Accent Group LIMITED

RESULTS PRESENTATION

HALF YEAR ENDED

29TH OF DECEMBER 2019

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Record H1 FY20 profit[1]

Key Metrics

$'000's	Pre AASB 16 H1 FY20	Pre AASB 16 H1 FY19	% Change
EBITDA	**$67,704**	$61,260	**+10.5%**
EBIT	**$52,642**	$47,377	**+11.1%**
PBT	$50,855	$45,789	**+11.1%**
NPAT	$35,288	$32,159	**+9.7%**
Owned Sales	$444,170	$389,391	**+14.1%**
Total Sales (inc TAF Franchisees)	$507,894	$458,084	**+10.9%**
FY20 Interim Year Dividend	5.25 cents	4.50 cents	**+16.7%**

1. The statutory results for H1 FY20 reflect the adoption of the new accounting standard AASB 16 *Leases*. The Group has adopted AASB 16 using the modified retrospective approach and as a result the prior period comparatives have not been restated. To allow for comparable financial information, all H1 FY20 results in this presentation are disclosed pre the application of AASB 16 ("Pre AASB 16") and exclude the impact of AASB 16. Refer to page 19 for a statutory review of the results.

Continued innovation for growth

- **Store growth:** opened **51** new stores (including new store formats), **8** closures, now **more than 500 stores in the Group**.
- **Digital growth: up 33%** on H1 FY19, customer personalisation journey continues.
- **The Athlete's Foot (TAF) corporate stores: 66** corporate stores, up from 49 stores in FY19.
- **Vertical product:** launch of **Shubar** in Hype, **The Trybe** accessories, **TAF** performance socks, Alpha school shoes and new accessory ranges in Platypus and Hype.
- **Trybe: 8** stores, including online store now open and strategy on track.
- **Digital Innovation:** launch of **Crèmm** and acquisition of **Stylerunner**.
- **Customer innovation:** My FIT3D rollout in all TAF stores.

H1 FY20 summary of financial performance

Financial Summary[1] - Comparable Financial Information

Profit & Loss ($000's)	Pre AASB 16 H1 FY20	Pre AASB 16 H1 FY19	% Change
Owned Sales	444,170	389,391	**14.1%**
Gross Profit	252,040	223,112	
Gross Margin (%)	56.7%	57.3%	**-60bps**
CODB	(194,349)	(172,409)	
CODB (%)	43.8%	44.3%	**-50bps**
Royalties and Franchise Fees	5,773	6,252	
Other Income	4,240	4,305	
EBITDA	**67,704**	**61,260**	**10.5%**
Depreciation & Amortisation	(15,062)	(13,883)	
EBIT	**52,642**	**47,377**	**11.1%**
Net Interest (Paid) / Received	(1,787)	(1,588)	
PBT	**50,855**	**45,789**	**11.1%**
Tax	(15,567)	(13,630)	
Net Profit After Tax	**35,288**	**32,159**	**9.7%**

1. The statutory results for H1 FY20 reflect the adoption of the new accounting standard AASB 16 *Leases*. The Group has adopted AASB 16 using the modified retrospective approach and as a result the prior period comparatives have not been restated. To allow for comparable financial information, all H1 FY20 results in this presentation are disclosed pre the application of AASB 16 ("Pre AASB 16") and exclude the impact of AASB 16. Refer to page 19 for a statutory review of the results.

Operating Highlights

Sales	○ **Total company owned sales of $444.2m, up 14.1% on prior year.** ○ Continued digital sales growth of **33%.** ○ LFL retail sales up **2.4%** for H1 (including digital and TAF franchise stores). ○ **51** new stores opened, **8** closed.
Gross Margin	○ Gross margin down 60 bps due to market conditions, including lower AUD/USD exchange rate and the competitive environment in November and December driven by the significant growth in November cyber sales events. ○ Currency impact in H1 of 120 bps of gross margin, offset by distributed brands and vertical product growth. ○ Vertical product strategy (shoe care, socks and accessories) on track.
CODB	○ CODB % decrease due to efficiency initiatives and operating leverage from new stores.
NPAT	○ **NPAT of $35.3m, up 9.7%** on prior year.

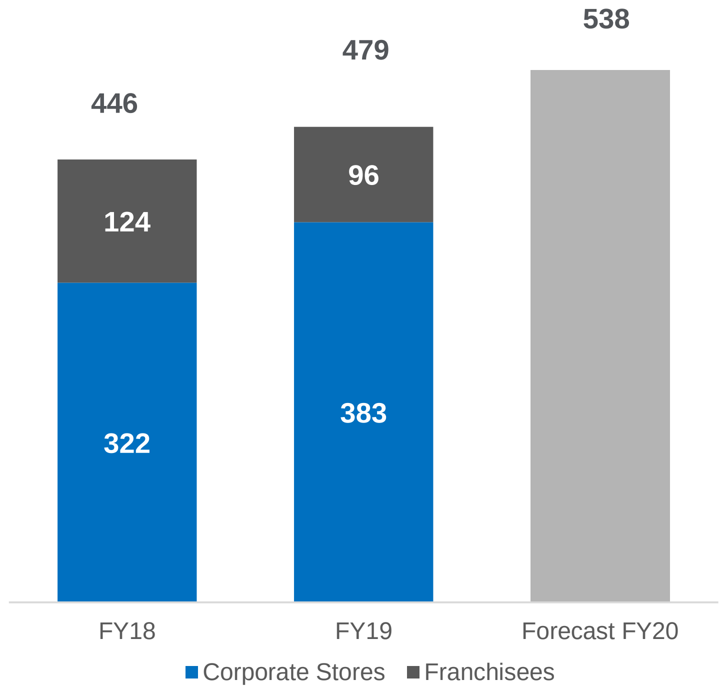
Retail

Key Financial Highlights

Owned Retail Sales up 15.4% to $382m

LFL Sales[1] up 2.4%

Store Network[2]



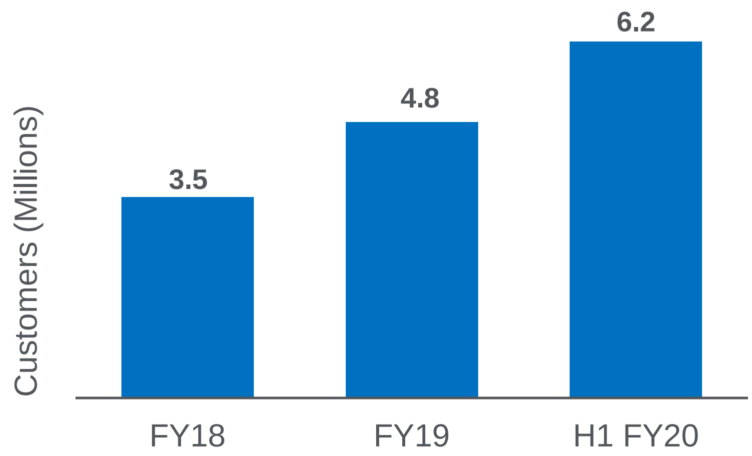
1. LFL sales include digital and The Athlete's Foot franchise stores. 2. Includes store closures. For a breakdown by banner refer to page 21.

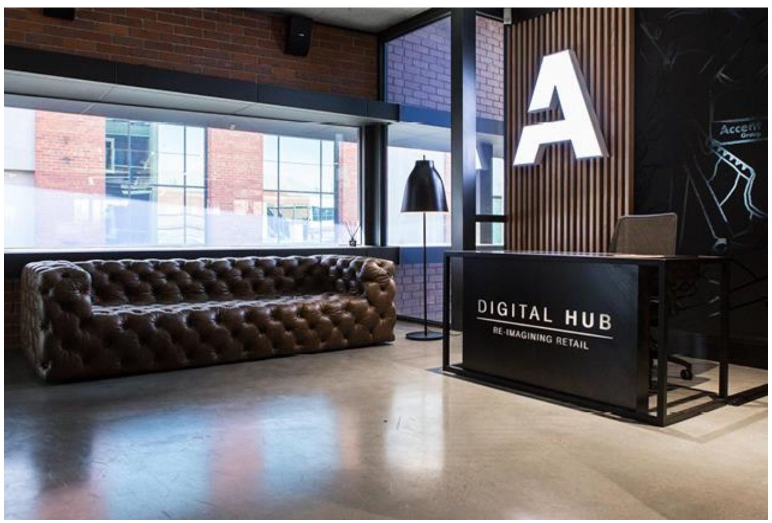
Commentary

H1 FY20 Highlights

- LFL retail sales up **2.4%[1].**
- Total digital sales grew by **33%.**
- Skechers, Vans, Dr Martens, Platypus, Caterpillar and Subtype traded strongly.
- Hype continues to be a key focus with initiatives underway in refurbishing stores, improving product and brand differentiation.
- Opened **51 new stores**, refurbished **18** stores and closed **8** stores. At the end of H1 FY20, the total store network was **522** stores.
- **8** The Trybe stores including online store now open and trading in line with expectations.
- 3rd Platypus flagship superstore opened in Highpoint in December.
- TAF sales performance ahead of prior year on both a total and like for like basis.
- TAF performance in the key Back to School (BTS) period in January was in line with expectations.

Contactable customers





Commentary

Sales	○ Total digital sales grew by **33%** for FY20, this was on top of the **94%** growth in the same period LY. ○ TAF digital sales grew by **44%.** ○ **19** websites now in operation across AU & NZ. ○ Launch of Crèmm, premium online footwear marketplace. ○ Acquisition of Stylerunner.
Digital	○ Expanded store fulfillment capability now in place for over 500 stores. ○ Continued investment in technology to drive CODB improvements and margin optimisation.
Customer Engagement	○ **6.2m** contactable customers, up **29% (~1.4m** customers) versus June 19. ○ Significant investments continue in CRM and data to maximise customer visitation and engagement. ○ Stylerunner has added 600k followers on Instagram.

Wholesale & Vertical Brands

Wholesale & vertical brands

Key Financial Highlights

Wholesale Sales up 6.7% to $62.2m

Vertical Distribution and Wholesale

Commentary

H1 FY20 Highlights

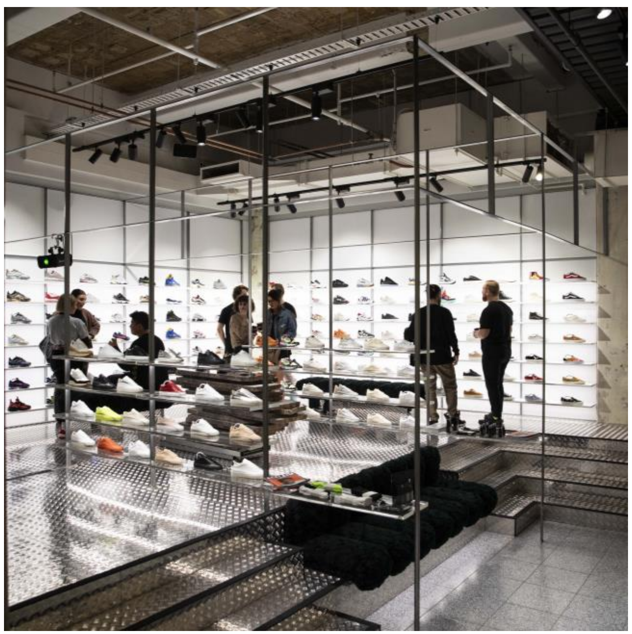
- Strong sales performance from Vans, Dr Martens, Merrell and Skechers.
- Skechers wholesale sales up on last year whilst the Skechers store network rollout continues.
- Brand license renewals:
  - Merrell renewed until December 2024;
  - Dr Martens renewed until March 2024;
  - Vans renewed until December 2023; and
  - Sperry contract extension agreed including key commercial terms until December 2022.
- Vertical product (shoe care, socks and accessories) strategy on track.
- Launch of The Trybe Accessories, Shubar, TAF performance socks and Alpha vertical school shoes. New ranges launched in Platypus and Hype.
- Acquired vertical apparel brands and design capabilities through Stylerunner.

Growth Plan

Growth plan update

1 New Stores

- At least 70 new stores (excluding closures) planned to open in FY20 across all banners.
- A further 30-40 stores planned by FY22 across Platypus, Hype, Skechers, Dr Martens, CAT, Merrell, TAF and Vans.



2 The Athlete's Foot

- **70** corporate stores expected by the end of FY20.
- The 2 remaining New Zealand franchisees stores acquired.
- Corporate store program on track to drive profit growth in FY20. Back to School results in line with expectations.
- On average new corporate stores generate sales of approximately $1.5m per store and store EBIT margin of 13% - 15%.
- EBIT margin growth from corporate stores over time driven by increased vertical product and distributed product mix and improved occupancy cost.

No. of Stores	FY19	H1 FY20	FY20 (fct)
Corporate	49	66	**70**

3 Digital & Crèmm

- Targeting 20% of sales within the next 3 years.
- Ongoing investment to scale infrastructure and support digital growth.
- Focus on continued expansion of fulfillment options and CODB improvements.
- **58** brands live in Crèmm (13 third party brands).
- More than **30** new third party brands in pipeline.
- Investment in Crèmm platform to accelerate the onboarding of new brands, to increase social and brand awareness and to enhance the platform.

Growth plan update (cont'd)

4 Vertical Product

- Continue to expand this program in FY20 and beyond.
- On track to deliver $15m in sales in FY20.
- Launch of Shubar in Hype, Trybe accessories, TAF performance socks, Alpha school shoes and new accessories ranges in Hype and Platypus.
- Continue to drive underlying gross margin improvement as the sales mix of vertical products increases.

5 The Trybe

- The Group has now opened 7 stores (Highpoint (VIC), Fountain Gate (VIC), Werribee (VIC), Macarthur Square (NSW), Bondi Junction (NSW), Miranda (NSW) and Castle Towers (NSW)).
- The Trybe stores traded in line with expectations for the important Christmas and Back To School periods.
- Accessories launched in store in early December with dedicated accessories areas retrofitted into the 4 original stores. Early results from the accessories program have been positive.
- Further stores planned to be rolled out by June in targeted locations.

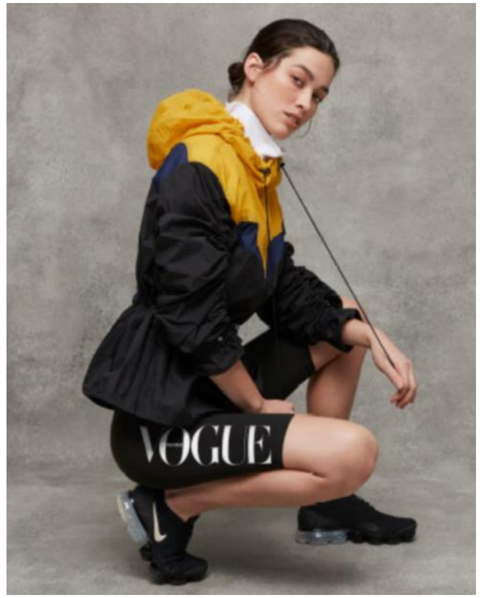
6 PIVOT

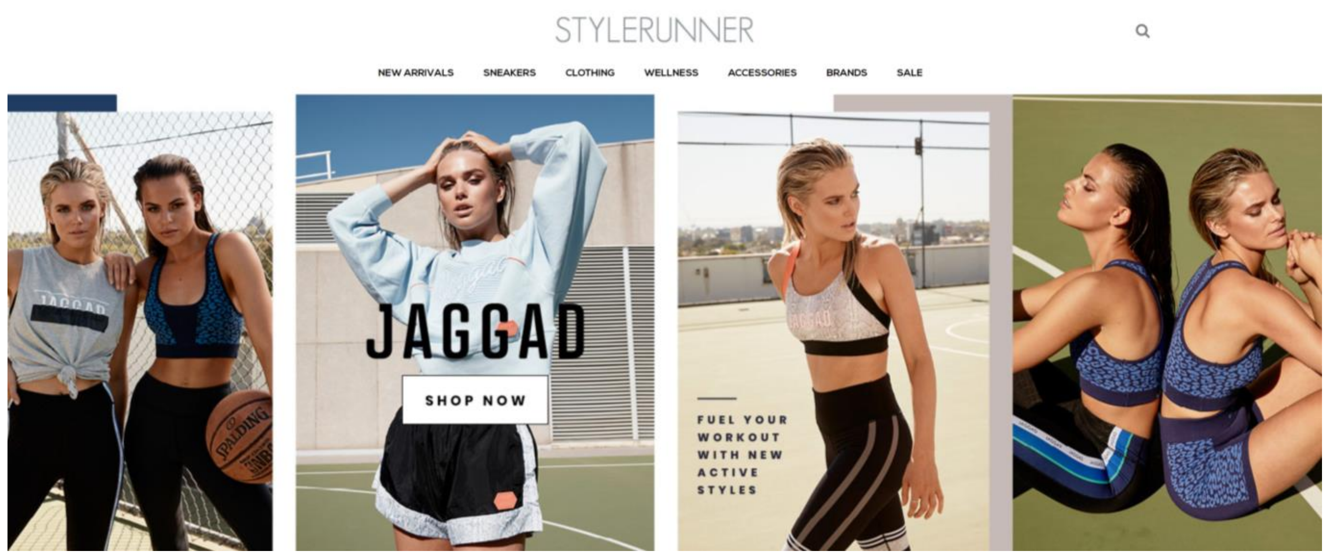
- First 3 stores confirmed.
- Shellharbour (NSW) to open in April 2020.

PIVOT
SPORTS. LIFE. STYLE.

7 Stylerunner

- Premium digital business in the fast-growing women's athleisure segment.
- Brand led with a focus on growing brand collaborations and exclusive strategy to deliver a differentiated consumer offer.
- Leveraging Accent Group's trading terms and shared services to drive improved profitability.
- Future opportunities for store rollout.





Dividends, Trading Update & Outlook

Dividends, trading update and FY20 outlook

Dividends	○ Accent Group has announced an interim ordinary dividend for FY20 of **5.25 cents** per share, fully franked, payable on **19 March 2020** to shareholders registered on **5 March 2020**. ○ The interim dividend is up **16.7%** on prior year (H1 FY19, 4.50 cents) ahead of NPAT growth of 9.7%. ○ Accent Group continues to be defined by strong cash conversion and the consistent strong returns it delivers on shareholders' funds.
Trading Update	○ For the first 7 weeks of H2 FY20, LFL retail sales are up **3.0%** on the same period in the prior year.
Outlook	○ **Profit growth in H2 delivered through:** ○ Low single digit LFL growth, including strong digital growth; ○ Growth from at least 70 new stores; ○ Annualisation of stores opened in FY19; ○ Growth from TAF corporate stores; ○ Gross margin pressure due to FX and competitive environment; and ○ Focus on CODB improvement continues.

Appendix

Accent Group overview

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

Accent Group Limited

Retail and Wholesale Distribution Channels

Owned Multibrand Retail Banners

PLATYPUS, HYPE, STYLERUNNER, THE TRYBE, SUBTYPE, The Athlete's Foot

Vertical Retail & Wholesale Distribution

Accent has the exclusive rights to distribute these brands in Australia

SKECHERS, Dr. Martens, VANS "OFF THE WALL", Timberland, PALLADIUM, MERRELL, SPERRY Since 1935, saucony, CAT

Strong Brand and Product Relationships

Third-party Global Brands

adidas, NIKE, asics, CONVERSE, FILA

Exclusively Distributed Global Brands

SKECHERS, Dr. Martens, VANS "OFF THE WALL", Timberland, PALLADIUM, MERRELL, SPERRY Since 1935, saucony, CAT

Vertical Products

Leveraging global sourcing relationships to source vertical products such as socks, shoe cleaners, laces and other product categories

Large Digital Presence and Customer Access

- Customer engagement—6.2m customers
- 19 Websites
- Over 500 stores, with key presence in both metropolitan and regional areas
- Significant Australia and New Zealand market share in the segments in which we operate

Impact of new lease accounting standard AASB 16 *Leases*

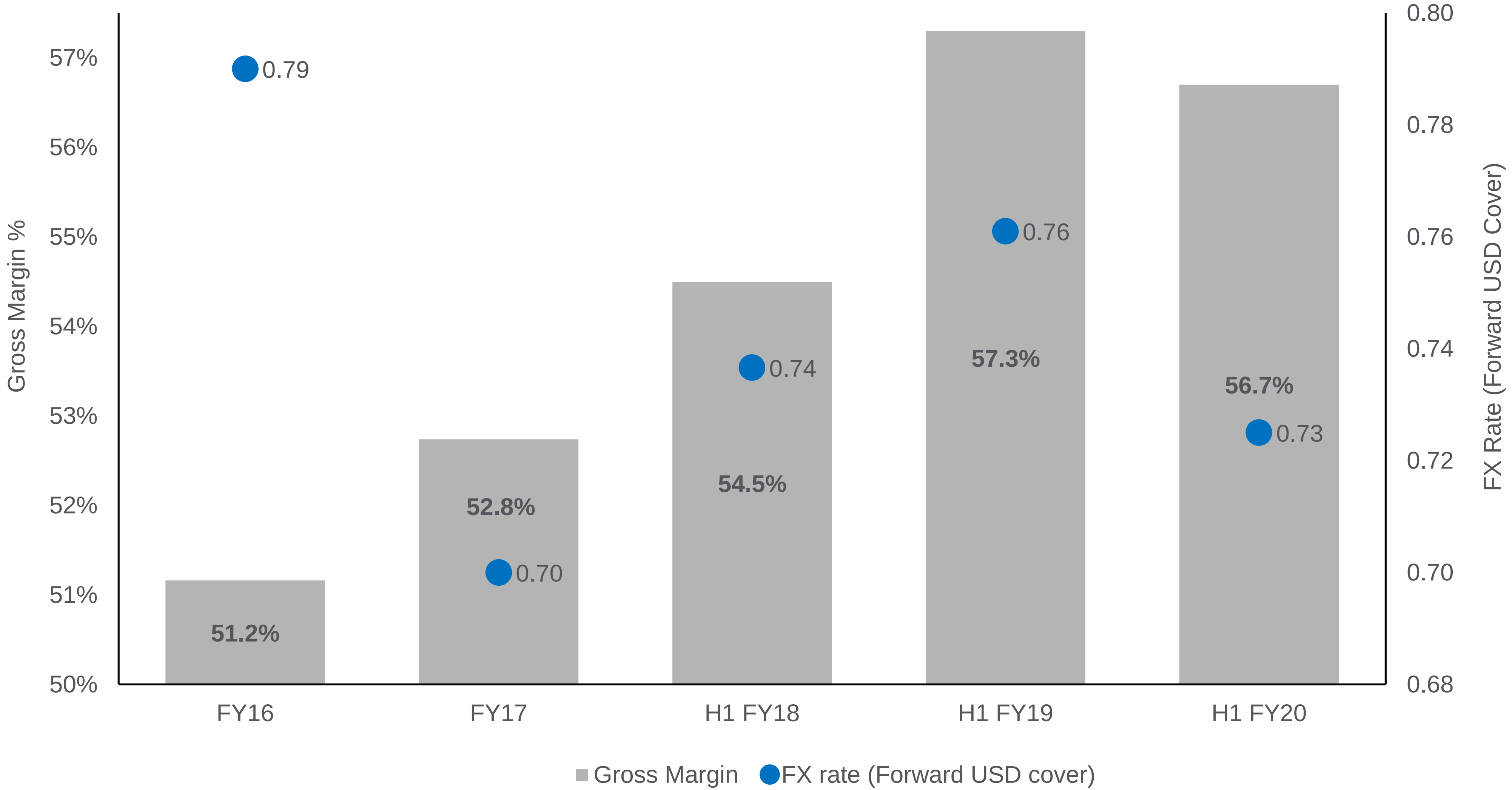
The implementation of AASB 16 *Leases* has significantly changed reported results however the standard does not have an economic impact on the Group, its cashflows, debt covenants or shareholder value. Below is a summary of the H1 FY20 reported results reflecting the adoption of AASB 16 and a pre AASB 16 view of H1 FY20 results as a direct comparison to the H1 FY19 results.

Profit & Loss

$000's	Post AASB 16 H1 FY20	Pre AASB 16 H1 FY20	Pre AASB 16 H1 FY19	Pre AASB 16 Change
Owned Sales	444,170	444,170	389,391	14.1%
Gross Profit	252,040	252,040	223,112	13.0%
Gross Margin (%)	56.7%	56.7%	57.3%	(0.6%)
CODB	(154,698)	(194,349)	(172,409)	12.7%
CODB %	34.8%	43.8%	44.3%	(0.5%)
Royalties and franchise fees	5,773	5,773	6,252	(7.7%)
Other Income	4,240	4,240	4,305	(1.5%)
EBITDA	**107,355**	**67,704**	**61,260**	**10.5%**
Depreciation & amortisation	(51,807)	(15,062)	(13,883)	8.5%
EBIT	**55,548**	**52,642**	**47,377**	**11.1%**
Net finance costs	(7,148)	(1,787)	(1,588)	12.5%
PBT	**48,400**	**50,855**	**45,789**	**11.1%**
Tax	(14,837)	(15,567)	(13,630)	14.2%
Net Profit After Tax	**33,563**	**35,288**	**32,159**	**9.7%**

Gross margin and FX rate

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



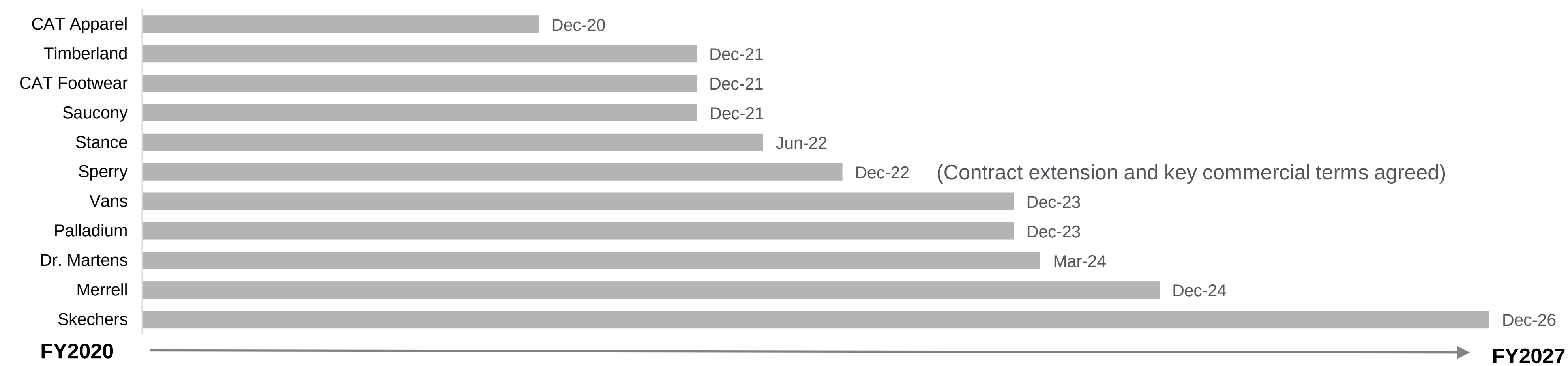
Store network and distribution agreements

Store Network[1]

Dec-19

Store Network[1]	**TAF**	**Platypus**	**Skechers**	**Vans**	**Timberland**	**Dr Martens**	**Merrell**	**Hype**	**Subtype**	**Trybe**	**PIVOT**	**Other/S'Runner**	**Total**
Stores at End of FY19	**143**	**114**	**94**	**24**	**7**	**4**	**20**	**65**	**2**	**3**		**3**	**479**
FY20													
Stores Opened	7	10	17			2		7		5		3	51
Stores Closed	(4)		(1)				(2)	(1)					(8)
Stores at End of H1 FY20	**146**	**124**	**110**	**24**	**7**	**6**	**18**	**71**	**2**	**8**	**0**	**6**	**522**
Projection FY20											Up to		
Expected at the End of FY20[2]	**146**	**125**	**114**	**24**	**7**	**9**	**18**	**72**	**3**	**10**	**4**	**6**	**538**

Distribution Agreements



1. Includes websites (19) and franchises (80); 2. Net of store closures.

Balance sheet

Balance Sheet

$000's	Post AASB 16 H1 FY20	Pre AASB 16 H1 FY20	Pre AASB 16 H1 FY19
Trade receivables and prepayments	35,328	35,328	25,584
Inventories	164,151	164,151	126,148
Trade payables & provisions	(146,970)	(157,678)	(124,761)
Net working capital	**52,509**	**41,801**	**26,971**
Intangible assets	358,833	358,833	353,020
Property, plant and equipment	103,283	103,283	83,891
Capital investments	**462,116**	**462,116**	**436,911**
Lease receivable	28,656	-	-
Right of use asset	265,693	-	-
Lease liabilities	(356,435)	-	-
Lease balances	**(62,086)**		
Net debt	(47,053)	(47,053)	(31,036)
Deferred income	(8,689)	(47,302)	(32,669)
Tax and derivatives	14,067	10,243	5,834
Net Assets / Equity	**410,864**	**419,805**	**406,011**

Commentary

- Inventory increased due to investment in new stores and TAF corporate store acquisitions, along with increased stock in transit due to the movement in Chinese New Year (H1 FY20: $33.1m, H1 FY19: $19.8m).
- Property, plant and equipment increased due to significant investment in new stores and new digital infrastructure.
- Trade and other payables consistent with our inventory growth.

Cash Flow – Comparable Financial Information

$000's	Pre AASB 16 H1 FY20	Pre AASB 16 H1 FY19
EBITDA	67,704	61,260
Change in working capital	6,177	5,523
Net interest and finance costs paid	(1,900)	(2,261)
Income tax paid	(24,049)	(18,584)
Other	(406)	3,373
Net cash flows from operating activities	**47,525**	**49,311**
Purchases of PP&E	(17,504)	(13,392)
Net payments for purchase of business	(7,927)	(11,387)
Net cash flows from investing activities	**(25,431)**	**(24,779)**
Free cash flow	**22,094**	**24,532**
Proceeds from issue of shares	672	820
Net proceeds from borrowings	5,000	(2,500)
Dividends paid	(20,297)	(20,341)
Net cash from financing activities	**(14,625)**	**(22,021)**
Net cash flow	**7,469**	**2,511**

Commentary

- Increase in property, plant and equipment driven from significant investment in 51 new stores and 18 refurbishments, compared to 35 new stores and 15 refurbishments in H1 FY19.
- Payments for the purchases of business include the acquisition of Stylerunner and 12 TAF corporate stores.
- Strong free cash flow and cash conversion.

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