



city chic collective



EVANS 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 sales<sup>1</sup>
  - 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 visits<sup>1</sup>
- 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

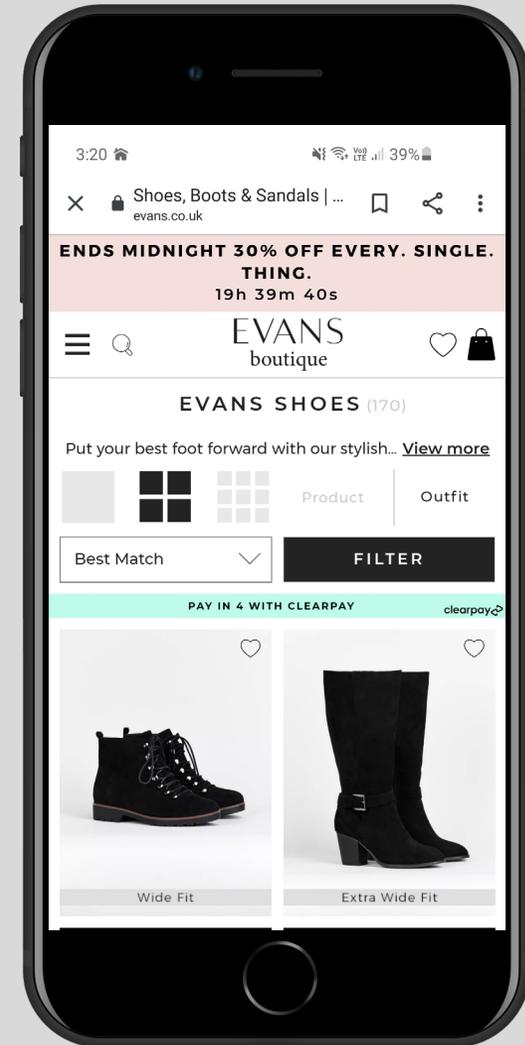
<b>Acquisition Overview</b>	<ul style="list-style-type: none"><li>• Acquisition includes Evans eCommerce and wholesale businesses for cash consideration of £23.1m (A\$41.0m)</li><li>• Binding Asset Purchase Agreement signed on 19 December 2020</li><li>• Acquisition will complete on 23 December 2020 and subject only to payment of cash consideration</li></ul>
<b>Other Transaction Details</b>	<ul style="list-style-type: none"><li>• 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</li><li>• Transition Services Agreement to be in operation until end of April 2021, after which the Evans business will be fully integrated</li></ul>
<b>Assets &amp; Liabilities</b>	<ul style="list-style-type: none"><li>• CCX will acquire the Evans brand and intellectual property, customer base and inventory, which represents the key assets of the eCommerce and wholesale businesses</li><li>• Select employees will transfer to City Chic as part of the acquisition</li><li>• 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</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>• Cash consideration to be funded by existing cash balance</li><li>• \$121.4m cash as at 30 November 2020; \$40m finance facility undrawn</li></ul>

# ACCELERATES STRATEGIC OPPORTUNITY

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

# 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 &amp; 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 <sup>1</sup>
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)
<b>Pro-Forma Cash Balance</b>	<b>73.3</b>



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