

ADOREBEAUTY

GROUP

Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

17 February 2025

ADORE BEAUTY GROUP'S STRATEGY REFRESH DELIVERS EARLY SUCCESS

Adore Beauty Group Limited (**ASX: ABY**) (**Adore Beauty** or **Company**) has released its results for the six months ended 31 December 2024 (**H1 FY25**).

Highlights:

- Strong profit growth and margin expansion through focus on the quality of earnings and disciplined cost and working capital management:
 - Reported EBITDA¹ of \$4.7 million, up 98% on PCP; EBITDA margin of 4.5%
 - Reported EBIT¹ of \$2.8 million, up 126% on PCP; EBIT margin at 2.7%
- Record Gross Margin of 36.2%, up 270bpts on PCP
- Revenue of \$103.0 million, up 2.3% on PCP
- Total contactable database 1.26 million, up 20% on PCP
- Initial iKOU integration complete; performing in line with expectations and well positioned for accelerated growth with retail store network
- Cash balance of \$11.7 million, no debt and cash flow positive
- EBITDA margin guidance of 4-5% re-affirmed; EBIT margin guidance of 2-3% for FY25.

Commenting on the H1 FY25, Adore Beauty's CEO Sacha Laing said:

"Our half-year results demonstrate the strength of the Adore Beauty brand and the early momentum of our strategy refresh focusing in the near-term on enhancing quality of earnings and optimising our operating model. I am delighted with the demonstrated gains in gross margin which delivered material improvement and the subsequent 126% growth in EBIT in the half. This is just the start for us as we accelerate the execution of our strategic levers, including the opening of additional retail stores across Australia.

"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.

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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.”

Implementation of key strategic initiatives deliver early gains towards 3 year growth and profitability targets²

In November 2024, Adore Beauty outlined its new three-year strategy targeting a step change in revenue growth, margin expansion and active customers. The Company is leveraging multiple growth initiatives to achieve its target of 30% revenue growth and doubling of EBIT margin over three years.

Under the strategic plan, the Company will establish a national retail store network of more than 25 stores across its Adore Beauty and iKOU brands, materially broadening its addressable market within the \$13.9 billion³ Australian beauty industry. The stores will be deeply integrated with the online digital ecosystem and infrastructure leveraging Adore Beauty’s well established brand position to increase brand advocacy, awareness and new customer acquisition, and deliver significant incremental sales.

Adore Beauty’s first retail store successfully opened in February at Westfield Southland (VIC), with the second store at Watergardens (VIC) set to open in March. The Company plans to open 4-6 additional Adore Beauty stores in CY2025, expanding its store network to Western Australia, New South Wales and Queensland. iKOU’s store network will be expanded beyond its New South Wales origins in premium metropolitan and regional areas, with its flagship Melbourne store opening in April.

Adore Beauty is targeting material improvement in profitability with several high-margin growth levers, including owned brands and retail media. Growth of the owned brand portfolio will be accelerated through retail and direct-to-consumer channels, along with wholesale partnerships in new geographic regions. The Company has recently invested in a dedicated team and technology platform to drive further growth in retail media – another highly margin-accretive revenue stream.

The Company also remains focused on enhancing its existing customer engagement and retention via mobile app adoption, subscriptions service, loyalty program and advanced data and AI capabilities to improve its share-of-wallet across online and in-store.

Demonstrating early success of the strategy refresh, Adore Beauty achieved improved quality of revenue and profitability in H1 FY25. The Company delivered EBIT¹ of \$2.8 million, an increase of 126% on prior year, representing a margin of 2.7% (H1 FY24: 1.2%). This result was driven by the implementation of key initiatives

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focused on near-term material profit growth, including disciplined execution of promotional events, growth of owned brands, increased contribution of retail media, and operating cost and working capital efficiencies.

Well-funded to accelerate growth plans

Adore Beauty remains in a strong financial position with \$11.7 million cash on hand at 31 December 2024, down from \$32.9 million at 30 June 2024. The reduction in cash balance reflects the \$20 million upfront consideration for the acquisition of iKOU which was completed over the half, as well as the initial capital outlay for Adore Beauty's first retail stores. The Company remains debt free and cash flow positive.

Investor and analyst briefing today

A briefing for investors and analysts will be held this morning (17 February) at 10.30am AEDT. Attendees will have the opportunity to ask questions at the end of the presentation.

Participants can register for the briefing via the following links:

Conference call: <https://s1.c-conf.com/diamondpass/10044557-5q8f4g.html>

Webcast: <https://ccmediaframe.com/?id=KeQONPdy>

A recording of the call will be available shortly after the event on Adore Beauty's website: (<https://www.adorebeautygroup.com.au/investor-centre/>).

This release has been authorised by the CEO of Adore Beauty Group.

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Appendix

A\$M	H1 FY24	H1 FY25	Change
Revenue	100.7	103.0	2.3%
Gross Margin (%)	33.5	36.2	2.7ppts
Reported EBITDA	2.4	4.7	98%
EBITDA Margin (%)	2.3	4.5	2.2ppts
Reported EBIT	1.2	2.8	126%
EBIT Margin (%)	1.2	2.7	1.5ppts

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 more than 300 brands and 14,000 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.

¹ Excludes restructuring and acquisition costs

² Management targets, not a forecast. Based on management estimates and subject to timing and execution of each initiative

³ Source: Frost & Sullivan and Euromonitor Beauty