

ADOREBEAUTY

GROUP

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MEDIA RELEASE

7 October 2020

Adore Beauty lodges Prospectus for \$269.5 million IPO

Adore Beauty Group Limited (**Adore Beauty** or the **Company**), Australia's number one pureplay online beauty retailer, today announces the lodgement of its prospectus (**Prospectus**) with the Australian Securities and Investments Commission (**ASIC**) to list on the Australian Securities Exchange (**ASX**) via an initial public offering (**IPO** or **Offer**).

The Offer is fully underwritten (other than the employee gift offer), and is expected to raise total gross proceeds of \$269.5 million based on an Offer price of \$6.75 per share. This values the Company at a total enterprise value of \$614.8 million with an indicative market capitalisation of \$635.3 million. Approximately \$40 million of the gross proceeds will be raised through the issue of new shares by the Company with the balance via a secondary offer of shares by existing Adore Beauty shareholders.

Adore Beauty was founded in 2000 by Kate Morris and James Height in Melbourne, as Australia's first beauty focused e-commerce website. Today, it is Australia's number one pureplay online beauty retailer, home to over 230 global and domestic brands and 11,000 products – some of which are under exclusivity arrangements with Adore Beauty.

The Company generates revenue through the sale of beauty and personal care products online. In FY20, Adore Beauty generated revenue of \$121.1 million. Adore Beauty has attracted and retained a large and active customer base, having grown over 278% over the past four years to more than 590,000 active customers today.

The Adore Beauty IPO marks the first IPO of its size to be brought to the ASX by a female founder, Kate Morris, that is also led by a female CEO, Tennealle O'Shannessy.

Adore Beauty Chair, Justin Ryan said: "Adore Beauty's business model, through its integrated content, marketing and e-commerce offering, creates an incredibly strong value proposition for both brands and customers. This has delivered a successful track record in the acquisition and retention of customers.

"The company's ability to engage with its customers, combined with its reputation as an online destination for beauty and personal care, represents a sustainable source of competitive advantage which we expect to drive continued growth in active customers and revenue. The IPO provides the company with a great opportunity to strengthen its competitive advantage by continuing to improve upon its core capabilities and continue to grow the business

"I am excited about the future prospects of Adore Beauty and am pleased to have the opportunity to welcome new investors to share in this exciting journey."

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Kate Morris, Adore Beauty's Co-Founder and Executive Director said: "My co-founder James Height and I created Adore Beauty in a garage in Melbourne with a clear purpose – to create an empowering beauty shopping experience that would make our customers feel confident and fabulous. Over many years, we grew carefully and profitably, slowly building trust with beauty brands and consumers. Earning this trust has enabled Adore Beauty to build a growing base of loyal and passionate customers, which in turn has attracted an unparalleled brand range within the Australian market.

"We are a proudly values-led company embodied by 183 talented and passionate employees who have contributed to our success through their passion, hard work, courage and tenacity. Our extraordinary team and the values we all hold dear are the building blocks of our innovative culture which has the customer at the centre of everything we do

'As we have done for our first 20 years, we are focused on sustainable growth and building a high-quality business over the long term. We believe that by staying true to our customers, brands, values and vision, we can weather the challenges and take advantage of our opportunities as Adore Beauty embarks on its next phase of growth as an ASX-listed company.'

The Offer provides Adore Beauty with the funding and financial flexibility for general corporate purposes, including to support the Company's growth strategy and future growth opportunities. Further, a listing on the ASX will enable existing shareholders of Adore Beauty to realise part of their investment, enable Adore Beauty to broaden its shareholder base and provide a liquid market for its shares.

On completion of the Offer, it is expected that existing shareholders of Adore Beauty, including Quadrant Growth Fund, the co-founders and management, will hold shares equivalent to around 57.5% of total shares on issue. These shares will be subject to voluntary escrow arrangements until the release of the Company's financial results for FY21.

Adore Beauty will apply for admission to the official list of the ASX and quotation of shares on the ASX, under the code "ABY" It is expected that trading of the shares will commence on a conditional and deferred settlement basis on or about Friday, 23 October 2020.

The Prospectus contains detailed information about the Offer, Adore Beauty's financial and operating performance, outlook and material risks associated with the business and the industry in which it operates. The Prospectus in electronic form is available to Australian residents at <https://events.miraqle.com/adorebeauty-offer>. Hard copies of the Prospectus are available to any person in Australia by calling the Adore Beauty Offer Information Line on 1800 628 703 (within Australia) and +61 1800 628 307 (outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday. Questions in relation to the Offer may be directed to the Adore Beauty Offer Information Line.

KPMG Corporate Finance acted as Lead Financial Advisor to Adore Beauty. Morgan Stanley Securities Australia Limited and UBS AG, Australia Branch have acted as Joint Lead Managers and Underwriters to the Offer. Shaw and Partners Limited have acted as Co-Lead Manager to the Offer. Gilbert + Tobin has acted as legal adviser to Adore Beauty.

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Key Offer Dates

Prospectus date	Wednesday, 7 October 2020
Opening date of the Retail Offer	Wednesday, 14 October 2020
Closing date of the Retail Offer	Wednesday, 21 October 2020
ASX listing commences (conditional and deferred settlement trading)	Friday, 23 October 2020
Settlement of the Offer	Monday, 26 October 2020
Allotment of Shares	Tuesday, 27 October 2020
ASX trading commences on a normal settlement basis	Tuesday, 27 October 2020

The above dates are indicative only and may change without notice.

Important Notice: Offers of Shares will be made in, or accompanied by, a copy of the Prospectus issued by Adore Beauty Group Limited and Adore Beauty SaleCo Limited which is available as described above. Investors should consider the Prospectus in deciding whether to apply for shares. No general public offer of shares will be made under the Offer. Members of the public who wish to apply for shares must do so through a broker with a firm allocation of shares under the broker firm offer. See Section 7 of the Prospectus for details in relation to the Offer.

This communication does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The shares referred to herein have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any State of the United States, and may not be offered or sold, directly or indirectly, in the United States, or to or for the account or benefit of, a U.S. Person, except transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and any other applicable U.S. securities laws. The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer. See Section 9.15 of the Prospectus for more detail on selling restrictions that apply to the Offer and sale of shares in jurisdictions outside Australia.

ENDS

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About Adore Beauty

Adore Beauty is Australia's number one pureplay online beauty retailer. Its vision is to help women feel more confident and fabulous every day by delivering an empowering and engaging beauty shopping experience personalised to their needs. Education and entertainment are core elements of Adore Beauty's offering – and its platform is a destination for beauty customers even when they are not seeking to purchase items.

The Company is distinguished in the beauty category as a data-enriched integrated content, marketing and e-commerce retail platform that partners with beauty and personal care brands to introduce customer to a large range of products to suit a variety of needs and preferences.

Adore Beauty's aspiration is to transform the beauty shopping experience and drive online penetration to own the beauty category in Australia and New Zealand, and be the pre-eminent online destination for a broad selection of premium beauty, wellness, personal care products across skin, hair, make up, accessories and close adjacencies.

Adore Beauty was founded by Kate Morris and James Height in 2000. In FY20 the Company, had over 18.5 million website users across its Australian and New Zealand websites. As at 30 June 2020, Adore Beauty serviced over 590,000 active customers.

Adore Beauty is a stockist of global and domestic beauty and personal care brands across categories including skincare, make up, hair care, fragrance and wellness. It offers a broad and diverse portfolio of over 230 brands and 11,000 products, comprising a range of prestige, high-end department store brands, professional salon brands, "cult" and niche brands, and masstige brands.

Headquartered in Melbourne, Adore Beauty employs a workforce of 183 employees.