ASX Announcement
Accent Group Limited (ASX: AX1)
23 August 2024

ACCENT GROUP FULL YEAR FY24 RESULTS[1]

FY24 HIGHLIGHTS

- Total sales[2] of $1.61 billion (FY23: $1.57 billion)
- Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) of $293.7 million (FY23: $298.2 million)
- Earnings Before Interest and Tax (**EBIT**) of $110.4 million[3] (FY23: $138.8 million)
- Net Profit After Tax (**NPAT**) of $59.5 million (FY23: $88.7 million)
- Earnings Per Share (**EPS**) of 10.6 cents (FY23: 16.2 cents)
- A fully franked final dividend of 4.5 cents per share bringing dividends for the FY24 year to 13.0 cents per share (FY23: 17.5 cents per share)
- Inventory well managed and aged stock levels clean
- Net debt of $122.2 million (FY23: $119.6 million)

Accent Group Limited (ASX: AX1) (**Accent Group, Group** or **Company**) today reports EBIT of $110.4 million and NPAT of $59.5 million for the 52 weeks ended 30 June 2024 (**FY24**). The result is in-line with the EBIT guidance of $109 million to $111 million released in the trading update on 18 July 2024.

Accent Group CEO, Daniel Agostinelli, said "In the context of a more challenging consumer environment, I am pleased with the performance of the Accent team. The Company remains focused on growth and return on investment for shareholders. Highlights for the year include the profit contribution of our newer banners including Nude Lucy, Stylerunner, HOKA and UGG along with continued strong performance in Skechers, The Athlete's Foot **(TAF)**, Hype DC and others."

PORTFOLIO AND OPERATIONAL REVIEW

"As we add and grow new businesses, the Company continues to evaluate business unit performance to drive investor returns. This ongoing process resulted in the previously announced decision to exit 17 underperforming Glue stores. We advise today that The Trybe business has been sold and that the Company will not continue with the CAT distribution agreement beyond its expiry at the end of December 2024.

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[1] Financial results for the 52 weeks ended 30 June 2024, are presented on a statutory post AASB 16 basis unless otherwise noted. Prior year comparisons are presented on the same basis for the 53 weeks ended 2 July 2023.
[2] Includes The Athlete's Foot franchise sales, non-IFRS measure.
[3] EBIT of $110.4 million includes non-recurring charges relating to underperforming Glue stores and store transitions of $17.3m (H1: $3.1m, H2: $14.2m).

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This continued portfolio review will allow more capital and focus to be applied to the highest performing and growth businesses. In addition, to respond to ongoing cost inflation pressures, the Company has initiated a program to deliver further operational and cost efficiencies which are expected to improve CODB performance across FY25-FY27."

FY24 OPERATING REVIEW

- **Total owned sales[4] of $1.43 billion up 3.0%** to prior year (Owned Retail up 6.3%, Wholesale down 16.9%). The retail sales growth was supported by the continued strong performance in online, leveraging the Company's integrated omnichannel capability.

- **Like for Like (LFL) retail sales[5] for the year of 1.7%** (H2: 4.1%).

- **Gross margin of 55.8% up 58 basis points** reflecting a higher retail sales mix, effective inventory management and the continued strategy to drive our distributed and vertical brands.

- **CODB % of 45.9%** was 138 basis points above the prior year. Cost inflation in store rents and team costs along with lower LFL sales impacted CODB. CODB performance improved in H2 due to strengthening LFL sales and the impact of a range of ongoing cost efficiency initiatives across lease renewals, support office team costs, distribution and other store costs. The Company has initiated a further operating cost review which is planned to drive a reduction in CODB % to sales across FY25-FY27.

- During the year the Group **opened 93 new stores** and closed 19 stores where required investment return outcomes could not be achieved. **Total store numbers (including websites) of 895 stores**. New store performance remains strong with sales, profit and return metrics in line with expectations.

- **Sales of vertical owned brands** of more than $125 million (c.9% of owned sales) with gross margin rate ahead of prior year.

- **Contactable customers grew by 400,000** to 10.2 million customers, with loyalty program membership of 8.1 million customers across TAF, Skechers, Platypus, Hype DC, Glue Store and Merrell.

- **Decision not to renew TAF Franchise agreements at expiry (announced in February 24)** and to explore the re-acquisition of the remaining 60 franchise territories over the next 5 years as franchise agreements expire. Three TAF Franchises were re-acquired in FY24.

- **Decision to exit 17 underperforming Glue stores**, which will result in a Glue Store business consisting of 18 stores (including its digital store) which is expected to be profitable in FY25. The 17 underperforming stores are planned to close or transition by early calendar year 2025.

- **The Trybe business has been sold, and ownership transitioned on 16 August 2024**, reflecting the ongoing focus on core and growth brands. The Accent Group business continues to have a large and growing children's shoe business through The Athlete's Foot, Skechers, Platypus, Hype DC and others. The business was sold for carrying value with no material financial impact arising from the sale and transition.

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[4] Owned sales exclude The Athlete's Foot Franchise sales
[5] Like for like ("LFL") retail sales based on 52 weeks for current and comparative periods include TAF Franchise sales

- The CAT distribution agreement will not continue beyond expiry in December 2024. The CAT business, predominantly focused on the workwear space was small relative to the Group's other businesses. The six remaining stores will close or transition throughout FY25 with no material financial impact in FY24 or expected in FY25.

DIVIDEND

Final dividend of 4.5 cents per share fully franked to be paid on 26 September 2024 to registered shareholders as of 12 September 2024.

Total dividends (fully franked) for the year of 13.0 cents per share.

GROWTH PLAN

The Company continues to have a valuable portfolio of growth opportunities across its core banners and new businesses, including:

- The continued roll-out of new stores, with significant further store roll-out opportunity in both its core banners and new businesses over the next 5 years. **At least 50 new stores are planned to open in FY25**.

- **Improved underlying gross margin** from continued growth in the Company's "moat" brands, being its distributed and vertical owned brands. Along with the margin improvements, these brands continue to provide an un-replicable competitive advantage through exclusive product access, forward visibility to global product trends, and end-to-end customer access in ANZ and exclusive products.

- **Growth in Nude Lucy** from the continuing roll-out of new stores and online growth. Nude Lucy now has 36 stores including online with additional stores planned to open in FY25. The company has also launched a US focussed online store for Nude Lucy (www.nudelucy.com) to test customer demand for the brand.

- **Growth in Stylerunner** which was profitable in FY24, currently 28 stores trading, including online with around 10 stores to open in FY25

- **Continued profit growth in TAF** from profit margin expansion, and franchise stores continuing to be re-acquired (current network of 99 corporate stores inclusive of online stores and 60 franchise stores as at 30 June 2024). FY24 franchise store sales of $170m, up 0.2% on FY23.

- **Continued growth in current and new distributed brands** in particular Skechers, HOKA and UGG with further store roll out and online growth planned in these brands.

TRADING UPDATE

Total sales for the first 7 weeks of FY25 are up 8.7% to last year.

LFL retail sales for the first 7 weeks of FY25 are up 3.5% on the prior year.

Mr Agostinelli said “I am very pleased with trade in the opening weeks of FY25. The Accent team is focused on executing our plan for FY25 including strong new product, opening at least 50 new stores, growth from our existing and new distributed brands and a continued drive on cost efficiency and gross margin improvement.

In conclusion, I am pleased with the progress that has been made on our key growth strategies as 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 growth into the future.”

Group Chairman David Gordon said “On behalf of the Board I would like to thank the entire Accent team for their efforts in FY24. Accent Group is defined by a culture of innovation and a drive for strong long-term investment returns for shareholders. The ongoing evolution of the Accent brand portfolio and disciplined approach to rationalising underperforming and non-core banners and stores enables more management focus and targeted capital allocation to drive future growth and shareholder returns.”

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<u>Accent Group FY24 Full-Year Investor Briefing | 23 August | 10:00am AEST</u>

Webinar link: https://openexc.zoom.us/webinar/register/WN_bXpWQwvKT468JFhoOXV2Yw

Webinar ID: 989 8849 1755

Password: 863825

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

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Appendix

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

Financials	FY24 52 weeks	FY23 53 weeks	Var to FY23
Stores	**893**	821	
Total Sales (Inc. TAF franchises) ($m)	**$1,608.1**	$1,566.1	**+2.7%**
Owned Sales ($m)	**$1,434.9**	$1,393.3	**+3.0%**
LFL Retail Sales[6] (%)	**1.7%**	10.2%	
EBITDA ($m)	**$293.7**	$298.2	**-1.5%**
EBIT ($m)	**$110.4**	$138.8	**-20.5%**
PBT ($m)	**$84.4**	$119.6	**-29.4%**
NPAT ($m)	**$59.5**	$88.7	**-32.9%**

[6] Based on 52 weeks in the current and prior year comparators