Payments            | (0.2)   | 0.4     | nm       |
| Reported EBITDA <sup>2</sup>    | 2.4     | 4.7     | 98.3%    |
|                                 | 2.3%    | 4.5%    | 2.2 ppts |
| Depreciation and amortisation   | (1.1)   | (1.9)   | 67.5%    |
| EBIT <sup>2</sup>               | 1.2     | 2.8     | 126.3%   |
|                                 | 1.2%    | 2.7%    | 1.5ppts  |
| Interest                        | 0.3     | 0.0     | (107.2%) |
| Profit before tax               | 1.5     | 2.8     | 84.6%    |
| Income tax expense              | (0.5)   | (0.8)   | 62.9%    |
| Profit after tax (NPAT)         | 1.0     | 1.9     | 90.0%    |

1. Other costs include IT expenses, bank and merchant fess, professional expenses

2. Excluding restructuring and acquisition costs

### Revenue

Revenue up 2.3% on the PCP with focus on improving quality of revenue

### Gross margin

Gross margin improved 2.7 ppts on PCP to 36.2%, with the focus on improving quality of earnings through margin accretive initiatives

### Early momentum towards long-term profitability

Operating EBITDA grew 64.8% to \$4.3 million, at a margin of 4.2%, supported by disciplined promotional activity

Marketing as a % of sales decreased 0.6 ppts on PCP to 13.3%

Investment in key growth drivers, including omni-channel capability and initial capital outlay related to first store openings



## BALANCE SHEET

| A\$M AS AT                      | 30 JUN 24   | 31 DEC 24   |
|---------------------------------|-------------|-------------|
| Cash and cash equivalents       | 32.9        | 11.7        |
| Inventory                       | 21.6        | 22.7        |
| Other current assets            | 4.0         | 7.2         |
| Other assets (non-current)      | 9.2         | 37.8        |
| <b>Total assets</b>             | <b>67.7</b> | <b>79.3</b> |
| Trade and other payables        | 20.9        | 22.4        |
| Other current liabilities       | 5.6         | 7.2         |
| Other liabilities (non-current) | 1.5         | 9.8         |
| <b>Total liabilities</b>        | <b>28.0</b> | <b>39.4</b> |
| <b>Net assets</b>               | <b>39.6</b> | <b>39.9</b> |

Closing cash balance of \$11.7 million, reflects \$20 million upfront payment for iKOU and initial capital outlay for retail store rollouts

Strategic working capital initiatives implemented, plans to prioritise best-performing brands to maximise impact and improve stock efficiency while ensuring product availability

Debt-free and cash flow positive; Adore Beauty in a strong position to fund growth initiatives, including the planned 25+ retail store network







# **3-YEAR STRATEGY**



## IN SUMMARY

The Adore Beauty Group is poised for material growth. This strategic plan delivers the clear vision and direction to achieve long-term value creation.

A deeply connected online and offline digital ecosystem informed by advanced data and AI capability to drive enhanced customer experience and significant operating efficiency

New customer acquisition through new channels, growing total loyalty/active customers to 1.25 million+

A national retail store footprint of 25+ stores across Adore Beauty and iKOU brands delivers against our strategic challenges and sets the business up for long term success

Gross margin expansion through continued growth of retail media, refined promotional cadence and disciplined inventory management

Growth in owned brands driving margin expansion through retail (8-10 iKOU stores), DTC and wholesale growth in new geographic regions and through expanded range and product purpose



## ADORE BEAUTY GROUP 3-YEAR TARGETS<sup>1</sup>

**Our Vision** is to help women feel more confident every day by delivering an empowering and engaging beauty shopping experience personalised to their needs

Total Group Revenue > \$260 million / +30%<sup>2</sup>

Gross margin expansion >200bpts

CODB contraction/efficiencies >(150bpts)

EBITDA target >8% of revenue

EBIT target >5% of revenue

Owned brands 8-10% mix of total product revenue

Annual active customers > 1.25 million



<sup>1</sup> Management targets, not a forecast. Based on management estimates and subject to timing and execution of each initiative

<sup>2</sup> Comparison to FY24



## **GROWTH INITIATIVES TO DRIVE MATERIAL STEP CHANGE IN PERFORMANCE**

### **Retail Stores**

Material opportunity to grow revenue and market share with ~87.5%<sup>1</sup> of our addressable market in the offline physical store environment

### **Operational Excellence**

Seamlessly evolve into an omni-channel beauty authority, delivering a cohesive and elevated and accessible customer experience

### **Category & Brand Optimisation**

Drive growth and build consumer loyalty by maximising product ranges, enhancing brand presence, and leveraging insights to optimise category performance

### **Retail Media**

Strengthen our beauty authority and leverage unique data capabilities to deliver targeted, high-impact campaigns

### **Owned Brands**

Elevate proprietary brands to drive brand loyalty, differentiation, and sustainable growth across multiple channels including B2B professional

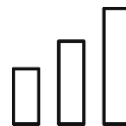
1.Source: Frost and Sullivan and Euromonitor Beauty



## RETAIL STORES TO DRIVE REVENUE GROWTH, INCREASED SHARE OF WALLET AND MARGIN EXPANSION



Significant sales & market share gain



Improved margins



Halo effect on online sales



200k+ annual store transactions



100k+ new customers annually

### First Adore Beauty store open, additional 4-6 stores planned for CY2025

|                    |                                 |
|--------------------|---------------------------------|
| Southland (VIC)    | Opened in February              |
| Watergardens (VIC) | Opening in March                |
| NSW                | 3 locations planned             |
| VIC                | 1 additional location confirmed |
| QLD                | 1 location confirmed            |
| WA                 | 2 locations planned             |

### iKOU expanding beyond existing 3 stores in NSW

|                     |                  |
|---------------------|------------------|
| Berry (NSW)         | Opening in June  |
| Melbourne CBD (VIC) | Opening in April |

## BRINGING OUR SIGNATURE ONLINE EXPERIENCE TO LIFE

True to our DNA our Adore Beauty stores deliver a deeply integrated digital experience, extending our market leading pureplay position into the physical store environment



### 'Digital First' Experience

- **Endless Aisle** seamlessly integrates key online features, enables instore access to 14,000+ products
- **Real-time** store insights with AI camera technology
- **Digitally enabled** – instore digital product pricing and content enabled by our online platform.
- **Dynamic store design** – Digitally led store design enabling fast flexible product placement.

### Gift With Purchase

- **Free samples** to delight customers and encourage trial
- **Tim-Tams** with every transaction
- **Tiered rewards** for added value

### Instore Beauty Experts

- **Trained professionals** offering expert guidance
- **Brand-neutral** and inclusive advice
- **Educational support** with tailored recommendations based on cutting edge skin analysis technology
- 'As seen in **Beauty IQ**'

Delivering a deeply digitally immersed **omnichannel beauty experience**



## INCREASED RETAIL MEDIA CAPABILITIES DELIVER MARGIN EXPANSION AND ENHANCE PROFITABILITY



### BRAND PARTNER PORTAL

- **Streamlined processes** through online portal
- **High engagement** from brand partners seeking value-add, data informed decisions

### INHOUSE TEAM

- **Dedicated team**
- **Leveraging first-party data** to create targeted, high-ROI campaigns



### INSTORE OPPORTUNITY

- **Advertising and product placement** opportunities
- **Real-time customer data** to guide decision making







# SUMMARY & OUTLOOK

Internal use only

## A CLEAR PATH TO LONG-TERM VALUE CREATION

Early momentum of strategy refresh - strong EBIT & Gross Margin delivery in H1 FY25

Clearly defined drivers of continued long term gross margin expansion through multi-channel growth of owned brands, retail media revenue, refined promotional cadence and disciplined inventory management

Strengthened leadership team and reset organisational structure creating capability and efficiency aligned to strategic growth objectives

Strong pipeline of new stores underway, first Adore Beauty store successfully opened at Southland (VIC) in February 2025 with 4-6 Adore Beauty and (2) iKOU stores planned in CY25

EBITDA margin guidance of 4-5% re-affirmed for FY25

EBIT margin guidance of 2-3% for FY25

On track to deliver a national retail store footprint (25+ stores) for Adore Beauty Group across Adore and iKOU brands by 2027



## A CLEAR PATH TO LONG-TERM VALUE CREATION

Sacha Laing: CEO

*“With 25 years as Australia’s leading pureplay beauty authority our retail stores will be a natural extension of our online ecosystem with a deeply connected and immersive digital customer experience in-store.*

*We remain focused on continued expansion of gross margins through growth of our owned brands, further growth of retail media, refined promotional cadence and disciplined inventory management.*

*Our digitally enabled omni-channel model empowers our customers to shop our 14,000-plus products whenever and however they choose—either in-store, online, or a mixture of the two.*

*As we expand margins, grow our online channels and store network we are well placed to deliver a material step change in both revenue and profit growth over the next three years.”*



# APPENDIX

## PROFORMA ADJUSTMENTS TO STATUTORY INCOME STATEMENT

| Statutory Actual                |         |         | Pro-forma Actual |         |
|---------------------------------|---------|---------|------------------|---------|
| A\$M                            | H1 FY24 | H1 FY25 | H1 FY24          | H1 FY25 |
| Revenue                         | 100.7   | 103.0   | 100.7            | 103.0   |
| Cost of sales                   | (66.9)  | (65.7)  | (66.9)           | (65.7)  |
| Gross profit                    | 33.7    | 37.3    | 33.7             | 37.0    |
| Gross margin                    | 33.5%   | 36.2%   | 33.5%            | 36.2%   |
| Employee costs                  | (10.4)  | (11.6)  | (10.4)           | (11.6)  |
| Marketing and advertising costs | (13.9)  | (13.7)  | (13.9)           | (13.7)  |
| Other costs <sup>1</sup>        | (6.8)   | (10.0)  | (6.8)            | (7.7)   |
| Operating EBITDA                | 2.6     | 2.0     | 2.6              | 4.3     |
| Margin                          | 2.6%    | 2.0%    | 2.6%             | 4.2%    |
| Share Based Payments            | (0.2)   | 0.4     | (0.2)            | 0.4     |
| Reported EBITDA                 | 2.4     | 2.4     | 2.4              | 4.7     |
|                                 | 2.3%    | 2.4%    | 2.3%             | 4.5%    |
| Depreciation and amortisation   | (1.1)   | (1.9)   | (1.1)            | (1.9)   |
| EBIT                            | 1.2     | 0.5     | 1.2              | 2.8     |
|                                 | 1.2%    | 0.5%    | 1.2%             | 2.7%    |
| Interest                        | 0.3     | 0.0     | 0.3              | 0.0     |
| Profit before tax               | 1.5     | 0.5     | 1.5              | 2.8     |
| Income tax expense              | (0.5)   | 0.1     | (0.5)            | (0.8)   |
| Profit after tax (NPAT)         | 1.0     | 0.6     | 1.0              | 1.9     |

| A\$M  | H1 FY24 | H1 FY25 |
|---|---------|---------|
| Statutory profit before tax                           | 1.5     | 0.5     |
| Acquisition-related transaction cost                  |         | 1.8     |
| Restructure costs                                     |         | 0.4     |
| Total pro-forma adjustments                           | 0.0     | 2.2     |
| Pro-forma profit before tax                           | 1.5     | 2.8     |
| Pro-forma tax effective rate applied to pro-forma PBT | (0.5)   | (0.8)   |
| Net profit after tax                                  | 1.1     | 1.9     |

1. Other costs include IT expenses, bank and merchant fees, professional expenses and acquisition-related costs.

## DISCLAIMER

### 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.