

ADOREBEAUTY

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Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

1 May 2023

Q3 FY23 Business Update and Founder Transition

Adore Beauty Group Limited (**ASX: ABY**) (**Adore Beauty** or **Company**), Australia's number one pureplay online beauty retailer¹, provides the following trading update for the three months ended 31 March 2023 (Q3 FY23).

Q3 FY23 Highlights:

- Revenue of \$41.3 million, down 3.3% on the Omicron-impacted prior corresponding period (PCP)²; up 4.9% on a two-year basis
- Active customers of 793k, down 3% on a two-year basis and down 10% on PCP³, reflecting year-one churn and slowed new customer growth
- Customer base includes 483k returning customers, up 56% on a two-year basis and up 6% on PCP⁴
- Mobile app increasing average order value and returning customer frequency, now accounting for 23% of total revenue, up from 18% at H1 FY23

Adore Beauty delivered revenue of \$41.3 million in Q3 FY23, which was supported by a record Afterpay Day sales event. Year-on-year comparisons with Q3 FY22 remain challenging with the prior period impacted by high levels of Omicron and mandated isolation.

Returning customers grew 6% over the PCP to 483k, up 56% on a two-year basis. These valuable returning customers are the largest driver of revenue with loyalty members contributing 64% of all sales in the quarter. Adore Beauty had 793k active customers at the end of Q3 FY23, down 3% on a two-year basis and down on the PCP due to year-one churn and softening new customer growth.

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1. Adore Beauty is the leading pureplay online beauty retailer in Australia, based on management estimates.
 2. Q3 FY23 revenue based on unaudited management accounts. Prior corresponding period refers to Q3 FY22.
 3. Active customers refer to customers who have ordered in the last 12 months to 31 March 2023; Prior corresponding period is the 12-month period to 31 March 2022.
 4. Returning customers refer to customers who have previously ordered from Adore Beauty and re-ordered in the last 12 months to 31 March 2023; Prior corresponding period is the 12-month period to 31 March 2022.

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Commenting on the Q3 FY23 performance, Adore Beauty CEO Tamalin Morton said, "Adore Beauty's revenue improved as the quarter progressed, benefitting from a record Afterpay Day. Our mobile app and loyalty program are already contributing strongly to revenue, and we are leveraging additional opportunities to drive adoption and sign-up. These initiatives support customer retention and deliver higher, more frequent average orders.

"Adore Beauty is well-positioned to navigate evolving consumer trends and challenging retail conditions given cost-of-living pressures and interest rate increases, offering an extensive range that spans masstige through to luxury brands and price points to suit all budgets. Separately, cost optimisation initiatives are being implemented and we are working through our longer-term strategy.

"While we are focused on delivering short-term targets, as the leader in a resilient category benefitting from structural tailwinds, Adore Beauty's long-term outlook looks promising."

During the quarter, Adore Beauty expanded its owned brand portfolio, launching a new sunscreen SKU from its AB Lab brand. The Company continues to build its adjacent product categories, onboarding Kin Fertility and Love Luna period underwear in Q3 FY23.

With the operating environment returning to normalised post-COVID conditions, Adore Beauty intends to return to half-yearly trading updates.

Founder transition

In line with long-term succession plans, founders and Executive Directors Ms Kate Morris and Mr James Height have informed the Board of their intention to transition out of their part-time executive roles at the end of FY23.

Ms Morris and Mr Height will remain on the Board as Non-Executive Directors and look forward to continuing to work with CEO Tamalin Morton and the Adore Beauty team.

Commenting on the transition, Adore Beauty Chair Marina Go said, "Kate and James co-founded and built an incredibly innovative and successful business. The recent appointment of CEO Tamalin Morton, who has a history of delivering growth, supported by a very talented and diverse executive team, make it the right time for both to step back from the operational running of the business. We look forward to Kate and James' ongoing contribution to the Board and success of Adore Beauty."

Both founders remain committed to Adore Beauty and its future growth prospects, and have advised the Board that they have no current intention to sell their Adore Beauty shares.

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Level 1, 421 High Street, NORTHCOTE, VIC, 3070, AUSTRALIA
e: investor.relations@adorebeauty.com.au | w: www.adorebeautygroup.com.au

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This announcement was authorised by the Board of Directors.

For more information, please contact:

Investors

Stephanie Carroll
Chief Financial Officer
investor.relations@adorebeauty.com.au

Media

Tristan Everett
Automic Group
tristan.everett@automicgroup.com.au

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About Adore Beauty

Launched in 2000 as Australia's first beauty focused e-commerce website with a vision to help customers feel more confident and fabulous every day by delivering an empowering and engaging beauty shopping experience personalised to their needs. Adore Beauty has evolved to an integrated content, marketing and e-commerce retail platform that partners with a broad and diverse portfolio of more than 270 brands and 12,000 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.

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