

ASX Announcement
Accent Group Limited (ASX: AX1)
18 August 2022

ACCENT GROUP FY22 RESULTS ANNOUNCEMENT ¹

FINANCIALS AND PERFORMANCE HIGHLIGHTS

- Total sales² of \$1.27 billion
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$213.6 million
- Earnings Before Interest and Tax (EBIT) of \$62.3 million
- Net Profit After Tax (NPAT) of \$31.5 million
- Earnings Per Share (EPS) of 5.81 cents
- A final dividend of 4.00 cents per share (fully franked) bringing total dividends for the year to 6.50 cents per share
- Inventory levels in-line with expectations, and aged stock levels clean
- Available liquidity including cash on hand and undrawn debt facilities of \$187.8 million

Accent Group Limited (ASX: AX1) (**Accent Group, Group or Company**) today reports EBIT of \$62.3 million and NPAT of \$31.5 million for the full year ended 26 June 2022.

Accent Group CEO, Daniel Agostinelli, said “The operational disruption experienced in the FY22 year, and the associated impact to the financial results, has been well reported. In the context of the operational challenges and focus that was required to manage the day-to-day business, I am very pleased with the continued progress in executing our growth plan initiatives, and in addition to our customers and suppliers, I would like to thank the Accent Group team for their loyalty and efforts throughout the year.”

Through a highly disrupted year Accent Group has continued to focus on, and to invest in, rolling out new stores, strengthening digital capability, growing its customer database, growing its distributed brands, building vertical brands, growing Stylerunner, and integrating and repositioning Glue Store.

These achievements continue to build and reinforce the Company’s strong and defensible market position, along with growing its customer reach and relevance across Australia and New Zealand. They also position the Company well to continue the long-term growth trajectory that has delivered record profits and growing shareholder returns in four of the last five years.

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

FY22 OPERATING REVIEW

- **Total owned sales³ of \$1.1 billion up 14.0%**, (estimated impact of COVID-19 disruption on owned retail sales in H1 of c\$95 million)
- **Total online sales⁴ of \$263.8m million were up 25.7%** on the prior year and in FY22 contributed 24.4% of total retail sales
- The Group **opened 139 new stores** during the year and closed 15 stores where required rent outcomes could not be achieved. **Total store numbers now 762 stores**
- **Contactable customers grew by 900,000** to 9.3 million customers
- **Sales of vertical owned brands** were more than \$70m and continue to grow strongly
- **Stylerunner: 23 stores now trading** (19 stores opened in FY22), with strong growth in Stylerunner The Label, driving vertical mix and gross margin
- **Glue store turnaround and growth strategy.** 8 new concept stores opened (7 new stores and 1 refurbishment) with the new concepts performing well. Momentum and performance across the Glue business continues to strengthen

DIVIDEND

Final dividend of 4.00 cents per share fully franked to be paid on 15 September 2022 to registered shareholders as of 1 September 2022.

GROWTH PLAN UPDATE

In the 30 months since the end of December 2019 (immediately prior to the onset of the COVID-19 pandemic), Accent Group has continued to build scale, customer reach and capability across the business including:

- Opening more than 230 stores across Australia and New Zealand to increase total store numbers by almost 50% to 762 stores. At least 50 new stores are expected to open across the Group in FY23
- Growing our contactable customer database by 50% from 6 million to more than 9 million customers
- Growing online sales by more than 200% to \$263.8 million, 24.4% of retail sales in FY22
- Growing vertical brand and product sales to more than \$70m of sales. Vertical brand sales are planned for continued growth in FY23 and continue to improve underlying gross margin
- Broadening our global distributed brand portfolio giving us a platform for further growth through owned retail, online and wholesale channels

³ Owned sales exclude The Athlete's Foot Franchise sales

⁴ Includes The Athlete's Foot Franchise online sales

- Acquiring and integrating Stylerunner and Glue Store creating a strong entry into the athleisure and youth apparel markets. Growth in sales and EBIT from these businesses is expected in FY23

In summary, Accent Group today has significantly more scale and customer reach than the business did 30 months ago. The business also remains well positioned for future growth though continued growth in new retail stores, growth in new categories (in particular youth and active apparel), continued growth in wholesale, a continuing drive to improve underlying gross margin and ongoing investments in digital and customer data.

Trading update and outlook

Trading conditions for the first 7 weeks of FY23 have been positive, driven largely by undisrupted trading conditions and supported by full deliveries of new product. Total sales are up 48.9% reflecting the positive trading conditions, stores open this year that were closed last year, and new stores opened during the last 12 months. Like-for-like sales⁵ for the first 7 weeks of H2 are up 18.9% on the prior year. Total and like-for-like gross margin \$ and gross margin % for this period are also well ahead of FY22 and are up on the first 7 undisrupted weeks in FY20. Based on these early results, the Company is pleased with the start of the new year.

Whilst not providing guidance, we note the previously reported estimate, that due to disrupted trading conditions, around \$95 million of sales were lost in 1H22. In addition, due to this disruption, the gross margin % in FY22 was around 200 basis points less than the gross margin % achieved across FY19 to FY21. In FY23, assuming undisrupted trading conditions, Accent Group is focusing on high quality full margin sales, and will benefit from the annualising sales of the 139 stores opened in FY22 and the 50 stores planned to open in FY23.

Mr Agostinelli concluded “Management recognises that there is some uncertainty in both the economic outlook and global supply chain. We also feel we have demonstrated our ability through the COVID-19-impacted period to build a higher quality business with good growth prospects that can weather the challenges and come out stronger the other side. I am pleased with the progress that has been made on our key growth strategies. 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.”

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⁵ The Like for Like measurement is consistent with prior releases and includes the year on year sales comparison for all stores in which a sale has been recorded on the same day the prior year.

Investor Briefing:

Accent Group FY22 Full-Year Investor Briefing | August 19 | 9:00am AEST

https://openexc.zoom.us/webinar/register/WN_5tDDwz_4TCS0bLPyRB-T7g

Webinar ID: 956 6325 3462

Password: 817200

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)	FY22	FY21	Variance
Total Sales (Inc. TAF)	1,267	1,138	+11.3%
Owned Sales	1,103	967.8	+14.0%
EBITDA	213.6	242.0	(11.8%)
EBIT	62.3	124.9	(50.1%)
PBT	46.6	111	(58.0%)
NPAT	31.5	76.9	(59.1%)