## Accent

OHalf Year FY2024 Results
$\int$ Half Year ended 31 December 2023


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## Value creation and investor value proposition

Total Shareholder Return ${ }^{(1)}$ comparison of Accent and the ASX200 (1 July 2014 to 31 December 2023)


Source: Bloomberg, Accent Filings.

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

# Operational highlights 



## >\$60 million

c.8\% of total sales
>13\% on H1 FY23

| New Stores |
| :---: |
| $\mathbf{7 2}$ |
| new stores opened during |
| A1 FY24 across Australia |
| and New Zealand |


| N U D E L U C Y |
| :---: |
| $\mathbf{3 4}$ |
| stores now open <br> representing a fast- <br> growing world class <br> lifestyle apparel brand |


| PLATYPUSP |
| :---: |
| 22 |
| new stores opened |
| across Australia and New |
| Zealand |

## GKECHERS.

## 17

new stores opened across Australia and New Zealand


## Customers \& Loyalty

## 10.0 million

Contactable customers
0.2 m increase since June 23


1. The current reporting period, 3 July 2023 to 31 December 2023, represents 26 weeks and the comparative reporting period is from 27 June 2022 to 1 January 2023 which represents 27 weeks.
2. As previously reported, the Company estimated that the proforma H1 FY23 Sales for 26 weeks was $\$ 789.2 \mathrm{~m}$. H1 FY23 statutory Sales of $\$ 825.2$ million for the 27 weeks ended 1 January 2023 .

[^0]
## Financial Summary—H1 FY24 Vs H1 FY23 ${ }^{1}$

| Profit \& Loss (\$000's) | H1 FY24 | H1 FY23 |
| :--- | :---: | :---: |
| Owned sales | 732,897 | 746,488 |
| Gross profit | 414,876 | 412,402 |
| Gross margin (\%) | $56.6 \%$ | $55.2 \%$ |
| CODB - excl. lease depreciation \& interest | $(266,658)$ | $(253,827)$ |
| CODB \% - excl. lease depreciation \& interest | $36.4 \%$ | $34.0 \%$ |
| CODB \% | $45.0 \%$ | $42.0 \%$ |
| Other income - inc. royalties and franchise fees | 9,259 | 11,584 |
| EBITDA | 157,477 | $\mathbf{1 7 0 , 1 5 9}$ |
| Depreciation on leases | $(55,629)$ | $(53,377)$ |
| Depreciation \& amortisation | $(29,491)$ | $(25,615)$ |
| EBIT | $\mathbf{7 2 , 3 5 7}$ | $\mathbf{9 1 , 1 6 7}$ |
| Net finance costs on lease liabilities | $(7,474)$ | $(6,207)$ |
| Net interest (paid) / received | $(5,125)$ | $(3,142)$ |
| PBT | 59,758 | $\mathbf{8 1 , 8 1 8}$ |
| Tax | $(17,522)$ | $(23,491)$ |
| Net Profit After Tax | $\mathbf{4 2 , 2 3 6}$ | 58,327 |

[^1] prior half-year period was a 27-week period ended on 1 January 2023.

## Operating Highlights

- Total company owned sales of $\$ 732.9$ million

Sales

- LFL retail sales down $0.6 \%{ }^{1}$
- Wholesale sales down $25 \%$
- Gross margin of $56.6 \%$ up 140 basis points to prior year.
Gross
Margin
- Progress continues to be made in improving underlying gross margin through distributed and owned vertical brands.
- CODB impacted by negative LFL retail sales, lower wholesale sales and cost inflation in occupancy and store team costs. Additional cost efficiency initiatives have been implemented in non-customer facing areas.


Accent Group Half Year FY2024 Results Presentation


Retail, Wholesale \& Vertical Owned Brands

## Retail

- 72 new stores for the 6 months to 31 December 2023 added to the Accent Group store network
- Strong retail performance across Skechers, Hype, TAF, Stylerunner, and Nude Lucy
- 34 Nude Lucy stores now open with consistently growing results YoY



## Wholesale

- Wholesale sales down $25 \%$ on H1 FY23


## Vertical Owned Brands

- Double digit growth of Vertical Owned Brand sales compared to H1 FY23
- Sales in excess of $\$ 60$ million


Store Network ${ }^{1}$


1. Includes store closures and websites. For a breakdown by banner refer to page 16

## Vertical Owned Brands Sales

(\$ Millions)


## Accent Group Contactable Customers (Millions)




## Stores and Online

$\checkmark$ Roll-out of new stores, growing the network to 888 with at least 20 new stores planned to open in H2 FY24.
$\checkmark$ The Company sees a continued store roll-out opportunity in both its core banners and new businesses.
$\checkmark$ Significant growth opportunity remains for online.

$\checkmark$ Gross margin of $56.6 \%$ up 140 basis points to prior year.
$\checkmark$ Underlying gross margin continues to improve through an increasing mix of our distributed and owned vertical brands, combined with improved apparel sell-through.

Nude Lucy
$\checkmark$ Growth from a planned roll-out of additional Nude Lucy stores (refer to slide 11 for detail).

Stylerunner
$\checkmark$ Profit growth in Stylerunner with the store rollout program for this banner to recommence (refer to slide 11 for detail).


The Athlete's Foot
(TAF)
$\checkmark$ Strong performance over the last 5 years, including margin expansion \& the successful buyback strategy.
$\checkmark$ Potential to buy back the remaining franchises over the next 5 years (refer to slide 12 for detail).


## N U DELUCY

## Strong Customer Appeal

- Customer appeal driving sales densities in both online \& in store
Continued Store Expansion
34 stores trading, with 10+ new stores planned over the next 18
months



Nude Lucy: Sorrento


Nude Lucy: Claremont


Stylerunner: Bondi Beach


Stylerunner: Macquarie Centre

## Y The Athlete's Foot

## Strong 5-Year Performance

- Driven by margin expansion, successful franchise buyback strategy \& operational efficiencies


## Increased Margin

- Due to increased mix of distributed and vertical brands


## Franchise Buyback Update

- 73 stores acquired to date
- The Company has determined not to renew franchise agreements at expiry
- Potential to acquire remaining doors over the next 5 years and to add an incremental $\$ 170 \mathrm{~m}^{1}$ in owned sales over this period




## Dividends and trading update

- Accent Group has announced an interim dividend for H1 FY24 of 8.50 cents per share, fully franked, payable on 21 March 2024 to shareholders registered on 7 March 2024.
Dividends
- Accent Group continues to be defined by strong cash conversion and the consistent strong returns it delivers on shareholders' funds.
- Total owned sales YTD to the end of January are up $1.6 \%$ and owned retail sales over this period are up $5.6 \%$ reflecting new store openings.
- Like-for-like sales (LFL) for the first 7 weeks of H2 (1 January 2024 - 18 February 2024) are down


## Trading Update

 $0.7 \%$ on the prior year. Consistent with H1, gross margin \% continues to be above last year.- CODB \% also continues to be higher than last year albeit at a lower increase than H1, with the impact of negative LFL stores sales, increases in occupancy and store team costs continuing into H2.
- Whilst we recognise that there is some uncertainty in the economic outlook, in the context of the consumer environment, we have been pleased with trading and execution in the key periods of November, December and January.
- Looking forward, our store opening program remains on track. Stylerunner performance has been positive and along with Nude Lucy, both brands are resonating well with customers.


## Store network and distribution agreements

Store Network

| Store Network Dec-23 |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Store Network ${ }^{1}$ | Platypus | Skechers | TAF | Distributed Brands | Hype, Subtype Trybe | Glue, Nude Lucy, Stylerunner | Other Brands | Discountinued | Total |
| Stores as at FY23 | 188 | 171 | 155 | 104 | 112 | 82 | 8 | 1 | 821 |
| FY24 |  |  |  |  |  |  |  |  |  |
| Stores Opened | 22 | 17 | 4 | 10 | 1 | 18 | 0 | 0 | 72 |
| Stores Closed | 0 | (1) | (2) | 0 | 0 | (2) | 0 | 0 | (5) |
| Stores as at end of H1 FY24 | 210 | 187 | 157 | 114 | 113 | 98 | 8 | 1 | 888 |

1. Includes websites (35) and franchises (62)

Distribution Agreements
Total Active Distribution Agreements: 17

Balance sheet

## Balance Sheet

| \$000's | 31 Dec 2023 <br> H1 FY24 | 2 Jul 2023 <br> FY23 | 1 Jan 2023 <br> H1 FY23 |
| :--- | :---: | :---: | :---: |
| Trade receivables and prepayments | 48,339 | 40,433 | 53,709 |
| Inventories | 256,640 | 239,606 | 267,372 |
| Trade payables and provisions | $(161,316)$ | $(135,469)$ | $(188,973)$ |
| Net working capital | $\mathbf{1 4 3 , 6 6 3}$ | $\mathbf{1 4 4 , 5 7 0}$ | $\mathbf{1 3 2 , 1 0 8}$ |
|  |  |  |  |
| Intangible assets | 383,136 | 382,191 | 380,431 |
| Property, plant and equipment | 138,999 | 140,527 | 145,568 |
| Capital investments | 522,135 | 522,718 | 525,999 |
|  |  |  |  |
| Lease receivable | 18,368 | 19,555 | 19,954 |
| Right of use asset | 304,570 | 281,393 | 312,291 |
| Lease liabilities | $(436,957)$ | $(408,976)$ | $(449,212)$ |
| Lease balances | $(114,019)$ | $(108,028)$ | $(116,967)$ |
| Net cash/(debt) |  |  |  |
| Deferred income | $(91,391)$ | $(119,582)$ | $(63,559)$ |
| Tax and derivatives | $(17,215)$ | $(19,567)$ | $(21,027)$ |
| Net assets/equity | 9,391 | 21,101 | 18,129 |

## Commentary

- Inventory has decreased from H1 FY23 due to cleaner aged stock levels offset by the addition of 99 new store openings since H1 FY23



## Gross margin and FX rate

## Statutory Gross Margin (\%) and FX Rate Overview



Accent Group's mission is to be the market leading, digitally integrated retail and distribution business, in the performance lifestyle market for footwear, apparel and accessories across Australia and New Zealand.


The Accent Business model
Scalable, flexible and defensible

## Multi-Brand Retail Banners

Range global third party brands, global distributed brands, and owned vertical brands and products through online and stores

## Global Distributed Brands

Dedicated retail stores and online sites, as well as wholesale customer channels

Vertical Apparel Owned Brands<br>Supports margin growth and product differentiation in multi-brand banners, as well as having dedicated online sites

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[^0]:    1. The current reporting period, 3 July 2023 to 31 December 2023, represents 26 weeks and the comparative reporting period is from 27 June 2022 to 1 January 2023 which represents 27 weeks.
    2. As previously reported, the Company estimated that the proforma H1 FY23 EBIT for $\mathbf{2 6}$ weeks was $\mathbf{\$ 8 1 . 2}$ million, H1 FY23 statutory EBIT of $\$ 91.2$ million for the $\mathbf{2 7}$ weeks ended 1 January $\mathbf{2 0 2 3}$.
    3. Included in the $\$ 72.4$ million EBIT, is a non-cash cash charge of $\$ 3.1 \mathrm{~m}$ relating to store transition costs and carrying value provisions in several underperforming Glue stores.
[^1]:    . The Group has adopted a 26 -week half-year period, for financial reporting purposes, which ended on 31 December 2023. The

