

ADOREBEAUTY

GROUP

Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

22 November 2024

Strategy Refresh – 3 Year Plan

Adore Beauty Group unveils high growth omni-channel strategy targeting 30% revenue growth and doubling of EBIT margin over the next 3 years

Adore Beauty Group Limited (**ASX: ABY**) (**Adore Beauty** or **Company**) has today outlined its new three-year strategy to become a leading omni-channel beauty retailer, at its Annual General Meeting in Melbourne.

Key Highlights:

- A national retail store footprint, targeting 25+ stores to deliver step change in growth
- Deliver material margin expansion through significant growth of owned brands via multiple channels and investment in retail media capability
- Accelerated operational efficiencies through data and AI driven operating structure
- Working capital gains through targeted inventory efficiencies
- Delivery of the three-year strategy to be measured against five key targets:
 - Total Group Revenue of more than \$260 million / 30% growth on FY24
 - Gross Margin expansion of over 200 bpts
 - Owned brands to represent 8-10% of total product revenue
 - EBITDA margin of above 8%; EBIT margin of above 5%
 - More than 1.25 million annual active customers

Under the three-year plan, the Company will establish a national retail store network, targeting 20+ Adore Beauty physical stores to materially broaden its addressable market. The stores will leverage existing infrastructure and the strength of the Adore Beauty brand to increase brand advocacy, awareness and new customer acquisition.

Adore Beauty will accelerate the growth of its owned brand portfolio through retail and direct-to-consumer channels, along with wholesale partnerships in new geographic regions. iKOU's presence will be expanded beyond its New South Wales origins to 10 stores, from its current three stores, in premium metro and regional areas over the next three years.

Adore Beauty will continue to leverage its online beauty expertise, content creation capability and authenticity with a focus on enhancing existing customer engagement, frequency and retention via mobile app adoption, subscriptions, loyalty program and advanced data and AI capabilities.

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Commenting on the refreshed strategy, CEO Sacha Laing said:

"I joined Adore Beauty with a clear vision to launch the Company into its next phase of growth. Adore Beauty has strong foundations poised for material growth. Taking the group from a pureplay online beauty platform into an omni-channel beauty authority is a natural evolution for the Group.

Our clear three-year strategic plan will leverage multiple growth initiatives to deliver a material step change in customer acquisition, revenue growth and profitability, and importantly, strong value creation for our shareholders. This plan is just the beginning with significant opportunity to continue to capture increasing share of the \$13.9Bⁱ beauty industry over the long term".

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

ⁱⁱ Source: Frost & Sullivan and Euromonitor Beauty

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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

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 over 300 brands and 13,000 products.

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

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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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