

OBJECTIVE

Investment Banking & Valuation

1Q 2022

Consumer Industry Report

Quarterly Market Update

IN THIS REPORT:

- Consumer Spending Trends
- Valuation Trends: Apparel Sector vs. S&P
- M&A Activity Update: Apparel Sector

Apparel Sector

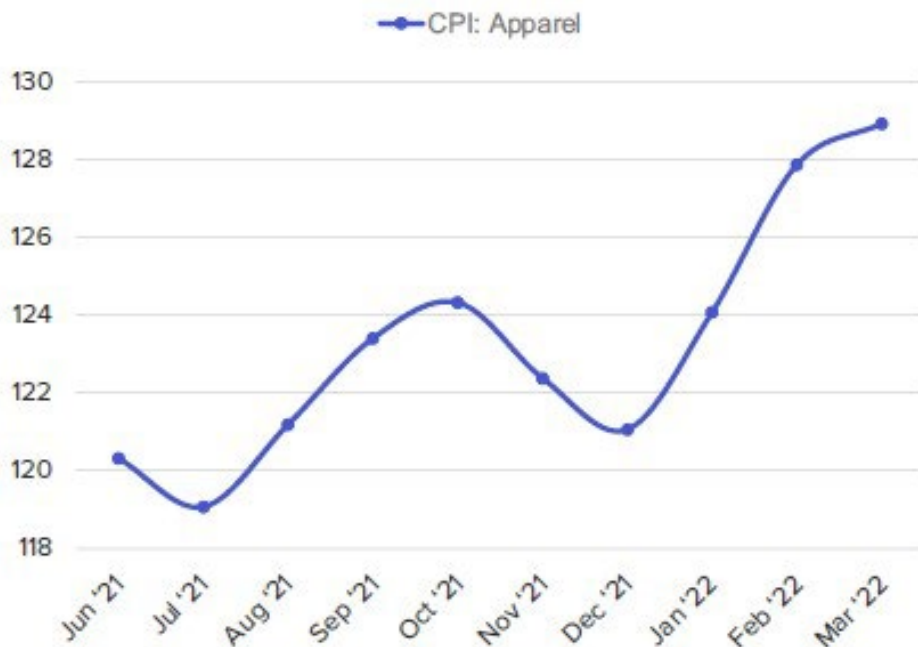


Consumer Spending In Apparel Sector decreased in 1Q 2022 as Consumer Price Index Rose

Apparel: Consumer Price Index by Month

The Apparel Consumer Price Index saw sharp increases through January and February of 2022 but slowed in March.

Global conflicts, supply chain issues, and rising inflation are contributing factors to the observed price increases.



Source: Morning Consult Economic Intelligence, Bureau of Labor Statistics

Apparel: Consumer Spending by Month

Consumer spending dropped significantly in January and February but leveled in March.

When looking at age demographics, spending by both Gen X and Z consumers rose in March.



Source: Morning Consult Economic Intelligence, Bureau of Labor Statistics

Apparel Sector has experienced significant headwinds



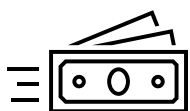
IOS 14.5 Update

Apple's IOS 14.5 update, released on April 26, 2021, allowed consumers to opt out of purchase tracking, creating significant challenges for digital marketing in the sector.



Supply Chain Challenges

Recent COVID shut-downs in China and the Russia-Ukraine conflict have created additional obstacles to an already compromised post-pandemic supply chain.



Stimulus Checks

Following the final round of COVID stimulus checks in March 2021, consumer discretionary spending declined, particularly in the direct-to-consumer space.



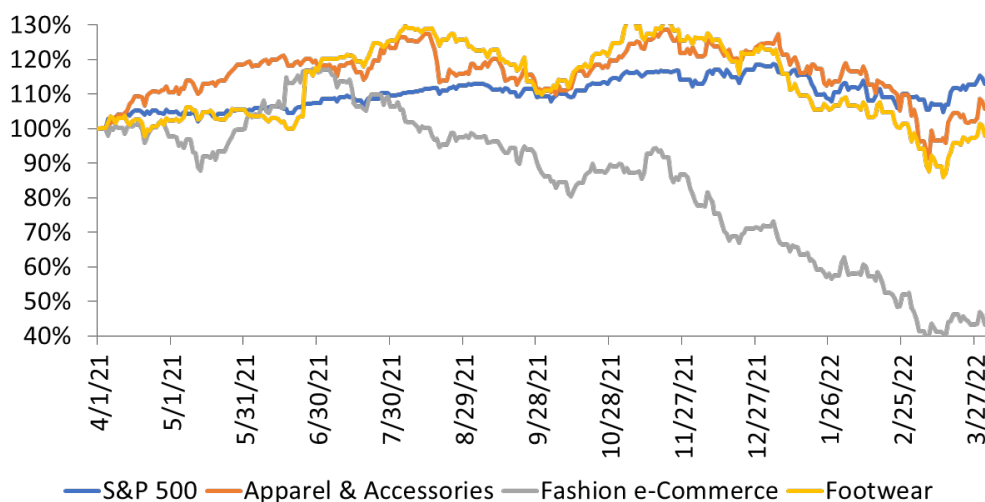
Rising Prices

Rising gasoline and utility prices require an increasing percentage of total household spending and have contributed to a decrease in consumer discretionary spending.

Enterprise Value: % Change by Date

Fashion e-Commerce businesses have experienced significant declines in EV since mid 2021, when compared to the S&P 500 and other Apparel sub-sectors.

Fashion e-Commerce was particularly impacted by the IOS 14.5 update, and the discontinuation of stimulus checks.



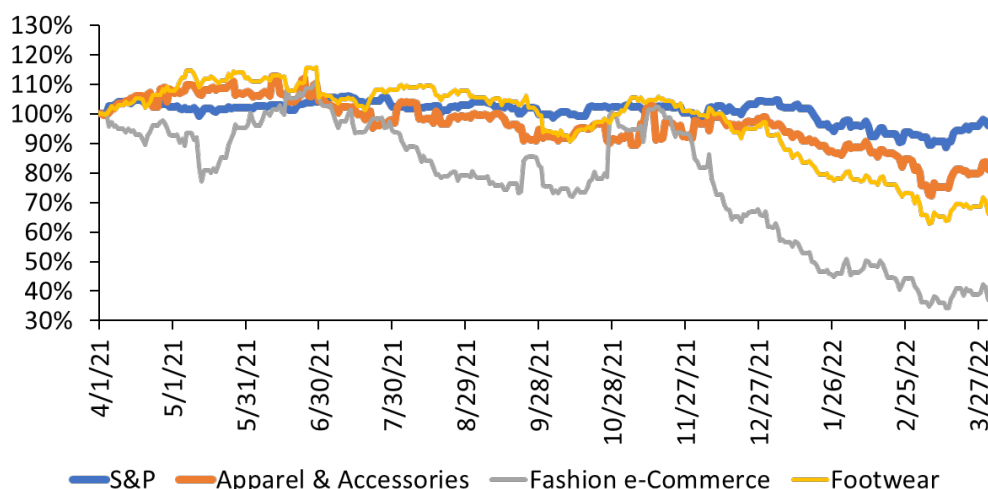
Source: S&P Capital IQ

Fashion e-Commerce businesses have experienced the largest deterioration in valuation multiples

EV/Revenue: % Change by Date

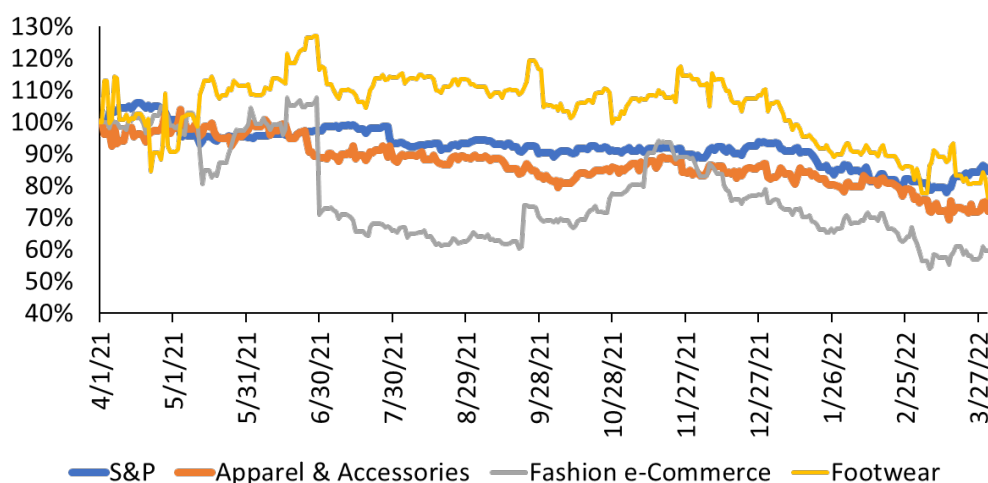
Fashion e-Commerce experienced the steepest declines in EV/Revenue multiples though all Apparel subsectors have dropped below the S&P since late 2021.

Sector headwinds will likely result in continued weaker valuations in the near-term.



EV/EBITDA: % Change by Date

Footwear EV/EBITDA multiples outpaced the S&P until late in the quarter. Margin pressures from mounting supply chain issues and rising input costs are likely contributing to the downward trend.

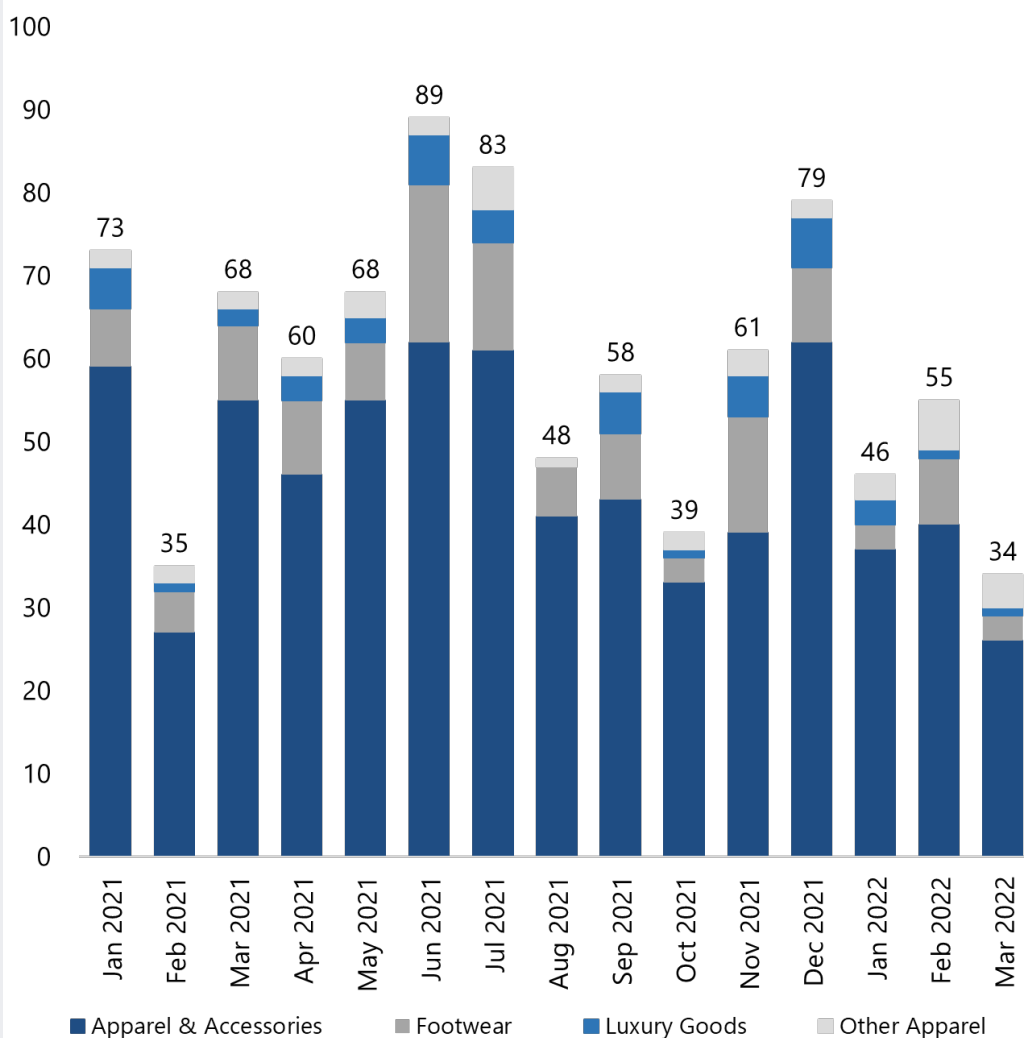


Source: S&P Capital IQ

M&A Activity in the Apparel Sector has declined in 1Q 2022

Deal Volume: Apparel Sector Jan '21 – Mar '22

Apparel Sector transaction volume was down 23% YoY in 1Q 2022. While February was up 57% YoY, January and March were down 37% and 50% respectively.



Source: Pitchbook.com

Apparel Sector:

Select M&A Transaction Details 1Q 2022

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Country	Size (\$mm)	TEV / Revenue	TEV / EBITDA
3/30/2022	Brahms Mount	Faribault Woolen Mills	Accessories	Manufactures and weaves blankets, throws, and towels.	US	-	-	-
3/29/2022	MagnaReady	David Peyser Sportswear	Apparel	Apparel manufacturing company.	US	-	-	-
3/23/2022	Footwear Specialties Intl	SureWerx	Footwear	Manufactures footwear.	US	-	-	-
3/22/2022	Varcotex S.P.A.	CADICAGROUP Srl	Apparel	Manufactures woven labels and hang tags for fashion.	IT	-	-	-
3/22/2022	Sue Mills Inc	DENNIS UNIFORM	Apparel	Designs, manufactures, and retails school uniforms.	US	-	-	-
3/21/2022	Peekaboo Beans Inc	For Heroes Only	Apparel	Designs, manufactures, sells children playwear apparel.	CA	-	-	-
3/16/2022	Bernard Thorp	PIERRE FREY SAS	Accessories	Designs and manufactures bespoke fabrics and wallcoverings.	UK	-	-	-
3/14/2022	CARIAGGI LANIFICIO S.p.A.	Brunello Cucineli S.p.A.	Accessories	Manufactures cashmere yarn and other fibers.	IT	-	-	-
3/10/2022	Wolf Lingerie S.A.	Next Stage Fund	Apparel	Manufactures lingerie products.	FR	\$38	-	-
3/10/2022	By Malina AB	Stella Capital	Apparel	Manufactures and retails women apparel.	SE	-	-	-
3/8/2022	ba&sh SAS	HLD Associes	Apparel	Manufacturers and sells women products.	FR	-	-	-
3/7/2022	Sun Mountain Sports	Solace Capital Partners	Accessories	Apparel, accessories and luxury goods company.	US	-	-	-
3/2/2022	Bold Brands, LLC	OCI Ventures	Apparel	Manufactures and sells bold, fun socks for men, women, and children.	US	-	-	-
2/25/2022	Bsa Brands (Uk) Limited	DJG Corporation Pty Ltd	Apparel	Manufactures and sells workwear for men and women under Bisley Workwear brand.	UK	\$3	-	-
2/24/2022	Thinx, Inc.	Kimberly-Clark Corporation	Apparel	Manufactures and sells period-proof underwear for women.	US	-	-	-
2/24/2022	Admiral Sportswear Limited	Greentube Internet Entertainment Solutions	Accessories & Apparel	Manufactures and offers sportswear apparel, accessories, and equipment.	UK	-	-	-
2/18/2022	Mitchell & Ness Nostalgia	Fanatics	Accessories & Apparel	Manufactures and retails apparel and accessories for men and women.	US	-	-	-
2/18/2022	The Lexington Company AB	Finlayson & Co Oy	Apparel	Produces and sells home textiles and apparel products.	SE	\$17	0.5x	6.3x
2/17/2022	Shibue Couture	Southern ITS International	Apparel	Designer, manufacturer, and seller of women's intimate apparel.	US	\$3	-	-

Apparel Sector:

Select M&A Transaction Details 1Q 2022

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Country	Size (\$mm)	TEV / Revenue	TEV / EBITDA
2/10/2022	Jewlr UK Limited	Kensington Capital Partners	Accessories	Operates as an online watch and jewelry retailer.	UK	-	-	-
2/1/2022	Love Your Melon	Brand Value Growth	Accessories	Operates as outdoor and lifestyle brand.	US	-	-	-
1/28/2022	The Bridge S.p.A.	Piquadro S.p.A	Accessories	Manufactures and sells bags and leather goods.	IT	\$4	-	-
1/26/2022	Nordic KidsWear AB	Online Brands Nordic AB	Accessories & Apparel	Sale of outdoor and ski apparel for baby, kids, and junior up to 14 years.	SE	-	-	-
1/26/2022	Boob Design	Bare Collective AB	Apparel	Manufactures and sells maternity clothes for pregnancy and nursing.	SE	-	-	-
1/24/2022	Rosemund ApS	Boozt AB	Apparel	Manufactures and retails clothes for women.	DK	\$125	-	-
1/20/2022	Sunnyside, LLC	Digital Brands Group	Apparel	Manufactures and sells women's apparel.	US	\$32	1.8x	-
1/20/2022	Zanni srl	S.M.T. srl Societa Manifattura Tessile	Accessories	Production of knitwear.	IT	\$5	-	-
1/19/2022	Emmegi srl	Nice Footwear S.p.A	Accessories	Manufactures bags for women.	IT	\$1	-	-
1/14/2022	Prive Goods, LLC	Safilo Group S.p.A	Accessories	Manufactures sunglasses and other eyewear products.	US	-	-	-
1/6/2022	Bread & Boxers AB	Online Brands Nordic AB	Apparel	Manufactures and sales underwear, T-shirts, and loungewear for men and women.	SE	\$6	1.4x	-
1/4/2022	Pequignet S.A.	ENOWE	Accessories	Designs and manufactures watches.	FR	-	-	-

Source: S&P Capital IQ

Select Transactions



Select Awards & Recognitions



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- Buy-side

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- Strategic Advisory
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- Tax Compliance

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