

ADOREBEAUTY

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Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

28 April 2022

Q3 FY22 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 31 March 2022 (Q3 FY22).

Q3 FY22 Highlights:

- Revenue of \$42.7 million, up 9% on PCP²; 2-year CAGR of 26%
- Active customers of 880k, up 7% on PCP³, 2-year CAGR of 38%
- Returning customer growth of 47% on PCP⁴; 2-year CAGR of 54%; driven by strategic initiatives to improve retention
- Delivering on strategic initiatives – in Q3 FY22 mobile app accounted for over 10% of revenue; loyalty program is scaling strongly with loyalty members contributing over 60% of revenue; on track to launch private label in Q4 FY22
- Strong balance sheet to support growth strategy and opportunities

Adore Beauty has delivered a strong Q3 FY22 result in a reopening environment, with revenue growth of 9% on PCP to \$42.7 million. Over the past two years, revenue has grown strongly by 26% (CAGR since Q3 FY20), driven by the increasing contribution of valuable returning customers.

Active customers increased 7% over the PCP to 880k, even with cycling new customer growth of 89% in the prior period⁵. Customer retention remains strong, with returning customer growth of 47% on PCP, and a 2-year CAGR of 54%.

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1. Adore Beauty is the leading pureplay online beauty retailer in Australia, based on management estimates.
 2. Q3 FY22 revenue based on unaudited management accounts. PCP refers to Q3 FY21.
 3. Active customers refer to customers who have ordered in the last 12 months to 31 March 2022; PCP is the 12 month period to 31 March 2021.
 4. Returning customers refer to non-first time customers who have ordered in the last 12 months to 31 March 2022; PCP is the 12 month period to 31 March 2021.
 5. New customers refer to first time customers who have ordered in the last 12 months; PCP is the 12 month period to 31 March 2021.
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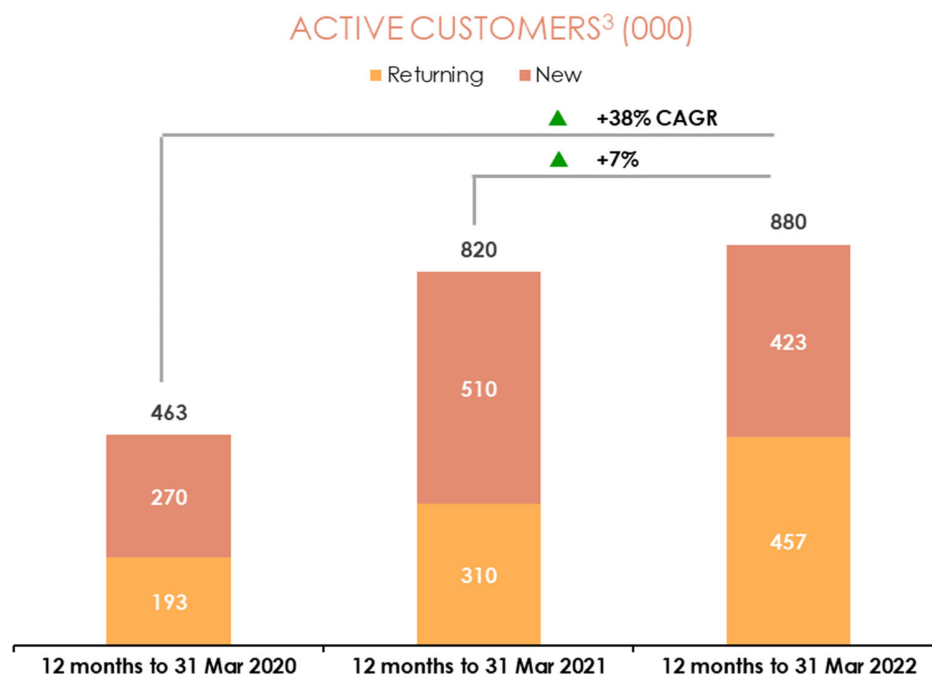
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Commenting on the Q3 FY22 results, Adore Beauty CEO Tennealle O'Shannessy said, "Adore Beauty has delivered a strong quarterly performance in a reopening environment, a very pleasing outcome given the 47% revenue growth recorded in the PCP, and having to navigate some supply chain pressures during the period. Importantly, our loyalty-focused strategic initiatives are enabling us to convert new customers to loyal, valuable returning customers.

"Beauty, especially skincare, is unique within the broader retail market and is resilient to economic challenges. Our products are used daily by customers, who consider these items essential and frequently re-purchase. The nature of premium beauty means our customers spend more as they mature on the platform, with returning customers typically contributing more than 70% of total revenue⁶.

"We are sustainably reinvesting in the business by scaling initiatives which lay the foundation for long-term growth and further strengthen our point of difference. Our native mobile app, which now accounts for more than 10% of revenue, continues to deliver elevated levels of engagement, conversion, and average order values, and we are preparing to launch our first private label products in Q4 FY22."



6. 71% of revenue for H1 FY22 came from returning customers who ordered from us on average 3 times per year.

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Adore Beauty continues to execute its growth strategy within a large and growing \$11 billion market. The Company is leveraging its authentic content to remain top of mind for consumers and offset competitive paid marketing channels. In Q3 FY22, Adore Beauty launched its fourth podcast – “Makeup School” – and continues to see high levels of engagement across Beauty IQ, Skincare School and Bite-Sized Beauty podcasts. The Beauty IQ podcasts surpassed 3.6 million downloads, and the Company’s YouTube channel reached 2 million views. Successful partnerships with Temple & Webster and 7-Eleven have also supported Adore Beauty’s strategic focus on increasing brand awareness.

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 11,700 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

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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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