ASX Announcement

FY2020 TRADING UPDATE
25 June 2020

Following the previous announcement on 27 April, Accent Group is delighted to announce that the business has achieved a strong FY2020 result. First and foremost, we recognise the contribution of our team, customers, and supplier and landlord partners in supporting the Company to achieve this result through a very challenging period.

- **FY2020 EBITDA[1] is now expected to be around 10% above the $108.9m achieved in FY2019**
- **As at week 51 (w/e 21 June):**
  - **Total year to date sales (including TAF franchisee sales) for FY2020 of $923m**
  - **Adjusted Like for Like Sales[2] for FY2020, up 1.6%**
  - **Digital sales April - June up 150% to LY**

Digital sales

Digital sales have continued to strengthen. May was a record month for Digital with a new daily record of over $2m during Click Frenzy. This was achieved at the same time as all our stores were trading and open for business. Digital sales for the month of May were $29m. In June, Digital sales represented 23% of total sales.

The digital infrastructure that Accent Group has built over the last three years has ensured that record customer numbers and deliveries could be managed from our digital platform with significant additional capacity and scalability still available.

Accent Group CEO, Daniel Agostinelli said "*The strong trading performance over the last 2 months driven by digital has been well ahead of expectations. It is clear that there has been a* ***seismic*** *and most likely enduring shift in consumer behaviour. With 18 websites and our leading digital capability, Accent Group is capitalising on this trend. Through this period Accent has attracted many new customers online who have never shopped with us before. We will continue to drive digital growth as the number one priority in our company*."

All stores now open

We closed all our stores on 27 March. On 27 April we announced the Group's plan to progressively re-open all its more than 500 store network to customers through the month of May. All Australian stores had re-opened for trade by 11 May and New Zealand stores reopened on 22 May. This was enabled by the Jobkeeper program in Australia and the New Zealand wage subsidy scheme, which allowed us to bring our stores team back to work and to get trading in all stores despite centre traffic and store originated sales continuing to be well down. The safety of our customers and teams has

[1] Unaudited EBITDA on a comparable basis to the pre AASB16 reported EBITDA for FY2019 of $108.8m
[2] Includes The Athlete's Foot franchise stores, excludes stores that were closed in April

remained paramount. The new safety protocols that were implemented as our stores reopened are working well and have been well received by our team and customers.

In general, sales in New Zealand, Western Australia, South Australia, Queensland and regional areas have bounced back more strongly than the metro centres in Melbourne and Sydney. The customer trend to activewear and performance running continues to remain very strong in Stylerunner and The Athlete's Foot, with a broad-based recovery in spend across all banners and product categories through May and June.

Leases and landlord negotiations

To date we have concluded successful negotiations with our landlord partners, and subsequently have continued to pay rent, in respect of the vast majority of our stores, with landlords who have been willing to come to the table in the spirit of the Government code of conduct. These outcomes have been achieved with both major and independent landlords who have acted in the spirit of the code and "shared the financial impact" of the continuing lower levels of centre customer traffic. We will continue to seek to negotiate with our other landlords in the hope that they too will engage in the spirit of the Government's announcements. Where we are unable to achieve a resolution that we consider to be fair, we will close stores.

Mr Agostinelli said: "*We are committed to maintaining our position as the largest multi-channel footwear retailer in our market. The mix of Accent's superior digital capability and the magic of our stores gives us a key competitive advantage, but it is important that we reach agreement with our landlords for sustainable and fair rental deals. With landlords where this cannot be achieved, we will close stores. We are delighted to report that to date we have been able to reach agreement with the vast majority of our major and independent landlords*.

FY2020 results outlook

Sales in May and June (to week 51) have been strong with Like for Like sales[3] up 7.0%. From 1 June, the Group stood up all its 1,500 permanent employees to full employment and full pay, which enabled a further acceleration of sales results in June.

FY2020 EBITDA is now expected to be around 10% above the $108.8m achieved in FY2019. This result has been achieved through strong performance in May and June driven by digital sales, effective cost management, the availability of the Australian and New Zealand government wage schemes to keep our digital team stood up and our stores back open early, and the support of our supplier and landlord partners.

The work completed to right size the Group's inventory and stronger than planned sales has ensured that closing inventory will be clean. FY2020 final operating profit below the EBITDA line is expected to include a non-cash impairment of assets of $3-4m on several store and other assets where revenue has been impacted in the current environment.

Mr Agostinelli said: *"Accent Group's greatest asset is its people and I am incredibly proud of the resilience, tenacity and performance of our team through this difficult period*".

[3] Includes The Athlete's Foot franchise stores

Authorised for lodgement by:
Celesti Harmse
Company Secretary

For further information contact: Matthew Durbin, Chief Financial Officer, T: +61 3 9977 5213