

# ADOREBEAUTY



ADORE BEAUTY GROUP LIMITED

APPENDIX 4D & FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

ABN: 78 636 138 988

ASX Code: ABY

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## Appendix 4D – Half-yearly report

### REPORTING PERIOD

Reporting period: Half-year ended 31 December 2021.  
 Previous corresponding period: Half-year ended 31 December 2020.

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and profit after tax for the half-year ended 31 December 2021	Up/Down	% Change		\$'000
Revenue from ordinary activities:	up	18%	to	\$113,103
Profit from ordinary activities after tax attributable to members:	down	-22%	to	\$1,967
Profit for the period attributable to members:	down	-22%	to	\$1,967

### DIVIDENDS

No dividends have been paid during the period and it is not proposed that any dividends be paid. Dividends of \$nil were paid during the comparative period.

### OVERVIEW OF OPERATING RESULTS

An overview of the operating results can be found in the 'Operating and Financial Review' section within the Directors' Report of the attached Interim Financial Statements.

### NET TANGIBLE ASSETS PER SECURITY

	31/12/21	31/12/20
Net tangible assets per share:	\$0.35	\$0.33
Total number of shares on issue at period end:	94,124,497	94,124,497

### ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

There are no entities over which control has been gained or lost during the period.

### ASSOCIATES AND JOINT VENTURE ENTITIES

There are no associates and joint venture entities.

### DIVIDEND REINVESTMENT PLANS

The Company currently does not have a dividend reinvestment plan.

## INDEPENDENT AUDIT REVIEW

This report is based on the condensed consolidated financial statements which have been subject to independent audit review by Grant Thornton Audit Pty Ltd. The independent audit review report is included within the Company's Interim Report which accompanies this Appendix 4D.

## ACCOUNTING STANDARDS

This report was compiled with Australian Accounting Standards & International Financial Reporting Standards.

# Directors' Report

The Directors of Adore Beauty Group Limited ('Adore Beauty' or 'the Company') present their Report together with the financial statements of the consolidated entity, being Adore Beauty and its Controlled Entities ('the Group') for the half-year ended 31 December 2021.

## DIRECTORS

The names of the Directors in office at any time during or since the end of the half-year are:

Justin Ryan	Chair (retired 1 <sup>st</sup> November 2021)
Kate Morris	Executive director
James Height	Executive director
Marina Go	Non-executive director and Chair (from 1 <sup>st</sup> November 2021)
Sandra Birkenleigh	Non-executive director

The above-named Directors held office during and since the end of the financial year unless otherwise stated.

## PRINCIPAL ACTIVITIES

Adore Beauty generates its revenue through online sales of third-party beauty and personal care products to Australian and New Zealand consumers.

Adore Beauty's business model is based on three key elements which drive a powerful network effect attracting both new customers and new brands to the platform:

- **Range authority:** Adore Beauty offers Australian and New Zealand consumers a broad and compelling range of beauty and personal care products across prestige, professional, niche and masstige brands, with over 270 brands and 11,700 products (including exclusives). Adore Beauty provides brands with access to a large, engaged customer base and a strong marketing platform;
- **Best online transaction experience:** Adore Beauty seeks to provide customers with an outstanding online shopping experience by providing customers with instant gratification as a result of a seamless transaction experience;
- **Data-enriched customer engagement:** Adore Beauty engages customers through an integrated content, marketing, and e-commerce retail platform, with personalisation to satisfy customer's beauty and personal care needs, driving loyalty and increasing their frequency and size of spend with Adore Beauty over time.

## FINANCIAL HIGHLIGHTS FROM H1 FY2022

Revenue for the half-year was \$113.1 million which was an increase of 18% over the comparative period in H1FY21. The revenue growth is attributable to the growth in LTM Active customers, which increased 13% over the comparative period in CY21 to 875,597. The Company also benefitted from multiple record trading days including Afterpay Day in August, and Cyber Weekend in November.

### Balance Sheet

Adore Beauty's Balance Sheet remains strong. The Company is well funded with \$25.1 million in cash. Inventory levels increased during the period to support revenue growth and mitigate supply chain issues.

### Cash flow

Adore Beauty's net operating cash outflows were \$2.6 million and included expenses incurred as part of strategic initiatives and inventory investment.

An additional \$0.9 million was incurred on investing activities, primarily investment in the Company's website and mobile app which are the shop front of the business and the prime interface with its customers.

### Dividend

No dividend has been paid or declared during the period.

### COVID-19

The impact of COVID-19 has affected the Australian beauty and personal care market in a number of ways including, for example, a shift away from cosmetics to skin care products as the pandemic has emphasised the need for consumers to focus on self-care and health and consumers spending more time at home.

In addition, shopping behaviours and preferences have changed driven by government mandated restrictions (including lockdowns and social distancing measures) and consumer aversion to physically visiting retailers due to health concerns.

### Strategic Update

Looking ahead, we expect to deliver strong sustainable growth as we leverage our online market leadership position to continue to increase our market share within a growing market driven by a structural shift to online. As the business grows, we expect scale benefits to increase operating leverage over time.

We are pursuing a growth strategy. The drivers of growth and operating leverage are outlined below.

1. **Range authority:** Provide a unique and compelling range of products and services. Grow and deepen brand partnerships through providing access to a large, engaged customer base and strong marketing platform.
2. **Best online transaction experience:** Deliver an integrated content, marketing and eCommerce retail platform. Provide an empowering, engaging online customer experience underpinned by data-driven personalisation.
3. **Content led customer engagement:** Build a highly satisfied, engaged, loyal customer community. Build a trusted brand and beauty discovery destination. Expand authentic content and education to grow customer-led engagement.

## POST BALANCE DATE EVENTS

No matters or circumstances that have arisen since the end of the period that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 5 of this financial report.

## ROUNDING OF AMOUNTS

Adore Beauty is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest thousand (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the Instrument.

Signed in accordance with a resolution of the Directors, pursuant to section 306(3) of the *Corporations Act 2001*:

On behalf of the Directors



Marina Go – Chair

Melbourne

15 February 2022

## Auditor's Independence Declaration

To the Directors of Adore Beauty Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Adore Beauty Group Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



C S Gangemi  
Partner – Audit & Assurance

Melbourne, 15 February 2022

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

	Notes	Consolidated Half-year ended	
		H1 FY22 \$'000	H1 FY21 \$'000
Revenue	4	113,103	96,163
Cost of sales		(75,707)	(64,943)
Gross profit		37,396	31,220
Other income	4	20	14
Expenses:			
Advertising and marketing expense		(15,889)	(11,894)
Employee benefits expense		(10,700)	(9,228)
Initial public offering and transaction costs		-	(5,225)
Depreciation and amortisation expense		(892)	(706)
Finance costs		(36)	(54)
Other operating expenses		(7,123)	(5,651)
Profit/ (Loss) before income tax		<b>2,776</b>	<b>(1,524)</b>
Income tax benefit/ (expense)		(809)	4,060
<b>Profit for the period</b>		<b>1,967</b>	<b>2,536</b>
<b>Other comprehensive income, net of income tax</b>			
Items that will not be reclassified subsequently to profit or loss:		-	-
Items that may be reclassified subsequently to profit or loss:		-	-
<b>Other comprehensive income for the period, net of income tax</b>		-	-
<b>Total comprehensive income for the period</b>		<b>1,967</b>	<b>2,536</b>
<b>Earnings per share</b>			
Basic earnings per share	6	2.1 cents	2.8 cents
Diluted earnings per share	6	2.1 cents	2.8 cents

Note: This statement should be read in conjunction with the notes to the financial statements.



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	Consolidated	
		31/12/21 \$'000	30/6/21 \$'000
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents		25,073	29,002
Trade and other receivables		320	658
Current tax receivable		2,068	958
Inventories		21,899	14,945
Other current assets		2,762	2,105
<b>Total current assets</b>		<b>52,122</b>	<b>47,668</b>
<i>Non-current assets</i>			
Property, plant and equipment		841	889
Right-of-use assets		1,053	1,165
Intangible assets		2,944	2,592
Deferred tax assets		3,811	4,074
<b>Total non-current assets</b>		<b>8,649</b>	<b>8,720</b>
<b>Total assets</b>		<b>60,771</b>	<b>56,388</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables		21,446	19,485
Lease liabilities		501	420
Employee benefits		1,270	1,075
<b>Total current liabilities</b>		<b>23,217</b>	<b>20,980</b>
<i>Non-current liabilities</i>			
Lease liabilities		742	926
Employee benefits		245	223
<b>Total non-current liabilities</b>		<b>987</b>	<b>1,149</b>
<b>Total liabilities</b>		<b>24,204</b>	<b>22,129</b>
<b>Net assets</b>		<b>36,567</b>	<b>34,259</b>
<b>Equity</b>			
Issued capital		102,076	102,076
Reserves		(66,790)	(67,131)
Retained profits/(Accumulated losses)		1,281	(686)
<b>Total equity</b>		<b>36,567</b>	<b>34,259</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021

Notes	Issued capital (Ordinary shares) \$'000	Foreign currency translation reserve \$'000	Corporate re- organisation reserve \$'000	Share based payments reserve \$'000	Retained profits/ (Accumulated losses) \$,000	Total equity \$'000
<b>Balance at 1 July 2020</b>	<b>85,000</b>	<b>(5)</b>	<b>(68,104)</b>	<b>-</b>	<b>(1,531)</b>	<b>15,360</b>
<b>Transactions with owners</b>						
Share-based payments	680	-	-	120	-	800
Contributions of equity, net of transaction costs	14,013	-	-	-	-	14,013
<b>Total transactions with owners</b>	<b>14,693</b>	<b>-</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>14,813</b>
<b>Comprehensive income</b>						
Profit for the period	-	-	-	-	2,536	2,536
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,536</b>	<b>2,536</b>
<b>Balance at 31 December 2020</b>	<b>99,693</b>	<b>(5)</b>	<b>(68,104)</b>	<b>120</b>	<b>1,005</b>	<b>32,709</b>
<b>Balance at 1 July 2021</b>	<b>102,076</b>	<b>(5)</b>	<b>(68,104)</b>	<b>978</b>	<b>(686)</b>	<b>34,259</b>
<b>Transactions with owners</b>						
Share-based payments	-	-	-	341	-	341
Contributions of equity, net of transaction costs	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>341</b>	<b>-</b>	<b>341</b>
<b>Comprehensive income</b>						
Profit for the period	-	-	-	-	1,967	1,967
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,967</b>	<b>1,967</b>
<b>Balance at 31 December 2021</b>	<b>102,076</b>	<b>(5)</b>	<b>(68,104)</b>	<b>1,319</b>	<b>1,281</b>	<b>36,567</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

Notes	Consolidated Half-year ended	
	H1 FY22 \$'000	H1 FY21 \$'000
<b>Operating activities</b>		
Receipts from customers	124,750	105,930
Payments to suppliers and employees	(125,753)	(105,453)
Interest received	20	14
Income taxes paid	(1,657)	(653)
<b>Net cash used in operating activities</b>	<b>(2,640)</b>	<b>(162)</b>
<b>Investing activities</b>		
Payments for property, plant and equipment	(64)	(135)
Payments for intangible assets	(881)	(878)
<b>Net cash used in investing activities</b>	<b>(945)</b>	<b>(1,013)</b>
<b>Financing activities</b>		
Proceeds from issue of ordinary shares	-	23,293
Payment for equity raise costs	-	(9,280)
Repayments of borrowings	-	(3,212)
Repayments of lease liabilities	(308)	(264)
Interest and other finance costs paid	(36)	(54)
<b>Net cash inflow/ (outflow) from financing activities</b>	<b>(344)</b>	<b>10,483</b>
Net change in cash and cash equivalents	(3,929)	9,308
Cash and cash equivalents, beginning of period	29,002	16,558
<b>Cash and cash equivalents, end of period</b>	<b>25,073</b>	<b>25,866</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

Adore Beauty Group Limited (the 'Group' or the 'Company') is a public company limited by shares, incorporated and domiciled in Australia. Adore Beauty Group Limited is the Group's ultimate holding company.

The principal activities of the Group are online sales of third-party beauty and personal care products to Australian and New Zealand consumers. There have been no significant changes in the nature of these activities during the year. The address of its registered office and principal place of business is Level 1, 421 High Street, Northcote VIC 3070.

The Consolidated Financial Statements for the half-year ended 31 December 2021 were approved and authorised for issue by the board of Directors on 15 February 2022.

### 2. Significant Accounting Policies

#### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*.

#### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical costs, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2021 annual report for the financial year ended 30 June 2021. These accounting policies are consistent with Australian Accounting Standards and with international Financial Reporting Standards.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Adore Beauty Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### 3. Segment reporting

The Group operates in one segment being the online sales of third-party beauty and personal care products. No operating segments have been aggregated in arriving at the reportable segment of the Group.

#### 4. Revenue

	Consolidated Half-year ended	
	H1 FY22 \$'000	H1 FY21 \$'000
<b>Revenue</b>		
Sale of goods	113,103	96,163
<b>Total revenue</b>	<u>113,103</u>	<u>96,163</u>
<b>Other income</b>		
Interest income	20	14
<b>Total other income</b>	<u>20</u>	<u>14</u>
<b>Total revenue and other income</b>	<u>113,123</u>	<u>96,177</u>

#### 5. Dividends

There were no dividends paid, recommended or declared to equity holders during or since the half-year ended 31 December 2021. Dividends of \$nil were paid during the comparative period.

#### 6. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Adore Beauty Group Limited) as the numerator. The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	Consolidated Half-year ended	
	H1 FY22 \$'000	H1 FY21 \$'000
Profit attributable to the owners of the Company	1,967	2,536
	<b>No.</b>	<b>No.</b>
• weighted average number of shares used in basic earnings per share	94,124,497	89,727,082
• weighted average number of shares used in diluted earnings per share	94,729,497	89,953,957

## **7. Related party transactions**

### Equity instruments issued to directors

There were no new equity instruments issued to directors or key management personnel during the period.

### Transactions with director-related entities

There have been no other significant transactions since the end of the last annual reporting where disclosure is necessary for an understanding of the interim period.

## **8. Contingent assets and liabilities**

In the Directors' view, there are no contingent assets or liabilities that will have a material effect on the Group.

## **9. Subsequent events**

No matters or circumstances that have arisen since the end of the period that have significantly affected or may significantly affect either: the entity's operations in future financial years; the results of those operations in future financial years; or the entity's state of affairs in future financial years.

## DIRECTORS' DECLARATION

In the opinion of the Directors of Adore Beauty Group Limited:

- a. the consolidated financial statements and notes of Adore Beauty Group Limited are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of its financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
  - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Marina Go  
Chair

Melbourne  
15 February 2022

# Independent Auditor's Review Report

## To the Members of Adore Beauty Group Limited

### Report on the review of the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Adore Beauty Group Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Adore Beauty Group Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Adore Beauty Group Limited financial position as at 31 December 2021 and of its performance for the half year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



### Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



C S Gangemi  
Partner – Audit & Assurance

Melbourne, 15 February 2022

## COMPANY DIRECTORY

### Company

Adore Beauty Group Limited  
Level 1, 421 High Street  
Northcote VIC 3070  
Email: [investor.relations@adorebeauty.com.au](mailto:investor.relations@adorebeauty.com.au)  
Web: [www.adorebeautygroup.com.au](http://www.adorebeautygroup.com.au)

### Registered Office

Level 1, 421 High Street  
Northcote VIC 3070

### ASX Code

ABY

### Directors

Marina Go – Non-executive Chair  
Kate Morris – Executive Director  
James Height – Executive Director  
Sandra Birkenleigh – Non-executive Director

### Company Secretary

Stephanie Carroll  
Melissa Jones

### Auditor

Grant Thornton Audit Pty Ltd  
Collins Square, Tower 5  
727 Collins Street  
Melbourne VIC 3008

### Australian Legal Adviser

Gilbert + Tobin  
Level 35, Tower 2, International Towers Sydney  
200 Barangaroo Avenue  
Sydney NSW 2000

### Registry

Link Market Services  
Level 12, 680 George Street  
Sydney NSW 2000