



DUFF & PHELPS

Protect, Restore and Maximize Value

Apparel Quarterly Update

Winter 2020



About Our Practice

Duff & Phelps' Consumer group is among the most active middle-market advisors, providing sell-side, buy-side and capital-raising services for clients worldwide. With expertise in the consumer, food, restaurant, apparel and retail sectors, our professionals have executed more than 100 transactions over the past 10 years.

The Duff & Phelps platform provides in-depth coverage of the apparel, footwear and accessories industry through dedicated, bicoastal consumer teams and 40 international offices. Duff & Phelps is a trade name for Duff & Phelps, LLC, and its affiliates. Read more at www.duffandphelps.com.

**#1 U.S. and global
fairness opinion
provider 2019¹**

**#4 middle-market
M&A advisor over
the past five years²**

| | |
|------------------------------|---|
| Proven Execution | 100+ Consumer M&A and Capital Raise transactions over the past 10 years |
| Deep Sector Expertise | Category focus drives thought leadership and builds invaluable relationships with buyers and investors alike |
| Customized Approach | Successful track record of premium value transactions driven by hands-on execution and creativity |
| Experienced Team | Over 30 bankers dedicated exclusively to the consumer sector within the U.S. alone |
| Global Platform | Over 3,500 employees across 70+ offices in 28 countries, with an extensive presence in the United States, Europe and Asia |

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2019 in Review

Mounting Momentum

As we look back at 2019, it's important to highlight some of the headwinds that raised concerns across the U.S. and abroad: disruptive trade wars, a global economic slowdown, Brexit uncertainty, climate concerns, and political protests that reverberated through Hong Kong, Chile, Lebanon and several other places. Despite a sub-optimal backdrop, 2019 witnessed some of the biggest gains from stocks since 2013. The S&P 500 delivered a gain of more than 28%, which came close to reaching the 31% gain in 1997 and was a touch lower than the 30% return in 2013. Much of the gains in equities can likely be attributed to global monetary easing, with the Federal Reserve's dovish pivot earlier in the year vs. the four rate hikes in 2018, as well as rising wages and continued low unemployment at 3.5%.

Although some of the headwinds from 2019 persist and are joined by new challenges such as the coronavirus, abundant capital continues to be the recurring theme for private equity and corporates. This will likely fuel M&A activity in 2020 as macroeconomic and political uncertainty stirs a sense of urgency to consummate transactions. Indicative of sustained investor interest in strong brands and concepts, we ended the year with continued momentum of transaction activity within the broader apparel and retail sectors. Highlighting a few of the deals that took place: Hurley was acquired by Blue Star Alliance, Revolve went public, and Louis Vuitton had an active year with its acquisition of Tiffany as well as a minority stake in Stella McCartney.

Valuations in the broader apparel and retail sectors inched upward and remained strong, with average LTM EV/EBITDA multiples of 11.0x and 10.3x, respectively. Comparing these levels to multiples in 2018 of 9.7x and 9.1x and the latest five-year average of 10.7x and 9.1x, we continue to see a premium being placed on strong, innovative brands with compelling customer value propositions. Within the apparel space, the active apparel sub-sector continued to garner the highest valuations at 14.6x. Online retailers led the pack at 20.1x within retail, and was closely followed by the off-price retail segment at 16.2x.

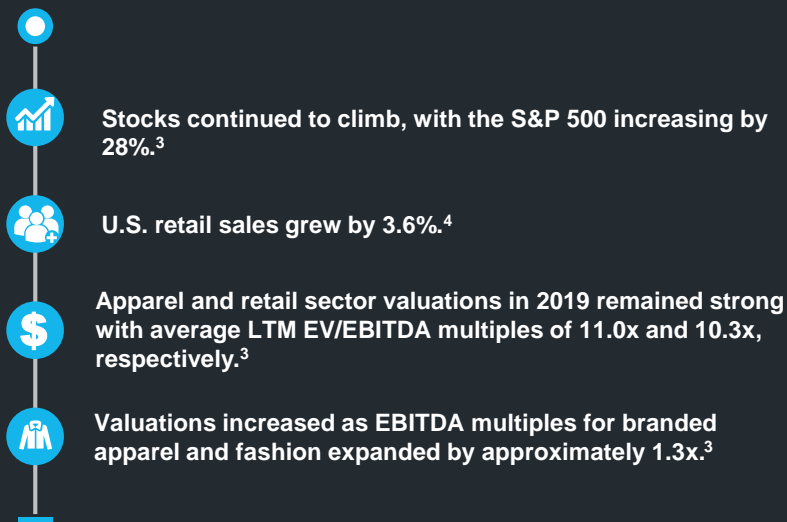
Our quarterly apparel report aims to identify trends and provide insights across the apparel sector, focusing on key themes, issues and opportunities. As sector spotlights in this issue, we address two key topics that have direct implications to the apparel and retail sectors: the upcoming U.S. presidential election and tariffs. We hope you continue to find this report and its future editions to be a useful source of information.

*Apparel and Retail Composites data can be found on pages 7-18
See page 21 for data sources*

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2019 | By the Numbers



Trends and Insights

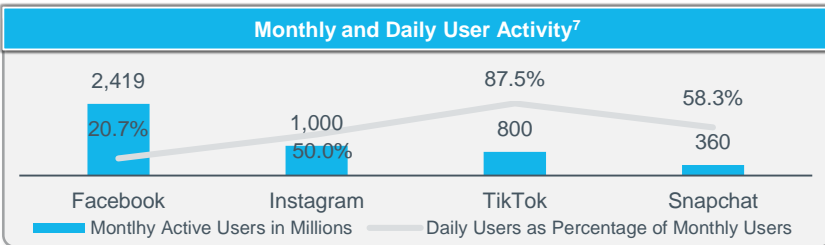
1 TikTok on the Clock: Marketing on Next-Gen Platforms


Digital marketing remains a key strategy to enhance brand exposure, sustain brand relevance and engage with the consumer. While brands have partnered with influencers on Instagram and Facebook for several years, they are now looking to the next generation platform, TikTok.


TikTok, a two-year-old platform with about 800 million monthly active users,⁵ employs AI to analyze viewers' interests and preferences through their interaction with the content, enabling brands to more effectively build a personal relationship with the consumer. Brands post original content and hashtags to their TikTok page and create musical "challenges" that users replicate and post on individual accounts.

Many companies, such as Chipotle, The Washington Post and the NBA have used TikTok in their marketing campaigns. Now, the platform's ability to engage customers is catching on in the apparel world. Guess has about 35,000 fans on TikTok and has spread the #InMyDenim challenge, which garnered over 38 million views.⁶

Use of this platform is likely to spread throughout the apparel industry as brands realize its potential for quick and authentic marketing to a massive next-generation popular culture consumer base.



 86% of consumers prefer an authentic and honest brand personality on social networks.⁵

 54% of consumers would like to see more video content from brands they support.⁵

2 Athleisure At-the-Office: New Workplace Apparel

Say "goodbye" to restricting suits and skirts and say "hello" to stretchy polo shirts and jeans. Contemporary corporate culture is undergoing a paradigm shift as younger generations seek comfortable, all-purpose clothing that can be worn to work, during travel, at social events and even at the gym.

Millennials continue to place a premium on work-life balance and a relaxed comfortable office environment. As the younger generation aspires to live healthier lives through exercise and other health and wellness practices, leading financial and technology companies have recognized the importance of implementing a more casual, relaxed dress code that, counter to popular belief, promotes increased productivity.

Brands are tailoring new product lines to meet the demand for casual, comfortable "office-suitable" clothing with key functionalities: moisture-wicking, extra stretch, media pockets, lightweight, air permeability and soft feel.

Office-Athleisure Lines

ATHLETA

Athleta offers a "Travel & Commute" collection that features stretchy, comfortable, and wrinkle-resistant fabrics

RHONE

Rhone released a men's "Commuter Collection", which features business clothing that is machine washable, moisture wicking, and four-way stretch

lululemon

Lululemon released an "Office, Travel, Commute" line of athletic-inspired office wear



59% of U.S. consumers look for "comfortable" (casual) when buying an apparel or footwear product, while only 21% of consumers look for "classic-style" (formal).⁸



61% of employees are more productive when the dress code is relaxed.⁹



Sportswear only makes up 12% of global apparel, but U.S. shoppers plan to spend 7% to 9% more on sportswear through 2020 (compared to 4-6% more on other clothing).¹⁰

Trends and Insights



3 Bricks Before Clicks: Transformation of Brick-and-Mortar

2019 prompted the “re-birth” of the brick-and-mortar model. Consumer behavior and expectations have fundamentally changed, driven by today’s instant gratification world with large-scale online retailers rolling out same-day delivery and in-store pickup. Moving into 2020, companies are recognizing this transformational shift and continuing to augment the in-store customer experience.

Retail store foot traffic has been declining by 15% each year as consumers value the convenience of online shopping.¹¹ Nonetheless, 49% of Americans still prefer to shop at brick-and-mortar stores because the tangible experience takes the consumer on an intimate journey.¹¹ Companies are transforming traditional brick-and-mortar stores into “concept stores” by adding new amenities and cutting-edge technologies that create a more immersive, engaging experience for the customer.

Examples of in-store activities include cafés, lounges, yoga studios and skate parks. Tech-enabled, omni-channel initiatives include increasing consumer convenience with automation and virtual dressing rooms, promoting a retailer’s online presence with mobile checkout, and providing in-store experiences with product customization and virtual reality.

ZARA

Zara’s London flagship store includes a robot-controlled warehouse, self-checkout and mobile order pick-ups.

F FABLETICS

The Fabletics pop-up in New York uses the OmniShop system to track which items customers purchase after trying them on.

★macy’s

Macy’s opened a 20,000-square-foot store in Texas called “Market by Macy’s,” which hosts community events such as cooking and fitness classes.



50% of retail store visitors visit just to see and feel the products before buying them online.¹¹



51% of businesses use at least eight different channels for customer experience alone.¹²



4 Second Wind: Rent, Reuse, Repeat

As consumers remain eager for new styles, but mindful of materialism and clothing waste, brands are turning to subscription-rental models to provide high fashion variety while promoting sustainability.

Millennials want access to a variety of looks without paying high prices for items that they may only wear a few times. Contrasting the high-volume waste and low-quality products of fast fashion, the rental market allows consumers similar fashion variety and monetary savings, but with high-quality luxury goods in a system that supports the environment.

With the rental model, brands are changing their priorities from meeting sales quotas to building relationships with consumers and implementing solutions for storing, tracking and transporting rentals. To do this, re-commerce leaders such as Rent the Runway focus on providing excellent customer service with product authentication and personalized emails to gain trust and boost loyalty. They harness supply chain automation, seamless mobile functionality, and robust pricing and curation algorithms to support a large, efficient market for rental fashion.

Retailers will likely continue to incorporate rental as part of their strategy as consumers desire variety, sustainability and affordability and start to accept access over ownership in the luxury market.

BANANA REPUBLIC

Banana Republic’s “Style Passport” gives consumers three pieces for USD 85 a month, with the option to purchase the rented clothes

ANN TAYLOR

For USD 95 a month, Ann Taylor’s “Infinite Style” gives consumers three styles, which they can exchange any time

URBAN OUTFITTERS

In Urban Outfitters’ “Nuuly” service, for USD 88 a month, consumers receive 6 items, which they either purchase or send back each month



Nearly two-thirds of people under 35 are open to rented products rather than buying them.¹³



The clothing rental market is estimated at around USD 1 billion (bn) today and will hit USD 2.5 bn by 2023.¹⁴

Sector Spotlight | Election Year

- Presidential cycles have typically led to generous returns, and although we are still amidst a 10+ year bull market, the 2020 election brings a sense of uncertainty and widespread possibilities.

The Good

- Retail outperformance: Since 1972, the TAG retail composite has outperformed the S&P 500 index in both the year leading up to and following the election.
- Interest rates: Historically, the Federal Reserve System has kept a neutral stance during the election year.

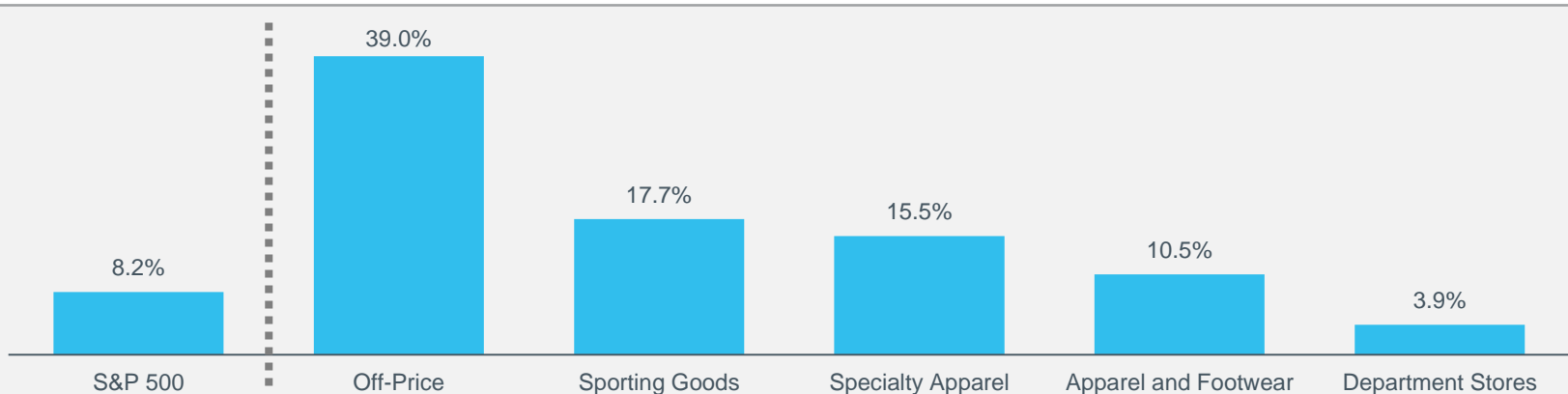
The Bad

- Decline in M&A: In the last election cycle, there was a marked decline of ~10% in M&A activity (18,152 U.S. deals vs. 20,147 U.S. deals the year prior), with a noticeable decrease in the months leading up to Election Day.³

The Uncertain

- Fiscal policy: Changes in the fiscal policy may have a material impact on M&A transactions (e.g., capital gains tax rate).
- Trade and foreign relations: It remains to be seen whether the net impact of trade negotiations will be positive or negative.
- Despite the unpredictability of the political season, history has shown that M&A activity marches on and many companies will seek to insulate themselves from this uncertainty by looking to consummate deals in the first half of the year.
- M&A activity, especially in the middle market, will likely remain robust.

Average LTM Performance on Election Day for the past 12 Elections by Selected Apparel and Retail Sector¹⁵



Sector Spotlight | Tariffs

- Since the U.S. and China trade war began in early 2018, the economy has endured multiple rounds of escalating and retaliatory tariff impositions, recently alleviated by delayed hikes to existing tariffs and progress on the negotiation front. The increase in tariffs unfortunately had direct implications in the apparel and retail sector, leaving many companies no choice but to raise prices, absorb the margin dilution and/or reduce exposure to China.
- Where do we stand now and what can we anticipate moving forward?
 - Phase One Deal: President Trump signed the Phase One Deal on January 15, 2020 which reduces tariffs from 15% to 7.5% (effective February 14, 2020) on List 4A products: commodities, fabrics, clothing, accessories and footwear.
 - List 4B: The agreement also halted the 15% tariff on an additional USD 160 bn in Chinese goods that was set to go into effect on December 15, 2019. List 4B products include certain commodities, fabrics, clothing, accessories and footwear.
 - USD 200 bn: China commits to purchasing USD 200 bn in U.S. goods and services over the next two years to reduce the trade deficit.
 - Phase Two Deal: The next step in trade negotiations with China could be a Phase Two Deal that removes some, but not all, of the tariffs. While President Trump has tweeted initiating talks for a Phase Two trade agreement, there have been no substantial developments and there is uncertainty over whether an agreement would transpire in 2020.

Impact of Tariffs on Select Apparel Companies¹⁵

chico's

In 2018, Chico's reduced product manufactured in China from 50% to 40%. List 4A tariffs offset a 2019 that otherwise came in above expectations.



In the last four years, we've seen a reduction in China-based production from ~80% of total goods to ~50% of total goods. G-III incorporated a USD 12 mn tariff impact into 2019 guidance. It continues to diversify out of China.



In 2018, PVH imported USD 400 mn of inventory into the U.S. from China. 2019 guidance included a ~\$0.20 EPS dip resulting from tariffs.



In 2019, VF Corporation sourced ~7% of products from China; they plan to reduce this figure to ~4% in 2020.

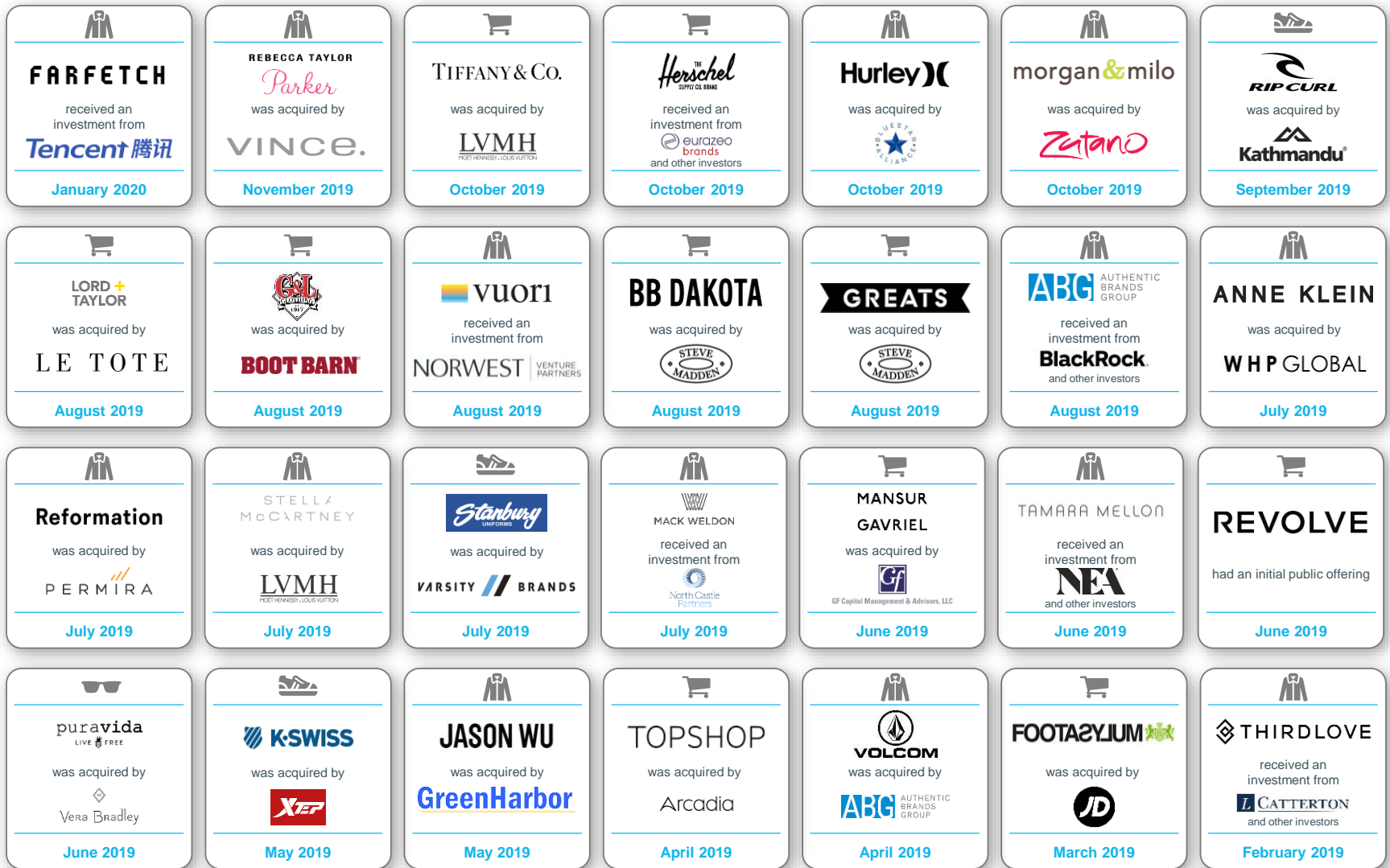


We're still a little miserable about tariffs, and we want them to go away completely... We got through the holiday season, you know how we did it, we went over to China and said, 'Look, we make all our money in the fourth quarter of the year, please, you know, hold back on raising prices, because we're going to be tariffed, but all bets are off now that we're in the springtime and prices will shoot up.

Rick Helfenbein
Former President and CEO of American Apparel & Footwear Association



Recent Apparel M&A Transaction Activity



Operational Benchmarking

Continued topline growth and relatively stable margins expected in 2020

| | | Year-over-Year Revenue Growth | | EBITDA Margin | | |
|-------------------|-------------------|-------------------------------|--------|---------------|-------------------|--------------|
| | | 2019 | 2020E | 2019 | 2019 Change Y-o-Y | 2020E Change |
| Apparel Composite | Active | 13.2% | 7.2% | 21.6% | 0.6% | 0.0% |
| | Contemporary | 5.1% | 12.0% | 7.3% | 0.4% | (0.5%) |
| | Basic | 1.1% | 2.4% | 11.9% | (0.1%) | 0.5% |
| | Diversified | (1.5%) | 1.1% | 14.9% | 0.5% | (0.4%) |
| | Accessories | (1.3%) | (1.0%) | 15.9% | (2.3%) | 0.4% |
| | Footwear | 8.2% | 6.5% | 13.2% | 1.3% | 0.0% |
| | Luxury | 7.0% | 2.5% | 24.9% | 0.8% | 0.7% |
| | Total | 4.6% | 4.4% | 15.7% | 0.2% | 0.1% |
| Retail Composite | Contemporary | 3.4% | 4.3% | 11.5% | (0.9%) | 0.2% |
| | Women's | 5.1% | 4.6% | 11.5% | (1.7%) | (0.1%) |
| | Men's | (3.4%) | (5.1%) | 5.9% | (2.2%) | (0.2%) |
| | Kids/Tween | (1.1%) | 2.6% | 11.9% | (0.3%) | 0.4% |
| | Footwear | 3.7% | 4.0% | 8.8% | 0.2% | (0.1%) |
| | Department Stores | (4.9%) | (0.2%) | 7.7% | (0.6%) | 0.1% |
| | Off-Price | 7.4% | 7.2% | 13.4% | (0.1%) | 0.1% |
| | Sporting Goods | 9.8% | 0.2% | 7.8% | 0.2% | 0.0% |
| | Mass/Club | 3.6% | 4.3% | 6.5% | 0.1% | 0.1% |
| | Total | 2.6% | 2.4% | 9.5% | (0.6%) | 0.1% |
| Online Retail | | 18.9% | 15.6% | 11.5% | (0.6%) | 0.3% |

Valuation Benchmarking

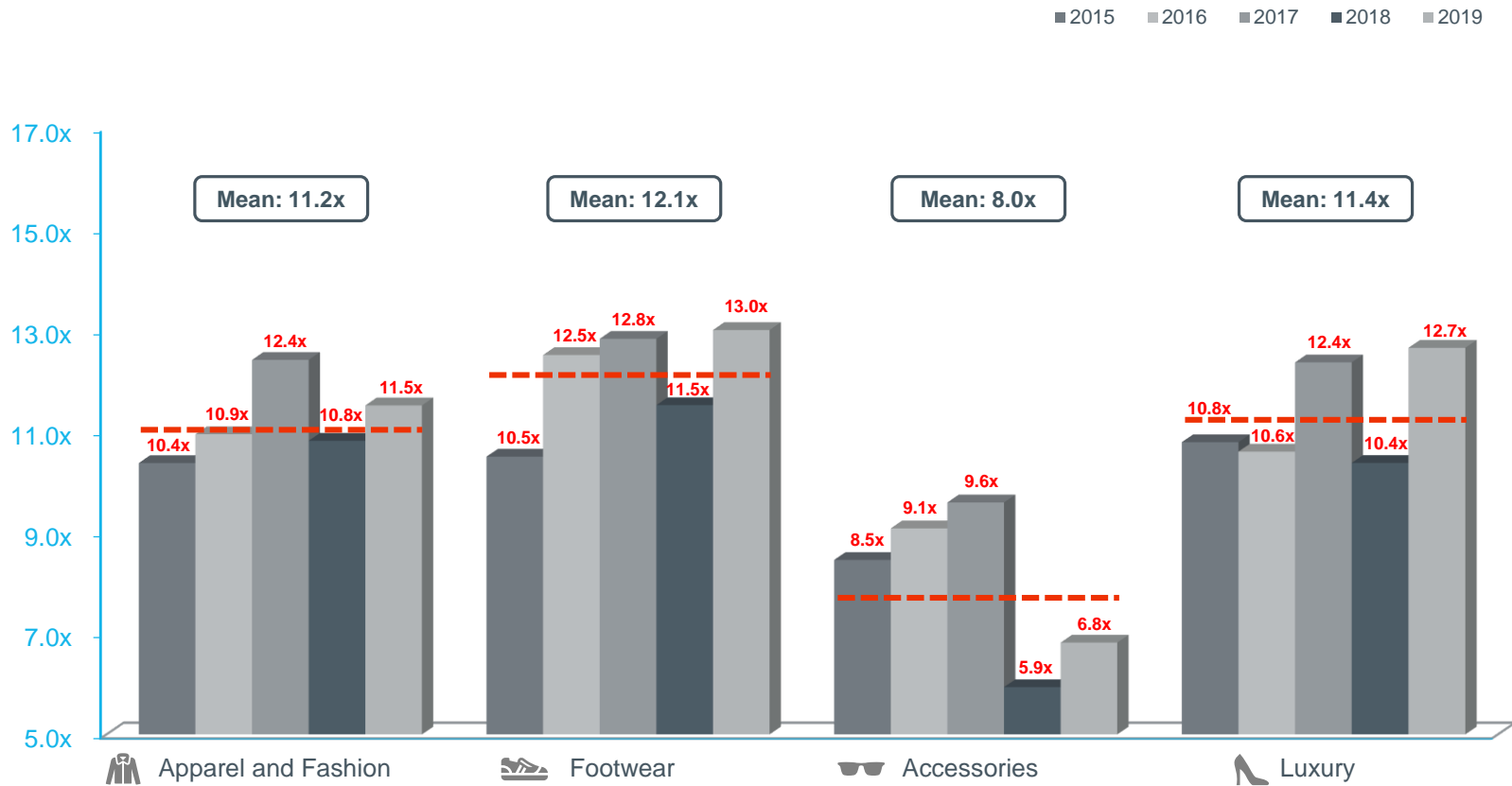
Valuations continue to remain strong relative to historical averages

| | | One-Year Stock Performance | Enterprise Value | | One-Year Change in Enterprise Value | |
|-------------------|-------------------|----------------------------|------------------|--------------|-------------------------------------|-------------|
| | | | Revenue | EBITDA | Revenue | EBITDA |
| Apparel Composite | Active | 10.5% | 2.60x | 14.6x | 0.40x | 1.1x |
| | Contemporary | 4.6% | 0.73x | 11.1x | 0.11x | 1.7x |
| | Basic | (12.4%) | 1.28x | 10.9x | 0.07x | 1.0x |
| | Diversified | (5.1%) | 1.71x | 10.9x | 0.31x | 1.3x |
| | Accessories | (35.5%) | 1.05x | 6.8x | (0.05x) | 0.9x |
| | Footwear | 21.8% | 1.99x | 13.0x | 0.48x | 1.5x |
| | Luxury | 18.0% | 2.86x | 12.7x | 0.54x | 2.3x |
| | Total | 2.9% | 1.75x | 11.4x | 0.27x | 1.4x |
| Retail Composite | Contemporary | 0.3% | 0.43x | 5.0x | (0.09x) | (0.5x) |
| | Women's | (27.7%) | 0.89x | 6.7x | (0.00x) | 0.7x |
| | Men's | (61.2%) | 0.37x | 6.8x | (0.09x) | 1.0x |
| | Kids/Tween | (1.2%) | 1.06x | 8.4x | 0.05x | 0.3x |
| | Footwear | (1.2%) | 0.69x | 7.3x | 0.08x | 0.2x |
| | Department Stores | (12.1%) | 0.47x | 6.7x | (0.06x) | (1.0x) |
| | Off-Price | 23.5% | 2.18x | 16.2x | 0.44x | 3.3x |
| | Sporting Goods | 32.7% | 0.46x | 5.9x | 0.18x | 2.2x |
| | Mass/Club | 27.9% | 0.71x | 11.8x | 0.16x | 2.4x |
| | Total | (2.3%) | 0.81x | 8.3x | 0.07x | 1.0x |
| Online Retail | | 20.3% | 1.84x | 20.1x | 0.25x | 5.1x |

Sector index weight based upon company market capitalization at valuation date
 Note: Leases deducted from Enterprise Value in 2019 and beyond to account for FASB's adoption of ASC 842
 Source: S&P Global Market Intelligence; index constituents on pages 7-18

Public Company Trends – Apparel Brands

Enterprise Value as a Multiple of EBITDA^a



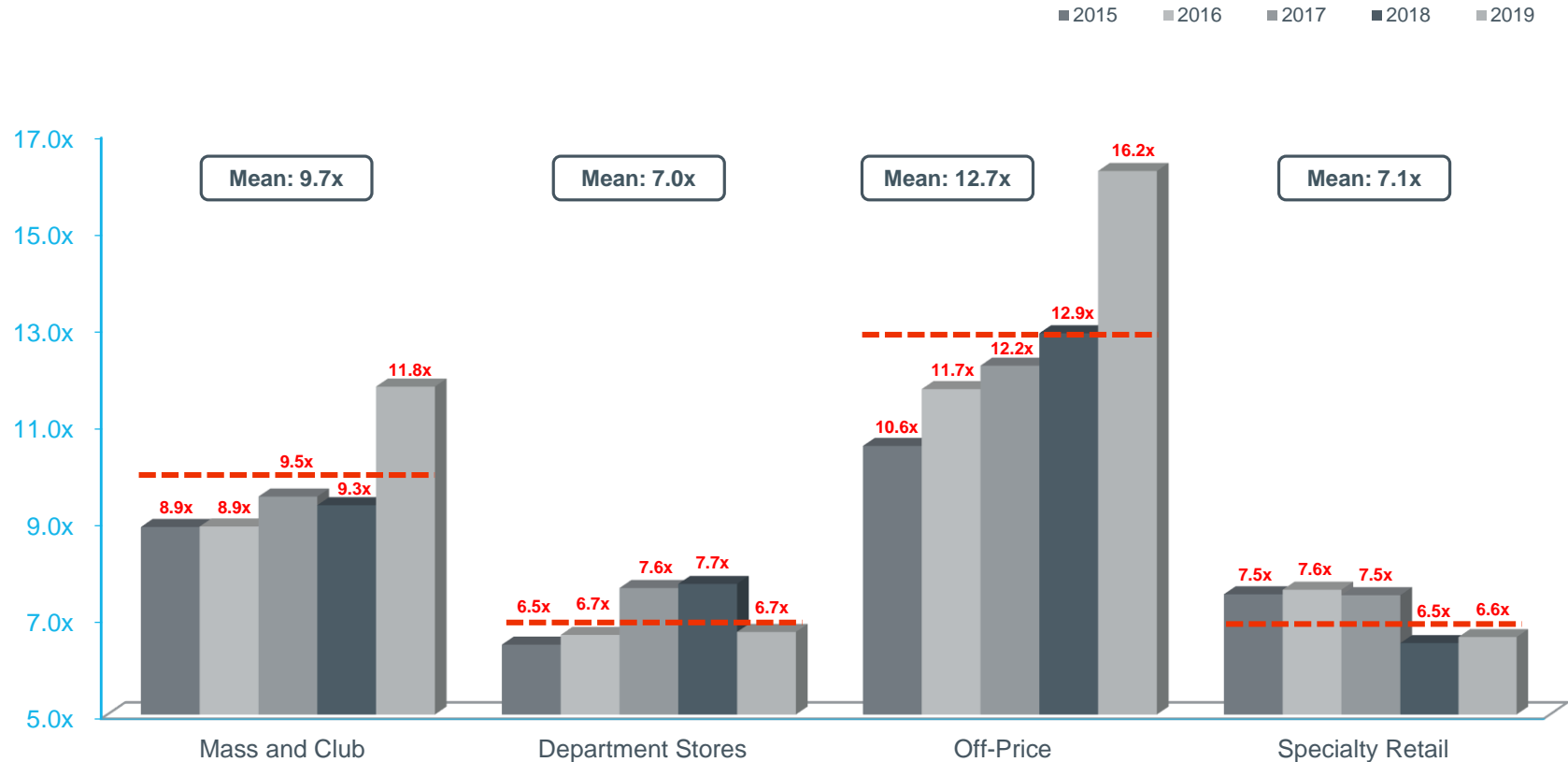
^a Index calculation excludes any companies with nonmeaningful trading multiples.

Source: S&P Global Market Intelligence. Represents most actively traded public apparel, footwear, accessories and luxury companies.

Note: Leases deducted from Enterprise Value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Public Company Trends – Retailers

Enterprise Value as a Multiple of EBITDA^a



^a Index calculation excludes any companies with nonmeaningful trading multiples.

Source: S&P Global Market Intelligence. Represents most actively traded public mass/club, department stores, off-price and specialty retail companies.

Note: Leases deducted from Enterprise Value in 2019 and beyond, to account for FASB's adoption of ASC 842.



Public Company Valuations – Apparel Brands

(\$ in millions, except per-share data)

| | Stock Price Jan. 31, 2020 | One-Year Stock Performance | % of 52-Week High | Market Value | Enterprise Value | Enterprise Value as a Multiple of | | | | 2019 EBITDA Margin |
|-----------------------------|------------------------------|----------------------------|-------------------|-----------------|------------------|-----------------------------------|--------------|--------------|--------------|--------------------|
| | | | | | | Revenue | | EBITDA | | |
| | | | | | | 2019 | 2020E | 2019 | 2020E | |
| Active Apparel | | | | | | | | | | |
| NIKE, Inc. | \$96.30 | 18.9% | 91.2% | \$149,975 | \$150,241 | 3.88x | 3.59x | NM | NM | 14.2% |
| Lululemon Athletica Inc. | 239.39 | 62.0% | 96.7% | 31,191 | 30,583 | NM | NM | NM | NM | 26.1% |
| Moncler S.p.A. | 43.24 | 19.9% | 89.4% | 10,910 | 10,466 | NM | NM | 16.5x | 14.7x | 36.2% |
| Under Armour, Inc. | 20.18 | (2.7%) | 72.8% | 8,604 | 8,780 | 1.78x | 1.83x | NM | NM | 8.0% |
| Columbia Sportswear Company | 93.92 | 6.4% | 85.6% | 6,342 | 6,101 | 2.14x | 2.03x | 12.6x | 12.5x | 17.0% |
| Canada Goose Holdings Inc. | 29.97 | (41.4%) | 49.6% | 3,312 | 3,544 | NM | NM | NM | 18.2x | 28.1% |
| Median | | 12.6% | 87.5% | \$9,757 | \$9,623 | 2.14x | 2.03x | 14.6x | 14.7x | 21.5% |
| Mean | | 10.5% | 80.9% | \$35,056 | \$34,952 | 2.60x | 2.48x | 14.6x | 15.1x | 21.6% |
| Contemporary Apparel | | | | | | | | | | |
| G-III Apparel Group, Ltd. | \$27.21 | (22.0%) | 61.9% | \$1,301 | \$1,921 | 0.70x | 0.66x | 7.7x | 7.8x | 9.0% |
| Guess?, Inc. | 21.29 | 12.6% | 90.3% | 1,397 | 1,628 | 0.63x | 0.61x | 7.8x | 7.2x | 8.1% |
| Vince Holding Corp. | 14.77 | 23.3% | 53.5% | 173 | 232 | 0.87x | 0.68x | 17.8x | 18.7x | 4.9% |
| Median | | 12.6% | 61.9% | \$1,301 | \$1,628 | 0.70x | 0.66x | 7.8x | 7.8x | 8.1% |
| Mean | | 4.6% | 68.5% | \$957 | \$1,260 | 0.73x | 0.65x | 11.1x | 11.2x | 7.3% |
| Basic Apparel | | | | | | | | | | |
| Hanesbrands Inc. | \$13.76 | (4.8%) | 71.0% | \$4,977 | \$8,277 | 1.24x | 1.29x | 8.1x | 8.3x | 15.4% |
| Gildan Activewear Inc. | 27.73 | (16.2%) | 68.8% | 5,519 | 6,390 | 2.39x | 2.32x | 12.3x | 11.1x | 19.5% |
| Delta Galil Industries Ltd. | 26.27 | (12.4%) | 75.6% | 670 | 1,106 | NM | NM | NM | NM | NM |
| Lands' End, Inc. | 11.65 | (34.9%) | 60.4% | 377 | 826 | 0.68x | 0.67x | 13.1x | 12.1x | 5.2% |
| Delta Apparel, Inc. | 25.08 | 6.5% | 79.1% | 175 | 292 | 0.78x | 0.73x | 10.3x | 9.5x | 7.6% |
| Median | | (12.4%) | 71.0% | \$670 | \$1,106 | 1.01x | 1.01x | 11.3x | 10.3x | 11.5% |
| Mean | | (12.4%) | 71.0% | \$2,344 | \$3,378 | 1.28x | 1.25x | 10.9x | 10.2x | 11.9% |
| Diversified Apparel | | | | | | | | | | |
| V.F. Corporation | \$82.97 | 7.1% | 82.8% | \$33,136 | \$34,452 | 3.42x | 3.46x | 18.6x | NM | 18.4% |
| PVH Corp. | 87.17 | (20.0%) | 64.9% | 6,360 | 8,993 | 1.05x | 1.04x | 8.3x | 8.1x | 12.7% |
| Ralph Lauren Corporation | 113.50 | 0.1% | 84.9% | 8,469 | 7,782 | 1.26x | 1.25x | 7.7x | 8.0x | 16.3% |
| Oxford Industries, Inc. | 69.40 | (7.5%) | 81.3% | 1,183 | 1,161 | 1.12x | 1.08x | 9.0x | 8.7x | 12.4% |
| Median | | (3.7%) | 82.0% | \$7,414 | \$8,388 | 1.19x | 1.16x | 8.6x | 8.1x | 14.5% |
| Mean | | (5.1%) | 78.5% | \$12,287 | \$13,097 | 1.71x | 1.71x | 10.9x | 8.3x | 14.9% |

Source: S&P Global Market Intelligence as of January 31, 2020

Note: Leases deducted from Enterprise Value in 2019 and beyond, to account for FASB's adoption of ASC 842

Represents most actively traded public apparel and fashion companies.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Footwear Brands

(\$ in millions, except per-share data)

| | Stock Price | One-Year Stock Performance | % of 52-Week High | Market Value | Enterprise Value | Enterprise Value as a Multiple of | | | | 2019 EBITDA Margin |
|-----------------------------|---------------|----------------------------|-------------------|-----------------|------------------|-----------------------------------|--------------|--------------|--------------|--------------------|
| | Jan. 31, 2020 | | | | | Revenue | | EBITDA | | |
| | | | | | | 2019 | 2020E | 2019 | 2020E | |
| Footwear | | | | | | | | | | |
| NIKE, Inc. | \$96.30 | 18.9% | 91.2% | \$149,975 | \$150,241 | 3.88x | 3.59x | NM | NM | 14.2% |
| adidas AG | 313.75 | 38.3% | 89.3% | 61,773 | 64,050 | 2.48x | 2.41x | 16.1x | 15.7x | 15.4% |
| PUMA SE | 79.77 | 48.1% | 91.2% | 12,001 | 11,814 | 1.83x | 1.72x | 14.7x | 15.1x | 12.5% |
| Skechers U.S.A., Inc. | 37.39 | 37.6% | 84.0% | 5,861 | 5,220 | 1.17x | 1.06x | 9.7x | 8.9x | 12.1% |
| Deckers Outdoor Corporation | 190.91 | 48.6% | 95.8% | 5,341 | 4,799 | 2.16x | 2.03x | 11.7x | 11.6x | 18.4% |
| Wolverine World Wide, Inc. | 31.57 | (6.8%) | 79.5% | 2,553 | 3,373 | 1.56x | 1.50x | 11.7x | 11.1x | 13.3% |
| Steven Madden, Ltd. | 38.56 | 20.0% | 86.1% | 3,243 | 3,059 | 1.93x | 1.82x | 15.3x | 14.8x | 12.6% |
| Crocs, Inc. | 37.91 | 32.0% | 86.6% | 2,601 | 2,698 | 2.42x | 2.14x | 18.0x | 14.2x | 13.4% |
| Caleres, Inc. | 17.55 | (40.4%) | 54.4% | 711 | 1,155 | 0.48x | 0.47x | 6.9x | 6.7x | 7.0% |
| Median | | 32.0% | 86.6% | \$5,341 | \$4,799 | 1.93x | 1.82x | 13.2x | 12.9x | 13.3% |
| Mean | | 21.8% | 84.2% | \$27,118 | \$27,379 | 1.99x | 1.86x | 13.0x | 12.3x | 13.2% |

Source: S&P Global Market Intelligence as of January 31, 2020

Note: Leases deducted from Enterprise Value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public footwear companies.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Accessory Brands

(\$ in millions, except per-share data)

| | Stock Price | One-Year Stock | % of | Market Value | Enterprise Value | Enterprise Value as a Multiple of | | | | 2019 EBITDA Margin |
|------------------------|---------------|----------------|--------------|----------------|------------------|-----------------------------------|--------------|-------------|-------------|--------------------|
| | Jan. 31, 2020 | Performance | 52-Week High | | | Revenue | | EBITDA | | |
| | | | | | | 2019 | 2020E | 2019 | 2020E | |
| Accessories | | | | | | | | | | |
| The Swatch Group AG | \$251.96 | (12.3%) | 75.4% | \$12,846 | \$11,538 | 1.58x | 1.57x | 8.9x | 8.3x | 17.7% |
| Tapestry, Inc. | 25.77 | (30.0%) | 65.0% | 7,111 | 7,926 | 1.37x | 1.38x | 7.1x | 7.6x | 19.4% |
| Capri Holdings Limited | 29.96 | (29.5%) | 59.9% | 4,543 | 6,770 | 1.40x | 1.39x | 7.7x | 7.6x | 18.1% |
| Pandora A/S | 51.84 | 31.2% | 91.3% | 4,792 | 6,467 | 1.75x | 1.89x | 6.2x | 6.0x | 28.1% |
| Fossil Group, Inc. | 6.73 | (60.3%) | 38.1% | 340 | 457 | 0.23x | 0.24x | 3.2x | 4.0x | 7.3% |
| Safilo Group S.p.A. | 1.13 | 27.0% | 63.2% | 312 | 357 | 0.37x | 0.37x | 7.8x | 6.9x | 4.7% |
| Movado Group, Inc. | 17.22 | (44.3%) | 42.8% | 396 | 334 | 0.63x | 0.62x | NM | NM | NM |
| Median | | (29.5%) | 63.2% | \$4,543 | \$6,467 | 1.37x | 1.38x | 7.4x | 7.2x | 17.9% |
| Mean | | (16.9%) | 62.2% | \$4,334 | \$4,835 | 1.05x | 1.07x | 6.8x | 6.7x | 15.9% |

Source: S&P Global Market Intelligence as of January 31, 2020

Note: Leases deducted from Enterprise Value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public fashion accessories companies.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Luxury Brands

(\$ in millions, except per-share data)

| | Stock Price | One-Year Stock Performance | % of 52-Week High | Market Value | Enterprise Value | Enterprise Value as a Multiple of | | | | 2019 EBITDA Margin |
|-----------------------------------|---------------|----------------------------|-------------------|-----------------|------------------|-----------------------------------|--------------|--------------|--------------|--------------------|
| | Jan. 31, 2020 | | | | | Revenue | | EBITDA | | |
| | | | | | | 2019 | 2020E | 2019 | 2020E | |
| Luxury | | | | | | | | | | |
| LVMH Moët Hennessy | \$438.25 | 43.7% | 90.0% | \$220,725 | \$229,946 | 4.08x | 3.90x | 15.7x | 14.1x | 26.0% |
| Christian Dior SE | 470.07 | 24.2% | 85.1% | 84,773 | 133,993 | 2.07x | 2.01x | 8.0x | 7.7x | 26.0% |
| Kering SA | 615.30 | 29.3% | 90.3% | 76,923 | 79,421 | 4.75x | 4.58x | 13.6x | 12.9x | 34.9% |
| Hermès International S.A. | 750.11 | 30.0% | 93.2% | 78,190 | 74,306 | NM | NM | NM | NM | 39.3% |
| Compagnie Financière Richemont SA | 73.34 | 5.9% | 80.8% | 41,421 | 39,577 | 2.56x | 2.50x | 12.3x | 11.6x | 20.8% |
| Tiffany & Co. ^a | 134.02 | 54.5% | 99.7% | 16,234 | 16,691 | 3.71x | 3.58x | 16.4x | 15.6x | 22.7% |
| Burberry Group plc | 25.76 | 10.9% | 82.7% | 10,384 | 9,501 | 2.98x | 2.91x | 14.4x | 13.5x | 20.7% |
| Hugo Boss AG | 47.67 | (28.5%) | 62.7% | 3,275 | 3,456 | 1.10x | 1.11x | 4.5x | 4.6x | 24.4% |
| TOD'S S.p.A. | 40.49 | (7.9%) | 70.0% | 1,340 | 1,438 | 1.59x | 1.62x | 16.4x | 14.6x | 9.7% |
| Median | | 24.2% | 85.1% | \$41,421 | \$39,577 | 2.77x | 2.71x | 14.0x | 13.2x | 24.4% |
| Mean | | 18.0% | 83.8% | \$59,252 | \$65,370 | 2.86x | 2.78x | 12.7x | 11.8x | 24.9% |

a: LVMH announced the acquisition of Tiffany for \$135 per share on 11/25/2019

Source: S&P Global Market Intelligence as of January 31, 2020

Note: Leases deducted from Enterprise Value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded luxury companies.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Retailers

(\$ in millions, except per-share data)

| | Stock Price | One-Year Stock Performance | % of 52-Week High | Market Value | Enterprise Value | Enterprise Value as a Multiple of | | | | 2019 EBITDA Margin |
|----------------------------------|---------------|----------------------------|-------------------|----------------|------------------|-----------------------------------|--------------|-------------|-------------|--------------------|
| | Jan. 31, 2020 | | | | | Revenue | | EBITDA | | |
| | | | | | | 2019 | 2020E | 2019 | 2020E | |
| Contemporary Retail | | | | | | | | | | |
| Lululemon Athletica Inc. | \$239.39 | 62.0% | 96.7% | \$31,191 | \$30,583 | NM | NM | NM | NM | 26.1% |
| The Gap, Inc. | 17.41 | (28.0%) | 55.5% | 6,499 | 6,666 | 0.42x | 0.42x | 4.4x | 4.6x | 9.5% |
| Urban Outfitters, Inc. | 25.60 | (20.7%) | 74.8% | 2,508 | 2,170 | 0.60x | 0.58x | 6.0x | 5.7x | 10.0% |
| Guess?, Inc. | 21.29 | 12.6% | 90.3% | 1,397 | 1,628 | 0.63x | 0.61x | 7.8x | 7.2x | 8.1% |
| Express, Inc. | 4.01 | (24.3%) | 64.3% | 256 | 88 | 0.07x | 0.07x | 1.8x | 1.5x | 3.9% |
| Median | | (20.7%) | 74.8% | \$2,508 | \$2,170 | 0.51x | 0.50x | 5.2x | 5.2x | 9.5% |
| Mean | | 0.3% | 76.3% | \$8,370 | \$8,227 | 0.43x | 0.42x | 5.0x | 4.8x | 11.5% |
| Women's Retail | | | | | | | | | | |
| L Brands, Inc. | \$23.16 | (11.8%) | 79.8% | \$6,403 | \$11,642 | 0.80x | 0.79x | 5.7x | 5.8x | 13.9% |
| Aritzia Inc. | 18.93 | 47.0% | 98.0% | 2,064 | 2,039 | 2.27x | 2.02x | 12.7x | 10.6x | 17.9% |
| Ascena Retail Group, Inc. | 4.40 | (91.0%) | 8.1% | 44 | 1,129 | NM | NM | NM | NM | NM |
| Chico's FAS, Inc. | 3.89 | (26.9%) | 63.7% | 461 | 380 | 0.18x | 0.19x | 4.2x | 4.3x | 4.3% |
| Vera Bradley, Inc. | 9.58 | 7.0% | 66.0% | 322 | 317 | 0.79x | 0.70x | 6.5x | 5.6x | 12.0% |
| J.Jill, Inc. | 1.19 | (76.2%) | 15.8% | 52 | 275 | 0.40x | 0.40x | 4.3x | 5.3x | 9.2% |
| The Cato Corporation | 16.04 | 17.8% | 81.3% | 380 | 155 | NM | NM | NM | NM | NM |
| Francesca's Holdings Corporation | 7.64 | (27.9%) | 34.8% | 23 | 21 | NM | NM | NM | NM | NM |
| RTW Retailwinds, Inc. | 0.39 | (87.3%) | 11.5% | 26 | (37) | NM | NM | NM | NM | NM |
| Median | | (26.9%) | 63.7% | \$322 | \$317 | 0.79x | 0.70x | 5.7x | 5.6x | 12.0% |
| Mean | | (27.7%) | 51.0% | \$1,086 | \$1,769 | 0.89x | 0.82x | 6.7x | 6.3x | 11.5% |

Source: S&P Global Market Intelligence as of January 31, 2020

Note: Leases deducted from Enterprise Value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public apparel, footwear and accessories retailers.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Retailers (cont'd)

(\$ in millions, except per-share data)

| | Stock Price Jan. 31, 2020 | One-Year Stock Performance | % of 52-Week High | Market Value | Enterprise Value | Enterprise Value as a Multiple of | | | | 2019 EBITDA Margin |
|----------------------------------|------------------------------|----------------------------|-------------------|----------------|------------------|-----------------------------------|--------------|-------------|-------------|--------------------|
| | | | | | | Revenue | | EBITDA | | |
| | | | | | | 2019 | 2020E | 2019 | 2020E | |
| Men's Retail | | | | | | | | | | |
| Tailored Brands, Inc. | \$3.98 | (65.5%) | 29.3% | \$193 | \$1,325 | 0.44x | 0.47x | 5.4x | 5.9x | 8.2% |
| Destination XL Group, Inc. | 1.11 | (57.0%) | 39.6% | 56 | 133 | 0.30x | NM | 8.1x | NM | 3.7% |
| Median | | (61.2%) | 34.5% | \$124 | \$729 | 0.37x | 0.47x | 6.8x | 5.9x | 5.9% |
| Mean | | (61.2%) | 34.5% | \$124 | \$729 | 0.37x | 0.47x | 6.8x | 5.9x | 5.9% |
| Kids/Tween Retail | | | | | | | | | | |
| Carter's, Inc. | \$106.07 | 30.7% | 94.3% | \$4,683 | \$5,298 | 1.55x | 1.50x | 10.8x | 10.5x | 14.3% |
| The Children's Place, Inc. | 59.67 | (36.6%) | 51.1% | 899 | 1,017 | 0.57x | 0.56x | 5.9x | 5.4x | 9.6% |
| Median | | (2.9%) | 72.7% | \$2,791 | \$3,158 | 1.06x | 1.03x | 8.4x | 8.0x | 11.9% |
| Mean | | (2.9%) | 72.7% | \$2,791 | \$3,158 | 1.06x | 1.03x | 8.4x | 8.0x | 11.9% |
| Footwear Retailers | | | | | | | | | | |
| Foot Locker, Inc. | \$37.97 | (29.7%) | 55.8% | \$3,970 | \$3,348 | 0.43x | 0.42x | 3.8x | 3.8x | 11.2% |
| Caleres, Inc. | 17.55 | (40.4%) | 54.4% | 711 | 1,155 | 0.48x | 0.47x | 6.9x | 6.7x | 7.0% |
| Boot Barn Holdings, Inc. | 41.97 | 79.1% | 87.2% | 1,199 | 1,386 | 1.72x | 1.54x | 13.6x | 12.5x | 12.6% |
| Genesco Inc. | 39.32 | (13.0%) | 73.9% | 578 | 603 | 0.33x | 0.33x | 5.2x | 5.5x | 6.4% |
| Shoe Carnival, Inc. | 35.86 | (1.8%) | 89.7% | 509 | 475 | 0.48x | 0.46x | 7.0x | 6.5x | 6.8% |
| Median | | (13.0%) | 73.9% | \$711 | \$1,155 | 0.48x | 0.46x | 6.9x | 6.5x | 7.0% |
| Mean | | (1.2%) | 72.2% | \$1,394 | \$1,393 | 0.69x | 0.64x | 7.3x | 7.0x | 8.8% |
| Sporting Goods Retailers | | | | | | | | | | |
| DICK'S Sporting Goods, Inc. | \$44.23 | 28.9% | 88.8% | \$3,887 | \$4,519 | 0.57x | 0.56x | 7.1x | 6.9x | 8.1% |
| Hibbett Sports, Inc. | 24.78 | 51.7% | 80.0% | 430 | 362 | 0.36x | 0.36x | 4.7x | 4.8x | 7.6% |
| Big 5 Sporting Goods Corporation | 3.73 | 17.6% | 78.0% | 80 | 136 | NM | NM | NM | NM | NM |
| Median | | 28.9% | 80.0% | \$430 | \$362 | 0.46x | 0.46x | 5.9x | 5.8x | 7.8% |
| Mean | | 32.7% | 82.3% | \$1,466 | \$1,672 | 0.46x | 0.46x | 5.9x | 5.8x | 7.8% |

Source: S&P Global Market Intelligence as of January 31, 2020

Note: Leases deducted from Enterprise Value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public apparel, footwear and accessories retailers.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Retailers (cont'd)

(\$ in millions, except per-share data)

| | Stock Price Jan. 31, 2020 | One-Year Stock Performance | % of 52-Week High | Market Value | Enterprise Value | Enterprise Value as a Multiple of | | | | 2019 EBITDA Margin |
|-----------------------------------|------------------------------|----------------------------|-------------------|------------------|------------------|-----------------------------------|--------------|--------------|--------------|--------------------|
| | | | | | | Revenue | | EBITDA | | |
| | | | | | | 2019 | 2020E | 2019 | 2020E | |
| Department Stores | | | | | | | | | | |
| Kohl's Corporation | \$42.75 | (34.5%) | 56.3% | \$6,693 | \$9,501 | 0.57x | 0.57x | 5.1x | 5.3x | 11.2% |
| Macy's, Inc. | 15.95 | (34.3%) | 60.2% | 4,928 | 9,335 | 0.39x | 0.41x | 4.3x | 4.5x | 9.1% |
| Nordstrom, Inc. | 36.86 | (17.1%) | 75.4% | 5,723 | 7,915 | 0.55x | 0.54x | 5.7x | 5.6x | 9.6% |
| J. C. Penney Company, Inc. | 0.75 | (43.6%) | 38.9% | 238 | 4,293 | 0.40x | 0.41x | 8.5x | 8.2x | 4.7% |
| Hudson's Bay Company ^a | 8.26 | 35.0% | 99.7% | 1,949 | 3,425 | 0.55x | 0.54x | 10.9x | 8.3x | 5.1% |
| Dillard's, Inc. | 60.72 | (8.4%) | 70.0% | 1,500 | 2,086 | 0.37x | 0.37x | 5.8x | 6.0x | 6.5% |
| Stage Stores, Inc. | 1.12 | 17.9% | 11.8% | 32 | 371 | NM | NM | NM | NM | NM |
| Median | | (17.1%) | 60.2% | \$1,949 | \$4,293 | 0.48x | 0.48x | 5.7x | 5.8x | 7.8% |
| Mean | | (12.1%) | 58.9% | \$3,009 | \$5,275 | 0.47x | 0.47x | 6.7x | 6.3x | 7.7% |
| Off-Price Retail | | | | | | | | | | |
| The TJX Companies, Inc. | \$59.04 | 20.7% | 93.7% | \$71,036 | \$71,212 | 1.78x | 1.68x | 14.1x | 13.3x | 12.6% |
| Ross Stores, Inc. | 112.19 | 23.0% | 91.5% | 40,263 | 39,433 | 2.56x | 2.41x | 16.5x | 15.2x | 15.6% |
| Burlington Stores, Inc. | 217.47 | 26.6% | 92.1% | 14,300 | 15,170 | 2.18x | 2.00x | 18.1x | 16.6x | 12.1% |
| Median | | 23.0% | 92.1% | \$40,263 | \$39,433 | 2.18x | 2.00x | 16.5x | 15.2x | 12.6% |
| Mean | | 23.5% | 92.4% | \$41,866 | \$41,938 | 2.18x | 2.03x | 16.2x | 15.0x | 13.4% |
| Mass/Club | | | | | | | | | | |
| Walmart Inc. | \$114.49 | 21.9% | 91.3% | \$324,828 | \$382,006 | 0.75x | 0.73x | 12.2x | 11.7x | 6.2% |
| Costco Wholesale Corporation | 305.52 | 43.7% | 97.2% | 134,966 | 132,516 | 0.82x | 0.77x | 20.0x | 18.1x | 4.1% |
| Target Corporation | 110.74 | 56.5% | 85.0% | 56,116 | 66,819 | 0.97x | 0.94x | 10.5x | 10.2x | 9.2% |
| Big Lots, Inc. | 27.06 | (10.5%) | 68.5% | 1,056 | 1,519 | 0.30x | 0.29x | 4.5x | 4.3x | 6.6% |
| Median | | 32.8% | 88.2% | \$95,541 | \$99,667 | 0.79x | 0.75x | 11.3x | 10.9x | 6.4% |
| Mean | | 27.9% | 85.5% | \$129,242 | \$145,715 | 0.71x | 0.68x | 11.8x | 11.1x | 6.5% |

a: Hudson's Bay Company announced plans to go private and buyback shares at ~\$7.85 USD on October 21, 2019

Source: S&P Global Market Intelligence as of January 31, 2020

Note: Leases deducted from Enterprise Value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public apparel, footwear and accessories retailers.

NM noted for revenue and EBITDA multiples greater than 5.0x and 20.0x, respectively

Public Company Valuations – Retailers (cont'd)

(\$ in millions, except per-share data)

| | Stock Price Jan. 31, 2020 | One-Year Stock Performance | % of 52-Week High | Market Value | Enterprise Value | Enterprise Value as a Multiple of | | | | 2019 EBITDA Margin |
|-------------------------------|------------------------------|----------------------------|-------------------|------------------|------------------|-----------------------------------|--------------|--------------|--------------|--------------------|
| | | | | | | Revenue | | EBITDA | | |
| | | | | | | 2019 | 2020E | 2019 | 2020E | |
| Online Retail | | | | | | | | | | |
| Amazon.com, Inc. | \$2,008.72 | 16.9% | 97.7% | \$1,000,343 | \$998,953 | 3.29x | 2.76x | 21.3x | 18.2x | 15.5% |
| Alibaba Group Holding Limited | 206.59 | 22.6% | 89.4% | 554,224 | 557,315 | NM | NM | 25.3x | 21.3x | 32.2% |
| eBay Inc. | 33.56 | 1.2% | 79.9% | 26,716 | 31,654 | 3.18x | 3.51x | 9.3x | 9.4x | 34.2% |
| Rakuten, Inc. | 7.90 | 5.0% | 65.2% | 10,707 | 14,137 | 1.30x | 1.17x | 9.2x | 12.0x | 14.2% |
| Zalando SE | 48.15 | 63.0% | 89.9% | 11,974 | 10,931 | 1.59x | 1.40x | 28.8x | 23.8x | 5.5% |
| Wayfair Inc. | 93.70 | (14.4%) | 53.9% | 8,726 | 8,861 | 0.94x | 0.73x | NM | NM | (5.4%) |
| boohoo group plc | 3.99 | 60.8% | 89.0% | 4,648 | 4,404 | 2.99x | 2.29x | NM | 23.3x | 9.9% |
| ASOS Plc | 40.54 | (6.9%) | 75.1% | 3,392 | 3,512 | 1.05x | 0.91x | 24.9x | 17.2x | 4.2% |
| Revolve Group, Inc. | 17.79 | 0.0% | 36.8% | 1,225 | 1,174 | 2.00x | 1.65x | 22.3x | 16.2x | 9.0% |
| Overstock.com, Inc. | 8.12 | (53.2%) | 27.3% | 315 | 297 | 0.18x | 0.18x | NM | NM | (4.3%) |
| Median | | 3.1% | 77.5% | \$9,717 | \$9,896 | 1.59x | 1.40x | 22.3x | 17.7x | 9.5% |
| Mean | | 9.5% | 70.4% | \$162,227 | \$163,124 | 1.84x | 1.62x | 20.1x | 17.7x | 11.5% |

Source: S&P Global Market Intelligence as of January 31, 2020

Note: Leases deducted from Enterprise Value in 2019 and beyond, to account for FASB's adoption of ASC 842.

Represents most actively traded public apparel, footwear and accessories retailers.

NM noted for revenue and EBITDA multiples greater than 5.0x and 30.0x, respectively

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