

Accent
Group



RESULTS PRESENTATION
YEAR ENDED
27TH JUNE 2021

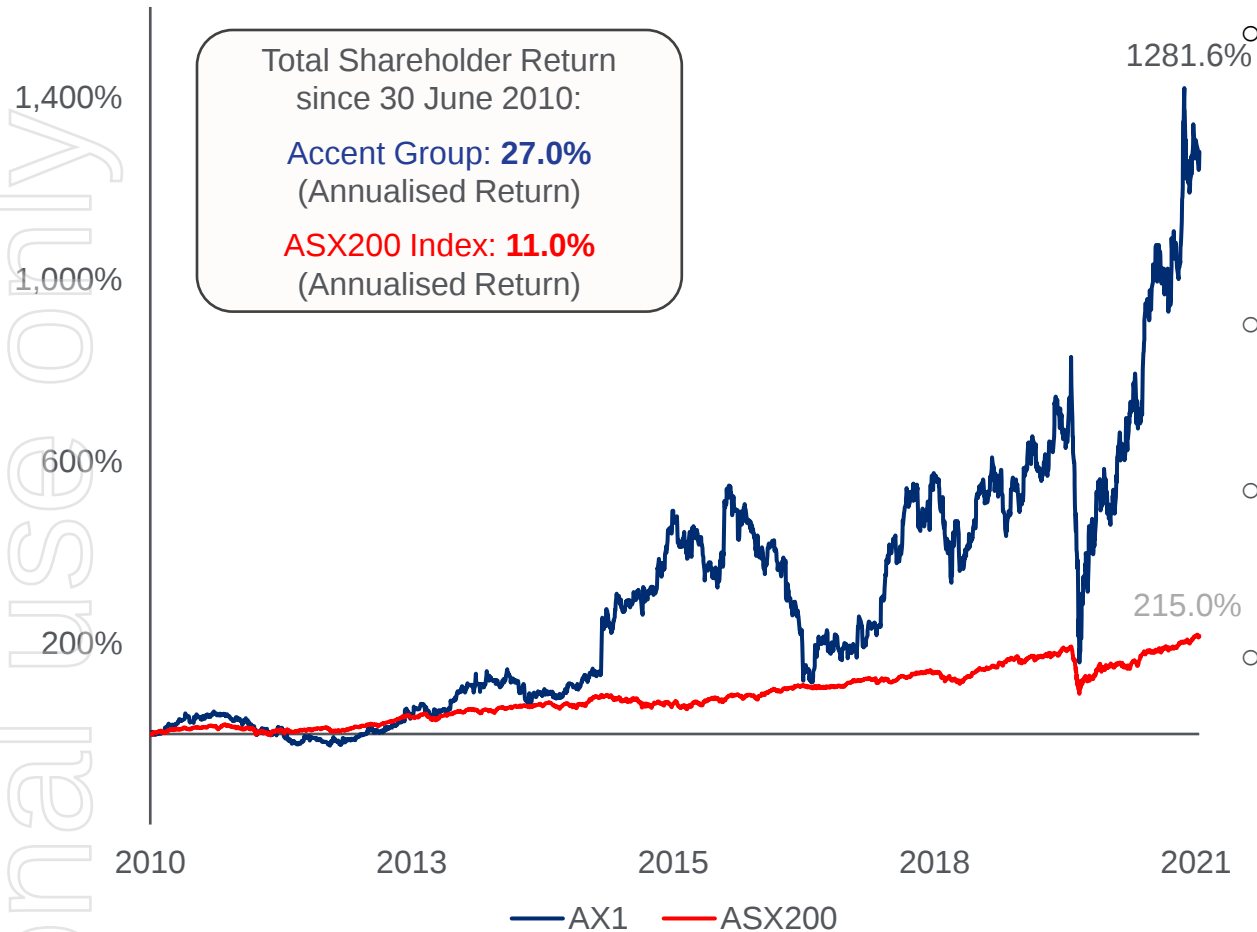
Table of contents

Item	Page
Value creation and investor value proposition	3
FY21 summary results	4
VIP, Vertical, Virtual	6
Retail & wholesale	10
Growth plan update	11
Appendix	16



Value creation and investor value proposition

Total Shareholder Return ⁽¹⁾ comparison Accent and ASX200
(30 June 2010 to 25 June 2021⁽²⁾)



A market leading digitally integrated consumer business with 31 websites, 28 owned and distributed brands, 607 retail stores facilitating omnichannel distribution and over 8.4m contactable customers.

- Over \$1.1 billion of sales with a market leading position in the lifestyle and performance market.
- Best in class margins through gross margin expansion initiatives and drive for cost efficiency.
- Strong future growth initiatives through Stylerunner, Glue Store, digital and new stores, to achieve market share growth in the \$6+ billion performance and lifestyle market segment in Australia and New Zealand.

Source: Bloomberg, Accent Filings.

1. Assumes 100% dividend reinvestment on the ex-dividend date.

2. Year ended 27th of June 2021. Last day of ASX trading 25th of June 2021.

Record FY21 sales and profit

Key Metrics⁽¹⁾

\$'000's	FY21	FY20 ⁽²⁾	% Change
EBITDA	242,015	202,871	+19.3%
Group Sales (inc. Franchisees)	1,138,239	948,935	+19.9%
EBIT	124,905	94,537	+32.1%
PBT	110,999	80,092	+38.6%
NPAT	76,923	55,517	+38.6%
Digital Growth	48.5%	68.9%	
Vertical Owned Brand Sales	25,647	12,621	+103.2%
EPS	14.21 cents	10.28 cents	+38.2%
Full Year Dividend	11.25 cents	9.25 cents	+21.6%

1. All results in this release are presented on a statutory post AASB16 basis and include the Next Athleisure (Glue store) acquisition for the period of ownership 30 May 2021-27 June 2021, unless otherwise noted.
2. FY20 results restated due to IFRIC agenda decisions on Software as a Service ("SaaS") accounting policy. Refer to note 3 in the statutory financial statements and page 21 of this presentation for reconciliation

STYLERUNNER



Operational highlights

Record Sales

Over \$1.1b

First time to achieve over \$1b in sales

VIP & Loyalty

8.4 million

Contactable customers

Additional 1.6m contactable customers in FY21

New Stores

90

new stores opened

All new stores trading ahead of budget

Vertical Owned Brands

\$25.6m

sales

+103.2% sales growth in FY21

Digital Growth

+48.5% on FY20

20.9% of retail sales

StyleRunner

4

Current stores trading

All stores trading well ahead of expectations
15 new stores to open by early 2022

Accent Lifestyle

Glue Stores & Trend Imports acquisition

Integration and growth plan on track
6 new stores signed

Skechers

Licence agreement renewed to 2032



PLATYPUS®

Digital, Virtual, VIP, Retail & Wholesale



Digital sales continued to grow **+48.5% on FY20 to \$209.9m**, contributing to **21% of total retail sales**

8.4m contactable customers **+1.6m**

Website sessions for the Group increased by **24.4%**

4 new websites launched:
StyleRunner, Hype NZ, Doc Martens NZ Pivot

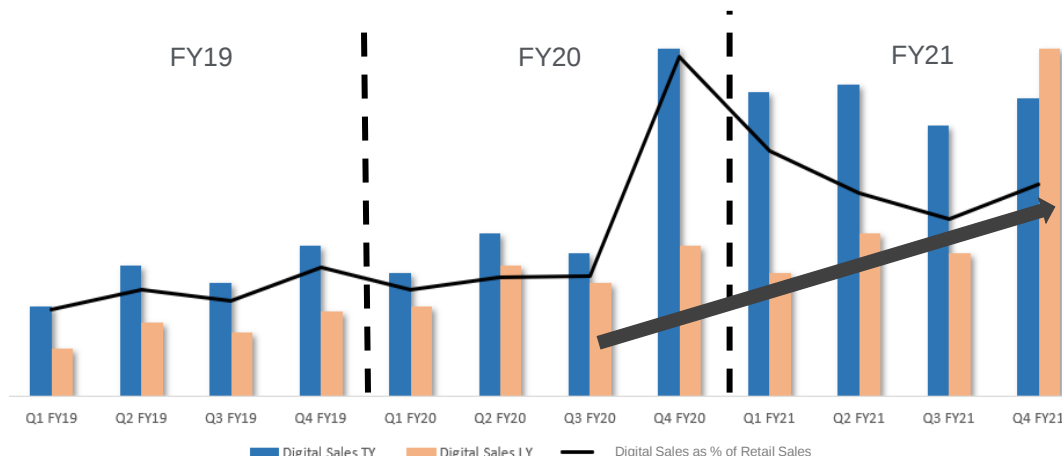
Fulfilled 31% more orders than in FY20

Site traffic **grew by 53.4%**

Launched **Skechers Loyalty Program**

1. Percentages shown in the table represent growth on the same period last year

Digital Sales Growth



Key Metrics ⁽¹⁾

	FY20 Full Year	H1 FY21	H2 FY21	FY21 Full Year
Digital Sales	+69.0%	+109.6%	+16.2%	+48.5%
Website Sessions	+32.9%	+53.4%	+7.2%	+24.4%
Orders	+52.0%	+99.9%	(0.7%)	+30.8%
Conversion Rate	+14.2%	+31.6%	(7.4%)	+5.1%
Avg. Order Value	+0.1%	+8.0%	+2.6%	+4.7%
Digital as a % of Total Retail Sales	17%	22.3%	19.7%	20.9%

Virtual & VIP

Virtual:

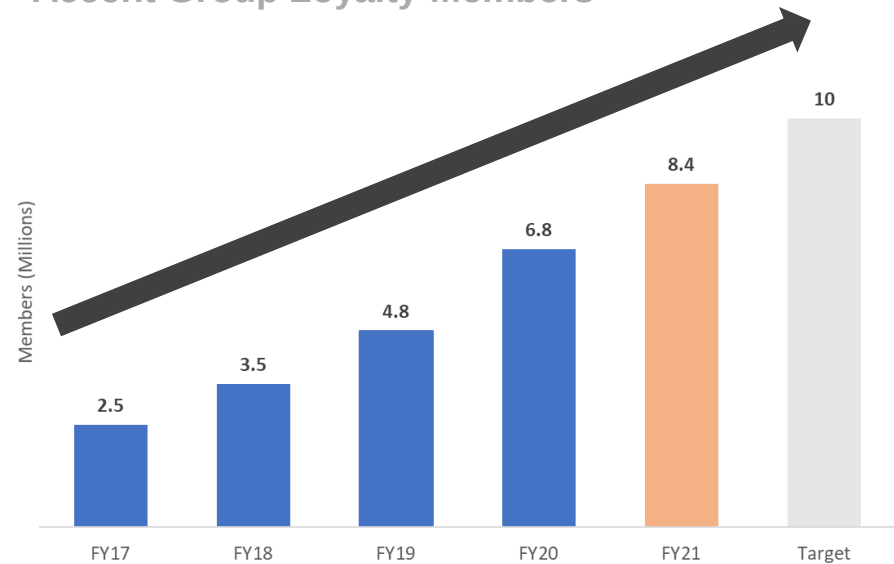
- **\$6.3m** in virtual sales FY21, run rate of over \$100k per week in FY21. Virtual sales program was launched in April 2020
- Dedicated virtual sales hubs launched in the Melbourne and Sydney support offices
- ~40,000 orders transacted through the virtual sales channel



VIP:

- **8.4m** currently contactable customers
- Objective is to grow our customer database to **10m** customers
- Skechers loyalty program successfully launched in March '21 with strong early results. 250,000 new customers since launch. Hype and Platypus to launch in FY22

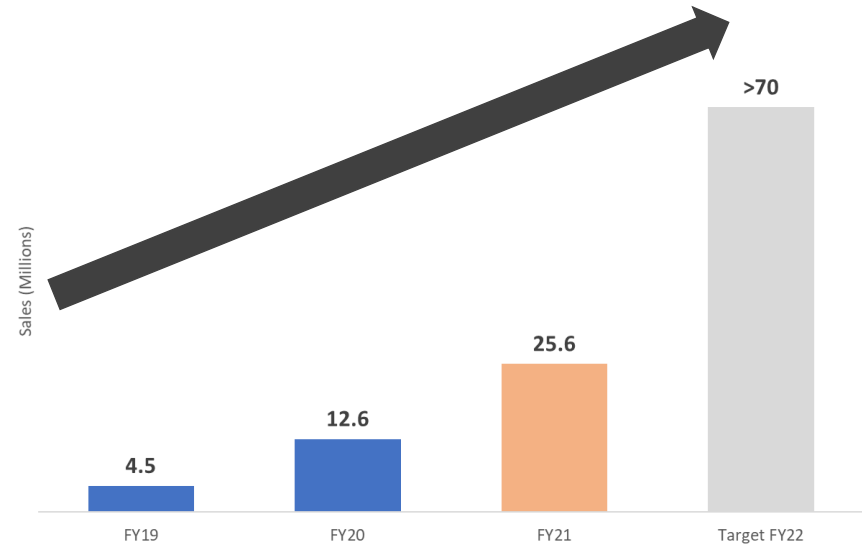
Accent Group Loyalty Members



Vertical

- **\$25.6m** of sales in FY21, up **103.2%** on prior year (\$12.6m)
- Vertical program momentum accelerates
- 10 owned vertical brands
- Acceleration into owned apparel through Stylerunner, Exie and Glue Brands
- Targeting at least **\$70m** in sales for FY22

Vertical and Owned Brands Sales



Nude Lucy



Exie

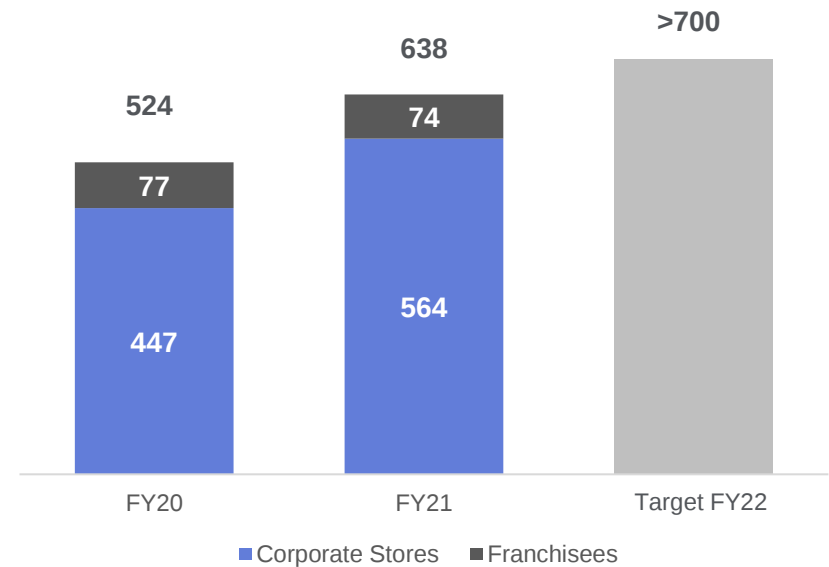


Mindful Department

Retail

- Owned retail sales of \$835.4m, up 19.6% on prior year sales of \$698.6m
- LFL sales⁽²⁾ were up 8.3% for FY21 vs FY20.
- The Athlete's Foot (TAF), Skechers, Platypus Hype, Trybe, Vans and Dr Martens all performed strongly. All other banners traded to expectations
- New stores performing ahead of expectations

Store Network ⁽¹⁾



Wholesale

- Record wholesale sales of \$132.3m, up 22% on prior year sales of \$108.4m
- New distribution agreements signed for Herschel and HOKA
- Skechers agreement extended to 2032**

1. Includes store closures. For a breakdown by banner refer to page 17

2. Like for like (LFL) retail sales include TAF Franchises sales, Digital sales and exclude Glue stores



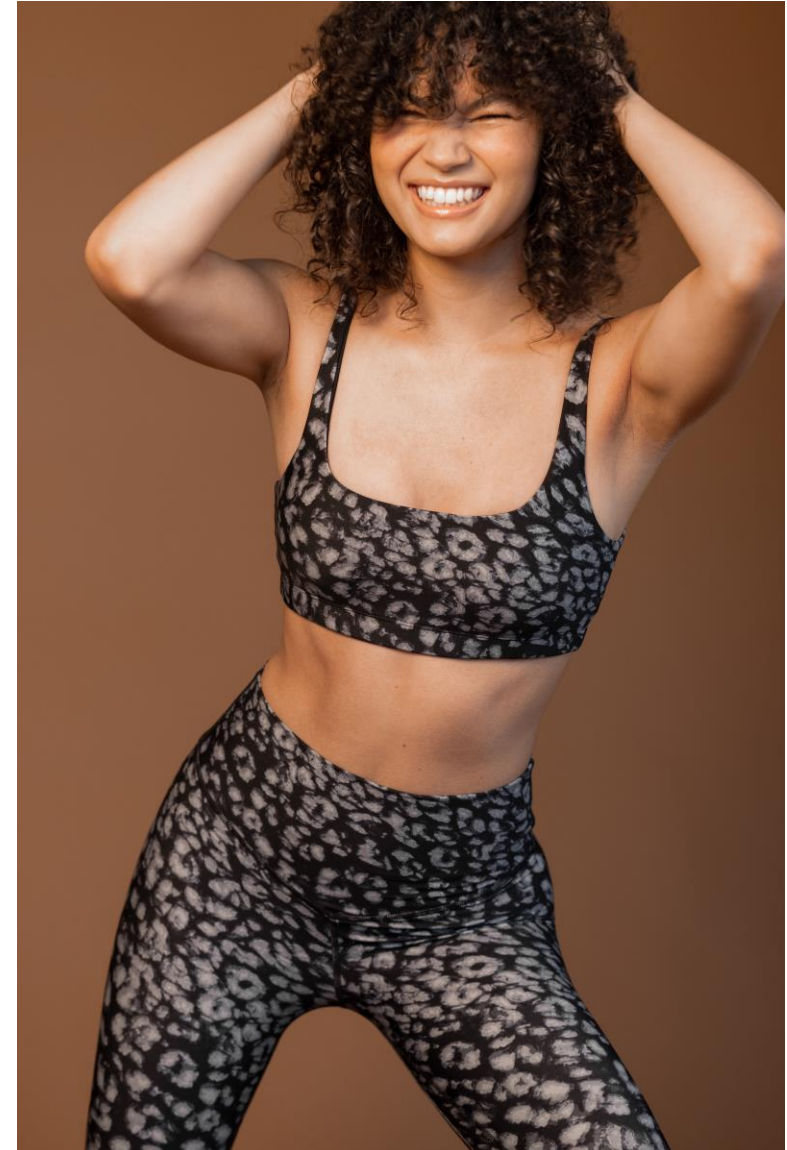
Growth Plan Update

ersonal use only



Growth Plan

- Significant focus and growth on developing StyleRunner The Label
- Significant focus on margin growth through vertical owned brands (Stylerunner The Label, Exie and Nude Lucy) and other key brand partners
- Store opening program ramping up. At least 20 stores planned to be trading by early 2022, including New Zealand market entry
- 40 stores identified to be trading by Christmas 2022
- Targeting a 60+ store network in Australia and New Zealand within the next 3 years
- International shipping commenced to USA, Singapore, and Hong Kong. Strong early results and testing the US market



Growth Plan

- Significant margin improvement initiatives underway, leveraging Accent's capabilities
- New world class store concept to launch before Christmas
- Grow to a network of at least 60 stores by December 2023
- Continue growth in vertical owned brands. Currently 25% of Glue sales. Target to grow to 40% of Glue sales
- Digital currently 20% of sales. Plan to more than double digital sales dollars by FY25
- Continued growth in wholesale through Superga, Sebago, K-Way and Kappa distribution agreements and wholesale sales of owned brands (Nude Lucy, Article One, Le Coq Sportif and First Muse)



Growth plan update

Objectives



Digital and Virtual

- ✓ Significant investment under way in evolving our website with more than 10 new and re platformed best in class websites planned to open in FY22
- ✓ Continued investment in virtual sales capability

- On track to grow to **30% of retail sales**
- Virtual sales target of more than **\$10m**



VIP and Loyalty

- ✓ Contactable database now 8.4 million customers
- ✓ Hype and Platypus loyalty programs to launch in FY22

- Target contactable customers of **10 million**



Stores

- ✓ Continued strong store opening schedule expected into FY22
- ✓ Store focus across all banners on growth in New Zealand where the group currently has 75 stores, targeting more than 100 by Dec 2023
- ✓ The Athlete's Foot franchise buyback program continues

- At least **65 new stores** expected to open in FY22 across all banners



Vertical

- ✓ Continue to drive margin improvement
- ✓ All multi branded banners now have vertical development programs well established and growing

- Target of **\$70m in vertical brand sales** in FY22



StyleRunner

- ✓ Continued growth in StyleRunner The Label and Exie mix within StyleRunner
- ✓ Online delivery to USA, Singapore and Hong Kong launched in July

- **20 StyleRunner stores** expected to be trading by early 2022
- Targeting 60+ stores within the next 3 years



Glue

- ✓ 22 stores (inc online)
- ✓ Gross margins continue to improve drive by distributed brands and vertical products

- 4 new stores planned to open before Christmas
- 60 stores planned by December 2023



PIVOT and The Trybe

- ✓ PIVOT rollout on track
- ✓ The Trybe sales and brand momentum continue to grow, store rollout continuing. Sales in FY21 were up 66.4% on prior year

- **15 PIVOT stores** expected to be trading by December 2021

Dividends and trading update

Dividends

- Accent Group has announced a final dividend for FY21 of **3.25 cents** per share, fully franked, payable on **16 September 2021** to shareholders registered on **9 September 2021**
- Total dividends for FY21 of **11.25** cents per share, fully franked, are up 21.6% on prior year (FY20, 9.25 cents)
- Accent Group continues to be defined by strong cash conversion and the consistent strong returns it delivers on shareholders' funds

Trading Update

- The lockdowns and government mandated store closures experienced in Victoria, South Australia, New South Wales, Queensland and the ACT during the first 7 weeks of FY22 have impacted retail sales in more than 350 stores, over 55% of our store portfolio
- For the first 7 weeks of H1 FY22, LFL retail sales⁽¹⁾ across the whole network are down (-16%) on the same period in the prior year
- Digital sales continue to grow and over the last 3 weeks, with New South Wales and Victorian stores largely closed, were up 66.7%

Outlook

- The Company estimates that the group EBIT impact due to the COVID related disruption experienced across the months of July and August will be at least -\$15m compared to management expectations prior to the lockdowns
- Whilst the duration of the current lockdowns is unknown and we remain cautious on the near-term outlook, we expect this to have a temporary impact on the trading environment. The company remains in a strong position with a flexible and resilient business model, a database of 8.4 million contactable customers, a strong balance sheet and conservative gearing levels. The company continues to invest for the future in new stores, digital capability and new business formats
- Due to the uncertain trading environment relating to COVID-19, Accent Group has determined not to provide guidance for the FY22 full year

1. Like for like retail sales include TAF Franchises sales, Digital sales and exclude Glue stores

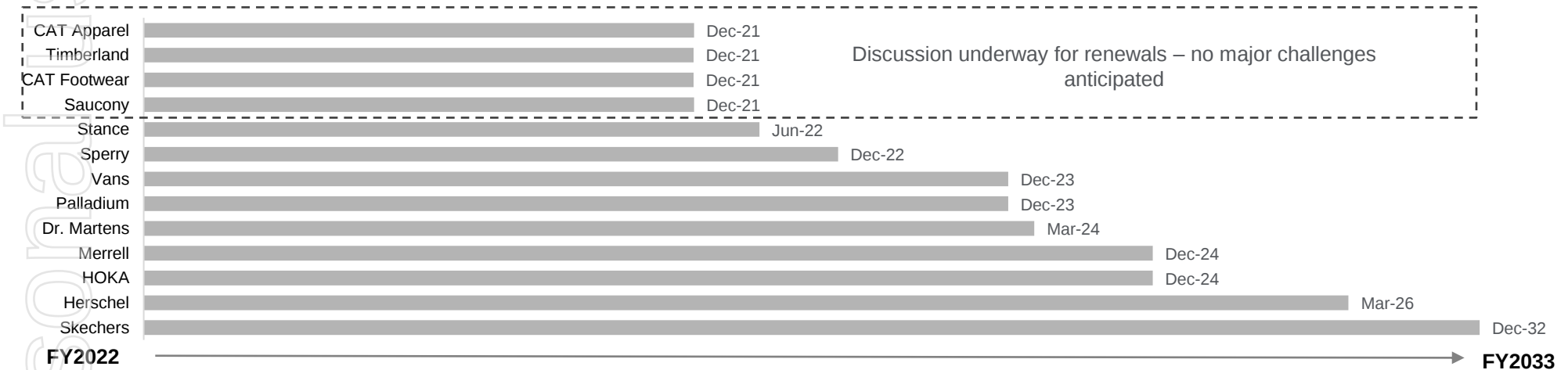
Appendix

ersonal use only

Store network and distribution agreements

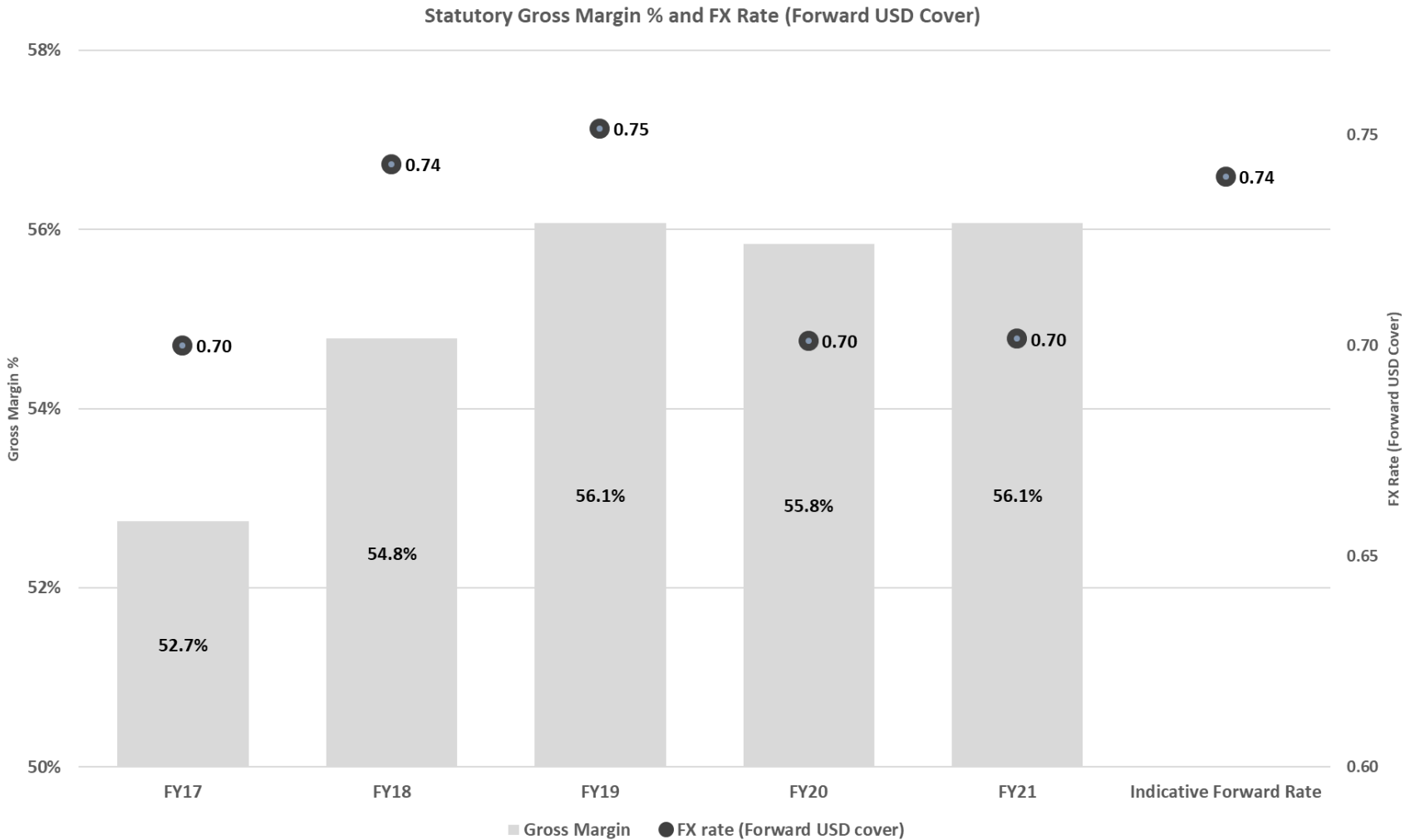
Store Network ⁽¹⁾													
Jun-21													
Store Network	TAF	Platypus	Skechers	Vans	Timberland	Dr Martens	Merrell	Hype	Glue	Trybe & PIVOT	StyleRunner	Other/4 Workers	Total
Stores at End of FY20	145	125	112	24	7	6	16	71	0	9	1	8	524
FY21													
Stores Opened	2	23	20	4	2	9	1	9	0	11	3	6	90
Stores Closed	(2)		(1)		(1)		(2)	(1)				0	(7)
Stores/Websites Acquired									22			9 ⁽²⁾	31
Stores at End of FY21	145	148	131	28	8	15	15	79	22	20	4	23	638
Projection FY22													
Expected at the End of FY22⁽³⁾	146	155	141	33	9	18	15	83	27	26	20	30	703

Distribution Agreements



1. Includes websites (31) and franchises (74); 2 Includes Accent Lifestyle distributed and owned vertical brands websites and Exie; 3. Net of store closures.

Statutory Gross Margin % and FX Rate (AUD/USD Cover)



FY21 summary of financial performance

Financial Summary- Comparable Financial Information

Profit & Loss (\$000's)	FY21	FY20 ⁽¹⁾	% Change
Owned sales	967,755	807,092	19.9%
Gross profit	542,676	450,673	
Gross margin (%)	56.1%	55.8%	+30bps
CODB	(325,660)	(270,515)	
CODB (%) (excl lease depreciation)	33.7%	33.5%	
Other income (inc royalties and franchise fees)	24,999	22,713	
EBITDA	242,015	202,871	19.3%
Depreciation / leases	(78,415)	(74,169)	
Depreciation & amortisation	(38,695)	(34,165)	
EBIT	124,905	94,537	32.1%
Net interest (paid) / received	(13,906)	(14,445)	
PBT	110,999	80,092	38.6%
Tax	(34,076)	(24,575)	
Net Profit After Tax	76,923	55,517	38.6%

1. FY20 results restated due to IFRIC agenda decisions on Software as a Service ("Saas") accounting policy. Refer to note 3 in the statutory financial statements and page 21 of this presentation for reconciliation.

Operating Highlights

Sales	Total company owned sales of \$967.8m, up 19.9% on prior year
Gross Margin	- Gross margin of 56.1%, 30 bps ahead of prior year - Vertical product strategy (shoe care, socks and accessories) on track. Total sales of \$25.6m this year (last year \$12.6m)
CODB	- Significant focus on cost efficiencies continues CODB% including lease depreciation of 41.7%, down 100 bps compared to prior year of 42.7%
NPAT	NPAT of \$76.9m, up 38.6% on prior year



Balance sheet

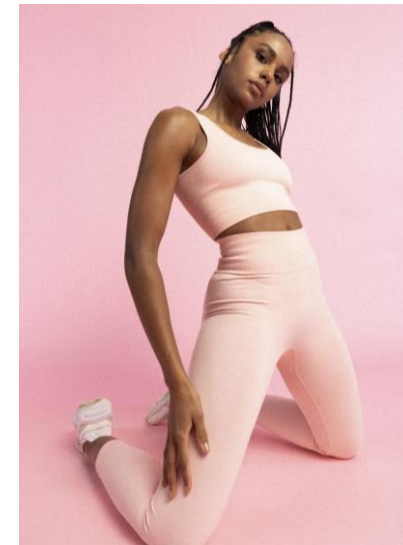
Balance Sheet

\$000's	FY21	FY20 ⁽¹⁾
Trade receivables and prepayments	44,540	37,771
Inventories	216,881	129,106
Trade payables & provisions	(169,323)	(109,527)
Net working capital	92,098	57,350
Intangible assets	372,723	365,038
Property, plant and equipment	115,527	90,282
Capital investments	488,250	455,320
Lease receivable	26,293	25,885
Right of use asset	271,348	232,998
Lease liabilities	(383,826)	(315,343)
Lease balances	(86,185)	(56,460)
Net cash / (debt)	(67,041)	(31,213)
Deferred income	(12,992)	(7,092)
Tax and derivatives	14,850	(9,392)
Net assets / equity	428,980	408,513

1. FY20 results restated due to IFRIC agenda decisions on Software as a Service ("Saas") accounting policy. Refer to note 3 in the statutory financial statements.

Commentary

- Inventory clean with a strong in stock position. Year on year increase driven by a significant increase in forward orders/stock in transit of \$26.5m, investment in 90 new stores (\$25m), vertical products, new businesses and the acquisition of Glue and Trend Imports (\$16m)
- Property, plant and equipment increased due to significant investment in 90 new stores and new digital infrastructure

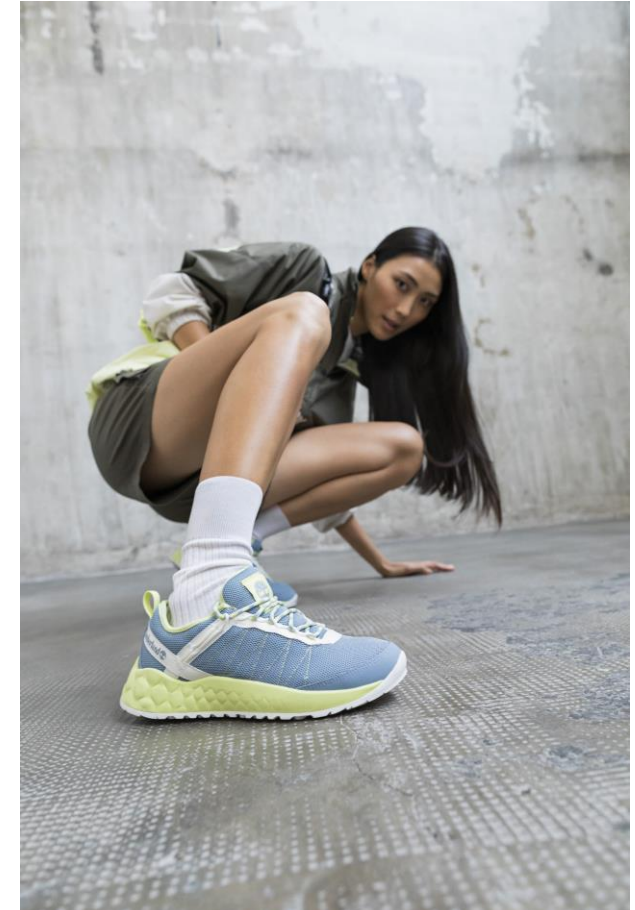


Change in accounting policy – Software as a Service

The implementation of the IFRIC agenda decisions on Software as a Service (“Saas”) accounting policy has marginally changed FY20 reported results. Below is a summary of the FY20 results reflecting the adoption of the accounting policy compared to the original FY20 results reported on 26 August 2020. Please refer to note 3 in the financial statutory accounts.

Profit & Loss

\$000's	FY20 restated	FY20 original
Owned sales	807,092	807,092
Gross profit	450,673	450,673
Gross margin (%)	55.8%	55.8%
CODB	(270,515)	(270,005)
CODB %	33.5%	33.5%
Other income (inc royalties and franchise fees)	22,713	22,713
EBITDA	202,871	203,381
Depreciation, amortisation and impairment	(108,334)	(108,608)
EBIT	94,537	94,773
Net finance costs	(14,445)	(14,445)
PBT	80,092	80,328
Tax	(24,575)	(24,646)
Net Profit After Tax	55,517	55,682



Accent Group overview

Accent Group is the largest retailer and wholesaler of premium lifestyle footwear in the Australia and New Zealand region.

Accent Group

Retail and Wholesale Distribution Channels

Owned Multibrand Retail Banners



Retail & Wholesale Distribution

Accent has the exclusive rights to distribute these brands in Australia



Strong Brand and Product Relationships

Third-party Global Brands



Exclusively Distributed Global Brands



Vertical Products



Omnichannel Platforms and Customer Access

Virtual and Digital

Digital sales accounted for **20.9%** of total retail sales in FY21

31 websites across all brands

VIP and Loyalty

8.4m contactable customers

Skechers loyalty program launched in H2 FY21

Stores

607 stores enabling omnichannel distribution with key presence in both metropolitan and regional areas

Notice and Disclaimer

- This presentation contains summary information about Accent Group Limited which is current as at the date of this presentation.
- This presentation contains certain forward-looking statements, including indications of, and guidance on, future earnings and financial position and performance. Such forward-looking statements are based on estimates and assumptions that, whilst considered reasonable by Accent Group, are subject to risks and uncertainties. Forward-looking statements are not guarantees of future performance and are provided as a general guide only. They should not be relied upon as an indication or guarantee of future performance. Actual results and achievements could be significantly different from those expressed in or implied by this information. Neither Accent Group nor its directors give any assurance that the forecast performance in the forecasts or any forward-looking statement contained in this presentation will be achieved.
- No representation or warranty, express or implied, is or will be made in relation to the fairness, accuracy, completeness or correctness of all or part of this presentation, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in, or implied by, the information or any part of it. To the full extent permitted by law, Accent Group disclaims any liability in connection with this presentation and any obligation or undertaking to release any updates or revisions to the information contained in this presentation to reflect any change in expectations or assumptions.
- This presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. This presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire securities. Each recipient of this presentation should make its own enquiries and investigations regarding all information in this presentation.

Important Notice and Disclaimer