



27 April 2020

PAS PURSUES RESTRUCTURING OPTIONS

On 24 February 2020, The PAS Group Limited (ASX: PGR) (“PAS”, “the Company”) announced that a strategic review was to be undertaken by the Board. As a result of the disruption caused to the business by COVID-19 and having regard to the operations of the Company more broadly, PAS today announces that it is pursuing restructuring options and has appointed a team of advisors to assist.

As previously outlined, management has been focused on growing the Company’s successful online business, expanding its Designworks wholesale business and rationalising its retail store network to profitable locations. In FY19, PAS exited 42 unprofitable stores including 14 David Jones concessions, and entered an exclusive partnership with Myer for Review concessions.

On 27 March 2020, the Company temporarily suspended all operations of its bricks-and-mortar stores across Australia, in support of the Australian Government’s efforts to curtail the spread of COVID-19. This followed the closure of its New Zealand stores on 25 March 2020 pursuant to the directive of the New Zealand Government. Myer subsequently closed its store network on 29 March 2020, impacting PAS’s concessions.

As a result of the disruption to its operations, the Board took the decision to accelerate the strategic review process to reduce complexity and create a more focused business. The Board and management are continuing to assess the potential restructuring options with the assistance of their advisors, although the precise nature and detail of the restructure has not yet been finalised. It is likely that the restructure will involve a further reduction in the number of retail stores and a significantly reduced fixed cost base. With the assistance of their advisors, the Company intends to work with its landlords, banks and other stakeholders to explore a range of options to simplify the business and establish an appropriate cost structure.

The Company will provide further updates to the market in relation to its plans and the restructure in accordance with its continuous disclosure obligations.

Management Changes

PAS also provides the following update on the management structure of the Company.

Brendan Santamaria has resigned as Managing Director of Designworks. As a result, the Board has requested that Eric Morris, currently CEO and Managing Director, also assume the role of CEO of Designworks.

A new deed of employment has been executed by Eric Morris in relation to both roles. The material terms of the new agreement reflect those of Eric’s previous employment agreement. The key terms of the employment agreement are therefore those as previously disclosed to ASX in the Company’s annual report on 18 October 2020.

Mr Morris’ remuneration will remain at the same rate as his previous remuneration, save that he has agreed to forgo 50% of his salary for the period of 1 April 2020 to 30 June 2020 due to the impact of COVID-19 on the Company.



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Likewise, recognising these impacts each director of the Board has agreed to forgo 50% of their directors' fees for the period of 1 April 2020 to 30 June 2020.

This announcement has been approved for release by the Board of PAS.

-ENDS-

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