

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

## ACCENT GROUP H1 FY24 RESULTS ANNOUNCEMENT

### FINANCIALS AND PERFORMANCE HIGHLIGHTS

- Total sales<sup>1</sup> of \$810.9 million
- Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) of \$157.5 million
- Earnings Before Interest and Tax (**EBIT**) of \$72.4 million<sup>2,3</sup>
- Net Profit After Tax (**NPAT**) of \$42.2 million
- Earnings Per Share (**EPS**) of 7.55 cents
- A fully franked interim dividend of 8.50 cents per share
- Inventory below prior year and aged stock levels clean
- Total store numbers now 888 stores

Accent Group Limited (ASX: AX1) (**Accent Group, Group or Company**) today reports EBIT of \$72.4 million and NPAT of \$42.2 million for the 26 weeks ended 31 December 2023 (**H1 FY24**).

Accent Group CEO, Daniel Agostinelli, said “Retail sales for the key trading period of Black Friday, Christmas and Boxing Day were positive including record Boxing Day sales online and instore. Like-for-like retail sales for this period (Weeks 20-26) were up 1.8%. I am delighted with the ongoing performance in Skechers, Hype DC, The Athlete’s Foot (TAF), HOKA, Stylerunner and Nude Lucy. Nude Lucy now has 34 stores trading. Digital sales continue to grow strongly, and online EBIT was ahead of last year. The Group opened 72 new stores in H1 (including 13 new Nude Lucy stores). The Company closed H1 FY24 with inventory levels below last year (\$256.6 million vs \$267.4 million) and aged stock levels are clean.”

<sup>1</sup> Includes The Athlete’s Foot Franchise sales

<sup>2</sup> Included in the \$72.4 million EBIT, is a non-cash charge of \$3.1m relating to store transition costs and carrying value provisions in several underperforming Glue stores

<sup>3</sup> As previously reported, the Company estimated that the proforma H1 FY23 EBIT for 26 weeks was \$81.2 million. H1 FY23 statutory EBIT of \$91.2 million for the 27 weeks ended 1 January 2023

## **OPERATING REVIEW**

- Total owned sales<sup>4</sup> of \$732.9 million.
- Like-for-like (LFL) retail sales<sup>5</sup> to the end of December were down 0.6% (Weeks 20-26 up 1.8%).
- Gross margin of 56.6% up 140 basis points to prior year. Underlying gross margin continues to improve through an increasing mix of our distributed and owned vertical brands.
- CODB % of 45.0% was above prior year (H1 FY23 42%). CODB was impacted by negative LFL retail sales, lower wholesale sales and cost inflation in occupancy and team costs. Further cost efficiency initiatives have been implemented in non-customer facing areas including an ongoing review of support office costs.
- Strong sales results were achieved across Skechers, TAF, Hype DC, HOKA, Stylerunner and Nude Lucy. More challenging sales conditions were experienced in Platypus, Dr Martens, Vans and Glue.
- During H1 the Group opened 72 new stores, total store numbers are now 888 stores.
- Wholesale sales were 25% below prior year, reflecting softer demand from our B2B customers.
- Contactable customers grew by 200,000 to 10 million customers. Loyalty program membership is now 7.1 million across TAF, Hype DC, Platypus, Merrell and Skechers.
- Stylerunner and Nude Lucy both generated strong positive EBIT for H1.
- 34 Nude Lucy concept stores are now open and trading well. Nude Lucy is a fast-growing, world class, lifestyle apparel brand that was acquired as part of the Glue Store transaction.

## **DIVIDEND**

Interim dividend of 8.50 cents per share fully franked to be paid on 21 March 2024 to registered shareholders as of 7 March 2024.

## **THE ATHLETE'S FOOT**

Performance in The Athlete's Foot, including the successful franchise acquisition strategy has driven significant operational efficiency and growth for the business over the last 6 years. Through the 73 franchise territory re-acquisitions to date, the TAF management team has demonstrated the capability to successfully reacquire and integrate franchise stores.

The Company announces today that it has determined not to renew franchise agreements at expiry and to explore the acquisition of the remaining 62 TAF franchise territories over the next 5 years as franchise agreements expire. Based on FY23 franchise sales, this initiative has the potential to add an incremental \$170m to owned sales annually over the next 5 years and will be funded from resulting cashflow and existing debt facilities.

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<sup>4</sup> Owned sales exclude The Athlete's Foot Franchise sales

<sup>5</sup> 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 in the prior year.

## GROWTH PLAN UPDATE

Accent Group continues to pursue a range of growth opportunities across its core banners and new businesses, including:

- **New Stores:** The continued roll-out of new stores, with a least 20 new stores planned to open in H2 FY24. The Company sees a continued store roll-out opportunity in both its core banners and new businesses.
- Growth from our new distributed brands, HOKA and UGG.
- **Nude Lucy:** Growth from a planned roll-out of additional stores. Nude Lucy is strongly profitable and continues to resonate well with customers. The brand has 34 stores trading including online with a further 10-plus new stores planned over the next 18 months.
- **Stylerunner:** The strategy to shift to a higher mix of footwear in store has driven significantly improved overall sales. Strengthening sell through in apparel, including our own brands ODE and Stylerunner the Label, has further driven sales, inventory productivity and overall margin. Following this performance improvement, the store rollout program for Stylerunner is planned to recommence, with 26 stores including online currently trading and a further 10-plus new stores planned over the next 18 months.
- **Digital and customer loyalty programs:** Digital growth and continued investment in data and loyalty remain a core priority. In November, we launched a new exclusive loyalty relationship with Qantas, which is planned to drive customer visit and spend frequency.

In summary, Accent Group continues to grow in scale and customer reach. The business remains well positioned for future growth through continued expansion in new retail stores, the introduction of new categories including 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

Total owned sales YTD to the end of January are up 1.6% and owned retail sales over this period are up 5.6% reflecting new store openings.

LFL retail sales for the first 7 weeks of H2 (1 January 2024 – 18 February 2024) are down 0.7% on the prior year. Consistent with H1, gross margin % continues to be above last year. CODB % also continues to be higher than last year albeit at a lower increase than H1, due to the impact of negative LFL stores sales, increases in occupancy and store team costs continuing into H2.

Mr Agostinelli said “Whilst we recognise that there is some uncertainty in the economic outlook, in the context of the consumer environment, we have been pleased with trading and execution in the key periods of November, December and January. Looking forward, our store opening program remains on track. Stylerunner performance has been positive and the Nude Lucy brand is resonating well with customers. Continued store rollouts are planned in both banners”

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***Investors***

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**Accent Group FY24 Half-Year Investor Briefing | 23 February | 10:00am AEDT**

Webinar link: [https://openexc.zoom.us/webinar/register/WN\\_Pgzm8zCHSx6v0JvCEopenA](https://openexc.zoom.us/webinar/register/WN_Pgzm8zCHSx6v0JvCEopenA)

Webinar ID: 938 2462 4067

Password: 422777

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)

<b>Financials (\$ million)</b>	<b>H1 FY24 – 26 weeks</b>	<b>H1 FY23 – 27 weeks</b>	<b>Variance (26 weeks vs 27 weeks)</b>
<b>Total Sales (Inc. TAF)</b>	<b>810.9</b>	<b>825.2</b>	<b>(1.7%)</b>
<b>Owned Sales</b>	<b>732.9</b>	<b>746.5</b>	<b>(1.8%)</b>
<b>EBITDA</b>	<b>157.5</b>	<b>170.2</b>	<b>(7.5%)</b>
<b>EBIT</b>	<b>72.4</b>	<b>91.2</b>	<b>(20.6%)</b>
<b>PBT</b>	<b>59.8</b>	<b>81.8</b>	<b>(26.9%)</b>
<b>NPAT</b>	<b>42.2</b>	<b>58.3</b>	<b>(27.6%)</b>