

# city chic collective

ASX ANNOUNCEMENT

21 December 2020

## Acquisition of UK-based brand Evans

- 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 (excluding store portfolio), generated £26m (A\$46m) of sales
- Significant and loyal customer following, 19m annual website visits
- Platform to launch into new market, £5bn+ (A\$9bn+) annually in UK
- Cash consideration of £23.1m (A\$41.0m), to be funded from existing cash

City Chic Collective Limited (“City Chic”, “Company”) is pleased to advise that on 19 December 2020 it entered into a binding asset purchase agreement to acquire the Evans brand, and eCommerce and wholesale businesses (“Evans Assets”) for £23.1 million (A\$41.0 million) in cash. Evans is a UK-based retailer of women’s plus-size clothing with a longstanding customer base and strong market position.

The Evans Assets will be acquired from Evans Retail Limited and certain other entities within the Arcadia group, which entered into administration on 30 November 2020. The acquisition will complete on 23 December 2020, subject only to payment of the cash consideration.

Phil Ryan, Chief Executive Officer and Managing Director of City Chic said: “I have followed Evans for over a decade and seen how within Arcadia’s portfolio the brand has evolved from a dominant high street retailer into a more digitally focused business. We had a successful partnership with Evans for many years which was a great channel for the City Chic brand in the UK. Evans gives us an excellent foundation in a new geography to grow our collective and is a brand which aligns with our existing product streams. The acquisition meets our strategic objective of growing through global customer acquisition, digitally, and in the \$50 billion curvy apparel market. In addition to providing a launching pad into a new market, we are confident we can deploy our lean, customer-centric operating model to drive revenue growth and cost efficiencies in the existing business. We have a great opportunity ahead of us to develop the third major region for the City Chic Collective.”

City Chic will acquire the Evans brand and intellectual property, customer base and inventory, which represents the key assets of the eCommerce and wholesale businesses. City Chic will also receive the benefit of a transitional services arrangement in connection with the Evans eCommerce business until April 2021. The transaction excludes the Evans “bricks and mortar” store network of over 100 locations in the United Kingdom. The 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. The franchise business, based primarily in the Middle East, is also excluded from the acquisition.

Established in 1930 in the United Kingdom, Evans is a well recognised specialty retailer of plus-size apparel and footwear, targeting a broad customer base across the conservative and fashion segments. In the financial year to August 2020 (12 months), the Evans website had 19 million visits and generated approximately £23 million of sales and the wholesale business delivered sales of approximately £3 million. The Evans group (online, wholesale,

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stores and franchise) generated over £60 million of annual sales prior to COVID-19. Evans has high online penetration, with almost half of direct-to-consumer sales (stores and website) being through the digital channel.

The store portfolio has been shrinking for a number of years with customers transitioning to the digital channel, which City Chic anticipates will minimize any eCommerce sales leakage as a result of the administration-led store liquidation. The acquisition is expected to be earnings accretive in the first full year within the City Chic Collective.

The acquisition will be funded from City Chic's existing cash balance. The Company's pre-acquisition cash balance as at 30 November 2020 was A\$121 million. City Chic's A\$40 million debt facility will remain undrawn.

Bryan Cave Leighton Paisner LLP acted as UK legal advisor and Thomson Geer as Australian legal advisor.

The release of this announcement was authorised by the Board.

### **Conference Call**

City Chic management will be hosting a conference call for investors and analysts at 9.30am (AEDT) this morning. To participate please register via the following link:

<https://s1.c-conf.com/diamondpass/10011576-owifi3.html>

### **About City Chic Collective**

City Chic Collective is a global omni-channel retailer specialising in plus-size women's apparel, footwear and accessories. It is a collective of customer-led brands including City Chic, Avenue, CCX, Hips & Curves and Fox & Royal. City Chic, including youth oriented CCX, appeals to fashion forward women and its omni-channel model comprises of a network of 96 stores across Australia and New Zealand (ANZ); websites operating in ANZ and the US; marketplace and wholesale partnerships with major US retailers such as Macys and Nordstrom; and a wholesale business with European and UK partners such as ASOS and Zalando. Avenue targets value-conscious women with a long history and significant online customer following in the US. Hips & Curves and Fox & Royal are online intimates brands in the US and ANZ respectively.

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