

ADOREBEAUTY

GROUP

Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

22 November 2024

2024 Annual General Meeting – Presentation and Addresses

Adore Beauty Group Limited (**ASX: ABY**) (**Adore Beauty**) attaches a copy of the presentation and addresses to be made at today's Adore Beauty Annual General Meeting.

--Ends--

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 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 300 brands and 13,000 products.

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.

Adore Beauty Group Limited

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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.



Chair's Address



CEO Report

Adore Beauty FY24 result delivered strong foundations priming the Group for growth

FY24 FINANCIAL SUMMARY



\$195.7M

Revenue¹
+7.4% on prior
corresponding period
(PCP)

33.4%

Gross profit margin
+0.8 ppts on PCP

\$4.8M

Reported EBITDA²
+661% on PCP
EBITDA margin 2.5%

814K

Active customers³
+1.6% on PCP

519K

Returning customers⁴
+5.8% on PCP

\$32.9M

Cash⁵
+18.3% on PCP

1. Marketing revenue and its associated costs were not reflected as revenue and cost of sales in comparative financial statements, but rather as an offset to advertising and marketing expenses. The impact is not material from a financial report perspective, but comparative financial information presented has been amended for comparability and to align with the revenue recognition policy for marketing revenue. This reclassification has no impact to net profit.

2. Reported EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortisation.

3. Active customers refer to customers who have ordered in the last 12 months; PCP is the 12-month period to 30 Jun 2023.

4. Returning customers are customers who have placed an order in any period prior to FY24 and re-purchased in the period.

5. Balance as 30 Jun 2024 compared to 30 Jun 2023.

Strong customer metrics building our foundations

FY24 OPERATIONAL HIGHLIGHTS



Customer centricity

64.7%

Strong customer retention¹
+8.5 pts on PCP

28.4%

App revenue contribution²
+4.6 pts on PCP

\$235

Annual revenue per
active customer
+4.4% on PCP

Further building the brand

71%

Uplift in brand awareness³
+9 pts on PCP

300+

Brand portfolio today;
38 new brands in FY24

61

Private label products
23 new products in FY24

Operational optimisation

13.3%

Marketing as a
percentage of sales
-1.4 pts on PCP

\$4M

Retail media revenue
+112% on PCP

620M

Content driven impressions⁴
+46% on PCP

1. Aggregate active customer retention rate = (Active customers as at the end of the relevant year – Active Customers acquired during the relevant year) divided by Active Customers as at the commencement of the relevant year.

2. Mobile app represented 28.4% of all product sales in H2 FY24. Product sales revenue excludes 'Other Revenue'.

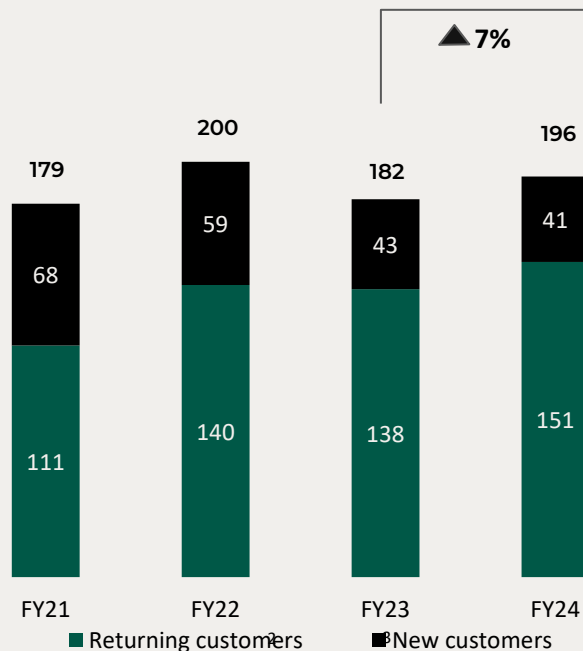
3. Pureprofile results August 2024, Prompted Awareness AU female 25-45, Adore Beauty 71%. Sample taken by third-party brand tracker. Pureprofile, a randomised consumer research panel made up of minimum 2500 Australian females aged 18-65, providing representation of the Australian public.

4. Content-driven impressions measures total consumption of podcast episodes, social content views (Instagram, Facebook, YouTube and TikTok) including videos, posts, articles, tutorials and educational longer form videos.

Loyal returning customers demonstrating strength of our brand proposition

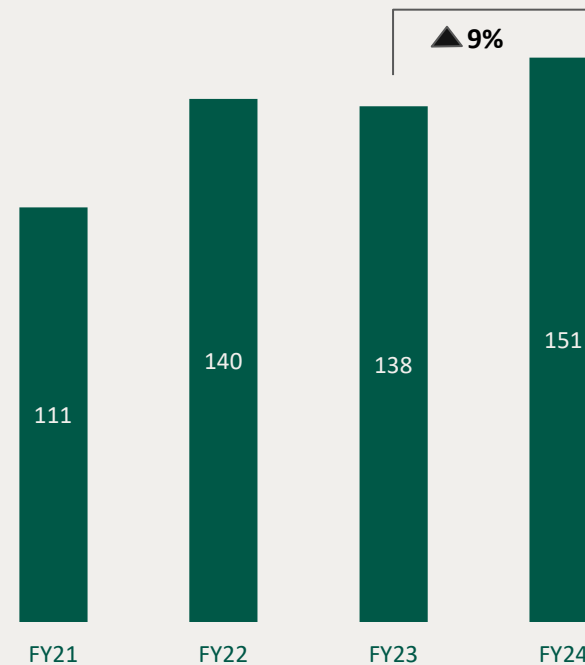
FY24 REVENUE INSIGHTS

Revenue¹ (\$A Million)



Returning customers remain the primary driver of revenue, representing 79%⁴ of all product sales in FY24, up 17 percentage points from FY21.

Returning customer revenue (\$A Million)



Driven by growing returning customer base and strong proposition that continues to resonate with value-conscious consumers.



- Marketing revenue and its associated costs were not reflected as revenue and cost of sales in comparative financial statements, but rather as an offset to advertising and marketing expenses. The impact is not material from a financial report perspective, but comparative financial information presented has been amended for comparability and to align with the revenue recognition policy for marketing revenue. This reclassification has no impact to net profit.
- Returning customers are customers who have placed an order in any period prior to FY24 and re-purchased in the period.
- 'Other revenue' represents marketing revenue comprised of retail media and advertising revenue contribution.
- Returning customers % share of revenue is calculated using product sales revenue (excludes 'Other Revenue').

Strategic initiatives drive revenue and margin growth

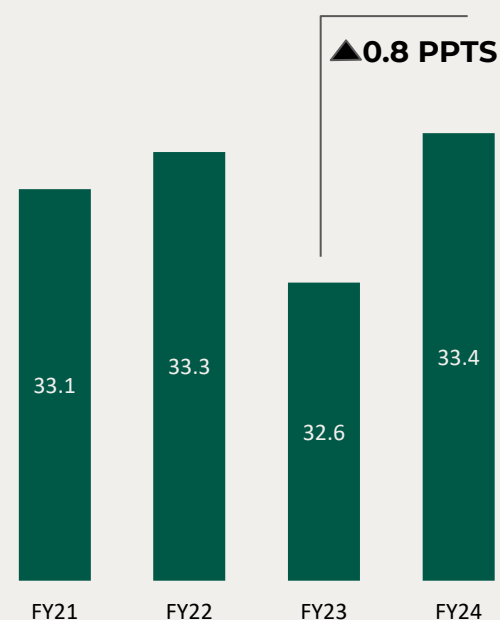
COST MANAGEMENT & OPERATIONAL EFFICIENCIES IMPROVE PROFITABILITY

Revenue¹
(\$A Million)



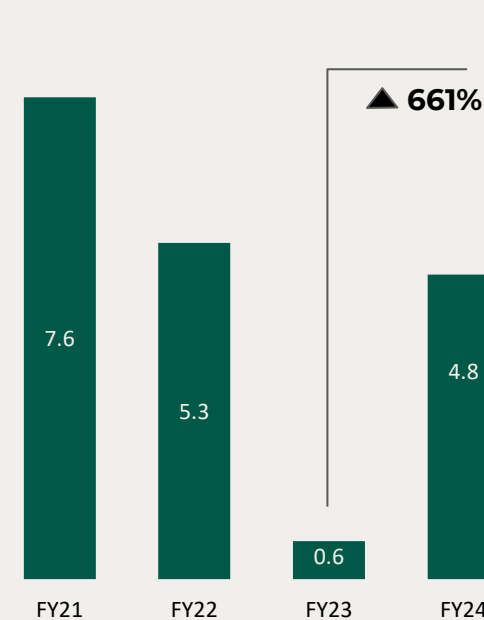
Revenue restored to COVID-level volumes.
Returning customers comprising 64% of revenue.

Gross profit margin
(%)



Initial phase of CODB initiatives lift margins.
Gross margin improvement driven by cost optimisation programs, freight, and growing retail media contribution.

EBITDA
(\$A Million)



Operating model stabilising EBITDA contribution.
Reported EBITDA margin of 2.5% the result of stabilised revenue momentum and progress on CODB operating efficiencies.

¹ Marketing revenue and its associated costs were not reflected as revenue and cost of sales in comparative financial statements, but rather as an offset to advertising and marketing expenses. The impact is not material from a financial report perspective, but comparative financial information presented has been amended for comparability and to align with the revenue recognition policy for marketing revenue. This reclassification has no impact to net profit.

A close-up photograph of two women's faces. The woman on the left has her eyes closed and a serene expression. The woman on the right has her eyes open, looking directly at the camera with a slight smile. The text is overlaid on the center of the image.

Strategy Refresh

3 Year Plan

Adore Beauty Group – An omni-channel beauty authority

ADDRESSING EVOLVING RETAIL LANDSCAPE AND EMERGING OPPORTUNITIES WITH A CLEAR SUSTAINABLE LONG TERM OPERATING MODEL

Setting the scene – changing operating landscape

- Beauty industry continues to experience strong annual growth with 5-year CAGR of 9.4%, and with ongoing growth forecast¹
- Competitive landscape changing with notable new e-commerce entrants to the Australian market
- Increasing CAC with value-conscious consumers in current climate seeking value across retail platforms

To date several strategic initiatives have supported Adore Beauty's growth, however:

- Online represents ~12.5% of the Australian beauty and personal care market¹
- Current strategic initiatives on their own are not providing a sufficient material step change in Adore Beauty's revenue, profitability and new customer growth

3-year strategic plan targets new customer acquisition and material revenue growth through:

- Material opportunity into ~87.5% of the untapped addressable market¹
- A natural evolution to an omni-channel consumer model with a national retail store network
- Leveraging Adore Beauty's online beauty authority, content creation capability and authenticity
- Focus on enhancing existing customer engagement, frequency and retention via our Mobile app, subscriptions, loyalty program and most significantly our increased use of advanced data and AI capability

Growth Acceleration: clear strategic refresh to deliver long-term value creation

LEVERAGING THE ADORE BEAUTY TECHNOLOGY PLATFORM AND STRONG FOUNDATIONS TO UNLOCK VALUE ACROSS MULTIPLE STRATEGIC GROWTH INITIATIVES

OUR VISION

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

OUR PURPOSE

“ To make a positive, empowering, trusted and deeply engaged connection with our customers, brand partners and our team. To deliver long term, sustainable, attractive and robust returns for shareholders”

Accelerated growth initiatives driving an upwards step-change in performance

	VALUE CREATION DRIVERS
RETAIL STORES	<ul style="list-style-type: none"> High growth revenue opportunity Material accretive value creation leveraging existing infrastructure and brand strengths Grow brand advocacy, awareness and new customer acquisition Substantial market share gain
RETAIL MEDIA	<ul style="list-style-type: none"> Retail media focused team to drive further growth Online portal launched for brand partners for streamlined process High engagement from brand partners seeking value add data informed decisions
OWNED BRANDS	<ul style="list-style-type: none"> Highly margin accretive with accelerated growth untapped Grow through retail, direct to consumer channels and new wholesale partners in new geographic regions and through expanded range and product purpose
CATEGORY & BRAND OPTIMISATION	<ul style="list-style-type: none"> Reset more efficient and streamlined operating structure implemented to focus on high value categories with growth momentum Significant working capital initiatives through brand and product optimisation driving inventory turn gains
OPERATIONAL EXCELLENCE	<ul style="list-style-type: none"> Improved marketing efficiency and effectiveness via media mix monitoring algorithms (MMM) developed in-house Advanced data and AI capability to drive enhanced customer experience and operating efficiency Internal people capability and efficiency reset to drive forward strategic direction



Unlocking the potential with “Stores to Adore”

A NATIONAL RETAIL STORE FOOTPRINT FOR ADORE AND IKOU SETS THE GROUP UP FOR LONG TERM SUCCESS

	RETAIL NETWORK PLAN
THE OPPORTUNITY	<ul style="list-style-type: none"> ▪ Large addressable market: untapped ~87.5% of the \$13.9bn Australian beauty and personal care industry¹ ▪ Higher proportion of omni-channel transactions lead to new customer acquisition compared to online only experience ▪ Brand awareness and advocacy benefits through physical store presence ▪ Store presence will enable accelerated growth in other categories (makeup and fragrance) over time ▪ Increasing share of wallet through increased frequency of purchases ▪ Halo effect on online sales through improved customer engagement and unprompted increase in brand awareness ▪ Cutting edge AI technology in store informing customer journey and behavioural tracking
MARKET POSITIONING	<ul style="list-style-type: none"> ▪ Adore Beauty Store footprint of 150-200sqm to provide a boutique shopping experience ▪ Ability to leverage Adore Beauty’s core competencies in store - high-level service model through beauty education, range, and trusted advice ▪ Customer proposition and curated range informed by multiple online customer journeys; leveraging strengths in skin and hair categories across owned and third-party brands with further expansion of make-up, fragrance and wellness in a physical sensory and tactile retail environment
FOOTPRINT	<ul style="list-style-type: none"> ▪ Target national footprint of 20+ Adore stores and 8-10 IKOU (+5-7 new) stores over the next 36 months with 40+ target locations already identified ▪ Phasing of rollout potentially accelerated as locations are confirmed
METRICS	<ul style="list-style-type: none"> ▪ Growth plan fully self-funded through operating cash flows ▪ Capital outlay per store estimated to be between \$0.3 - 0.6m, including stock held in store ▪ Expected pay-back period of 9 -16 months <ul style="list-style-type: none"> ▪ Margin accretive incremental sales and market share throughout the life of the plan ▪ Significant CAC efficiencies to drive margin improvement

Unlocking the potential with “Stores to Adore”



Unlocking the potential with “Stores to Adore” – iKOU



Globally recognized and awarded by the Retail Design Institute iKOU's QVB store was named the 2017 Store of the Year at the Institute's 47th awards held in New York.

25+ stores opening across Australia by 2027

ADORE BEAUTY STORES TO BE LOCATED IN AUSTRALIA'S 'TOP 40 BIG GUN' CENTRES; iKOU STORES TARGETING PREMIUM 'LIFESTYLE' DESTINATIONS

ROLLOUT PLAN	National footprint of 25+ stores over three years <ul style="list-style-type: none"> ▪ Targeting 4+ store openings in CY25 ▪ Targeting 6-10+ stores in CY26 & CY27 	
	<p><i>Adore Beauty stores</i></p> <ul style="list-style-type: none"> ▪ In "big gun" shopping centres - store location based on existing beauty penetration and with broad geographic catchment approach (imbedded in fashion precincts to capture core demographic consumers) ▪ First VIC stores to open in (Southland) and (Watergardens) in FY25. 	<p><i>iKOU stores</i></p> <ul style="list-style-type: none"> ▪ Three existing stores in NSW ▪ Expanding beyond NSW+ - targeting premium metro/regional destinations in other states, initially in VIC and QLD ▪ Opening new stores brought forward to CY25

National Retail Footprint

Total Stores	3-yr plan
Adore Beauty	20+
iKOU	8-10

25+ store rollout expected to deliver:

- ✓ Significant incremental sales & market share
- ✓ Improved margins
- ✓ Halo effect on online sales
- ✓ 500k+ annual store transactions
- ✓ 100k+ new customers annually



IN SUMMARY

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

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

Grow 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

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

A reset of group organisational structure creating capability and efficiency aligned to our strategic growth objectives

Advanced data and AI capability to drive enhanced customer experience and significant operating efficiency

ADORE BEAUTY GROUP

3 YEAR TARGETS¹

VISION: 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 > \$260M / +30%²

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 > +1.25M

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

2. Revenue growth compared to FY24



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ADOREBEAUTY

AUSTRALIA'S ONLINE BEAUTY STORE

WWW.ADOREBEAUTY.COM.AU

AGM 2024 SCRIPT

Friday, 22 November 2024

Chair address

In FY24, Adore Beauty delivered continued growth, improved quality of earnings and strong customer metrics, further solidifying its position as Australia's leading beauty authority. I am pleased to say we have maintained Adore Beauty on a growth path, achieving higher sales and profitability, while laying the groundwork for material future growth as an omni-channel beauty retailer.

Our revenue grew 7.4% compared to the previous year, reaching \$195.7 million. This was driven by the loyalty of our customers - specifically, the record 519,000 returning customers who continue to choose Adore Beauty time and time again. This year, our returning customers made up 79% of overall sales – this is a testament to our successful initiatives which encourage repeat visits and larger basket sizes, as well as our continued focus on delighting customers with rewards and benefits.

Our active customer base has grown to 814,000 and is increasing every day.

This year, we focused on enhancing customer-centric initiatives, including the expansion of our 'Adore Society' loyalty program, which grew members by 8.6%. We also launched a new subscription service and undertook significant efforts to promote mobile app adoption.

One of the most exciting outcomes was the rise in brand awareness amongst our target audience, which reached a record 71% in FY24. To capitalise on this, and to bring the Adore Beauty brand to life, we signed leases for our first two retail stores, which are set to open in Victoria in coming months.

We strengthened our private label offering with the acquisition of premium Australian beauty and wellness brand, iKOU, and continued diversifying our existing product portfolios.

Operationally, we saw improvements through increased marketing efficiencies, the integration of artificial intelligence, and a strong focus on cost control. These measures were instrumental in driving our profitability, which improved considerably over the prior year.

I am pleased to say Adore Beauty is in a solid financial position. The company remains debt-free and generated positive cash flow, with cash holdings standing at \$32.9 million at the close of the financial year and pre-iKOU acquisition - an 18.3% increase from the previous year.

These accomplishments reflect the compelling nature of our customer offering and reinforce the strength of our reputation within Australia's \$13.9 billion beauty and personal care industry.

I would like to take this opportunity to thank our previous CEO, Tamalin Morton, for her outstanding leadership and dedication. Tamalin's contributions were instrumental in guiding Adore Beauty to where it is today. We wish her the very best in her future endeavours.

We are also delighted to have welcomed our new CEO, Sacha Laing, who joined us in September. Sacha brings over 25 years of experience in retail, having held leadership roles such as Group CEO of Alquemie Group, CEO of General Pants Co, and CEO of Colette by Colette Hayman. His expertise will be invaluable in steering the company as we execute our new 3-year strategy and as we prepare to open a national retail store network.

None of our achievements would be possible without the hard work and dedication of the entire Adore Beauty team. The calibre and commitment of our people are our strength and competitive advantage.

I would also like to thank my fellow Board members for their guidance and insights throughout the year. In particular, I want to acknowledge James Height for his exceptional contribution to the Company over the past 25 years as a co-founder, CEO and, most recently, as a Non-Executive Director. James has been instrumental in building the Company into a true success story, and as he retires from the Board effective today, James remains committed to Adore Beauty as a shareholder.

Lastly, to our shareholders, thank you for your continued trust and support. We are confident in the long-term potential of Adore Beauty and are committed to delivering substantial value for our customers, brand partners, and you, our shareholders, as we move into FY25 and beyond.

Thank you.

CEO Address

Good afternoon, everyone. I'm Sacha Laing, and it is my honour to present to you as the new CEO of Adore Beauty Group.

I joined the company with a clear vision to launch Adore Beauty into its next chapter of growth. Leveraging the Adore Beauty technology platform, strong brand and existing loyal customer base, we are embarking on a journey to unlock substantial incremental value to our stakeholders.

Our clear 3-year strategic plan will see Adore Beauty evolve from a pure e-commerce player to a leading omni-channel beauty authority, delivering a step change in revenue growth and profitability.

Before I take you through the refreshed strategy in more detail, let me discuss the highlights of Adore Beauty's FY24 results.

Adore Beauty FY24 result delivered strong foundations priming the Group for growth

Over FY24, Adore Beauty delivered a solid financial result across key metrics.

Annual revenue increased 7.4% year on year to \$195.7 million, driven by a record 519,000 returning customers who now account for 64% of all active customers.

Gross profit margin improved by 0.8 percentage points on the prior year to 33.4% as a result of margin accretive strategic initiatives and disciplined cost management across the business. Reported EBITDA increased 661% year on year to \$4.8 million, delivering an EBITDA margin of 2.5%.

Strong customer metrics building our foundations

Adore Beauty achieved some record customer metrics in FY24, including customer retention rate of 64.7% and brand awareness of 71% which both saw an improvement of around 9 percentage points compared to prior year.

With our loyal returning customers making a higher portion of our customer base, revenue per customer also reached a record \$235 per annum. This is an increase of 4.4% on pcp.

These improvements across customer centricity, brand awareness, and operational optimisation have laid strong foundations for Adore Beauty, and we will continue to see stronger operational performance driven by targeted initiatives which I will take you through later in the presentation.

Loyal returning customers demonstrating strength of our brand proposition

As mentioned, Adore Beauty's revenue growth in FY24 was underpinned by our loyal returning customers who typically spend more on the platform and shop more frequently, making them highly valuable, and increasing our share of wallet. In FY24, returning customers contributed a record \$151 million in revenue.

Strategic initiatives drive solid revenue and margin growth

Overall, Adore Beauty delivered on its strategy in FY24, growing revenue and profitability through initiatives targeting improvements in customer centricity, brand and operational efficiencies.

- 7.4% growth in revenue was driven by record returning customers and successful promotional events.
- Gross profit margin improvement to 33.4% benefitted from cost optimisation programs, freight improvements, and retail media
- Reported EBITDA grew 661% to \$4.8 million at a margin of 2.5% of sales

Cover page

I will now take you through a significant refresh of our forward strategy.

Adore Beauty Group – Australia’s leading omni-channel beauty authority

Ever since its launch nearly 25 years ago, Adore Beauty has been forward-thinking and innovative, evolving from Australia’s first beauty focused e-commerce website operating into a leading integrated content, marketing and pureplay e-commerce platform.

Today, Adore Beauty is operating in an evolving landscape which is characterised by increased competition and new market entrants with a more informed consumer who has increasing choices in how, when and where they shop for the favourite brands and products.

The beauty industry has proven to be resilient and continued to grow at a 5-year CAGR of 9.4%, and with online representing just 12.5% of the Australian beauty market and forecast upwards of 17% by 2028,¹ Adore Beauty has not been able to fully take advantage of the potential growth trajectory as a pure e-commerce business.

Our 3-year strategy is targeting new customer acquisition and material growth in revenue through multiple growth initiatives. To achieve this, we will materially broaden our addressable market with a national retail store network leveraging Adore Beauty’s existing authority and authenticity as a leading e-commerce platform as well as our strong content creation capability.

We will also continue to focus on enhancing engagement with our existing customers, improving retention and increasing share of wallet through the Adore Beauty app, subscription service, loyalty program and increased use of advanced data and AI capabilities.

Growth Acceleration: clear strategic refresh to deliver long-term value creation

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

¹ Source: Frost & Sullivan and Euromonitor Beauty

We want to make a positive, empowering, trusted and deeply engaged connection with our customers, brand partners and our team.

And with a clear strategic plan in place, we will deliver long-term, sustainable, attractive and robust returns for you, our shareholders.

Accelerated growth initiatives driving an upwards step-change in performance

We will deliver a step change in Adore Beauty Group's sales and profit through five accelerated growth initiatives.

1. Retail stores represent a material high growth opportunity which leverages Adore Beauty's strong brand and existing infrastructure. With a physical store presence, we can increase brand advocacy, brand awareness as well as drive new customer acquisition. I will go into more detail about this initiative shortly.
2. The second area of focus is the highly margin accretive retail media. We have recently invested in a dedicated team to drive further growth, as well as an online portal for a more streamlined process for our brand partners.
3. Our owned brands – iKOU, AB Lab, Viviology, and Adore Beauty - represent another highly margin-accretive growth opportunity which is still largely untapped. We can grow these brands through multiple B2B and DTC channels, new geographic regions and through expanded range and carefully considered product purpose.
4. We will also deliver value through brand and product optimisation, category expansion in the high growth categories of fragrance, make-up and wellness as well as reset inventory principles driving significant improvements in working capital.
5. And finally, we continue to focus on operational efficiencies by leveraging our media mix monitoring algorithms, advanced data and AI capabilities. We are also aligning our internal capability and efficiency with our forward strategic direction.

Unlocking the potential with “Stores to Adore”

The core of our accelerated growth strategy is setting up a national retail store footprint across our two brands – Adore Beauty and iKOU.

As I mentioned earlier, Adore Beauty currently addresses just 12.5% of the Australian beauty and personal care market. Opening retail stores means we can accelerate growth by also targeting the currently untapped 87.5% of the market.

The opportunity is clear, and Adore Beauty is very well placed to quickly gain share with a retail store network. There are also several other benefits from brick & mortar presence that will support our growth:

- Significant new customer acquisition through new geographies and through closing the customer journey via an omni-channel presence
- There are clear brand and advocacy benefits through physical stores, including unprompted increase in brand awareness
- Store presence will enable accelerated growth in other categories such as makeup and fragrance which benefit from a physical and sensory shopping experience

- A network of physical retail stores allow for higher frequency of purchases, hence an increase in share of wallet
- We expect online sales to benefit through halo effect
- We will be able to get more data on customer journey and behaviour in-store with cutting edge AI technology which we can use to further improve customer experience

Our stores will have a footprint of 150-200sqm aimed at creating a high-service shopping experience. We will leverage our existing core competencies in skin and hair categories through beauty education, range, and trusted advice in store, and further expand high growth categories such as make-up and fragrance.

Our target is to open 20+ Adore stores and 5-7 new iKOU stores over the next 3 years, with work well underway to confirm locations beyond our first two stores in Victoria.

The store rollout will be fully self-funded through operating cash flows, and we expect each store to pay-back within 9 -16 months through:

- Margin accretive, profitable incremental sales and market share, and
- Significant efficiencies in customer acquisition costs

Unlocking the potential with “Stores to Adore”

We are creating a unique beauty experience through the elevated design aesthetic of the store, clear brand and category representation with sophisticated and engaging digital execution throughout the store tapping into our digital heritage. Our Adore Beauty stores will be located within centre fashion precincts in selected large shopping centres around Australia and potentially over time in New Zealand.

Unlocking the potential with “Stores to Adore” – iKOU

We currently have three successful iKOU stores in NSW. These iKOU stores provide an online halo with over 80% of our current online sales and wholesale accounts also located in NSW. Expanding the iKOU retail footprint in other states represents a significant opportunity for the brand not just in retail stores but also through the online and wholesale halo we already experience in NSW.

25+ stores opening across Australia by 2027

By the end of calendar year 2025, we aim to have at least four new stores across Adore Beauty and iKOU. The following two years will see the rollout accelerate to 6-10 store openings per annum as suitable locations are confirmed.

We have identified target locations for Adore Beauty stores, each of which will be located in carefully selected 'Top 40' shopping centres. The store locations will be identified by data led broad geographic analysis targeting existing customers geographic concentration and importantly geographic catchments with low Adore customer penetration.

iKOU will expand beyond its NSW origins in calendar year 2025. We are targeting premium metro and regional destinations in other states, with initial focus in VIC and QLD.

With a network of 25+ stores, we expect to acquire more than 100k new customers annually, and more than 500k annual transactions in-store delivering significant incremental revenue and margin to the group.

In summary

In summary, Adore Beauty has a large untapped opportunity for material growth. With a clear vision and direction in place, we can create long-term value for all our stakeholders. We will deliver this with:

- A national retail store footprint of over 25+ stores
- Margin expansion through growth in owned brands and retail media
- New customer acquisition, targeting more than 1.25 million active customers
- A group organisational structure that is aligned to our strategic growth objectives
- Advanced data and AI capability

Adore Beauty Group 3-year targets

We have broken down our 3-year strategy into 5 key targets that we will measure ourselves against:

- Total Group Revenue will exceed \$260m, representing 30% growth on FY24
- Gross margin expansion of more than 200bpts, and CODB efficiencies to deliver 150bpts improvement
- EBITDA target of over 8% of revenue, and EBIT target of over 5% of revenue
- Owned brands will represent 8-10% of total product revenue, driving margin improvement
- More than 1.25m annual active customers

Our clear three-year strategic plan will leverage multiple growth initiatives to deliver a material step change in customer acquisition, revenue growth and profitability, and importantly, strong value creation for our shareholders. This plan is just the beginning with significant opportunity to continue to capture increasing share of the \$13.9B² beauty industry over the long term.

Thank you. I will now hand back to Marina.

² Source: Frost & Sullivan and Euromonitor Beauty