Accent Group Limited (ASX: AX1)
ASX Announcement
15 April 2025

Strategic Transaction with Frasers Group

Accent Group to launch and operate Sports Direct in Australia and New Zealand, Frasers to increase shareholding in Accent to 19.57% and new employment agreement with CEO, Daniel Agostinelli

Accent Group Limited (**Accent**, the **Company** or the **Group**) announces today that it will bring one of the leading sporting goods retailing businesses globally, Sports Direct, to Australian and New Zealand consumers. Accent has entered a long-term strategic relationship with Frasers Group plc, a global retailer of sports, premium and luxury brands, based in London and listed on the London Stock Exchange (FRAS.L) (**Frasers**), to launch and operate the Sports Direct retail business in Australia and New Zealand (**ANZ**).

The opportunity to bring Sports Direct to the ANZ market builds on Accent's growth plan, incorporating a new business and expanding its existing presence in the sports and athletic market, whilst diversifying into highly complementary adjacencies. There is opportunity for material growth and ability to build on the strength of its core banners.

As part of the arrangements with Frasers, Frasers has also agreed to increase its shareholding in Accent to 19.57%, reflecting Frasers' confidence in Accent's management strength and new business development capability.

Accent also announces today that it has entered into a new employment agreement with current CEO, Daniel Agostinelli, who has committed to remaining as CEO for at least another 3 years.

Key highlights

- **Sports Direct roll-out** – Accent will be granted the right to launch and operate the Sports Direct business (including online) in ANZ for an initial 25-year term. Accent plans for an initial roll-out of at least 50 Sports Direct stores over the next 6 years, and ultimately sees an opportunity for 100 plus Sports Direct stores. The initial investment in capex and opex to roll-out the Sports Direct stores will be substantial.
- **Brand Access** – Accent will have access to Frasers' owned brand portfolio to sell both within Sports Direct and other Accent stores. These brands include Everlast, Lonsdale, Slazenger, Karrimor, USA Pro and Hot Tuna.
- **Strategic relationship –** Frasers' Sports Direct business has long term and significant trading relationships with the world's best sports brands including Nike, adidas, Asics, New Balance and others. The opportunity for Accent to operate Sports Direct in the ANZ market represents a strategically important alliance as it will allow Accent to have access to an enhanced product portfolio for consumers and provides a material new growth opportunity for Accent.
- **Share issue** – Frasers has agreed to subscribe for 35,186,695 new Accent shares (representing a further 5% shareholding in Accent) at a price of $1.718 per share (representing a 3.5% discount to Accent's closing share price on the ASX on Friday, 11 April 2025). The subscription proceeds of approximately $60.4 million will be used to fund the initial roll-out of the Sports Direct business in ANZ.

- **Timing -** Completion of each of the arrangements with Frasers is required to occur simultaneously and is expected to occur on 12 May 2025.
- **New CEO Agreement –** Accent has entered into a new employment agreement with current CEO, Daniel Agostinelli, who has committed to remaining as CEO for at least another 3 years.

Accent CEO, Daniel Agostinelli said: "After extensive discussions, we are very pleased to announce a long-term strategic relationship with Frasers to open Sports Direct in Australia and New Zealand. Sports Direct is one of the leading sporting goods retailing businesses globally. Frasers and Accent see a significant opportunity to bring a new and exciting global sports business to the Australian and New Zealand markets.

We plan to build a substantial Sports Direct business in Australia and New Zealand with an initial roll-out of at least 50 Sports Direct stores plus online over the next 6 years. The roll-out has key brand support and will leverage the proven operating model, combined capability and global brand relationships enabled by the Frasers and Accent alliance.

Accent and Frasers see an opportunity for up to 100 plus stores in ANZ over time. We are looking forward to working with the Frasers team to bring Sports Direct to ANZ consumers."

Accent Chairman David Gordon said: "The long-term relationship with Frasers represents a strategically important alliance with a large global retailer and the material new growth opportunity for Accent that we have been looking for. Frasers' subscription for a further 5% shareholding will provide the initial funding to build the new Sports Direct business. The increase in Frasers' total shareholding in Accent to 19.57% also reflects Frasers' confidence in Accent's management strength and new business capability."

Michael Murray, CEO of Frasers Group, said: "Since acquiring a strategic shareholding in Accent, we have developed a robust partnership between Frasers and Accent. Accent has an impressive, well-established platform with various sneaker concepts and a strong distribution of brands. We're looking forward to partnering with Accent to launch Sports Direct in Australia and New Zealand, working towards our bold plan of opening 100 plus stores. This reaffirms our commitment to drive growth of the Sports Direct brand internationally and marks a significant step forward in our ambition to becoming the leading global sporting goods retailer."

Frasers alliance and share issue

Frasers is one of the world's largest owners and retailers of sports, premium and luxury brands with more than 1,500 stores in over 30 countries. In FY24, Frasers reported revenue of £5.5 billion, with its UK Sports segment generating £2.9 billion in revenue across over 800 stores. Frasers brings to the relationship unique market insights, global scale and brand relationships, the proven Sports Direct operating model and a strong portfolio of owned brands.

Accent is a large ANZ retailer and distributor of premium lifestyle and sports footwear with over 900 stores, 12 distributed brands and proven retail operations capability in the Australian market including sports footwear and accessories through The Athletes Foot.

As part of the arrangements with Frasers, Frasers will subscribe for 35,186,695 new Accent shares (representing a further 5% shareholding in Accent) at a price of $1.718 per new share (representing a 3.5% discount to Accent's closing share price on the ASX on Friday, 11 April 2025). The subscription proceeds of approximately $60.4 million will be used to fund the initial roll-out of the Sports Direct business in ANZ.

Frasers has also agreed to a standstill arrangement, meaning Frasers will not be entitled to exceed a 26% relevant interest in Accent's shares for the 3 years after completion of the new share issue to Frasers (subject to certain exceptions), and various other conditions regarding Accent's Board (as detailed in the Appendix attached to this release).

Sports Direct

The fitness and athletic retail market in Australia is a large and growing segment with retail sales estimated to be in excess of $5 billion and growth of around 5% per annum over the last 10 years[1].

Accent plans to open at least 50 Sports Direct stores plus online over the next 6 years, leveraging the brand's proven operating model in the UK, Europe and South-East Asia. Frasers has long term and significant trading relationships with the world's best sports brands including Nike, adidas, Asics, New Balance and others, along with a large portfolio of owned brands that all play a significant role in the Sports Direct business.

In the Australian market, Accent has distribution agreements with Skechers, Hoka, Saucony, Merrell, Vans, Timberland and Lacoste, all of which play an important role in the Sports Direct business in the UK and South-East Asia.

The Frasers' owned brand portfolio includes Everlast, Lonsdale, Slazenger, Karrimor, USA Pro, Hot Tuna and others. Accent will have access to these brands via direct factory sourcing, leveraging Frasers' global volume, and also through Frasers' Australian brand development partner.

The arrangements with Frasers also involve Accent acquiring Frasers' discount online fashion marketplace, MySale, to consolidate Frasers' Australian operations into Accent and extend Accent's online presence.[2]

Accent anticipates that there will be substantial capital and operating investments required to launch the Sports Direct business. The subscription proceeds of approximately $60.4 million will be used to fund the initial roll-out of the Sports Direct business in ANZ.

New CEO Agreement for Daniel Agostinelli

Accent is also pleased to announce that it has entered into a new employment agreement with Accent's CEO, Daniel Agostinelli. Daniel has committed to remaining as CEO for at least another 3 years. This demonstrates the support and commitment to the arrangements with Frasers.

Accent Chairman David Gordon said: "Daniel has made an outstanding contribution to the success of the Accent business over many years. His commitment to Accent ensures continuity and certainty to drive the growth and profitability of both the existing Accent business and Accent's new Sports Direct business in Australia and New Zealand."

A summary of the material terms of the arrangements with Frasers and Daniel Agostinelli's new CEO agreement are summarised in the Appendix attached to this release.

An investor presentation, which further explains the arrangements with Frasers, has also been lodged with the ASX.

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[1] Accent estimates.
[2] The acquisition also includes the acquisition of the following online retail businesses: ozsale.com.au, nzsale.co.nz, mysale.com.my, singsale.com.sg, buyinvite.com.au and dealsdirect.com.au.

Advisor

Accent is advised by Arnold Bloch Leibler as its Australian legal adviser.

For further information contact:

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Accent Group - investor briefing:

Date: Tuesday, 15 April 2025
Time: 12:00 PM to 1:00 PM AEST

Audience Details
Webinar registration link:
https://openexc.zoom.us/webinar/register/WN_JT4TBLL8Tj6xb_SqANIaOg

Meeting ID: 979 1761 5768
Password: 134559

Dial-in Options:

- Australia: +61 7 3185 3730, +61 8 6119 3900, +61 8 7150 1149, +61 2 8015 6011, +61 3 7018 2005
- Australia Toll Free: 1800 317 562, 1800 893 423, 1800 945 157
- International numbers available: https://openexc.zoom.us/u/aexDgZce4F

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

Appendix – Details of the Sports Direct transaction and other arrangements

Transaction documents

- The arrangements with Frasers are contained in the following transaction documents:
  - a retail licence agreement in respect of the grant to Accent of the right to launch and operate the Sports Direct business (including online) in ANZ for an initial 25-year term (the **Retail Agreement**);
  - a subscription agreement in respect of the new Accent share issue to Frasers (the **Subscription Agreement**); and
  - an asset purchase agreement in respect of the acquisition by Accent of Frasers' discount online fashion marketplace (and related websites), MySale (the **MySale Acquisition Agreement**).
- Completion of each of the arrangements is required to occur simultaneously and is expected to occur on 12 May 2025.

Subscription Agreement – New share issue and standstill arrangements

- Frasers will subscribe for 35,186,695 new shares (representing a further 5% shareholding in Accent) for approximately $60.4 million. The subscription proceeds will be used to fund the initial roll-out of Sports Direct in ANZ.
- The price per share will be $1.718 (representing a 3.5% discount to Accent's closing share price on the ASX on Friday, 11 April 2025).
- Frasers has also agreed to a standstill arrangement, meaning Frasers will not be entitled to exceed a 26% relevant interest in Accent's shares for the 3 years after completion of the new share issue to Frasers. This restriction is subject to certain exceptions, including (without limitation): (a) if Frasers were to make a takeover offer or undertake a scheme of arrangement for all of the issued shares of Accent, the restriction would not apply in respect of that takeover offer or scheme of arrangement; (b) if a third party were to announce a takeover offer or undertake a scheme of arrangement for Accent shares, the restriction would terminate; (c) if the Retail Agreement is terminated, Accent serves notice to terminate the Retail Agreement under certain provisions or Frasers (or its Affiliates) have the right to terminate the Retail Agreement (whether or not exercised), the restriction would terminate; (d) if Accent acquires a relevant interest in its own shares other than through a prescribed exception relating to Accent imposing escrow provisions under its performance rights plan or shares held by Frasers (or its Affiliates and/or Associates), the restriction would terminate; (e) if Accent issues securities (other than on a pro rata basis to securityholders or securities issued under or from securities issued under Accent's employee incentive plan or on the conversion of securities existing as at the date of the Subscription Agreement) over, or issues any instrument carrying rights of conversion into, any shares or equity securities representing 5% or more of the total issued shares of Accent (on an undiluted basis) (or such other step as has an equivalent dilutive effect on Frasers' shareholding in Accent) in any 12-month period after completion of the new share issue to Frasers and where either Frasers has not consented to such dilutive issue or where Accent has not obtained shareholder approval to enable Frasers to participate and maintain its voting power; (f) if Accent issues any shares which results in Frasers' shareholding being diluted below 19%, the restriction would not apply so as to allow Frasers to increase its voting power to the same amount that existed immediately prior to the relevant securities issue; and (g) excluding any relevant interest Frasers obtains from Accent imposing any escrow on any shares issued from the conversion of its existing performance rights on issue under Accent's performance rights plan.
- Frasers has also agreed during the same 3 year period not to requisition a general meeting of Accent or propose a resolution to be voted on at a general meeting of Accent to appoint or remove a director to or from the Accent Board (other than relating to a Frasers' nominee director), unless Accent agrees to the resolution and it is recommended by a majority of the Accent directors who are entitled to vote on the matter. This restriction is also subject to exceptions, including: (a) the same exceptions as above for the standstill arrangement; and (b)

if Frasers has a relevant interest in at least 26% of Accent's shares[3] and wants to appoint a second nominee as a director of Accent (as summarised below).

Subscription Agreement – Nominee Director

- After completion of the new share issue to Frasers, Frasers will have the right to appoint a nominee director to the Accent Board, provided Frasers maintains a relevant interest in at least 15% of Accent's shares[4]. Frasers will agree that this right will be satisfied by Dave Forsey's existing appointment[5].
- If at any time after completion of the new share issue to Frasers, Frasers has a relevant interest of at least 26% of Accent's shares[6], Frasers will have the right to requisition a general meeting of Accent or propose a resolution to be voted upon at a general meeting of Accent to appoint a second nominee of Frasers as a director to the Accent Board, provided that Frasers has engaged in good faith with Accent beforehand with regard to this entitlement and Accent has not agreed to the request.
- Frasers' director nominee rights will cease if: (a) Frasers' relevant interest falls below 15% or 26% (as applicable)[7] for longer than 3 months; or (b) in the 3 year period from completion of the new share issue to Frasers, Frasers (or any of its affiliates) votes against any resolution at any shareholder meeting of Accent to appoint or remove a director to or from the Accent Board (other than relating to a Frasers nominee director) that is recommended by at least a majority of the directors of Accent who are entitled to vote on the matter.

Retail Agreement

Term

- Accent will be granted the right to launch and operate the Sports Direct business (including online) in ANZ for an initial 25-year term.

Royalties

- Accent will be required to pay certain prescribed royalties to Frasers based on sales volumes.
- After 31 December 2028[8], Accent has agreed to pay Frasers an annual minimum royalty guarantee (**MRG**) which is calculated using a prescribed formula based on a percentage of forecast sales and a prescribed minimum Frasers branded products mix percentage. The MRG calculations will be reviewed and readjusted at regular intervals throughout the term of the Retail Agreement to take into account any uplift in the actual retail sales and Frasers branded products mix achieved by Accent. Consistent with the size of the opportunity, the MRG payments are material and subject to various conditions which may amount to a minimum of approximately $100 million over the initial 25 year term.

Sports Direct store roll-out

- Accent is required to operate the Sports Direct business in accordance with an agreed business plan, which will include a minimum store roll-out requirement of opening and maintaining at least 30 Sports Direct retail stores by 31 December 2029 (plus online), and then opening and maintaining at least 50 Sports Direct retail stores by 31 December 2031 (plus online). Accent has also agreed to use all reasonable commercial endeavours to open and maintain a prescribed number of Sports Direct retail stores (plus online), increasing throughout the term of the Retail Agreement, which includes a requirement to use all reasonable commercial endeavours to open and maintain at least 100 Sports Direct retail stores (plus online) by 31 December 2033.
- The capital and operating investment in start-up costs for the initial Sports Direct store roll-out will be funded using the subscription proceeds from the Subscription Agreement.

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[3] Excluding any relevant interest Frasers obtains from Accent imposing any escrow on any shares issued from the conversion of its existing performance rights on issue under Accent's performance rights plan.
[4] Refer to footnote 3 above.
[5] As announced to ASX on 21 November 2024.
[6] Refer to footnote 3 above.
[7] Refer to footnote 3 above.
[8] If certain prescribed events occur prior to 31 December 2028 (including a change of control of Accent to a competitor of Frasers), the MRG instead commences from the occurrence of the relevant event.

Termination rights

- The Retail Agreement includes broad termination rights in favour of Frasers. On the termination or expiry of the Retail Agreement, Frasers is granted various rights, including the right to instruct Accent to wind-down the Sports Direct business, broad step-in rights to operate the Sports Direct business and/or rights entitling Frasers (or a nominated third party) to buy-back the Sports Direct business for a prescribed price (which varies depending on the circumstances, ranging from a nominal amount where there is a default-type event to net book value or fair market value).
- In addition, if the Retail Agreement is terminated by Frasers due to certain standard and other prescribed default-type events, and Frasers instructs Accent to wind-down the Sports Direct business (as above), Frasers may also require Accent to pay an amount of compensation to Frasers calculated based on the aggregate of all MRGs (adjusted to take into account any uplift in the actual retail sales and Frasers branded products mix achieved by Accent in the preceding years) which would have been payable by Accent for the remainder of the term of the Retail Agreement had the Retail Agreement not been terminated early[9]. Depending on the timing of any termination event and whether Frasers requests the compensation, and if so, whether this is paid in a lump-sum or over a payment schedule (e.g. for the remaining term of the Retail Agreement as if the Retail Agreement had not been terminated early), then the approximate calculation of the remaining MRGs may be subject to a cap and/or a discount (based on a net present value formula). Specifically:
  - if Frasers elects for the amount to be paid in a lump sum, the sum owed by Accent will be subject to a cap of approximately $97 million (and the minimum amount is expected to be approximately $50 million); or
  - if Frasers elects for the amount to be paid over a payment schedule (e.g. for the remaining term of the Retail Agreement as if the Retail Agreement had not been terminated early), Accent will be required to pay the compensation as an aggregate amount (which will not be subject to a discount or cap). The amount is expected to be a total of approximately $97 million (but could be more in certain circumstances). However, Accent will have the option to elect to off-set from this amount any royalties payable by Accent to Frasers on the sale of any Frasers branded products in any other Accent multi-brand stores if the parties agree to enter into a separate distribution agreement after the termination of the Retail Agreement (which may or may not occur).

MySale Acquisition

- Under the MySale Acquisition Agreement, Accent will acquire the associated intellectual property and other assets (including inventory) of the MySale business.
- The websites operated in connection with the MySale business are also intended to be used as an outlet channel for Sports Direct and other Accent banners going forward.

[9] If Frasers serves its notice to require payment of compensation by Accent prior to 31 December 2028, compensation will not be payable by Accent in respect of the period up to 31 December 2028 (unless certain prescribed events occur, including a change of control of Accent to a competitor of Frasers). However, compensation will still be payable by Accent in respect of all remaining years of the term of the Retail Agreement after 31 December 2028 as if the Retail Agreement had not been terminated early.

Daniel Agostinelli – CEO Agreement material terms

A summary of the material terms of Mr Daniel Agostinelli's employment agreement is set out below:

Employing entity	• Accent.
Commencement date	• 15 April 2025 (noting this is the commencement of the new agreement and not the commencement date of Mr Agostinelli's employment with the Group).
Term	• Minimum term of 3 years from the commencement date (inclusive of the 6 month notice period as detailed below),and continuing thereafter on an ongoing basis until terminated in accordance with the agreement.
Base pay	• $1.7 million (inclusive of superannuation), to be reviewed annually.
Short term incentive	• Mr Agostinelli will be eligible for an STI annual bonus capped at 100% of his base pay, subject to achieving certain key performance indicators to be agreed for each year by the Accent Board and Mr Agostinelli. The payment of any STI annual bonus is at the Accent Board's sole discretion. • If Mr Agostinelli and the Accent Board are unable to agree the key performance indicators for any given year, the key performance indicators will be as reasonably specified by the Accent Board.
Incentive arrangements	• Mr Agostinelli may be eligible to participate in other incentive arrangements offered by Accent from time to time.
Notice period	• After 2.5 years from the commencement date, Mr Agostinelli or Accent may terminate the agreement at any time with 6 months' notice. At Accent's election, it may provide payment in lieu of part or all of Mr Agostinelli's notice period. • Mr Agostinelli's employment may also be terminated by Accent at any time without notice in certain prescribed circumstances.
Post employment restraint	• The agreement provides that Mr Agostinelli will be restrained for up to 24 months after termination of his employment with Accent from being engaged in a competitive business, soliciting Accent Group employees or persuading people who do business with the Accent Group to cease or reduce their business with the Accent Group in Australia and New Zealand and any other jurisdiction where, at the termination of employment, the Accent Group is undertaking operations or is actively planning to commence operations. • At Accent's election (and subject to obtaining any required shareholder approval), it may pay Mr Agostinelli, in further consideration of the restraints, in respect of any consecutive 3 month period of the restraint period, an amount equal to his base pay for that 3 month period. If Accent elects to make a restraint payment, the first restraint payment is for a minimum 6 month period.