

ADOREBEAUTY

GROUP

Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

6 May 2021

Trading Update

Adore Beauty Group Limited (ASX: ABY) (**Adore Beauty** or **Company**) is pleased to provide the following update.

Third quarter (**Q3 FY21**) highlights include:

- Revenue of \$39.4M, up 47% on PCP.
- Active customers at the end of Q3 FY21 of 687k, up 69% on PCP¹.
- Strong retention and re-engagement rates for new customers acquired during the COVID period.
- Adore Beauty Loyalty program launched in March, with sign-ups ahead of expectations.
- On track to achieve full year FY21 revenue growth of 43% - 47% year on year.

Trading has remained strong during the quarter with revenue up 47% compared to Q3 FY20, driven by customer retention and strong performance in the core categories of skincare and haircare.

The Company continues to see a structural shift in consumer behaviour towards online retail, based on continued strong retention of customers acquired during COVID lockdown.

At the half year result, the Company stated that it expected to deliver full year FY21 revenue growth above pre-COVID levels and can now confirm it expects to achieve full year FY21 revenue growth in the range of 43% - 47% compared to pre-COVID revenue growth of 38.6% in FY19.

The Company continues to pursue disciplined investment to drive revenue growth and further expand its online leadership position. FY21 EBITDA will reflect the Company's continued investment, including in marketing and advertising, as well as the full year run rate of our people investment made in FY21 H1.

Tennealle O'Shannessy, CEO of Adore Beauty, said: *"The business is making strong progress on our strategy to leverage our online market leadership to further capture market share in a large and growing market. We continue to make disciplined investments in our mobile app, loyalty program, content capabilities, range and adjacency expansion opportunities and private label development. We look forward to updating investors further at our inaugural full year result presentation in August."*

¹ Active customer refer to customers who have made an order in the last 12 months, comparison of Q3 FY21 YTD to Q3 FY20 YTD.

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The beauty and personal care (**BPC**) market in Australia is worth \$11.2 billion and is expected to grow at a 26% CAGR to 2024². Online sales comprise 11.4% of the BPC market, a lower rate of penetration than in developed markets like the US, UK and China². Given this significant opportunity, Adore Beauty's strategy remains focused on growing its market share through disciplined investment to drive brand awareness, new customer acquisition and returning customer retention. Given the predominantly fixed nature of the business' cost base, management expects scale benefits to increase operating leverage and deliver EBITDA margin expansion in the longer term as the Company continues to grow revenue.

This trading update is based on internal management accounts and is subject to finalisation and external audit review.

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 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 260 brands and 10,800 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.

² Frost & Sullivan - The Online Retail Market (Australia and New Zealand) – September 2020.

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