Accent Group Limited

ABN 85 108 096 251

Appendix 4E
Preliminary Final Report

Appendix 4E

1. COMPANY DETAILS

Name of entity:	Accent Group Limited
ABN:	85 108 096 251
Reporting period:	For the year ended 27 June 2021 (52 weeks)
Previous period:	For the year ended 28 June 2020 (52 weeks)

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

		Percentage change %		Amount $'000
Revenue from ordinary activities	up	19.6%	to	992,754
Profit after income tax for the period	up	38.6%	to	76,923
Profit for the period attributable to the owners of Accent Group Limited	up	38.6%	to	76,923

Dividends

	Amount per security Cents	Franked amount per security Cents
2020 Final dividend	4.00	4.00
2021 Interim dividend	8.00	8.00
2021 Final dividend	3.25	3.25

Dividend payment date:

- 2020 Final dividend	24 September 2020
- 2021 Interim dividend	18 March 2021
- 2021 Final dividend	16 September 2021

3. NET TANGIBLE ASSETS PER SECURITY

	Reporting period Cents	Previous period Cents Restated
Net tangible assets per ordinary security	10.38	8.02

Net tangible assets are calculated by deducting intangible assets from the net assets of the Group. Following the adoption of AASB 16 Leases on 1 July 2019, the net assets include the right-of-use assets, lease receivables and corresponding lease liabilities recognised under the new standard.

4. OTHER INFORMATION

This report is based on the consolidated financial statements which have been audited by Deloitte Touche Tohmatsu.

For further explanation of the figures above please refer to the ASX Announcement dated 18 August 2021 on the results for the year ended 27 June 2021 and the notes to the financial statements.

Accent Group Limited
ABN 85 108 096 251

Annual Report
27 June 2021

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27 June 2021

Chairman and Chief Executive Officer's Report

18 August 2021

Dear fellow Shareholders,

Many of us had hoped that the year that was FY20 would not revisit us again, but regrettably that was not to be the case. The impact of the COVID-19 pandemic continued into FY21 and is ongoing still. Yet, despite the prevailing headwinds we continued to face, the results that Accent Group Limited (**Accent Group, Group** or **Company**) has delivered in FY21 are a testament to the strength, resilience and talent of the Accent Group team and culture.

The Board acknowledges the remarkable efforts and achievements of the entire Accent team which, along with the support of our loyal customers, landlords and supplier partners, enabled the Group to continue to operate and deliver another year of record sales and record profit.

FINANCIAL REVIEW

The Group's net profit after tax for FY21 was $76.9 million, an increase of 38.6% over the prior year. Your Board has declared a final fully franked dividend of 3.25 cents per share, which brings the total dividends declared during the year to 11.25 cents per share, representing an 79% payout ratio for the year.

Financials[1] ($ millions)	***FY21***	**FY20[1]**	**Growth**
Total Sales (incl. TAF)[2]	***1,138.2***	948.9	**Up 19.9%**
Accent Group Sales (company owned)	***967.8***	807.1	**Up 19.9%**
EBITDA	***242.0***	202.9	**Up 19.3%**
EBIT	***124.9***	94.5	**Up 32.1%**
NPAT	***76.9***	55.5	**Up 38.6%**
EPS (cents per share)	***14.21***	10.28	**Up 38.2%**
Dividends (cents per share)	***11.25***	9.25	**Up 21.6%**

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.
2. Includes The Athlete's Foot franchise store sales.

COVID-19 UPDATE

With the ongoing impact of COVID-19 over the course of FY21, we maintained our focus on the safety and wellbeing of our team and customers. During the year, we kept all our permanent team members in full employment, and on full pay, through the 14 occurrences of government mandated restrictions/lockdowns and related store closures that occurred throughout the year. We also took great pride in creating 300 new permanent roles across our stores and businesses.

All JobKeeper funds received have now been fully deployed and, consistent with our policy, no JobKeeper funds were used in the calculation or payment of management bonuses or shareholder dividends.

OPERATING REVIEW

Digital, VIP, Virtual

The Group continued its strong focus on driving online sales and achieved total online sales of $209.9 million in FY21, an increase of 48.5% on the prior year.

Online sales represented 20.9% of total retail sales. This digital growth continues to be facilitated by the infrastructure that Accent Group had built over the last four years, which ensured that a record number of customers and deliveries could be managed from our digital platform, with significant additional capacity and scalability still available. Virtual sales continued to grow strongly, driving more than $6.3 million in sales for the year and four new websites were launched, including Stylerunner, Pivot, Hype NZ, and Dr Martens NZ.

Contactable customers grew by 1.6 million. Accent Group continues to believe that there has been a seismic and enduring shift in consumer behaviour to shopping online. We are well placed to capitalise on this trend with our market leading, digitally integrated consumer business, comprising 31 websites, 18 owned and distributed brands, more than 600 points of distribution and now 8.4 million contactable customers.

The Group is continuing its drive to deliver customer loyalty programs, with the new Skechers loyalty program launched in May already demonstrating strong early results. VIP loyalty programs for Platypus and Hype DC will be launched during FY22.

We continue to invest significantly to evolve and upgrade our websites, with 10 new sites to be re-platformed and upgraded in FY22. The Group is targeting virtual sales to grow to more than $10 million in FY22 and online sales to grow to 30% of total sales over time.

Retail

Accent Group remains committed to a long-term strategy of delivering customers a best in class integrated digital and instore experience. Retail sales of $835.4 million in FY21 were up 19.6% on the prior year, with standout performances in Hype DC, Skechers, Platypus, The Athlete's Foot, The Trybe and Subtype. The Group continued its margin expansion, increasing gross margin by 30 basis points on the previous year to 56.1% in FY21.

Despite the challenging trading conditions in FY21, the Group opened 90 new stores, closing seven where required rent outcomes could not be achieved. Our store development team continues to prove that they are best in class.

PIVOT, which launched in FY20, showed encouraging sales, with average weekly sales growing, and being particularly strong in outer metro and regional areas. We expect to have 15 PIVOT stores open by December. The store rollout plan will then be paused to optimise the rollout model prior to accelerating network expansion.

The Trybe, Accent Group's children footwear brand, comprised 11 stores during FY21, with additional stores to open in FY22. Sales and brand awareness continues to grow and we expect The Trybe to become a meaningful part of the Group over time.

Accent Group is on track to reach over 700 stores in FY22, with at least 65 new stores expected to open across all banners. Strong rent deals negotiated by the business have meant that new stores have been performing ahead of expectations. There will be an increased focus to expand growth in New Zealand in the coming year.

Stylerunner

The Group sees the Stylerunner business as a key growth opportunity in the attractive activewear market. We are pleased to report that three Stylerunner stores were opened in FY21, with trading performance having met or exceeded expectations.

In addition, new leases for 20 stores have been agreed and planned to be trading by the end of 2021. The Group is targeting a Stylerunner store network of over 40 stores across Australia and New Zealand by Christmas 2022. In addition, as the first stage of its international strategy, Stylerunner has commenced shipping to New Zealand, USA, Singapore and Hong Kong.

Glue Store

In April 2021, Accent Group acquired the Glue Store retail and wholesale and distribution brands businesses from (Glue Store). The acquisition further supports Accent Group's focus to expand its market share in youth and lifestyle apparel.

In addition to growing the Group's bricks and mortar stores portfolio to 638 stores, the acquisition also gives Accent Group full ownership of exclusive, vertically owned brands, Nude Lucy, Beyond Her, Lulu & Rose and Article One, which have historically driven more than 25% of total Glue Store sales.

The Company intends to grow the Glue Store network to more than 60 stores by December 2023, with a new world class concept store to launch by Christmas 2021.

Wholesale

We are pleased to report that Accent Group had a record year in its wholesale business, with sales growing by 22% for the year to $132.3 million. In H2 FY21, the Company signed new distribution agreements with renowned brands HOKA and Herschel, with wholesale orders and sales commencing in January 2022.

The Glue Store acquisition also allows for the distribution agreements for Superga, KWAY, Kappa, Sebago and Le Coq Sportif to be transferred to Accent Group.

Vertical brands and products

Sales of the Group's vertical products and brands enjoyed huge growth, up 103.2% on the prior year to $25.6 million. Following the Glue Store acquisition, the Group now owns 10 vertical brands, including Stylerunner the Label, EXIE, Nude Lucy, Article One, Henley's, Lulu & Rose, ITNO, Alpha, Mindful Department and Beyond Her.

Stylerunner the Label and EXIE continue to grow their product mix within Stylerunner, with new ranges launching throughout FY22.

Growing the Group's vertical brands portfolio continues to be a key strategic focus for Accent Group. To support this growth, a new general manager of sourcing and vertical product was appointed in FY21 to drive production quality, timelines and gross margin improvement. The Group expects vertical brand sales to grow to more than $70m in FY22.

CONCLUSION

We thank the entire Accent Group team for their resilience and performance through what has remained a very challenging period. Accent's people are its most important and valuable asset and we will continue to invest in them and their wellbeing.

As an investor in Accent Group, you own part of a market leading digitally integrated consumer business achieving compelling shareholders returns, with EPS growth of 15.8% per annum over the past 10 years and compound dividend per share growth of 17.0% per annum since FY17.

The FY21 dividend represents a 21.6% growth on prior year and signals the confidence of your Board in the performance and financial strength of the Company.

Together with our people, our portfolio of world class owned and distributed brands, integrated digital capability and large store network are core assets of the Group. These distinguishing factors position the Company well for strong growth into the future. With our long-term objectives and incentives linked to driving a minimum of 10% compound annual earnings per share growth, Accent Group continues to be defined by its culture of retail innovation, strong cash conversion and the growing returns it delivers on shareholders' funds.

David Gordon
Chairman

Daniel Agostinelli
Group Chief Executive Officer

Sustainability Report

18 August 2021

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

At Accent Group Limited (**Accent Group, Group** or **Company**), we are committed to building and maintaining sustainable business practices throughout our operations to be an employer of choice for team members, meet our customers' expectations and deliver long-term value to our shareholders. Our Environmental and Social Governance (**ESG**) Framework is a key enabler of our growth and ensures we create value through our relationships and effective use of resources.

The Accent Group ESG Framework is used to drive the ESG agenda through the business, and focuses our commitment on three key pillars: our people, our responsibilities and our commitment to the enrivonment.

In FY21, Accent Group created the role of Group Sustainability Manager and established a cross-functional ESG steering group to govern the sustainability agenda. The role of this group is to drive the Company's ongoing commitment to the environment, health and safety, corporate social responsibility, sustainability, and other public policy matters. The ESG steering group is charged with supporting leaders across the Group to align their respective business strategies with evolving ESG strategies. The ESG steering group will also provide updates and reports on sustainability initiatives and risks to the Audit and Risk Committee.

OUR PEOPLE COME FIRST

Our team members are our most valuable asset. We recognise that the performance of Accent Group is driven through the quality and motivation of our people, approaching 6,000 team members employed across Australia and New Zealand. We value and recognise the importance of respecting individual differences in the workplace, which supports both the realisation of an individual's full potential, as well as the achievement of Accent Group's strategic people initiatives. We therefore have zero tolerance for harassment (including sexual harassment), bullying, discrimination and any other act or omission which deviates from our Code of Conduct. We strive to create a safe, inclusive, and diverse workplace for our team members.

During the year, Accent Group invested in a number of employee engagement and support initiatives to ensure that we continued to attract, develop and retain the best team members in the industry. Accent Group's employee benefits program includes:

- A retail incentive program
- An employee referral program
- An employee assistance program
- Novated leasing
- Affiliation program with BUPA Health insurance
- Corporate gym membership affiliation program
- Paid parental leave scheme

The Company utilises systems of reporting on key metrics via a 'People Dashboard', which is used to provide regular updates to the Board and senior management team in relation to headcount, gender diversity, recruitment and workplace health and safety. The implementation of a new human resources information system (Ceridian Dayforce) will also provide an improved people experience, designed to positively influence all elements of the employee life cycle.

Another initiative implemented this year was the launch of our first Group-wide **Team Engagement Survey**, which provided the opportunity for all team members to give feedback about their experiences working at Accent Group. Across the Company, approximately 4,500 (75%) of our team members completed the survey.

The survey highlighted both the areas in which we are doing well, as well as the areas in which there is room for improvement to drive deeper team engagement. The deep insights gained will be used to develop an action plan, which will be implemented to address the opportunities for improvement within the next 12 months.

Health and Safety

At Accent Group, we are committed to providing a safe working environment and protecting the health and safety of all our team members, customers, and visitors. Our objective is to continuously improve our safety performance across all aspects of health and wellbeing. One way in which we do this is through the regular monitoring of key safety metrics, and the implementation of risk mitigation strategies to reduce the risk of workplace injury and lost time.

To further support our ongoing commitment to safety, the Accent Safety Steering Group continues to drive engagement across the business and includes members from both operational and leadership roles. This group acts as a conduit between site-based safety teams and management and helps to increase the visibility and escalation of issues. A dedicated Group Safety Officer was also appointed, who is charged with managing and driving occupational health and safety risk mitigation strategies and initiatives, such as general safety training, ladder safety, physical and mental first-aid training, and cross-functional knowledge sharing.

The systematic measurement and monitoring of safety data, in combination with the implementation of certain safety initiatives, has resulted in positive changes, including a decrease in Total Recordable Injuries (**TRI**) to 79 in FY21, down from 110 in FY20. Our Lost Time Injury Frequency Rate (**LTIFR**) for FY21 was 3.75, and we have an ongoing target for continuous improvement of both TRI and LTIFR year on year. A key objective of Accent Group's holistic end-to-end safety plan is to reduce ladder-related incidents. The focus and improved training in this area has resulted in an improvement in ladder-safety compliance, and a reduction in the number of ladder-related incidents by 40.5% compared to the previous year. The concerted focus on safety has also led to a significant improvement in workers' compensation and WorkCover premiums over the last two years.

Accent Group also regards keeping our customers and suppliers safe (in addition to our team members), and as such we also implemented measures relating to personal hygiene, social distancing, increased cleaning, mental wellbeing, remote working, and incident response procedures. While most of these measures were introduced during the COVID-19 pandemic, many will continue and become a part of the standard health and safety culture at Accent Group.

We also recognise that a person's health extends to both their physical and mental well-being. Accordingly, team members are supported through the Employee Assistance Program and critical incident support mechanisms provided by Benestar. This year, mental health first aid training was delivered to our key First Aid Representatives, and we have a plan to extend this training to our State and National Managers in FY22. Mental health will continue to be a key priority for the Group, with a number of new initiatives being implemented across the business throughout the coming year. These training programs will continue to be developed and refined to ensure that our team members are better prepared to work safely in the workplace.

Diversity and Inclusion

We are committed to creating and maintaining a culture within the Accent Group workplace that celebrates diversity and embraces inclusivity. Our community is diverse by nature, so it follows that our workforce should be representative of our community and customers.

It is therefore important that we foster an environment of mutual respect, dignity, learning, openness to other cultures and an appreciation of differences. Dimensions of diversity at Accent Group include, but are not limited to, age, gender, race, national or ethnic origin, physical ability, disabilities, religion, language, family/marital status, and sexual orientation.

Our commitment is reflected in the Company's Diversity and Inclusion Policy and Code of Conduct. To further support this, we also have a number of key initiatives that encourage diversity and create a fair and inclusive environment across Accent Group:

Recruitment and Selection: With a focus on driving a consistent recruitment process and finding the best talent for any given role, a recruitment and selection training program is being developed and will be deployed across the Group in FY22. This training emphasises our commitment to cultural diversity and a non-biased approach to selecting the best person for each role.

Flexible Working: Accent Group provides opportunities for flexible working arrangements that accommodate the diverse needs of our team members. Our policy allows our team members to request both ad hoc and formal flexible work arrangements.

Parental Leave: Achieving balanced leadership is about creating a workplace that enables career progression. Our paid parental leave policy extends parental leave to eight weeks for the primary carer and provides two weeks for the secondary carer. In addition to paid parental leave, Accent Group supports flexibility in transitioning parents back to work with flexible work arrangements.

Speak up: Team members are also encouraged to speak up about conduct that is inconsistent with Accent Group's way of doing things. This includes protections afforded under the Whistleblower Policy, which is aimed at ensuring that individuals feel supported to come forward if they have information about serious misconduct as it relates to Accent Group.

Gender Equality

Accent Group is also focussed on promoting and improving workplace gender equality. Our Diversity and Inclusion Policy includes a requirement for the People and Remuneration Committee to recommend to the Board measurable objectives for diversity on an annual basis. It also includes a requirement to assess the Company's progress towards achieving them. The following table sets out the Company's measurable objectives set down on 18 August 2021.

Measurable objectives		Stated Target: Target %	Stated Target: Target date	Progress: Baseline position FY2021
Improve representation of women in leadership positions	Board	30%	30 June 2024	14%
	Senior executives	To increase the percentage of female to male senior executives		61%
Improve representation of women in balance of workforce	Total employees	To report annually on the movement in the % of females to males which currently sits above 50% for the balance of the workforce, with further objectives set as required to ensure a broadly community representative balance of females and males		59%

Accent Group also completes the annual Workplace Gender Equality Agency (**WGEA**) report as part of our sustained commitment to a diverse and inclusive workforce and confirmation of the progress we are making towards gender equality. As of 31 March 2021, 60% of our total team members are women. The current breakdown of gender representation in the Group, as reported in accordance with the *Workplace Gender Equality Act 2012*, is as follows:

FY20	Total number	% of women	% of men	FY21	Total number	% of women	% of men
Board	6	17%	83%	Board	7	14%	86%
Senior managers*	71	61%	39%	Senior managers*	89	61%	39%
Other managers	513	64%	36%	Other managers	653	66%	34%
Other employees	4,609	53%	47%	Other employees	4,572	59%	41%
Total	**5,199**	**55%**	**45%**	**Total**	**5,321**	**60%**	**40%**

* Senior managers are those individuals who collectively participate in determining and implementing major operational and strategic initiatives at the business unit level and who are responsible for the results of their respective business units.

Training and Development

A commitment to the ongoing training and development of our team members is critical to our success and sustainability as an organisation. Our objective is to provide training and development opportunities which ensures we support Accent Group's key policies, and which improves our ability to continually attract, grow, retain and support our team members.

Accent Group also provides opportunities for advancement through a succession planning framework and a culture of preference for internal promotion.

OUR RESPONSIBILITIES – WE ACT WITH INTEGRITY

Modern Slavery

Accent Group is committed to operating responsibly and ensuring that no person who is involved in our operations (including employees, customers and community members) are subject to any situation of exploitation where that person cannot refuse or leave work because of threats, violence, coercion, abuse of power or deception. We recognise that Australia is not immune from such modern slavery practices, and we are in the process of developing and implementing a framework for engaging with our suppliers to identify and manage the risks of such practices in our supply chain. Further details of this program is set out in Accent Group's modern slavery statement, a copy of which is available on our website.

Ethical Sourcing

Accent Group has developed an ethical sourcing framework, as we continue the work towards ensuring workers across our supply chains are treated fairly and equitably, while identifying opportunities to create positive social and environmental impacts in the communities in which we source our products.

Sustainability Report

18 August 2021

In November 2020, we released our Modern Slavery Statement. Accent Group made a commitment to maintain policies and procedures to operate responsibility, and to manage modern slavery risks in our operations and throughout our supply chain.

In further support of our modern slavery commitments, we issued the Accent Group Ethical Sourcing Policy to our brand partners and vertical suppliers in April 2021. This policy was also included in Accent Group's Terms of Trade. The Ethical Sourcing Policy sets the expectations we have of our suppliers to ensure that our products are manufactured in an ethical and responsible manner through greater transparency and accountability.

The four key pillars of the Policy are:

- Business Integrity and Ethics
- Labour Standards and Human Rights
- Healthy and Safe Working Conditions
- Environmental Protection

To support our teams, a bespoke training program covering modern slavery and ethical sourcing was delivered to our key buying and sourcing teams across all Accent Group businesses.

A supplier register has also been developed and continues to be updated with a list of all suppliers, agents and tier 1 factories. Supplier audits, documentation and certification are being requested, and will be maintained in a central repository. We have also joined Sedex to manage supplier documentation and audit reports. We recognise that this is a journey, and we will work to continually improve our position in this regard. Just as we have an objective to be an employer of choice, we have an opportunity to become the channel of choice for our suppliers and their products, both of which strengthen Accent Group's position in the market.

To further encourage continuous improvement in this area, we have also engaged with our key international brand partners to better understand their activities, and work to foster collaboration in key areas of ethical sourcing and environmental impact. The learnings from these engagements will be implemented into our broader supplier and sourcing activities.

As Accent Group continues to increase its focus on monitoring and investigating its environmental impact, new policies and procedures will be created and developed to assist in minimising liabilities, maximising the Group's use of resources, and reducing waste. As a part of this process, we will continue to refine and enhance our Sustainability Report in future periods, and, if appropriate, will also provide an analysis of and make disclosures aligned with, the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (**TCFD**).

Community Partnerships

Accent Group values participation in and supports the communities in which it operates. In a year where many communities and businesses were impacted by COVID-19, we are incredibly proud to have continued our support for numerous causes over the last year.

We know that our stores are based in geographically and culturally diverse communities, and that supporting those communities, especially the under-privileged, strengthens our brand commitment in the communities in which we do business in. This extends but is not limited to the traditional owners of the lands, including indigenous Australians and indigenous New Zealanders.

To support Global Pride Month, Dr Marten's partnered with Pride Foundation Australia. $10 from the sale of every pair of the 1461 Pride shoe was donated to the Pride Foundation Australia.

Platypus Shoes partnered with Timberland with the release of a "Save The Platypus" boot. In June 2021, the Company ran a campaign where $10 from every sale of the Timberland X Platypus boot was donated to the Australian Platypus Conservancy.

The Accent Group Vans team supported Black Rainbow, a national Aboriginal and Torres Strait Islander LGBQTI+SB non-profit organisation, with a donation of $10 from every sale of a limited-edition Rainbow collection shoe sold through Vans in Australia (both in-store or online). These iconic Vans styles with added rainbow motifs allow our consumers to express their own individuality and creative flair.

The Accent Group Vans team was also privileged to be involved in a program with "Build-Up Skateboarding" to facilitate several days of skateboard workshops and demonstrations in Warruwi and Tiwi Islands. The level of participation and eagerness to pick up and ride a skateboard was truly special and much fun was had in setting up skateboards and building ramps. The Accent Group Vans team were proud to be involved and donated skateboards, tools, Vans shoes and ramps to the two remote communities. The program also included engagement with several art centres, with Pass~Port Skateboards donating blank skateboard decks to various artists in each community area. These boards will be exhibited in Sydney and made available for sale, with profits from the sales going back to the artists, art centres & their communities.

The Athlete's Foot is a proud partner of parkrun across both Australia and New Zealand. parkrun is a series of free, weekly, timed events. There are runs suitable for adults as well as junior parkruns suitable for children aged 14 years and over. As part of the partnership, The Athlete's Foot contributes to supporting the community by encouraging people to keep healthy, fit and active through the weekly parkrun events that are easily accessible to all.

The Athlete's Foot is also a proud partner of NETFIT Netball, a global Netball community that provides fitness academies and workshops to netballers of all ages. To help educate netballers on the importance of fit, The Athlete's Foot attends their NETFIT Clinics across Australia and works closely with NETFIT on their yearly national netball campaign.

The Athlete's Foot also became a new partner of Athletics Australia in FY21. Athletics Australia is the national governing body for the sport of athletics in Australia. It is charged with ensuring the encouragement and promotion of athletics in Australia and acting in the best interests of the sport of athletics. As one of its partners, The Athlete's Foot will work closely with Athletics Australia on its Sporting Schools' program to educate students on the importance of living an active lifestyle.

Environment

Accent Group is committed to managing and reducing the impact we have on the environment. We recognise our corporate responsibility for driving initiatives that divert waste from landfill into recycling, or repurposing waste as part of our genuine commitment to supporting positive environmental outcomes and climate action. We have identified three key areas of focus under our environmental framework that we believe have the greatest impact on our environmental footprint. These are packaging, recycling, and bringing sustainable product to market.

Packaging

Accent Group is a member of the Australian Packaging Covenant (APCO). Through our association with APCO, we will implement initiatives that aim to reduce the impact on the environment, through recycling, product stewardship and sustainable packaging design.

Accent Group is developing a set of packaging guidelines and educating team members on how they can make a more positive impact to the environment. Among the first of our new initiatives is to move away from single use plastic packaging across all our stores (including online), and to invest in packaging made from recyclable materials. We are also working with our international brand partners on initiatives to improve the environmental impact of the packaging across their products.

Recycle

Accent Group is implementing Group-wide sustainability practices across our network of stores, distribution centres and support centres. Our distribution centres execute on-site recovery systems for used packaging. Any cardboard cartons used for packaging by Accent Group is made from recycled material and packaging material that can no longer be reused is compacted and collected for recycling.

Our support centres recycle all cardboard and paper and are also implementing a co-mingled recycling program for glass and plastics. FSC (Forest Stewardship Council) certified paper is used in our support centres. Where possible, our weekly retail reports, forms, and administrative material are produced in formats which require no printing and can be stored and viewed via mobile technology. Across our network of stores, to reuse is always our first option. Additionally, as described above, cardboard cartons are reused to facilitate movement of stock between our stores. Our retail outlets utilise the available shopping centre recycling facilities.

Accent Group has also teamed up with the Australian Sporting Goods Association to support its Save Our Soles program, an industry-based initiative to recycle unwanted sports shoes. Collection bins will be made available at certain stores for customers to donate their unwanted sports shoes. The shoes will then be sent to a recycling plant to be processed, with reclaimed product from the shoes used to make new products, such as flooring for children's playgrounds and/or gyms.

Climate

Accent Group also wants to do its part to assist in reducing carbon emissions over time. Our predominant use of energy stems from the electricity used to power our stores and warehouse network. While our ability to influence the type of energy used is somewhat limited due to the fact that the majority of our stores are located in shopping centres, we have taken some measures to reduce our carbon emissions, such as investing in more energy efficient lighting for our new stores. We also intend to review the key recommendations of the TCFD, and where appropriate, implement a meaningful, measurable strategic plan to adopt those recommendations.

Sustainable Product Ranges

Accent Group is the product distributor and retailer of a number of global footwear brands. This year has seen the expansion of "eco-friendly" ranges across our product offering as we continue to work with our key distribution brand partners to bring these ranges into the Australian and New Zealand markets in-store and online. Some examples of these ranges are:

Timberland

The GreenStride range from Timberland is made with eco-conscious materials including ReBOTL™ fabric containing at least 50% recycled plastic, and a GreenStride™ sole made of 75% renewable sugar cane and responsibly sourced rubber.

Veja

With a commitment to support local manufacturing industries, most of VEJA's products source their materials from natural sources, such as organic cotton and wild Amazonian rubber. The brand maintains an emphasis on reducing its impact on the environment through considered design, ethical production, and less waste.

Nike

The Nike Air Force 1 '07 LV8 is made with at least 20% recycled content and a cork-infused outsole. Its pomegranate plant motif includes real plant-dyed colour.

Adidas

These adidas Superstar Shoes are made with Primegreen, a series of high-performance recycled materials. They are also made with vegan alternatives to animal-derived ingredients and materials.

Data Security

At Accent Group we believe that digital, cyber and data security is integral to our business operations. We have an obligation to our customers and stakeholders to ensure the security and privacy of the data collected by us. Our Information Technology Security Policy states that personal information is to be used fairly, lawfully, and transparently for specified, explicit purposes. As such, we see data security as paramount and one of the key risks to sustainable business practices. We have therefore made significant investments in improving data security over the last two years.

A key focus has been to improve and expand the cyber security posture and governance within the organisation on an ongoing basis. The Digital Strategy Group (**DSG**) was established by the Board, and is charged with maintaining oversight of risk identification and management, and provides regular reports and updates to the Audit and Risk Committee and/or the Board. The DSG is also charged with ensuring that adequate investment and systems are in place to protect the Company against increasingly sophisticated and frequent cyber-attacks. We take a multi-layered approach to cyber security, utilising multiple components to protect our core systems and customer data. In addition, we engage the services of third-party cyber security consultants to assist us with guidance, security testing and vulnerability management to apply additional rigour in this area.

Some of the major initiatives we have implemented include:

- Investment and implementation of new and automated security technology to improve email filtering and detection of anomalous network traffic to continually improve network and applications security posture
- Regular backing up and encryption of data
- Deployment across the Group of regular cybersecurity awareness training to improve knowledge around cybersecurity

In addition, the security protocols of our card payment processing channels are annually assessed against the Payment Card Industry Data Security Standard to protect cardholder data wherever it is processed, stored and or transmitted.

The most recent audit undertaken by external advisors showed significant improvements in Accent Group's data security and governance since the last audit. We are encouraged by the results and will continue to develop and refine our plans to address potential issues and improve our processes and governance on an ongoing basis.

FY21 DIRECTORS' REPORT

The Directors present their report, together with the financial statements of the consolidated entity (the **Consolidated Entity** or **Group**) consisting of Accent Group Limited (the **Company** or **Accent Group**) and its controlled entities for the year ended 27 June 2021.

1. DIRECTORS

The following persons were Directors of Accent Group during the whole of the financial year and up to the date of this report, unless otherwise stated:

- David Gordon – Chairman
- Daniel Agostinelli – Chief Executive Officer
- Stephen Goddard
- Michael Hapgood
- Donna Player
- Joshua Lowcock
- Brett Blundy (appointed 23 April 2021)
- Timothy Dodd – alternate Director for Brett Blundy (appointed 2 June 2021)

2. PRINCIPAL ACTIVITIES

Accent Group is a leading digitally integrated consumer business in the retail and distribution sectors of branded performance and lifestyle footwear, apparel and accessories with over 600 stores across 26 different retail banners and exclusive distribution rights for 18 international brands across Australia and New Zealand.

Following the acquisition of the Glue Store retail business and the wholesale and distribution brands business of Next Athleisure Pty Ltd earlier this year **(Glue Store Acquisition),** the combined Group's banners and brands include The Athlete's Foot **(TAF),** Platypus Shoes, Hype DC, Skechers, Merrell, CAT, Vans, Dr. Martens, Saucony, Timberland, Sperry, Palladium, Stance, Supra, Subtype, The Trybe, PIVOT, Stylerunner, Glue Store and Autry.

Accent Group's focus on growing its owned brands and apparel presence continues to be a key strategic initiative for the group, with the number of vertical owned brands growing to 10 following the Glue Store Acquisition.

3. DIVIDENDS

Dividends paid or declared by the Company during, and since the end of, the financial year are set out in Note 25 to the Financial Statements and summarised below:

	FY21 final	FY21 interim	FY20 final	FY20 interim
Cents per ordinary share	3.25	8.00	4.00	5.25
Total amount ($'000)	17,611	43,349	21,675	28,464
Payment date	16 September 2021	18 March 2021	24 September 2020	19 March 2020

The total dividend for the financial year ended 27 June 2021 of 11.25 cents per share is an increase of 21.6% on the previous year.

4. OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review of the Group for the financial year ended 27 June 2021 is provided in the Chairman and Chief Executive Officer's Report on page 2 and forms part of this Directors' Report.

5. MATERIAL BUSINESS RISKS

The Group's risk management framework enables it to continuously, systematically and actively monitor the potential risks which may adversely impact the operational and financial performance of its businesses, which in turn may affect the outcome of an investment in the Group. There is no guarantee that the stated objectives of the Group will be achieved, or that forward looking statements will be realised. A variety of factors, both Group specific and of a general nature, may impact upon the Group's activities and results, including general economic and business conditions, inflation, interest and exchange rates, consumer confidence, government policies and the current COVID-19 pandemic.

The Group considers the following to be business risks that are likely to have a material effect on its operational and financial performance. An overview (and not exhaustive list) of mitigation actions taken by the Group is also set out.

Type and description of risk	Mitigating Actions
COVID-19 Pandemic	
There continues to be uncertainty in relation to the duration and further impact of the COVID-19 pandemic. The risks related to this include: – Unforeseeable fluctuations in consumer demand by state, and even local suburbs impacting profit and cashflow – Timing and nature of government containment measures such as rolling lockdowns and mandated store closures impacting profit and cashflow – Risk of team member or customer infection resulting in office(s) or store(s) closures – Risk of fines for regulatory breaches of government COVID safe operating requirements – Altered consumer behaviour (e.g. long-term shift towards online shopping or significant reduction in household spending)	– Relevant COVID-safe protocols and policies developed and in place to encourage personal hygiene, physical distancing and management of mental health – Required personal protective equipment made available in all offices and stores – Increased effectiveness and frequency of office and store cleaning practices – Online/digital contingency plans developed and implemented for rolling shutdowns – Adjusting marketing plans to support online trading – Regular monitoring and communication to team members of government updates and requirements – Factoring in the potential foreseeable impact of COVID-19 into forward sales, costs, inventory and cashflow plans
Competition	
The markets in which the Group operates remain highly competitive, and any increased competition from new and existing competitors may lead to price deflation and a decline in sales and profitability, in particular: – Entrance of new international competitors – Aggressive discounting by local competitors – Growth in international online footwear sites providing shipping to Australia and New Zealand – Growth of new local boutique sneaker stores – Direct to customer and top retailer distribution strategies of major shoe brands – Non-traditional retailers selling lifestyle and performance footwear – Global luxury brands expanding in the lifestyle footwear category	– Opening new stores to increase market share in Australia and New Zealand – Opening new and larger, or upgrading, existing stores in locales where there is a heavy competitor presence – Development and execution of new brand formats including product offerings not limited to performance and youth lifestyle footwear and apparel – Significantly enhancing online digital capability and sales penetration – Monitoring international markets to identify opportunities for growth – Developing a deeper understanding of our customers, including through application of technological developments, CRM, and face-to-face engagement in-store
Changes in consumer behaviour	
The Group is exposed to both the upside and downside of cycles in consumer spending and demands, given that the products offered by the Group are discretionary in nature. Accordingly, customers' preferences, perception of brands, and demographics are all considered risks, in particular: – A reduction in consumer spending and demand may lead to a decline in the Group's sales and profitability – Trends in consumers shifting to online shopping drives a prolonged decline in stores' like-for-like sales growth – An acceleration of the online trend drives inaccurate stock allocations in the short-term	– Driving store rental reductions at renewal against an expectation of lower instore sales – Continued investment in store fit-out with each new store and refurbished stores including new experiential elements – Development of a forward-looking store performance/ profitability tool – Continuing to optimise the incremental digital costs for marketing and distribution – Closely monitoring and responding quickly to changes in the economic environment, consumer demand and new products

Type and description of risk	Mitigating Actions
Health and Safety	
The Group is committed to the health and safety of its team members, customers and contractors and places a strong emphasis on the implementation of work health and safety standards. However, risks still remain possible, in particular: – Injury to a customer or a team member in work locations – Death of a customer or a team member in work locations – A natural disaster event impacting on the safety of team members or customers – External events involving a team member or a member of the public (e.g. self-harm, public situations) causing trauma, distress and psychological harm	– Establishing, regularly updating and implementing a health and safety management system including resources, training and procedures – Investigating every incident to mitigate against reoccurrence – Implementing learning initiatives and improvements to create safer work locations – Creating training modules to ensure that all team are inducted in safe work practises – Developing an auditing program to train leaders to regularly identify safety risks – Establishing the Safety Steering Group which meets regularly to discuss and review incidents – Engaging with government agencies to ensure legal compliance – Engaging third party providers to support team members with issues that may impact their wellbeing – Provide First Aid/CPR training to nominated representatives in offices locations, and Mental Health First aid training to State and National Managers
Cyber Security and Information Technology	
While an increased reliance on information technology systems maximises the efficiency of the Group's business operations, any sustained and unplanned downtime due to cybersecurity attacks, system failures, network disruptions and other malicious or non-malicious incidents could have a material adverse impact on the Group's reputation, and its operating and financial performance, in particular: – Corruption of inventory management software – External attack on websites – Internal/external unauthorised access to sensitive commercial data – Internal/external unauthorised access to customer data – Fraudulent email phishing attacks resulting in incorrect external payments being made	– Documented disaster recovery processes (including offsite information technology back-up infrastructure) – Implementing improved user access and profiling – Increasing the frequency of security assessments, penetration and venerability testing using external expert advisers – Implementing higher level password security and change protocols – Implementing appropriate programs and tools to identify and formalise the remediation of vulnerabilities – Reviewing payment card industry compliance – Exploring and, where appropriate, implementing security tools based on artificial intelligence – Increasing sophistication of enterprise password tools and protocols
Distributed brands and key supplier relationships	
The Group enjoys strong partnerships with all major suppliers, and its regional exclusivity with numerous sought-after brands is a key distinguishing feature of its product offering. Failing to maintain good working relationships with key suppliers may lead to the following risks: – Loss of a key distributed brand due to poor management, lack of growth or brand preference to manage the territory themselves. – Loss of a key global third party brand due to distribution pressure from global sneaker retailers – Substantive change in distribution strategy of a key supplier resulting in a substantial product ranging change	– Implementing a thorough, methodical and effective renewal program for distributed brands – C-suite engagement with distributed brand principals over regular periods – Driving the mix and growth of distributed brands – Rolling out concept stores for distributed brands – Opening new store formats to increase category reach, expanding the Group's relevance as a distributor or brand partner.

Type and description of risk	Mitigating Actions
Sustainability The sustainability of the Group's business is impacted by a number of environmental and social factors. Any actual or perceived failure to adequately address sustainability related issues may have an adverse effect on the Group's reputation, and operational and financial performance, in particular: – Identifying issues in its supply chain (including modern slavery practices) – Sourcing sustainable materials and packaging – Implementing product compliant systems to improve product safety – Responding inadequately to increasing demand from consumers regarding traceability of products and clearer and more meaningful labelling may lead to reputational damage and potentially immediate adverse political or customer actions – Promoting gender equality	– Establishing an Environmental, Social and Governance ('ESG') framework, including the establishment of the ESG Steering Group – Increasing its focus on sustainability-related issues by dedicated role of Group Sustainability Manager and General Manager – Sourcing and Vertical – Reporting on the Group's progress of published targets in the ESG Report annually with regular monitoring throughout the year – Reporting annually on the Group's Modern Slavery Statement with regular monitoring throughout the year – Establishing a responsible sourcing framework under which the Ethical Sourcing Policy was created, to be distributed to relevant parties in the Group's vertical products supply chain – Reviewing the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures and, if appropriate, provide an analysis of and make disclosures aligned with, the recommendations – Commitment for gender equality in leadership roles as published in the Group's ESG Report and Corporate Governance Statement annually
Legal, Regulatory and Compliance The Group is required to maintain compliance with all applicable laws and regulations, including those relating to consumer protection, product quality, ethical sourcing and corporate governance. Failure to comply with these laws and regulations could result in high legal costs, adverse monetary judgments, regulatory enforcement action and other claims which could have a material adverse impact on the Group's reputation, and operational and financial performance, in particular: – Aggressive or poorly controlled tax risk management leading to misstatements of tax payable – Lack of focus on supply chain management, resulting in an inability to meet Modern Slavery regulations requirements – Poor management of PCI compliance, resulting in monetary fines and regulatory breaches – Poor understanding of key pieces of legislation impacting on the Group's business leading to regulatory breaches, significant monetary fines and/or litigious action	– Establishing policies, procedures and compliance systems – Establishing a Group-wide Code of Conduct – Establishing the Whistleblower Policy and dedicated Whistleblower Protection Officer – Dedicated in-house legal team – Regular consultation with professional advisers on key areas of compliance risk – Actively monitoring changes to regulations and laws – Monthly financial and disclosures obligation reporting – Upweighted focus on tax risk compliance, including the regular, systematic review of the effectiveness and currency of the Group's Tax Risk Management Policy

6. SUSTAINABILITY

A detailed account of our approach to business sustainability, covering people and safety, ethical sourcing, community and the environment is contained in the Sustainability section of this Annual Report.

7. INFORMATION ON DIRECTORS

Name	Particulars
David Gordon Non-Executive Chairman	David has over 20 years' experience as a director of both public and private companies and has spent more than 30 years working in corporate advisory roles to Australian and international organisations. He brings extensive knowledge of mergers and acquisitions, as well as capital raisings, IPOs and joint ventures. David also has a proven track record in guiding businesses to harness their digital asset capability to successfully explore and grow new markets. David is the Chairman of the Board of nib Holdings Limited (ASX:NHF) and its health fund subsidiary, nib Health Funds Limited He is also the Chairman of Ordermentum Pty Ltd, Shippit Pty Limited and General Homecare Holdings Pty Ltd and a Non-Executive Director of Genesis Capital Manager 1 Pty Ltd, Stilmark Holdings Pty Ltd and international not-for-profit organisation, High Resolves Pty Ltd. David has been a Non-Executive Director of Accent Group since October 2006 and was appointed Non-Executive Chairman in November 2017. David is also the Chairman of the People and Remuneration Committee and a member of the Audit and Risk Committee and Digital Strategy Group.
Daniel Agostinelli Chief Executive Officer	Daniel oversees the day-to-day operations of Accent Group. He has over 30 years of retail experience and was formerly the CEO of Sanity Music and part owner of the Ghetto Shoes sneaker business. Daniel has been with Accent Group since 2006 and CEO of Accent Group since March 2015.
Stephen Goddard Non-Executive Director	Stephen is currently the Chairman of the Board and the Remuneration and Nomination Committee of JB Hi-Fi Limited and a Non-Executive Director and Chairman of the Audit and Risk Committee of both GWA Group Limited and Nick Scali Limited. Stephen was formerly the Finance Director and Operations Director for David Jones Limited and the founding Managing Director of Officeworks. Stephen was appointed a Non-Executive Director of Accent Group in November 2017. Stephen is the Chairman of the Audit and Risk Committee and a member of the People and Remuneration Committee with extensive retail, finance, and board experience.
Michael Hapgood Co-Founder and Non-Executive Director	A founding Director and shareholder of Accent Group, Michael has extensive knowledge of the processes required to effectively launch, source and manage global brands within the Australasian market. From Accent Group's inception, Michael has been intimately involved in the development of all major strategic initiatives for the business initially from 1988 as marketing director before becoming CEO in 1998 until the sale to RCG Group in May 2015. Michael then became Accent Group's Chairman until August 2016 when all ongoing executive roles were relinquished. He continues as a Non-Executive Director and shareholder of Accent Group, and is a member of the Digital Strategy Group.
Donna Player Non-Executive Director	Donna has over 35 years' experience in retail including senior executive positions in merchandising, planning and marketing with Big W and David Jones. Donna is currently a Non-Executive Director of Baby Bunting Group Limited and the Merchandise Director of Camilla Australia. Donna has a proven track record in developing and delivering retail strategy and business transformation. Donna was appointed as a Non-Executive Director in November 2017 and is a member of the People and Remuneration Committee.

Name	Particulars
Joshua Lowcock Non-Executive Director	Joshua is a Non-Executive Director and Chair of the Audit and Risk Committee of Cashrewards Limited, and is a Non-Executive Director of Prime Media Group Limited. He is also the New York based Chief Digital Officer for Universal McCann, a global media and advertising agency. Joshua brings Accent Group proven retail expertise in the intersection of digital, data and privacy. His retail experience includes Woolworths (Australia), Walmart and CVS Health as well as companies such as P&G, Sony and Coca Cola. In his career, Joshua has lived and worked in Australia, China and the USA in senior roles and was named as one of the 50 most indispensable people in media in the US by AdWeek (2018). Joshua was appointed as a Non-Executive Director of Accent Group in November 2019 and is the Chair of the Digital Strategy Group and a member of the Audit and Risk Committee.
Brett Blundy Non-Executive Director	Brett is one of Australia's best known and most successful retailers and entrepreneurs. He is the Chairman and Founder of BBRC, a private investment group with diverse global interests across retail, capital management, retail property, beef, and other innovative ventures. BBRC's Retail presence extends to over 800 stores across more than 15 countries, and its Capital Management business has offices in Sydney & New York. Brett was re-appointed as a Non-Executive Director of Accent Group in April 2021.
Timothy Dodd Alternate Director for Brett Blundy	Tim joined BBRC in September 2020 and serves as the Global CFO, covering all investments and operations worldwide. Tim has over 30 years' experience in financial and operational roles across the banking, funds management, real estate and investment sectors, and has worked in both publicly listed and private enterprises in Australia. Tim holds a Bachelor of Science (First Class Honours) from Manchester University and is a Fellow of the Institute of Chartered Accountants in England and Wales. Tim was appointed as alternate director for Brett Blundy on 2 June 2021.

8. COMPANY SECRETARIES

The following persons were Company Secretaries of Accent Group during the whole of the financial year and up to the date of this report:

Name	Particulars
Matthew Durbin	Matthew is Group Chief Financial and Operations Officer, having had his role expanded during 2021 to have oversight of and responsibility for shared services of the Group. He is also a joint Company Secretary. Matthew is a qualified accountant (FCPA) with 30 years' experience in retail. Prior to joining Accent Group, he was the CFO and COO of The PAS Group and has also held executive roles with David Jones in strategy, financial services and merchandise planning. Matthew joined Accent Group in November 2017 and was appointed as the joint Company Secretary in January 2018.
Alethea Lee	Alethea is Group General Counsel and joint Company Secretary with over 15 years' experience in corporate governance, strategic corporate transactions, corporate advisory, and commercial, consumer and competition law. Prior to joining Accent Group, Alethea held senior legal and governance positions with Fairfax Media Limited and David Jones Limited. Alethea joined Accent Group and was appointed as the joint Company Secretary in June 2021.

9. BOARD COMPOSITION AND INDEPENDENCE

The Board recognises the importance of having Directors who possess the combined skills, expertise and experience to facilitate constructive decision making and follow good governance processes and procedures.

The table below outlines the mix of skills and experience considered by the Board to be important for its Directors to collectively possess. The Board considers that collectively it has an effective blend of these skills to enable it to discharge its duties and effectively govern the business and add value in driving the Group's strategy.

Skill	Description
Strategy and planning	Ability to think strategically and identify and critically assess opportunities and threats and develop effective strategies in the context of changing market conditions.
Operations	A broad range of commercial and business experience in business systems, practices, improvements, risk and compliance, sales, technology and human resources.
Capital markets and M&A	Expertise in considering and implementing efficient capital management including alternative capital sources and distributions, yields and markets. Experience in all aspects of the negotiation, structuring, risk management and assessment of both acquisitions and divestments.
Finance	The ability to analyse financial statements and reporting, critically assess the financial performance of the group, contribute to budget planning and efficient use of capital and resources.
Sales and marketing	Clear understanding of retail selling and marketing, developing and implementing sales and marketing teams and strategies, recruiting, running and incentivising sales teams, and setting sales budgets and targets.
Retail experience (physical and digital)	Experience and broad understanding of the physical and online retail footwear and apparel industry, including market drivers, risks and trends including policies, competitors, end users, regulatory policy and framework.
People and performance	Appreciation for the best practices in HR planning and management with familiarity in employment legislation and labour relations, recruitment, compensation, performance reviews and conflict management.
Technology, data and privacy	Expertise in the area of technology that the group should be aware of and utilising, including keeping abreast of new and emerging technology.
Governance, compliance and risk management	Ability to identify key risks to the group in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems. Knowledge and experience in best practice ASX and Corporations Act, governance structures, policies and processes.

Director independence

Daniel Agostinelli is a full-time executive and therefore not considered independent.

Of the remaining five non-executive Directors, four are considered by the Board to be independent – David Gordon, Donna Player, Stephen Goddard and Joshua Lowcock.

Notwithstanding the tenure of Mr Gordon, the Board considers him to be independent and the Company is well served by Mr Gordon's deep understanding of Accent Group and its business as a result of his longer tenure. Given Mr Gordon's tenure of over 10 years, the Board regularly assesses whether he has become too close to management to be considered independent. The Board recently conducted such an assessment and reconfirmed Mr Gordon's independence, on the basis that he is non-executive, not a substantial shareholder, conducts himself at arm's length in his engagement with the Company and brings his considerable skills and knowledge to bear on matters before the Board. Mr Gordon's approach to matters of the Board is always independent in both appearance and in fact.

Mr Hapgood is a substantial shareholder in the Company and is therefore not considered to be independent. In addition, he is related to two of the senior executives of the Company. However, as a non-executive director, Mr Hapgood is completely independent from the day-to-day operations of the business and therefore able to bring clarity and independent thought to matters before the Board. Due to his familial links with two executives, Mr Hapgood does not participate in any Board matters relating to management remuneration other than the CEO.

Mr Blundy is a substantial shareholder and is therefore not considered to be independent. However, as a non-executive director, he is completely independent from day-to-day operations of the business and therefore able to bring clarity and independent thought to all matters before the Board. Mr Blundy draws on his considerable skillset to act in the best interests of the Company and its shareholders.

10. MEETINGS OF DIRECTORS

The following table sets out the number of Directors' meetings (committee meetings) held during the year ended 27 June 2021 and the number of meetings attended by the members of the Board or the relevant committee. During the financial year, 12 Board Meetings (with the June 2021 meeting spanning two whole days), four Audit and Risk Committee meetings, five Remuneration and Nomination Committee[1] meetings, and two Digital Strategy Group[2] meetings were held.

Directors have a standing invitation to attend meetings of Board committees of which they are not members. All Directors receive copies of the agendas, papers and minutes of each Board committee meeting.

	Full Board		Audit and Risk Committee		Remuneration and Nomination Committee		Digital Strategy Group	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
David Gordon	12	12	4	4	5	5	2	2
Daniel Agostinelli	12	12	–	–	–	–	–	–
Stephen Goddard	12	10	4	4	5	5	–	–
Michael Hapgood	12	10	–	–	–	–	2	2
Donna Player	12	12	–	–	5	5	–	–
Joshua Lowcock	12	12	4	4	–	–	2	2
Brett Blundy	1	1	–	–	–	–	–	–
Timothy Dodd	1	1	–	–	–	–	–	–

Held: represents the number of meetings held during the time the Director held office.

Given the continuing impact of the COVID-19 pandemic on the Company's operations, the Board continued its increased level of commitment from FY20 into FY21 with a number of additional Board meetings scheduled to enable the Board to guide the Company and management with decision-making during the uncertain period.

11. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the Directors' opinion, there have been no significant changes in the state of affairs of the Group during the year.

12. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The lockdowns and government mandated store closures experienced in Victoria, South Australia, New South Wales, Queensland and the Australian Capital Territory at various times across July and August have impacted sales in more than 350 stores, over 55% of our store portfolio. Inclusive of this impact, like for like retail sales for the first 7 weeks of FY22 (including digital) were down -16% to 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%.

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 -$15 million compared to management expectations prior to the lockdowns. This is the result of both lost sales and the impact to gross margin of driving sales and ensuring that inventory levels are appropriately managed. The Company has however implemented a range of inventory management and cost reduction initiatives.

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.

The health and wellbeing of our team and customers remains paramount, and the Company will continue to follow Government health guidelines over the coming weeks and months. This could involve further restrictions in Australia and New Zealand, impacting the Group's operations.

There remains significant ongoing environmental uncertainty due to COVID-19, increasing risk and volatility and making future outcomes hard to predict.

Additionally, on 28 June 2021, the Group increased its available debt facilities from $188.7 million to $218.7 million which is associated with the acquisition of the assets of Next Athleisure Pty Ltd.

Apart from the dividend declared as disclosed in Note 25 and the matters described above, no other matters or circumstance has arisen since 27 June 2021 that have significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

1. The Board resolved to rename the Committee to the People and Remuneration Committee on 23 February 2021 and established a separate Nomination Committee.
2. The Digital Strategy Group was established by the Board after the start of FY21, on 26 August 2020.
3. Like for like sales include TAF Franchises and exclude Glue store.

13. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

All relevant future developments are outlined in the Chairman and Chief Executive Officer's Report, *Section 5 - Material Business Risks of this report and Section 12 - Matters subsequent to the end of the financial year* of this report.

14. ENVIRONMENTAL REGULATION

The Group is not involved in any activities that have a significant influence on the environment within which it operates.
The Directors are not aware of any material breaches of any particular or significant environmental regulation affecting the Group's operations during the financial year.

15. INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

16. PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company with the leave of the court under section 237 of the *Corporations Act 2001*. No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party.

17. AUDITOR

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

18. INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

19. NON-AUDIT SERVICES

As set out in Note 29 to the financial statements, the auditor did not provide any non-audit services to the Company during the financial year.

20. OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF DELOITTE TOUCHE TOHMATSU

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

21. ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

22. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

Deloitte.

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The Board of Directors
Accent Group Limited
2/64 Balmain Street
Richmond, Victoria 3121

18 August 2021

Dear Board Members,

Auditor's Independence Declaration to Accent Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Accent Group Limited.

As lead audit partner for the audit of the financial report of Accent Group Limited for the year ended 27 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

D R White

David White
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

FY2021 REMUNERATION REPORT

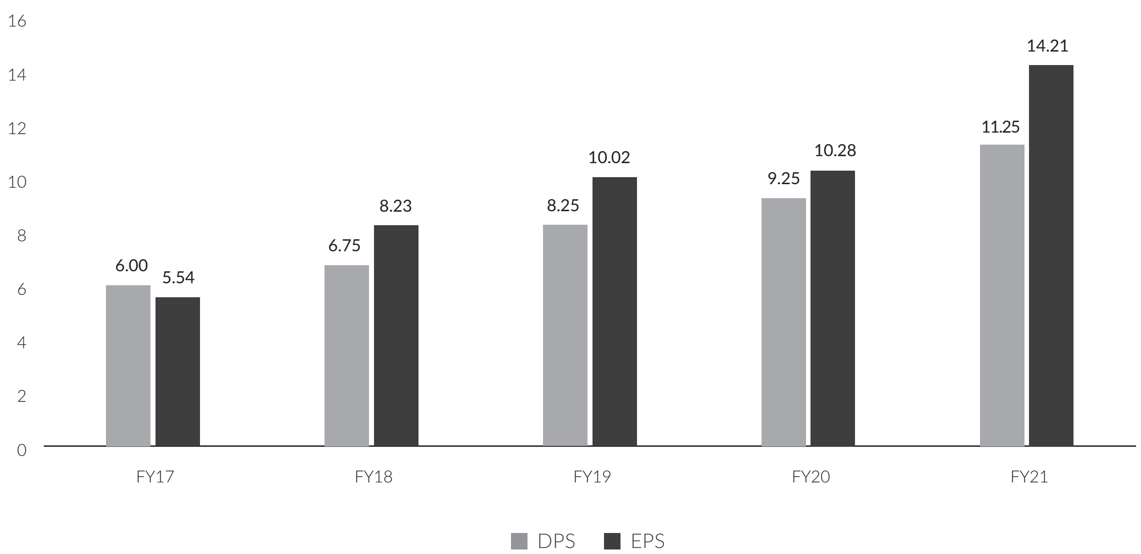
Letter from the Chair of the People and Remuneration Committee

Dear Shareholders,

On behalf of Accent Group, I am pleased to present the FY21 Remuneration Report outlining the Group's remuneration strategy and framework and decisions taken by the Board in relation to the remuneration of senior executives. This report sets out how the Board has approached remuneration in the context of the ongoing challenges of the COVID-19 pandemic in Australia, the strategies and initiatives taken by management to maintain profitability and growth in those circumstances, and the strong financial results achieved in the FY21 year.

Over the past five years, Accent Group has achieved significant growth and transformation to become a regional leader in the retailing and distribution of performance and lifestyle footwear. The Group operates over 600 stores across 26 different retail banners with exclusive distribution rights for 18 international brands throughout Australia and New Zealand. Over this five-year period, EPS has grown by 26.5% per annum compounding, and dividends have grown by 87.5% from 6.0 to 11.25 cents per share.

FY17 to FY21 DPS & EPS (Cents)



The results achieved in the FY21 year were delivered due to the continued focus and execution of the management team in challenging circumstances and consistent with the Company's long term growth strategy.

These efforts resulted in EBIT growing to $124.9 million, up 32.1% on the prior year, along with meaningful progress on our strategic objectives, including the acquisition of the Glue Store retail business and wholesale and distribution brands business from Next Athleisure Pty Ltd, opening 90 new stores, digital growth of 48.5% over the prior year, the launch of 4Workers and continued growth in Stylerunner, The Trybe and Pivot.

Accent Group has continued to drive a people first strategy, and I am proud to report that with the strong trading performance and the assistance of government wage subsidy funding, the Group continued to support all permanent employees at full employment and full pay through the 14 separate lockdown/restriction periods that occurred across Australia and New Zealand in FY21.

These results translated into superior shareholder returns, with total dividends for the year increasing by 21.6% to 11.25 cents per share.

The vesting of STI awards resulting from these results is discussed further in sections 2.4 and 2.5 of this Report.

Continuous improvement in remuneration practices

At the 2020 AGM, 44.93% of the votes received supported the adoption of the remuneration report for the year ended 28 June 2020. This excluded key management personnel, who represented 22.1% of the total issued capital.

The Company received feedback from shareholders and their advisors on a number of issues including the appropriateness of STI vesting outcomes given the wage subsidies received, disclosure regarding the use of subsidies in the calculation of STI outcomes, and the single metric approach (EPS only) in the LTI program.

The Board has considered the concerns raised and has taken action to increase the level of detail and transparency provided in the Remuneration Report for FY21 and going forward. Specifically:

- Excluding the net benefit of all government wage subsidies received in the calculation of vesting outcomes for STI
- Continued enhanced disclosure regarding remuneration, particularly around the STI KPIs and how these are measured
- The introduction of strategic non-financial KPIs (20% of STI award) for FY21

The Board has also taken into consideration the feedback received concerning the single metric approach in the LTI program. The Company has implemented a multi-metric approach in prior LTI schemes, but found that the complexity detracted from the effectiveness of the scheme. Participants were unable to determine for themselves how their performance measured up against the target until the calculation was done by experts after the end of the relevant period. Since implementing a single, EPS-only methodology, management are able to calculate for themselves and monitor their performance against target regularly during the period and the outcomes have been demonstrably better. Accordingly, the Board still considers a single metric program using EPS as the measure to be the best approach for aligning management performance with shareholder value creation.

FY22 Remuneration

In March 2021, the Company completed and implemented a structural review of the executive key management personnel (**KMP**) and senior executive team. This review resulted in the updated alignment of all the operating banners under a dedicated senior executive reporting structure through to the Group Chief Executive Officer (**CEO**). In addition, the Group Chief Financial Officer role was expanded to include both the role of Chief Financial and Operating Officer (**CFOO**), with accountability for all shared services functions.

To ensure appropriate and competitive remuneration for the FY22 year, the People and Remuneration Committee (**PARCO**) considered the remuneration levels and structures for the CEO and CFOO, with reference to:

- changes in role
- external listed comparable remuneration benchmarks
- the competency and skillsets of the individuals and their performance over the long-term
- the scarcity of talent and the importance and value of retaining key executives
- changes in the complexity and geographical spread of the Company.

Consideration was also given to the significant growth the Company has experienced over the last two years, the freeze on executive pay and directors' fee for the FY21 year, and the 38.6% increase in Group net profit after tax in the FY21 year.

As a result of the review, fixed remuneration in FY22 for the CEO has been increased by 17.2% and by 18.2% for the CFOO, effective from 1 July 2021. Fixed remuneration for the non-executive directors has been increased by 8%.

The structure of the FY21 STI incentive scheme was substantively modified to reflect feedback received from stakeholders, with 80% of the award linked to financial performance measures with a sliding scale of vesting and the inclusion of 20% of the award based on the achievement of strategic non-financial KPI's. The Board determined that given the strong results achieved in FY21 and improved feedback received from stakeholders, that the new STI structure was effective and would continue for FY22. In May 2021, the Company acquired Glue Store as a strategic acquisition to drive future growth. An additional incentive program relating to the acquisition, successful integration and execution of the first 13-month strategic plan has been put in place for the CEO and the CFOO. This was approved by the People and Remuneration Committee in August 2021. This program requires the successful achievement of both financial and non-financial performance measures. If performance measures are met, maximum incentive payments of $200,000 and $100,000 will be paid in cash to the CEO and CFOO post the release of the FY22 financial results.

In conclusion, I am pleased to present the Company's FY21 Remuneration Report which includes significant additional disclosure compared to prior years. The Company has achieved outstanding results in the last 12 months and the executive remuneration set out in this report is considered by the Board to be reflective of this performance.

Yours faithfully,

David Gordon
Chairman of the People and Remuneration Committee
18 August 2021

FY2021 REMUNERATION REPORT

1. REMUNERATION OVERVIEW

1.1. Details of Management personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entire entity, directly or indirectly, including all Directors.

Executive Director	
Daniel Agostinelli	Group Chief Executive Officer
Senior Executives	
Matthew Durbin	Group Chief Financial and Operating Officer
Non-Executive Directors	
David Gordon	Chairman
Michael Hapgood	Director
Stephen Goddard	Director
Donna Player	Director
Joshua Lowcock	Director
Brett Blundy (appointed 23 April 2021)	Director
Timothy Dodd – alternate Director for Brett Blundy (appointed 2 June 2021)	Alternate Director

1.2. People and Remuneration Committee (PARCO) and Nomination Committee

The Board has had an established a Remuneration and Nomination Committee (**RNC**) which operates under the delegated authority of the Board of Directors. In February 2021, this structure was updated to better reflect the roles of the Committee and changing needs of the business. This resulted in refocus and change of name of the RNC to the People and Remuneration Committee (**PARCO**), and the establishment of a separate Nomination Committee. No change to membership of the renamed Committee was made. The following Non-Executive Directors are members of PARCO:

Mr D Gordon	Independent Non-Executive Committee Chair
Mr S Goddard	Independent Non-Executive Director
Ms D Player	Independent Non-Executive Director

PARCO is authorised by the Board to obtain external professional advice, and to secure the attendance of advisers with relevant experience and expertise when it considers this necessary.

The Group's remuneration strategy is designed and implemented on behalf of the Board by PARCO. PARCO then makes recommendations to the Board on matters relating to remuneration for the entities within the Group. PARCO considers recruitment, retention and termination policies and procedures, non-executive Directors' remuneration, executive Directors and senior management remuneration and incentive policy and awards, and contractual arrangements with senior managers and executives.

More detail on the Company's remuneration policy is provided in the Corporate Governance Statement.

The Nomination Committee comprises all of the Non-Executive Directors of the Company.

The Nomination Committee is charged with overseeing, monitoring and evaluating Board performance, ensuring appropriate induction and professional development programs for directors, and succession planning. In addition to making recommendations to the Board on the above, it is also responsible for recommending to the Board (once identified) the best-qualified candidates for the Board of Directors.

1.3. Use of Remuneration Consultants

Where PARCO determines it may benefit from external advice, it may engage directly with a remuneration consultant, who reports directly to the Committee. In selecting a suitable consultant, the Committee considers potential conflicts of interest and requires independence from the Group's KMP as part of their terms of engagement.

In the FY21 year the Company engaged the services of Morrow Sodali to provide advice on remuneration matters, including the structure of and disclosures within the Remuneration Report, as well as providing benchmarking of key management personal remuneration to inform the outcomes on FY22 remuneration.

1.4. Board Policies for Determining Remuneration

The Board understands that the performance of the Group is driven through the quality and motivation of its people, including the CEO and executive team and the approximately 6,000 team members of the Group across Australia and New Zealand. The Group's remuneration strategy is designed to attract, motivate and retain high quality and high performing employees, while ensuring that the interests of employees are in line with the interests of shareholders. Our strategy is guided by our vision to be the leader in the performance and lifestyle footwear market across Australia and New Zealand, by delivering world-class customer experiences, harnessing the power of our people, brands and products. The Board aims to achieve this by setting market competitive remuneration packages that consist of a mix of fixed remuneration, short term incentives to reward annual performance and long-term incentives that align to long term financial performance and shareholder value creation.

Our remuneration framework is guided by the key principles of alignment with:

- Delivery of long-term returns to shareholders through the delivery of sustainable sales and profit growth across the business
- Delivery of sustainable growth in dividends flowing from the strong cash flows from its defensible and desirable business
- Maintaining a strong, conservatively geared balance sheet
- Adherence to the Group's Code of Conduct and Company values
- Encouraging a culture of equality and diversity

The Group's remuneration reviews take place within three months of the end of each financial year. Prior to these reviews, the CEO makes recommendations to PARCO regarding the remuneration of each of his direct reports and the overall remuneration framework for all employees. PARCO meets to consider those recommendations, and also discusses and determines the remuneration of the CEO.

2. REMUNERATION COMPONENTS

The key features of the Executive remuneration structure are outlined below:

	Total executive remuneration		
	Fixed	At risk	
Type of remuneration	**Fixed remuneration**	**Short term incentive**	**Long term incentive**
How is it set	Fixed remuneration is set with reference to market competitive rates in comparative ASX listed companies for similar positions, adjusted to account for the experience, ability and productivity of the individual employee	Senior executives participate in the Group's STI plan which is tied directly to the achievement of profit growth, either for the Group as a whole or a relevant business unit or both (as the case may be). Refer to section 2.4 for further details	The Company has established a Performance Rights Plan. There have been a number of tranches of performance rights issued under the plan, each requiring a target achievement of 10% (or greater) compounding earnings per share growth over the relevant performance period. Refer to section 2.5 for further details.
How is it delivered	– Base salary – Superannuation – Other benefits (e.g. motor vehicle)	– 100% cash	– Performance rights that vest at the end of the performance period if vesting conditions are met
What is the objective	– Attract and retain key talent – Be competitive – Support workplace equality	– Drive annual profit growth and shareholder returns – Reward value creation over a one-year period whilst supporting the long-term strategy – Incentivise desired behaviours in line with the Groups' risk appetite	– Support delivery of the business strategy and growth objectives – Incentivise long-term value creation – Drive alignment of employee and shareholder interests

2.1. Link between financial performance, shareholder wealth and remuneration

The Group's executive remuneration is directly related to the performance of the Group, through the linking of incentives to certain financial measures as detailed previously and shown below.

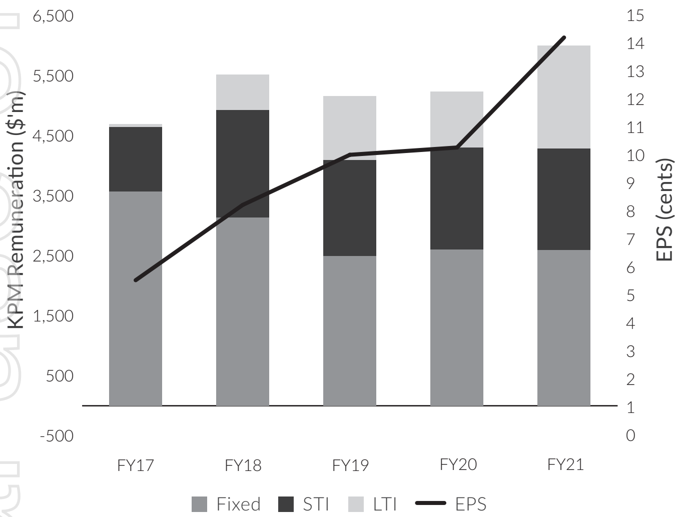
The financial performance of the Group and shareholder value creation over the last 5 years is also summarised in the table below.

	FY17	FY18	FY19	FY20 (pre AASB 16)	FY20 (post AASB 16) restated*	FY21 (post AASB16)	Growth YoY	CAGR Last 5 years
Revenues ($'m) (inc Franchisees and Other Income)	636.1	703.2	796.8	830.1	830.1	993.8	19.7%	11.8%
EBITDA ($'m)	75.9	88.8	108.9	121.7	202.9	242.0	19.3%	33.6%
EBIT ($'m)	**44.5**	**64.7**	**80.6**	**87.2**	**94.5**	**124.9**	**32.1%**	**29.4%**
Net profit attributable to the owners of the Company ($'m)	29.2	44.0	53.9	58.0	55.5	76.9	38.6%	27.4%
EPS (cents)	**5.54**	**8.23**	**10.02**	**10.73**	**10.28**	**14.21**	**38.2%**	**26.5%**
Shareholder value created:								
Market capitalisation ($'m)	466.4	894.8	749.6	797.0	797.0	1,496.0	87.7%	33.8%
Enterprise value ($'m)	524.0	929.7	799.1	828.2	828.2	1,563.0	88.7%	31.4%
Movement in enterprise value during the financial year ($'m)	(194.4)	405.7	(130.6)	29.1	–	734.8	–	–
Dividends paid during the financial year ($'m)	32.6	32.6	44.7	48.8	48.8	65.0	33.4%	18.9%
Closing Share Price ($)	0.86	1.65	1.39	1.47	1.47	2.76	87.8%	33.8%
DPS (cents)	**6.00**	**6.75**	**8.25**	**9.25**	**9.25**	**11.25**	**21.6%**	**17.0%**

* 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

KMP remuneration and EPS over the last 5 financial years

The graph below shows the relationship between total KMP remuneration and EPS over the past five years and the relationship between KMP remuneration and Company performance.



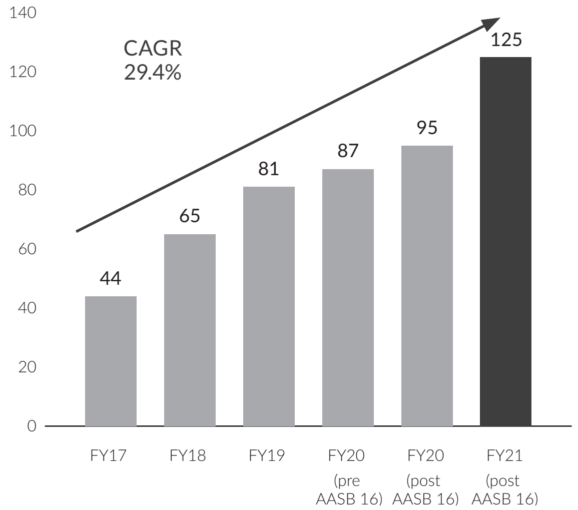
Notes:

- The graph shows the aggregate total remuneration of the KMP team for each year from FY17 to FY21, as set out in the Remuneration Report each year (excluding payments made in FY18 in relation to one-off retirement payments to a former CEO and CFO Group).

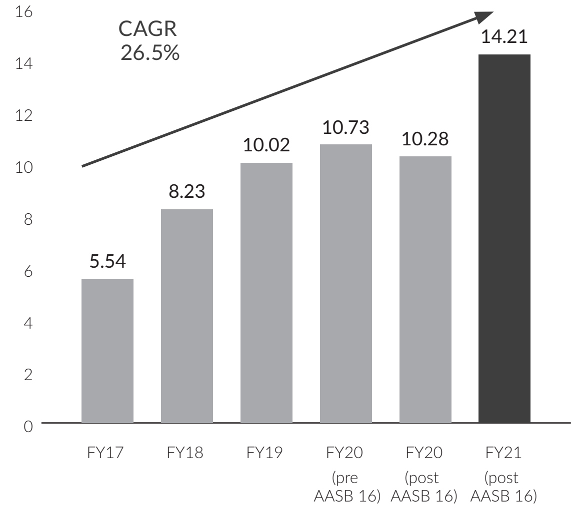
Company financial performance and share price

The effectiveness of the Company's performance related remuneration strategy is demonstrated by the strong compound annual growth delivered in revenue, profit, EPS and dividends over the last 5 years, and the relative outperformance of the Company's share price over the last 10 years, as shown below.

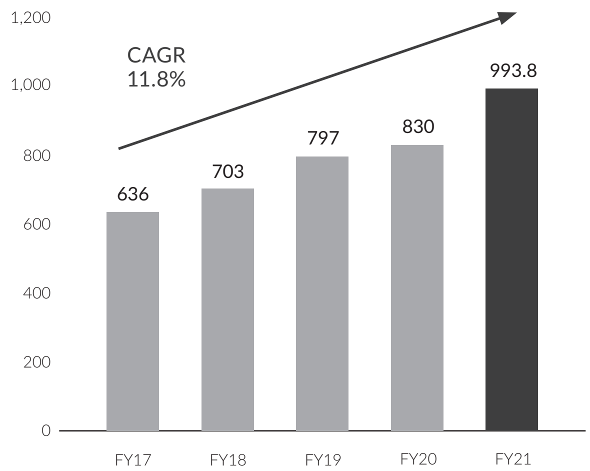
FY17 to FY21 EBIT ($m)



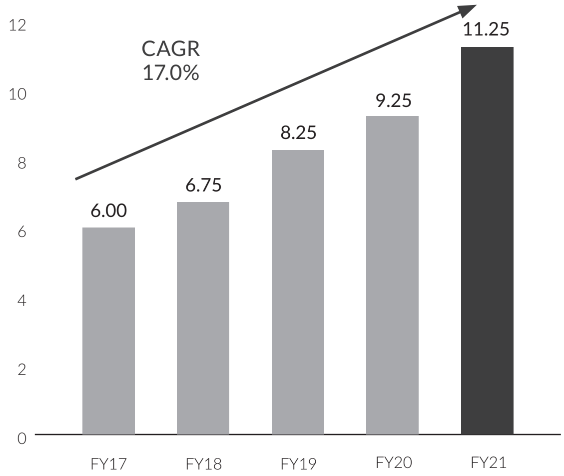
FY17 to FY21 EPS (Cents)



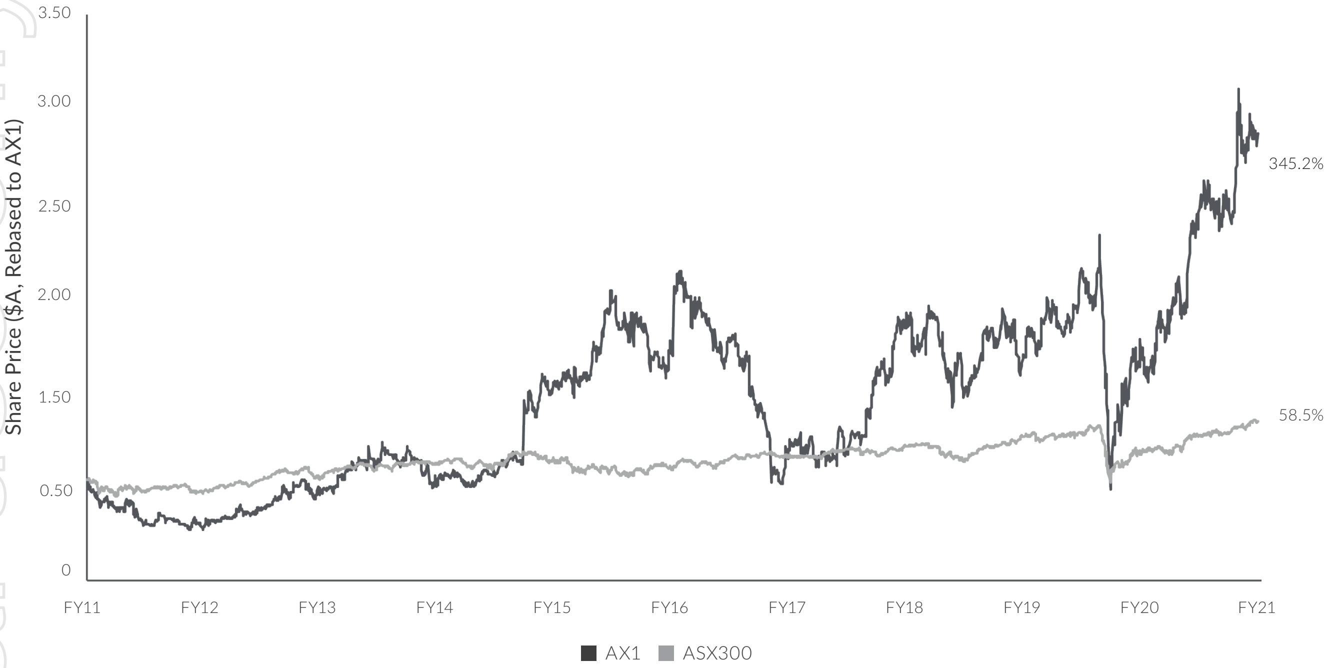
FY17 to FY21 Revenues ($m)



FY17 to FY21 DPS (Cents)



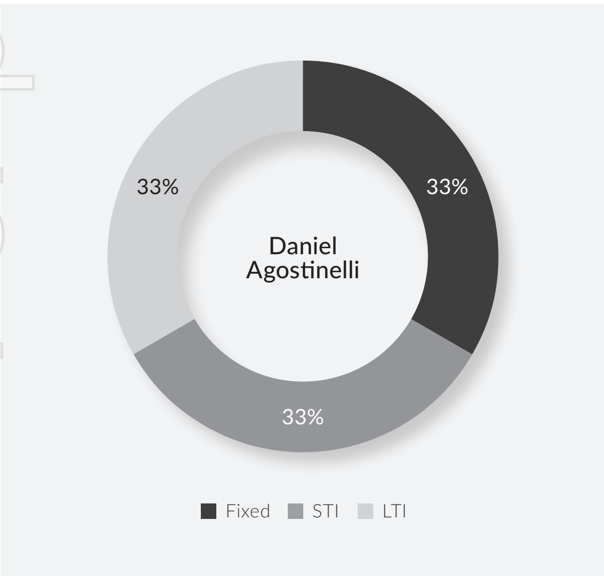
The following chart demonstrates the outperformance of the Company's share price relative to the ASX300.

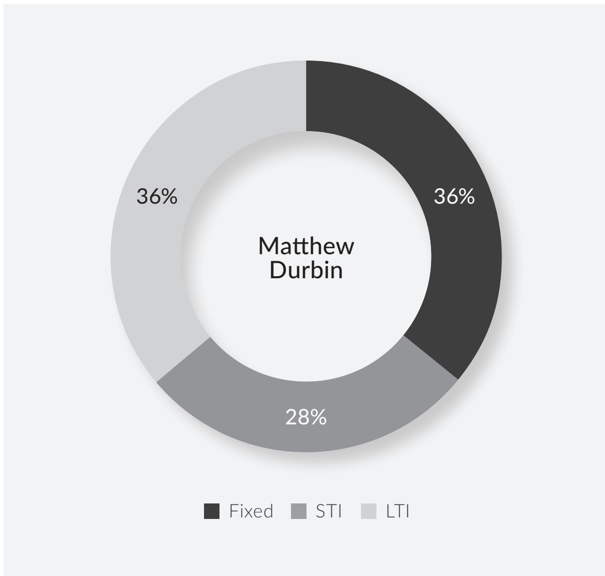


2.2. Remuneration Mix

The total remuneration for the executive KMPs comprises both fixed remuneration and at-risk components in STI and LTI. The mix shown below indicates the potential remuneration based on the current remuneration as at 27 June 2021 with STI and LTI presented at maximum or stretch opportunities.

Executive KMP	Fixed Remuneration	STI	LTI	Total
Daniel Agostinelli	33%	33%	33%	100%
Matthew Durbin	36%	28%	36%	100%





2.3. Fixed Remuneration

Fixed remuneration is set with reference to market competitive rates in comparative ASX listed companies for similar positions, adjusted to account for the experience, ability and productivity of the individual employee. Fixed remuneration includes base salary along with any fringe benefits to the employee and statutory superannuation contributions.

To ensure appropriate and competitive remuneration for the FY21 year, PARCO considered the remuneration levels and structures for the CEO and CFOO with reference to:

- changes in role
- external listed comparable remuneration benchmarks
- the competency and skillsets of the individuals and their performance over the long term
- the scarcity of talent and the importance and value of retaining key executives
- changes in the complexity and geographical spread of the Company.

In respect of the FY21 year and as advised in the FY20 Remuneration Report, no increases in fixed remuneration were awarded to the CEO or the CFOO. Irrespective of the strong performance of the Group in FY20, this was considered appropriate in the context of the uncertainty surrounding the economic outlook due to the ongoing COVID-19 pandemic.

For the FY22 year, and in addition to the factors outlined above, consideration was given to the significant growth the Company has experienced over the last two years, the freeze on executive pay and directors' fee for the FY21 year, and the 38.6% increase in the Group's net profit after tax in the FY21 year. As a result of the review, FY22 fixed remuneration for the CEO has been increased by 17.2% and by 18.2% for the CFOO effective from 1 July 2021. Fixed remuneration for the non-executive directors has been increased by 8%.

2.4. STI Plan

Purpose and Objectives

The Group's STI program is designed to drive the Company's objective of delivering profit growth and shareholder returns, whilst also ensuring the achievement of strategic objectives that are aligned with current and future profit growth. Senior executives have a significant proportion of their STI tied directly to the achievement of profit growth, either for the Group as a whole or a relevant business unit or both (as the case may be). All STI payments are also subject to an assessment by PARCO of individual non-financial performance measures related to strategy implementation, leadership and behaviours consistent with the Group's values and corporate philosophy.

The Group believes that by implementing the STI program, KMP are best positioned to effectively carry out their duties in achieving the strategic objectives of the company. The Group also expects KMP to continue to drive the values engrained within our culture and Code of Conduct, acting in the best interests of shareholders and in turn resulting in greater success for the Group and aligning Group and shareholder value creation moving forward.

Structure

The STI program in FY21 was structured as follows:

	FY21 STI Plan Structure
Performance period	12 months
Opportunity	CEO – 100% of fixed remuneration CFOO – 75% of fixed remuneration
How the STI is paid	Cash
Performance measures/KPIs	1. Underlying EBIT growth – 80% 2. Non-financial strategic objectives – 20%

Performance conditions	Financial Condition – 80% Weighting
	– The Group's underlying EBIT growth for the year (excluding any net benefit of wage subsidies) must be 10% or greater for the maximum STI award to vest
	– At 6% year on year EBIT growth, 50% of the maximum STI award vests with a linear sliding scale up to 10% EBIT growth at which the maximum award vests
	Strategic Objectives condition – 20% Weighting
	– The STI award is also subject to achieving the following quantitative non-financial strategic objectives.
	  – Continued digital and customer loyalty program growth
	  – Agreed milestones achieved for new businesses including Stylerunner, Pivot, Trybe, 4Workers
	  – Team engagement milestones achieved
	  – New store opening budget and sales performance achieved

How is STI assessed?	PARCO reviews the CEO's performance against the performance targets and objectives set for that year. The CEO assesses the performance of the senior executive team, with the CEO having oversight of his direct reports and the day-to-day functions of the Company. The performance assessment of the CEO and other senior executives are reviewed by PARCO and then recommended for Board approval.
What happens when a senior executive ceases employment?	If the senior executive's employment is terminated for cause, no STI will be paid. If the senior executive resigns or is considered a good leaver prior to the completion of the performance period, the STI may be granted on a pro rata basis in relation to the period of service completed, subject to the discretion of the Board and conditional upon the individual performance of the senior executive.
Malus and Clawback	In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board may cancel the STI payment and may also claw back STI payments paid in previous financial years, to the extent this can be done in accordance with the law.
Is there any STI deferral?	The STI awards are currently delivered fully in cash and vest at the end of the one-year period, subject to the achievement of the performance conditions. The Board reviewed the appropriateness of a deferral of a portion of the STI into equity during the year. The Board determined that a deferral is currently not appropriate for the Group in light of the size of the Group and the KMP team, as well as the CEO's current equity ownership in the Company consisting of 17,838,224 shares which represent 3.3% of issued capital and an interest in a further 7,517,961 performance rights through the Performance Rights Plan (**PRP**). The Board is of the view the that objectives of a deferral (i.e. retention and risk management) are currently satisfied through the KMPs' participation in the PRP which vests progressively between FY22-FY24 and existing share ownership.

STI outcomes FY21[1]

The FY21 year has been a successful year for the Group with management delivering another year of record results, including revenue[2] (up 19.9%), EBIT (up 32.1%) and EPS (up 38.2%).

Financial Condition
The net impact of all government wage subsidies has been excluded from the underlying EBIT used to measure the vesting of the STI financial condition.

EBIT growth	**32.1%**
FY21 EBIT	$124.9m
Less. Wage subsidy received	$24.5m[3]
Add. Subsidy paid directly to team members (Amounts paid directly to team members not working)	$9.1m
FY21 Underlying EBIT	$109.5m
FY20 Underlying EBIT	$90.0m[4]
Underlying EBIT Growth	**21.6%**

Underlying EBIT growth achieved of 21.6% was in excess of the 10% growth required for the payment of 80% of the STI award.

Strategic Objectives
Based on the performance of the Company against the strategic objectives outlined below, the Board has determined that these strategic objectives have been achieved, meeting the vesting condition for 20% of the FY21 STI award.

Objective	Outcomes	Achieved
Continued digital and customer loyalty program growth	– Digital sales growth of 48.5% – Growth in loyalty program members of 1.6m – Launch of the Skechers loyalty program	Y
Agreed milestones achieved for new business's including Stylerunner, Pivot, Trybe, 4Workers	– Stylerunner – 4 stores trading – 4Workers – launched on time – Trybe – 66.4% sales growth achieved	Y
Team engagement milestones achieved	– Team engagement survey implemented	Y
New store opening budget and sales performance achieved	– 90 new stores opened – New stores sales budget achieved	Y

The table below sets out the performance of the CEO and CFOO in relation to the STI program:

	Financial Performance target	Performance outcome	Strategic objectives outcome	Maximum STI available	Achievement*	
					FY20	FY21
CEO – Daniel Agostinelli	Target underlying Group EBIT Growth >10%	Underlying EBIT growth of 21.6%	Achieved	100% of fixed remuneration	100%	100%
CFOO – Matthew Durbin	Target underlying Group EBIT Growth >10%	Underlying EBIT growth of 21.6%	Achieved	75% of fixed remuneration	100%	100%

* Achievement represents the amount achieved as a percentage of the maximum available

In addition, the Group delivered shareholder value in the following areas:

- Growth on every key performance metric, including sales, NPAT and EPS as outlined above.
- Growth in dividends of 21.6% on the previous year for the financial year ended 27 June 2021 with total FY21 dividends of 11.25 cents per share fully franked.

1. Financial results are presented on a statutory basis and include the Next Athleisure (Glue store) acquisition for the period of ownership 30 May 2021-27 June 2021, unless otherwise noted.
2. Total revenues of $1.14b in FY21 (FY20: $948.9m) include the Athlete's Foot Franchise sales
3. Refer to Note 7 in the statutory financial statements
4. FY20 underlying EBIT of $90m excludes a $2.8 million one-off non-cash impairment relating to the revaluation of certain assets due to the future uncertainty arising from COVID-19

2.5. LTI Plan

Purpose and Objectives

The Company has implemented an LTI program through the Performance Rights Plan (**PRP**). The objectives of this plan are:

- to drive long term value creation for shareholders
- to attract, motivate and retain key employees, and for them to share in the value created for all shareholders of the Company.

The PRP operates under the rules most recently approved by shareholders at the Company's 2019 Annual General Meeting. As at 27 June 2021, 31,422,561 rights issued under the PRP were outstanding.

The current Tranches 2-4 of the PRP have a single performance measure and require the achievement of 10% compounding earnings per share growth over the relevant performance period. The Board periodically evaluates the impact and relevance of this performance measure and considers it to be effective in achieving the stated objectives since the plan has been successful in driving outstanding performance since its inception in FY17, with compounding EPS growth p.a. of 26.5% achieved over the last 5 years.

Structure

During FY21, a new issue of Performance Rights was made (Tranche 5) with the structure set out below:

	FY21 LTI Plan (Tranche 5) Structure
Performance/vesting period	4 years from FY21-FY24 plus a one-year escrow period to the end of FY25 following the completion of the performance period
Opportunity	– CEO – 100% of fixed remuneration – CFOO – 100% of fixed remuneration
Instrument	Performance Rights
Performance metric	Compound earnings per share (**EPS**) growth over 4 years
Vesting condition	50% of award opportunity vesting at Threshold – 8% EPS growth 100% of award opportunity vesting at Target – 10% EPS growth 150% of award opportunity vesting at Stretch – 15% EPS growth Straight line vesting occurs between 8% and 15% No portion of an award will vest if compound EPS growth is less than 8%. Awards are also subject to a service condition requiring the participant to remain employed by the Group until the end of the vesting period (four years in total)
Rationale for the performance metric and condition	In consultation with shareholders, advisors and other market participants, and based on a benchmark review of relevant ASX listed companies, the Board has determined that EPS growth is a widely used and well understood indicator of company performance and a long-term driver of shareholder value creation through the link to share price and dividend growth. Earnings per share growth represents a transparent and well understood metric for both shareholders and management that is not subject to market outcomes but rather is a direct outcome of the strategic and operational efforts of the management team over time. EPS also incorporates all the aspects of the Company's financial performance that are within management's control. The Board has further determined that long-term EPS growth above 10% is in the top quartile of historic performance for ASX200/300 companies over the last 10 years and is likely to be a strong proxy for top quartile company performance for comparable companies.
What happens when a KMP ceases employment?	If the KMP's employment is terminated for cause, or due to resignation, all unvested Performance Rights will lapse, unless the Board determines otherwise. In all other circumstances, unless the Board decides otherwise, a pro-rata portion of the KMP's, calculated in accordance with the proportion of the performance period that has elapsed, will remain on foot, subject to the performance condition as set by the Board. If and when the Performance Rights vest, shares will be allocated in accordance with the plan rules and any other condition of the grant.
Malus and clawback	In the event of fraud, dishonesty, gross misconduct, acts of harassment or discrimination or a material misstatement or omission in the Company's financial statements, the Board may deem any unvested Performance Rights and/or any vested and unexercised Performance Rights of the participant to have lapsed.
Dividends and voting rights	Performance rights do not confer on the holder any entitlement to any dividends or other distributions by the Group or any right to attend or vote at any general meeting of the Group.

	FY21 LTI Plan (Tranche 5) Structure
Re-testing	Awards are tested once, at the end of the performance period of four years. There is no further retesting of the performance conditions.
Change of Control provision	In the event of a Change of Control (including a takeover scheme or arrangement or winding up of the company), Performance Rights automatically and immediately vest from the date of the event in the proportion that the Group's share price has increased since the date of grant of the Performance Rights. The Board may determine that all or a specified amount of the participant's remaining unvested Performance Rights automatically and immediately vest.

LTI Outcomes FY21

CEO & CFOO FY21 Remuneration Packages
PARCO recommended the issuance of Performance Rights under the PRP to the CEO and CFOO with a performance date of September 2024 (Tranche 5 detailed above). This new issuance of Performance Rights to the CEO was approved by Shareholders at the Company's Annual General Meeting on 20 November 2020.

No performance rights vested in the FY21 year. In calculating the share-based payment expense for the year ended 27 June 2021 in respect of the LTI plans, it has been assumed that the stretch KPI targets will be met based on the Group's performance to date and its business plan. In calculating the LTI outcomes, the JobKeeper amounts received are not included in the calculations of EPS growth. In respect of tranche 5 of the LTI plan, which is due to vest in FY24, no Jobkeeper funds are required to achieve the stretch target of 15% (please refer to page 30 of the Remuneration Report for an underlying EBIT growth calculation in FY21).

CEO and CFOO Long Term Incentive

Employee Share Scheme (ESS)
The PRP replaced the Employee Share Scheme (**ESS**), which was implemented during the 2013 financial year. As at 27 June 2021, 200,000 shares issued under the ESS were outstanding.

2.6. Other Information

Key terms of executive employment contracts
The remuneration and other terms of employment of the CEO and CFOO are set out in individual employment contracts that are not fixed term contracts.

Name	Notice period/termination payment
Daniel Agostinelli	12 months' notice by either party (or payment in lieu)
Matthew Durbin	6 months' notice by either party (or payment in lieu)

2.7. Non-Executive Directors Remuneration
On an annual basis, PARCO considers the fees payable to Non-Executive Directors. When considering the level of fees, the Committee undertakes a review of benchmark fees paid by similar organisations and may access independent advice as well as drawing on the knowledge and experience of its members. PARCO makes recommendations on Non-Executive Director fees to the Board. Non-Executive Directors can choose, subject to certain restrictions, the amount of their fees allotted to superannuation.

The aggregate fee limit of $1,200,000 was approved by shareholders at the 2019 AGM. There was no increase to Non-Executive Directors' remuneration in FY21 and the fees remained at the levels set from 1 December 2019.

Non-executive directors were awarded a 10% pay increase that came into effect on 1 December 2019 in FY20. In addition, for the period April and May 2020, the directors elected to reduce their fees by 25% for these months. The effect of this is that the directors did not receive the full benefit of the increase in the FY20 year. The year-on-year increase in FY21 compared to FY20 (refer to Table 3.1) is an outcome of the 10% increase granted from 1 December 2019, and no additional increases were granted up to and including FY21.

3. REMUNERATION OF KEY MANAGEMENT PERSONNEL

3.1. Table of remuneration to KMP

		Short-term benefits				Post employment benefits	Share-based payments	
	Year	Cash salary and fees $	Cash bonuses* $	Other monetary $	Leave benefits $	Super-annuation $	Equity-settled** $	Total $
Non-executive Directors								
D Gordon	2021	250,000	–	–	–	25,000	–	275,000
	2020	231,164	–	–	–	21,961	–	253,125
S Goddard	2021	107,991	–	–	–	10,259	–	118,250
	2020	99,401	–	–	–	9,443	–	108,844
M Hapgood	2021	110,399	–	–	–	–	–	110,399
	2020	99,382	–	–	–	–	–	99,382
D Player	2021	100,457	–	–	–	9,543	–	110,000
	2020	96,802	–	–	–	4,446	–	101,248
J Lowcock	2021	110,000	–	–	–	–	–	110,000
	2020	59,583	–	–	–	–	–	59,583
B Blundy (appointed 23 April 2021)[1]	2021	20,778	–	–	–	–	–	20,778
	2020	78,333	–	–	–	–	–	78,333
T Dodd (appointed on 2 June 2021)[2]	2021	–	–	–	–	–	–	–
	2020	–	–	–	–	–	–	–
S Kulmar (resigned 28 November 2019)	2021	–	–	–	–	–	–	–
	2020	40,906	–	–	–	3,886	–	44,792
Executive Directors and other KMP								
D Agostinelli	2021	1,175,317	1,280,000[4]	21,297	79,683	25,000	1,242,359	3,823,656
	2020	1,063,322	1,280,000	31,946	191,678	25,000	629,237	3,221,183
M Durbin	2021	494,862	412,500[5]	–	30,138	25,000	474,240	1,436,740
	2020	475,221	412,500	–	49,779	25,000	310,666	1,273,166
TOTAL	2021	2,369,804	1,692,500	21,297	109,821	94,802	1,716,599	6,004,823
	2020	2,244,114	1,692,500	31,946	241,457	89,736	939,903	5,239,656

* Cash bonuses relate to STI bonuses issued on the basis of the achievement of relevant performance measures for the year ended 27 June 2021 and were approved by PARCO and the Board in August 2021.

** Share based payments represent performance rights. The fair value of performance rights is measured at grant date and progressively allocated to profit and loss over the vesting period. The amount included in remuneration above may not be indicative of the benefit (if any) that key management personnel may ultimately realise should the performance rights vest.

1. Mr Blundy resigned from the Board on 12 May 2020 and entered into an agreement to provide advisory services to the Group. He was re-appointed as a non-executive director to the Board on 23 April 2021.
2. Mr Dodd was appointed as alternate director for Brett Blundy.
3. Mr Kulmar resigned as alternate director for Brett Blundy.
4. Mr Agostinelli's cash bonus is equal to 100% of his fixed pay, comprising cash salary and fees, superannuation and leave benefits.
5. Mr Durbin's cash bonus is equal to 75% of his fixed pay, comprising cash salary and fees, superannuation and leave benefits.

3.2. Performance Rights Plan (PRP)

The table below sets out the details of all Performance Rights for unvested plans issued under the Company's PRP:

Issue	Number of Rights	Grant Date	Vesting Date	Vesting condition	% Achieved	Number of rights exercised	Number of rights cancelled	Current balance
Tranche 2	23,800,000	3 Oct 17 to 20 Jun 18	1 Sep 22	EPS hurdle[1]	To be determined	0	(3,900,000)[3]	19,900,000
Tranche 3	1,684,863	30 Nov 19	1 Sep 22	EPS hurdle[2]	To be determined	15,000	(102,484)[4]	1,597,379
Tranche 4	3,577,253	30 Nov 19	1 Jul 24	EPS hurdle[1]	To be determined	107,659	(322,981)[4]	3,361,931
Tranche 5	0	18 Nov 20	1 Sep 24	EPS hurdle – sliding scale	To be determined	6,645,416	(82,165)	6,563,251
Total	**29,062,116**					**6,768,075**	**(4,407,630)**	**31,422,561**

1 The EPS hurdle for Tranches 2 and 4 is an annual growth in adjusted diluted earnings per share of at least 10% p.a. over the relevant performance period
2 Tranche 3 was issued in FY20 and did not include any rights issued to KMPs. Tranche 3 participants were not included in Tranche 2, and the EPS hurdles and vesting of these two tranches are aligned.
3 Number of rights cancelled includes unvested portion and rights of departed employees
4 Number of rights cancelled represents rights of departed employees

Performance rights of the CEO and CFOO

The Performance Rights of the CEO and CFOO under the PRP are set below:

	Balance as at 28 June 2020	Granted during the year	Vested during the year	Forfeited during the year	Balance as at 27 June 2021	Value at grant date
CEO – Daniel Agostinelli						
Tranche 1	–	–	–	–	–	–
Tranche 2	5,500,000	–	–	–	5,500,000	$3,060,156
Tranche 3	–	–	–	–	–	–
Tranche 4	795,031		–	–	795,031	$1,056,119
Tranche 5	–	1,222,930	–	–	1,222,930	$1,638,692
TOTAL	6,295,031	1,222,930			7,517,961	$5,754,967
CFOO – Matthew Durbin						
Tranche 1	–	–	–	–	–	–
Tranche 2	3,000,000	–	–	–	3,000,000	$1,583,750
Tranche 3	–	–	–	–	–	–
Tranche 4	341,615	–	–	–	341,615	$453,801
Tranche 5	–	525,478	–	–	525,478	$704,126
TOTAL	3,341,615	525,478	–	–	3,867,093	$2,741,677

Refer to section 2.2 above for the proportion of the CEO and CFOO's remuneration that represents the PRP allocation for the year ended 27 June 2021.

3.3. Employee Share Scheme (ESS)

Unvested ordinary shares of Accent Group Limited under the ESS at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
02/03/2016	28/02/2022	$1.49	200,000
			200,000

4. SHAREHOLDINGS OF KMP

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their related parties, is set out below:

Name	Balance at start of year*	Additions	Disposals	Balance at end of year
Daniel Agostinelli	17,838,224	–	–	17,838,224
Matthew Durbin	90,000	–	–	90,000
David Gordon	2,599,034	–	–	2,599,034
Stephen Goddard	50,000	–	–	50,000
Donna Player	50,000	–	–	50,000
Michael Hapgood	10,000,000	–	(2,500,000)	7,500,000
Joshua Lowcock	3,105	15,000	–	18,105
Brett Blundy	98,542,751	–	–	98,542,751
Timothy Dodd	8,141	–	–	8,141
TOTAL	**129,181,255**	**15,000**	**(2,500,000)**	**126,696,255**

* Balance at the start of the year' is balance as at date of appointment for Directors appointed during the financial year and excludes the balance of Directors who resigned during the year (see below).

This Directors' Report and Remuneration Report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

David Gordon
Chairman
18 August 2021

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 27 June 2021

	Note	Consolidated 27 Jun 2021 $'000	Consolidated 28 Jun 2020 $'000 Restated
Revenue	6	992,754	829,805
Interest revenue		997	1,251
Expenses			
Cost of sales		(425,079)	(356,419)
Distribution		(37,959)	(31,085)
Marketing		(44,500)	(32,615)
Occupancy		(11,059)	(13,349)
Employee expenses	7	(186,002)	(153,103)
Other		(46,140)	(40,363)
Depreciation, amortisation and impairment	7	(117,110)	(108,334)
Finance costs	7	(14,903)	(15,696)
Profit before income tax expense		110,999	80,092
Income tax expense	8	(34,076)	(24,575)
Profit after income tax expense for the year		76,923	55,517
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		(6,480)	2,692
Foreign currency translation		6,725	628
Other comprehensive income for the year, net of tax		245	3,320
Total comprehensive income for the year		77,168	58,837
Profit for the year is attributable to:			
Owners of Accent Group Limited		76,923	55,517
		76,923	55,517
Total comprehensive income for the year is attributable to:			
Owners of Accent Group Limited		77,168	58,837
		77,168	58,837
		Cents	Cents
Basic earnings per share	38	14.21	10.28
Diluted earnings per share	38	13.66	9.90

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position

as at 27 June 2021

	Note	Consolidated 27 Jun 2021 $'000	28 Jun 2020 $'000 Restated
Assets			
Current assets			
Cash and cash equivalents		**34,084**	54,912
Trade and other receivables	9	**39,732**	33,264
Inventories	10	**216,881**	129,106
Lease receivable	11	**9,300**	8,811
Other current assets	13	**4,808**	4,507
Total current assets		**304,805**	230,600
Non-current assets			
Property, plant and equipment	14	**115,527**	90,282
Right-of-use assets	15	**271,348**	232,998
Lease receivable	11	**16,993**	17,074
Intangibles	16	**372,723**	365,038
Derivative financial instruments	12	**81**	-
Net deferred tax assets	17	**30,699**	19,546
Total non-current assets		**807,371**	724,938
Total assets		**1,112,176**	955,538
Liabilities			
Current liabilities			
Trade and other payables	18	**149,446**	93,735
Deferred revenue	19	**8,784**	4,228
Provisions	20	**19,218**	14,217
Borrowings	21	**40,000**	15,000
Lease liabilities	22	**106,811**	78,461
Derivative financial instruments	12	**2,622**	3,627
Provision for income tax		**13,282**	25,311
Total current liabilities		**340,163**	234,579
Non-current liabilities			
Provisions	20	**659**	1,575
Deferred revenue	19	**4,208**	2,864
Borrowings	21	**61,125**	71,125
Lease liabilities	22	**277,015**	236,882
Derivative financial instruments	12	**26**	–
Total non-current liabilities		**343,033**	312,446
Total liabilities		**683,196**	547,025
Net assets		**428,980**	408,513
Equity			
Issued capital	23	**390,616**	389,600
Reserves	24	**26,024**	18,472
Retained earnings		**12,340**	441
Total equity		**428,980**	408,513

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity

for the year ended 27 June 2021

Consolidated	Issued capital $'000	Foreign currency translation reserve $'000	Hedging reserve - cash flow hedges $'000	Share-based payments reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2019	388,756	2,159	1,991	8,997	1,434	403,337
Transition adjustment on adoption of AASB 16	–	–	–	–	(7,217)	(7,217)
Restatement due to change in Accounting Policy (Note 3)					(532)	(532)
Balance at 1 July 2019 – restated	388,756	2,159	1,991	8,997	(6,315)	395,588
Profit after income tax expense for the year	–	–	–	–	55,517	55,517
Other comprehensive income for the year, net of tax	–	628	2,692	–	–	3,320
Total comprehensive income for the year	–	628	2,692	–	55,517	58,837
Transactions with owners in their capacity as owners:						
Share-based payments	–	–	–	2,005	–	2,005
Treasury share payments	844	–	–	–	–	844
Dividends paid (Note 25)	–	–	–	–	(48,761)	(48,761)
Balance at 28 June 2020 - restated	389,600	2,787	4,683	11,002	441	408,513

Consolidated	Issued capital $'000	Foreign currency translation reserve $'000	Hedging reserve - cash flow hedges $'000	Share-based payments reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 29 June 2020 - restated	389,600	2,787	4,683	11,002	441	408,513
Profit after income tax expense for the year	–	–	–	–	76,923	76,923
Other comprehensive income for the year, net of tax	–	6,725	(6,480)	–	–	245
Total comprehensive income for the year	–	6,725	(6,480)	–	76,923	77,168
Transactions with owners in their capacity as owners:						
Share-based payments	–	–	–	7,307	–	7,307
Treasury share payments	1,016	–	–	–	–	1,016
Dividends paid (Note 25)	–	–	–	–	(65,024)	(65,024)
Balance at 27 June 2021	390,616	9,512	(1,797)	18,309	12,340	428,980

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

for the year ended 27 June 2021

	Note	Consolidated 27 Jun 2021 $'000	28 Jun 2020 $'000 Restated
Cash flows from operating activities			
Receipts from customers and franchisees (inclusive of GST)		1,102,053	899,704
Payments to suppliers and employees (inclusive of GST)		(876,050)	(711,611)
Interest received		61	258
Interest and other finance costs paid		(2,614)	(4,834)
Interest on lease liabilities		(10,814)	(9,564)
Cash received from settlement of derivative financial instruments		–	17,061
Income taxes paid		(53,227)	(12,323)
Net cash from operating activities	37	159,409	178,691
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired	34	(12,996)	(8,953)
Payments for property, plant and equipment		(26,241)	(19,233)
Payments for intangibles	16	(5,430)	(4,093)
Net cash used in investing activities		(44,667)	(32,279)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		1,016	844
Proceeds / (Repayments) from borrowings, net		15,000	–
Payment of lease liabilities		(86,806)	(79,836)
Dividends paid	25	(65,024)	(48,761)
Net cash used in financing activities		(135,814)	(127,753)
Net (decrease) / increase in cash and cash equivalents		(21,072)	18,659
Cash and cash equivalents at the beginning of the financial year		54,912	36,698
Effects of exchange rate changes on cash and cash equivalents		244	(445)
Cash and cash equivalents at the end of the financial year		34,084	54,912

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTE 1. GENERAL INFORMATION

The financial statements cover Accent Group Limited ('Company', 'parent entity' or 'Accent') as a Group consisting of Accent Group Limited and the entities it controlled at the end of, or during, the year ('Group'). The financial statements are presented in Australian dollars, which is Accent's functional and presentation currency.

Accent is a listed public company limited by shares, listed on the Australian Securities Exchange ('ASX'), incorporated and domiciled in Australia. Its registered office and principal place of business is:

2/64 Balmain Street
Richmond VIC 3121

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 August 2021. The directors have the power to amend and reissue the financial statements.

NOTE 2. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared under the historical cost convention, except for, where applicable, derivative financial instruments which have been fair valued at balance date and share-based payments which have been measured at fair value at grant date.

Net current liabilities

As at 27 June 2021, the Group has net current liabilities of $35,357,933 (28 June 2020: $3,978,457). This is primarily due to the adoption of AASB16 Leases from 1 July 2019 onwards which has resulted in the Group reporting $383,826,796 of lease liabilities, (28 June 2020: $315,343,566) of which $106,811,460 (28 June 2020: $78,461,275) has been classified within current liabilities based on the timing of future lease payments. Excluding the impact of AASB16, the Group would be in a net current asset position of $44,568,447 (28 June 2020: $55,439,400). The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group's cash position as at 27 June 2021 is $34,084,239 (28 June 2020: $54,911,914). In addition, the Group has undrawn finance facilities of $68,950,000 (28 June 2020: $95,700,000) as disclosed in Note 21. The Group generated net cash from operating activities of $159,409,000 (28 June 2020: $178,691,000) and net profit after taxation of $76,923,000 for the year ended 27 June 2021 (28 June 2020: $55,517,000). Taking into account all of the above factors, the directors are confident that the Group will be able meet its liabilities as they fall due.

Critical accounting estimates

The preparation of consolidated financial statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts. The estimates which could cause a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next 12 months are disclosed in the following notes:

- Note 10 Inventories
- Note 15 Right-of-use-assets
- Note 16 Intangibles
- Note 34 Business combinations

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Accent Group Limited as at 27 June 2021 and the results of all subsidiaries for the year then ended. A list of subsidiaries at year end is contained in Note 35. Supplementary information about the parent entity is disclosed in Note 33.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intragroup transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

If the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

NOTE 2. BASIS OF PREPARATION (CONTINUED)

Foreign operations

The functional currencies of overseas subsidiaries are listed in Note 35. The assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate as at reporting date and the income statements are translated at the average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives have been reclassified where appropriate to ensure consistency and comparability with the current period.

NOTE 3. RESTATEMENT OF COMPARATIVES

Reclassification of Intangible Assets

The Group has re-presented the balance sheet for the reclassification of software development costs previously disclosed as property, plant and equipment to intangible assets to provide more reliable and relevant information. Refer below for the restatement of historical financial information as a result of this reclassification. This has no net impact on the statement of financial position.

Change in accounting policy – Software as a Service arrangements

The IFRS Interpretations Committee (IFRIC) has issued two agenda decisions related to accounting for Software-as-a-Service (SaaS) arrangements:

- In March 2019, the IFRIC considered the accounting for SaaS arrangements (the first agenda decision) and concluded that for many such arrangements the substance is that the entity has contracted to receive services rather than the acquisition (or lease) of software assets. This is because, in a cloud-based environment, the SaaS contract generally only gives the customer the right to receive access to the cloud provider's application software, rather than a license over the IP i.e. control over the software code itself.
- In April 2021, the IFRIC specifically considered how an entity should account for configuration and customisation costs incurred in implementing these (SaaS) service arrangements. The IFRIC concluded (the second agenda decision) that these costs should be expensed, unless the criteria for recognising a separate asset are met.

As a result, the Group has revised its accounting policy to reflect the IFRIC agenda decision relating to SaaS. Previously, the Group capitalised certain upfront configuration and customisation costs incurred in implementing SaaS arrangements. The adoption of the above agenda decisions has resulted in a reclassification of these intangible assets to an expense in the Statement of Comprehensive Income, impacting both the current and prior periods presented.

Note 40 describes the Group's accounting policy in respect of customisation and configuration costs incurred in implementing SaaS arrangements. In applying the Group's accounting policy, the directors made the following key judgements that may have the most significant effect on the amounts recognised in financial statements.

Classification of configuration and customisation costs as SaaS or Platform as a Service (PaaS)

The IFRIC agenda decision above does not address the accounting for other components of cloud technology such as PaaS arrangements, however the Group applied the same principles in considering the nature of historical costs of implementing cloud-based technology and identified the costs related to a combination of SaaS and PaaS. The Group have appropriately applied the new guidance retrospectively where adjustments were required resulting from the change in the Group's accounting policy for costs incurred in implementing cloud-based arrangements.

Capitalisation of configuration and customisation costs in SaaS arrangements

Part of the customisation and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications (referred to as bridging modules or APIs). Judgement was applied in determining whether the additional code meets the definition of and recognition criteria for an intangible asset in AASB 138 Intangible Assets.

NOTE 3. RESTATEMENT OF COMPARATIVES (CONTINUED)

Historical financial information has been restated to account for the impact of the change in accounting policy and reclassification of software from property plant and equipment to intangible assets, as follows:

Statement of financial position at the beginning of the earliest comparative period

	Consolidated			
	1 July 2019 $'000 Previously Reported	$'000 Intangibles Reclass Adjustment	$'000 Accounting Policy Change Adjustment (SaaS)	1 July 2019 $'000 Restated
Assets				
Non-current Assets				
Property Plant and Equipment	86,167	(5,049)	–	81,118
Intangibles	352,893	5,049	(759)	357,183
Net deferred tax assets	13,236	–	227	13,463
Total non-current assets	452,296	–	(532)	451,764
Total assets	656,053	–	(532)	655,521
Net assets*	396,120	–	(532)	395,588
Retained Earnings*	(5,783)	–	(532)	(6,315)
Total Equity	396,120	–	(532)	395,588

* Reported balance includes the transition adjustment on adoption of AASB 16.

Statement of financial position at the end of the earliest comparative period

	Consolidated			
	28 June 2020 $'000 Previously Reported	$'000 Intangibles Reclass Adjustment	$'000 Accounting Policy Change Adjustment (SaaS)	28 June 2020 $'000 Restated
Assets				
Non-current Assets				
Property Plant and Equipment	97,732	(7,450)	–	90,282
Intangibles	358,583	7,450	(995)	365,038
Net deferred tax assets	19,248		298	19,546
Total non-current assets	725,635	–	(697)	724,938
Total assets	956,235	–	(697)	955,538
Net assets	409,210	–	(697)	408,513
Retained Earnings	1,138	–	(697)	441
Total Equity	409,210	–	(697)	408,513

NOTE 3. RESTATEMENT OF COMPARATIVES (CONTINUED)

Statement of profit or loss and other comprehensive income

	Consolidated		
	28 June 2020 $'000 Previously Reported	$'000 Accounting Policy Change Adjustment (SaaS)	28 June 2020 $'000 Restated
Expenses			
Depreciation amortisation and impairment	(108,608)	274	(108,334)
Other expenses*	(39,853)	(510)	(40,363)
Profit before tax	80,328	(236)	80,092
Income tax expense	(24,646)	71	(24,575)
Profit after income tax expense for the year	55,682	(165)	55,517

* Other expenses includes IT costs.

Statement of cash flows

	Consolidated				
	28 June 2020 $'000 Previously Reported	$'000 Intangibles Reclass Adjustment	$'000 Accounting Policy Change Adjustment (SaaS)	$'000 Lease Liability payments reclass*	28 June 2020 $'000 Restated
Payments to suppliers and employees	(733,194)	–	(510)	22,093	(711,611)
Interest on lease liabilities	–	–	–	(9,564)	(9,564)
Net cash generated by operating activities	166,672	–	(510)	12,529	178,691
Payments for property, plant and equipment	(23,836)	4,603	–	–	(19,233)
Payments to acquire intangible assets	–	(4,603)	510	–	(4,093)
Net cash used in investing activities	(32,789)	–	510	–	(32,279)
Payment of lease liabilities	(67,307)	–	–	(12,529)	(79,836)
Net cash used in financing activities	(115,224)	–	–	(12,529)	(127,753)

* Further to the above restatements, the Group also restated its prior year cashflow which resulted in a reclassification between operating activities and financing activities associated with the payment of lease liabilities.

NOTE 4. NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

In the current year, the Group has adopted all of the following new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to its operations and mandatory for the current annual reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 2018-6 Definition of a Business
- AASB 2018-7 Definition of Material
- AASB 2019-1 Conceptual Framework for Financial Reporting
- AASB 2019-3 Interest Rate Benchmark Reform
- AASB 2019-5 Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2020-4 Covid-19 Related Rent Concessions

Except for the adoption of AASB 2020-4, the above standards and interpretations have not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

NOTE 4. NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED (CONTINUED)

COVID-19 related rent concessions

In April 2021 the AASB issued AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021 which extends the practical expedient by one year to cover rent concessions that reduce only lease payments due on or before 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021 but earlier application is permitted, including in financial statements not authorised for issue at 31 March 2021.

During the year, the Group received COVID-19 related rental concessions. The Group has adopted the practical expedient for rental concessions allowing the Group to elect not to account for changes in leases payments as a lease modification where the following conditions were met:

- The change in lease payments were substantially the same or less than the payments prior to the rental concession;
- The reductions only affect payments which fall due before 30 June 2022; and
- There has been no substantive change in the terms and conditions of the lease.

The practical expedient has been applied to leases that have executed agreements in place as at 27 June 2021. For independent landlords, the Group has applied the practical expedient to written agreements in conjunction with the lessor's acceptance of a lower rent payment. The Group considers the amendment to the lease contract as enforceable as both parties were committed to performing their obligations as at 27 June 2021.

The treatment of the rental concessions was dependent on the events that trigger the concession. The Group had rent concessions which were entirely unconditional and rent concessions which remained conditional on other factors, predominantly future sales. For unconditional rent concessions, the Group recognised the present value of the rent concession in the profit and loss on the date the change in terms was agreed. For conditional rent concessions the Group recognised the benefit in the profit and loss and the corresponding reduction in the lease liability on the date the trigger for the conditional rent concession occurred.

The Group has negotiated $19,556,381 of COVID-19 rental concessions. Of the total, $7,630,788 met the conditions of the practical expedient in the year ended 28 June 2020, with an additional $8,689,657 being recognised in the year ended 27 June 2021, as a reduction in occupancy expense. The remaining $3,235,936 has been treated as a lease modification upon execution of new lease agreements resulting in a reduction in the lease liability and corresponding right of use asset.

These rental concessions recognised in the 2021 financial year partially offset the sales impact of mandated store closures in Melbourne, regional Victoria, Auckland, Adelaide, Brisbane and Perth.

NOTE 5. OPERATING SEGMENTS

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the chief operating decision-makers (CODM's). The CODM's have been identified as the Board of Directors on the basis they make the key operating decisions of the Group and are responsible for allocating resources and assessing performance.

Key internal reports received by the CODM's, primarily the management accounts, focus on the performance of the Group as a whole. The CODM's assess the performance of the Group based on a measure of EBIT (earnings before interest and tax) prior to the impact of AASB 16 Leases and non-operating intercompany charges.

The Group has considered its internal reporting framework, management and operating structure and the Directors' conclusion is that the Group has one operating segment.

The Group's New Zealand operations generated revenue in excess of 10% of the total Group's revenue. As a result, the Group recognises two geographical areas, Australia and New Zealand.

The following is an analysis of the Group's revenue and non-current assets. The geographical split for intangible assets is not available and has not been disclosed.

	27 June 2021			28 June 2020 (Restated)		
	Australia $'000	**New Zealand $'000**	**Group $'000**	**Australia $'000**	**New Zealand $'000**	**Group $'000**
Sales to customers	844,107	123,648	967,755	720,504	86,588	807,092
Other geographical information						
Additions to property, plant and equipment	49,464	7,077	56,541	28,480	8,016	36,496

NOTE 6. REVENUE

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Sales revenue		
Sales to customers	967,755	807,092
Royalties and other franchise related income	13,924	12,200
	981,679	819,292
Other revenue		
Marketing levies received from TAF stores	8,928	7,620
Other revenue	2,147	2,893
	11,075	10,513
Revenue	992,754	829,805

Recognition and measurement

The major sources of the Group's revenue are from sales to customers, royalties and other franchise related income received from TAF stores. The Group's revenue is principally generated on a 'point in time' basis.

Sales to customers

Sales to customers of goods comprise the sale of branded performance and lifestyle footwear to customers outside the Group less discounts, markdowns, loyalty scheme vouchers and an appropriate deduction for actual and expected returns. Sales to customers is stated net of tax. Revenue is recognised when performance obligations are satisfied, goods are delivered to the customer and the control of goods is transferred to the buyer.

Gift cards are considered a prepayment for goods to be delivered in the future. The Group has an obligation to transfer the goods in the future, creating a performance obligation. The Group recognises deferred revenue when the gift card is purchased and recognises revenue when the customer redeems the gift card and the Group fulfills the performance obligation.

Royalties and other franchise related income

Franchise royalty fee income is generally earned based upon a percentage of sales that has occurred and is recognised on an accrual basis.

Franchise establishment fees are recognised as income over the term of the Franchise Agreement. Franchise establishment fees are recognised on an 'over time' basis.

Marketing levies

Marketing levies are recognised in the period the sales are recorded by TAF stores. Marketing levies are collected by the Group for specific use within the TAF Marketing Fund, which is operated on behalf of the TAF network. Expenses in relation to the marketing of TAF stores are recorded within advertising and promotion expenses in profit or loss. In any given year, a deficit in the marketing fund will need to be recouped in the following year and any surplus in the marketing fund will need to be spent in the subsequent year.

NOTE 7. EXPENSES

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000 Restated**
Profit before income tax includes the following specific expenses:		
Depreciation		
Right of use assets	78,415	74,169
Plant and equipment	31,378	26,860
Total depreciation	109,793	101,029
Amortisation		
Licence fee	32	32
Distribution rights	2,323	2,323
Re-acquired rights	160	258
Software	2,723	1,928
Total amortisation	5,238	4,541
Impairment of assets		
Impairment charge – right of use assets	2,163	2,584
Impairment charge / (reversal) – property, plant and equipment	(84)	180
Total impairment	2,079	2,764
Total depreciation, amortisation and impairment	117,110	108,334
Finance costs		
Interest and finance charges paid/payable on borrowings	3,153	3,920
Interest and finance charges paid/payable on lease liabilities	11,750	11,776
Finance costs expensed	14,903	15,696
Leases		
Variable lease payments	24,739	23,833
During the year, the Group recognised $8,689,657 (2020: $7,630,788) of COVID-19 related rental concessions from landlords. These concessions are included as a reduction in occupancy expense in the statement of profit or loss.		
Share-based payments expense	7,307	2,005

Employee expenses

Government wage subsidies are recorded as a reduction in employee expenses on the statement of profit or loss.

During the year, the Group received government grants under the JobKeeper program of $24,513,000 for the period July 2020 to September 2020. The Group did not apply for, nor was it eligible to receive, the JobKeeper extension for the period beyond the end of September.

All of the JobKeeper funds of $24,513,000 received, were deployed throughout the financial year and had been fully utilised by July 2021 to keep team members employed during the various government mandated store closures due to COVID-19 related lockdowns.

NOTE 8. INCOME TAX EXPENSE

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000 Restated**
Income tax expense		
Current tax	42,087	29,752
Deferred tax	(7,098)	(4,594)
Adjustment recognised for prior periods	(913)	(583)
Aggregate income tax expense	34,076	24,575
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	110,999	80,092
Tax at the statutory tax rate of 30%	33,300	24,027
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	24	35
Share-based payments	2,192	601
Impairment	–	723
Sundry items	(120)	30
	35,396	25,416
Adjustment recognised for prior periods	(913)	(583)
Difference in overseas tax rates	(407)	(258)
Income tax expense	34,076	24,575
Amounts recognised directly to equity		
Adoption of AASB 16 Leases	–	3,145
Tax effect of hedges in reserves	(318)	1,941
Change in accounting policy (refer Note 3)	–	227
	(318)	5,313
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Capital losses	7,199	7,199
Total deferred tax assets not recognised	7,199	7,199

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Recognition and measurement

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities under financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

NOTE 8. INCOME TAX EXPENSE (CONTINUED)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation

Accent Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

NOTE 9. TRADE AND OTHER RECEIVABLES

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Trade receivables	38,282	23,828
Less: Allowance for expected credit losses	(1,291)	(1,101)
	36,991	22,727
Other receivables	2,741	10,537
	39,732	33,264

Movement in the allowance for credit losses were as follows:

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Carrying value at beginning of year	(1,101)	(584)
Allowance for credit losses recognised	(273)	(637)
Receivables written off during the year as uncollectable	83	120
Allowances for expected credit losses at year end	(1,291)	(1,101)

Set out below is the information about the credit risk exposure on the Group's trade receivables.

2021	**Carrying amount $'000**	**Expected credit loss rate %**	**Expected credit loss $'000**
Current	29,728	2.6%	773
Under one month	5,390	2.0%	108
One to two months	2,228	9.0%	201
Two to three months	473	17.8%	84
Over three months	463	27.1%	125
	38,282		1,291

NOTE 9. TRADE AND OTHER RECEIVABLES (CONTINUED)

2020	Carrying amount $'000	Expected credit loss rate %	Expected credit loss $'000
Current	20,002	2.0%	400
Under one month	1,380	4.0%	55
One to two months	791	11.0%	87
Two to three months	588	17.0%	100
Over three months	1,067	43.0%	459
	23,828		1,101

Recognition and measurement

Trade receivables

Trade receivables generally have terms of between 30 to 60 days. They are recognised at amortised cost less allowance for expected credit losses ('ECL'). Customers who wish to trade on credit terms are subject to extensive credit verification procedures. Receivable balances are monitored on an ongoing basis and the ECL recognised is based on management's expectation of losses without regard to whether an impairment event exists.

Other receivables

Other receivables include rebates receivable from suppliers, fit-out contributions from landlords and Government wage subsidy grants (prior year only) which are considered fully recoverable and therefore no allowance has been made.

Impairment of trade receivables

Collectability and impairment of trade receivables is assessed on an ongoing basis at an individual customer level by a centralised accounts receivable function. The Group has established a provision matrix that is based on average write-offs as a proportion of average debt over a period of 24 months. The historical loss rates are adjusted for current and forward-looking information where significant.

NOTE 10. INVENTORIES

	Consolidated	
	27 Jun 2021 $'000	28 Jun 2020 $'000
Finished goods (at lower of cost or net realisable value)	177,304	115,979
Goods in transit	39,577	13,127
	216,881	129,106

Recognition and measurement

Finished goods are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business. Cost comprises of the purchase price on a weighted average basis and logistic expenses incurred in bringing the inventories to their present location and condition.

Determining the net realisable value of inventories relies on key assumptions that require the use of management judgement. An inventory provision is booked for cases where the realisable value from the sale of inventory is estimated to be lower than the inventory carrying value. Management's estimate of the inventory provision is based on historical finished goods sold below cost over a 24 month period and inventory write-off transactional data over a 12 month period.

The provision for write-down of inventories to net realisable value amounted to $9,955,509 (2020: $5,963,211) at 27 June 2021.

NOTE 11. LEASE RECEIVABLE

	Consolidated	
	27 Jun 2021 $'000	28 Jun 2020 $'000
Current		
Lease receivable	9,300	8,811
Non-Current		
Lease receivable	16,993	17,074

The Group sub-leases property leases to TAF franchises. The Group has classified these sub-leases as a finance lease, because the sub-lease is substantially on the same terms as the head lease.

NOTE 11. LEASE RECEIVABLE (CONTINUED)

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Consolidated	$'000
Less than one year	10,026
One to five years	18,185
More than five years	9
Total undiscounted lease payments	**28,220**
Discounted using the Group's incremental borrowing rate	(1,927)
Total lease receivable	**26,293**
Of which are:	
Current lease receivables	9,300
Non-current lease receivables	16,993

NOTE 12. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Forward foreign exchange contracts - receivable	81	–
Total derivative financial instruments receivable - non-current	81	–
Forward foreign exchange contracts – payable	2,622	3,627
Total derivative financial instruments payable - current	2,622	3,627
Interest rate swap contracts – payable	26	–
Total derivative financial instruments payable - non-current	26	–

Foreign exchange forward contracts are held as hedging instruments against forecast purchases in USD. The notional amount for the contracts held at 27 June 2021 totalled $USD153,885,715 (28 June 2020: $USD63,500,000). The average rate of the forward contracts is 0.75 (2020: 0.66).

The net gain or loss recognised as other comprehensive income is equal to the change in fair value of the hedging instruments. There is no ineffectiveness recognised in profit or loss.

Recognition and measurement

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange risk, including foreign exchange forward contracts and interest rate swaps. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

When a cash flow hedge is discontinued, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is retained in equity until the forecast transaction occurs.

NOTE 13. OTHER CURRENT ASSETS

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Prepayments	4,180	4,304
Other current assets	628	203
	4,808	4,507

Prepayments represent general prepaid expenses, largely insurance premiums and license fees for the Group's eCommerce platforms.

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	27 Jun 2021 $'000	28 Jun 2020 $'000 Restated
Plant and equipment - at cost	257,589	210,488
Less: Accumulated depreciation	(151,782)	(122,439)
	105,807	88,049
Assets under construction - at cost	9,720	2,233
	115,527	90,282

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment $'000	Assets under construction $'000	Total[1] $'000
Balance at 1 July 2019	78,199	2,919	81,118
Additions	34,159	2,233	36,392
Transfer	2,919	(2,919)	–
Additions through business combinations (Note 34)	104	–	104
Disposals	(117)	–	(117)
Exchange differences	(175)	–	(175)
Impairment (charge) / reversal	(180)	–	(180)
Depreciation expense	(26,860)	–	(26,860)
Balance at 28 June 2020	88,049	2,233	90,282
Additions[2]	44,453	11,125	55,578
Transfer	3,638	(3,638)	–
Additions through business combinations (Note 34)	963	–	963
Disposals	(17)	–	(17)
Exchange differences	15	–	15
Impairment (charge) / reversal	84	–	84
Depreciation expense	(31,378)	–	(31,378)
Balance at 27 June 2021	**105,807**	**9,720**	**115,527**

1. Re-presented for the reclassification of software from property, plant and equipment to intangibles. Refer to Note 3.
2. Landlord contributions to store fit-out costs have been netted off against actual fit-out costs incurred for cash flow disclosure purposes.

Recognition and measurement
The carrying value of property, plant and equipment is measured as the cost of the asset, less accumulated depreciation, and impairment.

Depreciation and amortisation
Items of property, plant and equipment are depreciated on a straight-line basis over the expected useful lives. Most of the property, plant and equipment represents leasehold improvements which are amortised over the period of the lease. As at 27 June 2021, the average lease term is 5 years. Assets under construction are not depreciated.

Derecognition
An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss between the carrying amount and the disposal proceeds are included in the income statement in the period the item is derecognised.

Impairment
Refer to Note 15 for details on impairment testing.

NOTE 15. RIGHT-OF-USE ASSETS

	Consolidated	
	27 Jun 2021 $'000	28 Jun 2020 $'000
Buildings – right-of-use	428,577	307,045
Less: Accumulated depreciation	(157,229)	(74,047)
	271,348	232,998

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings $'000
Balance at 1 July 2019	–
Recognised as assets on first-time adoption of AASB 16	254,218
Additions	55,439
Additions through business combinations (Note 34)	7,222
Disposals	(6,563)
Exchange differences	(565)
Impairment of assets	(2,584)
Depreciation expense	(74,169)
Balance at 28 June 2020	**232,998**
Additions	108,940
Additions through business combinations (Note 34)	10,606
Disposals	(647)
Exchange differences	29
Impairment of assets	(2,163)
Depreciation expense	(78,415)
Balance at 27 June 2021	**271,348**

Recognition and measurement
A right-of-use asset is recognised at the commencement date of a lease. The Group leases land and buildings for its offices and retail stores under agreements with an average term of 5 years. The right-of-use asset is measured initially at cost based on the value of the associated lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received and any initial direct costs incurred.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred within occupancy expense.

Impairment of property, plant and equipment and right-of-use assets
For impairment testing purposes the Group has determined that each store is a separate Cash Generating Unit (CGU). Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified with the exception of Outlet stores which are used for the predominant purpose of clearing aged inventory. For this reason, management anticipate that Outlet stores may be loss making.

The value in use of each CGU is calculated based on the latest Board approved full year forecast for FY22. Cash flows beyond year one represent the Groups five-year strategy which was presented to the Board on 2 June 2021. Growth rates were applied to store generated sales and click and dispatch and click and collect sales. Gross profit margins were assumed to remain in line with the forecasted FY22 margins and all operating expenses of each CGU were considered variable to sales. The value in use calculations make no assumptions for government assistance and rental concessions. Cash flows were discounted to present value using a mid-point after-tax discount rate of 8.2%.

NOTE 15. RIGHT-OF-USE ASSETS (CONTINUED)

The COVID-19 pandemic has resulted in changes to customer shopping habits, patterns, and sources of finance. CBD locations are still heavily enduring the impacts of COVID-19, largely due to declining commuter foot traffic, an increase in people working from home and international border closures presenting challenges to the performance of the Group's CBD locations. For this reason, the Group has recognised a net impairment charge of $2,079,442 during the year ended 27 June 2021 as disclosed in Note 7. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions. These reasonable possible changes do not lead to a significant increase in the impairment charge.

NOTE 16. INTANGIBLES

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000 Restated**
Goodwill - at cost	319,022	311,529
Brands and trademarks - at cost	44,825	44,825
Less: Accumulated impairment	(9,714)	(9,714)
	35,111	35,111
Licence fees - The Athlete's Foot - at cost	7,832	7,832
Less: Accumulated amortisation	(360)	(328)
	7,472	7,504
Distribution rights - at cost	16,800	16,800
Less: Accumulated amortisation	(15,659)	(13,336)
	1,141	3,464
Re-acquired rights	1,308	1,308
Less: Accumulated amortisation	(493)	(333)
	815	975
Other intangible assets - The Athlete's Foot - at cost	720	720
Less: Accumulated amortisation	(720)	(720)
	–	–
Software	15,460	10,030
Less: Accumulated amortisation	(6,298)	(3,575)
	9,162	6,455
	372,723	365,038

NOTE 16. INTANGIBLES (CONTINUED)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Brands and trademarks $'000	Licence fees $'000	Distribution rights $'000	Re-acquired rights $'000	Software[3] $'000	Total $'000
Balance at 1 July 2019	304,456	35,111	7,536	5,787	3	4,290	357,183
Additions	–	–	–	–	–	4,093	4,093
Additions through business combinations (Note 34)	7,073	–	–	–	1,230	–	8,303
Disposals	–	–	–	–	–	–	–
Exchange differences	–	–	–	–	–	–	–
Impairment charge	–	–	–	–	–	–	–
Amortisation expense	–	–	(32)	(2,323)	(258)	(1,928)	(4,541)
Balance at 28 June 2020	311,529	35,111	7,504	3,464	975	6,455	365,038
Additions		–	–	–	–	5,430	5,430
Additions through business combinations (Note 34)	8,935	–	–	–	–	–	8,935
Other[4]	(1,444)	–	–	–	–	–	(1,444)
Disposals	–	–	–	–	–	–	–
Exchange differences	2	–	–	–	–	–	2
Impairment charge	–	–	–	–	–	–	–
Amortisation expense	–	–	(32)	(2,323)	(160)	(2,723)	(5,238)
Balance at 27 June 2021	**319,022**	**35,111**	**7,472**	**1,141**	**815**	**9,162**	**372,723**

3. Re-presented for the reclassification of software from property, plant and equipment to intangibles. Refer to Note 3.
4. During the year ended 27 June 2021, the Group retrospectively adjusted the provisional amounts recognised for a business combination to reflect new information obtained. The retrospective adjustment relates to recognising a deferred tax asset for the termination payments of TAF franchise agreements that were acquired in the last 12 months. The corresponding impact is a reduction to goodwill.

Recognition and measurement

Goodwill

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Brands and trademarks

Brands and trademarks are recognised at cost in a business combination. Brands and trademarks have indefinite useful lives. This assessment reflects management's intention to continue to utilise these intangible assets in the foreseeable future. Each period, the useful life of these assets is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets.

Other intangible assets

Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method is reviewed at each financial year-end.
A summary of the useful lives of other intangible assets is as follows:

Other intangible assets	Useful life
License fees	Finite (up to 249 years)
Distribution rights	Finite (up to 7 years)
Re-acquired rights	Finite (up to 8 years)
Software	Finite (up to 4 years)

NOTE 16. INTANGIBLES (CONTINUED)

Impairment testing of goodwill

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

The impairment test at 27 June 2021 was carried out based on value in use calculations for the Group's one operating segment. The recoverable amount was determined using estimated cash flows that were based on the Groups five-year strategic plan which was presented to the Board of Directors on 2 June 2021. The strategic plan included calculations and assumptions on sales growth, gross margin and cost of doing business ('CODB'). The assumptions were based on past experience and the Company's forecast operating and financial performance taking into account current market and economic conditions and placing caution on the recovery of the Australian economy given the global uncertainty resulting from COVID-19. The cash flows beyond the five-year period have been extrapolated using a steady state 1.0% long term growth rate (2020: 2.0%). Cash flows were discounted to present value using a mid-point after-tax discount rate of 9.8% (2020: 10.5%).

Management has performed sensitivity analysis on the key assumptions used in the impairment model. Management has considered possible changes in key assumptions that would cause the carrying amount of goodwill to exceed the value in use.

There is no indication of impairment at balance date.

Brand names and trademarks

The Group recognises the following brands and trademarks as indefinite life intangible assets:

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Carrying amount of brand names and trademarks:		
The Athlete's Foot	3,466	3,466
Platypus	11,100	11,100
Hype DC	20,545	20,545
Brands and trademarks	35,111	35,111

Impairment testing of brands and trademarks

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount was determined independently using the Relief from Royalty ('RFR') valuation method at acquisition date. The calculations reflect a five-year revenue forecast and requires the use of assumptions, including estimated royalty rates, tax rate, estimated discount rates and expected useful life.

The five-year revenue forecast was based on the Group's five-year strategic plan which was presented to the Board of Directors on 2 June 2021. The five-year strategic plan was based on past experience and the Company's forecast operating and financial performance, taking into account current market and economic conditions. As part of the impairment test, management has considered the shift in consumer behaviour to digital and online shopping as a consequence of COVID-19, anticipating that the current trend of greater online demand will continue to be embedded into consumer spending patterns going forward. Consequently, revenue beyond the five-year period applied a terminal growth rate to bricks and mortar and a terminal growth rate to digital revenue.

The royalty rates used in the valuation model were brand specific and based on rates observed in the market. The royalty rates across all brands ranged between 3.5% to 5.25%. The TAF brands royalty rate was in line with current franchise agreements.

The tax rate applied in the valuation model is based on the corporate tax rate in Australia of 30.0% and the after tax discount rate used is 11.7% (2020: 13.0%).

Management has performed sensitivity analysis on the key assumptions in the impairment model using possible changes in these key assumptions.

The Group has concluded that no impairment is required based on expected performance and current market and economic conditions.

NOTE 17. NET DEFERRED TAX

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000 Restated**
Net deferred tax comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	285	309
Provision for shrinkage and stock obsolescence	2,995	1,837
Provision for employee entitlements	5,996	4,144
Other provisions and accrued expenses	3,207	2,025
Difference in accounting and tax depreciation	5,400	5,641
Landlord and supplier contributions	15,525	11,632
Net lease liability / (right-of-use asset)	6,109	1,153
Trademarks, brand names and distribution rights	(10,949)	(11,784)
TAF franchisee surrender payments	968	–
Other	393	58
	29,929	15,015
Amounts recognised directly to equity		
Adoption of AASB 16 Leases	–	3,145
Tax effect of hedges in reserves	770	1,088
Change in accounting policy (refer Note 3)	–	298
	770	4,531
Net Deferred tax asset	30,699	19,546

NOTE 18. TRADE AND OTHER PAYABLES

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Trade payables	76,631	24,504
Goods and services tax payable	5,740	7,171
Accrued expenses	46,905	44,939
Other payables	20,170	17,121
	149,446	93,735

Trade payables and accruals represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Other payables represent goods receipted that have not been invoiced as at 27 June 2021. Trade and other payables are stated at amortised cost. The amounts are unsecured and are usually settled within 30 to 60 days of recognition.

NOTE 19. DEFERRED REVENUE

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Current		
Gift cards	4,354	3,121
Other deferred revenue	4,430	1,107
	8,784	4,228
Non-current		
Other deferred revenue	4,208	2,864
	12,992	7,092

Deferred revenue relates to unredeemed gift cards, loyalty program liabilities, and unused supplier contributions for fixtures, fittings and point of purchase. These contributions will be utilised for future store openings and refurbishments.

NOTE 20. PROVISIONS

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Current		
Employee benefits	17,215	12,027
Other provisions	2,003	2,190
	19,218	14,217
Non-Current		
Employee benefits	659	664
Other provisions	–	911
	659	1,575
	19,877	15,792

Recognition and measurement

Employee benefits

Liabilities for annual leave, bonuses and other employee benefits expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date.

NOTE 21. BORROWINGS

	Consolidated 27 Jun 2021 $'000	28 Jun 2020 $'000
Current		
Secured		
Bank loans	5,000	5,000
Working capital facility	35,000	10,000
	40,000	15,000
Non-Current		
Secured		
Bank loans	61,125	71,125
	101,125	86,125

Movements in borrowings

Movements in current borrowings during the current financial year is set out below:

	Borrowings $'000
Carrying amount at start of the year	86,125
Repayments	(70,000)
Additional loans	85,000
Carrying amount at end of the year	101,125

The majority of the Group's financing facilities with National Australia Bank ('NAB') and Hongkong and Shanghai Banking Corporation ('HSBC') are due to mature in August 2023. The weighted average interest rate on these financing facilities is 1.74%.

On the 18 August 2020, the Group entered into an interest rate swap contract to mitigate the risk of changing interest rates on the variable rate debt held. The interest rate swap contract matures in line with the Group's financing facilities.

NOTE 21. BORROWINGS (CONTINUED)

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date and intends to do so.

The Group monitors compliance with its financial covenants on a monthly basis and reports compliance on a monthly basis to the banks. The Group has complied with all such requirements.

Assets pledged as security

The senior bank debt made available by NAB and HSBC is secured by cross-guarantees and all assets of Accent Group Limited and each of its wholly-owned subsidiaries. Total secured assets amounted to $814,535,000 at 27 June 2021 (28 June 2020: $693,579,900).

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Total facilities		
Bank overdraft	5,700	5,700
Bank loans	66,125	76,125
Working capital facility	98,250	100,000
Bank guarantee and letters of credit	18,650	16,900
	188,725	198,725
Used at the reporting date		
Bank overdraft	–	–
Bank loans	66,125	76,125
Working capital facility	35,000	10,000
Bank guarantee and letters of credit	16,054	15,200
	117,179	101,325
Unused at the reporting date		
Bank overdraft	5,700	5,700
Bank loans	–	–
Working capital facility	63,250	90,000
Bank guarantee and letters of credit	2,596	1,700
	71,546	97,400

On 28 June 2021, subsequent to year-end, the Group increased its available debt facilities from $188,725,000 to $218,725,000 which is associated with the acquisition of the assets of Next Athleisure Pty Ltd.

NOTE 22. LEASE LIABILITIES

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Current		
Lease liability	106,811	78,461
Non-current		
Lease liability	277,015	236,882

Consolidated	**$'000**
Less than one year	121,471
One to five years	279,452
More than five years	16,724
Total undiscounted lease liabilities	**417,647**
Total Liabilities included in the statement of financial position	**383,826**
Current lease liabilities	106,811
Non-current lease liabilities	277,015

Recognition and measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the Group's incremental borrowing rate. Leases are entered into for varying terms and rent reviews are based on CPI increases or fixed increases. Variable lease payments are expensed in the period in which they are incurred.

The carrying amount of a lease liability is remeasured if there is a change in the lease payments arising from a change in an index or a rate used and a change in lease term. Most of the Group's leases do not contain renewal or extension options. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 23. EQUITY - ISSUED CAPITAL

	Consolidated			
	27 Jun 2021 Shares	**28 Jun 2020 Shares**	**27 Jun 2021 $'000**	**28 Jun 2020 $'000**
Ordinary shares - fully paid	541,866,715	541,866,715	390,926	390,926
Less: Treasury shares	(200,000)	(1,350,002)	(310)	(1,326)
	541,666,715	540,516,713	390,616	389,600

Ordinary shares

Ordinary shares are classified as equity and entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Treasury shares

No shares were issued to employees under the Employee Share Scheme (28 June 2020: nil). During the year, employee loan repayments reduced the number of treasury shares under the Employee Share Scheme. Details of the scheme are set out in Note 39.

Share buy-back

There is no current on-market share buy-back.

NOTE 23. EQUITY – ISSUED CAPITAL (CONTINUED)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	30 June 2019	538,484,554		388,756
Employee Share Scheme - loans repaid	27 August 2019	250,000	$0.730	183
Employee Share Scheme - loans repaid	29 August 2019	100,000	$1.010	101
Employee Share Scheme - loans repaid	05 September 2019	33,333	$1.140	38
Employee Share Scheme - loans repaid	10 September 2019	66,666	$1.140	76
Employee Share Scheme - loans repaid	2 October 2019	50,000	$0.590	30
Employee Share Scheme - loans repaid	3 October 2019	83,334	$0.590	49
Employee Share Scheme - loans repaid	3 October 2019	83,334	$0.590	49
Employee Share Scheme - loans repaid	8 October 2019	50,000	$0.590	30
Shares issued during the period[(i)]	9 October 2019	925,491	$0.000	–
Employee Share Scheme - loans repaid	15 October 2019	66,667	$1.010	67
Employee Share Scheme - loans repaid	24 December 2019	16,667	$0.730	12
Employee Share Scheme - loans repaid	24 December 2019	33,333	$1.140	38
Employee Share Scheme - loans repaid	20 February 2020	66,667	$0.590	39
Employee Share Scheme - loans repaid	20 February 2020	66,667	$0.590	39
Employee Share Scheme - loans repaid	20 February 2020	66,667	$0.590	39
Employee Share Scheme - loans repaid	15 May 2020	73,333	$0.730	54
Balance	28 June 2020	540,516,713		389,600
Employee Share Scheme - loans repaid	30 June 2020	250,000	$0.730	183
Employee Share Scheme - loans repaid	30 June 2020	250,000	$0.730	183
Employee Share Scheme - loans repaid	1 September 2020	100,000	$0.730	73
Employee Share Scheme - loans repaid	2 September 2020	100,000	$1.010	101
Employee Share Scheme - loans repaid	25 September 2020	33,333	$1.140	38
Employee Share Scheme - loans repaid	1 October 2020	33,334	$1.140	38
Employee Share Scheme - loans repaid	14 October 2020	66,666	$1.010	67
Employee Share Scheme - loans repaid	23 October 2020	33,333	$0.730	24
Employee Share Scheme - loans repaid	3 November 2020	33,333	$1.140	38
Employee Share Scheme - loans repaid	24 November 2020	33,334	$0.730	24
Employee Share Scheme - loans repaid	26 November 2020	33,334	$1.140	38
Employee Share Scheme - loans repaid	2 February 2021	66,668	$1.140	76
Employee Share Scheme - loans repaid	4 February 2021	66,667	$1.140	76
Employee Share Scheme - loans repaid	23 February 2021	50,000	$1.140	57
Balance	**27 June 2021**	**541,666,715**		**390,616**

(i) A total of 925,491 ordinary shares were issued in relation to the performance rights plan in FY20.

NOTE 24. EQUITY - RESERVES

	Consolidated 27 Jun 2021 $'000	Consolidated 28 Jun 2020 $'000
Foreign currency translation reserve	9,512	2,787
Hedging reserve - cash flow hedges	(1,797)	4,683
Share-based payments reserve	18,309	11,002
	26,024	18,472

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Hedging reserve - cash flow hedges
Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income with the remaining change in fair value recognised in the hedging reserve. Any ineffective portion is recognised immediately in the statement of profit and loss.

Share-based payments reserve
The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

NOTE 25. EQUITY - DIVIDENDS

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 27 Jun 2021 $'000	Consolidated 28 Jun 2020 $'000
Final dividend for the year ended 28 June 2020 of 4.00 cents (2019: 3.75 cents) per ordinary share	21,675	20,297
Interim dividend for the year ended 27 June 2021 of 8.00 cents (2020: 5.25 cents) per ordinary share	43,349	28,464
	65,024	48,761

In respect of the financial year ended 27 June 2021, the directors recommended the payment of a final fully franked dividend of 3.25 cents per share to be paid on 16 September 2021 to the registered holders of fully paid ordinary shares as at 9 September 2021.

Franking credits

	Consolidated 27 Jun 2021 $'000	Consolidated 28 Jun 2020 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	37,399	17,067

New Zealand imputation credits available to New Zealand residential shareholders amount to NZ$6,569,688 (28 June 2020: NZ$5,381,585).

NOTE 26. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge foreign currency exposures and interest rate swaps to hedge interest rate exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a periodic basis.

Market risk

Foreign currency risk

The Group has transactional foreign currency exposures arising from the purchase of inventory denominated in US dollars. To minimise the impact of changes in the Australian Dollar / US Dollar exchange rate on profit and loss, the Group enters into forward exchange contracts in accordance with its Board-approved foreign exchange hedging policy.

The Group's exposure to foreign currency risk as at the end of the reporting period, expressed in Australian dollars, is shown below:

	27 Jun 2021		28 Jun 2020	
Consolidated	**US dollar transactional exposure $'000**	**Australian dollar equivalent $'000**	**US dollar transactional exposure $'000**	**Australian dollar equivalent $'000**
Forward contracts	153,886	204,998	63,500	96,098
Foreign currency trade payables	27,689	36,461	8,896	12,554
Transactional foreign exchange risk	181,575	241,459	72,396	108,652

The sensitivity of the Group's transactional foreign currency risk exposure is estimated by assessing the impact that a 10% increase and 10% decrease in the Australian Dollar / US Dollar exchange rate would have on profit and equity of the Group at the reporting date.

	27 Jun 2021			28 Jun 2020		
	Movement in Australian dollar US dollar exchange rate %	**Increase/ (decrease) in profit or loss $'000**	**Increase/ (decrease) in other comprehensive income $'000**	**Movement in Australian dollar US dollar exchange rate %**	**Increase/ (decrease) in profit or loss $'000**	**Increase/ (decrease) in other comprehensive income $'000**
Forward Contracts	10%	–	(14,545)	10%	–	(9,066)
	(10%)	–	12,535	(10%)	–	3,867
Trade Payables	10%	455	2,860	10%	210	932
	(10%)	(556)	(3,495)	(10%)	(256)	(1,139)

In management's opinion, the above sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year end exposure does not necessarily reflect the exposure during the course of the year.

As noted above the Group manages its foreign currency risk through forward currency contracts.

NOTE 26. FINANCIAL INSTRUMENTS (CONTINUED)

The maturity, settlement amounts and the average contractual exchange rates of the Group's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Australian dollars		Average exchange rates	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**	**27 Jun 2021**	**28 Jun 2020**
Buy US dollars				
Maturity:				
0 - 3 months	94,957	37,338	0.7429	0.6562
3 - 6 months	54,013	17,601	0.7506	0.6534
6 - 12 months	50,853	41,159	0.7674	0.6681
> 12 months	5,175	–	0.7730	–

Translational Foreign Currency Risk

The Group includes certain subsidiaries whose functional currencies are different to the Group's presentation currency of Australian Dollars. As stated in Note 2, on consolidation the assets and liabilities of these entities are translated into Australian dollars at exchange rates prevailing on the balance date. The income and expenses of these entities are translated at the average exchange rates for the year. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve. The main operating entities outside of Australia are based in New Zealand. The Group's future reported profits could therefore be impacted by changes in rates of exchange between the Australian Dollar and the New Zealand Dollar.

	27 Jun 2021		28 Jun 2020	
	NZ dollar translational exposure $'000	**Australian dollar equivalent $'000**	**NZ dollar translational exposure $'000**	**Australian dollar equivalent $'000**
New Zealand dollar net assets	29,492	27,481	17,570	16,354

The sensitivity of the Group's translational foreign currency risk exposure is estimated by assessing the impact that a 10% increase and 10% decrease in the Australian Dollar / NZ Dollar exchange rate would have on profit and equity of the Group at the reporting date.

	27 Jun 2021		28 Jun 2020	
	Movement in Australian dollar NZ dollar exchange rate %	**Increase/ (decrease) in other comprehensive income $'000**	**Movement in Australian dollar NZ dollar exchange rate %**	**Increase/ (decrease) in other comprehensive income $'000**
New Zealand dollar net assets	10%	(2,498)	10%	(1,414)
	(10%)	3,053	(10%)	1,906

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

On the 18 August 2020, the Group entered into an interest rate swap contract to mitigate the risk of changing interest rates on the variable rate debt held. The interest rate swap contract matures in line with the Group's financing facilities.

NOTE 26. FINANCIAL INSTRUMENTS (CONTINUED)

As at the reporting date, the Group had the following cash and cash equivalents, variable rate borrowings and interest rate swap contracts outstanding:

	27 Jun 2021		28 Jun 2020	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank loans	1.61%	(101,125)	2.02%	(86,125)
Interest rate swap	1.93%	56,250	–	–
Net exposure to cash flow interest rate risk		(44,875)		(86,125)

Sensitivity impact of interest rate changes has not been shown as a 0.5% change in interest rates would have an immaterial profit or loss impact based on the net exposure to cash flow interest rate risk at balance date.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Bank overdraft	5,700	5,700
Working capital facility	63,250	90,000
Bank guarantee and letters of credit	2,596	1,700
	71,546	97,400

NOTE 26. FINANCIAL INSTRUMENTS (CONTINUED)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid, and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 27 Jun 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	76,631	–	–	–	76,631
Other payables	–	20,170	–	–	–	20,170
Lease liabilities	–	121,471	102,864	176,588	16,723	417,646
Interest-bearing - variable						
Term loans	1.68%	5,000	10,000	51,125	–	66,125
Working capital facility	1.47%	35,000	–	–	–	35,000
Total non-derivatives		258,272	112,864	227,713	16,723	615,572
Derivatives						
Interest rate swaps net settled	1.93%	–	–	(26)	–	(26)
Forward foreign exchange contracts net settled	–	(2,622)	81	–	–	(2,541)
Total derivatives		(2,622)	81	(26)	–	(2,567)

Consolidated - 28 Jun 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	24,504	–	–	–	24,504
Other payables	–	17,121	–	–	–	17,121
Lease liabilities	–	95,374	84,091	154,113	21,773	355,351
Interest-bearing - variable						
Term loans	2.02%	5,000	10,000	61,125	–	76,125
Working capital facility	1.96%	10,000	–	–	–	10,000
Total non-derivatives		151,999	94,091	215,238	21,773	483,101
Derivatives						
Interest rate swaps net settled	–	–	–	–	–	–
Forward foreign exchange contracts net settled	–	(3,627)	–	–	–	(3,627)
Total derivatives		(3,627)	–	–	–	(3,627)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

NOTE 26. FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management

The Group manages its capital to ensure that all the entities within the Group are able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, trade and other receivables, inventories, intangibles and net working capital. The equity attributable to equity holders of the parent entity comprises issued capital, reserves and accumulated losses.

Management effectively manage the Group's capital by assessing the Group's financial risks and adjusting the Group's capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

None of the Group entities are subject to externally-imposed capital requirements.

The capital risk management policy has not changed since the 28 June 2020 year.

NOTE 27. FAIR VALUE MEASUREMENT

The only financial assets or financial liabilities carried at fair value are interest rate swaps and foreign currency forward contracts. All these instruments are Level 2 financial instruments because, unlike Level 1 financial instruments, their measurement is derived from inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Valuation techniques for fair value measurements

The fair values are determined using the valuation techniques below. The fair value was obtained from third party valuations.

Forward foreign exchange contracts

The fair value was obtained from third party valuations derived from discounted cash flow forecasts of forward exchange rates at the end of the reporting period and contract exchange rates.

Interest rate swap contracts

Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between levels during the year.

The carrying amount of other financial assets and financial liabilities recorded in the financial statements approximate their fair values.

NOTE 28. KEY MANAGEMENT PERSONNEL DISCLOSURES

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Short-term employee benefits	4,193,422	4,210,017
Post-employment benefits	94,802	89,736
Share-based payments	1,716,599	939,903
	6,004,823	5,239,656

NOTE 29. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	560,680	540,010
Other services - Deloitte Touche Tohmatsu		
Other consulting services	–	–
	560,680	540,010

NOTE 30. CONTINGENT LIABILITIES

The Group has bank guarantees outstanding as at 27 June 2021 of $4,208,739 (28 June 2020: $2,757,387). The Group also has open letters of credit of $11,845,474 (28 June 2020: $12,501,817). These guarantees and letters of credit are in favour of international stock suppliers and landlords where parent guarantees cannot be negotiated.

NOTE 31. COMMITMENTS

	Consolidated	
	27 Jun 2021 $'000	**28 Jun 2020 $'000**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	29,645	10,295

The commitment amounts disclosed above represent the maximum amounts that the Group is obliged to pay and exclude Landlord contributions to store fit-out costs.

NOTE 32. RELATED PARTY TRANSACTIONS

Parent entity

Accent Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 35.

Key management personnel

Disclosures relating to key management personnel are set out in Note 28 and the remuneration report included in the directors' report.

Entities associated with key management personnel

Rivan Pty Limited, a shareholder, is a company associated with David Gordon.
2 Como Pty Ltd, a shareholder, is a company associated with Daniel Agostinelli.
BBRC International Pte Ltd, a shareholder, is a company associated with Brett Blundy.
Placed Pty Ltd, a company associated with Daniel Agostinelli and Brett Blundy.
Aventus Kotara South Pty Ltd, a company associated with Brett Blundy.
Musician Pty Ltd, a shareholder, is a company associated with Matthew Durbin.
Lyneliz Pty Ltd, a company associated with Daniel Agostinelli.

Transactions with related parties

The following transactions occurred with related parties:

Placed Pty Ltd, a company associated with Daniel Agostinelli and Brett Blundy, provided recruitment services to the Group amounting to $140,722 (28 June 2020: $241,684).

Aventus Kotara South Pty Ltd, a company associated with Brett Blundy, is the landlord of the Skechers Kotara outlet.

Retail Reality Pty Ltd, a company associated with Daniel Agostinelli, provided mystery shopping services to the Group amounting to $40,737 (28 June 2020: $196,369).

Lyneliz Pty Ltd, a company associated with Daniel Agostinelli, providing storage services to the Group amounting to $40,355 (28 June 2020: nil).

Retail Oasis Pty Limited, a company associated with Stephen Kulmar (resigned 28 November 2019), provided business strategy & planning services to the Group in the prior year only (28 June 2020: $117,416).

Loans to/from related parties

There were no loans to/from related parties outstanding at the reporting date.

NOTE 33. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	27 Jun 2021 $'000	28 Jun 2020 $'000
Profit after income tax	41,563	57,666
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income	41,563	57,666

Statement of financial position

	Parent	
	27 Jun 2021 $'000	28 Jun 2020 $'000
Total current assets	61,156	107,445
Total non-current assets	376,484	376,074
Total assets	437,640	483,519
Total current liabilities	23,487	35,413
Total non-current liabilities	64,333	82,817
Total liabilities	87,820	118,230
Net assets	349,820	365,289
Equity		
Issued capital	390,616	389,600
Share-based payments reserve	18,309	11,002
Accumulated losses	(59,105)	(35,313)
Total equity	349,820	365,289

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised in the parent entity's profit or loss.

NOTE 34. BUSINESS COMBINATIONS

27 June 2021

During the year to 27 June 2021, the Group completed the acquisition of Glue Store retail business and the wholesale and distribution brands business of Next Athleisure Pty Ltd (NAL), a leading Australian youth apparel, shoe and accessory retailer offering an aspirational range spanning global street, fashion and sport cultures. In addition to this, the Group acquired lifestyle womenswear brand, Exie and 1 TAF store. The total consideration transferred for these acquisitions was $14,065,544. Goodwill of $8,934,926 was recognised on acquisition.

Details of the provisional assets and liabilities acquired are as follows:

	Provisional fair value $'000
Cash and cash equivalents	–
Inventories	15,904
Other current assets	1
Trade and other receivables	6,688
Property, plant and equipment	963
Right-of-use assets	10,606
Net deferred tax	2,975
Trade and other payables	(16,679)
Provisions	(1,377)
Deferred revenue	(493)
Other current liabilities	–
Lease liability	(13,457)
Net assets acquired	5,131
Reacquired rights	–
Goodwill	8,935
Acquisition-date fair value of the total consideration transferred	14,066
Representing:	
Cash paid or payable to vendor	12,996
Outstanding debts	(30)
Payments to be made in future periods	1,100
	14,066

Details of the cash flow movement relating to the acquisition are as follows:

	Provisional fair value $'000
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	14,066
Add: outstanding debts	30
Less: payments to be made in future periods	(1,100)
Less: cash and cash equivalents	–
Net cash used	12,996

The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTE 34. BUSINESS COMBINATIONS (CONTINUED)

The Group engaged independent experts to identify and value intangible assets associated with the acquisition of Glue / Next Athleisure Pty Ltd. The report from the independent experts provided a lower and higher range of values for the Brand value of Glue and other vertical brands acquired as well as Glue's customer database. The Group elected to use the lower end of the range provided and notes that both the Brand and Customer database assets are immaterial and therefore not recognised.

28 June 2020

During the year to 28 June 2020, the Group completed the acquisition of 14 TAF stores. In addition to this, the Group acquired the assets of the Stylerunner business, a premium digital business in the fast-growing women's athleisure segment, out of administration. The total consideration transferred for these acquisitions was $8,887,201. Goodwill of $7,072,803 was recognised on acquisition.

Details of the business combination are as follows:

	Fair value $'000
Cash and cash equivalents	3
Inventories	2,197
Other current assets	9
Property, plant and equipment	104
Right-of-use assets	7,222
Net deferred tax	(264)
Provisions	(170)
Deferred revenue	(836)
Other current liabilities	(85)
Lease liability	(7,596)
Net assets acquired	584
Reacquired rights	1,230
Goodwill	7,073
Acquisition-date fair value of the total consideration transferred	8,887
Representing:	
Cash paid or payable to vendor	8,818
Outstanding debt	69
	8,887

Details of the cash flow movement relating to the acquisition are as follows:

	Fair value $'000
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	8,887
Less: outstanding debt/loans forgiven	69
Less: cash and cash equivalents	(3)
Net cash used	8,953

NOTE 35. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name	Principal place of business/Country of incorporation	Ownership interest 27 Jun 2021 %	Ownership interest 28 Jun 2020 %
The Athlete's Foot Australia Pty Ltd	Australia	100%	100%
TAF Constructions Pty Ltd[(a)]	Australia	100%	100%
RCG Brands Pty Ltd	Australia	100%	100%
RCG Retail Pty Ltd	Australia	100%	100%
TAF eStore Pty Ltd[(a)]	Australia	100%	100%
TAF Partnership Stores Pty Ltd[(a)]	Australia	100%	100%
TAF Rockhampton Pty Ltd[(b)]	Australia	100%	100%
TAF Eastland Pty Ltd[(b)]	Australia	100%	100%
TAF The Glen Pty Ltd[(b)]	Australia	100%	100%
TAF Hornsby Pty Ltd[(b)]	Australia	100%	100%
TAF Hobart Pty Ltd[(b)]	Australia	100%	100%
TAF Booragoon Pty Ltd[(b)]	Australia	100%	100%
Accent Group Ltd[(c)]	New Zealand	100%	100%
Platypus Shoes Ltd[(d)]	New Zealand	100%	100%
Accent Footwear Ltd[(d)]	New Zealand	100%	100%
Hype DC Ltd[(d)]	New Zealand	100%	100%
TAF New Zealand Ltd[(d)]	New Zealand	100%	100%
Accent Brands Pty Ltd[(c)]	Australia	100%	100%
Platypus Shoes (Australia) Pty Ltd[(c)]	Australia	100%	100%
42K Pty Ltd[(e)]	Australia	100%	100%
RCG Grounded Pty Ltd	Australia	100%	100%
RCG Accent Group Holdings Pty Ltd	Australia	100%	100%
Hype DC Pty Ltd	Australia	100%	100%
Subtype Pty Ltd	Australia	100%	100%
Pivot Store Pty Ltd	Australia	100%	100%
Accent Lifestyle Pty Ltd[(f)]	Australia	100%	100%
Accent Active Pty Ltd[(g)]	Australia	100%	100%
Subtype Limited[(d)]	New Zealand	100%	100%
Accent Active (NZ) Limited	New Zealand	100%	0%
Accent Lifestyle (NZ) Limited	New Zealand	100%	0%

(a) Indirectly held through The Athlete's Foot Australia Pty Ltd
(b) Indirectly held through TAF Partnership Stores Pty Ltd
(c) Indirectly held through RCG Accent Group Holdings Pty Ltd
(d) Indirectly held through Accent Group Ltd (New Zealand)
(e) Indirectly held through Accent Brands Pty Ltd
(f) This company was renamed during the year ended 27 June 2021 (previously Cremm Pty Ltd)
(g) This company was renamed during the year ended 27 June 2021 (previously Accent Stylerunner Pty Ltd)

NOTE 36. DEED OF CROSS GUARANTEE

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Accent Group Ltd	(ACN 108 096 251)
RCG Brands Pty Ltd	(ACN 125 433 972)
The Athlete's Foot Australia Pty Ltd	(ACN 001 777 582)
RCG Retail Pty Ltd	(ACN 144 955 117)
RCG Accent Group Holdings Pty Ltd	(ACN 613 017 422)
Hype DC Pty Limited	(ACN 081 432 313)
TAF Partnership Stores Pty Ltd	(ACN 164 791 048)
TAF eStore Pty Ltd	(ACN 158 031 040)
T.A.F Constructions Pty Ltd	(ACN 097 684 430)
Accent Group Pty Ltd	(ACN 001 742 552)
Platypus Shoes (Australia) Pty Ltd	(ACN 122 726 907)
42K Pty Ltd	(ACN 169 043 145)
RCG Grounded Pty Ltd	(ACN 611 621 482)
Subtype Pty Ltd	(ACN 628 866 419)
Pivot Store Pty Ltd	(ACN 634 893 691)
Accent Lifestyle Pty Ltd	(ACN 636 815 284)
Accent Active Pty Ltd	(ACN 637 053 028)

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above subsidiaries and Accent Group Limited together referred to as the 'Closed Group' either originally entered the Deed on 23 February 2017 or have subsequently joined the Deed.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	**27 Jun 2021 $'000**	**28 Jun 2020 $'000**
Revenue	859,796	742,458
Other income	5,146	9,902
Interest revenue	998	1,250
Cost of sales	(370,690)	(317,987)
Distribution	(33,017)	(27,564)
Marketing	(31,668)	(28,697)
Occupancy	(10,027)	(12,592)
Employee expenses	(171,465)	(144,150)
Other	(34,284)	(32,021)
Depreciation, amortisation and impairment	(105,945)	(99,103)
Finance costs	(13,421)	(14,311)
Profit before income tax expense	95,423	77,185
Income tax expense	(28,413)	(21,035)
Profit after income tax expense	67,010	56,150
Other comprehensive income		
Net change in the fair value of cash flow hedges taken to equity, net of tax	(6,480)	2,692
Foreign currency translation	6,725	484
Other comprehensive income/(loss) for the year, net of tax	245	3,176
Total comprehensive income for the year	67,255	59,326

NOTE 36. DEED OF CROSS GUARANTEE (CONTINUED)

Statement of financial position	27 Jun 2021 $'000	28 Jun 2020 $'000
Current assets		
Cash and cash equivalents	20,525	39,405
Trade and other receivables	38,357	50,516
Inventories	190,905	112,404
Lease receivable	9,300	8,811
Other current assets	4,059	4,204
	263,146	215,340
Non-current assets		
Property, plant and equipment	98,881	83,695
Right-of-use assets	236,309	201,351
Lease receivable	16,993	17,074
Intangibles	371,644	358,779
Derivative financial instruments	81	–
Net deferred tax	30,038	17,096
	753,946	677,995
Total assets	1,017,092	893,335
Current liabilities		
Trade and other payables	130,459	89,348
Deferred revenue	7,948	3,295
Provisions	18,497	13,439
Borrowings	40,000	15,000
Lease liabilities	98,104	70,560
Derivative financial instruments	2,622	3,627
Provision for income tax	12,023	23,390
	309,653	218,659
Non-current liabilities		
Provisions	659	1,451
Deferred revenue	3,385	2,864
Borrowings	61,125	71,125
Lease liabilities	239,947	203,959
Derivative financial instruments	26	–
	305,142	279,399
Total liabilities	614,795	498,058
Net assets	402,297	395,277
Equity		
Issued capital	390,616	389,600
Reserves	24,375	18,328
Accumulated losses	(12,694)	(12,651)
Total equity	402,297	395,277

NOTE 37. CASH FLOW INFORMATION

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	27 Jun 2021 $'000	28 Jun 2020 $'000 Restated
Profit after income tax expense for the year	76,923	55,517
Adjustments for:		
Depreciation and amortisation	115,031	105,570
Share-based payments	7,307	2,005
Provision for asset impairment	2,079	2,764
Foreign exchange differences	(15)	175
Other non-cash items	4,136	2,423
Change in assets and liabilities, net of the effect from acquisition of businesses		
Receivables	(80)	(5,943)
Inventories	(71,871)	4,562
Trade creditors and provisions	46,106	4,391
Tax assets and liabilities	(20,207)	7,227
Net cash from operating activities	159,409	178,691

NOTE 38. EARNINGS PER SHARE

	Consolidated	
	27 Jun 2021 $'000	28 Jun 2020 $'000
Profit after income tax	76,923	55,517
Profit after income tax attributable to the owners of Accent Group Limited	76,923	55,517

	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	541,430,396	539,880,461
Adjustments for calculation of diluted earnings per share:		
Options and loan funded shares	200,000	1,150,002
Performance rights	21,497,379	19,900,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	563,127,775	560,930,463

	Cents	Cents
Basic earnings per share	14.21	10.28
Diluted earnings per share	13.66	9.90

Recognition and measurement

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Accent Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 39. SHARE-BASED PAYMENTS

Option Plans

Employee Share Scheme

Shares under the Accent Group Employee Share Scheme ('ESS') are held in escrow until certain vesting conditions are met. The shares were issued at market value at the date of the offer and the Company has provided employees with a limited recourse loan to acquire the shares. Interest on the loan is equivalent to the value of franked dividends paid in respect of the shares. The shares are treated as in substance options and accounted for as share-based payments.

Set out below are the outstanding options granted under each plan.

27 Jun 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
27/05/2015	30/09/2020	$0.730	666,667	–	(666,667)	–	–
27/05/2015	30/09/2020	$1.010	166,666	–	(166,666)	–	–
28/08/2015	30/08/2020	$1.140	316,669	–	(316,669)	–	–
13/05/2016	28/02/2022	$1.490	200,000	–	–	–	200,000
			1,350,002	–	(1,150,002)	–	200,000

28 Jun 2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
02/10/2014	30/03/2020	$0.590	466,668	–	(466,668)	–	–
30/03/2015	30/09/2020	$0.730	73,334	–	(73,334)	–	–
27/05/2015	30/09/2020	$0.730	933,334	–	(266,667)	–	666,667
27/05/2015	30/09/2020	$1.010	333,333	–	(166,667)	–	166,666
28/08/2015	30/08/2020	$1.140	550,001	–	(133,332)	(100,000)	316,669
13/05/2016	28/02/2022	$1.490	400,000	–	–	(200,000)	200,000
			2,756,670	–	(1,106,668)	(300,000)	1,350,002

The weighted average share price during the financial year was $1.490 (28 June 2020: $0.973).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.2 years (2020: 0.3 years).

Performance rights

On 14 October 2016, the Board approved a performance rights plan called the RCG Performance Rights Plan ('PRP'). The PRP was introduced following a review by the Board of the existing remuneration arrangements of the Company. The PRP replaces the ESS.

The objective of the PRP is to align the interests of employees of the Group with those of the shareholders and provide employees of the Group who are considered to be key to the future success of the Company with an opportunity to receive shares in order to reward and retain the services of those persons and recognise the employees of the Group for their contribution to the future success of the Company.

Eligibility and grant of performance rights

The Board may, from time to time, grant performance rights to an employee of the Group who the Board determines to be eligible to participate in the PRP. This may include an executive director of the Company but may not include a non-executive director of the Company. The performance rights granted are under the terms and conditions of the PRP and may include additional terms and conditions, including any performance conditions, as the Board determine. The Board may only grant performance rights where an employee continues to satisfy any relevant conditions imposed by the Board.

Vesting of performance rights

Vesting of performance rights are subject to prescribed performance conditions. The number of equity instruments that are expected to vest is based on management's assessment of the likelihood of the vesting conditions attached to the equity instruments being satisfied. The key vesting conditions that are assessed are earnings per share targets and required service periods. If the performance condition is met, 100% of the performance rights vest. If the performance condition is not met, none of the performance rights vest unless the Board determines otherwise.

NOTE 39. SHARE-BASED PAYMENTS (CONTINUED)

Recognition and measurement

The Group recognises the fair value at the grant date of equity settled shares as an expense with a corresponding increase in equity over the vesting period. Fair value is independently determined using either a Monte Carlo simulation or the Black-Scholes option pricing model, as appropriate, that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Vesting is also subject to the recipients of the performance rights remaining in employment with the Company.

Lapsing of performance rights

An unvested performance right will lapse in various prescribed circumstances, unless the Board determines otherwise. Such circumstances include:

- the circumstances specified by the Board on or before the grant of the performance right;
- if a participant ceases to be an employee and/or director of a Group company for any reason or they cease to satisfy any other relevant conditions imposed by the Board at the time of the grant of the performance rights;
- failure to meet the performance conditions attaching to the performance right or any performance condition no longer, in the opinion of the Board, being capable of being satisfied in accordance with their terms; and
- if in the opinion of the Board a participant acts fraudulently or dishonestly, is in breach of their material duties or obligations to any Group company, has committed an act of harassment or discrimination or has done any act which has brought the Group or any Group company into disrepute.

Set out below are summaries of the performance rights granted:

27 Jun 2021

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
03/10/2017	30/10/2022	16,700,000	–	–	(3,900,000)	12,800,000
27/12/2017	30/10/2022	6,700,000	–	–	–	6,700,000
20/06/2018	30/10/2022	400,000	–	–	–	400,000
30/11/2019	30/11/2022	1,684,863	15,000	–	(102,484)	1,597,379
30/11/2019	30/11/2024	3,577,253	107,659	–	(322,981)	3,361,931
30/11/2020	31/08/2024	–	6,645,416	–	(82,165)	6,563,251
		29,062,116	6,768,075	–	(4,407,630)	31,422,561

28 Jun 2020

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year
11/01/2017	09/11/2019	1,076,154	–	(925,491)	(150,663)	-
03/10/2017	30/10/2022	16,700,000	–	–	–	16,700,000
27/12/2017	30/10/2022	6,700,000	–	–	–	6,700,000
20/06/2018	30/10/2022	400,000	–	–	–	400,000
30/11/2019	30/11/2022		1,684,863			1,684,863
30/11/2019	30/11/2024		3,577,253	–	–	3,577,253
		24,876,154	5,262,116	(925,491)	(150,663)	29,062,116

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.95 years (2020: 2.6 years).

NOTE 40. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES

Significant and other accounting policies adopted in the preparation of the financial statements are provided throughout the notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

If the initial accounting for a business contribution is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a reduction of the expense to which it relates.

Dividends

Dividends are recognised when declared during the financial year.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

NOTE 40. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software-as-a-Service (SaaS) arrangements

During the year, the Company revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below.

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

Historical financial information has been restated to account for the impact of the change – refer Note 3.

NOTE 41. EVENTS AFTER THE REPORTING PERIOD

The lockdowns and government mandated store closures experienced in Victoria, South Australia, New South Wales, Queensland and the Australian Capital Territory at various times across July and August have impacted sales in more than 350 stores, over 55% of our store portfolio. Inclusive of this impact, like for like retail sales for the first 7 weeks of FY22 (including digital) were down -16% to 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%.

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 -$15 million compared to management expectations prior to the lockdowns. This is the result of both lost sales and the impact to gross margin of driving sales and ensuring that inventory levels are appropriately managed. The Company has however implemented a range of inventory management and cost reduction initiatives.

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.

The health and wellbeing of our team and customers remains paramount, and the Company will continue to follow Government health guidelines over the coming weeks and months. This could involve further restrictions in Australia and New Zealand, impacting the Group's operations.

There remains significant ongoing environmental uncertainty due to COVID-19, increasing risk and volatility and making future outcomes hard to predict.

Additionally, on 28 June 2021, the Group increased its available debt facilities from $188.7 million to $218.7 million which is associated with the acquisition of the assets of Next Athleisure Pty Ltd.

Apart from the dividend declared as disclosed in Note 25 and the matters described above, no other matters or circumstances have arisen since 27 June 2021 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

for the year ended 27 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 2 of the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 27 June 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 36 to the financial statements.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

David Gordon
Chairman

18 August 2021
Melbourne

Deloitte.

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Independent Auditor's Report to the Members of Accent Group Limited

Report on the Audit of the Financial Reports

Opinion

We have audited the financial report of Accent Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 27 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 27 June 2021 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How the scope of our audit responded to the Key Audit Matter**
Carrying value of HYPE Brand Following the acquisition of the HYPE business on 4 August 2016, the Group recognised an indefinite life intangible asset relating to the HYPE Brand totalling $30.2m. This was subsequently impaired by $9.7m in the year ended 2 July 2017 based on the current and forecast trading performance of the HYPE business. As at 27 June 2021, the carrying value of the HYPE Brand in the consolidated statement of financial position is $20.5m and forms part of intangibles totalling $372.7m in the consolidated statement of financial position. Management conducts an impairment test annually (or more frequently if impairment indicators exist) to assess the recoverability of the carrying value of the HYPE Brand. This is performed through a Relief from Royalty discounted cash flow model. As disclosed in Note 16, there are a number of key estimates made which require significant judgement in determining the inputs into this discounted cash flow model, which include: • Revenue growth; • Royalty rates; and • Discount rates applied to the projected future cash flows. Management is also required to determine whether there should be any reversal of the historical impairment recognised of $9.7m as part of its impairment assessment.	Our audit procedures included, but were not limited to: • Understanding the Group's process and relevant controls related to its impairment assessment of the HYPE brand; • Evaluating the principles and integrity of the Relief from Royalty discounted cash flow model used by management to ensure it complies with the relevant accounting standards; • Challenging management with respect to the revenue growth rates underlying the cash flow forecast to determine whether they are reasonable and supportable based on historical performance, management's strategic growth plans for the brand, and other known industry factors; • Evaluating the impact of COVID-19 on the Group's future trading performance; and • Engaging our valuation specialists to assess the reasonableness of the basis adopted by management in determining the other key inputs and assumptions underlying the calculations in the models including: o Evaluating the royalty rate used by comparison to the market data on similar brand's royalty rates; and o Evaluating the discount rate used by assessing the cost of capital of the Group and comparison to market data. • Performing sensitivity analysis on the key model inputs and assumptions. We also assessed the appropriateness of the disclosures in Note 16 to the financial statements.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Provision for impairment of inventories As at 27 June 2021, the Group has recognised \$216.9m in inventories in the statement of financial position as disclosed in Note 10. Inventories are recognised net of a provision for impairment where the net realisable value of inventories is less than cost. The level of the provision is assessed by taking into account the anticipated level of sales and margins based on recent historical performance, the quality of inventory held at balance date and the broader market conditions. To the extent that these judgements and estimates prove incorrect, the Group may be exposed to potential additional inventory write-downs or reversals in future periods.	Our audit procedures included, but were not limited to: • Understanding the Group's processes and relevant controls related to the determination of the inventory provision; • Challenging management's estimate of the provision by considering, amongst others, the following sources of information to assess net realisable value: o Actual losses incurred in the previous 12 months due to inventory being sold below cost and inventory written off; o Inventory not sold during the period; and o The likelihood of current inventory becoming impaired in the future based on internal and external factors, including the impact of COVID-19. • Assessing the reasonableness of the basis adopted by management in determining the provision calculations; • Recalculating the inventory provision to test compliance with the Group's accounting policy. We also assessed the appropriateness of the disclosures in Note 10 to the financial statements.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
COVID-19 Rent concessions As disclosed in Note 4 to the financial statements, the Group has negotiated rent concessions with its landlords. Of these negotiated rent concessions, $8.7m has been recognised as a reduction of occupancy expenses in the statement of profit or loss and $3.2m has been recognised as a lease modification. The recognition of COVID-19 rent concessions is significant because: • The rent concessions have a significant impact on profit or loss and, in certain circumstances, lease liabilities; • The Group entered into a number of agreements, each with different terms and conditions; and • The timing of when the agreements were reached could have a significant impact on the profit or loss.	Our audit procedures included, but were not limited to: • Understanding the Group's process and relevant controls related to the identification and accounting for rent concessions; • Reviewing agreements and other relevant documentation between the Group and its landlords to identify the terms and conditions of the amended lease agreements and the date at which agreement was reached between the two parties; • Assessing whether any conditions contained within the agreements with the Group's landlords had been met as at 27 June 2021; • Testing on sample basis, the accounting treatment of rent concessions to the underlying agreements; and • Obtaining direct confirmation from a sample of landlords of the timing, nature and amount of rent concessions provided to the Group where agreements had been reached with landlords outside of formal concessions to lease agreements. We also assessed the appropriateness of the disclosures included in Note 4 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Shareholder Information, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman and Chief Executive Officer's Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman and Chief Executive Officer's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 35 of the Directors’ Report for the year ended 27 June 2021.

In our opinion, the Remuneration Report of the Group, for the year ended 27 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D R White

David White
Partner
Chartered Accountants

Melbourne, 18 August 2021

The shareholder information set out below was applicable as at 9 August 2021.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	4,065
1,001 to 5,000	5,679
5,001 to 10,000	2,272
10,001 to 100,000	3,075
100,001 and over	238
	15,329
Holding less than a marketable parcel	282

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	**% of total shares issued**
BBRC INTERNATIONAL	98,542,751	18.19
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	76,634,294	14.14
J P MORGAN NOMINEES AUSTRALIA LIMITED	45,890,517	8.47
CRAIG JOHN THOMPSON	32,518,614	6
CITICORP NOMINEES PTY LIMITED	32,153,409	5.93
BNP PARIBAS NOMS PTY LTD <DRP>	16,363,043	3.02
JAMES WILLIAM DUELL	12,500,000	2.31
MR DANIEL JOHN GILBERT	11,000,000	2.03
MRS CINDY GILBERT	11,000,000	2.03
NATIONAL NOMINEES LIMITED	9,050,241	1.67
HIT GROUP LIMITED	7,500,000	1.38
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,551,127	0.66
PITTMAN PTY LIMITED <THE PITT FAMILY A/C>	2,728,000	0.5
RIVAN PTY LTD <DAVID GORDON SUPER FUND A/C>	2,599,034	0.48
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	2,012,257	0.37
GRAHGER RETAIL SECURITIES PTY LTD	2,000,000	0.37
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	1,531,193	0.28
MR GEOFFREY WILLIAM WEBSTER	1,295,642	0.24
MR TERRY SPYRIDES	1,150,000	0.21
ROANNE PTY LTD	1,102,400	0.2
	371,122,522	68.48

SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
BBRC International	98,542,751	18.19
Craig John Thompson	32,518,614	6.00

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Ordinary shares

All ordinary shares carry one vote per share without restriction.

There are no other classes of equity securities.

RESTRICTED SECURITIES

Class	Expiry date	Number of shares
Ordinary shares subject to the RCG Employee Share Scheme restrictions	Various	200,000

Corporate Directory

DIRECTORS	David Gordon - Chairman Daniel Agostinelli - Chief Executive Officer Stephen Goddard Michael Hapgood Donna Player Joshua Lowcock Brett Blundy Timothy Dodd – alternate Director for Brett Blundy
JOINT COMPANY SECRETARIES	Matthew Durbin Alethea Lee
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	2/64 Balmain Street Richmond VIC 3121 Telephone: +61 3 9427 9422 Facsimile: +61 3 9427 9622 Email: investors@accentgr.com.au
SHARE REGISTER	Computershare Investor Services Pty Limited Level 4 60 Carrington Street Sydney NSW 2000 Telephone: 1300 787 272
AUDITOR	Deloitte Touche Tohmatsu 477 Collins Street Melbourne VIC 3000
BANKERS	National Australia Bank Hongkong and Shanghai Banking Corporation
STOCK EXCHANGE LISTING	Accent Group Limited shares are listed on the Australian Securities Exchange (ASX code: AX1)
WEBSITE	www.accentgr.com.au
CORPORATE GOVERNANCE STATEMENT	www.accentgr.com.au/investor/investor-documents