

**ASX Announcement
11 November 2022**

**2022 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 2022 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 of country throughout Australia and recognise their continuing connection to land, waters and community. I pay my respects to them and their cultures; and to Elders past, present and emerging.

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

I am delighted to say that today's meeting is the first opportunity we have had to hold an in-person meeting since the COVID pandemic. To provide shareholders with flexibility, the meeting is also being held 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 Computershare 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 Computershare platform. 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 verbal question via the telephone line, 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 – Voting Process

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 would 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 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 Stephen Goddard, Michael Hapgood, Brett Blundy, Donna Player, and Joshua Lowcock.

Slide 6 – Other attendees

We are also joined by our Group Chief Financial and Operations Officer and Joint Company Secretary, Matthew Durbin, and our Group General Counsel and Joint Company Secretary, Alethea Lee. A number of our executive leadership team members are also in the room, as well as the Company's auditor, Deloitte, represented by partner Stephen Roche.

Slide 7 – Agenda

At today's meeting, we will be considering a number of matters set out in the Notice of Meeting dated 10 October 2022. Before we address the resolutions set out in that Notice, I will make some introductory remarks and provide an overview of our FY22 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 8 – The Accent growth journey

The operational disruption experienced in the FY22 year, and the associated impact to the financial results, has been well reported. Over 50% of the Group's total store network, amounting to more than 400 stores, were closed between the months of July to October due to government mandated lockdowns. Subsequently, the Omicron variant then impacted customer traffic levels and confidence. The negative impact of this disruption on sales, gross margin and cost of doing business was significant, resulting in disappointing financial results for the year.

Despite the significant disruption however, we have continued to invest in and maintain the focus on our growth initiatives, including rolling out new stores, strengthening our digital

capability, expanding our customer database, growing our distributed brands, and building on our vertical brands. These investments have been targeted towards continuing the Company's long-term growth trajectory that has delivered record profits and growing shareholder returns for four of the last five years.

Slide 9 – The Accent business model

These achievements build and reinforce the Company's strong and defensible market position, as well as increasing our relevance in target markets across Australia and New Zealand. The Accent Group 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 more recently 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. The Board wishes to acknowledge the resolute dedication, resilience and loyalty of the Accent Group team through a difficult and highly disrupted period in delivering on these growth initiatives and continuing to build the Company up from strength to strength.

Slide 10 – FY22 financial performance

Turning now to the results, total sales for the year (including The Athlete's Foot franchisees) of \$1.27 billion dollars were up 11.3% to the prior year. EBIT and NPAT were down significantly on the prior year. As reported, the Company estimated that the government mandated closure of some 400 stores for varying periods (including for the Omicron affected period), negatively impacted total sales by circa \$95 million dollars. Gross margin percentage was also negatively impacted by 190 basis points due to the requirement to move through inventory while stores were closed.

Slide 11 – Shareholder value creation

In spite of the disrupted FY22 year, since 2012, Accent Group has delivered a 23.3% per annum compounding annualised return, outstripping that of the ASX200 at 10.7% 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 almost double that of the ASX200. This is something we continue to drive, and strive for.

Slide 12 – Sustainability Update

I am very pleased to report that Accent Group released its first ever standalone sustainability report in 2022. This has been the outcome of an 18-month journey to define our approach across the core pillars of Our People, Our Responsibilities, and Our Environment. We took care to define the initiatives and focus areas for the business in these areas.

In relation to **Our People**, we recognise that the performance of Accent Group is driven by the quality and dedication of our 6,500-strong team members employed across Australia and New Zealand. We continue to gain insight into what matters to our team members through continuing our Group-wide Team Engagement Survey, which highlights areas in which our team considers we are doing well, as well as areas for improvement. The survey gives the Company an opportunity to execute and follow-up on action plans to address these opportunities for improvement.

In relation to **our responsibilities**, some of the early work that we are most proud of is the Stamp Your Feet initiative, and our associated partnerships 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 Group'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. Accent Group has, to date, set up 229 recycling collection points across our store network. In FY22, we collected more than 58,000 pairs of shoes for recycling.

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

While it has been a year of challenges for Accent Group, it has not been one without achievements. 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 13 – Daniel Agostinelli, Group CEO

GROUP CHIEF EXECUTIVE OFFICER, DANIEL AGOSTINELLI

Thank you David, and good morning everyone.

Slide 14 – Operational Highlights

As David mentioned, total Group sales (including The Athlete's Foot Franchisees) are now approaching \$1.3 billion dollars.

In FY22, we opened 139 new stores across all formats in Australia and New Zealand, to increase our total store numbers by to 762 stores.

Our contactable customer database has grown by 50%, from 6 million to more than 9 million customers.

Accent Group's online sales grew by more than 200% to \$263.8 million dollars, which represented 24.4% of retail sales in FY22.

Pleasingly, our vertical brands and product sales grew in line with expectations and are now more than \$70 million dollars, from a standing start in FY19. We also continued to grow our stable of distributed brands and acquired several new global brands in FY22.

Slide 15 – Digital

Digital sales grew strongly throughout the year, with growth of nearly 26%. Digital sales made up around 24% of total sales for the year.

H2 FY22 saw a significant pull back in promotional activity instore and on our websites, with an associated impact on average order value as the focus for this channel shifted away from clearing inventory back to more profitable online sales. It was pleasing that online sales continued to grow in total at higher gross margins.

We anticipate that the digital % of sales achieved in H2 of 19% is representative of a more normal mix of online sales. We continue our investment in our webstores to refine and improve their capability on an ongoing basis.

Slide 16 – VIP and Loyalty

Through the year, we also continued our investment in loyalty and customer data platforms. Our customer data platform went live in Q1 FY23.

I am pleased to report that our contactable customer base grew by 900,000 customers to 9.3 million customers. This continues to be the result of creating attractive loyalty programs coupled with a strong drive to invite customers to join these programs. The Hype and Platypus loyalty programs launched in FY22 and we are now seeing the impact of our loyalty programs, including those of TAF, Skechers and Merrell. The Group is targeting growing our customer database to 10 million customers in FY23.

Slide 17 – Retail, Wholesale & Vertical Owned Brands

As mentioned, during the year, we opened 139 new stores across all formats. We closed 15 stores where sustainable renewal terms could not be agreed.

The new stores are performing well, and the momentum in the Glue and Stylerunner businesses, including the new stores in those formats, continues to strengthen.

We are on track to open around 50 new stores in H1 FY23.

Wholesale sales continued to grow in FY22, driven by existing brands and the addition of new wholesale brands, including the brands acquired with Glue Store.

Sales of vertical owned brands and products grew to more than \$70 million and continue to support the improvement in underlying gross margin. Vertical continues to be a key strategic drive for the Company and we are looking forward to delivering great results in this division.

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 the progress that has been made on our key growth strategies through a highly disrupted period. 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 deliver strong results as we forge on ahead into the future.

I will now hand back over to David.

Slide 18 – 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 18 weeks of FY23, based on trade to date, total Group owned sales YTD are up 52% compared to FY22. FY23 gross margin % YTD is up 570 bps on FY22.

Trade to date has been above expectations. The Group's continued focus on driving full-price, full margin sales has resulted in strong margin recovery from last year.

Our store opening program is on track and we expect to open around 50 new stores in H1.

Whilst we provide no forward guidance, inventory levels reflect strong deliveries of exciting new product across all banners, and the Group's in-stock position, along with sales and

operational plans, are well set heading into the three most important trading months of the year

We also wish to advise that the first half of FY2023 will be a 27-week reporting period, ending 1 January 2023, compared to the 26-week reporting period ended 26 December 2021 in the first half of FY2022.

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