

**ASX Announcement
19 November 2021**

**2021 Annual General Meeting
Chairman and CEO Address to Shareholders**

Accent Group Limited (ASX: AX1)

Slide 1 – Cover slide

CHAIRMAN, DAVID GORDON

I begin today by acknowledging the traditional custodians of country throughout Australia and recognise their continuing connection to land, waters and community. I pay my respects to them and their cultures; and to Elders past, present and future.

I would also like to acknowledge the traditional custodians of the land on which we meet today and I extend my respects to the Aboriginal and Torres Strait Islander peoples who are present today, for they hold the memories, the traditions, the culture and hopes of Aboriginal and Torres Strait Islander peoples across the nation.

For our New Zealand attendees, Kei ngā Iwi, kei ngā Mana, Tēnā koutou katoa!.

Good morning ladies and gentlemen. My name is David Gordon and, on behalf of the Board, it is my pleasure as Chairman to welcome you to the 2021 Annual General Meeting of Accent Group Limited.

I am advised that a quorum is present and I now declare the meeting open.

Today's meeting is our second virtual AGM due to the impact of the COVID pandemic, and is being held online via the Lumi platform. This allows shareholders, proxies and guests to attend the meeting virtually. All attendees can watch a live webcast of the meeting. In addition, shareholders and proxies have the ability to ask questions and submit their votes via the Lumi platform.

Slide 2 – TEXT Questions Process

Questions can be submitted at any time. To ask a question, select the messaging tab at the top of the Lumi platform. At the top of that tab there is a section for you to type your question. Once you have finished typing, please hit the arrow symbol to send.

Please note that while you can submit questions from now on, I will only allow them at the time when the relevant item of business is discussed.

Please also note that your questions may be moderated or, if we receive multiple questions on the same topic, amalgamated together.

Slide 3 – AUDIO Questions Process

For those shareholders who wish to ask a verbal question, an audio questions facility is available during this meeting. To use this service, please pause the broadcast on the Lumi platform and then click on the link under the heading "Asking Audio Questions". A new page will open where you will be prompted to enter your name and the topic of your question before being connected. You will listen to the meeting on this page while waiting to ask your question. If you have any issues using this system, please return to the Lumi platform.

Due to time constraints, we may not get to answer all of your questions. If this happens, we will answer them in due course via email/posting responses on our website.

Slide 4 – Voting Process

Voting today will be conducted by way of a poll on all items of business. In order to provide you with enough time to vote, I will shortly open the voting for the resolutions in Items 2 to 4. The resolution in Item 1 carries no vote.

When I open the poll on the resolutions in Items 2 to 4, if you are eligible to vote at this meeting, a new voting tab will appear. Selecting this icon will bring up the resolutions being voted on and present you with voting options. You may need to scroll down on the right-hand side to see all the resolutions. To cast your vote, simply select one of the options. There is no need to hit a submit or enter button as the vote is automatically recorded. You have the ability to change your vote up until the time I declare voting closed.

I now declare voting open on the resolutions in Items 2 to 4. The voting tab will soon appear, so please submit your votes at any time. I will give you plenty of time and a warning at the end of all items of business before I move to close voting.

Slide 5 – The Board

Joining me today on this virtual meeting is Daniel Agostinelli, our Group Chief Executive Officer...

Slide 6 – The Board (cont)

....and our non-executive directors Brett Blundy, Donna Player, Joshua Lowcock, Michael Hapgood, and Stephen Goddard.

Slide 7 – Other attendees

We are also joined by our Group CFOO and Joint Company Secretary, Matthew Durbin, and our Group General Counsel and Joint Company Secretary, Alethea Lee, as well as the Company's auditor, Deloitte, represented by partner David White.

Slide 8 – Agenda

At today's meeting, we will be considering a number of matters set out in the Notice of Meeting dated 18 October 2021.

Before we address the resolutions set out in that Notice, I will make some introductory remarks and provide an overview of our FY21 results and how we are continuing to create value for our shareholders, before passing over to our Group CEO, Daniel Agostinelli, to give his address.

Slide 9 – Chairman's review

At the 2020 AGM, I said that it had been a year like no other. I think it's fair to say that 2021 has been another year like no other!

On behalf of the Board, I would like to acknowledge the challenges and hardship that continue to be faced by the broader community, and to thank our customers, suppliers, team members and shareholders for their support through this difficult time. However, as the country comes to terms with dealing with the COVID-19 pandemic, and vaccination rates have continued to climb steadily across the nation, the outlook has, as recently as the past few weeks, become increasingly positive. NSW kicked off the re-opening of non-essential retail stores to trade again from early last month and our Victorian stores all opened in late October.

Notwithstanding the continuing obstacles we faced as a result of the COVID-19 pandemic, the record profits and dividends that the Group delivered for FY21 are again a testament to the strength, resilience and talent of the Accent Group team and culture.

The health, safety and wellbeing of our team remained our foremost priority. We responded to all government directed pandemic measures quickly and thoroughly, and continued to apply the health and safety practices initiated in the previous year with rigour.

During the year, we kept our permanent team members in full employment and in full pay through the 14 occurrences of government mandated lockdowns and related store closures that occurred throughout the year across Australia and New Zealand. This saw all government wage subsidies fully utilised by July 2021. Consistent with our policy, no wage subsidies were used in the calculation or payment of management bonuses or shareholder dividends. Despite such a challenging year, I am pleased to report that we created 300 new permanent roles across our stores and businesses.

The Accent Group Board recognises the dedication and hard work of the entire Accent team over these past two years. The demonstrated leadership capability to adapt quickly to the challenging environment has been key to the results achieved. Our business objectives have been set with the safety of our team and our customers front of mind, and with a strong focus on safety protocols.

Slide 10 – FY21 financial performance

Turning now to the results, and it is my pleasure to report that the Company once again delivered a record profit in FY21, with EBITDA increasing by 19.3% to reach \$242 million and profit after tax grew by 38.6% to \$76.9 million.

This record result was an outcome of the both the strong digital growth of 48.5% and the contribution from 90 new stores that opened during the year.

The business continues to drive growth through the vertical product program which is a centrepiece of our strategy. With the acquisition of Glue Store earlier in the year, the Group now has ten owned vertical brands.

Stylerunner is another of our vertical brands and remains a key focus for the Group. In just 2 years we have built that business to a current total of 13 stores, four of which opened in FY21. Stylerunner continues to perform strongly and we will continue to invest in that business ahead of the curve.

We also continue the drive to expand our entire store network. In total, the Company expects to build our network to more than 700 stores across Australia and New Zealand by the end of FY22. The pace and skill of execution of our store opening program is part of Accent Group's DNA and one of our key differentiators.

Slide 11 – Shareholder value creation

These results continue to translate into value creation for our shareholders, delivering a full year dividend of 11.25 cents per share, up 21.6% on the prior year. Part of our mission is to drive long term shareholder returns and I'm very proud to be able to say that we have delivered our shareholders an annualised total shareholder return over the last 10 years of 27% pa compounding compared to 11% for the ASX200.

Slide 12 – Sustainability Update

Over the past year, we have also made great inroads in our Environmental, Social and Governance journey and are committed to building and maintaining sustainable business practices throughout our operations.

This year, we made our first public disclosure of our Sustainability Framework in the annual report. This 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 **environment**. We will publish our inaugural Sustainability Report next year.

In relation to **Our People**, we recognise that the performance of Accent Group is driven by the quality and dedication of our 6,500-strong team members employed across Australia and New Zealand.

To gain better insight into what matters to our team members, in June we launched 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. The survey highlighted the areas in which we are doing well, as well as the areas in which our team members feel there is room for improvement. The insights gained are being used to develop an action plan to address the opportunities for improvement over the next 12 months.

Turning to **Ethical Sourcing**, last year saw the release of our first Modern Slavery Statement, where we published our commitment to maintain policies and procedures to operate responsibly, 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 this year.

This policy sets out the expectations we have of our partners and suppliers, to ensure that our products are manufactured in an ethical and responsible manner through greater transparency and accountability. Our Modern Slavery Statement can be viewed online under the Corporate Governance and Sustainability page, in the Investor Documents section of the Accent Group website.

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.

Accent Group is also 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 commitment to supporting positive environmental outcomes and climate action.

As one of a range of initiatives under way, this year we teamed up with the Australian Sporting Goods Association to support an industry-based initiative to recycle unwanted sports shoes.

Collection bins are available at most of our Athlete's Foot stores in Australia for customers to donate their shoes. The shoes are then 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 gyms.

There has been a high level of engagement and passion from our team members in the launch of this initiative.

Slide 13 – Stamp Your Feet

To highlight the importance we place on wellbeing, and in particular the significance of mental health, the *Stamp Your Feet* initiative was launched by the Company in October to

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further support our team members and our community. One of its first partnerships is with leading mental health organisations, Headspace in Australia, and Youthline in New Zealand. Accent Group has pledged AU\$450,000 to these organisations over the next three years. Mental health training and mentorship programs form a part of the partnership offering. These partnerships are aimed at ensuring that young Australians and New Zealanders can access the right mental health support, at the time that they need it, and in the way that they need it. We hope to effect many more positive changes with Stamp Your Feet in the future. And so it has been a year of new challenges and great achievement at Accent Group. I will now hand over to Daniel, our Group Chief Executive Officer, to tell you more about those achievements and our plans for the future.

Slide 14 – VIP Virtual Vertical

GROUP CHIEF EXECUTIVE OFFICER, DANIEL AGOSTINELLI

Thank you David, and good morning everyone.

Given the challenging environment throughout the year with the ongoing uncertainty of the location, timing and duration of government mandated lockdowns, I am delighted that we were able to deliver another record year. I couldn't be more proud of the outstanding efforts of our team who continued to adapt quickly to the fast-changing environment, but this year more so than ever, had to demonstrate a depth of resilience. Key to our result was the integrated digital capability the Company has built over the last 4-5 years, which enabled us to connect with our customers and shift our channel mix from stores to digital when different stores were closed for various periods of lockdown.

Slide 15 – Operational Highlights – another year of record profits

As you can see on the slide, our achievements this year have been notable. We have delivered across the board in sales, contactable customers, new stores, vertical owned brands, digital growth.

As David mentioned earlier, we are now beginning to see the exciting potential from the strategic acquisition of Glue Store and Trend Imports. In October, we opened a pop-up Nude Lucy store (a vertically owned brand from Glue) at Bondi Beach which has been trading with exceptional results.

We expect sales of vertical brands to grow to more than \$70 million in FY22.

Our continued focus on Stylerunner has driven fast store growth. With 4 stores already trading by June 2021, we expect to have 20 stores trading by early next year

Importantly, as an indication of both the strength of the brand and Accent Group's ability to continue to build and support it, the Skechers agreement has been renewed to 2032.

Slide 16 – Strong growth in digital sales continues

This year, we have seen a continuation of the trend in consumer behaviour to shopping online and it has delivered strong results across all digital KPIs of the business.

Digital sales for FY21 were up nearly 50% on the prior year overall, representing circa 21% of retail sales. In Q1 FY22, during the store closures in New South Wales and Victoria, digital sales were up circa 65% on top of very significant growth experienced last year. Pleasingly, our conversion rates continue to grow, driven by improved customer targeting and website capability.

The Group is targeting digital sales to be at least 30% of total sales over time, leveraging our existing best in class digital capability, more than 8.4 million contactable customers, and continued investment in virtual sales channels, CRM tools, express delivery capability and loyalty programs.

Slide 17 – Virtual & VIP

Since launching our virtual sales program in April 2020, we have been pleased with its performance, processing over 40,000 orders leading to sales of \$6.3m in FY21.

In relation to our VIP and loyalty programs, with a strong focus on continued acquisition and growth, we now have approximately 8.4 million customers on the Group database and we are targeting 10 million customers in the medium term.

The Athlete's Foot's MyFit Rewards program continues to deliver strong retention rates and customer loyalty. This year we successfully launched the Skechers loyalty program in March, procuring 345,000 new customers since its launch. Loyalty programs for Hype DC and Platypus are set to launch during the course of this financial year.

Slide 18 – Vertical

I am excited to report that vertical sales are up \$103.2% from the last financial year, generating \$25.6m in FY21. The program is really gaining momentum, with 10 vertical brands now owned by the business as mentioned by David earlier.

We are really driving owned apparel in the Stylerunner, Exie and Glue brands. There are now 4 Exie stores trading, and an exciting Glue vertical brand called Nude Lucy just opened a pop-up store at Bondi Beach in October, and it is trading with excellent results.

Vertical is a key strategic drive for the Company and we are targeting vertical sales of \$70m in FY22.

Slide 19 – Store growth

We continue to drive digital sales in tandem with growing our store network. We remain committed to a long-term strategy of delivering customers a best in class integrated digital and instore experience and we will continue to open and renew store leases where our targeted return on investment can be achieved.

We are again ahead of our plan for new store openings, with 63 new stores opened to date this half, and we now expect to open more than 120 new stores in total in this financial year, including new concepts.

Slide 20 – Stylerunner

Since acquiring Stylerunner in 2019, which at that time was an online pureplay business, the growth in this business has been exciting to watch, with 14 stores trading as of today. We plan to have 20 stores trading by early 2022, including entry into the New Zealand market, and we are targeting 40 stores to be trading by Christmas next year. We are targeting a 60-plus store network in Australia and New Zealand within the next 3 years.

There is a real focus on developing Stylerunner the Label and driving significant margin growth as one of our vertically owned brands.

Stylerunner now also ships internationally to USA, Singapore and Hong Kong. There are strong early results and we are watching and testing the US market closely.

Slide 21 – Glue

Since the acquisition of Glue Store, we have been working on significant margin improvement initiatives by leveraging Accent Group's capabilities.

Just a few weeks ago at the beginning of November, a new, world-class store concept for Glue was opened in Chadstone and Highpoint. A further 3 stores will open before the end of this year, and we plan to grow the Glue store network to at least 60 stores by December 2023.

Vertically owned brands in Glue comprise 25% of its total sales, and we are targeting this to grow to 40%.

Digital growth is currently 20% of sales, and we plan to more than double the digital sales by FY25.

Wholesale growth continues with sought after brands Superga, Sebago, K-WAY and Kappa, as well as wholesale sales of its owned brands such as Nude Lucy, Article One and First Muse.

Slide 22 – New and updated distribution agreements

Our brand partners continue to demonstrate their confidence in partnering with Accent Group in Australia and New Zealand. Skechers has extended its agreement with Accent Group to December 2032, with Timberland and CAT Footwear extending their agreements to December 2024, and Saucony extended to December 2026.

Since the acquisition of Glue Store and the Trend Imports distribution business, Superga, K-WAY, Kappa and Sebago extended their agreements with Accent Group stepping in as the new distributor to December 2025.

Over the course of the financial year, we also acquired exciting, new distribution deals for Herschel, Hoka One One, Timberland Pro, Autry and Reebok.

Slide 23 – Reebok distribution agreement

We are very pleased to announce that Accent Group has secured a new, exclusive distribution agreement in Australia and New Zealand for Reebok, for an initial 10-year term.

Reebok is an iconic global brand and we are delighted to be the new distributor in Australia and New Zealand. The Reebok distribution agreement further strengthens Accent Group's competitive moat, which is a broad and deep portfolio of international and vertical brands that is digital first, customer obsessed, and delivers product differentiation and strong margins. Our plans are to grow the Reebok brand in ANZ through the brand's existing wholesale accounts, direct to consumer online sales and through our multi-brand retail banners.

I hope this gives our shareholders a clear idea of how much activity and growth the Company has planned in the upcoming future. I am looking forward to working with the team into driving our business onwards and upwards as we come out of the pandemic-affected period.

I will now hand back over to David.

Slide 24 – Trading update

CHAIRMAN, DAVID GORDON

Thanks Daniel.

Along with our AGM presentation, we released an updated trading and growth plan to the ASX this morning.

Due to state and territory-wide government mandated store closures in New South Wales, Victoria, the Australian Capital Territory and periodically other regions throughout the first 18 weeks of the financial year, it can be no surprise that trade was significantly impacted. More than 400 stores were closed throughout this period, with a subsequent impact to sales and gross margin.

Specifically, for this first 18 weeks, the impact against the original management plan included:

- Owned retail sales down \$86m (or approximately 26%);
- Gross margin % down 700 basis points; and
- EBIT down approximately \$40m.

Targeted discounting through-out this period has ensured our inventory remains clean of aged inventory, and the Company is well placed to capitalise on customer demand through the key trading period from November to January.

Since re-opening in New South Wales and Victoria, I am pleased to report that sales have been strong, in particular in New South Wales, Victoria and New Zealand.

Over the last 3 weeks, sales and gross margin have recovered well, and have been broadly in line with expectations.

Given the ongoing uncertainty around trading conditions due to COVID-19, the Board has determined not to provide any forward guidance at this time

For further information contact:

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