

**Accent**  
**Group**



**RESULTS PRESENTATION**  
**YEAR ENDED**  
27<sup>TH</sup> JUNE 2021

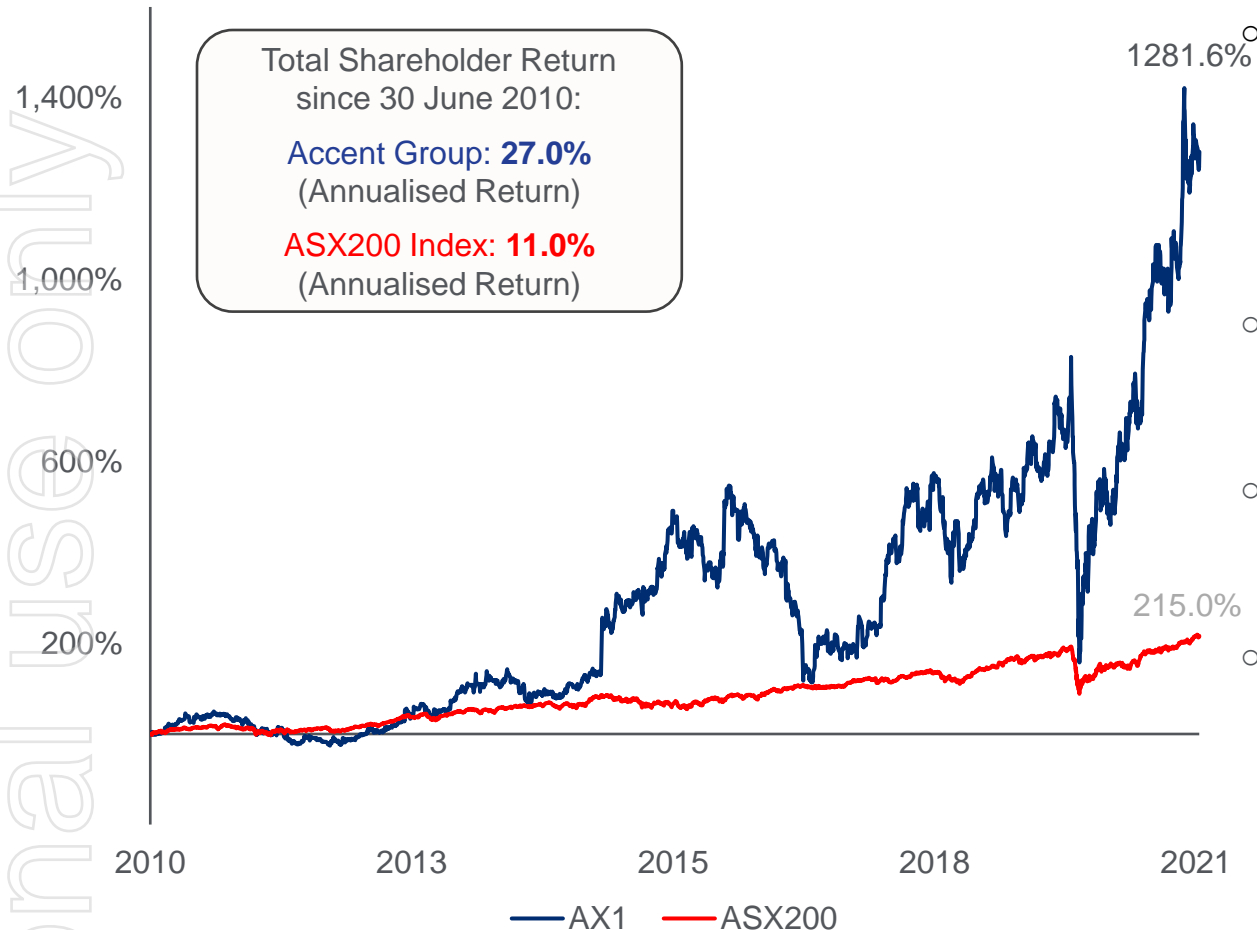
# Table of contents

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



# Value creation and investor value proposition

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



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

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

Source: Bloomberg, Accent Filings.

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

2. Year ended 27<sup>th</sup> of June 2021. Last day of ASX trading 25<sup>th</sup> of June 2021.

# Record FY21 sales and profit

## Key Metrics<sup>(1)</sup>

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

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

## STYLERUNNER



# Operational highlights

## Record Sales

**Over \$1.1b**

First time to achieve over \$1b in sales

## VIP & Loyalty

**8.4 million**  
Contactable customers

Additional 1.6m contactable customers in FY21

## New Stores

**90**  
new stores opened

All new stores trading ahead of budget

## Vertical Owned Brands

**\$25.6m**  
sales

+103.2% sales growth in FY21

## Digital Growth

**+48.5%** on FY20

20.9% of retail sales

## StyleRunner

**4**  
Current stores trading

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

## Accent Lifestyle

**Glue Stores & Trend Imports acquisition**

Integration and growth plan on track  
6 new stores signed

## Skechers

**Licence agreement renewed to 2032**





# PLATYPUS®

# SKECHERS

## Digital, Virtual, VIP, Retail & Wholesale





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

**8.4m** contactable customers **+1.6m**

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

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

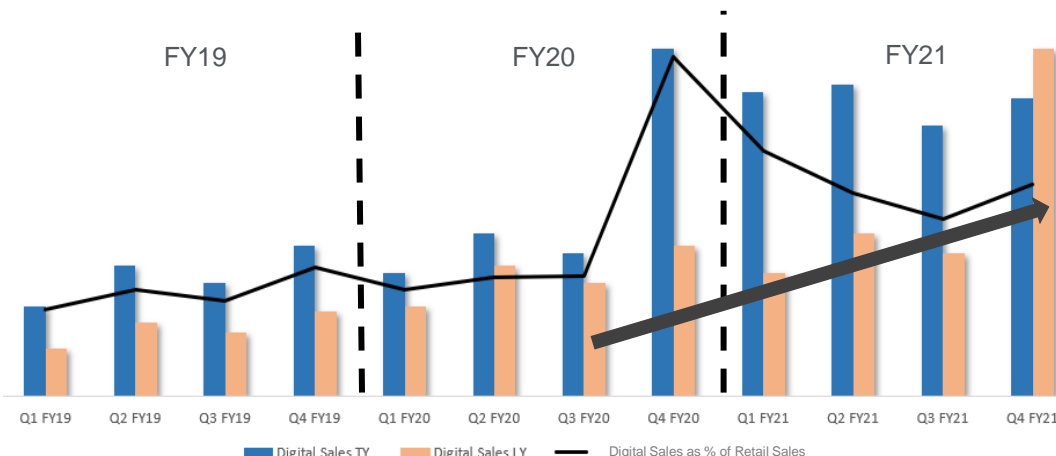
**Fulfilled 31% more orders** than in FY20

Site traffic **grew by 53.4%**

Launched **Skechers Loyalty Program**

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

## Digital Sales Growth



## Key Metrics<sup>(1)</sup>

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

# Virtual & VIP

## Virtual:

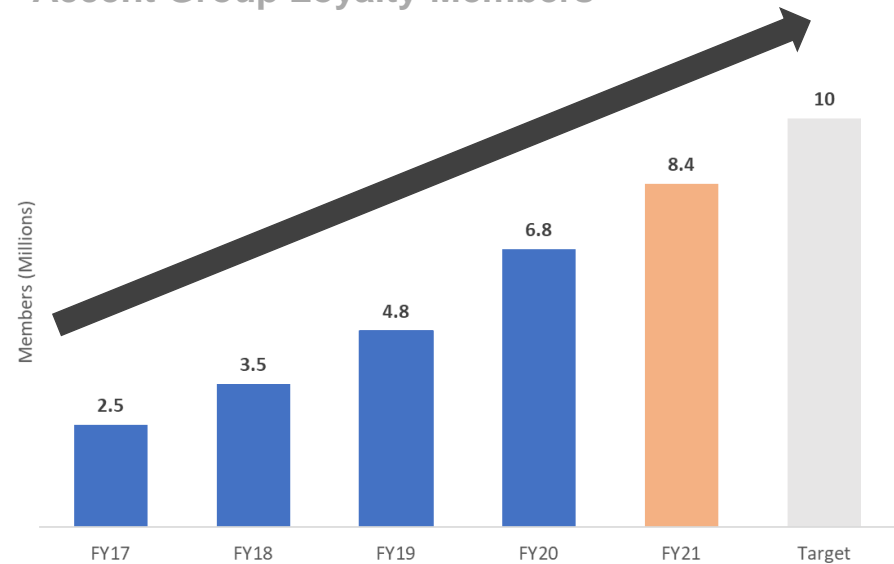
- **\$6.3m** in virtual sales FY21, run rate of over \$100k per week in FY21. Virtual sales program was launched in April 2020
- Dedicated virtual sales hubs launched in the Melbourne and Sydney support offices
- ~40,000 orders transacted through the virtual sales channel



## VIP:

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

Accent Group Loyalty Members

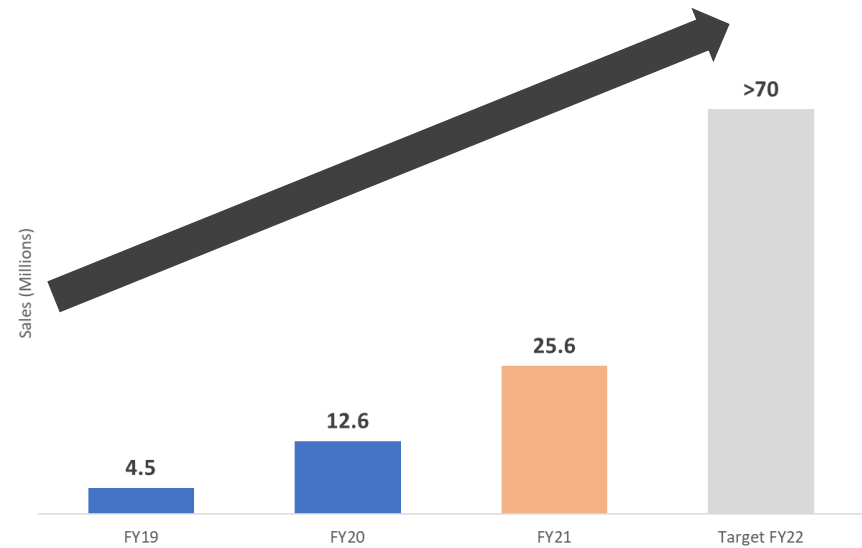




# Vertical

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

## Vertical and Owned Brands Sales



Nude Lucy



Exie

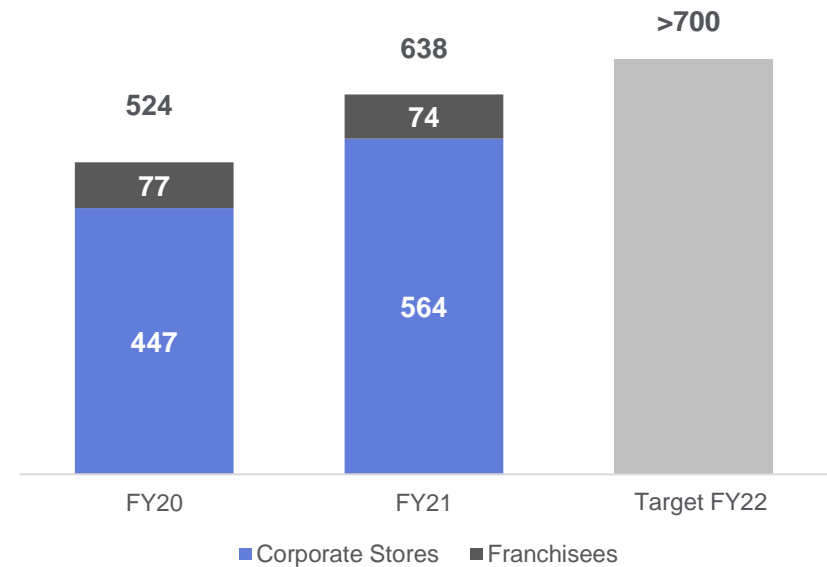


Mindful Department

## Retail

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

## Store Network <sup>(1)</sup>



## Wholesale

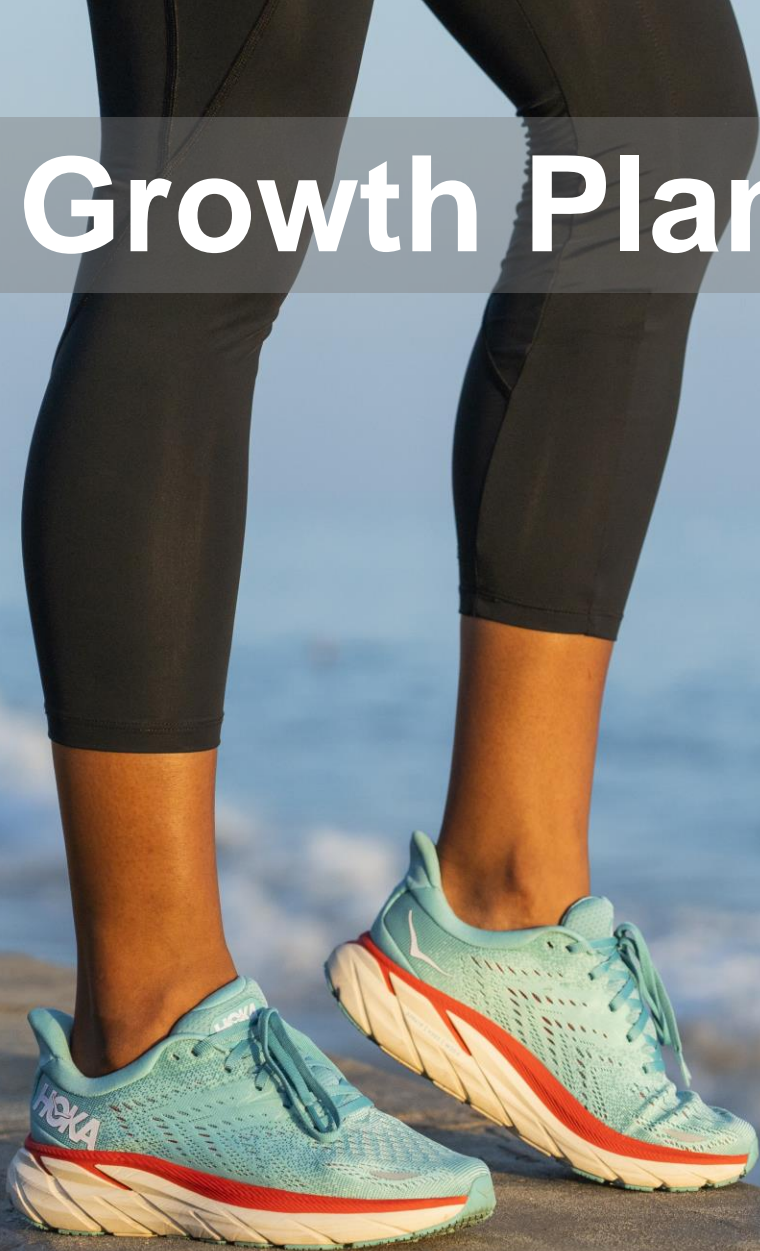
- Record wholesale sales of \$132.3m, up 22% on prior year sales of \$108.4m
- New distribution agreements signed for Herschel and HOKA
- Skechers agreement extended to 2032**

1. Includes store closures. For a breakdown by banner refer to page 17  
 2. Like for like (LFL) retail sales include TAF Franchises sales, Digital sales and exclude Glue stores



# Growth Plan Update

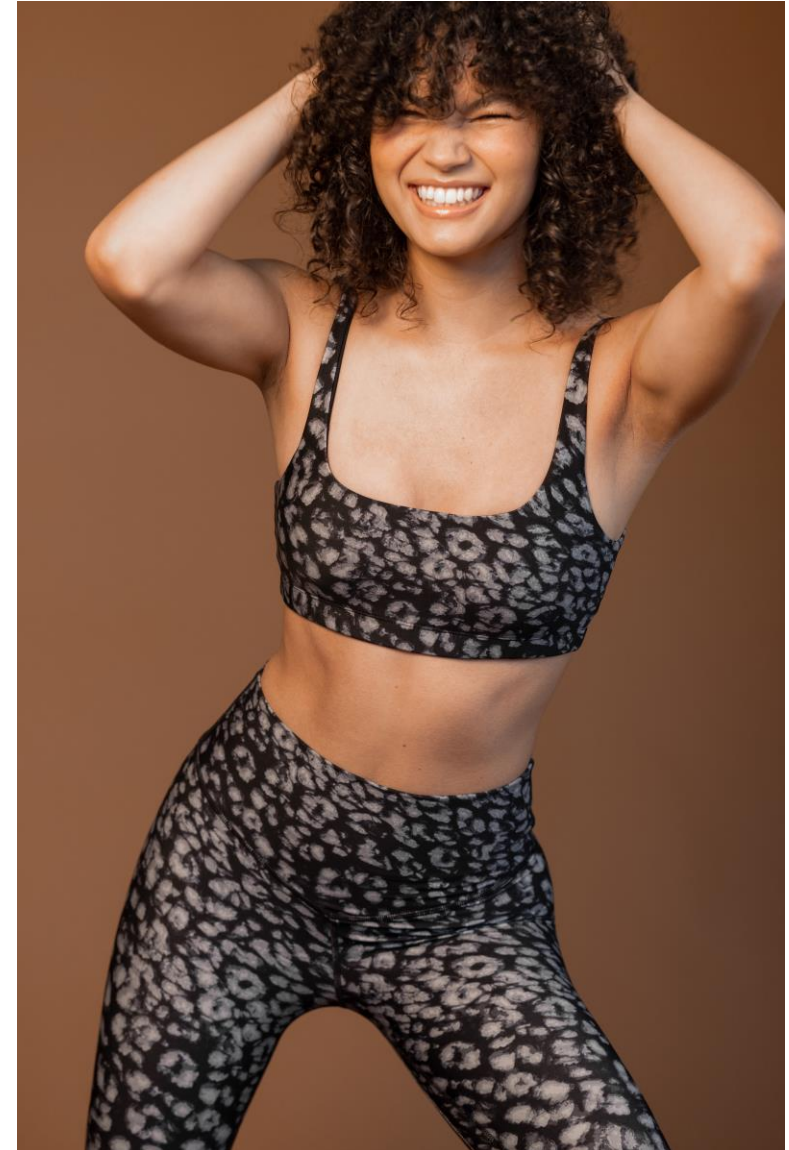
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## Growth Plan

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



## Growth Plan

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



# Growth plan update

## Objectives



### Digital and Virtual

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

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



### VIP and Loyalty

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

- Target contactable customers of **10 million**



### Stores

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

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



### Vertical

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

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



### StyleRunner

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

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



### Glue

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

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



### PIVOT and The Trybe

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

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



# Dividends and trading update

## Dividends

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

## Trading Update

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

## Outlook

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

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



# Appendix

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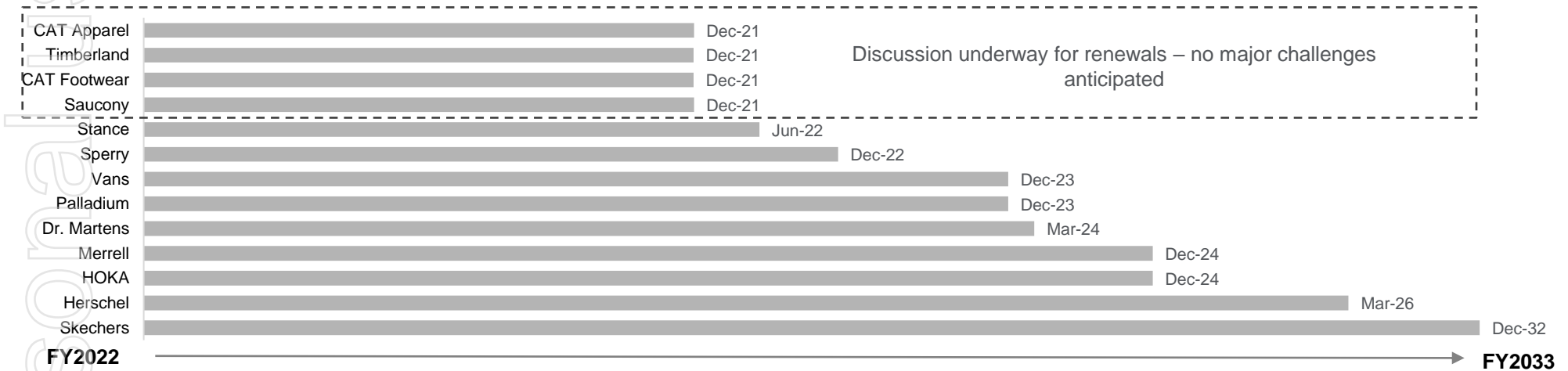




# Store network and distribution agreements

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

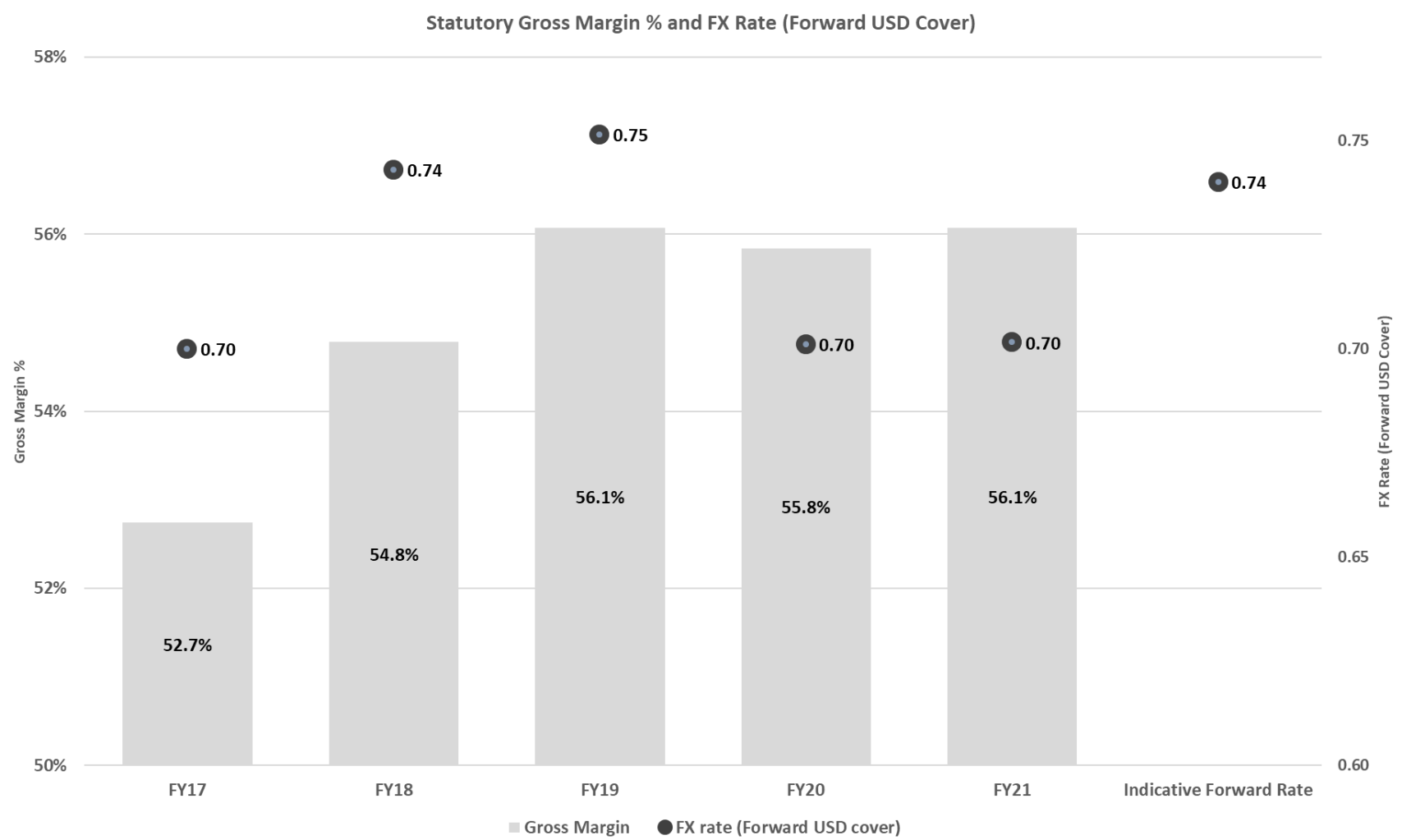
## Distribution Agreements



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



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



# FY21 summary of financial performance

## Financial Summary- Comparable Financial Information

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

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

## Operating Highlights

<b>Sales</b>	<ul style="list-style-type: none"> <li>Total company owned sales of \$967.8m, up 19.9% on prior year</li> </ul>
<b>Gross Margin</b>	<ul style="list-style-type: none"> <li>Gross margin of 56.1%, 30 bps ahead of prior year</li> <li>Vertical product strategy (shoe care, socks and accessories) on track. Total sales of \$25.6m this year (last year \$12.6m)</li> </ul>
<b>CODB</b>	<ul style="list-style-type: none"> <li>Significant focus on cost efficiencies continues</li> <li>CODB% including lease depreciation of 41.7%, down 100 bps compared to prior year of 42.7%</li> </ul>
<b>NPAT</b>	<ul style="list-style-type: none"> <li>NPAT of \$76.9m, up 38.6% on prior year</li> </ul>



# Balance sheet

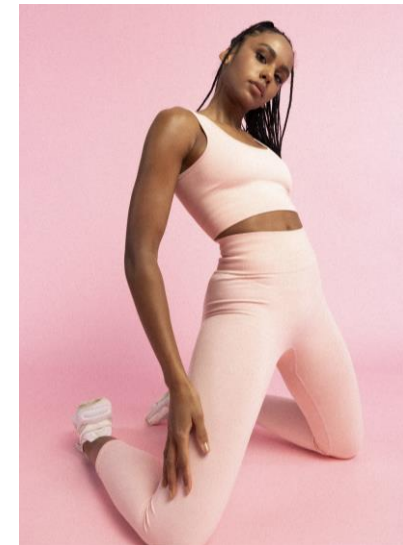
## Balance Sheet

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

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

## Commentary

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



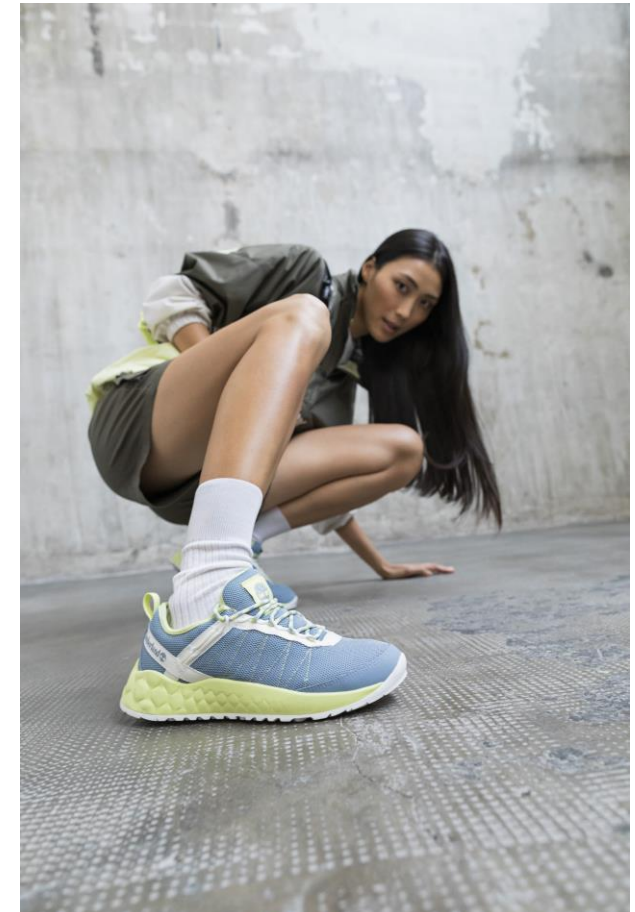


# Change in accounting policy – Software as a Service

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

## Profit & Loss

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



# Accent Group overview

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

## Accent Group

### Retail and Wholesale Distribution Channels

#### Owned Multibrand Retail Banners



#### Retail & Wholesale Distribution

Accent has the exclusive rights to distribute these brands in Australia



### Strong Brand and Product Relationships

#### Third-party Global Brands



#### Exclusively Distributed Global Brands



#### Vertical Products



### Omnichannel Platforms and Customer Access

#### Virtual and Digital

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

**31 websites** across all brands

#### VIP and Loyalty

**8.4m** contactable customers

Skechers loyalty program launched in H2 FY21

#### Stores

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

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