



Accent Group Limited 2021 AGM Report

ASX Code	AX1
Meeting Time/Date	10am, Friday 19 November 2021
Type of Meeting	Virtual
Monitor	Chris Lobb assisted by John Whittington
Pre AGM Meeting?	Yes, with Chair David Gordon and CFO/Coy Sec Matthew Durbin

“Real” Stores still have a part to play in a Virtual World

What the Company Does

Accent is a market leading digitally integrated retail and distribution business in the sporting and lifestyle sectors, predominately footwear. It holds the distribution rights for a number of well-known brands and also retails its own brands via shop fronts and on-line. It is represented in both Australia and New Zealand and is aiming to have 700 retail stores trading by FY22. It currently employs approximately 6,500 employees across its operations.

Developments in the Financial Year

The Chairman in his address acknowledged the impact Covid had on the business during the financial year completed but recognised the strength, resilience and talent of the Accent team in delivering record profits and dividends.

The record result was based on the strong digital growth of 48.5% and the contribution from 90 new stores that opened during the year. The full year dividend of 11.25 cents per share was up 21.6% on the prior year.

The Chairman also reported on the progress made in each of the ESG segments, with further enhanced reporting being a feature.

The CEO provided further detail on the operational aspects of the business and its continual growth notwithstanding some of the hurdles faced due to the pandemic. Given the circumstances of the pandemic he was particularly pleased with the integrated digital capability that the company had built over the last 4 to 5 years allowing it to stay connected to customers as physical stores were forced to close.

Summary of Historical ASA Issues with the Company

This year was the first time we have held detailed discussions with the company, having attended the 2020 AGM to vote proxies held on behalf of members and participate in the meeting only.

Debate and Voting at the AGM

There were 4 formal matters of business put to the meeting, all of which obtained a clear majority vote on a poll. Of particular note, was the strong endorsement of the remuneration report (98.6%)

having previously incurred “strikes” in 2019 and 2020. Whilst there had been some changes made to their previous remuneration structure, ASA could still not support it given the company does not follow key ASA guidelines in a number of areas. Nevertheless, shareholders appear to have recognised the strong results achieved in the FY21 and supported the Board’s recommendation to endorse the report.

Other formal business included the re-election of Ms Donna Player, the only female director on the Board of six and the election of Mr Brett Blundy, a 18% shareholder in the company. Mr Blundy is a well-known retailer and entrepreneur and had previously been a director of the company. Both spoke by recorded message to their candidacy and received strong support, including that of the ASA.

In response to a question from the ASA on Mr Blundy’s appointment of an alternate director, the Chairman responded that he was European based and on occasions time differences between Mr Blundy and other directors made it not possible for him to attend the meeting in person.

As for the issue of further diversity on the Board, the Chairman advised that the company had targeted greater female representation on the board by 2024 but he hoped it would be achieved sooner.

In addition to the questions raised by ASA on behalf of members, the Chairman responded to several questions from various shareholders, including shareholder activist Mr Stephen Mayne. In relation to funds received under Jobkeeper these were all passed through to the relevant employees and the company was proud to have ensured all employees were paid over the prolonged store closure periods.

The meeting went for approximately 70 minutes and was well managed by the Chairman in allowing frank discussions on any matters raised.

Please refer to the company’s investor website (AGM tab) if you require additional details regarding the meeting: <https://www.accentgr.com.au/investor/investor-documents>

Outlook Statements from the Company

Whilst not providing guidance, the CEO provided a trading update focussing on targets set for the various brands for FY22. Digital sales are again forecast to increase but the business remains committed to the opening or retention of physical stores where they remain viable. The current plan is to open 120 new stores in FY22, including new concepts. They see store presence as a key element of their retail strategy and a point of difference from pure on-line retailers.

He also provided an update on various distribution agreements held by the company, including that recently signed with Reebok, for an initial period of 10 years.

Meeting Statistics

Number of Holdings Represented by ASA	74 shareholders gave us a proxy
Number of Shares represented by ASA	1,033,434 (just below a top 20 holder in Top 20 list)
Value of Shares represented by ASA	\$2.5 m
Number Attending Meeting	67 shareholders plus 56 visitors
Market capitalisation	\$1.392b
Were proxies voted?	Yes, on a poll for all items of business

Monitor Shareholding

The individual(s) (or their associates) involved in the preparation of this report have no shareholding in this company.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.