



city chic collective

E V A N S Acquisition

21 December 2020

SUMMARY

- Acquisition of leading UK plus-size brand Evans from the Arcadia group
- Evans has a longstanding history of 90 years as a high street retailer
- Asset purchase of Evans eCommerce and wholesale businesses which generated £26m (A\$46m) of sales¹
 - Excludes “bricks and mortar” store portfolio and franchise business
 - Digital sales represent almost half of direct-to-consumer (stores and website) sales
- Significant and loyal customer following – 19m annual website visits¹
- Platform to launch into the third key geography for the City Chic Collective; £5bn+ (A\$9bn+) annually for UK women’s plus-size market
- Cash consideration of £23.1m (A\$41.0m), funded from existing cash
- Expected to be earnings accretive in the first full year

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1. Financial year to August 2020 (12 months).



ACQUISITION OVERVIEW

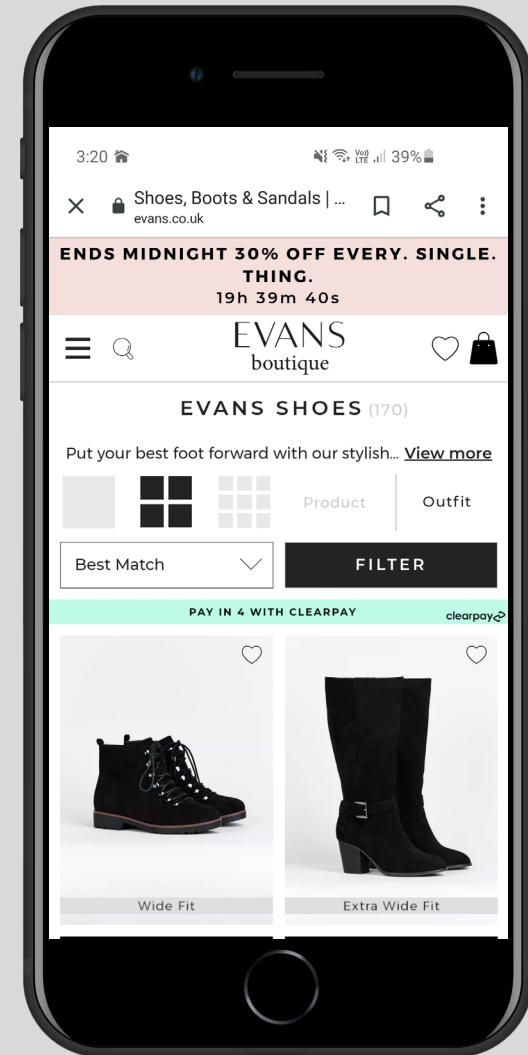
Acquisition Overview	<ul style="list-style-type: none">• Acquisition includes Evans eCommerce and wholesale businesses for cash consideration of £23.1m (A\$41.0m)• Binding Asset Purchase Agreement signed on 19 December 2020• Acquisition will complete on 23 December 2020 and subject only to payment of cash consideration
Other Transaction Details	<ul style="list-style-type: none">• Administrators are entitled to trade from the existing Evans stores until the end of March 2021, in order to liquidate existing stock in the stores• Transition Services Agreement to be in operation until end of April 2021, after which the Evans business will be fully integrated
Assets & Liabilities	<ul style="list-style-type: none">• CCX will acquire the Evans brand and intellectual property, customer base and inventory, which represents the key assets of the eCommerce and wholesale businesses• Select employees will transfer to City Chic as part of the acquisition• Transaction excludes the Evans “bricks and mortar” store network of over 100 locations in the UK and the franchise business, based primarily in the Middle East
Funding	<ul style="list-style-type: none">• Cash consideration to be funded by existing cash balance• \$121.4m cash as at 30 November 2020; \$40m finance facility undrawn

ACCELERATES STRATEGIC OPPORTUNITY

	FASHION / YOUTH	CONSERVATIVE VALUE	INTIMATES
Australia and NZ <ul style="list-style-type: none"> • Online Website • 96 Stores 	city chic CCX <i>Greater Share of Wallet</i>	<i>Market Entry Opportunity</i>	city chic CCX FOX&ROYAL <i>Market Share Expansion and Greater Share of Wallet</i>
North America <ul style="list-style-type: none"> • Online Websites • Online Marketplaces • Wholesale 	city chic CCX <i>Market Share Expansion / Customer Acquisition</i>	avenue CLOUDWALKER <i>Market Share Expansion / Customer Acquisition</i>	avenue city chic CCX <i>Hips & Curves</i> <i>Market Share Expansion and Greater Share of Wallet</i>
UK <ul style="list-style-type: none"> • Online Website • Wholesale 	city chic <div> <div>EVANS</div> <i>Market Entry Opportunity + Broader Product Offering</i> </div>		city chic CCX

EVANS ACQUISITION HIGHLIGHTS

- Well recognised brand with strong position in underpenetrated UK plus-size market; significant and loyal customer following
- Provides scale and profitability in new market and a platform to expand further in the region
- Aligned to existing City Chic Collective product streams
- Leverage existing traffic and customer base to introduce wider range of product and lifestyles
 - Evans has a history as a Marketplace selling many other brands, including City Chic for five years
- High online penetration – store portfolio has been shrinking for many years with transition of customers to digital channel, which minimizes sales leakage from administration-led store liquidation
- Opportunity to improve profitability by overlaying lean, customer-centric operating model



EVANS OPPORTUNITY

- Well recognised specialty retailer of plus-size apparel and footwear; established in 1930 in the United Kingdom
- Targeting a broad customer base across the conservative and fashion segments in the curvy market
- Independent UK website which sells predominately the Evans brand, as well as other plus-size brands
- Evans group (online, wholesale, stores and franchise) generated over £60m of annual sales prior to COVID

Post Acquisition Priorities

- Introduce a wider range of product and lifestyles
- Optimise as a digitally led business
- Expand wholesale partnerships
- Implement customer-centric operating model for UK operations
- Integrate supply chain, logistics and eCommerce platform



A GLOBAL COLLECTIVE OF PLUS-SIZE BRANDS

	city chic	CCX	<i>Hips & Curves</i> FOX&ROYAL	avenue CLOUDWALKER	ACQUISITION EVANS
Segment	Fashion Forward	Youth Casual	Playwear & Intimates Lifestyle	Conservative	Conservative
Age	18-35	18-25	18-39	35-55	25-55
Price Point	Mid/High	Mid/High	Mid-market	Mid-market	Mid-market
Channel	Online Stores Marketplace Wholesale	Online Stores	Online	Online	Online Wholesale
Region	ANZ, USA, UK, EU	ANZ, USA	ANZ, USA	USA	UK

FINANCIAL POSITION AND FUNDING

- Acquisition to be funded by existing cash balance
- Binding asset purchase agreement for cash consideration of £23.1m
- Estimated transaction and transition costs of £1m and working capital investment of £3m
- Relatively low ongoing capital requirements
- A\$40m debt facility remains undrawn

	A\$m ¹
Cash as at 30 November 2020	121.4
Consideration for Evans Assets (£23m)	(41.0)
Estimated Transaction and Transition Costs (£1m)	(1.8)
Estimated Working Capital Investment (£3m)	(5.3)
Pro-Forma Cash Balance	73.3



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