



23 February 2021

ACCENT GROUP DELIVERS RECORD H1 FY21 PROFIT

PERFORMANCE HIGHLIGHTS¹

- Total sales² of \$541.3 million, up 6.6% on the prior year
- EBITDA (pre AASB16) of \$97.5 million, up 44% on the prior year
- EBIT of \$81.8 million, up 47.3% on the prior year
- Net Profit After Tax (NPAT) of \$52.8 million, up 57.3% on the prior year
- Earnings Per Share (EPS) of 9.76 cents, up 56.9% on the prior year
- Digital sales of \$108.1 million, up 110% on prior year and represented 22.3% of sales
- Gross margin of 58.1% (H1 FY20, 56.7%), up 140 basis points. Inventory clean with a strong in-stock position into H2
- Strong cash on hand of \$72.8 million (H1 FY20 \$44.1 million)
- Record ordinary interim dividend of 8.0 cents per share (fully franked), up 52.4% reflecting the strong trading result and cash position

Accent Group Limited (ASX: AX1) today reports record NPAT of \$52.8 million for the half year ended 27 December 2020, up 57.3% on last year and reflects the 7th consecutive half year of record profit.

Accent Group CEO, Daniel Agostinelli, said “The Group’s unrelenting focus on VIP (our loyalty customers), Vertical and Virtual along with our integrated digital and store operating model has delivered another record profit driven through strong sales and gross profit margin. The team continued to adapt and accelerate the business, delivering strong execution and sales through the key cyber events in November and the Christmas trading period. I would like to thank our suppliers, landlords and team for their efforts and performance throughout the first half and our customers for their continued loyalty.”

¹ All results in this release are presented on a statutory post AASB16 basis unless otherwise noted

² Includes The Athlete’s Foot Franchise sales

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H1 FY21 OPERATING REVIEW

Digital, VIP, Virtual: Total digital sales of \$108.1 million were up 110% on the prior year and represented 22.3% of retail sales. Sales through our Virtual sales channels and our customer experience team continue to grow. Contactable customers grew by 0.8 million to 7.6 million customers. Our integrated digital model and best in class fulfillment capability allowed customers to order online for pre-Christmas delivery up to 22 December and enabled the company to shift between channels fast when stores were required to close.

Retail Sales: Performed strongly with standout performances in Hype DC, Skechers, Platypus and Subtype. **The Athletes Foot experienced outstanding growth in sales and gross margin**, continuing to benefit from consumer demand in their categories along with strong back to school sales in December. LFL stores sales were up 2.7% for H1.

Store portfolio: The Group opened 50 new stores during the half and closed 5 stores where required rent outcomes could not be achieved, bringing the total store number to 565 stores at the end of the half.

Wholesale: Sales were well ahead of expectations, with record forward order demand continuing in Skechers, Dr Martens and Vans into H1 FY22.

Vertical Products & Brands: Sales of vertical products were up 50% on prior year to \$10 million as this program continued to gain momentum. This remains a key strategic focus for the group and all multi-brand banners now have vertical development programs well established and growing.

PIVOT: Pivot now has 6 stores trading and is performing to expectations.

Stylerunner: Strong H1 sales and margin growth above prior year, with the Armadale (VIC) store performing well ahead of expectations.

The Trybe: Strong double-digit comp growth in H1 FY21. 10 stores trading and all are performing strongly.

Dividend

The Directors have announced **a record ordinary interim dividend of 8.00 cents per share fully franked**, to be paid on 18 March 2021 to registered shareholders as at 11 March 2021.

Accent Chairman, David Gordon, said “The Group has continued to focus on the safety and wellbeing of its team and customers. Consistent with our people first approach, we have continued to keep all our permanent team members in full employment and on full pay through the government mandated store closures in H1 and the more recent lockdowns that have occurred to-date in H2. Since January last year, the Group has opened more than 50 new stores and increased employment by more than 500 people including over 220 permanent full-time roles. Given the continuation of the COVID-19 pandemic and the likelihood of ongoing lockdowns, we confirm our commitment to continue applying JobKeeper funds to keep our team employed. It remains our position that no JobKeeper funds have or will be used in the calculation or payment of management bonuses or dividends.”

GROWTH PLAN UPDATE

Digital, VIP, Virtual: Growth of 110%, representing 22% of sales in H1, on track to grow to 30% over time. One hour click and collect and same day/after-hours delivery options continue to grow in usage. Continued investment in Virtual sales capability. Contactable customer database now 7.6 million customers.

New Stores: At least 90 stores now expected to open in FY21 across all banners. Continued strong store opening schedule expected into FY22.

Vertical: Vertical product sales of nearly \$10m, up more than 50% on last year. On track to exceed \$20m in vertical sales in FY21.

The Athletes Foot: Strategy on track, corporate owned stores now at 68. Gross margins continue to improve driven by distributed brands and vertical product. Expect the TAF franchise buyback program to recommence from late FY21. Record back to school sales achieved in January

PIVOT: Rollout on track, 15 stores to be open by June 2021.

Stylerunner: 4 stores expected to be trading by June 2021.

The Trybe: Store rollout to recommence following a successful H1 and strong back to school trading period.

Trading update

LFL retail sales for the first 8 weeks of H2 FY21 were up 10.7%. This sales result is inclusive of the impact of the mandated store closures during the 4 snap lockdowns that have occurred in Brisbane, Western Australia, Victoria and Auckland during the first 8 weeks. Digital sales for this period were up 65.4% to last year and continue to track above 20% of total sales.

Back to School trade across the business, in particular in The Athlete's Foot and The Trybe, was well ahead of expectations. The Athlete's Foot LFL sales in January were up 20.4% in their biggest trading month of the year.

Given the ongoing uncertainty surrounding the impact of COVID-19, the Company has determined not to provide forward sales or profit guidance for the full year for FY21.

Mr Agostinelli concluded: "Accent's integrated digital capability, large and growing store network, strong portfolio of exclusive distributed brands and emerging capability in building new business formats and vertical products continues to drive strong sales and margin growth. The management team remains focused on driving digital growth and innovation. With long-term objectives and incentives linked to driving at least 10% compound earnings per share growth, Accent continues to be defined by strong cash conversion and the consistently strong returns it delivers on shareholders' funds."

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Investor Conference Call:

An investor conference call will be held at 9:00am (AEST) on 24 February 2021. Dial in details are as follows:

- Australian Toll-Free: 1300 264 803
- International: +61 3 8687 0650

Accent Group Limited
ACN 108 096 251

Appendix

Financial overview – Statutory (post AASB16 other than where noted)

Financials (\$ million)	H1 FY21	H1 FY20	var	H1 FY21 Pre AASB16
Like for Like sales	2.7% ³	2.4%		2.7%
Total Sales (Inc. TAF)	541.3	507.9	Up 6.6%	541.3
Owned Sales	466.9	444.2	Up 5.1%	466.9
EBITDA	138.4	107.4	Up 29%	97.5
EBIT	81.8	55.5	Up 47.3%	77.9
PBT	75.2	48.4	Up 55.4%	76.5
NPAT	52.8	33.6	Up 57%	53.7

³ Like for Like sales include The Athlete's Foot franchise stores