

ADOREBEAUTY

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Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

30 August 2021

Adore Beauty delivers record financial performance in FY21

Adore Beauty Group Limited (**ASX: ABY**) (**Adore Beauty** or **Company**), Australia's number one pureplay online beauty retailer¹, today released its full-year results for the 12 months ended 30 June 2021 (**FY21**).

FY21 Highlights:

- Record revenue, profit and customer numbers with multiple record trading days
- Revenue of \$179.3m outperformed guidance², up 48% on PCP; FY19-FY21 CAGR of 57%
- Active customers³ increased to 818k, up 39% on PCP; returning customer growth of 64% on PCP
- Gross profit margin of 33.1%, up 1.2 percentage points on PCP, underpinned by product margin expansion
- Record profitability with EBITDA⁴ of \$7.6m, up 53% on PCP; FY19-FY21 CAGR of 116%
- Well-funded for future growth with \$29m cash as at 30 June and no debt

Commenting on the Company's financial performance, Adore Beauty CEO Tennealle O'Shannessy said, "Adore Beauty has had an exceptional start to listed life, delivering record revenue and profitability in its first full-year result. Our record financial performance in FY21 highlights the strength of our underlying business, and our market leading position as the online destination of choice within a large \$11 billion addressable market."

"Adore Beauty continues to capitalise on the structural shift to online channels, rapidly adding new customers that are profitable within the first year. We are committed to delivering a personalised and customer-led beauty discovery and shopping experience, underpinned by ease, convenience, and authentic, trusted content."

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1. Adore Beauty is the leading pureplay online beauty retailer in Australia, based on management estimates derived from third party industry reports (2019, 2020), supplier data (2019), website traffic data (2020), and internal customer data (2019, 2020).
 2. Exceeded trading update guidance of FY21 revenue growth of 43%-47% YOY, update issued 6 May 2021.
 3. Active customers refer to customers who have ordered in the last 12 months, comparison of FY21 to FY20.
 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 current period and PCP.
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FY21 Operational Highlights:

- Annual revenue per active customer up 7% on PCP to \$219, driven by strong customer retention and increasing average order value
- Best in class levels of customer satisfaction with a Google Review rating of 4.9/5⁵
- Expanding owned marketing channels, Adore Beauty podcast downloads up 273% on PCP to ~ 2.7m downloads since launch
- Ahead of plan on execution of growth strategy:
 - Launched native iOS and Android mobile app, which is driving higher levels of engagement, conversion and AOV
 - Launched loyalty program with strong member uptake, including >95% of the top customer tier
 - Brand awareness significantly increased to 58%, up from 39%, driven by an expanded national TV campaign
 - Onboarded 51 new brands including scaling adjacent categories

“Adore Beauty’s integrated content, marketing and e-commerce platform is unique in the Australian beauty market, offering ~260 leading brands combined with an exceptional customer experience. We leverage our digital content, media and owned marketing channels to create highly engaged and loyal customers with subscription-like retention rates. Our loyalty-driven business model is delivering sustainable growth across all key metrics, including annual revenue per customer and average order value. Our continued strong returning customer rates and growth in new customers provide strong momentum to drive continued growth in FY22 and beyond.

“Adore Beauty’s passionate and dedicated team has made excellent progress on the execution of our growth strategy, further building on our market leadership and strengthening our competitive advantages. The successful launch of our native mobile app and loyalty program enables us to engage, retain and grow the lifetime value of our customers in a cost-effective manner.”

Strong balance sheet and cash flow positive business model

Adore Beauty had a cash balance of \$29.0 million as at 30 June 2021, with no debt. Coupled with a highly capital efficient business model that generated \$4.2 million in operating cash flows in FY21, Adore Beauty has significant balance sheet capacity to continue growing the business and pursue strategic initiatives.

⁵ Based on 27,167 reviews, as at 13/08/2021 sourced
<https://www.google.com/shopping/customerreviews/merchantreviews?q=adorebeauty.com.au>

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Trading Update & Outlook

Adore Beauty continues to benefit from the structural shift to online and ongoing retention of new customers added during COVID.

FY22 has started strongly, YTD revenue is up 26% on PCP⁶ with ongoing COVID-19 lockdowns boosting new customer growth and returning customer spend. We continue to monitor COVID-19 restrictions closely, however with ongoing uncertainty we do not consider it appropriate to provide guidance at this time.

Adore Beauty is executing a clear and robust growth strategy to cement its online market leadership position, and it is well positioned to capture market share in a large and growing market benefiting from structural tailwinds.

Adore Beauty expects to maintain a 2-4% EBITDA margin in the short to medium term while reinvesting to drive above market growth. Longer term, scale benefits are expected to increase operating leverage and deliver further EBITDA margin expansion.

Investor conference call details

An investor conference call will be held this morning at 10:30am AEST. Attendees will have the opportunity to ask questions at the end of the presentation.

Teleconference:

Participants can register for the conference by navigating to <https://sl.c-conf.com/diamondpass/10015671-9n6ewi.html>, or alternatively can dial 1800 455 963 (Australia toll free) or +61 2 9007 8048, and provide the conference ID **10015671** to the operator.

Webcast link:

<https://services.choruscall.com.au/webcast/adore-210830.html>

This announcement was authorised by the Board of Directors.

⁶ Revenue based on unaudited management accounts. Comparison of 1st July – 26th August 2021 against PCP.

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Appendix

A\$M	FY21	FY20	FY19	FY21 vs FY19 Mvmt (%)	FY19 – FY21 CAGR	FY21 vs FY20 Mvmt (%)
Revenue	179.3	121.1	73.2	145%	57%	48%
Gross Profit	59.3	38.5	22.0	170%	64%	54%
EBITDA ⁴	7.6	5.0	1.6	368%	116%	53%

Ends

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 approximately 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

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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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