

ASX Announcement
23 April 2021

ACCENT GROUP TO ACQUIRE GLUE STORE AND BRETT BLUNDY TO RE-JOIN ACCENT BOARD

Accent Group Limited (ASX:AX1) has entered into an agreement to acquire the Glue Store retail business and the wholesale and distribution brands business of Next Athleisure Pty Ltd (**NAL**), for cash consideration of \$13 million.

Glue Store is a leading Australian youth apparel, shoe and accessory retailer offering an aspirational range spanning global street, fashion and sport cultures. Glue Store's product range includes leading domestic and global brands and a portfolio of strong and growing owned vertical brands. Glue Store operates a network of 21 stores and an integrated online site, with around 500,000 loyalty program members. The business generates annual sales of approximately \$90 million, including \$16.6 million of online sales. The acquisition is expected to have no material impact on Accent's FY21 financial performance.

As part of the acquisition, Accent will acquire all of NAL's exclusive owned vertical brands, including Nude Lucy, Beyond Her, Lulu & Rose and Article One, which drive more than 25% of total sales. NAL also has distribution rights for a strong portfolio of global brands, including Superga, Ellesse, le coq sportif, Kappa, K-Way, Sebago and Napapijri. The sale agreement contemplates the transfer of these distribution rights to Accent, subject in each case, to usual brand owner consent.

The Next Athleisure business will become a new division within Accent named 'Accent Lifestyle' and Darren Todd, the current CEO of NAL, will join Accent as Group General Manager – Accent Lifestyle. As part of the transaction, offers of employment will be made to all NAL current team members.

The acquisition is expected to complete by the end of May and is subject to conditions precedent customary for a transaction of this nature. Accent intends to pay the cash consideration for the acquisition from its existing finance facilities.

As the regional leader in retail and distribution of performance and lifestyle footwear, approaching 600 stores across Australia and New Zealand, Accent brings its considerable resources, operational capability and retail experience to accelerate the growth of Glue Store. The primary strategic objective of the acquisition in relation to Glue Store is to grow the business in the underserved and fragmented youth apparel market in Australia and New Zealand. Accent plans to: (1) leverage strong landlord relationships to increase Glue Store's store network over time; (2) accelerate Glue Store's digital and virtual offerings; (3) grow Glue Store's owned vertical brands and introduce Accent's owned vertical brands, where appropriate; (4) significantly increase the range of footwear in Glue Stores; and (5) leverage Accent's shared services infrastructure.

Daniel Agostinelli, Accent Group CEO, commented "The NAL acquisition is perfectly aligned to our strategy to grow our leadership position in the lifestyle and youth apparel market in Australia and New Zealand. Glue Store, along with the NAL wholesale and distribution business, provides an established and complimentary platform to accelerate our growing apparel business. It also comes with several

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exciting vertical owned brands, including Nude Lucy and Beyond Her, and a strong portfolio of global distributed brands. We see significant opportunity to leverage Accent's retail expertise to improve the Glue Store customer experience and store profitability. The youth apparel market is highly fragmented with significant opportunity to grow the store network and capture market share over time. I would also like to welcome Darren Todd and the Next Athleisure team to the Accent business and acknowledge the role that Hilco Capital (Australia) has played as the major shareholder and funding partner of the Next Athleisure business over the last 2 year along with the collaborative approach they have taken in working with us to enable this transaction".

Darren Todd, NAL CEO, said "The move to Accent ownership represents a strong strategic alignment for the Next Athleisure business and the right next phase in the Next Athleisure growth plan that the team has been driving over the last 2 years."

DIRECTOR APPOINTMENT

Accent Group is also pleased to announce that Brett Blundy will re-join the Accent Board and has been appointed as a non-executive director of Accent Group, effective from today.

Accent Group Chairman, David Gordon, said "We are very pleased that Brett has re-joined the Accent Board. Brett's considerable experience acquired over many years of building and growing successful vertical branded businesses, particularly across apparel and accessories, will provide valuable strategic insight and direction as Accent Group accelerates its strategy to grow both owned vertical brands and a strong presence in the youth and street apparel market".

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Accent was advised on this transaction by:

- ***Arnold Bloch Leibler:*** legal adviser
- ***Edison Partners:*** transaction adviser
- ***PwC:*** accounting and due diligence adviser
- ***Citigroup:*** market communications adviser

The release of this announcement was authorised by the Accent Group Board of Directors.