

**ASX Announcement
17 November 2023**

**2023 Annual General Meeting
Chairman and CEO Address to Shareholders**

Accent Group Limited (ASX: AX1)

**Slide 1 – Cover slide
CHAIRMAN, DAVID GORDON**

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 2023 Annual General Meeting of Accent Group Limited.

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

I begin today by acknowledging the Traditional Custodians and Owners of country throughout Australia and their connections to land, sea and community. I pay my respects to their Elders past and present, and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

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

As we have done in previously, today we are holding a hybrid meeting where we can welcome shareholders in-person as well as online via the Computershare platform. Those attendees joining us virtually can hear a live webcast of the meeting. In addition, shareholders and proxies attending virtually also have the ability to ask questions and submit their votes via the online platform.

Slide 2 – How to ask a question

Virtual attendees can submit questions at any time. To do so, please select the “Q&A icon” at the top of the screen. Select the topic your question relates to from the drop-down list, and then type your question into the text box. Once finished, please press the send button.

Please note that while you can submit questions from now on, I will only address 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.

For those shareholders who wish to ask a question via the telephone, please follow the instructions below the broadcast.

For our shareholders attending in person today, those in possession of either an orange voting card or blue non-voting card are welcome to ask questions, while those with a white visitor card are kindly requested to only observe during the meeting. If you believe you have

not received the correct card, please go to the registration desk where a Computershare representative will assist you.

I will give all shareholders who wish to speak a reasonable opportunity to do so, but please keep your questions to the matter at hand, and as succinct as possible.

Slide 3 – How to vote

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 5. The resolution in Item 1 carries no vote.

For our shareholders attending virtually, if you are eligible to vote, once voting opens, select the vote icon and all resolutions will be activated with voting options. 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 will receive a vote confirmation notification on your screen. You have the ability to change your vote up until the time I declare voting closed.

For those attending the meeting in person, if you are eligible to vote, you will have received an orange voting card at registration. If you believe you are entitled to vote and have not received the correct voting card, please see the Computershare staff at the registration table. To cast your vote, simply complete and sign the back of the card.

A Computershare representative will collect your orange voting card at the end of the meeting.

I now declare voting **open** on the resolutions in Items 2 to 5. For our online shareholders, the voting options will soon be activated, so please submit your votes at any time. I will give you time and a warning at the end of all items of business before I move to close voting.

Slide 4 – The Board

Joining me here today is Daniel Agostinelli, our Group Chief Executive Officer...

Slide 5 – The Board (cont)

....and our non-executive directors Michael Hapgood, Donna Player and Stephen Goddard. Due to prior existing commitments, Brett Blundy and Joshua Lowcock are unable to join us here today and send their apologies.

You may be aware from ASX announcements recently made by Accent Group that both Joshua Lowcock and Stephen Goddard will be retiring from the Board from the end of this AGM. I wish to thank both of them for their outstanding contribution to the Board during a period of rapid growth at Accent Group. We have been the fortunate beneficiaries of their expertise, their good humour and their dedication to Accent Group, and they will be missed.

Slide 6 – The Board (cont)

In accordance with the board's orderly renewal process, you may also be aware that we have appointed two new directors, Anne Loveridge and Lawrence Myers, effective from the conclusion of the AGM.

A brief description of their backgrounds and skills were contained in the ASX release we made to the market yesterday, and I am delighted to welcome Anne and Lawrence to the board of Accent Group. Both Anne and Lawrence will come before shareholders for election at the 2024 AGM.

Slide 7 – Other attendees

We are also joined by our Chief Financial and Operating Officer and Joint Company Secretary, Matthew Durbin, and our Group General Counsel and Joint Company Secretary, Alethea Lee. The Company's auditor, Pricewaterhouse Coopers, is represented by partner Alison Milner today. A number of our executive leadership team and other Accent team members are also in the room.

Slide 8 – Agenda

At today's meeting, we will be considering a number of matters set out in the Notice of Meeting dated 16 October 2023. Before we address the resolutions set out in that Notice, I will make some introductory remarks and provide an overview of our FY23 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 – The Accent growth journey

I am delighted to say that the Accent Group team delivered a phenomenal result in their first uninterrupted financial year since FY19.

You can see the significant growth the Company has experienced, with Accent Group now operating almost double the number of stores, tripling the number of digital sites, and quadrupling its contactable customer base, all within the last five years (and some of those were the COVID-years).

This result was achieved in large part due to the continued investment the Company made in key areas as it maintained a keen focus on its growth strategy. The ongoing expansion of the store network, building up of digital capability, growing our distributed brands, and improving on our vertical brands are all investments that have been targeted towards continuing the Company's long-term growth trajectory that has delivered record profits and growing shareholder returns.

I take this opportunity to acknowledge and commend the machine behind this, namely, the entire Accent team, for working with such dedication, focus and energy.

Slide 10 – The Accent business model

These achievements build and reinforce the Company's strong and defendable market position, as well as increasing our relevance in target markets across Australia and New Zealand.

The Accent business today is scalable, with future growth opportunities through online and new store growth, our large and diverse brand portfolio, and our new businesses.

Our business is flexible, with proven capability to leverage digital and online reach, and to quickly respond to trends through our diversified portfolio of brands across footwear, accessories, and youth and lifestyle apparel.

The market position of the business is also defensible. Our distribution relationships provide access to global product innovation and exclusive access to product. Our vertical owned brands add to product differentiation and support underlying gross margin growth.

Slide 11 – FY23 financial performance

Turning now to the results, total owned sales for the FY23 year (excluding The Athlete's Foot franchisees) was \$1.39 billion dollars, up 26.3% on the prior year. EBIT of \$138.8 million dollars was up 122.9% on the prior year, with NPAT of \$88.7 million up 181.8% on the prior year. Gross margin percentage improvement of 100 basis points to 55.2% was achieved.

Slide 12 – Value creation and investor value proposition

Over the last 10 years, Accent Group has delivered a total shareholder return of 20.9% per annum compounding, outstripping that of the ASX200 at 10.1% per annum compounding annualised return. I am very proud to be able to say that we have delivered long-term shareholder growth over the last 10 years of double that of the ASX200. This is something we continue to drive, and strive for.

Slide 13 – Sustainability Update

Accent Group continues on its sustainability journey. Our 2023 Sustainability Report includes the initiatives being undertaken in this area. We continue to refine our approach and initiatives across the core pillars of Our People, Our Responsibilities, and Our Environment.

In relation to **Our People**, we recognise that the performance of Accent Group is driven by the quality and dedication of our now 7,500-strong team members employed across Australia and New Zealand. We remain committed to providing a safe working environment for our team. We also remain invested in gaining insight into what matters to our team members, through continuing our Group-wide Team Engagement Survey. This survey highlights areas in which our team considers we are doing well, as well as areas for improvement. This gives us an opportunity to execute and follow-up on action plans to address these opportunities for improvement.

In relation to **our responsibilities**, we proudly continue to drive charitable initiatives through Stamp Your Feet. We continue our excellent relationships with Headspace in Australia and Youthline in New Zealand. These two organisations both play an important role in providing mental health and other support to youth in the key demographics that represent Accent's team and customers.

In relation to **our environment**, our association with the Australian Sporting Goods Association and their shoe recycling program is another highlight. In FY23, Accent Group increased the number of recycling collection points to over 300 across our store network. We collected almost 70,000 pairs of shoes for recycling.

We are just getting started on this journey, with a range of ongoing initiatives underway and new initiatives implemented.

I am very pleased to say it has been a year of great achievements for Accent Group. I will now hand over to Daniel, our Group Chief Executive Officer, to tell you more about these achievements, and our plans for the future.

Slide 14 – Daniel Agostinelli, Group CEO
GROUP CHIEF EXECUTIVE OFFICER, DANIEL AGOSTINELLI

Thank you David, and good morning everyone.

Slide 15 – Operational Highlights

Total Group sales (including The Athlete's Foot Franchisees) are now approaching \$1.6 billion dollars.

In FY23, we opened 80 new stores across all formats in Australia and New Zealand, to increase our total store numbers to 821 stores. Nude Lucy was the recipient of several new stores, with 22 stores open and trading well at the end of FY23. Platypus and Skechers continue to grow and had 36 new stores opened just between the two banners.

Our contactable customer database has grown by 500,000 to 9.8 million customers.

For the year, online sales represented 19.1% of total sales, with a notable increase of 19.8% in the second half compared to the same period in FY22, and overall profitability was significantly ahead of prior years.

Pleasingly, our vertical brands and product sales grew in line with expectations to more than \$100 million dollars, from a standing start in FY19.

Slide 16 – Digital

Digital sales have increased by more than three times in the last four years since the uninterrupted FY19 base.

It was expected that online sales would fall back in FY23 off the back of the store disruption experienced in FY22, but having said that, we did see digital sales grow in the second half.

In FY23, the mix of online sales at 19.1% has nearly doubled from 10.2% in FY19. The focus for online over the FY23 period was on achieving profitable sales through improved gross margin and lower costs in digital marketing and distribution. We continued to invest in new and upgraded websites and underlying digital infrastructure, with 11 websites opened or upgraded during the year.

As Accent Group is a fully integrated omnichannel retailer, moving forward, we will move away from separate disclosures on digital performance given that they are integrally linked with overall retail sales.

Slide 17 – Loyalty

As mentioned, throughout FY23 we grew our contactable customer database by 500,000 to 9.8 million, which was the result of a strong drive to invite customers to provide email details instore, as well as the impact of our loyalty programs across The Athlete's Foot, Skechers, Hype DC, Playtpus and Merrell.

Slide 18 – Retail, Wholesale & Vertical Owned Brands

As mentioned, during the year, we opened 80 new stores across all formats. We transitioned 15 stores and closed 21 due to closed banners or where sustainable renewal terms could not be achieved. The new stores are performing well, and we are on track with our new stores roll-out program for FY24.

Wholesale sales continued to grow in FY23, driven by existing and new distributed brands. In particular, we are pleased with the performance of Hoka and UGG, and indeed we have

opened 8 stores across both brands to date, all trading well. Sales of vertical owned brands and products grew by 40% to more than \$100 million and will continue to support the improvement in underlying gross margin.

For FY24, we will be focussing on continued roll-out of new stores, improved underlying gross margin from our 'moat' brands (being our distributed and vertically owned brands), growth in Nude Lucy, operational improvement in Glue Store and Stylerunner, profit growth from The Athlete's Foot and continued growth in digital sales.

I hope this gives our shareholders a clear idea of the activity and growth the Company has planned in the upcoming future. I am pleased with what we achieved in FY23 following several years of disruption. We continue to build a defensible business in Australia and New Zealand. Our portfolio of global distributed brands, owned vertical brands, integrated digital capability and large store network are core assets of the Group, and position the Company well for growth into the future. I look forward to working with our team to continue to deliver strong results.

I will now hand back over to David.

Slide 19 – Trading update
CHAIRMAN, DAVID GORDON

Thanks Daniel.

Along with our AGM presentation, we released a trading update to the ASX this morning.

For the first 19 weeks of FY24, based on trade to date, total Group owned sales YTD are up 2.1% compared to the prior year, with like-for-like sales down 2%. FY24 gross margin % is broadly in line with the comparable period last year.

We continue to focus on cost of doing business efficiency. Due to inflationary pressures on costs and weaker like-for-like sales, CODB % to sales to the end of week 19 is higher than the prior year.

Trade to date for the first 19 weeks have been broadly in line with the -1.8% like-for-like sales experienced in the first 7 weeks. Softer demand from other retailers are resulting in more challenging wholesale sales.

Our store opening program is on track and we expect to open 70 new stores in the first half of FY24, with many of them opening in November and December. Our new store openings are targeted to our growth banners in particular. Inventory levels are well controlled, which reflect strong deliveries of new product across all banners. Heading into the three most important trading months of the year, our Company's in-stock position, sales and operational plans are well set.

For further information contact:

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