

ADOREBEAUTY

GROUP

Adore Beauty Group Limited
ABN 78 636 138 988

ASX ANNOUNCEMENT

24 February 2026

ADORE BEAUTY'S OMNI-CHANNEL STRATEGY GAINS MOMENTUM, DELIVERS STRONG REVENUE GROWTH & RECORD EARNINGS

Adore Beauty Group Limited (**ASX: ABY**) (**Adore Beauty** or **Group**) has released its results for the 26-week period ending 28 December 2025 (**H1 FY26**), delivering strong customer, revenue and profit growth.

Highlights:

- Record Underlying EBITDA¹ of \$4.1 million on a pre-AASB 16 basis, up 14.5% on the prior corresponding period (PCP), reflects operating leverage, owned brands, retail media and disciplined cost management
- Revenue up 8.7% over PCP to \$111.9 million, driven by retail stores, successful Black Friday period, and strong iKOU growth
- Record marketing efficiency with acquisition costs decreasing 56.0% over PCP to \$33; new customer growth up 21.8% over the same period
- Gross margin of 35.0%, down 120 bpts on PCP due to overperformance of Black Friday/Cyber promotional period; continued reset and reduction of promotional cadence to improve profitability
- iKOU performing well with strong revenue growth across all channels
- 10 new retail stores opened across the Group (nine Adore Beauty, one iKOU), bringing network to 18 stores; further six stores confirmed in CY2026
- Positive operating cash flow with \$8.2 million cash-at-bank as at 28 December 2025
- Reaffirmed FY26 Group EBITDA margin guidance of 3-4% on a pre-AASB 16 basis

Commenting on Adore Beauty's H1 FY26 performance, CEO Sacha Laing said:

"Adore Beauty has achieved a strong financial result in the first half of FY26, benefitting from our maturing customer-led strategy. We cost-effectively acquired new customers at the fastest rate in four years whilst halving acquisition costs with record levels of marketing efficiency. Importantly, operating leverage, growing owned brands, and disciplined cost management delivered record earnings despite margin pressures arising from exceptionally strong Black Friday period sales.

"We stepped-up our omni-channel rollout during the half, opening 10 stores since July with a further six in the pipeline for the remainder of CY2026. While more than half of these stores opened in the final months of

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CY2025, we are already seeing the benefit of our retail network on customer acquisition and brand awareness. Our integrated stores have evolved to comprise more than 120 brands, including extensive ranges of our leading cosmeceutical and premium hair brands, as well as dedicated treatment spaces and on-staff dermal therapists. Our stores in Western Australia continue to outperform the broader network with early store learnings informing our growing retail footprint rollout.

"While retail trading conditions remain challenging, improving quality of revenue remains a priority for the business, as we continue to acquire more customers at the top of the funnel, reduce our promotional cadence, increase share-of-wallet, and grow our higher-margin iKOU brand."

Strategy drives customer & revenue growth

Adore Beauty made significant in-roads against its omni-channel strategy in the first half of FY26, opening nine integrated retail stores during the period (eight Adore Beauty and one iKOU) as well as an additional store in early January. Located within the nation's top 40 'big gun' shopping centres, these stores include the Group's first in Queensland and South Australia and are expected to reach operational maturity in 12-18 months. Meaningful financial contribution to the Group is expected from year two.

Stores continue to perform in line with expectations with significantly higher conversion than the core business, and new customers representing ~30% of in-store transactions. In-store customer growth is key to improving quality of earnings with this channel typically less promotionally driven. New geographic markets are outperforming the broader network with online halo benefit strongest in geographies where Adore Beauty has an underpenetrated customer base. The Group plans to add two new retail stores in H2 FY26 with a further four confirmed later in CY2026.

Profitable new customer acquisition accelerated in H1 FY26, up 21.8% on the prior year – the Group's strongest new customer growth in four years. Growth was driven by new channels, targeted acquisition strategy, increased brand awareness, outdoor brand campaigns, and loyalty initiatives. In parallel, Adore Beauty materially improved marketing efficiency with acquisition costs down 56.0% over the prior year to a record low \$33. New customer growth delivered a 4.7% annual increase to Adore Beauty's active customer base to 850,400, as the Group continues to cycle out unprofitable revenue acquired during periods of previous high promotional activity.

The Group's loyalty program continues to resonate with customers with its more than 509,000 members contributing 78% of sales in H1 FY26. 'Adore Rewards' is structured to reward frequent and repeat purchasing behaviour, increasing engagement and share-of-wallet while supporting marketing efficiency. The Adore Beauty app is another driver of marketing efficiency, accounting for 35% of online sales during the period, up from 25% for the same period last year. The strong performance of loyalty and app continues to improve quality of revenue, offsetting the reduction in promotional cadence. Other initiatives to support basket size and order frequency include subscription service, new brands, and AI-driven personalised recommendations on the platform.

The Group's high-margin iKOU brand continues to deliver strong growth across its retail, direct-to-consumer, and wholesale channels, supporting mid-term profitability targets. Greater availability through Adore Beauty and The

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Iconic is driving brand awareness with a sixth store opened in the Victorian seaside town of Sorrento in November. New brand positioning and infrastructure investment, including new e-commerce platform and 7-day customer experience team, is evolving and maturing the brand. Owned brands are expected to account for more than 6% of total Group revenue in FY26, with iKOU contributing the majority.

In the first half of FY26, Adore Beauty invested in operational infrastructure to drive efficiency, improve customer experience, and support its scaling omni-channel operations. Infrastructure being implemented includes new Enterprise Resource Planning (ERP) software (launching Q4-FY26) as well as in-house developed AI functionality to further automate customer and product queries while also providing operational analysis.

The Group has secured an initial 7-year lease for a new 6,300sqm National Fulfillment Centre (NFC) in Broadmeadows, Victoria. The larger facility will feature automated picking and replenishment, unlocking material operational efficiencies in H2 FY27 and FY28, and beyond. The NFC is expected to be operational in Q1 FY27 with a four-month transition period. The initial capital outlay of ~\$8 million is largely being funded by a project-backed facility from CBA.

Record profitability

Operating leverage, disciplined cost management, retail media, and the strong performance of owned brands delivered record Group profitability in H1 FY26 with Underlying EBITDA¹ of \$4.1 million on a pre-AASB 16 basis, a 14.5% increase on the prior year. When adjusted for the Group's new pre-AASB 16 reporting, EBITDA margin of 3.7% was in line with guidance (equivalent to 5.5% under previous reporting methodology), up 20 basis points on the PCP. This result was achieved despite considerable margin pressure given the overperformance of the Black Friday / Cyber trading period. The Group remains focused on improving revenue quality and continues to reduce its promotional intensity.

Capital management

The Group is generating positive operating cash and had a closing cash balance of \$8.2 million as at 28 December, reflecting in part the Group's investment in its store network during the period. Capital management remains a key focus for the business, and the Group has leveraged its debt facility to support growth. The Group's new National Fulfillment Centre is largely being funded by a CBA project-backed facility and will not materially impact operational cash flows.

While higher inventory is typical in H1 to account for supplier closures, inventory health continued to improve in H1 FY26. Aged stock reduced with 63% of inventory now within the 60-day window, and stock turn +11.7% against the same period last year.

Outlook

Adore Beauty is on track to achieve its FY26 Group underlying EBITDA margin guidance of 3-4% on a pre-AASB 16 basis. Margin expansion will be driven by the scaling benefit of omni-channel, improved quality of earnings,

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new customers, growing retail footprint, and high-margin owned brands, which are expected to account for more than 6% of revenue in FY26.

Adore Beauty's retail network will increase by two stores in H2 FY26, bringing the Group's national footprint to 20 stores across the Adore Beauty and iKOU brands by the end of the financial year. The Group remains on track to deliver a national retail store footprint of more than 25 stores across both brands by the end of CY2027.

Investor and analyst briefing

A briefing for investors and analysts will be held this morning (24 February) at 10.30am AEDT. 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/10052471-hg43ws.html>

Webcast: <https://ccmediaframe.com/?id=0v3tHqfo>

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.

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¹ Underlying EBITDA is normalised on a pre-AASB 16 basis, excluding store rollout pre-opening expenses, restructuring costs, non-cash impacts of AASB 2 Share Based Payments, and other non-core income and expenses.

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