

ADOREBEAUTY

GROUP

Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

27 April 2021

Investor Presentation – April 2021

Adore Beauty Group Limited (ASX: ABY) (**Adore Beauty**) attaches a presentation to be delivered at the Goldman Sachs Twelfth Annual Emerging Leaders Conference (27 April 2021).

This announcement was authorised by the Board of Directors.

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Chief Financial Officer

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Ends

About Adore Beauty

Launched in 2000 as Australia’s first beauty focused e-commerce website with a vision to help women 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 over 230 brands and 11,000 products.

Adore Beauty operates in Australia and New Zealand. For further information please visit www.adorebeautygroup.com.au.

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ADOREBEAUTY

GROUP

INVESTOR PRESENTATION | 2021



PRESENTING TODAY



KATE MORRIS
Executive Director

- Kate started Adore Beauty – Australia’s first beauty e-commerce site – from a garage in 2000
- Overseen the business achieve exponential growth over the past two decades



TENNEALLE O’SHANNESSY
Chief Executive Officer

- Joined in 2020
- Over 20 years experience including nine years at SEEK and five years with A.T. Kearney
- Most recently MD of SEEK - Americas and NED of Online Education Services



STEPHANIE CARROLL
Chief Financial Officer

- Joined in 2019
- Over 20 years in Finance with experience across a number of industries including fast moving consumer goods, retail banking and tertiary education
- Former Head of Finance at Coca-Cola Amatil

DISRUPTING THE TRADITIONAL BEAUTY MODEL



Vision

- Adore helps women to feel **confident and fabulous**, by delivering a more **empowering, engaging and personalised** beauty shopping experience
- We're a **destination for beauty consumers** even on the days they're not shopping



Values

A positive approach
Doing the right thing
Always growing
Working for each other



Our aspiration

Transform the beauty shopping experience

Own the beauty category in AU and NZ, and be a global leader

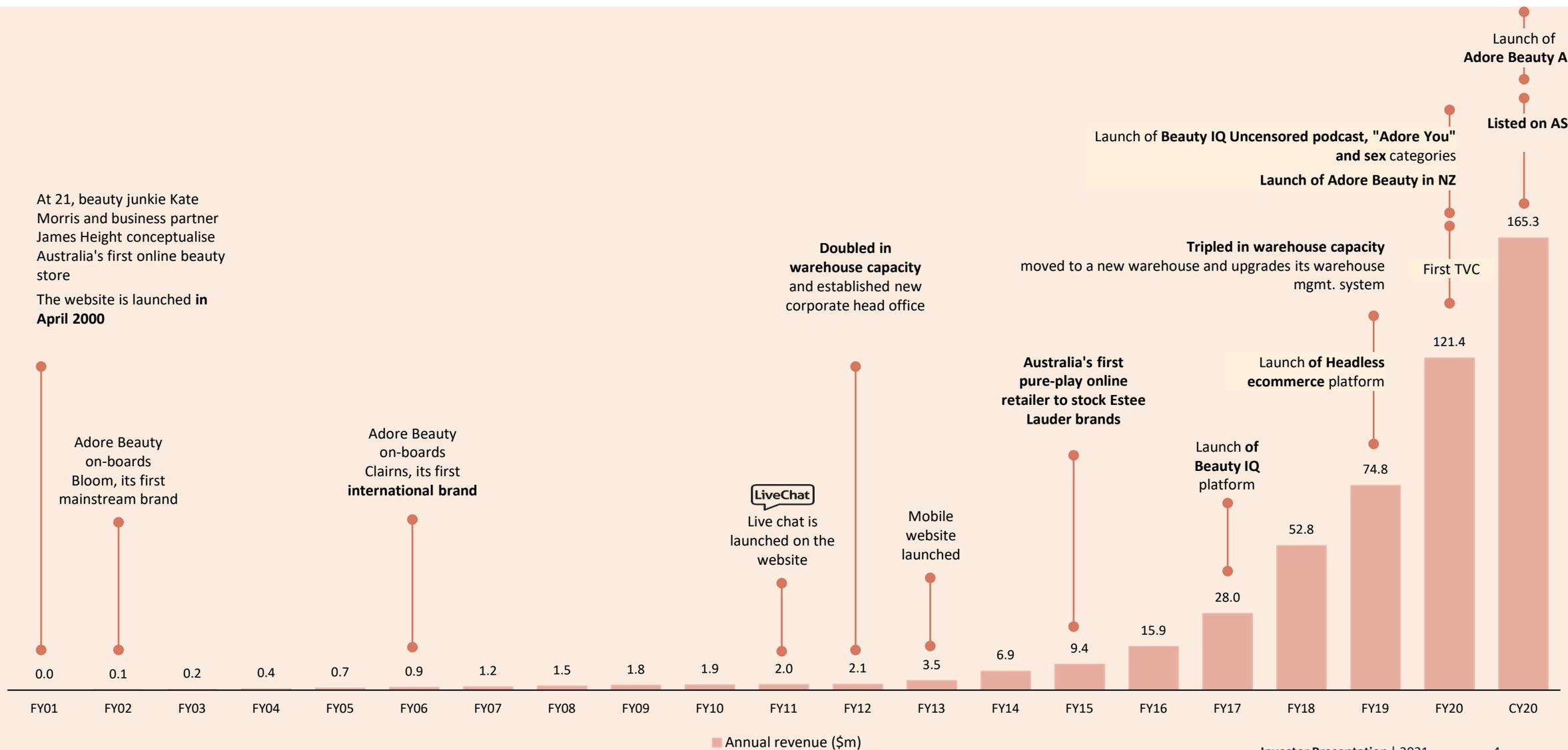


Brand partnership

- **Deep strategic partnerships with brands**, leveraging data to provide customer insights
- **Unique in the beauty category** as a data-enriched integrated digital media, content, marketing and e-commerce platform
- Online channel is increasing in strategic importance
- **Brands are partnering with us to grow** through increased co-marketing support and exclusive products (including promotional support through brand funded sales events)

THE EVOLUTION OF ADORE BEAUTY

At 21, beauty junkie Kate Morris and business partner James Height conceptualise Australia's first online beauty store
The website is launched in **April 2000**



WHO WE ARE



Overview

- Australia's number one pureplay online beauty retailer¹
- Founded in 2000, entered the New Zealand market in 2019 and listed on the ASX in October 2020
- Transformed the online beauty shopping experience and creating a destination for consumers
- Compelling offering of over 260 brands and 10,800+ products

Premium Brand Portfolio

SKINCARE	aspect dermalogica®	SKINCEUTICALS® SK-II	ALPHAH The Ordinary.
HAIR	ghd good hair day	ELEVEN™ AUSTRALIA KEVIN.MURPHY	AVEDA KÉRASTASE PARIS
MAKE UP	MAC ESTÉE LAUDER	benefit SAN FRANCISCO	GIORGIO ARMANI MAKE UP FOR EVER
WELLNESS / FRAGRANCE	GIORGIO ARMANI 	Welle©™ YVES SAINT LAURENT	

1. Management estimates based on third party industry reports (2019, 2020), supplier data (2019), website traffic data (2020), and third party and internal customer data (2019, 2020).

ADORE BEAUTY IS AUSTRALIA'S #1 PUREPLAY ONLINE BEAUTY RETAILER WITH A SIGNIFICANT GROWTH OPPORTUNITY SUPPORTED BY STRUCTURAL TAILWINDS

Market leader¹
in a large,
addressable market
with significant
growth opportunity

**Online destination of
choice** for brand
partners and loyal,
sticky returning
customers who
increase in value each
year

**Strong track record
of financial
performance**
including **record half²**
exceeding
prospectus forecast

Strategic initiatives
to drive sustainable
growth



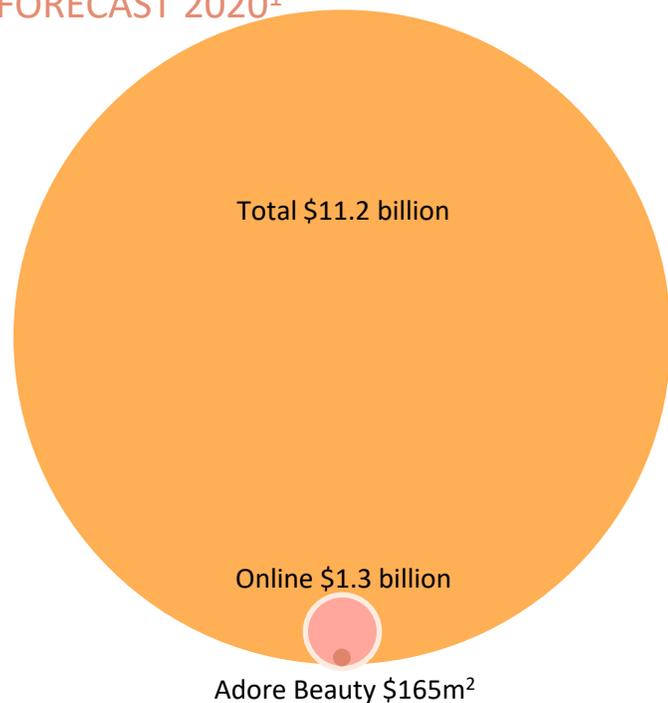
1. Adore beauty is the leading pureplay online beauty retailer, based on management estimates based on third party industry reports (2019, 2020), supplier data (2019), website traffic data (2020), and third party and internal customer data (2019, 2020).
2. In respect of H1 FY21.

LARGE AND GROWING ADDRESSABLE MARKET

ADORE BEAUTY HAS A STRONG TRACK RECORD OF GROWING FASTER THAN THE MARKET

AUSTRALIAN BEAUTY AND PERSONAL CARE MARKET FORECAST 2020¹

2020 Growth (%)



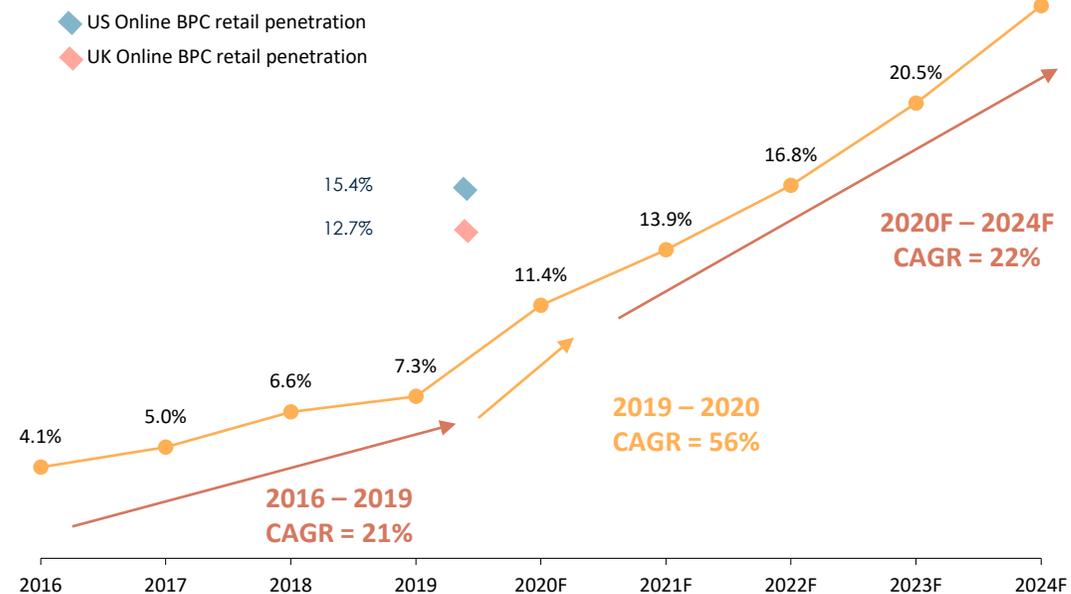
Total 4.0%

Online 61.0%

Adore Beauty 84.2%

COVID-ACCELERATED ONLINE PENETRATION...

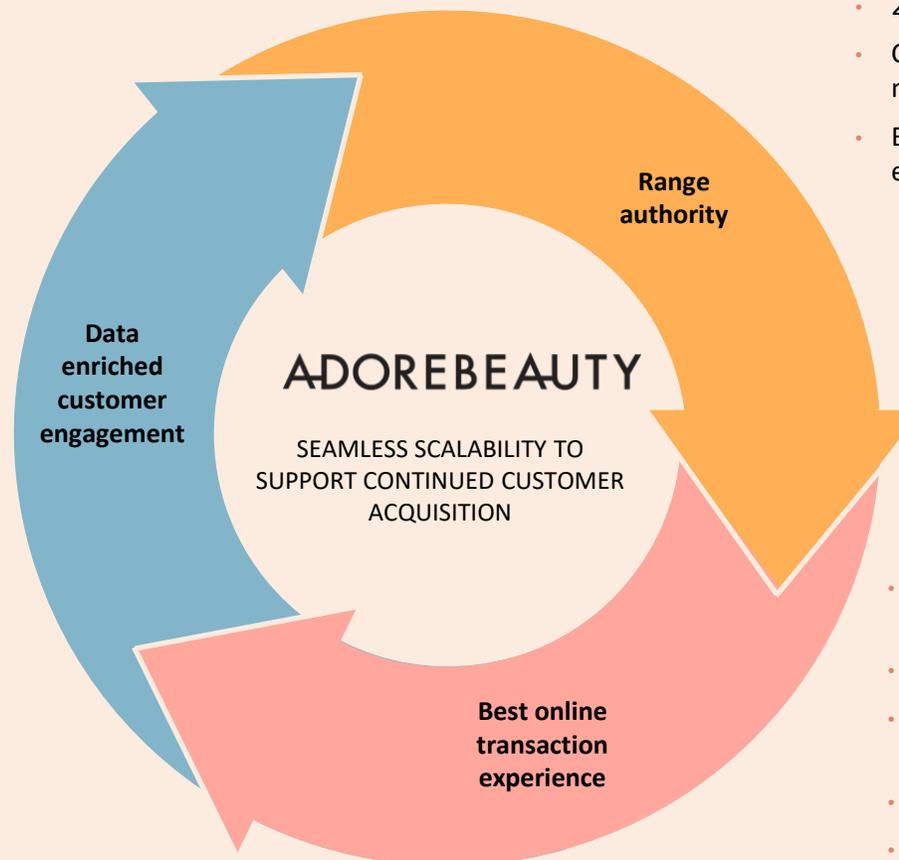
Australian Online BPC Retail Penetration¹



1. Frost & Sullivan - The Online Retail Market (Australia and New Zealand) – September 2020.
2. Adore Beauty CY2020 Revenue.

ADORE BEAUTY HAS A UNIQUE CUSTOMER VALUE PROPOSITION

- Integrated content, marketing and eCommerce retail platform
- Customer-led engagement (Beauty IQ, rich content etc.)
- Education to support decision-making
- Satisfied, loyal, repeat customers
- Increasing basket size and high repeat purchase



- 260+ brands and 10.8k+ products (incl. exclusives)
- Compelling range in Australia and New Zealand: premium, salon and niche
- Beauty destination: Able to provide brands with access to a large, engaged customer base and strong marketing platform

- Instant gratification through live expert chat, seamless experience and fast delivery
- AI led personalisation and recommendations
- Free delivery, free express (over \$50), 90 day returns
- Fast dispatch times and 99.9%¹ pick accuracy
- Value-adds, promotions, samples and benefits, free Tim Tam with every order

1. Based on proportion of returns for pick and pack errors (being 0.01% of orders).

LARGE, HIGHLY ENGAGED CUSTOMER BASE

POWERED BY A STRONG CONTENT AND SOCIAL PLATFORM

CY20 TRAFFIC AND DATABASE HIGHLIGHTS

DIGITAL

46.6m website sessions¹
Launched Mobile App in November 2020



CONTENT

2.4 million Beauty IQ content impressions¹
1.4 million total downloads of BeautyIQ podcast²



SOCIAL

~7.4M social media reach³



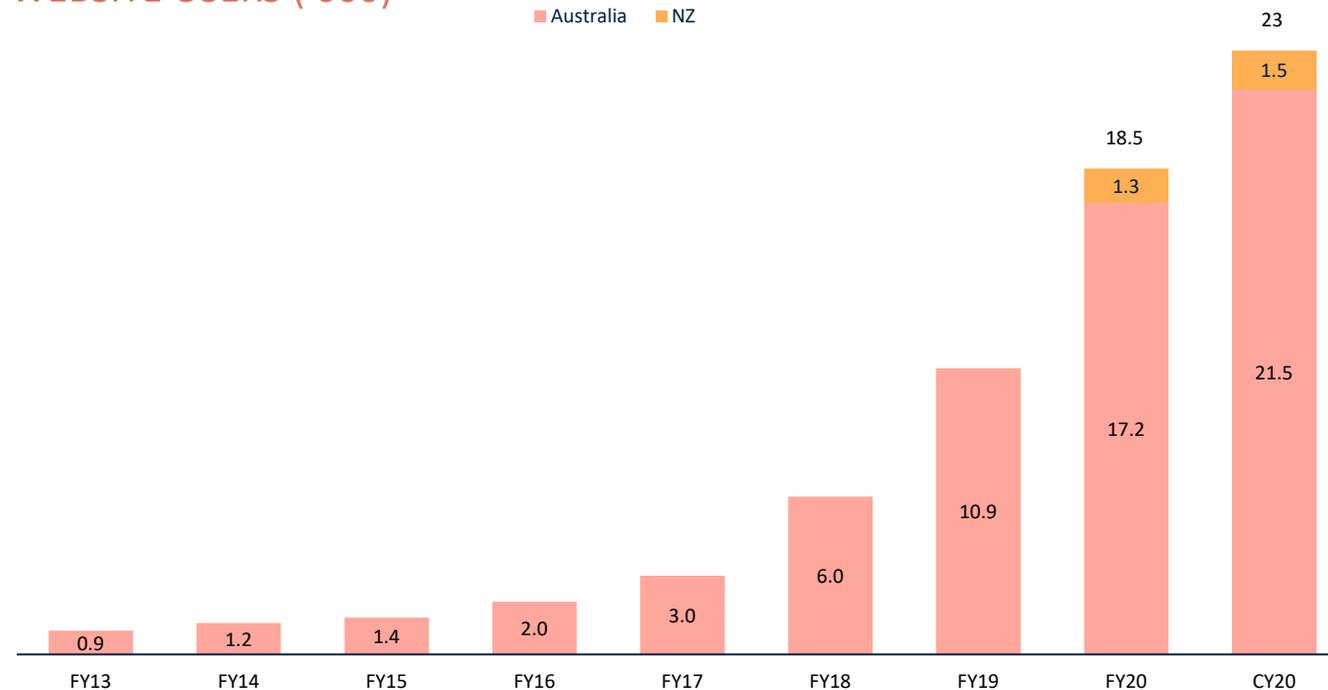
ACTIVE CUSTOMERS

777k Active customers⁴, including 497k new customers in CY20



WEBSITE USERS ('000)

■ Australia ■ NZ



1. Adore Beauty website, CY20.
2. Podcast metrics as at 31 December 2020 from all streaming platforms.
3. Social reach metric for CY20 across paid Facebook channel.
4. Active customers refer to customers who have made an order in the last 12 months, measure for CY20.

STRONG PERFORMANCE IN THE METRICS WE CARE MOST ABOUT

#1

PUREPLAY ONLINE BEAUTY RETAILER
IN AUSTRALIA¹



260+
BRANDS²



10.8k+
PRODUCTS²

2 COUNTRIES

CURRENTLY OPERATE IN AUSTRALIA AND
NEW ZEALAND



4.9/5

GOOGLE RATING
BASED ON 24,944
REVIEWS³



82/100

NET PROMOTER
SCORE⁴



777k+
ACTIVE
CUSTOMERS⁵



65.5%
CUSTOMER
RETENTION⁶



46.6m+
WEBSITE SESSIONS⁷



1.2m
ANNUAL ORDERS⁸



1 day

SAME DAY 4PM
DISPATCH



185

EMPLOYEES⁹



~100

WAREHOUSE
STAFF



c.\$165.3m

CY20A REVENUE



58% p.a.

REVENUE CAGR
FY18-CY20



4,000 sqm

WAREHOUSE



10,800+

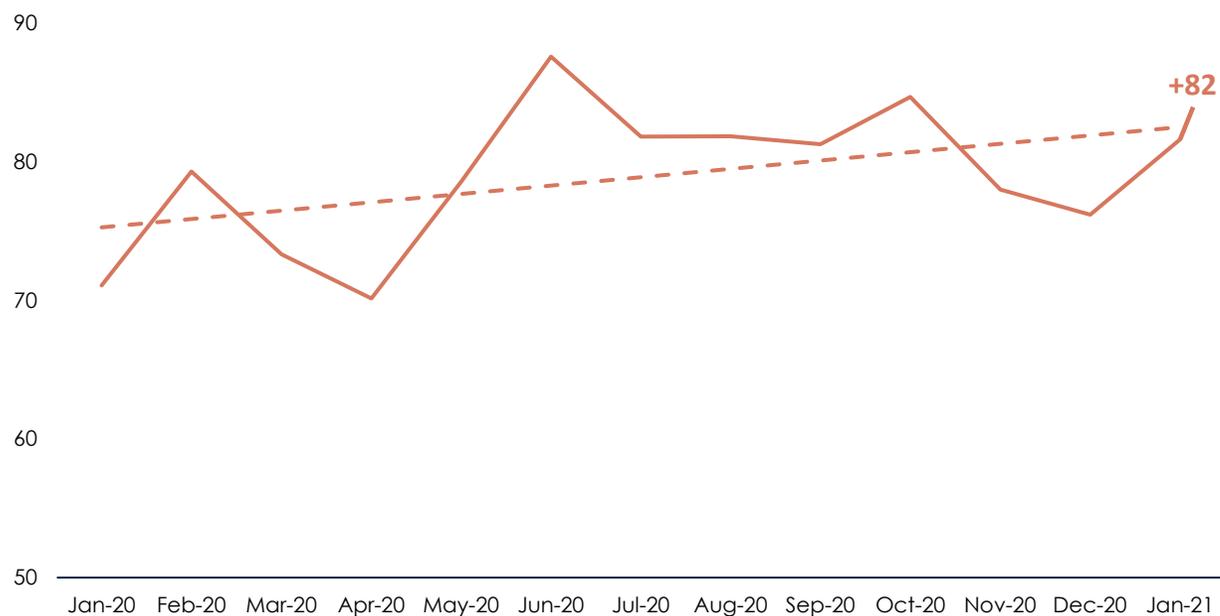
ORDERS PACKED
IN ONE DAY¹⁰

1. Management estimates based on third party industry reports (2019, 2020), supplier data (2019), website traffic data (2020), and third party and internal customer data (2019, 2020).

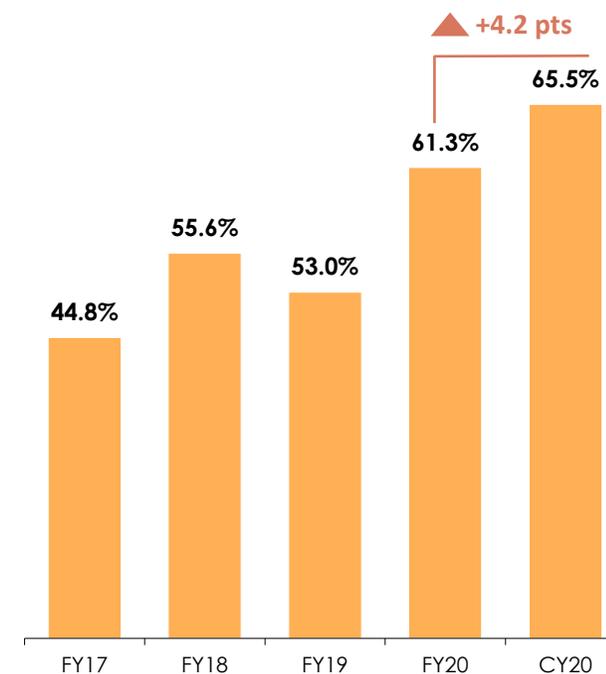
2. Adore Beauty website 3 As at 9/2/2021 sourced as per <https://www.google.com/shopping/customerreviews/merchantreviews?q=adorebeauty.com.au> 4. NPS as at 1 Jan 2021; NPS score is driven off an email sent to customers who have placed 2 orders i.e. not every customer is invited to participate in the NPS statistics 5. Active customers refer to customers who have made an order in the last 12 months 6. Aggregated active customer retention rate = (Active Customers as at the end of the relevant financial year – Active Customers acquired during the relevant financial year) divided by Active Customers as at the commencement of the relevant financial year 7. Adore Beauty website for CY20 8. Metric is based on CY20 9. As at Dec-20 includes employees and contractors 10. Cyber weekend day sale (November 2020).

DELIVERING STRONG GROWTH IN CUSTOMER AND REVENUE METRICS

CUSTOMER SATISFACTION (NPS¹)



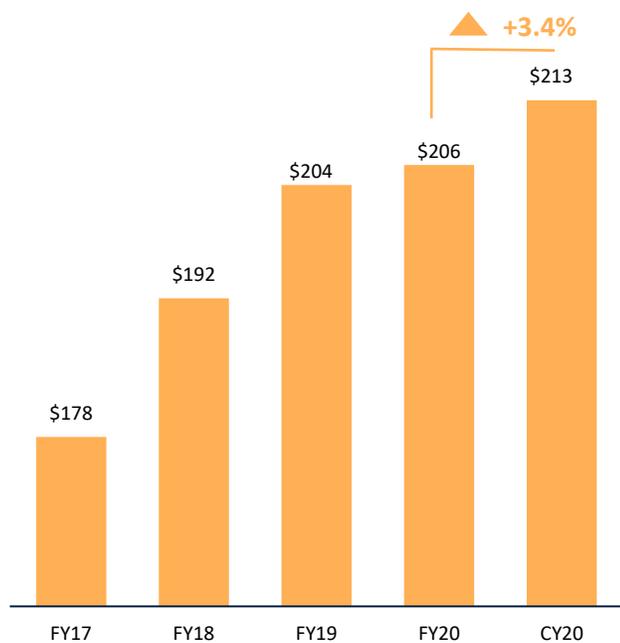
RETENTION³



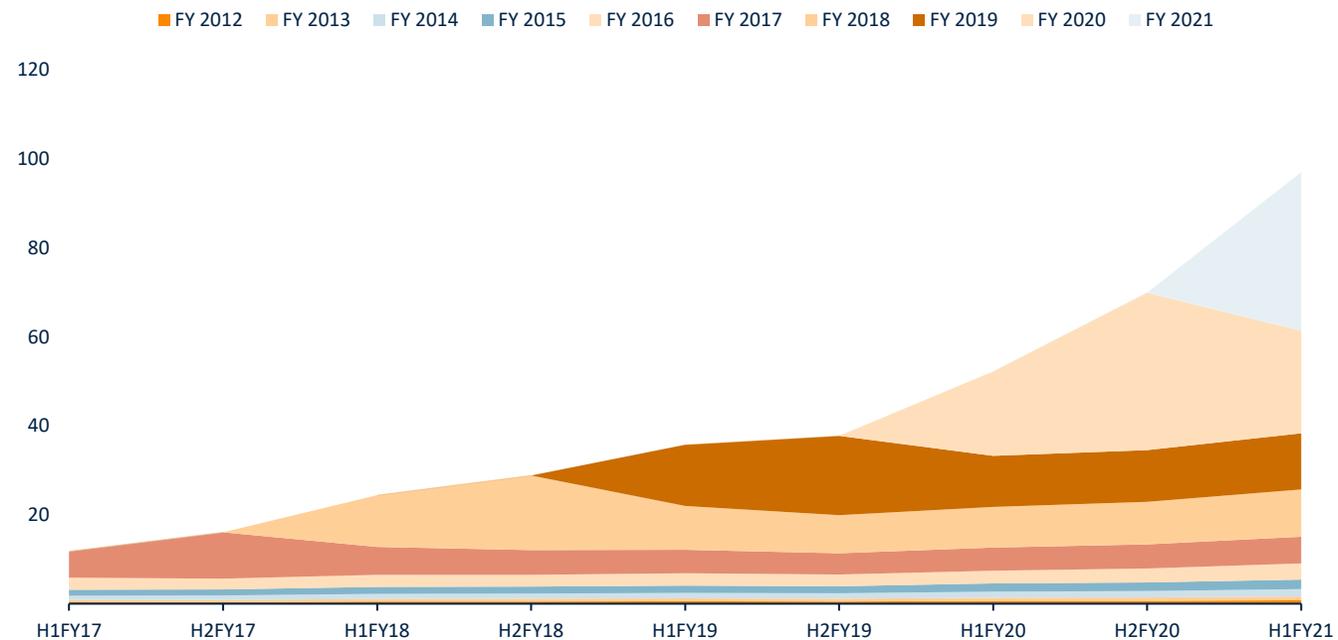
1. The Net Promoter Score is ascertained by sending an email to customers who have placed two orders or more with Adore Beauty (i.e. not every customer is invited to participate in the Net Promoter Score survey). These customers are asked 'how likely are you to recommend Adore Beauty to friends or family?', based on a scale of 0 to 10. Net promoter scores range from -100 to +100.
 2. Active customers refer to customers who have made an order in the last 12 months.
 3. Aggregated active customer retention rate = (Active Customers as at the end of the relevant financial year – Active Customers acquired during the relevant financial year) divided by Active Customers as at the commencement of the relevant financial year.

UNDERPINNED BY INCREASING VALUE OF RETURNING CUSTOMER COHORTS OVER TIME

ANNUAL REVENUE PER ACTIVE CUSTOMER¹



REVENUE CONTRIBUTION BY CUSTOMER COHORT (\$A MILLION)

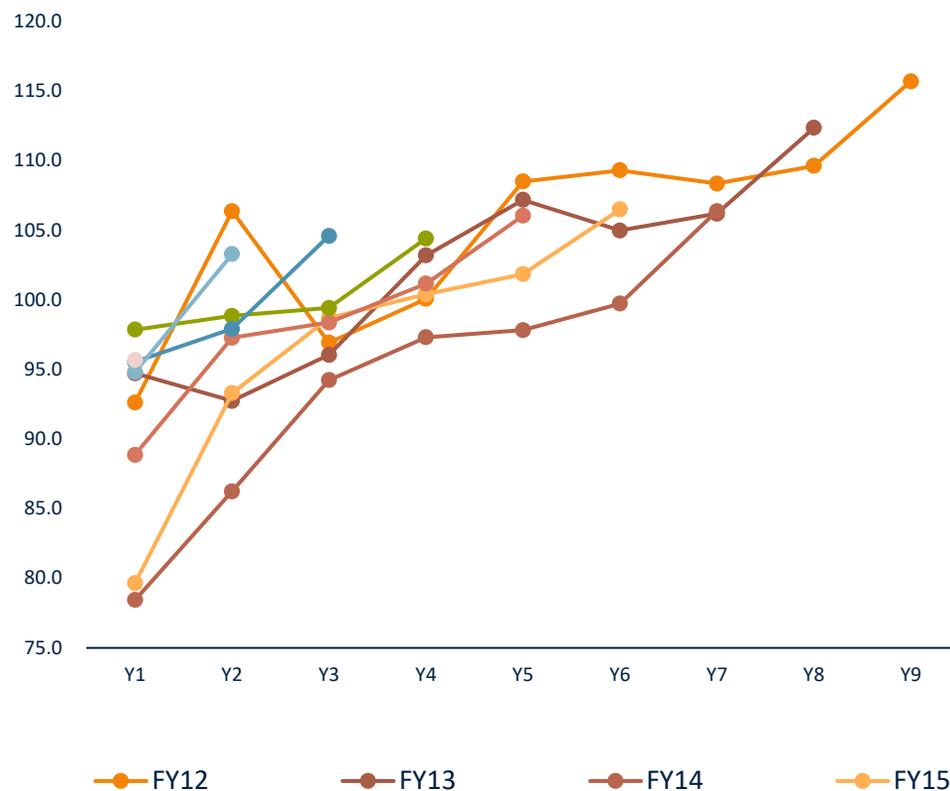


1. Active customers refer to customers who have made an order in the last 12 months. Revenue per active customer = Last 12 months divided by Active Customers.

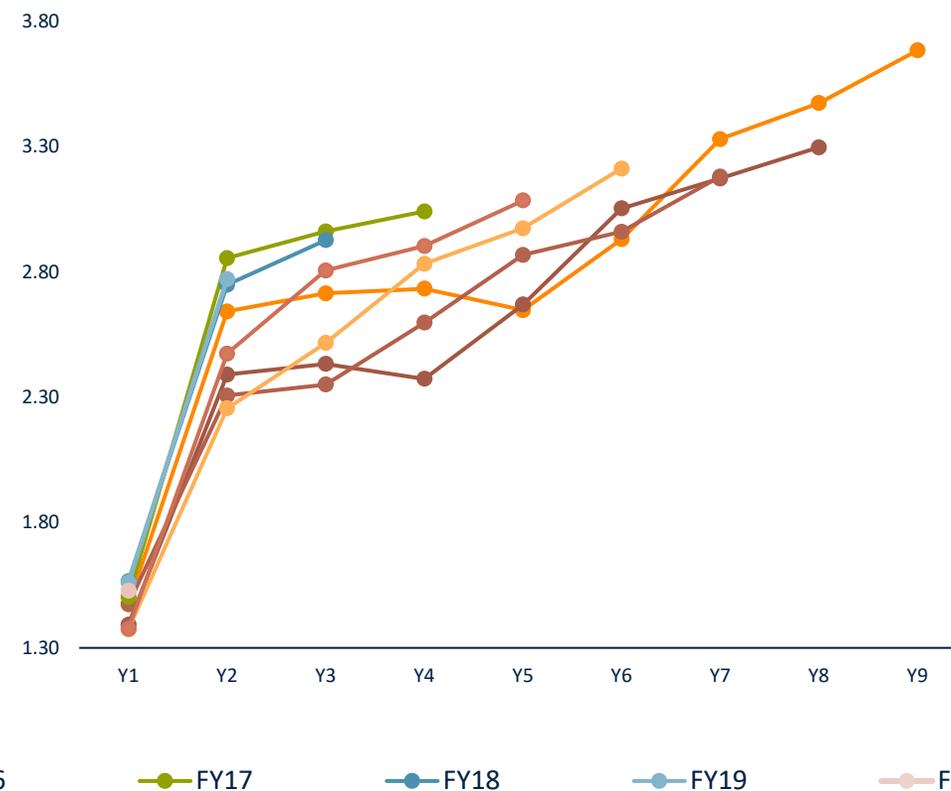
RETURNING CUSTOMERS INCREASE IN VALUE

EACH YEAR THEY ARE WITH THE PLATFORM

AVERAGE ORDER VALUE¹ BY CUSTOMER COHORT (\$A)



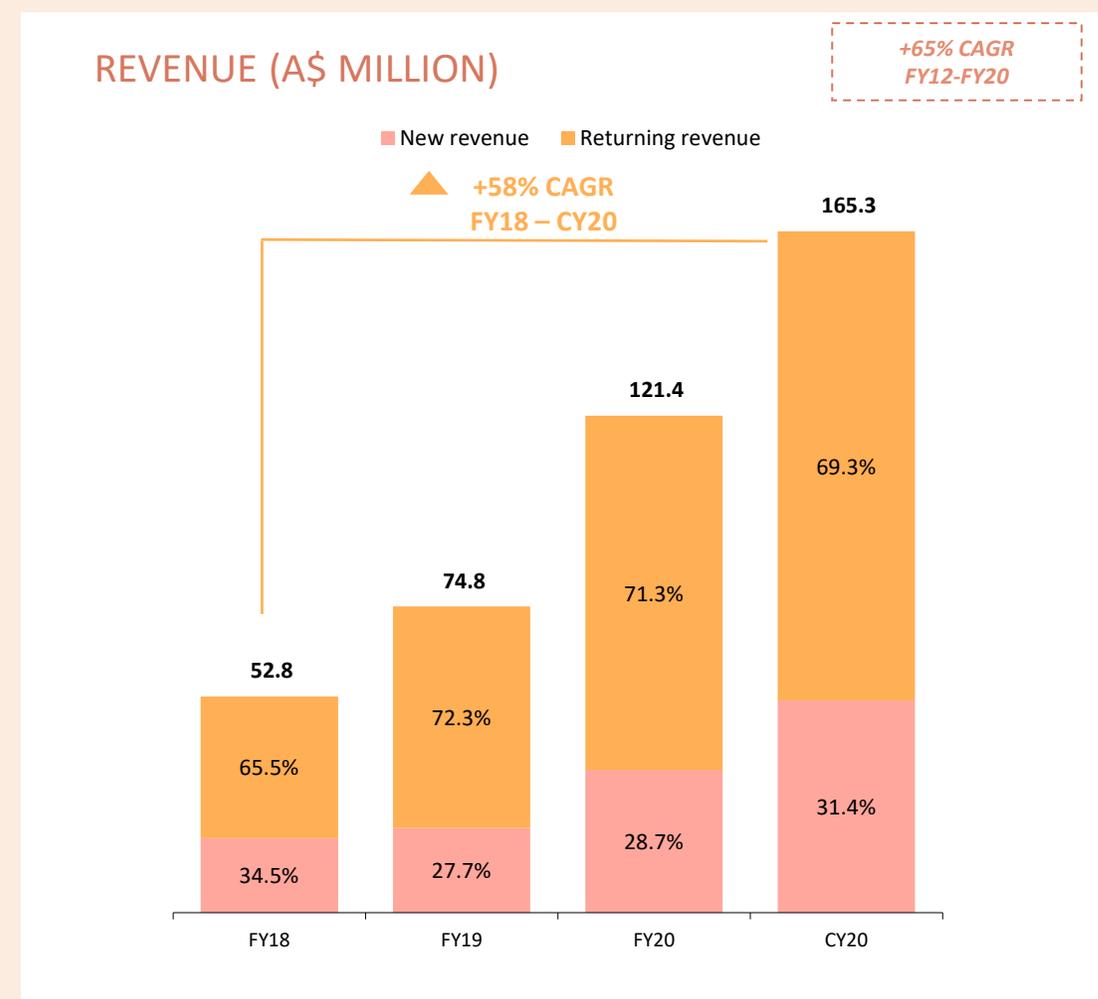
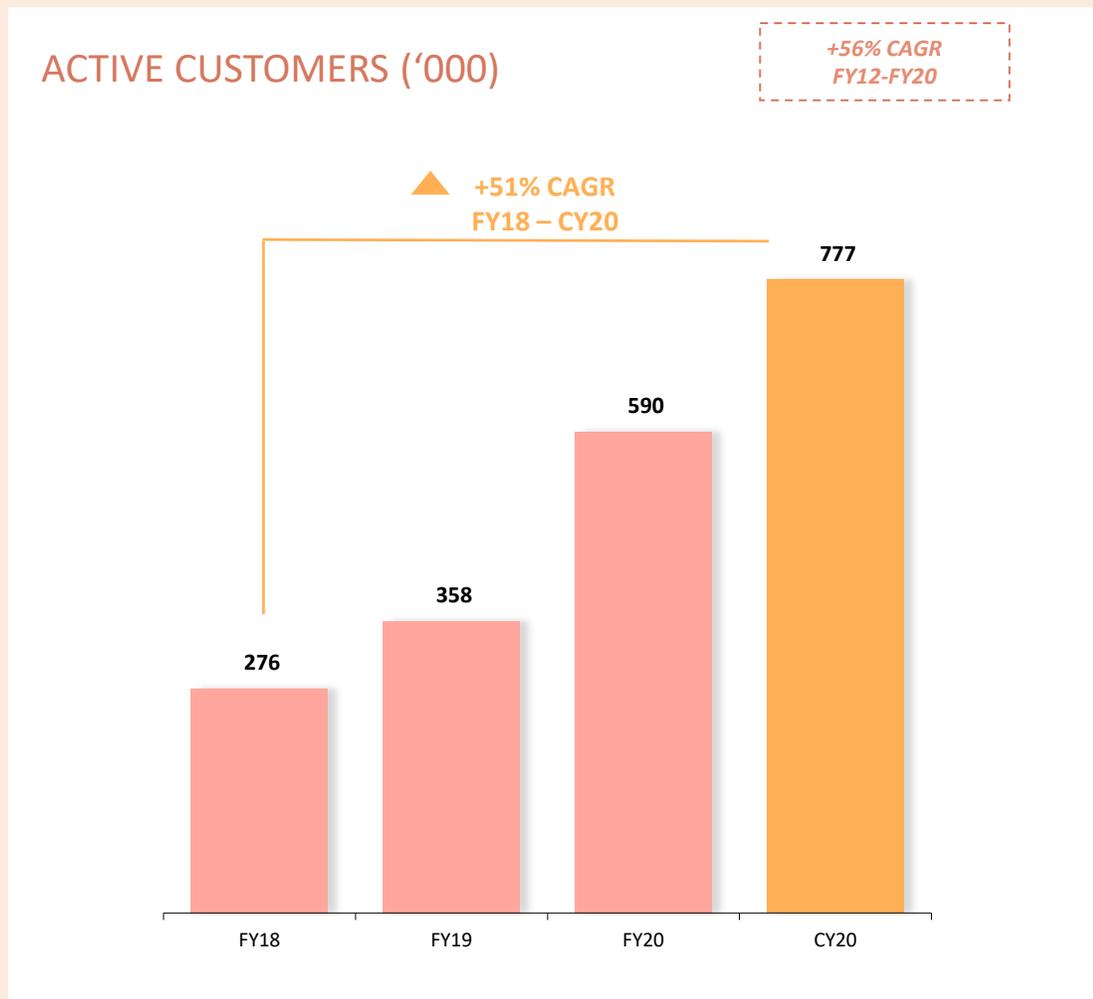
AVERAGE ORDER FREQUENCY¹ BY CUSTOMER COHORT



1. Calculated based on average values of existing cohorts in each retention year, Y1 refers to first year the cohort was acquired. Cohort vintages based on FY12-FY20 acquired cohorts. Average Order Value excludes any accounting adjustments

PROVEN TRACK RECORD OF FINANCIAL PERFORMANCE

UNDERPINNED BY STRONG CUSTOMER ACQUISITION AND RETENTION



FINANCIALS

RECORD RESULTS IN 1H FY21 AHEAD OF PROSPECTUS FORECAST

INCOME STATEMENT

A\$M	1HFY20	1HFY21F
Revenue	52.0	96.2
Cost of Sales	(35.8)	(64.9)
Gross Profit	16.2	31.2
<i>Gross Profit Margin</i>	<i>31.1%</i>	<i>32.5%</i>
EBITDA	1.8	5.2
<i>EBITDA Margin</i>	<i>3.5%</i>	<i>5.4%</i>

BALANCE SHEET

A\$M as at	30 June 2020	31 December 2020
Cash and cash equivalents	16.6	25.9
Inventory	14.7	15.5
Total assets	39.6	54.2
Total liabilities	24.2	21.4
Net assets	15.3	32.7

Delivered revenue, gross profit margin and EBITDA ahead of prospectus forecast

- Revenue of \$96.2m, 8% ahead of prospectus forecast of \$89M¹, up 85% on PCP
- Average order value (AOV) was above PCP at \$101.26 and Average Order Frequency (AOF) was in line with PCP at 2.1
- Gross profit margin of 32.5%, ahead of prospectus forecast of 31.9%, up 1.4 percentage points on PCP, driven by improved supplier terms and brand funding

Operating costs favourable to prospectus forecast despite investment in brand awareness

- Operating costs as a % of Revenue were in line with PCP
- Marketing as a % of sales 12.4%, favourable to prospectus forecast of 12.8% even with investment in brand awareness
- Operating leverage driven by tight management of fixed costs, even with investment in strategic priorities (Mobile app, Private label, Tech and data and Brand awareness)

Record profitability driven by margin expansion

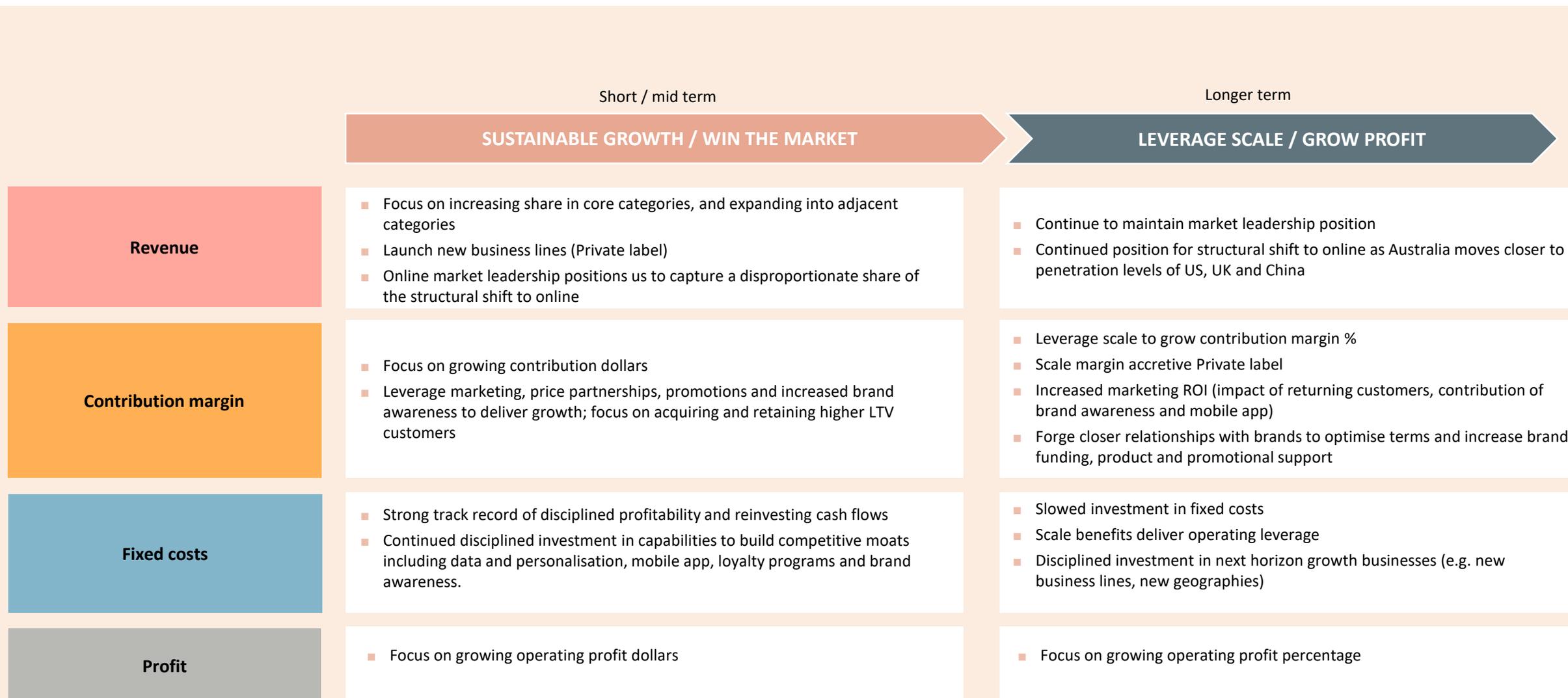
- EBITDA² of \$5.2m, 58% ahead of prospectus forecast of \$3.3m, up 188% on PCP; increased EBITDA margin from 3.5% in PCP to 5.4%, ahead of prospectus forecast of 3.7%

Strong balance sheet with no debt and a highly capital efficient business model with positive cash flow

- Provides a solid, scalable platform to continue growing the business and flexibility to pursue identified strategic growth initiatives

1. Also exceeded trading update revenue forecast of \$95.2M, update issued 1 December 2020.
2. Proforma adjustments are detailed in the appendix. Trading update issued 1 December 2020 noted anticipated positive impact on EBITDA for H1 FY21F.

WE ARE PURSUING A BALANCED GROWTH STRATEGY, WITH OPERATING LEVERAGE TO COME OVER TIME WITH SCALE BENEFITS



STRONG PROGRESS ON OUR LONG-TERM GROWTH STRATEGY

We are executing on a clear strategy based on sustainably growing market share from a position of strength through driving brand awareness, new customer acquisition and returning customer retention

KEY INITIATIVE

PROGRESS SINCE IPO

EXISTING BUSINESS



Grow brand awareness

Aim to reach the millions that haven't yet heard of us and build trust and connection to drive traffic and conversion; increase brand awareness to +80%

▶ Expanded national ATL campaign, increased brand awareness by 33% to 52%



Leverage data

Grow conversion, engagement and LTV through increased leveraging Adore Beauty's deep customer data set

▶ Built out data capability, launched delivery tracking capabilities



Launch app

Build content-first mobile app to expand use of machine learning to combine technology and personalisation through data

▶ Adore Beauty Mobile App soft launched in Nov 2020, on track for hard launch H2 FY21



Loyalty

Create the most rewarding loyalty program in ANZ by enriching the customer experience

▶ Launched loyalty program in H2 FY21

NEW BUSINESS



Adjacencies

Target related verticals that we believe our customers will respond to, and that stay true to our brand voice

▶ Launched 33 new brands, including building out 10 brands in Fragrance category



Private label

Leverage customer knowledge, data and experience to tailor brands and products for identified gaps in the target market and increase financial margins

▶ Pilot test in Dec 2020 of Adore Beauty branded accessories, on track to launch first Private Label products H1 FY22

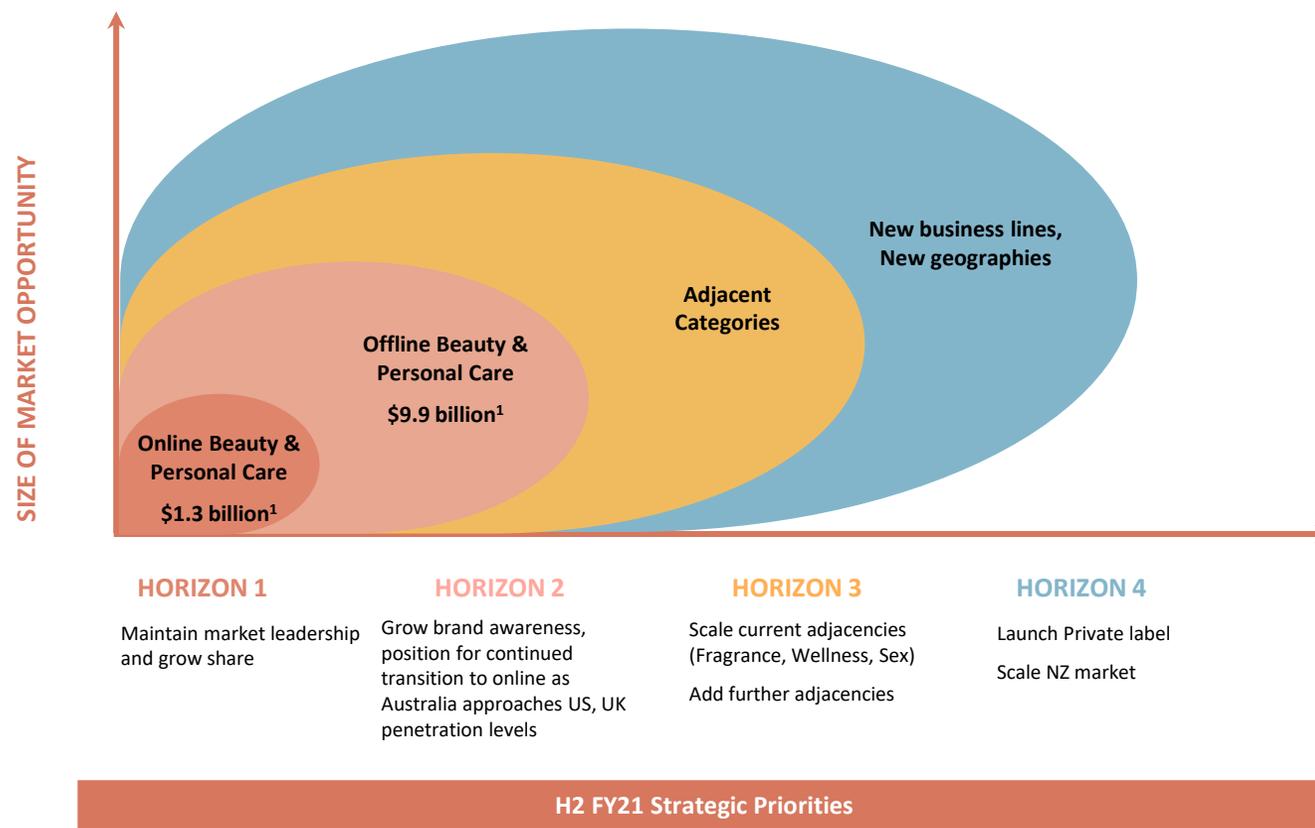
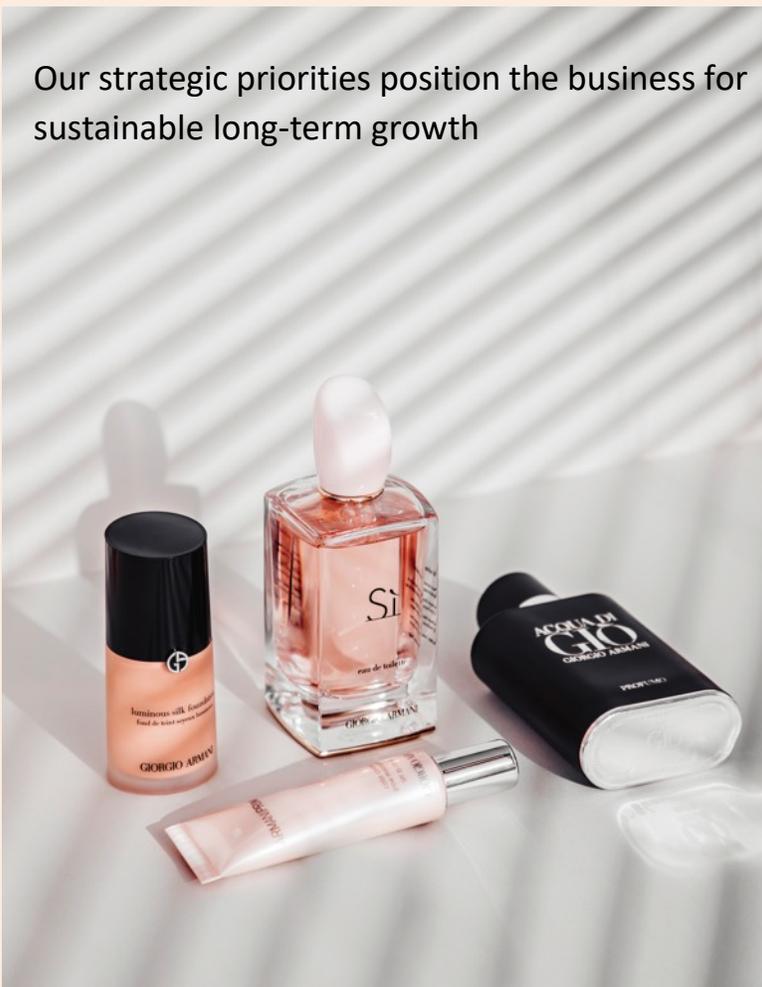
FY21 STRATEGIC INITIATIVES – LAUNCHED LOYALTY PROGRAM

- Launched 'Adore Society', our new loyalty program, in March 2021 with a goal to increase loyalty and lifetime value.
- Three-tiered, holistic structure including usual perks such as birthday gifts, priority access to new product launches, as well as competitions, promotions and invitations to money can't buy experiences such as launch events and masterclasses.
- In addition, members will be rewarded with personalised delights selected just for them based on their purchase history, favourite products and beauty needs, underpinned by data.
- The launch of Adore Society is the first phase, with additional features and benefits to be rolled out to members throughout 2021.
- There has been very strong uptake of the program, with almost 50 thousand signups including over 50% of top tier members.



SETTING UP THE BUSINESS FOR FUTURE GROWTH

Our strategic priorities position the business for sustainable long-term growth



1. 2020 forecast market size, Frost & Sullivan - The Online Retail Market (Australia and New Zealand) – September 2020

ADORE BEAUTY IS AUSTRALIA'S #1 PUREPLAY ONLINE BEAUTY RETAILER WITH A SIGNIFICANT GROWTH OPPORTUNITY SUPPORTED BY STRUCTURAL TAILWINDS

Market leader¹
in a large, addressable market
with significant growth
opportunity

- Adore Beauty's online market leadership¹ positions us to capture market share in a large and growing market benefitting from structural tailwinds

Online destination of choice
for brand partners and loyal,
sticky customers

- Strong and increasing retention, strong contribution of returning customers
- Returning customers increasing in value each year they are on the platform, with increasing AOV and AOF
- Delivering consistently strong customer satisfaction levels
- Increasing co-marketing support, access to exclusive products and promotions with brand partners

**Strong track record of financial
performance** including **record
half** exceeding prospectus
forecast

- Strong track record of financial performance and taking market share
- Revenue ahead of prospectus forecast and pcp
- H1 Multiple record trading days including Afterpay Day (Aug) and Cyber Weekend (Nov), promotions were 100% brand funded
- Increasing Active customers
- EBITDA ahead of prospectus forecast and pcp

Strategic initiatives
to drive sustainable growth

- Clear strategy to sustainably growing market share through driving brand awareness, new customer acquisition and returning customer retention.
- H1 strong progress on strategic priorities: Increased brand awareness; Launched Mobile App (Nov 2020), Loyalty program (March 2021); Piloted Private Label branded accessories offering (Dec 2020) and Onboarded 33 new brands including scaling fragrance

QUESTIONS



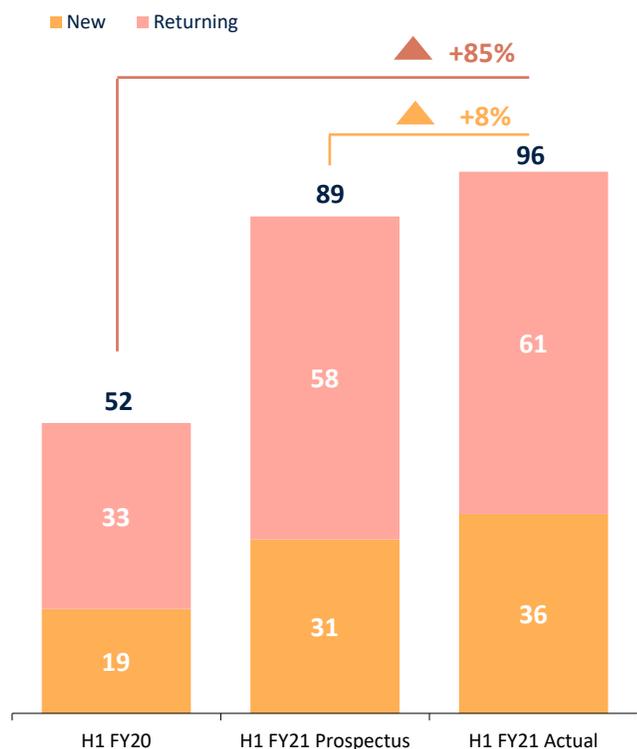
APPENDICES



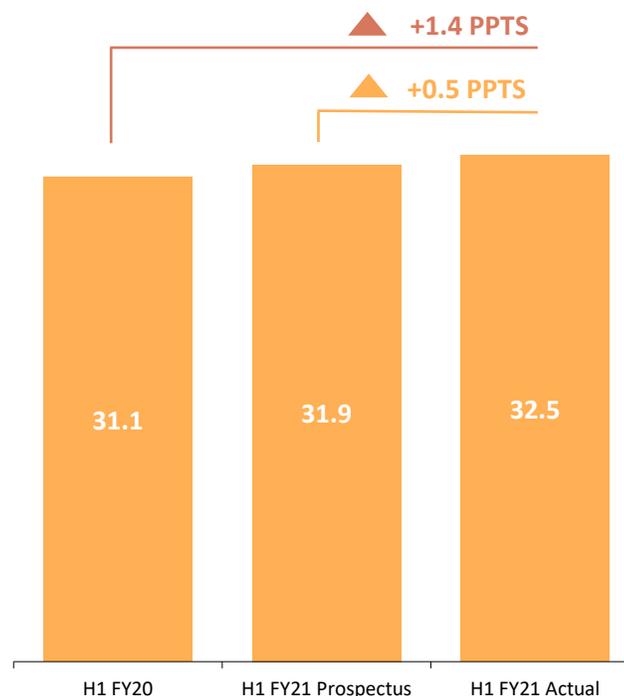
H1 DELIVERED STRONG PERFORMANCE

IN ALL FINANCIAL METRICS, EXCEEDING PROSPECTUS FORECAST

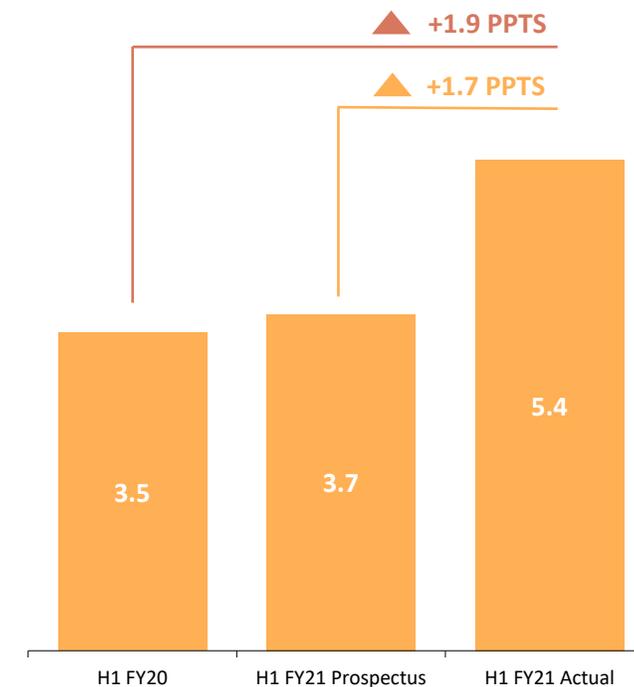
REVENUE¹ (\$A MILLION)



GROSS PROFIT MARGIN (%)



EBITDA MARGIN² (%)



1. Also exceeded trading update revenue forecast of \$95.2M, update issued 1 December 2020.
 2. Proforma adjustments are detailed in the appendix. Trading update issued 1 December 2020 noted anticipated positive impact on EBITDA for H1 FY21F.

STRONG TRACK RECORD OF GROWTH IN ALL KEY PERFORMANCE INDICATORS

	Pro forma historical				
	FY18	FY19	CY19	FY20	CY20 (Actual)
# new customers ('000)	189	212	251	371	497
# retained customers ('000)	87	146	176	219	280
# total active customers ('000) ¹	276	358	427	590	777
Active customer retention ²	55.6%	53.0%	54.2%	61.3%	65.5%
Average annual order frequency	2.0	2.1	2.1	2.1	2.1
Average order value (\$A)	97.4	97.5	100.1	100.5	101.26
Revenue growth on PCP	n/a	38.6%	40.1%	65.5%	84.2%
Gross margin	30.2%	30.0%	30.7%	31.8%	32.5%



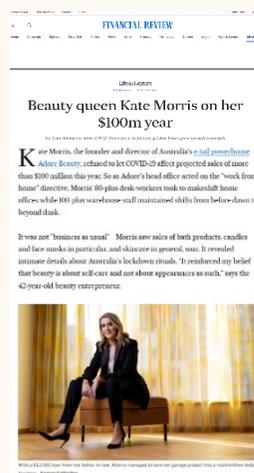
1. Active customers refer to customers who have made an order in the last 12 months.

2. Aggregated active customer retention rate = (Active Customers as at the end of the relevant financial year – Active Customers acquired during the relevant financial year) divided by Active Customers as at the commencement of the relevant financial year.

ADORE BEAUTY IS AN AWARD WINNING, INDUSTRY LEADING ONLINE RETAILER

SELECT ACCOLADES

<p>2018</p>  <p>PowerRetail All Stars Top 100Online Retailers and Top Customer Rated Online Store in Australia</p>	<p>2013-2019</p>   <p>Deloitte Tech Fast 50 and Asia Pacific Tech Fast 500</p>	<p>2013-2019</p>  <p>Veuve Clicquot Business Woman Award Finalist Kate Morris</p>	<p>2019</p>  <p>InStyle 'Women of Style' awards Kate Morris</p>	<p>2019</p>  <p>Top 50 people in eCommerce Kate Morris #2</p>	<p>2019</p>  <p>Top Email Marketing</p>	<p>2020</p>  <p>Top 50 people in eCommerce Kate Morris #9 Dan Ferguson #20</p>	<p>2020</p>  <p>Top Innovator Top Customer Experience Top User Experience All Star Legend Award (Kate)</p>
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IN RECENT YEARS



DISCLAIMER

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All dollar values are in Australian dollars (A\$), unless otherwise stated.

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ADOREBEAUTY

AUSTRALIA'S ONLINE BEAUTY STORE

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