

ASX Announcement
Accent Group Limited (ASX: AX1)
22 February 2022

ACCENT GROUP H1 FY22 RESULTS ANNOUNCEMENT¹

FINANCIALS AND PERFORMANCE HIGHLIGHTS

- Total sales² of \$594 million
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$99.5 million
- Earnings Before Interest and Tax (EBIT) of \$30.3 million
- Net Profit After Tax (NPAT) of \$14.8 million
- Earnings Per Share (EPS) of 2.73 cents
- An interim dividend of 2.50 cents per share (fully franked)
- Digital sales up 47.9% to 31.2% of sales
- Inventory levels in line with expectations, and aged stock levels clean
- Available liquidity including cash on hand and undrawn debt facilities of 192.6 million,

Accent Group Limited (ASX: AX1) today reports EBIT of \$30.3 million and NPAT of \$14.8 million for the half year ended 26 December 2021.

Accent Group CEO, Daniel Agostinelli, said “Trade in the first half of the year was severely impacted by the COVID related disruption and lockdowns that occurred across Australia and New Zealand. At times through the months of July to October more than 55%, or 400 of the groups 700 stores were required to close due to government mandated lockdowns. In this context I am pleased with the results that have been achieved along with the continued progress the group has delivered against its growth plan objectives. The continued focus on VIP (our loyalty customers), Vertical and Virtual, along with our integrated digital and store operating model, has enabled the group to grow online sales, continue to grow its customer database and loyalty programs and successfully trade through our inventory. Key achievements for the half include opening 104 new stores, growing our customer database by a further 600,000 customers, signing a 10-year distribution agreement for Reebok and continuing to drive our key growth business. I would like to thank our team, suppliers and landlords for their efforts and resilience and our customers for their continued loyalty.”

¹ All results in this release are presented on a statutory post AASB16 basis unless otherwise noted

² Includes The Athlete’s Foot Franchise sales

H1 FY22 OPERATING REVIEW

- **Total online sales³ of \$159.8 million were up 47.9%** on the prior year and represented 31.2% of total retail sales.
- **Contactable customers grew by 600,000 to 9 million customers.**
- **The Group opened 104 new stores during the half** and closed 4 stores where required rent outcomes could not be achieved. **Total store numbers now 738 stores**
- **Owned Retail sales of \$443.3 million**, (management estimated impact of COVID lockdowns and disruption on owned retail sales of at least \$95m)
- **Wholesale sales of \$81.9m up 47.7% on prior year. Acquired a new 10-year exclusive distribution agreement for Reebok in Australia and New Zealand**
- **Sales of vertical owned brands and products** continue to grow strongly. The group now has 10 owned vertical brands.
- **Stylerunner: 19 stores now trading** (15 stores opened in H1 FY22) Strong growth in Stylerunner The Label, driving vertical mix.
- **Glue store turnaround and growth strategy.** 5 new concept stores opened (4 new stores and 1 refurbishment) with the new concepts performing well. Momentum and performance across the Glue business in November and December with all stores open was strong.

Dividend

Interim final dividend of 2.50 cents per share fully franked to be paid on 17 March 2022 to registered shareholders as at 10 March 2022.

GROWTH PLAN UPDATE

Stylerunner: 19 stores now trading with further stores identified to be trading by Christmas 2022

Glue store: 25 stores now trading with 5 new concept stores in market and trading ahead of expectations. Vertical brand mix continues to grow. Targeting to grow to 60 stores by December 2023

Online sales continue to grow strongly with investment continuing in new websites, loyalty programs and customer data. Online sales are targeted to sustainably grow to 30% of sales over time

New Stores: 140 new stores now expected to open in FY22 across all banners. A store network of **770 stores by the end of FY22**. (Refer to slide 16 of the H1 FY22 Results Investor presentation for new stores opened)

Wholesale sales are expected to continue to grow driven by core brands and new distribution agreements including Reebok and Hoka One One.

³ Includes The Athlete's Foot Franchise online sales

Trading update

Trade for the first 8 weeks of H2 has been significantly impacted by reduced customer traffic due to the COVID19 Omicron variant. Like for Like (“LFL”) sales for the first 8 weeks of H2 were down 10.0% on the prior year and flat on FY20. LFL Sales for the first 4 weeks of January (to Sunday 23 January) were down -19.1% to last year. LFL sales for the 4 weeks of Monday 24 January to Sunday 20 February improved significantly and were in line with last year. Back to School trade was late and was particularly strong in the last week of January and the first week of February.

Following the post-Christmas sales, the group has continued to drive full price, full margin sales, and gross margin % over the first 8 weeks has been in line with expectations and ahead of the prior year.

Given the ongoing uncertainty surrounding the impact of COVID-19, the Company has determined not to provide forward sales or profit guidance for H2 FY22 or the full year FY22.

Mr Agostinelli concluded, “We continue to build a strong 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 strong growth into the future. I am pleased with the progress that has been made on our key growth strategies.”

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Investor Briefing:

Accent Group FY22 Half-Year Investor Briefing | February 23 | 9:00am AEDT

https://openexc.zoom.us/webinar/register/WN_mEu2AsRBS6e2uT9j2Yg5lw

Webinar ID: 913 7689 4066

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

Appendix

Financial overview – Statutory (post AASB16 other than where noted)

Financials (\$ million)	H1 FY22	H1 FY21	Variance
Total Sales (Inc. TAF)	\$594.0	\$541.3	Up 9.7%
Owned Sales	\$525.2	\$466.9	Up 12.5%
Retail Sales	\$443.3	\$411.4	Up 7.7%
Wholesale sales	\$81.9	\$55.5	Up 47.7%
EBITDA	\$99.5	\$138.1	Down 27.9%
EBIT	\$30.3	\$81.7	Down 62.9%
PBT	\$22.1	\$75.1	Down 70.5%
NPAT	\$14.8	\$52.7	Down 72.0%