

ADOREBEAUTY

GROUP

Adore Beauty Group Limited

ABN 78 636 138 988

ASX ANNOUNCEMENT

25 August 2025

ADORE BEAUTY DELIVERS RECORD PROFITABILITY & GROSS MARGINS

Adore Beauty Group Limited (**ASX: ABY**) (**Adore Beauty** or **Group**) has released its results for the 12 months ended 30 June 2025 (**FY25**), a period in which the Group diversified its business model and significantly improved profitability.

Highlights:

- Material improvement in profit growth and margin expansion, supported by owned brands, retail media and disciplined cost and inventory management:
 - Record EBITDA¹ of \$8.1 million, up 67.8% on the prior corresponding period (PCP); EBITDA margin of 4.1% in line with guidance
 - Record EBIT¹ of \$4.0 million, up 74.8% on PCP; margin of 2.0% in line with guidance
- Record Gross Margin of 35.3%, up 190bpts on PCP
- Revenue of \$198.8 million, up 1.6% on PCP, as the Group continues to focus on reshaping revenue quality
- Profitable new customer growth in H2 FY25 with acquisition costs decreasing \$15 over PCP to \$59; new customer growth up 4.9% over the same period
- iKOU integration progressing well, revenue growth continues across all channels
- The Group opened four new retail stores (three Adore Beauty, one iKOU) with additional three under construction at year end; further five stores under lease and opening H1 FY26
- Cash balance of \$12.7 million as at 30 June 2025, no debt and cash flow positive
- Targeting FY26 Group EBITDA margin of 5-6% and Group EBIT margin of 2.5-3.5%
- Strong start to FY26 with trading in the first seven weeks up 9.0% over PCP

Commenting on Adore Beauty's performance, CEO Sacha Laing said:

"Our strong FY25 performance in what was a challenging consumer market reflects significant progress in the delivery of our strategic plan. The quality of our earnings continue to improve, driven by investment in our consumer centric omni-channel model, enhanced AI online personalisation, reduced promotional cadence, iKOU acquisition and continued retail media growth - all underpinned by disciplined cost and inventory management."

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"We are rapidly diversifying our operating model to significantly increase our addressable market, strengthen our core e-commerce business, and materially improve margins. Since February '25, we've opened five Adore Beauty and two iKOU retail stores with a further seven to commence trading in the next four months, bringing the Group's network to 15 by the end of the calendar year. Our higher-margin retail stores support brand awareness and customer acquisition with almost a third of in-store transactions being from new customers. Digitally enabled stores are also introducing new brands to our existing customers, with 78% purchasing a brand in-store that they haven't purchased online previously.

"Momentum has continued to build into the new financial year with trading in the first seven weeks up 9.0% on the same period last year. Growth is being driven by continued improvements to our core online business, including adding more than 60 new brands, enhanced personalisation, a new loyalty program, more effective marketing, accelerated iKOU growth across all channels, as well as our new stores."

Executing mid-term growth plan²

New customer acquisition returned to growth in H2 FY25, up 4.9% on the prior year. This growth was achieved alongside significantly reduced customer acquisition costs at \$59, down \$15 on the PCP. Adore Beauty's targeted acquisition strategy is focused on profitable customer growth, improving the quality of its active customer base. Targeted marketing efficiencies are expected to drive further improvement in FY26 and FY27, supported by in-store customer acquisition.

In the second half of the year, Adore Beauty successfully opened three integrated retail stores located at Southland (VIC), Watergardens (VIC), and Carousel (WA) with two additional stores recently opened in Booragoon (WA) July'25 and Broadway (NSW) August'25. Visited by almost 200,000 customers, these stores are performing well with skincare (48%), haircare (20%) and fragrance (18%) accounting for the majority of sales. The Group plans to expand its retail network by an additional 12-14 new stores in FY26, including its first Adore Beauty stores in Queensland and South Australia. Adore Beauty stores are in high foot-traffic locations, enhancing customer convenience, building brand awareness for the core business, and delivering incremental sales.

Adore Beauty continues to invest in its core business, implementing significant online infrastructure enhancements to improve customer experience and conversion. Enhancements include AI-driven personalisation, faster site speed, and a soon-to-be-launched platform refresh.

The Group has also improved its on-site experience for members with a newly launched loyalty program, "Adore Rewards". The tiered value-led program enables members to earn \$20 for every \$250 spent, with the opportunity to choose from a selection of full-size gifts four times a year. Adore Rewards focuses on rewarding customers for making repeat purchases - targeting the Group's largest opportunity to increase retention and share-of-wallet. 'Adore Rewards' now has over 440,000 members with more than half shopping via the Adore app, driving further marketing efficiencies and engagement.

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In FY25, the Group onboarded 60 new brands, including Biodance, Hermes, Gucci Beauty, MCoBeauty, and Prada Beauty with a strong new brand launch pipeline in FY26 to support customer engagement, acquisition and retention. Strong retail media growth was another key driver of margin expansion in FY25, with a dedicated team leveraging the Adore Beauty platform and assets to increase contribution from this revenue stream.

iKOU revenue continues to grow across retail, direct-to-consumer, and wholesale channels, additionally benefiting from availability on the Adore Beauty platform. Its retail network now comprises five stores, including a new store in Berry (NSW), flagship location in Melbourne CBD, with Sorrento (VIC) opening November '25. During the year, iKOU was successfully integrated into the Group's shared services, including leveraging its Customer Fulfillment Centre for online customer deliveries. Owned brands including iKOU, Viviology, and AB Lab are high-margin growth levers and support the Group's mid-term profitability targets.

The Group continues to focus on improving its share-of-wallet from existing customers across online and in-store through mobile app adoption, subscription service, and advanced data and AI capabilities.

Improved profitability

The early impacts of Adore Beauty's new growth strategy delivered improved revenue quality and profitability in FY25. The Group delivered EBITDA¹ of \$8.1 million and EBIT¹ of \$4.0 million, up 67.8% and 74.8% respectively on the prior year. Margins were in line with guidance at 4.1% for EBITDA and 2.0% for EBIT - a 160 and 80 basis point improvement respectively. This result was driven by disciplined execution of promotional events, growth of owned brands, increased contribution of retail media, and operating cost and inventory efficiencies. The Group remains on track to achieve its target of 30% revenue growth and doubling of EBIT margin by the end of FY27.

Well-funded to deliver growth plan

Adore Beauty is debt free and generating positive cash with a healthy balance sheet of \$12.7 million as at 30 June 2025, up 8.7% since 31 December 2024. The Group's strong financial position funds growth initiatives, including continued investment in online infrastructure and capital outlay for retail stores. In FY25, Adore Beauty's balance sheet funded a \$20 million upfront consideration for the acquisition of iKOU as well as \$2.5 million in acquisition and restructuring costs.

Outlook

Adore Beauty has had a strong start to the new financial year with trading in the first seven weeks up 9.0% over the same period last year. Growth is being driven by improved online conversion, new retail stores, new customers, owned brands, "Adore Rewards" loyalty program, and more effective marketing. In FY26, Adore Beauty is targeting a Group EBITDA margin of 5-6%, an annual increase of 90-200 basis points. Group EBIT margins are expected to be in the range of 2.5-3.5% in FY26, up 50-150 basis points on FY25.

Alongside solid core business growth, growing revenue contribution from higher-margin retail stores and owned brands will underpin margin improvements. Owned brands are expected to account for more than 6% of Group revenue in FY26 while 12-14 new retail stores are planned to open this fiscal year. Adore Beauty's retail network is

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expected to total 15 stores across the Adore Beauty and iKOU brands by the end of the 2025 calendar year. The Group remains on track to deliver a national retail store footprint of more than 25 stores across both brands by 2027.

Investor and analyst briefing

A briefing for investors and analysts will be held this morning (25 August) at 10.30am AEST. Attendees will have the opportunity to ask questions at the end of the presentation.

Participants can register for the briefing via the following links:

Conference call: <https://s1.c-conf.com/diamondpass/10048947-d73w5q.html>

Webcast: <https://ccmediaframe.com/?id=er8iZgxM>

A recording of the call will be available shortly after the event on Adore Beauty's website: (<https://www.adorebeautygroup.com.au/investor-centre/>).

This release has been authorised by the CEO of Adore Beauty Group.

For more information, please contact:

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¹ Excludes restructuring and acquisition costs

² Management targets, not a forecast. Based on management estimates and subject to timing and execution of each initiative

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Appendix

A\$M	FY24	FY25	Change
Revenue	195.7	198.8	1.6%
Gross Profit (%)	33.4	35.3	1.9ppts
Reported EBITDA	4.8	8.1	67.8%
EBITDA Margin (%)	2.5	4.1	1.6ppts
Reported EBIT	2.3	4.0	74.8%
EBIT Margin (%)	1.2	2.0	0.8ppts

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 more than 300 brands and 15,000 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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