

For personal use only

Notice of Extraordinary General Meeting and Explanatory Memorandum

Noni B Limited

ACN 003 321 579

Date: Monday 23 December 2019

Time: 10.00 am (Sydney time)

Place: Level 32, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000

THE INDEPENDENT EXPERT'S REPORT CONSIDERS THE PROPOSED TRANSACTION TO BE FAIR AND REASONABLE TO THE NON-ASSOCIATED SHAREHOLDERS IN THE COMPANY

THE INDEPENDENT COMMITTEE UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE IN FAVOUR OF ALL RESOLUTIONS

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is given that an Extraordinary General Meeting (**EGM**) of the Shareholders of Noni B Limited ACN 003 321 579 (the **Company**) will be held at Level 32 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000 on Monday 23 December 2019 at 10.00am (Sydney time)

BUSINESS

Shareholders are invited to consider the following items of business at the EGM:

AGENDA

Resolution 1	Approval of an acquisition of a substantial asset from a substantial shareholder by the grant and exercise of the NBL Call Option
Description	<p>The Company seeks approval of Shareholders for Alceon Retail to grant to the Company, and for the Company to exercise, an option to acquire 49.9% of the shares in Ezibuy for \$11 million in cash, plus, in certain circumstances, the payment of the Deferred Consideration, and subject also to adjustments for agreed cash and debt items, on the terms and conditions set out in the Explanatory Memorandum.</p> <p>This option would allow the Company to acquire the remaining shares in Ezibuy that it does not already own after completion of the Initial Transaction under which it would acquire 50.1% of the Ezibuy shares for nominal consideration of \$1.00.</p>
Resolution	<p>To consider and, if thought fit, pass the following resolution as an ordinary resolution:</p> <p><i>“That, for the purposes of Listing Rule 10.1 and for all other purposes, and subject to Shareholder approval of Resolutions 2, 3, 4 and 5, Shareholders approve the grant by Alceon Retail to the Company of a call option under which the Company is entitled to acquire 49.9% of the shares in Ezibuy and the exercise of that option by the Company, on the terms and conditions set out in the Explanatory Memorandum”.</i></p>
Voting Exclusion	<p>The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of Alceon Retail or any of its associates and any other person who will obtain a material benefit as a result of the Proposed Transaction (except a benefit solely by reason of being the holder of ordinary securities in the Company). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.</p>

Resolution 2	Approval of the disposal of a substantial asset to a substantial shareholder by the exercise of the Alceon Call Option
Description	Subject to Shareholder approval of Resolutions 1, 3, 4 and 5, the Company seeks approval of Shareholders of the Company in order for

	<p>Alceon Retail to exercise a call option to be granted by the Company under which Alceon Retail is entitled to acquire 50.1% of the shares in Ezibuy from the Company for \$1.00 in aggregate, if the Company does not exercise its call option referred to in Resolution 1 by 31 December 2020, on the terms and conditions set out in the Explanatory Memorandum.</p> <p>This option allows Alceon to reverse the effect of the Initial Transaction if the NBL Call Option is not exercised.</p>
Resolution	<p>To consider and, if thought fit, pass the following resolution as an ordinary resolution:</p> <p><i>“That, for the purposes of Listing Rule 10.1 and for all other purposes, and subject to Shareholder approval of Resolutions 1, 3, 4 and 5, Shareholders approve the exercise of a call option to be granted by the Company to Alceon Retail under which Alceon Retail is entitled to acquire 50.1% of the shares in Ezibuy from the Company, on the terms and conditions set out in the Explanatory Memorandum”.</i></p>
Voting Exclusion	<p>The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of Alceon Retail or any of its associates and any other person who will obtain a material benefit as a result of the Proposed Transaction (except a benefit solely by reason of being the holder of ordinary securities in the Company). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.</p>

Resolution 3	Approval of the disposal of a substantial asset to a substantial shareholder by the exercise of the NBL Put Option
Description	<p>Subject to Shareholder approval of Resolutions 1, 2, 4 and 5, the Company seeks approval of Shareholders for the Company to exercise a put option granted to the Company in respect of the sale by it of 50.1% of the shares in Ezibuy to Alceon Retail, on the terms and conditions set out in the Explanatory Memorandum.</p> <p>This option allows NBL to reverse the effect of the Initial Transaction if the NBL Call Option is not exercised.</p>
Resolution	<p>To consider and, if thought fit, pass the following resolution as an ordinary resolution:</p> <p><i>“That, for the purposes of Listing Rule 10.1 and for all other purposes, and subject to Shareholders approval of Resolutions 1, 2, 4 and 5, Shareholders approve the exercise by the Company of a put option granted to the Company in respect of the sale by it of 50.1% of its shares in Ezibuy to Alceon Retail, on the terms and conditions set out in the Explanatory Memorandum”.</i></p>
Voting Exclusion	<p>The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Alceon Retail or any of its associates and any other person</p>

	<p>who will obtain a material benefit as a result of the Proposed Transaction (except a benefit solely by reason of being the holder of ordinary securities in the Company). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.</p>
--	---

Resolution 4	Approval of the acquisition or disposal of a substantial asset to or from a substantial shareholder by way of the Default Acquisition Right
Description	<p>Subject to Shareholder approval of Resolutions 1, 2, 3 and 5, the Company seeks approval of Shareholders for the grant of an option which permits, on the occurrence of an event of default under the SHA, the non-defaulting party to acquire the defaulting party's shares in Ezibuy, on the terms and conditions set out in the Explanatory Memorandum.</p> <p>This option allows each shareholder to acquire the shares of the other upon the occurrence of certain events of default which may occur in relation to a shareholder or Ezibuy.</p>
Resolution	<p>To consider and, if thought fit, pass the following resolution as an ordinary resolution:</p> <p><i>"That, for the purposes of Listing Rule 10.1 and for all other purposes, and subject to Shareholder approval of Resolutions 1, 2, 3 and 5, Shareholders approve:</i></p> <ul style="list-style-type: none"> (a) <i>the exercise of an option by Alceon Retail to acquire 50.1% of the shares in Ezibuy from the Company (subject to an event of default occurring in respect of the Company under the SHA) and,</i> (b) <i>the exercise of an option by the Company to acquire 49.9% of the shares in Ezibuy from Alceon Retail (subject to an event of default occurring in respect of Alceon Retail under the SHA),</i> <p><i>in either case, on the terms and conditions set out in the Explanatory Memorandum".</i></p>
Voting Exclusion	<p>The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Alceon Retail or any of its associates and any other person who will obtain a material benefit as a result of the Proposed Transaction (except a benefit solely by reason of being the holder of ordinary securities in the Company). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.</p>

Resolution 5	Approval in respect of the Ezibuy Security and NBL Support
---------------------	---

<p>Description</p>	<p>Subject to Shareholder approval of Resolutions 1, 2, 3 and 4, the Company seeks approval of Shareholders in respect of the exercise by Alceon Retail and/or AMAC of their rights under the security granted by Ezibuy and the other members of the Ezibuy Group to Alceon Security Trustee as security trustee for the benefit of Alceon Retail and AMAC in connection with:</p> <ul style="list-style-type: none"> • the Alceon Shareholder Loan; and • the Ezibuy WC Facility, <p>and the entry into by the Company of the NBL Support.</p> <p>The Ezibuy WC Facility and the NBL Support for the Ezibuy WC Facility has been entered into in order to allow Ezibuy to meet its working capital requirements during the NBL Call Option period.</p> <p>The Alceon Shareholder Loan has been entered into in order to refinance certain existing debts of Ezibuy. Ezibuy is in a net cash position at the Effective Date and the refinancing allows the company to retain its cash balances for working capital purposes.</p> <p>However, the exercise price under the NBL Call Option will be adjusted to ensure that the economic effect is that the Company will ultimately pay \$11 million in consideration upon exercise of the NBL Call Option subject to those adjustments which are intended to put it in the position as if the balance sheet was cash free and debt free as at the Effective Date.</p> <p>Further details regarding the Alceon Shareholder Loan and the relevant adjustments are set out in section 1.3 of the Explanatory Memorandum.</p>
<p>Resolution</p>	<p>To consider and, if thought fit, pass the following resolution as an ordinary resolution:</p> <p><i>That, for the purposes of Listing Rule 10.1 and for all other purposes, and subject to Shareholder approval of Resolutions 1, 2, 3 and 4, Shareholders approve:</i></p> <p>(a) <i>the exercise by Alceon Retail of its rights under the security granted by Ezibuy and the other members of the Ezibuy Group to Alceon Security Trustee as security trustee for the benefit of Alceon Retail in connection with the Alceon Shareholder Loan;</i></p> <p>(b) <i>the exercise by AMAC of its rights under the security granted by Ezibuy and the other members of the Ezibuy Group to Alceon Security Trustee as security trustee for the benefit of AMAC in connection with the Ezibuy WC Facility; and</i></p> <p>(c) <i>the entry into the NBL Support by the Company,</i></p> <p><i>in each case, on the terms and conditions set out in the Explanatory Memorandum”.</i></p>
<p>Voting Exclusion</p>	<p>The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Alceon Retail, AMAC or any of their associates and any other person who will obtain a material benefit as a result of the Proposed Transaction (except a benefit solely by reason of being the holder of ordinary securities in the Company). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or,</p>

For personal use only

	it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
--	---

Independent Expert's Report

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approvals required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transaction to the non-associated Shareholders in the Company.

The Independent Expert considers the Proposed Transaction to be **fair and reasonable** to the non-associated Shareholders in the Company.

Dated: 22 November 2019

By order of the Independent Committee of the Board of Noni B Limited



Luke Softa
Company Secretary

VOTING INFORMATION

Voting in person

To vote in person, attend the EGM at the time, date and place set out above.

Voting by proxy

- (a) A shareholder entitled to attend and vote at the EGM may appoint one proxy or, if the shareholder is entitled to cast 2 or more votes at the Meeting, 2 proxies, to attend and vote instead of the shareholder.
- (b) Where 2 proxies are appointed to attend and vote at the Meeting, each proxy may be appointed to represent a specified proportion or number of the shareholder's voting rights at the Meeting.
- (c) A proxy need not be a shareholder of the Company.
- (d) A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name or title of the individual representative of the body corporate for the Meeting.
- (e) You may still attend the EGM even if you have appointed a proxy. However, your proxy's authority to speak and vote for you at the meeting is suspended while you are present at the meeting.
- (f) If you appoint someone other than the Chair as your proxy and give them voting instructions, the Act provides that the Chair of the meeting must cast those proxy votes on your behalf if your nominated proxy does not do so.
- (g) A proxy form accompanies this Notice. If a shareholder wishes to appoint more than 1 proxy, they may make a copy of the proxy form attached to this Notice. For the proxy form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power of authority **by 10.00am (Sydney time) on Saturday, 21 December 2019:**

Online	Visit www.investorvote.com.au and follow the instructions
	Custodian voting for intermediary online subscribers only www.intermediaryonline.com
By post	Computershare Investor Services Pty Limited GPO Box 242, Melbourne VIC 3001
By personal delivery	Ground Floor, 61 Dunning Avenue Rosebery NSW 2018
By facsimile	1800 783 447 (within Australia) +61 (0)3 9473 2555 (outside Australia)

Voting and other entitlements at the EGM

A determination has been made by the Independent Committee of the Board of the Company under regulation 7.11.37 of the *Corporations Regulations 2001* that shares in the Company which are on issue at **7.00pm (Sydney time) on Saturday, 21 December 2019** shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Proxy voting by the chair

If you complete a proxy form that authorises the Chair of the Meeting to vote on your behalf as proxy, and you do not mark any of the boxes so as to give her directions about how your vote should be cast, then you will be taken to have expressly authorised the Chair to exercise your proxy on the Resolutions. In accordance with this express authority provided by you, the Chair will vote in favour of the Resolutions. If you wish to appoint the Chair of the Meeting as your proxy, and you wish to direct her how to vote, please tick the appropriate boxes on the form.

The chair of the Independent Committee, Sue Morphet, will chair the Meeting and intends to vote all available undirected proxies in favour of each item of business.

For personal use only

EXPLANATORY MEMORANDUM

TO NOTICE OF EXTRAORDINARY GENERAL MEETING

This Explanatory Memorandum has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO THE PROPOSED TRANSACTION

1.1 Commercial background

- (a) The Company, or a wholly-owned subsidiary of it, proposes to acquire all of the shares in New Ezibuy Limited (**Ezibuy**), a company registered in New Zealand from Alceon Retail BidCo Pty Ltd ACN 625 288 324 (**Alceon Retail**) in two transactions including certain other arrangements connected with those transactions (as described in sections 1.2 to 1.4 below) (**Proposed Transaction**).
- (b) It is further noted that:
 - (i) a loan to fund working capital has been provided by Australian Mortgage Acquisition Company Pty Ltd ACN 163 867 016 (**AMAC**) in connection with the Proposed Transaction (referred to as the Ezibuy WC Facility in section 1.3(a) below);
 - (ii) a shareholder loan of up to approximately \$6.5 million to refinance existing debts of Ezibuy has been provided by Alceon Retail to Ezibuy (**Alceon Shareholder Loan**);
 - (iii) security has been granted by Ezibuy and the other members of the Ezibuy Group (as defined below) to Alceon Group Security Holdings Pty Limited ACN 613 555 712 (**Alceon Security Trustee**) as security trustee for the benefit of AMAC and Alceon Retail in respect of those loans; and
 - (iv) the Company will provide a guarantee and indemnity in favour of AMAC for Ezibuy's obligations in respect of a principal amount of up to \$6 million advanced under the Ezibuy WC Facility.
- (c) Alceon Retail, AMAC and the Alceon Security Trustee are each a substantial holder in the Company that has an associate with a relevant interest in more than 10% of the total votes attaching to the voting securities in the Company (**10% Substantial Holder**) for the following reasons:
 - (i) Alceon GT Pty Limited ACN 122 362 458 is the ultimate holding company of Alceon Retail (**Alceon Controller**) controls Alceon Retail as a result of it indirectly owning all of the shares in the trustee of a unit trust which is the ultimate beneficial owner of all of the shares in Alceon Retail.
 - (ii) Alceon Controller is also the ultimate holding company of the trustee of 4 unit trusts that together hold 34,821,570 fully paid ordinary shares in the Company (representing approximately 36% of the issued shares of the Company) (**Noni B Stake**).

- (iii) The same analysis applies in respect of AMAC and Alceon Security Trustee given that the Alceon Controller is also the ultimate holding company of AMAC and Alceon Security Trustee.
- (d) Ezibuy is an online and catalogue retailer selling apparel and homewares. The Company is seeking to increase its share of online customer spend, and broaden its customer base. While the Company currently assesses the value of Ezibuy as nominal, the Company has a track record of improving operational performance and achieving synergies in retail businesses. It is intended that under the terms of the Proposed Transaction, operational control of Ezibuy will, during an interim period, be under the Company's management. The Proposed Transaction is structured in the manner described in section 1.2 below to reduce the transaction risk to the Company, give the Company time to extract costs synergies and improve Ezibuy's operational performance.

1.2 Transaction structure and transaction documents

- (a) On or about 21 November 2019 the Company entered into a share sale agreement (**SSA**) with Alceon Retail pursuant to which the Company agreed to acquire 50.1% of the shares in Ezibuy (**Initial Transaction**).
- (b) The consideration payable for 50.1% of the shares in Ezibuy is \$1.00 in total. The SSA includes a locked-box mechanism, where economic benefit in and risk to Ezibuy will, on completion of the Initial Transaction, transfer to the Company at 28 October 2019 (**Effective Date**).
- (c) Completion of the Initial Transaction is conditional on Resolutions 1, 2, 3, 4 and 5 being passed by Shareholders of the Company, subject to the rights of the parties to waive this condition.
- (d) On completion of the Initial Transaction, the Company proposes to enter into a shareholders agreement (the terms of which have been agreed) (**SHA**) with Alceon Retail and Ezibuy.
- (e) Under the agreed terms of the SHA, it is proposed that:
- (i) the Company will have an option to acquire the remaining 49.9% of the shares in Ezibuy for \$11 million in aggregate in cash payable on exercise of the option on or before 31 December 2020 plus, in certain circumstances, the payment of the deferred consideration described in section 1.2(f) below and subject to certain adjustments described in sections 1.2(f) and 1.2(g) below (**NBL Call Option**);
 - (ii) if the Company does not exercise the NBL Call Option on or before 31 December 2020, then:
 - A. Alceon Retail will have an option to acquire 50.1% of the shares in Ezibuy from the Company for \$1.00 in aggregate (**Alceon Call Option**); and
 - B. the Company will have an option to put 50.1% of the shares in Ezibuy to Alceon Retail for \$1.00 in aggregate (**NBL Put Option**).
- (f) The cash consideration of \$11 million (which was agreed on a cash free debt free basis as at the Effective Date) will be reduced for repayment of shareholder loans that are agreed to be treated as equity.

- (g) Cash and debt on the balance sheet of Ezibuy at the Effective Date will be adjusted for through a customary adjustment to the cash consideration, being a positive adjustment for agreed cash items and a negative adjustment for agreed debt items.
- (h) If the Company sells or agrees to sell more than 50% of the shares in Ezibuy or all or a majority of the assets of Ezibuy (by value) (**Sale Assets**), whether in one or more transactions, within 12 months of exercise of the NBL Call Option, for a price which is greater than the price that is implied for those Sale Assets by a valuation of \$11 million for all of the shares in Ezibuy, then the Company must pay to Alceon 50.1% of the upside as deferred consideration (**Deferred Consideration**).
- (i) The:
- (i) grant and exercise of the NBL Call Option including the payment of any Deferred Consideration;
 - (ii) exercise of the Alceon Call Option;
 - (iii) exercise of the NBL Put Option; and
 - (iv) exercise of the Default Acquisition Right,
- are all subject to Shareholder approval.
- (j) The Company has no obligation to pay any consideration for the Proposed Transaction (other than \$1.00) until the NBL Call Option is exercised (i.e. on or before 31 December 2020).
- (k) The Proposed Transaction is structured so that the Company will acquire 50.1% of Ezibuy this calendar year for a nominal amount, which reflects the parties' current assessment of the value of the 50.1% stake, and have the option of acquiring the remaining half before 31 December 2020 for \$11 million. If the Company does not exercise its option to acquire the remaining 49.9% of Ezibuy, the Initial Transaction may be reversed through the exercise of either the Alceon Call Option or the NBL Put Option.

1.3 Working capital facilities, shareholder loan and security arrangements

- (a) AMAC will make available to Ezibuy up to \$12 million to fund Ezibuy's potential working capital requirements up to 30 June 2020 (**Ezibuy WC Facility**). As at the date of this notice, AMAC has entered into formal documentation in respect of a facility with an aggregate facility limit of \$12 million to be provided under the terms of the Ezibuy WC Facility.
- (b) AMAC has already advanced \$5.2 million of principal under the Ezibuy WC Facility. In support of AMAC's funding of a further \$6.8 million of principal under the Ezibuy WC Facility, the Company will provide a guarantee and indemnity in favour of AMAC in respect of Ezibuy's obligations in respect of \$6 million of the Ezibuy WC Facility (**NBL Support**).
- (c) The Ezibuy WC Facility and the NBL Support for the Ezibuy WC Facility has been entered into in order to allow Ezibuy to meet its working capital requirements during the NBL Call Option period.
- (d) As noted in section 1.1(b)(ii), the Alceon Shareholder Loan has been provided by Alceon Retail to Ezibuy to refinance the following existing debts of Ezibuy:
- (i) an amount of up to approximately NZ\$2.9 million to ANZ Bank (**ANZ Tranche**); and

- (ii) an amount of up to approximately \$3.8 million owing under an existing shareholder loan to the Seller (**Shareholder Loan Tranche**).
- (e) These arrangements have been put in place to enable Ezibuy to retain its cash balances for working capital purposes.
- (f) The Shareholder Loan Tranche will be paid out at completion from the NBL Call Option proceeds but will reduce the consideration otherwise payable by the Company such that the purchase price for 100% of the equity remains unchanged.
- (g) The consideration otherwise payable in respect of the NBL Call Option will also be reduced for the ANZ Tranche (noting that the consideration will also be increased for the amount of cash on balance sheet as at the Effective Date) given that it was on the balance sheet of Ezibuy as at the Effective Date and the consideration for the NBL Call Option assumed a cash free, debt free sale as at the Effective Date.
- (h) The exercise price under the NBL Call Option will be adjusted as above to ensure that the economic effect is that the Company will ultimately pay \$11 million in consideration upon exercise of the NBL Call Option subject to those adjustments which are intended to put it in the position as if the balance sheet was cash free and debt free as at the Effective Date.
- (i) As security for the obligations of Ezibuy to AMAC under the Ezibuy WC Facility and to Alceon Retail under the Alceon Shareholder Loan, each of Ezibuy and the other members of the Ezibuy Group (as defined below) has provided security over all of its assets and undertakings in favour of Alceon Security Trustee as security trustee for the benefit of AMAC and Alceon Retail (**Ezibuy Security**). The security granted in respect of the Ezibuy WC Facility will rank behind existing security granted in favour of Australia and New Zealand Banking Group Limited and the security granted in respect of the Shareholder Loan will rank behind the security in respect of the Ezibuy WC Facility.

1.4 **Default Acquisition Right**

- (a) If, following completion of the Initial Transaction, an “event of default” occurs in relation to either the Company or Alceon Retail as defined under the terms of the SHA, the defaulting shareholder will be deemed to grant to the non-defaulting shareholder a call option to purchase all (but not some) of the defaulting shareholder’s shares.
- (b) The consideration payable in respect of the exercise of the option described in section 1.4(a) will vary depending on which shareholder is the defaulting shareholder and the time at which the option is exercised. Specifically, where:
- (i) the Company is the defaulting shareholder and the event of default:
- A. has occurred on or before the expiry of the Alceon Call Option and the NBL Put Option; or
- B. is Ezibuy becoming insolvent at any time,
- in each case, the option price will be \$1;
- (ii) the Company is the defaulting shareholder and the event of default has occurred after the expiry of the Alceon Call Option and the NBL Put Option, the option price will be equal to, depending on the nature of the default, the fair market value or a 10% discount to the fair market value of each share; and

- (iii) Alceon Retail is the defaulting shareholder, the option price will be, depending on the nature of the default, the fair market value or a 10% discount to the fair market value of each share.
- (c) An event of default will occur in respect of the Company or Alceon Retail in their capacity as shareholders of Ezibuy in the following circumstances:
- (i) the shareholder is in material breach under the SHA, the Ezibuy WC Facility or the NBL Support and the breach has not been remedied;
 - (ii) the shareholder becomes insolvent;
 - (iii) a change of control occurs in respect of the shareholder (other than where the change arises as a result of a transfer of securities that are quoted on a recognised public securities exchange);
 - (iv) the shareholder is prohibited from being a shareholder in Ezibuy by a change of law;
 - (v) the shareholder disposes of its shares in Ezibuy in breach of the SHA or Ezibuy's constitution; or
 - (vi) in the case of the Company only, Ezibuy becomes insolvent.

1.5 Reasons for seeking Shareholder Approval

- (a) Listing Rule 10.1 prohibits an entity from acquiring a "substantial asset" from, or disposing a "substantial asset" to, amongst other persons, a 10% Substantial Holder. Alceon Retail is a 10% Substantial Holder in the Company for the reasons set out in section 1.1(c) above.
- (b) Under ASX Listing Rule 10.2, an asset is substantial if its value, or the value of the consideration being paid or received by the entity for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX. The accounts for the financial year ended 30 June 2019 are the latest set of accounts for the Company given to ASX. The equity interests of NBL as set out in those accounts was \$106 million. 5% of that is approximately \$5.3 million.
- (c) Listing Rule 10.4 provides that in the case of an acquisition or disposal of an asset by the grant or exercise of an option, the consideration for entering into the option is aggregated with the exercise price to determine the consideration payable for the asset the subject of the option upon grant of the option. The aggregate of the consideration payable for entry into, and the exercise price for, the NBL Call Option is at least \$11 million. Accordingly, the grant and exercise of the NBL Call Option is considered to involve the acquisition of a "substantial asset" and requires shareholder approval under Listing Rule 10.1.
- (d) While the value of the 49.9% of the shares in Ezibuy is not currently considered to be greater than 5% of the equity interests of the Company and therefore the grant or exercise of the NBL Put Option and the Alceon Call Option (for which the exercise price in each case is only \$1.00) is not currently considered to involve the acquisition or disposal of a substantial asset, it is possible that the value of those shares will, at the time of exercise, have changed such that those shares do constitute a substantial asset and shareholder approval may therefore be required under Listing Rule 10.1 in order to exercise the NBL Put Option or Alceon Call Option.
- (e) Ezibuy is currently 100% owned by Alceon Retail which means that the grant and exercise of rights under the Ezibuy Security do not currently require shareholder approval under Listing Rule 10.1. However, Ezibuy will be a "child entity" of the

For personal use only

Company after completion of the Initial Transaction and the exercise of rights under the Ezibuy Security may therefore require shareholder approval under Listing Rule 10.1 if the value of those assets represent greater than 5% of the equity interests of the Company.

- (f) In summary:
- (i) Entry into the NBL Call Option falls within Listing Rule 10.1.3 as it involves the acquisition of a substantial asset. It therefore requires the approval of the Company's shareholders under Listing Rule 10.1.
 - (ii) Exercise of the NBL Put Option, Alceon Call Option and Default Acquisition Right may fall within Listing Rule 10.1.3 as they may involve the acquisition or disposal of a substantial asset, depending on the value of the shares at the time of exercise of the relevant option and/or the consideration payable under the relevant option. Approval of the Company's shareholders under Listing Rule 10.1 is therefore being sought.
 - (iii) Exercise of the rights of AMAC and/or Alceon Retail under the Ezibuy Security after completion of the Initial Transaction may fall within Listing Rule 10.1.3 as it will likely involve the disposal of a substantial asset by the Company. Approval of the Company's shareholders under Listing Rule 10.1 is therefore being sought.
 - (iv) Entry into the NBL Support after completion of the Initial Transaction may fall within Listing Rule 10.1.3 as enforcement may involve payments in respect of a principal amount of up to \$6 million to AMAC which may require approval of the Company's shareholders under Listing Rule 10.1.
- (g) Resolutions 1, 2, 3, 4 and 5 seek shareholder approval for the Approval Transactions under and for the purposes of Listing Rule 10.1.
- (h) If these resolutions are passed, the Company will complete the Initial Transaction and be able to proceed with the Approval Transactions. The NBL Call Option can be granted and exercised and the Alceon Call Option, NBL Put Option, Default Acquisition Right and the Ezibuy Security can be exercised in accordance with their terms.
- (i) If these resolutions are not passed, the Company may not be able to proceed with the Approval Transactions and the Company will not acquire all the shares in Ezibuy. The Company may decide to complete the Initial Transaction if the Company and Alceon Retail agree to waive the condition precedent to the Initial Transaction which refers to the passing of those resolutions.

1.6 **Timetable**

It is intended that completion of the Initial Transaction will occur immediately after the EGM. The NBL Call Option must be exercised on or before 31 December 2020.

1.7 **Independent Committee**

- (a) Richard Facioni and David Wilshire are both directors of the Company and work with the Alceon business. They are responsible for managing the interests of Alceon Retail, including Ezibuy, on behalf of the Alceon business. As such, the Proposed Transaction gives rise to a conflict of interest for Mr. Facioni and Mr. Wilshire.
- (b) The Board has established an independent committee of the Board to consider the Proposed Transaction (**Independent Committee**). The Independent Committee

comprises the directors of the Company other than Mr. Facioni and Mr. Wilshire, being Sue Morphet, Scott Evans and Jacqueline Frank.

- (c) The Independent Committee's mandate and role is to consider, and if appropriate, to approve the commercial terms of the Proposed Transaction.
- (d) The Independent Committee has engaged the Independent Expert to provide its report and opinion as to whether the matters the subject of Resolutions 1, 2, 3, 4 and 5, being:
- (i) the grant and exercise of the NBL Call Option including the payment of any Deferred Consideration;
 - (ii) the exercise of the Alceon Call Option;
 - (iii) the exercise of the NBL Put Option;
 - (iv) the exercise of the Default Acquisition Right;
 - (v) the exercise of rights under the Ezibuy Security after completion of the Initial Transaction; and
 - (vi) the entry by the Company into the NBL Support,
- each such transaction being an **Approval Transaction**, are fair and reasonable to the Company's shareholders. A copy of that report is attached as Annexure A.
- (e) Mr. Facioni and Mr. Wilshire did not participate in any vote on whether or not to enter into the Proposed Transaction or on what terms the Company is prepared to enter into the Proposed Transaction.
- (f) Mr. Facioni and Mr. Wilshire did not participate in and recused themselves from any part of a meeting of the Board at which the commercial terms of the Proposed Transaction were discussed, considered and approved.

2. OVERVIEW OF EZIBUY

- (a) Ezibuy is the holding company of 5 companies registered in New Zealand and 1 company registered in Australia (collectively the **Ezibuy Group**), which operates an omni-channel retail business selling apparel and homewares. While the Ezibuy Group is headquartered in New Zealand, it generates more than half of its sales in Australia. Ezibuy has a portfolio of primarily owned and some licensed established brands. Ezibuy's core customer is complementary to the Company's customer base.
- (b) Ezibuy's primary channel to market is online, generating more than 60% of its total sales. Ezibuy also services its customers' needs through its network of 6 retail stores in New Zealand and its call centre. A key differentiator within the retail market is Ezibuy's distribution of more than 20 million catalogues per year, complementing its online and store channels.
- (c) The net sales by region of the Ezibuy Group for FY19 comprise:
- (i) Australia: 53%
 - (ii) New Zealand: 47%
- (d) The net sales by channel of the Ezibuy Group for FY19 comprise:
- (i) online: 64%

- (ii) contact centre (predominantly facilitates catalogue sales): 20%
- (iii) retail: 16%
- (e) In FY19 Ezibuy reported an operating loss of (NZ\$6.4m) which included a number of non-recurring expenses.

3. RATIONALE FOR THE PROPOSED TRANSACTION

3.1 Overview

- (a) The Proposed Transaction provides the Company with an opportunity to acquire a significant online-led business which operates in a complementary sector to that of the Company.
- (b) While Ezibuy generated an operating loss in FY19, the Company believes that there is significant value in the Ezibuy business and brand which requires the skill and expertise of the Company's management team to extract in a challenging and changing specialty fashion retail environment. The Company has successfully executed acquisitions of assets in the past and implemented cost saving and growth strategies to improve the performance of those assets over time.
- (c) The Proposed Transaction is structured to allow the Company and its management team to utilise their skills and expertise and implement strategic initiatives to decrease the operating costs and improve the operating performance of Ezibuy and benefit from these improvements without material financial or operating risk.
- (d) For the purposes of mitigating risk and having regard to the near-term temporary working capital requirements and recent operating performance, the Initial Transaction has been assessed to have nominal value.
- (e) On completion of the Initial Transaction, the Company will obtain management and operational control of Ezibuy and will implement its strategy to improve Ezibuy's performance. Following successful implementation of that strategy, the Company intends to acquire all of the shares in Ezibuy for \$11 million in cash on or before 31 December 2020. The Company believes that through synergies (which are expected to be approximately \$9 million) and operational improvement, it can create sufficient value such that it would be prepared to exercise the NBL Call Option for \$11 million on an accretive basis for Shareholders.
- (f) Before exercise of the NBL Call Option, the Company will be in a position to assess the financial, strategic and other factors related to an acquisition of 100% of the shares in Ezibuy. The Company believes this is a compelling transaction structure and is in the best interests of Shareholders because it mitigates acquisition risk while providing an opportunity for Shareholders to participate in the potential earnings growth expected to be achieved following completion of the Proposed Transaction.

3.2 Key benefits of the Proposed Transaction

The Independent Committee considers the key benefits of the Proposed Transaction are:

- (a) the acquisition of an established Australian and New Zealand online led, multi-channel retailer operating predominantly in the womenswear category;
- (b) a significant increase of the Company's online revenue share in FY20 on a full-year basis is expected, consistent with the Company's previously stated online growth strategy;

- For personal use only
- (c) approximately \$9 million in cost savings and synergies to be achieved in FY20 and fully realised in FY21;
 - (d) additional integration merger benefits and efficiencies for Ezibuy through being part of a larger group are expected over the medium term;
 - (e) access to complementary customer bases, including approximately a 2 million customer database, the majority of which will be new to the Company giving the Company a significant position in the New Zealand market; and
 - (f) broadening of the Company's brand and category base.

3.3 Risks relating to the Proposed Transaction

- (a) Shareholders may consider that the Proposed Transaction is not in their best interests because:
 - (i) the Proposed Transaction may increase the operating complexity of the Company's business, impacting performance of other business segments; or
 - (ii) the Company may not be able to improve the value of the Ezibuy business.
- (b) The Company believes that the structure of the Proposed Transaction and its existing management capabilities mitigates these key risks and will result in beneficial financial and strategic outcomes for the Company.

3.4 Source of funds

- (a) The amount payable by the Company on completion of the Initial Transaction is nominal.
- (b) During the period from completion of the Initial Transaction and 30 June 2020, AMAC will be required to fund some of Ezibuy's working capital requirements and the Company will provide the NBL Support in respect of part of that funding. The Company will not be required to make any payments under the terms of the NBL Support unless Ezibuy defaults under the terms of the Ezibuy WC Facility.
- (c) If the Company decides to exercise the NBL Call Option it will be required to pay \$11 million in cash to Alceon Retail to acquire the remaining 49.9% of Ezibuy. The Company will assess financial, strategic and any other relevant factors when considering the source of funds required at the time it exercises the NBL Call Option. The source of funds may include operating cash flows generated by the business of the Company in FY20, cash on balance sheet, debt funding or equity funding.

4. INDEPENDENT EXPERT'S REPORT

- (a) The Independent Expert's Report (a copy of which is attached as Annexure A to this Explanatory Memorandum) assesses whether the Proposed Transaction is fair and reasonable to the non-associated Shareholders of the Company.
- (b) The opinion of the Independent Expert is that, in the absence of a superior proposal, the Proposed Transaction is **fair and reasonable to the non-associated Shareholders of the Company**. As noted in the Independent Expert's Report, for the avoidance of doubt, the Proposed Transaction does not include exercise of the NBL Call Option (this will be dependant on the circumstances at the time of exercise).

- (c) Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.
-

5. INDEPENDENT COMMITTEE RECOMMENDATION

- (a) The Independent Committee has carefully considered the advantages and disadvantages of the Proposed Transaction and evaluated their relative weight in the circumstances of the Company. The Independent Committee unanimously believes that the sum of the advantages outweigh the sum of the disadvantages and that the Proposed Transaction is in the best interests of Shareholders as a whole for the reasons set out in this Explanatory Memorandum and the Independent Expert's Report.
- (b) The Independent Committee unanimously recommends that shareholders vote in favour of all Resolutions.
- (c) The Independent Committee do not have any material personal interests in the outcome of the Resolutions other than, in the case of Scott Evans and Sue Morphet, as a result of their interest arising solely in the capacity of Shareholders of the Company which are held in common with other Shareholders of the Company.
- (d) Each Independent Committee member intends to vote any Shares which they hold or control in favour of the Resolutions.
- (e) The Chair intends to vote all available proxies in favour of all Resolutions.

For personal use only

Glossary

\$ means Australian dollars, unless specified as New Zealand dollars.

10% Substantial Holder has the meaning given in section 1.1(c) of the Explanatory Memorandum.

Alceon Call Option means Alceon Retail's option to acquire 50.1% of the shares in Ezibuy, as described in section 1.2(e)(ii)A of the Explanatory Memorandum.

Alceon Controller means the ultimate holding company (as defined in the Corporations Act) of Alceon Retail and AMAC.

Alceon Retail means Alceon Retail BidCo Pty Ltd ACN 625 288 324.

Alceon Security Trustee means Alceon Group Security Holdings Pty Limited ACN 613 555 712.

Alceon Shareholder Loan has the meaning given in section 1.1(b)(ii) of the Explanatory Memorandum.

AMAC means Australian Mortgage Acquisition Company Pty Ltd ACN 163 867 016.

ANZ Bank means Australia and New Zealand Banking Group Limited.

ANZ Tranche has the meaning given in section 1.3(d)(i) of the Explanatory Memorandum.

Approval Transactions means those parts of the Proposed Transaction described in section 1.7(d) of the Explanatory Memorandum.

ASX means ASX Limited ACN 008 624 691.

Board means the current board of directors of the Company.

Chair means Sue Morphet.

Company means Noni B Limited ACN 003 321 579.

Corporations Act means the *Corporations Act 2001* (Cth).

Deferred Consideration has the meaning given in section 1.2(f) of the Explanatory Memorandum.

Directors means the current directors of the Company.

Effective Date has the meaning given in section 1.2(b) of the Explanatory Memorandum.

EGM, Extraordinary General Meeting or Meeting means the meeting convened by the Notice.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice.

Ezibuy means New Ezibuy Limited, a company registered in New Zealand, having company number 6318249.

Ezibuy Group has the meaning given in section 2(a) of the Explanatory Memorandum.

Ezibuy Security has the meaning given in section 1.3(e) of the Explanatory Memorandum.

Ezibuy WC Facility means the working capital facility described in section 1.3(a) of the Explanatory Memorandum.

Independent Committee means the independent committee established by the Board to consider the Proposed Transaction, as described in section 1.7(b) of the Explanatory Memorandum

Independent Expert means PricewaterhouseCoopers Securities Ltd ACN 003 311 617.

Independent Expert's Report means the independent expert's report prepared by the Independent Expert which is attached to this Notice as Annexure A.

Initial Transaction means the acquisition of 50.1% of the shares in Ezibuy by the Company from Alceon Retail pursuant to the terms of the SSA.

Listing Rules means the listing rules of the ASX, taking into account the proposed changes to be implemented with effect from 1 December 2019.

NBL Call Option means the Company's option to acquire the remaining 49.9% of the shares in Ezibuy, as described in section 1.2(e)(i) of the Explanatory Memorandum.

NBL Put Option means the Company's option to put 50.1% of the shares in Ezibuy to Alceon Retail, as described in section 1.2(e)(ii)B of the Explanatory Memorandum.

NBL Support has the meaning given in section 1.3(b) of the Explanatory Memorandum.

Notice or **Notice of Meeting** or **Notice of Extraordinary General Meeting** means this notice of extraordinary general meeting and the explanatory notes accompanying the Notice and the Proxy Form.

Proposed Transaction has the meaning given in section 1.1(a) of the Explanatory Memorandum.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

SHA means the shareholders agreement to be entered into on completion of the Initial Transaction between the Company, Alceon Retail and Ezibuy.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shareholder Loan Tranche has the meaning given in section 1.3(d)(i) of the Explanatory Memorandum.

SSA means the share sale agreement dated on or about 21 November 2019 between the Company and Alceon Retail pursuant to which the Company agreed to acquire 50.1% of the shares in Ezibuy.

Annexure A – Independent Expert’s Report

**THE INDEPENDENT EXPERT’S REPORT WHICH IMMEDIATELY
FOLLOWS THIS PAGE CONSIDERS THE PROPOSED TRANSACTION TO
BE FAIR AND REASONABLE TO THE NON-ASSOCIATED
SHAREHOLDERS IN THE COMPANY.**

For personal use only

www.pwc.com.au

Noni B Limited

Independent Expert's Report

The Proposed Transaction is Fair and Reasonable to Non-Associated Shareholders.

20 November 2019

pwc

For personal use only

The Independent Board Committee
Noni B Limited
Ground Floor, 61 Dunning Avenue
Rosebery NSW 2018

20 November 2019

Dear Independent Board Committee

Independent Expert's Report in respect of Noni B Limited's proposed purchase of EziBuy Limited

Please find enclosed our assessment as to whether Noni B Limited's proposed purchase of EziBuy Limited is Fair and Reasonable under Chapter 10.1 of the Listing Rules, and the Australian Securities and Investments Commission (ASIC) Regulatory Guide 76 (RG 76), ASIC Regulatory Guide 111 (RG 111) and ASIC Regulatory Guide 112 (RG 112).

Noni B Limited (Noni B or the Company) has proposed to purchase EziBuy Limited (EziBuy or the Target) from Alceon Group Pty Limited (Alceon or the Vendor) (the Proposed Transaction).

As detailed in the body of this report, in our opinion, and in the absence of a superior proposal, the Proposed Transaction is Fair and Reasonable to Non-Associated Shareholders of Noni B (Non-Associated Shareholders). For the avoidance of doubt the Proposed Transaction does not include the exercise of the option (this will be dependent on the circumstances at the time of exercise). This assessment should not be read in isolation of the detail contained in the body of the Report.

Yours faithfully



Richard Stewart

Authorised Representative

PricewaterhouseCoopers Securities Ltd



Meredith Chester

CFA, Affiliate member of CAANZ

1 Introduction and background

1.1. Proposed Transaction summary

Noni B Limited has proposed to acquire 100% of the share capital of EziBuy Limited from the current owner, Alceon Group Pty Limited under a staged acquisition structure (The Proposed Transaction). The Alceon Retail Trust (which is managed by Alceon) is currently the largest single shareholder in Noni B with a 36% shareholding. The Proposed Transaction is to be comprised of the following:

- Acquisition of a 50.1% interest in EziBuy for A\$1 consideration on 21 November 2019 (Effective Date) (Proposed Initial Transaction); and
- An option for Noni B to acquire the remaining 49.9% of EziBuy on or before 31 December 2020 for a cash payment of A\$11.0 million (Proposed Buyer Option) adjusted for:
 - Any cash and debt left in business given that the purchase price was negotiated on cash free, debt free basis.
 - A reduction for an existing shareholder loan that will be repaid out of the proceeds on the basis it is treated like equity.

Both of the above adjustments are consistent with the commercial agreement that the purchase price is A\$11.0m assuming a cash free, debt free sale and simply reflect the application of that principle to the capital structure of the business. Noni B will ultimately be paying A\$11m for 100% of the equity of EziBuy Target (ordinary shares plus shareholder loan) with an adjustment to reflect any cash and debt left in place so that it is same economic position as a cash free, debt free transaction.

- In the event that Noni B does not exercise this option, Noni B has the option to sell the 50.1% stake back to Alceon for A\$1 or Alceon has the option to buy the 50.1% stake for \$1 (i.e. if Noni B does not exercise the option to buy the remaining 49.9%, the Proposed Initial Transaction will be reversed and Noni B will no longer own the 50.1% stake) (Buy-Back Options).

Transfer of operational control to Noni B will be effective from the closing of the Proposed Initial Transaction (The Effective Date), although Noni B and Alceon will retain joint Board control until the Proposed Buyer Option is exercised.

The Proposed Transaction is therefore split into two components, the current acquisition of 50.1% and an option for future acquisition of the remaining 49.9%. We have commented on the aggregate transaction (the \$A acquisition of 50.1% plus an option and that the irrevocable components are Fair. We are unable to comment on future exercise of the option which is a separate transaction which will be based on the facts and circumstances at that time.

1.2. Valuation requirement

Chapter 10.1 of the Listing Rules requires that when the purchase of a substantial asset to a related party or an associate of a related party is proposed, a report by an Independent Expert is to be prepared stating whether the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders.

The independent directors of Noni B Limited (the Independent Directors) have requested that PricewaterhouseCoopers Securities Ltd (PwCS) provide an Independent Expert's Report advising whether, in our opinion, the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders of Noni B.

This report is to be included in the notice of meeting and explanatory statement to approve the Proposed Transaction (the Explanatory Statement), which will be sent to the shareholders of Noni B and has been prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Transaction. Neither PricewaterhouseCoopers (PwC), PwCS nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Shareholders and Noni B Limited, in respect of this report, including any errors or omissions however caused.

2 Fairness and Reasonableness

We consider the Proposed Transaction to be Fair and Reasonable to Non-Associated Shareholders of Noni B. The rationale for our opinion is set out below and should be read in conjunction with our detailed report which sets out our scope and findings.

2.1. Fairness

Aggregate Proposed Transaction

The Proposed Transaction provides Noni B with an option to sell their 50.1% holding (from the Proposed Initial Transaction) in the future. This means that at the Valuation Date, there is no consideration or risk taken on as Noni B is protected from downside risk. Therefore, as an aggregate transaction structure (i.e. the acquisition for A\$1 consideration and the option to exercise to increase ownership stake is Fair.

Proposed Buyer Option Exercise Price

We have also presented our view on Fairness of the proposed exercise price at the Valuation Date as if the Proposed Buyer Option were exercised on the Valuation Date, that is, assuming Noni B has agreed to pay the present value of A\$11.0 million at the Valuation Date. This provides a view on whether the option is currently at or in the money, but not whether any future exercise is reasonable (this would be assessed at that future date).

We have performed our assessment of the exercise price at the Valuation Date based on whether the cost to replicate EziBuy is in excess of the purchase consideration. This assessment has been performed using this approach on the basis that a market participant could be reasonably expected to pay an amount which would be incurred to 'recreate' the business in its current form.

We have also considered (but not formally quantified) other assets of the business that would be required to be recreated to replicate the business (e.g. brand, website, workforce, lease negotiations etc.).

It is our view that the cost to replicate can reasonably be assumed to be a floor to the Fair Market Value. This is reasonable given that EziBuy is operating on a going concern basis. We have calculated the cost to replicate using net tangible assets (NTA).

To support the reasonableness of our primary approach (cost to replicate) we have considered:

- The trading premium of Price (P) to Net Tangible Asset (NTA) of comparable public peer companies (Peer Group) to ensure that these do not contradict our primary view (i.e. that the peers do not trade at a discount to NTA).
- The Peer Group's Enterprise Value/Earnings before Interest, Tax, Depreciation and Amortisation (EV/EBITDA) and Enterprise Value/Revenue (EV/Revenue) trading and transaction multiples. This analysis confirms our view that the implied multiple for the Proposed Transaction is significantly below that of identified peers across a number of sub-sectors, even after adjustments for the relative size, growth and margin of EziBuy.

These cross checks support our primary approach.

Optionality of the Proposed Buyer Option

We have also considered the value created by the structure of the Proposed Buyer Option. This represents additional value for Noni B as it removes significant downside risk. This option value is not included in our assessed cost to replicate. As such, the optionality to sell back Noni B's acquired interest to Alceon if the envisaged turnaround is unsuccessful, further supports that the Proposed Transaction is Fair.

The future exercise of the option at a future date will be determined by the circumstances at the time of exercise. This Report does not comment on whether the eventual exercise of the Proposed Buyer Option is Fair and Reasonable.

2.2. Reasonableness

In accordance with RG 111, an offer is Reasonable if it is Fair. Therefore on this basis, in our opinion the Proposed Transaction is Reasonable.

We also note the following factors relevant to the reasonableness of the Proposed Transaction:

- Noni B will get the opportunity to increase size, market share diversification and presence upon acquisition of EziBuy.
- The Proposed Transaction was negotiated on an arm's length basis, with third party advice and a robust due diligence process. The value changed significantly in favour of Noni B during this negotiation.
- The settlement of the Proposed Buyer Option may be funded (at least in part) by any operational profit earned during the period up to exercise.
- Despite a history of operational difficulties, EziBuy has a number of strengths which present opportunities for Noni B's existing business, including its distribution network and established brand.
- The Proposed Transaction presents a multiple accretion opportunity which Noni B can secure for EziBuy if the forecasts are realised (i.e. the EziBuy business would then be part of Noni B which is trading at a higher trading multiple than that implied by the purchase consideration).
- The impact of the Proposed Transaction is expected to be earnings per share (EPS) accretive to the Non-Associated Shareholders of Noni B Shareholders.
- The Proposed Buyer Option provides that if turnaround risks are not able to be mitigated, the 50.1% stake may be returned to Alceon. This creates downside protection for Noni B.
- Noni B has a proven track record of acquiring relatively unprofitable businesses and subsequently turning them around, including Pretty Girl Fashion Group and a portfolio of brands within the Specialty Fashion Group.

3 *Basis of evaluation of the Proposed Transaction*

3.1. *Guidance*

We have prepared this report having regard to Chapter 10 of the Listing Rules and the Australian Securities and Investments Commission (ASIC) Regulatory Guide 76 (RG 76), ASIC Regulatory Guide 111 (RG 111) and ASIC Regulatory Guide 112 (RG 112).

3.1.1. *Chapter 10 of the Listing Rules*

Neither the Listing Rules, nor the Corporations Act 2001 provides a definition of Fair and Reasonable for the purposes of Listing Rule 10. However, Listing Rule 10 can encompass a wide range of transactions. Accordingly, Fair and Reasonable must be capable of broad interpretation to meet the particular circumstances of each transaction. This involves judgement on the part of the expert as to the appropriate basis of evaluation to adopt given the particular circumstances of the transaction.

As Chapter 10 of the Listing Rules provides limited guidance on how related party transactions should be assessed, we have also had regard to RG 76, as discussed below.

3.1.2. *RG 76*

According to RG 76, a related party transaction is any transaction through which a public company provides a financial benefit to a related party. As noted in paragraph RG 76.1, related party transactions involve conflicts of interest because related parties are often in a position to influence the decision of whether the benefit is provided to them, and the terms of its provision.

RG 76 refers to RG 111 and RG 112 for guidance on how the Independent Expert should assess related party transactions.

3.1.3. *RG 111 and RG 112*

RG 111 provides guidance in relation to the content of Independent Expert's reports prepared for a range of transactions. RG 111 notes that a related party transaction is:

- **Fair**, when the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the benefit being received. In valuing the financial benefit given and the consideration received by the entity, an expert should take into account all material terms of the Proposed Transaction.
- **Reasonable**, if it is Fair, or, despite not being Fair, after considering other significant factors, shareholders should vote in favour of the transaction.

RG 112 primarily focuses on the independence of experts and provides little guidance on evaluating transactions.

3.2. *Basis of evaluation*

In evaluating whether or not the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders, pursuant to Listing Rule 10.1, we have made a separate assessment of whether, or not, the Proposed Transaction is 'Fair' and 'Reasonable' as required by RG 111.56.

We have taken into account the following factors in determining whether, or not, the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders.

3.2.1. Fairness

RG 111 defines a transaction as being Fair if the value of the financial benefit to be provided to the entity by the related party is equal to or less than the value of the consideration being provided to the entity, with the comparison being made assuming a knowledgeable and willing, but not anxious buyer, and a knowledgeable and willing, but not anxious, seller, as well as assuming 100% ownership of the 'target' and irrespective of type of consideration offered.

Accordingly, we have assessed whether the Proposed Transaction is Fair by evaluating whether the cost to replicate of EziBuy (i.e. the net assets of the business) are at least equal to or greater than the purchase consideration.

The nature of the acquisition structure (i.e. that Noni B has no upfront consideration and an option to acquire in the future) represents incremental value upside above this consideration. We have not quantified the value impact of this.

3.2.2. Reasonableness

RG 111 considers a transaction to be Reasonable if either:

- The transaction is Fair.
- Despite not being Fair, the expert believes there are sufficient reasons for shareholders to vote for the transaction.

Accordingly, we have assessed whether the Proposed Transaction is Reasonable through consideration of the following factors:

- Whether the Proposed Transaction is consistent with the broader strategy of Noni B.
- The implications of the Proposed Transaction for Noni B.
- The alternatives available and the consequences of those alternatives.

3.3. Definition of value

For the purpose of our opinion, we have referred to the concept of Fair Market Value. Fair Market Value is defined as the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller acting at arm's length and within a reasonable time frame.

4 Target company profile

4.1. Overview of EziBuy

EziBuy is a leading retailer of fashion clothing and home decor products, mailing over 20 million catalogues annually and processing over 1.5 million orders annually to customers in Australia and New Zealand. The company was established in 1978 by the Gillespie brothers as a small mail order business in Palmerston North, New Zealand and has since grown to be a leading multi-channel retailer in Australasia.

EziBuy has traditionally focused on mature female customers, selling knits and nightwear. In 2007, Catalyst Investment Managers acquired a 43.5% equity stake of EziBuy from the Gillespie brothers, who remained the majority shareholders. In 2013, Woolworths Limited acquired a 100% equity stake for c. \$280 million. During Woolworths' ownership, EziBuy shifted its focus and was turned into a marketplace for third-party brands.

EziBuy was acquired by private equity firm Alceon in 2017 for nominal consideration (after Woolworths wrote down the value of the business to \$30 million). Since Alceon's acquisition, EziBuy has focused on margin implementing various margin enhancement strategies including supply chain optimisation, minimising direct costs, understanding sales patterns and digital transformation. These strategies are expected to be realised in 2020.

4.2. Business operations

EziBuy operates through a multi-channel retail model, including mail order, telephone, website and in-store sales. It operates six stores in New Zealand and one of the largest distribution centres in the southern hemisphere.

The company launched in Australia in 1992, began offering homewares in 1995 and launched its e-commerce site in 1998.

Through its catalogue-based business, EziBuy has been able to reach customers nationwide without a nationwide retail store presence. The company transacts over 75% of its annual sales online and now generates over 60% of its total sales from customers in Australia.

EziBuy offers products under multiple segments including men, women, kids, home & gift, fragrance and catalogue. The product portfolio comprises of tops, dresses, blouses, maxi dresses, cardigans, shift dresses, vests, blazers, jackets, pants, winter coats, trousers, leggings, lingerie, shoes, jeans, sleepwear, swimwear, skirts and underwear. The company markets products of various brands including Sara, Capture European, Together and Grace; and includes private labels such as Capture, Emerge, Grace Hill and European Collections.

4.3. Key financial information

4.3.1. Revenue and EBITDA

The net sales and EBITDA for EziBuy from FY18 to FY20 are presented in the figure below.

<i>NZD in millions unless otherwise stated</i>	FY18	FY19	FY20
Revenue	160.3	144.1	135.0
Gross profit	88.9	76.1	68.6
Operating costs	(48.0)	(50.6)	(42.1)
Non-recurring expenses	(6.9)	6.8	3.4
Other expenses	(27.6)	(31.8)	(24.5)
EBITDA (excluding non-recurring expenses)	6.4	0.4	5.5

Source: EziBuy financial information

<i>Key performance indicators</i>	FY18	FY19	FY20
Revenue growth		-10%	-7%
EBITDA margin	4%	0%	4%

We note the following regarding the historical and budget financials presented above:

- FY18 was EziBuy's first year under the ownership of Alceon. Alceon focused on restoring profitability at EziBuy by focusing on increasing sales and implementing significant operational changes to return the business to its pre-Woolworths state. Alceon worked with EziBuy on margin optimisation (purchasing at lower cost prices and revisiting retail pricing) to return a positive result at the EBITDA level.
- FY19 saw a new focus on re-organising and structuring the business for the future. EziBuy implemented a series of initiatives in an attempt to turnaround the business and establish future stability. These initiatives were focused on right-sizing the business through supply chain optimisation and digital transformation, as well as understanding sales patterns and minimising direct costs. The EBITDA presented excludes several non-recurring one-off expenses related to the aforementioned management initiatives which include:
 - Brand relaunch (digital marketing projects, brand strategy, EziBuy beauty launch).
 - Dual warehouse set up and rental costs.
 - Non-recurring incremental freight costs (resulting from split shipments due to a changed in freight and logistics contracts).
 - Management fees (paid to Alceon).
 - Redundancy costs (resulting from re-sizing its customer contact centre).
- In FY20, EBITDA is expected to increase upon the realisation of the benefits of the various initiatives implemented in FY19. Noni B estimates the EziBuy may generate a normalised EBITDA greater than NZ\$5.5m if the intended cost saving initiatives, operational improvements and synergies are fully achieved however Noni B Management consider the NZ\$5.5m to be a reasonable estimate of the expected EBITDA for the business in FY20.

4.3.2. Statement of financial position

The statement of financial position for EziBuy as at 30 June 2019 and 31 October 2019 is presented below.

Noni B had instructed BDO to prepare financial due diligence on the financial statements of EziBuy as at 30 June 2019. For the purposes of our work, we have considered both the balance sheet as at the date of this diligence (given more detailed review) but also closer to the Transaction Date, 31 October 2019 (given proximity to the Valuation Date).

To the extent that BDO has identified items which would be expected to be closed out as part of the Proposed Transaction or should be restated, we have adjusted for this in the 31 October 2019 balance sheet in our valuation analysis below.

<i>NZD in millions (unless otherwise stated)</i>	30 June 2019	31 October 2019
Cash	2.1	3.4
Trade and other receivables	0.2	0.2
Prepayments	0.8	1.4
Inventory	48.0	-
Stock provision	(1.3)	-
Inventory (net realisable value)	46.8	39.0
Current tax assets	3.6	0.6
Intercompany account	(4.6)	(7.5)
Current assets	48.9	37.1
Property plant & equipment	6.3	6.4
Intangibles	6.9	5.7
Deferred tax asset	0.3	0.6
Non-current assets	13.4	12.7
Total assets	62.3	49.8
Trade creditors	(27.2)	(29.9)
Other payables & accruals	(5.8)	(6.5)
Provision for employee entitlements	(2.0)	(1.9)
Provision for returns	(1.8)	(1.1)
Other provisions	(3.9)	(4.0)
Borrowings	(1.5)	(2.9)
Current liabilities	(42.2)	(46.3)
Total liabilities	(42.2)	(46.3)
Net assets	20.1	3.5
Share capital	-	-
Hedge reserve	-	-
Retained earnings	20.1	3.5
Total equity	20.1	3.5

Source: EziBuy financial information

Note: Totals may not sum due to rounding

We note the following regarding the balance sheet items presented above. The commentary below applies to both balance sheet dates.

- **Prepayments:** This primarily relates to software licences paid in advance.
- **Inventory:** The book value of inventory is equal to the lower of cost and net realisable value as per *AASB102 Inventories*.
 - **Obsolete or impaired stock:** EziBuy Management have reviewed the inventory balance between June to September to identify if there exists any obsolete or impaired inventory stock which would be of a lower value than book value. This has resulted in a lower carrying value of inventory in the October balance sheet.
- **Current tax assets:** EziBuy Management have advised that the balance as at June 2019 of NZ\$3.6 million was incorrect. Adjustments were made during the FY19 to reverse out the FY19 tax losses resulting in a reduced tax asset of c. NZ\$0.5 million relating to over paid tax from FY18.
- **Intercompany account:** This relates to borrowings from EziBuy's parent company, Alceon and its subsidiaries. Management have advised that all related party transactions occurred in the normal course of business on commercial terms. No amounts owed by related parties have been written off or forgiven during the year. This balance is to be replaced by the Alceon Continuing Shareholder Loan (comprising of the existing shareholder loan (intercompany account) and refinance of the ANZ facilities) to be issued as part of the Proposed Transaction. The shareholder loan will be non-interest bearing (and so at equal or better terms than existing facilities) and will be offset as part of the future exercise of the Proposed Buyer Option (described above).
- **Property, plant & equipment (PP&E):** This relates to assets held at the Palmerston North distribution centre and includes leasehold improvements, furniture and computer equipment.
- **Intangible assets:** EziBuy's intangible assets comprise solely of software. The largest intangible asset relates to the implementation of Hybris, an omni-channel and product content management software provided by SAP.
- **Other payables and accruals:** These primarily relate to stock in transit that EziBuy has taken ownership of but has not yet been invoiced, as well as delayed invoices from Australia Post.
- **Provision for employee entitlements:** This provision relates to provisions for holiday pay.
- **Provision for returns:** The provision for returns is calculated at each financial year based on the prior year's returns percentage.
- **Other provisions:** This relates to rent free periods provided as lease incentives which unwind on a monthly basis. This includes a nine-year lease incentive for the head office which was entered into in June 2018.
- **Borrowings:** This relates to a financing facility provided by ANZ Bank. This is held at the Alceon group level and is expected to be cleared prior to completion and refinanced from the Continuing Shareholder Loan (noting that cash is to remain in the business which will fully offset this liability).

5 Acquirer company profile

5.1. Overview of Noni B Limited

Noni B Limited is a fashion retail group listed on the Australian Securities Exchange. The company has its own apparel brand portfolio comprising of nine brands. Noni B's geographic presence consists of a network over 1,300 stores across Australia and New Zealand, in addition to its digital presence. In FY19, Noni B delivered 1.26 million online orders, a 50% increase from FY18 which was partially driven by the integration of five brands from Noni B's acquisition of Speciality Fashion Group in FY18.

Noni B was founded in 1977 when Alan Kindl acquired two women's fashion stores in New South Wales. In 1989, the Kindl family became the sole owner of Noni B, and the company was listed on the ASX in 2000. Noni B launched its online store in 2011 and expanded its operations to include shipping to New Zealand.




In 2014, Noni B announced acquisition of the Queenspark and Events brands from Universal Retail Brands for A\$675,000. The company later acquired Pretty Girl Fashion Group for A\$75 million in 2016, and five brands (including Millers, Katies, Crossroads, Autograph and Rivers) from Specialty Fashion Group in 2018 for A\$31 million.

Noni B currently has an existing customer database of 6.9 million customers, 4.4 million e-mail addresses and 3.4 million phone numbers. The company's loyalty database allows for potential future growth opportunities. Each of the brands has its own personality and strong established relationships with its customers. Noni continues to focus on two key growth areas:

- Increased store network footprint across all brands.
- Driving digital expansion (through increased product and non-apparel category offerings, broader presence on global marketplaces, and the launch of new non-apparel category websites).

5.2. Brand portfolio

The figure below presents a summary of Noni B's brand portfolio.

		W·LANE	NONI B		KATIES	AUTOGRAPH		CROSSROADS	beme
Stores (#)	286	107	217	133	138	88	295	80	35
Members	4.5m	1.6m	2.0m	3.4m	2.8m	1.2m	3.9m	2.5m	778k
Online visits	9.8m	4.6m	5.8m	8.1m	7.7m	5.7m	9.1m	5.7m	3.0m
Email subscribers	751k	526k	269k	806k	617k	247k	526k	500k	175k

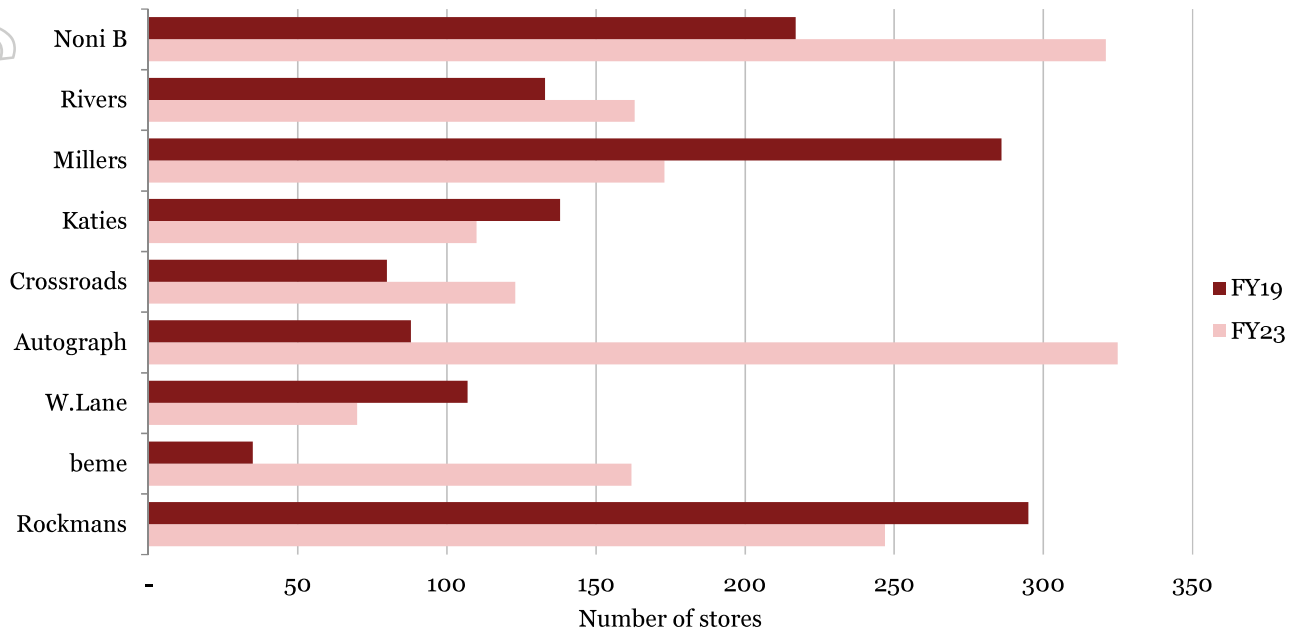
Source: Noni B company website and documents

5.3. Store footprint

Noni B has significantly expanded its store footprint in recent years via acquisitions and aims to build on its existing brand portfolio to broaden its range of products. Noni B plans to accelerate investment in its online strategy, and together with additional stores this strategy is expected to grow Noni B's underlying earnings.

During FY19, the group restructured and refined its store network, investing in 40 stores in new locations and closing 87 stores as a result of unfavourable rental agreements. The company plans to add 100 stores in Australia between FY19 and FY23.

The figure below represents Noni B's store expansion plans from FY19 to FY23.



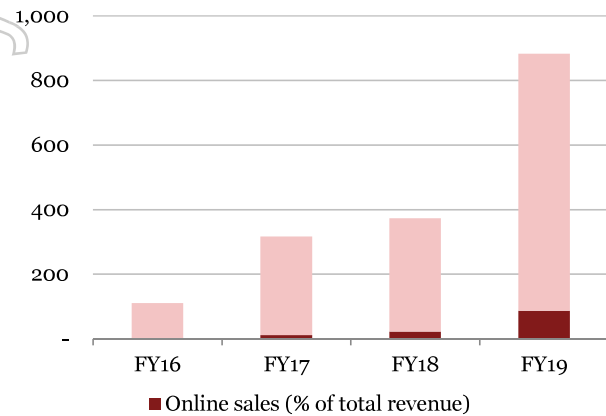
Source: Noni B Annual report and company website

For personal use only

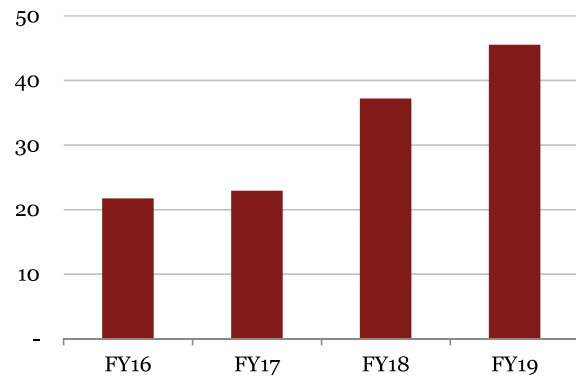
5.4. Key financial information

The revenue and EBITDA of Noni B are summarised below:

Revenue (AUD millions)



EBITDA (AUD millions)



Source: Noni B Annual Report

Revenue has increased as a result of the acquisition of Pretty Girl Fashion Group in 2016 and a portfolio of five women's fashion brands from Specialty Fashion Group in 2018. 98% of Noni B's revenue is generated from Australian sales.

The increase in EBITDA from FY18 to FY19 reflects improvements in cost savings, consolidation of supply chains and integration of all back-office and IT systems.

The acquired portfolio of brands from Specialty Fashion Group had previously been unprofitable however following the acquisition, Noni B focused on executing the strategies that restored the original Specialty Fashion Group business to profit within 12 months after the 2018 acquisition.

Noni B has achieved the A\$30 million anticipated synergies and merger benefits ahead of schedule and identified additional efficiencies of A\$20 million in cost savings resulting in a positive earnings contribution for FY2019.

5.5. Company ownership and shareholders

Noni B Limited's substantial shareholders include investment management companies. In 2014, Alceon Group Pty Ltd gained control of the group through acquisition of a 77.5% equity stake via its role as the manager of the Alceon Retail Trust. Since then, the Alceon Retail Trust has reduced its stake in Noni B to 36% (as at 30 June 2019). The share price has increased from A\$0.50 in November 2014 (when Alceon and the Noni B Management team acquired their interest in Noni B) to A\$2.66 on 31 October 2019 in large part driven by the turnaround during Alceon's control and under the current Noni B Management team.

Source: IBISWorld and Company information

6 Proposed Transaction overview

6.1. Background to the Proposed Transaction

Noni B Limited has proposed to acquire 100% of the share capital of EziBuy Limited from the current owner, Alceon Group Pty Limited (The Proposed Transaction). The Proposed Transaction is to be comprised of the following:

- Acquisition of a 50.1% interest in EziBuy for A\$1 consideration on 21 November 2019 (Proposed Initial Transaction); and
- An option for Noni B to acquire the remaining 49.9% of EziBuy on or before 31 December 2020 for cash payment of A\$11.0 million (Proposed Buyer Option) adjusted for:
 - Any cash and debt left in business given that the purchase price was negotiated on cash free, debt free basis.
 - A reduction for an existing shareholder loan that will be repaid out of the proceeds on the basis it is treated like equity.

Both of the above adjustments are consistent with the commercial agreement that the purchase price is A\$11.0m assuming a cash free, debt free sale and simply reflect the application of that principle to the capital structure of the business. Noni B will ultimately be paying A\$11m for 100% of the equity of EziBuy Target (ordinary shares plus shareholder loan) with an adjustment to reflect any cash and debt left in place so that it is same economic position as cash free, debt free.

- In the event that Noni B does not exercise this option, Noni B has the option to sell the 50.1% stake back to Alceon for A\$1 or Alceon has the option to buy the 50.1% stake for \$1 (i.e. if Noni B does not exercise the option to buy the remaining 49.9%, the Proposed Initial Transaction will be reversed and Noni B will no longer own the 50.1%) (Buy-Back Options).

Transfer of operational control to Noni B will be effective from the closing of the Proposed Initial Transaction (the Effective Date), although Noni B and Alceon will retain joint Board control until the Proposed Buyer Option is exercised.

6.1.1. Rationale to the Proposed Transaction

Noni B has identified a number of cost savings and synergies that would result from the acquisition of EziBuy. These synergies have been considered but are not embedded in the purchase consideration and thus represent additional benefits in excess of the consideration.

EziBuy has been experiencing a history of operational difficulties, including revenue decline since FY17 and margin erosion. However, the business has a number of strengths including a loyal customer base, an established distribution network and existing retail footprint (distinct from Noni B). This presents an opportunity for Noni B to deliver operational improvement expand its geographical footprint and leverage the existing infrastructure and leases to affect turnaround and expansion plans. The drivers of EziBuy's performance challenges, being brand and operational constraints, represent an opportunity to leverage Noni B's proven turnaround capabilities to reinvigorate the business in addition to existing strategies in place which are being realised in FY20.

6.1.2. Terms of the Proposed Transaction

The Proposed Transaction has been agreed to be on the following terms:

- The Proposed Transaction will be on a cash free, debt free basis, (or if not any cash and debt will be an adjustment to the purchase price for the Proposed Buyer Option so that this does not impact the economics of the Proposed Transaction).

- For personal use only
- There is an existing shareholder loan which will be treated like equity and will be paid out at completion of the Proposed Buyer Option. This will reduce the exercise price so that the purchase consideration under the Proposed Buyer Option for 100% of the equity is unchanged.
 - Alceon will provide a working capital facility to EziBuy for up to NZ\$12.0 million in two tranches of NZ\$6.0 million from the Effective Date. Noni B will provide a corporate guarantee in favour of the financier for NZ\$6.0 million as financial support for the second tranche of the working capital funding. This financing will be provided at a rate of 9.0% per annum and will be secured. Any further working capital requirements will be agreed between Alceon and Noni B. The guarantee lapses in the event that the put option in favour of Alceon is exercised.
 - Alceon will grant a facility to EziBuy comprising of the existing shareholder loan and refinance of the existing ANZ facilities (collectively known as the Continuing Shareholder Loans). The ANZ facility is currently fully offset by cash which is to remain in the business.
 - Existing bank debt of EziBuy will be refinanced by Alceon at an interest rate consistent with the working capital facility prior to the Proposed Initial Transaction.
 - The refinanced bank debt and the existing shareholder loan will be secured and subordinated to the working capital financing and any existing secured debt in EziBuy.
 - All outstanding taxation payments will be paid up to the Effective Date or will be adjusted for as debt like items.
 - In the event that Noni B disposes of, or agrees to dispose of, all or a majority of the shares in Ezibuy, or all or a majority of Ezibuy's assets within 12 months of exercise of the Proposed Buyer Option for more than A\$11.0 million, Noni B must pay 50% of the sale amount received above A\$11.0 million to Alceon.
 - Noni B expects to fund the exercise of the Proposed Buyer Option from operational cash flows, cash on balance sheet, debt facilities or through an equity issue.
 - Noni B and Alceon will be fully responsible for any costs incurred in the execution of the Proposed Transaction. EziBuy will not incur any transaction costs.
 - The Proposed Transaction is conditional on satisfaction of the following conditions:
 - EziBuy continues to operate on a business as usual basis.
 - EziBuy does not sell or agree to sell any material asset of the business.
 - EziBuy does not enter any material contracts other than in the ordinary course of business.
 - EziBuy will not make any distributions or permit any other value leakage (on customary locked box terms).
 - Upon completion of the Proposed Transaction, EziBuy will be free from any security interests with respect to any financing facilities held with Alceon.

6.1.3. Default call option in Shareholder Agreement

- If an 'event of default' occurs in relation to either Noni B or Alceon, the non-defaulting shareholder have a call option to purchase the other party's shares.
- An event of default includes:
 - Material breach of the shareholder agreement or the working capital facilities or corporate guarantee from Noni B described above.
 - A change of control of a shareholder.
 - A shareholder being prohibited from being a shareholder by a change in law.
 - A shareholder disposing of its shares in EziBuy in breach of the shareholder agreement.
 - Insolvency of a shareholder.
 - In the case of the Noni B only, insolvency of EziBuy.
- The consideration payable in respect of the exercise of the default call option will vary if:
 - Noni B is the defaulting shareholder and the event of default has occurred on or before the expiry of Buy-Back Options or the event of default is the insolvency of EziBuy (at any time), the option price will be A\$1.
 - Noni B is the defaulting shareholder and the event of default has occurred after the expiry of Buy-Back Options, the option price will be equal to, depending on the nature of the default, the fair market value or a 10% discount to the fair market value of each share
 - Alceon is the defaulting shareholder, the option price will be, depending on the nature of the default, the fair market value or a 10% discount to the fair market value of each share.

7 Fairness assessment

7.1. Fairness summary

Aggregate Proposed Transaction

The Proposed Transaction provides Noni B with an option to sell their 50.1% holding (from the Proposed Initial Transaction) in the future. This means that at the Valuation Date, there is no consideration or risk taken on as Noni B is protected from downside risk. Therefore, as an aggregate transaction structure (i.e. the acquisition for A\$1 consideration and the option to exercise to increase ownership stake is Fair.

Proposed Buyer Option Exercise Price

The Proposed Transaction provides Noni B with an option to sell their holding in the future to protect against downside risk. This means that at the Valuation Date, there is no consideration or risk taken on. We have therefore presented our view on Fairness by assessing the Proposed Transaction as if the Proposed Buyer Option were exercised on the Valuation Date, that is, assuming Noni B has agreed to pay the present value of A\$11.0 million at the Valuation Date.

This report has assessed the Proposed Transaction as at the Valuation Date however does not provide a view on any future contingent components of the Proposed Transaction. Future exercise of the Proposed Buyer Option is dependent on the circumstances at the time of exercise and we cannot comment on the Fairness of any future exercise.

We have performed our assessment on the basis of the cost to replicate of EziBuy being in excess of the purchase consideration. This assessment has been performed using this approach on the basis that a market participant could reasonably be expected to pay an amount which would be incurred to 'recreate' the business in its current form. It is therefore our view that the cost to replicate can reasonably be assumed to be a floor to the Fair Market Value. This is reasonable given that EziBuy is operating on a going concern basis. We have calculated the cost to replicate using net tangible assets (NTA). We have also considered (but not quantified) that since there are a number of other assets that would be required to replicate the business in its current form (including brand, workforce, lease negotiation, website etc.).

We have assessed the cost to replicate of EziBuy and compared that to the purchase consideration as detailed in the figure below.

This represents the minimum value of additional assets not included in net tangible assets. There would be significant other assets (including workforce, brand, website, going concern of the business) which would necessitate be costs that would be incurred to establish a business on a similar magnitude. On this basis, the cost to replicate inclusive of these assets would be expected to be in excess of the purchase consideration as this would be deducted from the comparable purchase consideration (so we have performed our analysis on a like-for-like basis).

EziBuy cost to replicate summary

AUD in millions unless otherwise stated (translated at the spot rate as at 31 October 2019)

Purchase consideration (payable on or before 31 December 2020)	11.0
Present value of purchase consideration (as at the Valuation Date) ¹	10.8
Book net tangible assets (including software)	3.2
Adjusted balance sheet items ²	6.9
Adjusted net tangible assets (NTA)	10.1
Value of other assets required to ensure value of EziBuy exceeds market consideration	0.7

1. A high-level credit rating benchmarking for similar companies indicates that Noni B would have B to BBB-rated debt. We have discounted the purchase consideration from 31 December 2020 to the Valuation Date at the cost of BBB-rated Australian corporate debt for conservatism.
2. Adjusted balance sheet items include: The removal of the intercompany account balance of (A\$6.9m) as Noni B Source: EziBuy financial information

To support the reasonableness of our primary approach (cost to replicate) we have considered:

- The trading premium of Price to NTA of comparable public peer companies (Peer Group) to ensure that these do not contradict our primary view (i.e. that the peers do not trade at a discount to NTA).
- The Peer Group's EV/EBITDA and EV/Revenue trading and transaction multiples. This analysis confirms our view that the implied multiple for the Proposed Transaction is significantly below that of identified peers across a number of sub-sectors, even after adjustments for the relative size, growth and margin of EziBuy.

These cross checks support our primary view that the Proposed Transaction is Fair to the Non-Associated Shareholders of Noni B.

Proposed Buyer Option assessment

While our primary consideration for this report has been for the proposed pricing of the Proposed Transaction and if this is no more than the current FMV of EziBuy, given that the option is a key part of the Proposed Transaction, we have also considered it (noting that it creates value upside).

In considering the value impact of the Proposed Buyer Option, we have considered:

- **Whether the option is out of, at or in the money as at the Valuation Date:** As presented above, the net tangible assets of EziBuy as at the Valuation Date is slightly below the present value of the purchase consideration. However, it would be expected that there would be additional assets that would be required to establish a business of similar magnitude (including brand, workforce, website etc.).
- **Future potential payoff profile:** Under the terms of the options proposed, to the extent the value of EziBuy is equal to or greater than \$11.0 million at the time of exercise, Noni B would be expected to acquire the remaining 49.9%. If the value falls below \$11.0 million at the time of exercise, Noni B will be entitled to sell back the 50.1% stake acquired in the Initial Proposed Transaction for \$1 and cease any interaction with EziBuy. This arrangement creates downside protection and value upside for Noni B. We have not quantified the value of this downside protection.

The above assessment recognises the minimum benefits as at the Valuation Date. Noni B retains the right to cease its investment in EziBuy at nil cost if the envisaged turnaround is unsuccessful or potential synergies are not realised or identified to be unachievable. This value is not included in the purchase consideration and thus this optionality to return the business is value upside and further supports that the Proposed Transaction is Fair.

We note that the Fairness of the exercise of the option at a future date will be determined by the circumstances at the time of exercise. The table below presents an indicative calculation of the potential value outcomes if Noni B were to exercise at 31 December 2020.

<i>AUD in millions unless otherwise stated</i>	Value decreases	Value stable	Value increases
EziBuy Fair Market Value (FMV)	5.0	11.0	15.0
Purchase consideration (exercise price)	11.0	11.0	11.0
Net payoff	0.0	0.0	4.0

The above indicative calculation illustrates the following scenarios:

- **Value decreases:** The exercise price of the option exceeds the FMV of EziBuy. Under this scenario, Noni B would not exercise the option to buy the remaining 49.9% and either through the Noni B put option or Alceon call option, the 50.1% stake would revert to Alceon.
- **Value stable:** The exercise price of the option is equal to the FMV of EziBuy. Given that Noni B has identified synergies that may result from the Proposed Transaction, it may be reasonable to exercise the option to realise these synergies going forward.
- **Value increases:** The exercise price of the option is less than the FMV of EziBuy. If the option were exercised, the net payoff would be positive. Therefore, it would be expected that Noni B would exercise the option to obtain the positive payoff as well as the potential operational synergies going forward.

The above illustrates the downside protection of the Proposed Buyer Option and shows that the option presents upside potential for Noni B. This Report does not comment on whether the eventual exercise of the Proposed Buyer Option is Fair and Reasonable. This will depend on the circumstances at time of exercise.

7.2. Valuation approach

There are a number of commonly adopted methodologies that could be used to assess the Fair Market Value of a business. Widely accepted methodologies include:

- **Net assets:** This approach derives the market value of the equity of an entity by adjusting the asset and liability balances on the subject company's balance sheet to their market value equivalents. The net assets approach has a number of variants. Typically the approach can be applied using a going concern premise which uses the concept of replacement cost as an indicator of value.
- **Market based assessments:** Market based assessments relate to the valuation of a business, shares or assets using observed prices at which comparable businesses, shares or assets have been exchanged in arm's length transactions. This is often the most reliable evidence of market value but in the case of valuation of companies it can be difficult to find directly comparable transactions. For companies whose shares are publicly traded, the relevant share price is considered indicative of the market value of the shares, if there is sufficient liquidity. However, such market prices usually reflect the prices paid for small parcels of shares and as such do not include a premium for control. We would therefore usually adjust for this.
- **Capitalisation of earnings:** This method involves multiplying an estimation of a level of sustainable earnings (or profits) of a business by a multiple that is reflective of the underlying risks and growth prospects of the business. The estimation of earnings is considered a surrogate for the go forward cash flows of the business and the process of multiplication is referred to as the 'capitalisation' of earnings.
- **Discounted cash flow:** Indicates the value of a business based on the present value of the cash flows that the business can be expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flows.

Each methodology is appropriate in certain circumstances and the decision as to which methodology to apply generally depends on the nature of the business being valued, the maturity of the business, commonly adopted approaches used to value similar businesses and the availability of information.

7.2.1. Selected valuation approach

We have selected the cost to replicate approach (calculated using net assets) as our primary valuation methodology, cross checked to the market-based approach based on the trading and transaction multiples implied from comparable companies. In choosing to adopt the above approaches, we have considered a number of factors including:

- **Going concern nature of the business:** The net assets approach is generally an appropriate approach for businesses in distress (where assets may be worth more than the value derived from continuing operations) or for asset intensive businesses (where value is driven by tangible assets). Despite EziBuy's operational challenges, the business is operational and a going concern. As such, the nature of the business and recent historical financial performance means that the net assets approach is an appropriate methodology to estimate a minimum reasonably realisable value.
- Cost to replicate could reasonably be considered to be the minimum Fair Market Value of a business. The net assets could reasonably be considered to be a minimum cost to replicate on the basis that these assets would be expected to generate more value operating together than individually.
- **Availability (or lack thereof) of detailed, reliable long-term forecasts:** Use of a DCF approach requires medium to long-term forecasts to which a discount rate is applied. These forecasts are not available on a sufficiently reliable basis from which a valuation could be inferred.

7.3. Valuation analysis – primary approach

Our primary valuation approach is based on the cost to replicate the business in its current form. It is our view that the cost to replicate represents the minimum Fair Market Value of the business acquired, given that EziBuy is operating on a going concern basis and so the cost to replicate can reasonably be assumed to be a floor to Fair Market Value.

We have adopted net tangible assets as the minimum cost to replicate on the basis that:

- As a retail business, the primary assets which are needed to replicate the business are held on balance sheet.
- The inventory assets are held at the lower of cost and Fair Market Value and so there may be value upside to the balance sheet. This could therefore reasonably be assumed to be a floor to the cost to replicate.
- There are a number of other assets that would be required to replicate the business in its current form (including brand, workforce, lease negotiation, website etc.).

The table below presents our assessment of the cost to replicate of EziBuy.

<i>AUD in millions unless otherwise stated (translated at the spot rate as at 31 October 2019)</i>	
Purchase consideration (payable on or before 31 December 2020)	11.0
Present value of purchase consideration (as at the Valuation Date) ¹	10.8
Book net tangible assets (including software)	3.2
Adjusted balance sheet items ²	6.9
Adjusted net tangible assets (NTA)	10.1
Value of other assets required to ensure value of EziBuy exceeds market consideration	0.7

1. A high-level credit rating benchmarking for similar companies indicates that Noni B would have B to BBB-rated debt. We have discounted the purchase consideration from 31 December 2020 to the Valuation Date at the cost of BBB-rated Australian corporate debt for conservatism.
2. Adjusted balance sheet items include: The removal of the intercompany account balance of (A\$6.9m) as Noni B management have advised that this will be cleared prior to the Proposed Transaction.

We have considered line items presented in the balance sheet (section 4.3.2 of this Report) and have used this to determine what would reasonably be required for a market participant to establish a business similar to EziBuy in its current form. This would involve replacing the existing assets and capital.

7.4. Valuation analysis – cross check

As a cross check to the minimum realisable value implied under the net realisable assets approach, we have had regard to the trading multiples of listed companies in developed economies operating in similar industries to EziBuy and have used professional judgment to derive a selection of companies that we consider to have comparable operations to that of EziBuy. We acknowledge that there are no listed companies with identical operations to that of EziBuy. As such, we have considered a set of retail businesses that can be categorised into the following sub-sectors:

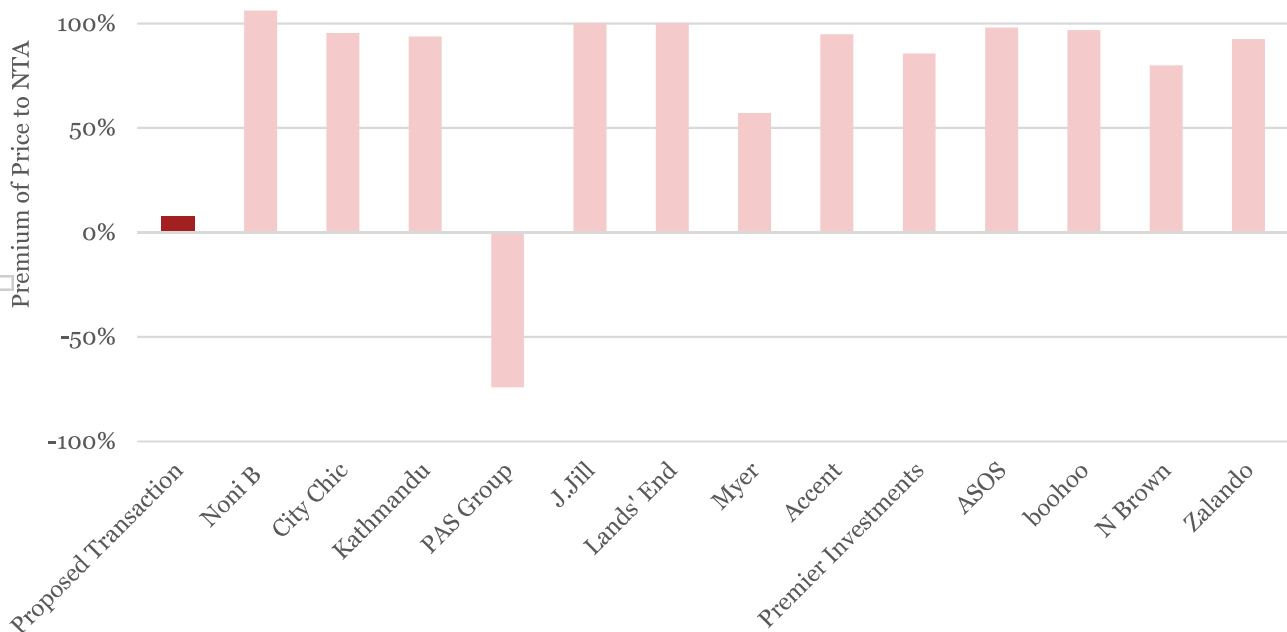
- Retail businesses with physical retail stores and a significant online presence:** These businesses are comparable to EziBuy as they conduct a significant portion of sales online. However, the peers in this sub-sector generally operate more physical stores than EziBuy and do not use catalogues as a primary marketing technique. The companies included in our comparable set that identify with this sub-sector include: Noni B, City Chic, Kathmandu, The PAS Group, Myer, Premier Investments Group, Accent Group (Australian and New Zealand listed businesses); and J. Jill, Lands' End, Zalando (overseas listed businesses).
- Pure play online retail businesses:** These businesses are similar to EziBuy in the sense that they conduct sales online. However, in contrast to EziBuy, this sub-sector of peers does not operate or own physical retail stores and nor do they sell their products through physical stores. The companies included in our comparable company set that identify with this sub-sector include ASOS, boohoo and N Brown (overseas listed businesses).

A summary of our comparable company analysis is contained in Appendix B.

7.4.1. Premium of Price to NTA ratio

The chart below presents the peer premium of P to NTA ratios for a set of comparable companies and include a control premium of 20% (discussed below).

NTA ratio analysis



Source: Capital IQ and PwCS analysis based on information available as at 31 October 2019.

Market capitalisation calculated on latest available Annual reports at 31 October 2019.

Net tangible assets include software.

We note the following regarding the above observations:

- The premium of Price to NTA for EziBuy implied by the Proposed Transaction is 8% and represents that EziBuy is being transacted at a slight premium to net assets. This has been calculated as Price (equal to the purchase price of \$11.0 million) less NTA (of \$10.1 million) divided by Price.
- As evidenced above, the peers are trading at a premium to net assets with the exception of The PAS Group Limited. This suggests that companies in the industry generally trade at a premium to net tangible assets and supports our view that the Proposed Transaction is Fair to the Non-Associated Shareholders of Noni B. We note that The PAS Group has experienced a significant decline in share price over the past 2 years. The company has not been able to successfully navigate a suppressed retail trading environment, which has consequently resulted in lower than expected earnings across the period and announced no dividend for the half year ending December 2018. In addition, the company has experienced significant changes to its Board of Directors and key management personnel, with the appointment of a new Chairman in 2017 and the resignation of the CEO, CFO and COO in 2018. Based on these events, it is rational that The PAS Group is trading at a discount to EV.

Based on the above analysis, the price implied by the Proposed Transaction is at a slight premium to NTA, compared to majority of the comparable companies that are trading at a significant premium. This is consistent with our opinion that the Proposed Transaction is Fair to the Non-Associated Shareholders of Noni B.

7.4.2. EV/EBITDA multiples

In addition to the above cross check to the premium of Price to NTA, we have also referenced the EV/EBITDA trading multiples of the above set of comparable companies, as well as observed transaction multiples.

7.4.2.1. Maintainable earnings

To calculate the EV/EBITDA multiple implied by the Proposed Transaction an appropriate earnings base must first be determined. The underlying principle of an earnings-based valuation approach is that the value of the business is based on its maintainable earnings. The estimated maintainable earnings should reflect the normalised go-forwards earnings of the company with variability around this average and growth factored into the adopted capitalisation multiple.

The net sales and EBITDA for EziBuy from FY17 to FY20 are presented in the figure below.

<i>AUD in millions unless otherwise stated</i>	FY18	FY19	FY20
Revenue	160.3	144.1	35.0
EBITDA (excluding non-recurring expenses)	6.4	0.4	5.5

Source: EziBuy financial information provided by Noni B Limited

We consider the FY20 EBITDA of \$5.5 million to be an appropriate estimate of the maintainable earnings for the purpose of our analysis for the following reasons:

- There is limited data on medium-term forecast financial information for EziBuy.
- The volatile nature of EziBuy's historical financial information resulting from numerous owners and turnaround initiatives.
- FY20 EBITDA represents Noni B's best estimate reflecting some improvements in the EziBuy business as a result of initiatives that have already been paid for.

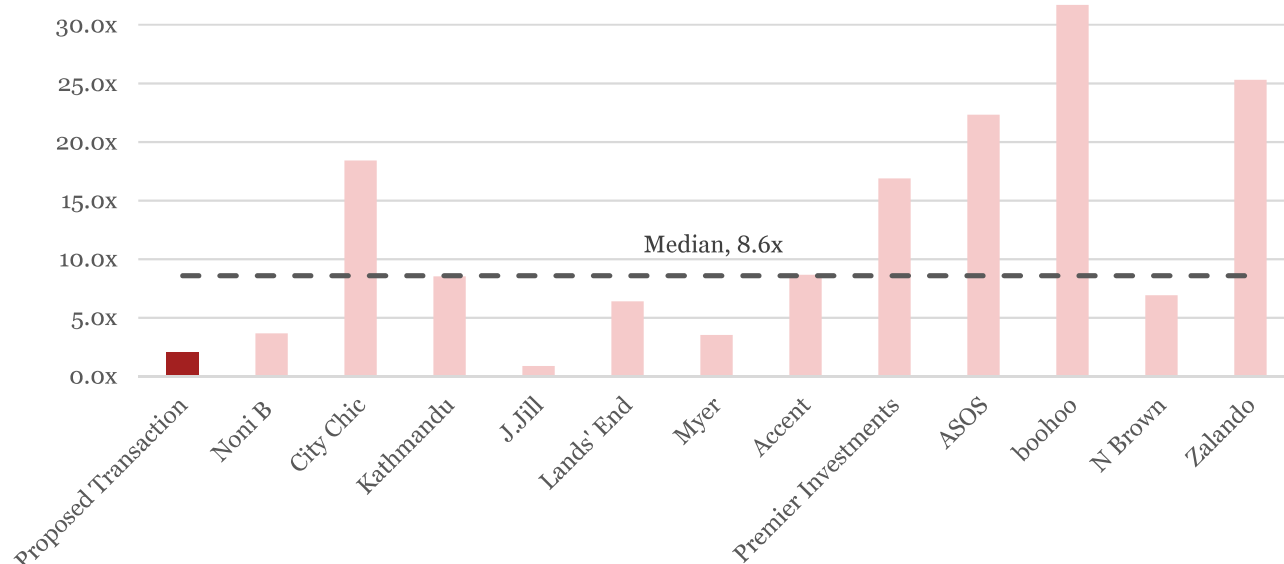
Additional detail and commentary around EziBuy's historical revenue and EBITDA is presented in section 4.3.1 of this Report.

7.4.2.2. EV/EBITDA multiples

Based on the above, the EV/EBITDA multiple implied by the Proposed Transaction is 2.1x. This represents a significant discount to the observed trading multiples of the peers, which are trading at a median of 8.6x. The implied transaction multiple is at the low end of the observed range of multiples from 0.9x to 31.7x.

The chart below presents the FY+1 EV/EBITDA trading multiples for the peers and include a control premium of 20%. This premium is further discussed in the following section of this Report.

FY+1 EV/EBITDA multiple



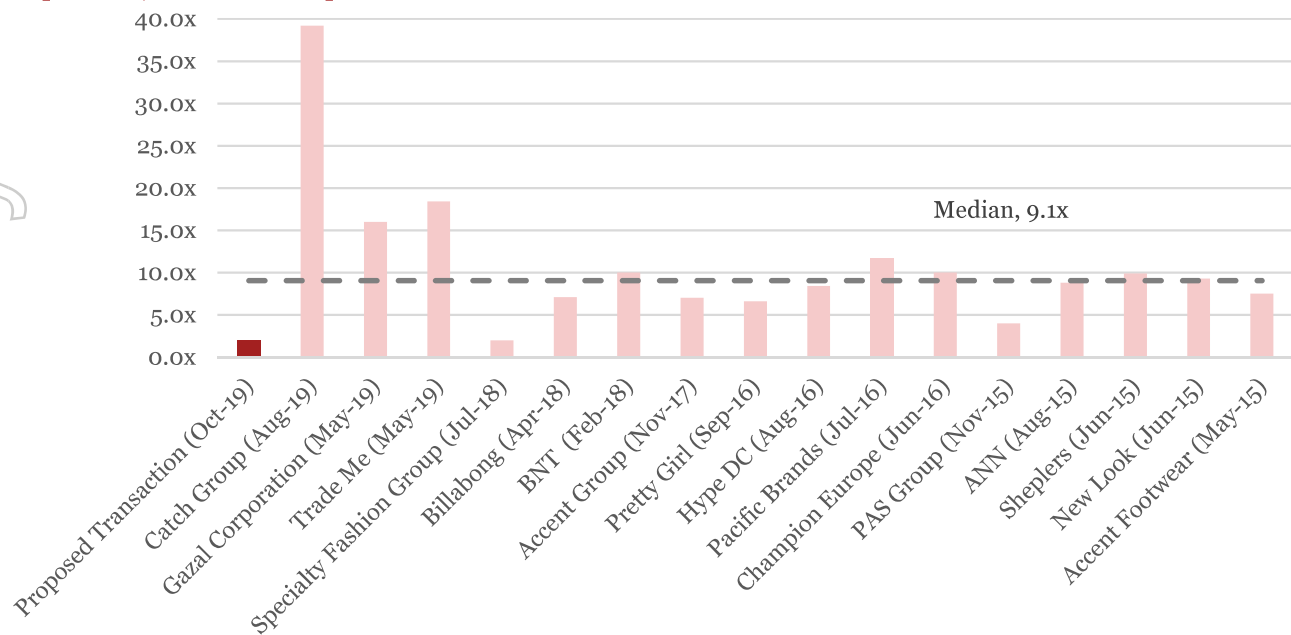
Source: Capital IQ and PwCS analysis based on information available as at 31 October 2019.

We note the following regarding the above observations:

- The larger businesses in the peer group identified above have achieved or are closer to achieving economies of scale and therefore experience benefits that smaller businesses do not.
- The multiples for the larger international online businesses (ASOS, boohoo) are higher than that of retail businesses with traditional physical stores and online businesses with less scale (N Brown). This is evidence of the increasing competitive pressures, as well as current growth and future prospects for e-commerce and online retail.

In addition to the trading multiples of listed companies, we have also had regard to observed transaction multiples. The chart below presents the observed EV/EBITDA multiples for a set of comparable transactions.

Implied EV/EBITDA multiple



Source: Capital IQ, Mergermarket and PwCS analysis based on information available as at 31 October 2019.

We note the following regarding the above observations:

- The data indicates that the multiples are strongly clustered around a median of 9.1x. Any dispersion of implied transaction multiples is, in part, caused by the fact that a number of the transactions identified may implicitly include a premium for control which would have depended on the specific rationale for each deal, such as the ability to combine assets/operations or the facilitation of increased market optimisation.
- The data reported on transaction multiples is generally historical (i.e. last twelve months). The multiple for the Proposed Transaction will be an FY20 multiple which by virtue of EziBuy having a June year end the multiple will be a partially forecast multiple, which would, all else equal, be expected to be lower.

Considering our comments above, the multiple implied by the Proposed Transaction is below the low end of the observed range and therefore is consistent with our opinion that the Proposed Transaction is Fair to the Non-Associated Shareholders of Noni B.

A brief synopsis of each company acquired is contained in Appendix C.

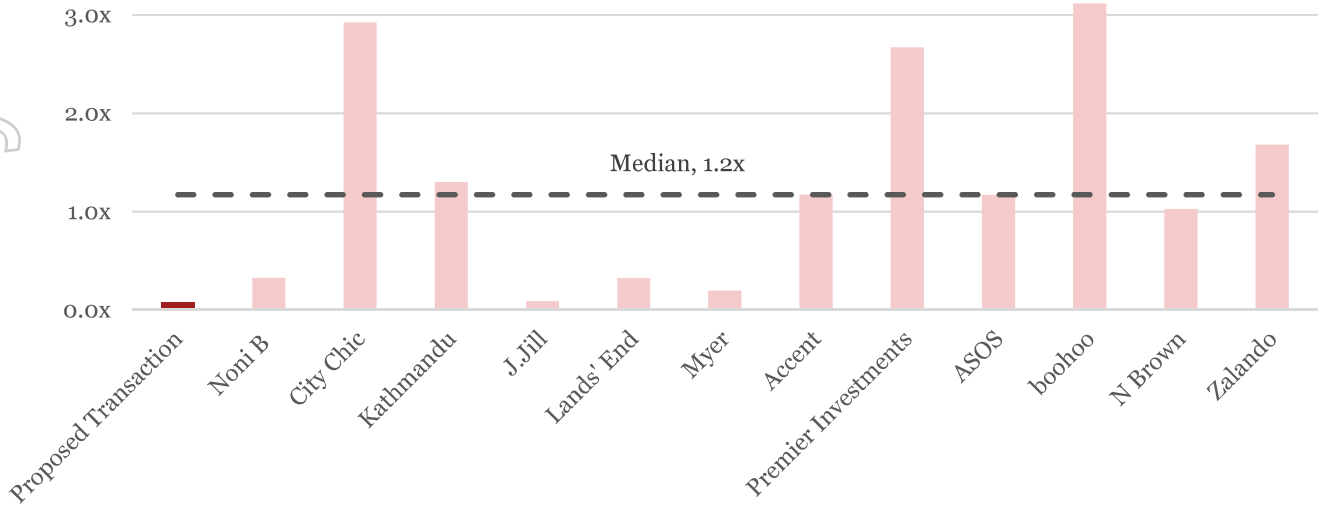
7.4.3. EV/Revenue multiples

Given the uncertainty in the achievement of the FY20 EBITDA forecast, we have also considered EV/Revenue trading multiples of the comparable companies, as well as observed transaction multiples as a cross check to our primary valuation approach.

The FY+1 EV/Revenue multiple implied by the Proposed Transaction is 0.1x. This represents a significant discount to the observed trading multiples of the peers, which are trading at a median of 1.2x.

The chart below presents the FY+1 multiples for the peers and include a control premium of 20%. This premium is further discussed in the following section of this Report.

FY+1 EV/Revenue multiple

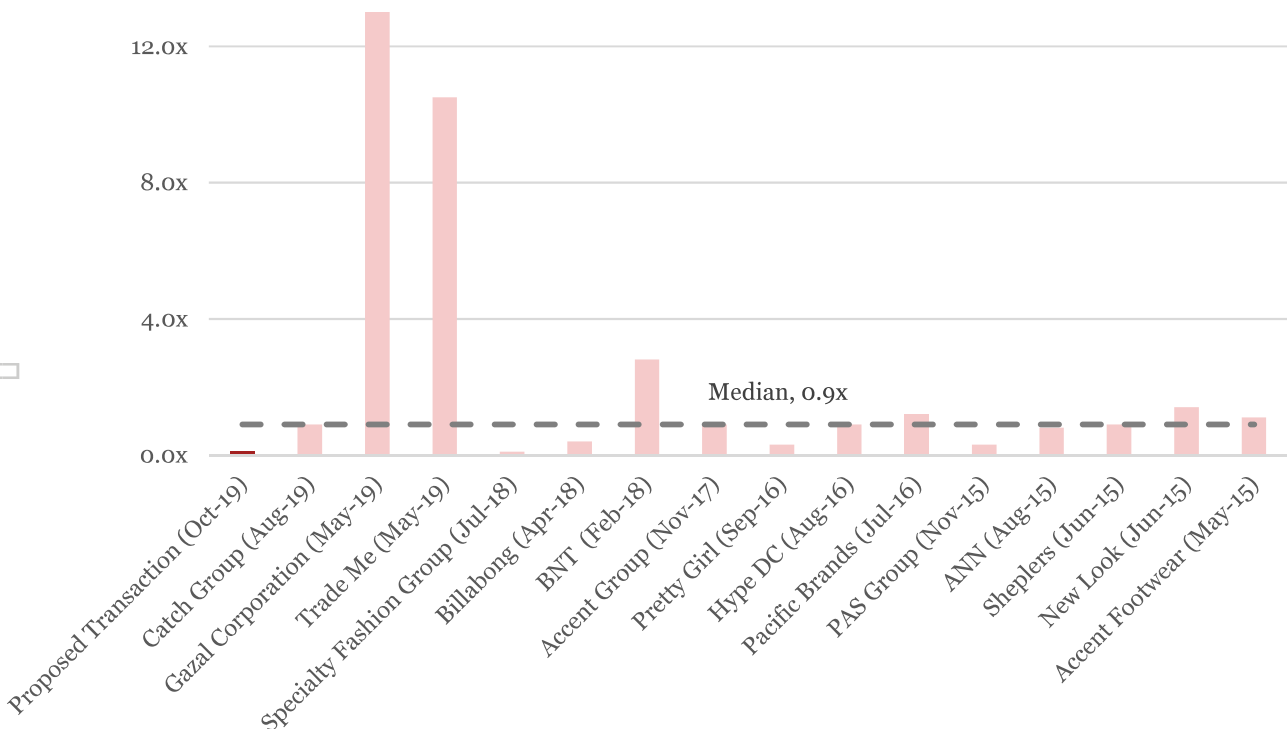


Source: Capital IQ, Mergermarket and PwCS analysis based on information available as at 31 October 2019.

Similar to the EV/EBITDA trading multiples, the chart above indicates that larger businesses appear to trade at higher multiples (due to benefits of economies of scale as well as current and future growth prospects for e-commerce and online retail that appear to overcome barriers of geography and location).

In addition to the trading multiples of listed companies, we have also had regard to observed transaction multiples. The chart below presents the historical EV/Revenue multiples for a set of comparable transactions.

Implied EV/Revenue multiple



Source: Capital IQ, Mergermarket, ASX and PwCS analysis based on information available as at 31 October 2019.

For personal use only

We note the following regarding the above observations:

- The data indicates that the multiples are strongly clustered around a median of 0.9x. Any dispersion of implied transaction multiples is, in part, caused by the fact that a number of the transactions identified may implicitly include a premium for control which would have depended on the specific rationale for each deal, such as the ability to combine assets/operations or the facilitation of increased market optimisation.

Considering our comments above, both the EV/EBITDA and EV/Revenue multiples implied by the Proposed Transaction are at the low end of the observed range and therefore is consistent with our opinion that the Proposed Transaction is Fair to the Non-Associated Shareholders of Noni B.

7.4.4. Conclusions on the multiples cross check

The premium of Price to NTA as well as the EV/EBITDA and EV/Revenue multiples implied by the Proposed Transaction generally lie below the range of market observations. This reflects the relative size, growth and margin of EziBuy to the peers, as well as the nature of the acquisition as a turnaround play.

We have considered the performance of EziBuy relative to the peers. EziBuy is ranked amongst the lowest on the three items generally identified as key drivers of multiples when compared to the peers.

- **Growth:** Variance in financial performance and outlook can drive variance in multiples. EziBuy has low historical growth compared to the peer group and has historically experienced volatility in earnings. Given this volatility and that the business is currently in turnaround, while it is challenging to predict the future growth (and multiple) based on volatile historical performance, there is also potential upside (if strategic plans are met) which would benefit Noni B.
- **Margin:** EziBuy has lower historical margins than the peers but this is forecast to improve in FY20. All else equal, higher margin businesses trade at a higher multiple.
- **Size:** EziBuy is smaller than the comparable companies. Empirical evidence indicates that smaller companies are perceived as more risky than larger companies and therefore, on average, trade at a discount to larger companies. This is driven by risks relating to key person/management risk, lower diversification (both geographical and operational) and lower economies of scale.

Having considered these factors, we are of the view that the multiples implied by the Proposed Transaction support our assessment that the transaction is Fair to the Non-Associated Shareholders of Noni B.

7.4.5. Adjustments for control premium

We have applied an equity control premium to our assessed comparable listed companies, as purchasers are normally willing to pay a premium in order to obtain control of a company.

A premium for control is applicable when the acquisition for control of a company would give rise to benefits such as control of the board of directors and decision making and strategy, as well as access to opportunity to realise revenue and cost synergies, cash flows and tax benefits.

Publicly available research indicates that the average equity control premium for apparel retail has been in the range of 10% to 30%. However, we note this varies widely depending on the circumstances and may, in some situations, include an element reflecting a strategic premium paid by purchasers.

These strategic premiums are specific to the acquirer and exist where an investor expects to be able to enhance cash flows by realising synergistic benefits by merging the acquired business with their existing business, and again, is willing or must share that benefit with the selling shareholders. Generally speaking, the acquirer will be reluctant to pay above the value of potential synergies. Nevertheless, in a competitive bidding environment, the price paid will include some element of expected synergies and therefore include a strategic control premium.

We note that there are a finite number of potential trade buyers for EziBuy given its business strategy, target market and recent historical performance.

Based on the above analysis, current market conditions and a limited number of potential trade buyers (resulting in low competitive tension around synergies), we would expect the control premium to reflect mainly financial control and that the premium for strategic control would be minimal. Therefore, we have applied a control premium of 20% to the comparable listed companies based on the range observed among other comparable transactions and market studies.

For personal use only

8 Reasonableness assessment

In accordance with RG 111, an offer is Reasonable if it is Fair. Therefore on this basis, in our opinion the Proposed Transaction is Reasonable.

We also note the following factors relevant to the reasonableness of the Proposed Transaction:

8.1. Noni B will attain the opportunity to increase size, market share diversification and presence upon acquisition of EziBuy.

- EziBuy will increase Noni B's revenue by c.15% in FY20 (assuming forecasts are met).
- The acquisition will give Noni B the opportunity to access the New Zealand market and distribute Noni B brands through an established platform.

8.2. The proposed purchase consideration was determined after a protracted and rigorous negotiation.

- The Proposed Transaction was negotiated on an arm's length basis, with third party advice and a robust due diligence process. The value changed significantly in favour of Noni B during this negotiation.
- The downside protection afforded by the Proposed Buyer Option is to the advantage of Noni B with the protection being provided by the related party which creates the need for this Report (Alceon).

8.3. The terms of and inclusions in the purchase consideration represents additional benefits to Noni B in excess of the purchase consideration.

- The purchase consideration is conditional on exercise of the Proposed Buyer Option. Noni B has the right to exercise this option on or before 31 December 2020, which creates a time value of money benefit.
- The settlement of the Proposed Buyer Option may be funded (at least in part) by any operational profit earned during the period up to exercise.
- Noni B has identified a number of synergies (e.g. improved brand strategies, distribution and working capital management) that would result from the acquisition of EziBuy. These synergies have been considered but were not included in determining the purchase consideration and therefore represent additional benefits in excess of the consideration.

8.4. The Proposed Buyer Option represents additional value to Noni B.

- The structure of the Proposed Buyer Option represents additional value to Noni B as it removes significant downside risk.
- The option value is not included in the \$11.0 million purchase price. As such, this optionality provides Noni B the right to return the business if the envisaged turnaround is unsuccessful.
- It is not possible to comment on the reasonable of the future exercise of the Proposed Buyer Option until the date of exercise.

8.5. Despite a history of operational difficulties, EziBuy has a number of strengths which presents opportunities for Noni B.

- EziBuy has a history of operational difficulties, including revenue decline since FY17 and margin erosion. However, the business has a number of strengths including a loyal customer base, an established distribution network and existing retail footprint (distinct from Noni B).
- This presents an opportunity for Noni B to expand its geographical footprint and leverage the existing infrastructure and leases to affect turnaround and expansion plans.
- The drivers of performance challenges, being brand and operational constraints, represent an opportunity to leverage Noni B's proven turnaround capabilities to reinvigorate the business (in addition to existing strategies in place which are being realised in FY20).

8.6. The Proposed Transaction presents a multiple accretion opportunity which Noni B can secure for EziBuy if the forecasts are realised.

- Post-acquisition, the EziBuy business would then be a part of Noni B which is trading at a higher multiple than implied by the purchase consideration.

8.7. The impact of the Proposed Transaction on earnings per share (EPS) is expected to be value accretive.

- The Proposed Transaction is expected to be EPS accretive to the Non-Associated Shareholders of Noni B Shareholders based on management forecasts.

8.8. The Proposed Buyer Option creates downside protection.

- The Proposed Buyer Option creates downside protection as it provides that if turnaround risks are not able to be defrayed, the 50.1% stake may be returned to Alceon.

8.9. Noni B has a proven track records of acquiring relatively unprofitable businesses and subsequently turning them around.

- Noni B acquired Pretty Girl Fashion Group in 2016 and successfully generated increased revenue and earnings soon after acquisition.
- In 2018, Noni B acquired a portfolio of brands from Specialty Fashion Group. The group had previously been unprofitable however following the acquisition, Noni B focused on executing the strategies that restored the original Specialty Fashion Group business to profit within 12 months after acquisition. Noni B has achieved the \$30 million anticipated synergies and merger benefits ahead of schedule and identified additional efficiencies of \$20 million in cost savings.

9 Appendices

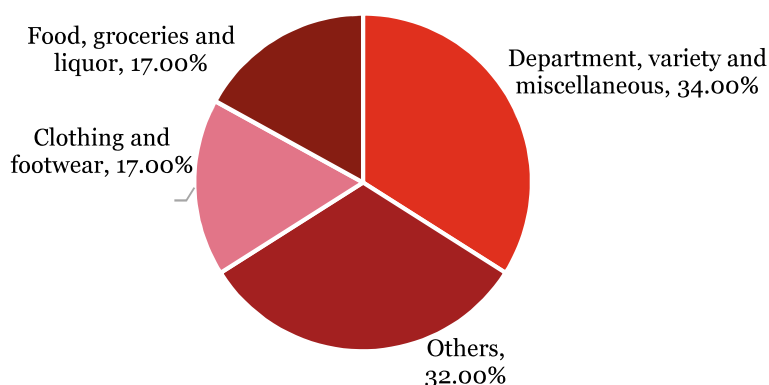
For personal use only

Appendix A. - Industry overview

A.1. Consumer Retail in New Zealand

New Zealand's total annual online retail spending in 2018 was c. NZ\$4.4 billion. Of that, around 32% was spent with offshore merchants.

Online retail sales by segment



Source: Retail NZ Report (October 2018)

New Zealand's retail sector is well developed and competitive, however there is opportunity for new competitors, particularly in the clothing and footwear markets, due to the relative absence of large international brands. Stable growth in New Zealand household incomes, along with a highly urbanised and affluent population, is expected to create opportunities for premiumisation and the entry of new retailers.

Clothing and Footwear

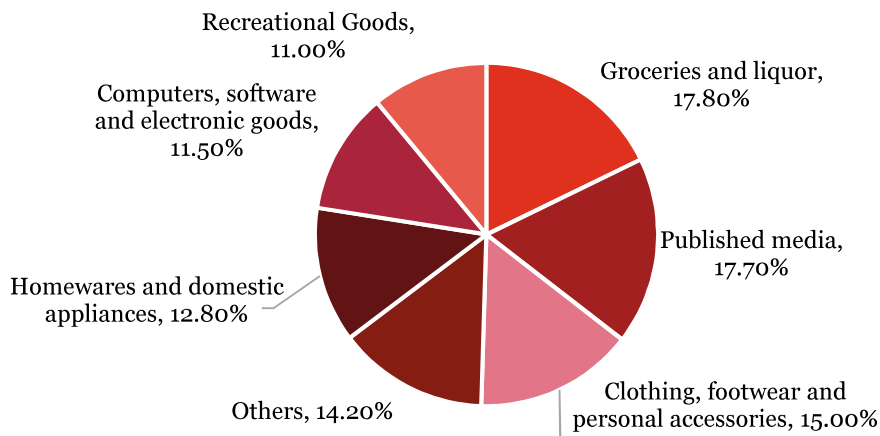
- Clothing and footwear is the third largest sector in terms of retail spending. Spending on these products is equivalent to spending on food, groceries and liquor.
- Spending on clothing and footwear is expected to rise by 3.3% per annum through to 2023, from NZ\$6.5 billion in 2019 to NZ\$7.5 billion in 2023. Of this, the majority of spending (NZ\$5.2 billion in 2019) will be on clothing. With a population of five million people, New Zealand is a comparatively small market. However, high average household incomes and a growing tourism market makes New Zealand an attractive investment opportunity.

Source: New Zealand Consumer & Retail Report – FitchSolutions (Q4 2019)

A.2. Consumer Retail in Australia

E-commerce in Australia is growing rapidly, with online spend reaching 10% of total retail sales in 2018. Australians spent AU\$27.5 billion buying goods online, representing an increase of 24.4% compared to 2017.

Online retail sales by segment



Source: IBIS World Report – Online Shopping in Australia (October 2018)

Australia's retail market is established and well developed. The market includes a variety of large domestic retailers in all sectors and continues to attract new international retailers, particularly in fashion and e-commerce. International firms have experienced an advantage in the e-commerce market due to the slow uptake of online sales by domestic firms.

Clothing and Footwear

- Australia has a well-established fashion industry. However, it has faced several volatile years due to cautious consumer spending, rising real estate rent and lower pressure on prices, on the back of the global financial crisis. Major fashion hubs include Melbourne and Sydney, with smaller cities becoming increasingly attractive to fashion retailers.
- The segment is relatively fragmented as both domestic and international brands compete for market share from consumers across all budget levels.
- Australia's large clothing and footwear sector is becoming increasingly attractive to international fashion retailers. Spending on clothing and footwear is forecast to increase by 3.5% annually from AU\$37.8 billion in 2019 to AU\$43.5 billion in 2023. The majority of spending is expected to be made on clothing (AU\$31.3 billion in 2019), with the remaining spend on footwear (AU\$6.5 billion in 2019).

Source: Australia Consumer & Retail Report – FitchSolutions (Q4 2019)

A.3. Industry trends

2018 was the 'year of the sale', with online sales events fuelling a rise in e-commerce growth. Significant contributors to this growth include the continued rise of buy-now-pay-later usage, mobile shopping and a growing demand for express delivery.

Direct marketing triggers

sales: As more retailers participate in sales events, the ability to capture consumer attention has become crucial. Personalised communication has become key to capturing and maintaining shopper attention.

The need for speed: Online shoppers continuously expect faster service and some savvy retailers are now offering quicker fulfilment and shipment to help convert more sales. Next-day deliveries have grown by 32% in 2018 (62% of these are fashion related).

Seamless customer experience: Some retailers provide consumers with a more holistic approach (e.g. 'Click and Collect' which brings shoppers into a physical store and encourages additional purchases and the ability to purchase from their online store when a product is unavailable).

Buy now pay later (BNPL): Provides credit with no service fee for customers who pay on time. Millennials are the fastest adopters of BNPL. These shoppers are more likely to be female (78.7%) and of a younger demographic. They are also frequent online shoppers, with 86% making monthly online purchases.

Online marketplaces are dominating: Marketplaces provide a platform for third-parties to sell their products directly to consumers. There are increasingly more players in the Australian Marketplace. Newer entrants including Amazon, Catch and Myer, have been in operation for over 12 months. The number of purchases through Marketplaces grew by 31.2% from 2017 to 2018.

Shopping later in the day: Consumers are increasingly choosing to complete a transaction via their smartphones, evidenced by a 6% increase in 2018 from the prior year. Consumers are shopping later in the day with 32% of purchases made between 7-10pm.

Empowering consumers to buy online: The top deterrent to online shopping is not having access to the fit, feel and quality of a product. To minimise this barrier and drive revenue, many online retailers provide a user-friendly returns policy.

Online shopping weeks: In Australia, the five weeks from 11 November to 15 December 2018 accounted for nearly 15% of all e-commerce transactions in 2018. Black Friday and Cyber Monday formed a record-breaking online shopping week in Australian history recording growth above 28% compared to the prior year.

Rise of the conscious consumer: As consumers become more aware of social and environmental impacts, many are choosing to purchase from ethical companies that align to their personal values and are more conscious of environmental impacts and supply chain of the retailer.

Source: Australia Post – 2019 eCommerce Industry Report

Appendix B. - Comparable companies

B.1. Comparable company analysis

The following table summarises an analysis of the comparable company trading multiples:

Comparable company	Market Cap (AUD m)	EV (AUD m)	Premium of P/NTA	P/NTA	EV/EBITDA (FY+1)	EV/Revenue (FY+1)	LTM EBITDA margin	Revenue growth (FY17-FY19)
Noni B Limited	290	283	-55%	0.6x	3.6x	0.3x	5%	67%
City Chic Collective Limited	641	618	106%	-16.2x	18.4x	2.9x	17%	9%
Kathmandu Holdings Limited	1,033	1,051	95%	22.0x	8.5x	1.3x	18%	11%
The PAS Group Limited	22	22	94%	15.9x	n/a	n/a	2%	2%
J.Jill, Inc.	133	91	-74%	0.6x	0.9x	0.1x	15%	5%
Lands' End, Inc.	680	681	100%	n/m	6.4x	0.3x	5%	4%
Myer Holdings Limited	537	576	100%	n/m	3.5x	0.2x	5%	-3%
Accent Group Limited	982	1,033	57%	2.3x	8.6x	1.2x	14%	12%
Premier Investments Limited	3,647	3,627	95%	19.5x	16.9x	2.7x	20%	8%
ASOS Plc	6,648	6,855	86%	7.0x	22.3x	1.2x	6%	19%
boohoo group plc	6,932	6,931	98%	52.2x	31.7x	3.1x	8%	71%
N Brown Group plc	804	1,708	97%	31.0x	6.9x	1.0x	14%	1%
Zalando SE	18,750	17,539	80%	5.0x	25.3x	1.7x	5%	22%
Median			95%	7.0x	8.6x	1.2x	8%	9%
Mean			68%	12.7x	12.8x	1.3x	10%	17%

Source: Capital IQ and PwCS analysis based on information available as at 31 October 2019.

Market capitalisation and EV calculated as at 31 October 2019. Net debt calculated on latest available Annual reports at 31 October 2019.

Includes a 20% control premium.

'n/m' = not meaningful

B.2. Comparable company descriptions

A brief overview of each of the comparable companies (source: Capital IQ) is provided below:

Noni B Limited

Noni B Limited engages in the retail of women's apparel and accessories in Australia. The company sells its products through a national network of boutique stores under the Noni B, Rockmans, W.Lane, beme, Millers, Autograph, Crossroads, Rivers, and Katies brand names. Noni B Limited was founded in 1977 and is based in Rosebery, Australia.

City Chic Collective Limited

City Chic Collective Limited operates as a specialty retailer of women's fashion products in Australia, New Zealand, Germany, the United Kingdom, and the United States. The company sells its products through online and wholesale stores, and operates a network of 104 stores in Australia and New Zealand. City Chic Collective Limited was founded in 1993 and is headquartered in Alexandria, Australia.

Kathmandu Holdings Limited

Kathmandu Holdings Limited designs, markets, wholesales, and retails clothing, footwear, and equipment for travel and adventure in New Zealand, Australia, the United States, and the United Kingdom. The company operates through 168 stores, as well as online. The company was founded in 1987 and is based in Christchurch, New Zealand.

The PAS Group Limited

The PAS Group Limited operates as a retailer and wholesaler of apparel, accessories, and sports equipment for women, men, and children. The company products under several brand names including Review, JETS, Bondi Bather, Black Pepper, White Runway, Yarra Trail, Marco Polo and Fiorelli. It also offers sports products under the Everlast, Dunlop, Slazenger, Lonsdale, and Russell Athletic brands. The PAS Group Limited sells its products through retail stores, department and discount department stores, specialty and independent retailers, as well as online. The PAS Group Limited was founded in 2004 and is based in Mount Waverley, Australia.

J. Jill Inc.

J.Jill Inc. operates as an omni-channel retailer for women's apparel in the United States. The company targets customers 45 years and older. The company markets its products through retail stores, its website, and catalogs. As of April 3, 2019, it operated approximately 280 stores. J.Jill Inc. was founded in 1959 and is headquartered in Quincy, Massachusetts.

Lands' End Inc.

Lands' End, Inc. operates as a multi-channel retailer in the United States, the United Kingdom, Germany, and Japan. The company sells its products online through landsend.com, and affiliated specialty and international Websites; direct mail catalogs; and retail locations primarily at Lands' End Shops at Sears and Lands' End stores. As of February 1, 2019, it operated 49 Lands' End Shops at Sears stores. Lands' End, Inc. was founded in 1963 and is headquartered in Dodgeville, Wisconsin.

Myer Holdings Limited

Myer Holdings Limited operates department stores in Australia. The company offers men, women, beauty, kids and babies, home, entertainment, and gift products, as well as toys, footwear, children's wear, electrical goods, and general merchandise. The company operates approximately 61 stores under the Myer brand name. Myer Holdings Limited was founded in 1900 and is based in Docklands, Australia.

Accent Group Limited

Accent Group Limited engages in the retail, distribution, and franchise of footwear, apparel, and accessories in Australia and New Zealand. Its brands include The Athlete's Foot, Platypus Shoes, Hype DC, Sketchers, Merrell,

CAT, Vans, Dr. Martens, Saucony, Timberland, Sperry, Palladium, Stance, Supra, Subtype, The Trybe, and Podium Sports. The company operates through 479 stores and online sites. Accent Group Limited was founded in 1981 and is based in Richmond, Australia.

Premier Investments Limited

Premier Investments Limited operates various specialty retail fashion chains in Australia, New Zealand, Singapore, the United Kingdom, Ireland, Malaysia, and Hong Kong. The company has a portfolio of retail brands consisting of Just Jeans, Jay Jays, Jacqui E, Portmans, Dotti, Peter Alexander, and Smiggle. The company provides its products through approximately 1,200 stores, as well as through online. The company was incorporated in 1987 and is based in Melbourne, Australia.

ASOS Plc

ASOS Plc operates as an online fashion retailer in the United Kingdom, the United States, Australia, France, Germany, Spain, Italy, Sweden, the Netherlands, and Russia. It sells approximately 85,000 branded and ASOS brand products primarily through its Website, asos.com, as well as through social media platforms and magazines. ASOS Plc was founded in 2000 and is headquartered in London, the United Kingdom.

boohoo Group Plc

boohoo group plc operates as an online fashion retailer in the United Kingdom, rest of Europe, the United States, and internationally. The company designs, sources, markets, and sells clothing, shoes, accessories, and beauty products for 16-30 year old men and women. boohoo group plc was founded in 2006 and is headquartered in Manchester, the United Kingdom.

N Brown Group Plc

N Brown Group plc operates as a digital fashion retailer in the United Kingdom. The company offers a range of clothing, footwear, and homeware products for men, women, and kids under the JD Williams, Simply Be, Jacamo, Oxendales, Figleaves, House of Bath, High and Mighty, Premier Man, Slimma, Diva, Dannimac, and Ambrose Wilson brands. The company was founded in 1859 and is headquartered in Manchester, the United Kingdom.

Zalando SE

Zalando SE operates as an online fashion and lifestyle retailer in Europe. It offers a range of products, including shoes, apparel, accessories, and beauty products for women, men, and children. The company also sells its products through its Zalando Lounge; and brick-and-mortar stores in Berlin, Frankfurt am main, and Cologne. Zalando SE was founded in 2008 and is headquartered in Berlin, Germany.

Appendix C. - Comparable transactions

C.1. Comparable transaction analysis

The following table provides analysis of the comparable transaction multiples:

Date closed	Target	Buyer	Implied EV (AUD m)	Percent Sought	EV/EBITDA	EV/Revenue
12-Aug-19	Catch Group Holdings Limited	Wesfarmers Limited	242	100%	39.2x	0.9x
31-May-19	Gazal Corporation Limited	PVH Corp.	298	78%	16.0x	13.2x
08-May-19	Trade Me Group Limited	Apax Partners LLP; GIC Pte. Ltd.; Apax IX, L.P.	2,559	100%	18.4x	10.5x
02-Jul-18	Specialty Fashion Group Limited	Noni B Limited	31*	100%	<2.0x	0.1x
09-Apr-18	Billabong International Limited	Boardriders, Inc.	347	81%	7.1x	0.4x
12-Feb-18	BNT Holdco Pty Limited	Hanesbrands Inc.	500	100%	10.0x	2.8x
27-Nov-17	Accent Group Limited	BBRC International Pte Ltd	567	12%	7.0x	0.9x
05-Sep-16	Pretty Girl Fashion Group Pty Ltd	Noni B Limited	75*	100%	6.6x	0.3x
04-Aug-16	Hype DC Pty Limited	RCG Corporation Limited	105	100%	8.4x	0.9x
14-Jul-16	Pacific Brands Limited	Hanesbrands Inc.	954	100%	11.7x	1.2x
30-Jun-16	Champion Europe S.r.l.	Hanesbrands Inc.	298	100%	10.0x	N.A
09-Nov-15	The PAS Group Limited	Coliseum Capital Management; Brightleaf Capital; Blackwell Partners LLC; Coliseum Capital Partners; Coliseum Capital Co-Invest L.P.	80	26%	4.0x	0.3x
21-Aug-15	ANN INC.	Ascena Retail Group, Inc.	3,014	100%	9.2x	0.8x
29-Jun-15	Sheplers, Inc.	Boot Barn, Inc.	192	100%	9.9x	0.9x
25-Jun-15	New Look Retail Group Limited	Brait Mauritius Limited	3,934	100%	9.3x	1.4x
27-May-15	ACCENT FOOTWEAR NZ, Ltd.	RCG Corporation Limited (nka:Accent Group Limited)	200	100%	7.5x	1.1x
Minimum					2.0x	0.1x
Median					9.1x	0.9x
Mean					11.0x	2.4x
Maximum					39.2x	13.2x

Notes: *Purchase consideration presented as implied EV is unavailable.

Source: Capital IQ, Mergermarket, ASX announcements and PwCS analysis based on information available as at 31 October 2019.

C.2. Target company descriptions

A brief overview of each of the target companies acquired in the comparable transactions (source: Capital IQ) are provided below:

Catch Group Holdings Limited

Catch Group Holdings Limited, together with its subsidiaries, engages in online retail and e-commerce activities in Australia. The company was incorporated in 2012 and is based in Bentleigh East, Australia. As of August 12, 2019, Catch Group Holdings Limited operates as a subsidiary of Wesfarmers Limited.

Gazal Corporation Limited

Gazal Corporation Limited acts as an apparel supplier in Australasia. It offers casualwear, men's business shirts, and intimate and swim apparels primarily under the Van Heusen, Calvin Klein, Pierre Cardin, PVH Brands Australia, Nancy Ganz, and Bracks brand names. The company is also involved in the retail of Calvin Klein, Tommy Hilfiger, and Van Heusen products. Gazal Corporation Limited was founded in 1958 and is based in Banksmeadow, Australia. As of May 31, 2019, Gazal Corporation Limited operates as a subsidiary of PVH Corp.

Trade Me Group Limited

Trade Me Group Limited operates and manages an online marketplace and classified advertising platform in New Zealand. It operates through Classifieds, General Items, and Other segments. The Classifieds segment operates classified advertising sites for motors, property, and jobs. The General Items segment engages in the online marketplace business. The Other segment offers advertising, dating, payments gateway, life and health insurance comparison, and general insurance services. The company also provides new and used goods marketplace, real estate and employment, and other ancillary online services. Trade Me Group Limited was founded in 1999 and is headquartered in Wellington, New Zealand.

Specialty Fashion Group Limited

As of July 2, 2018, Millers, Katies, Crossroads, Autograph and Rivers Brands of Specialty Fashion Group Limited was acquired by Noni B Limited. Millers, Katies, Crossroads, Autograph and Rivers Brands of Specialty Fashion Group Limited comprises apparel retail brands.

Billabong International Limited

Billabong International Limited engages in the marketing, distribution, wholesale, and retail of apparel, accessories, eyewear, wetsuits, and hard goods in the board sports sector in the Asia Pacific, the Americas, Europe, and internationally. The company provides surf, skate, snow, and sports apparel, accessories, and hardware products under the Billabong, Element, RVCA, Kustom, Palmers, Honolua, Xcel, and Von Zipper brand names. Billabong International Limited was founded in 1973 and is based in Burleigh Heads, Australia. As of April 9, 2018, Billabong International Limited operates as a subsidiary of Boardriders, Inc.

BNT Holdco Pty Limited

BNT Holdco Pty Limited was incorporated in 2008 and is based in Milperra, Australia. As of February 12, 2018, BNT Holdco Pty Limited operates as a subsidiary of Hanesbrands Inc.

Accent Group Limited

Accent Group Limited engages in the retail, distribution, and franchise of footwear, apparel, and accessories in Australia and New Zealand. Its brands include The Athlete's Foot, Platypus Shoes, Hype DC, Skechers, Merrell, CAT, Vans, Dr. Martens, Saucony, Timberland, Sperry, Palladium, Stance, Supra, Subtype, The Trybe, and Podium Sports. The company operates through 479 stores and online sites. Accent Group Limited was founded in 1981 and is based in Richmond, Australia.

Pretty Girl Fashion Group Limited

Pretty Girl Fashion Group Pty Ltd owns and operates fashion retail outlets that sell apparel and accessories for women in Australia. The company was incorporated in 1991 and is based in Tempe, Australia. As of September 5, 2016, Pretty Girl Fashion Group Pty Ltd operates as a subsidiary of Noni B Limited.

Hype DC Pty Limited

Hype DC Pty Limited retails footwear and other merchandize in Australia. It operates retail stores that offer footwear for men, women, and kids, as well as apparel and accessories for men and women. The company also sells products online. The company was founded in 1998 and is based in Sydney, Australia. Hype DC Pty Limited operates as a subsidiary of RCG Corporation Limited.

Pacific Brands Limited

Pacific Brands Limited imports, manufactures, markets, distributes, wholesales, and retails consumer products in Australia and internationally. The company provides its products under the Bonds, Berlei, Jockey, Explorer, Razzamatazz, Voodoo, Rio, Holeproof, Red Robin, Sheridan, Actil, Tontine, Dunlop Flooring, Dunlopillo, Fairydown, Heartridge, Crestell, Sheer Relief, and Hestia brand names. Pacific Brands Limited sells its products through a network of wholesale channels and retail stores, as well as online. The company is based in Camberwell, Australia. As of July 15, 2016, Pacific Brands Limited operates as a subsidiary of Hanesbrands Inc.

Champion Europe S.r.l.

Champion Europe S.r.l. manufactures athletic apparel and accessories. The company offers sweatshirts, tee shirts, sweatpants, shorts, and more for men and women. It provides its products through its stores in Bulgaria, Croatia, Greece, Italy, Romania, Serbia, and Slovenia. The company also engages in online retailing of its products. It was formerly known as Champion Knitwear Company. The company was founded in 1919 and is based in Carpi, Italy. As of June 30, 2016, Champion Europe S.p.A. operates as a subsidiary of Hanesbrands Inc.

The PAS Group Limited

The PAS Group Limited operates as a retailer and wholesaler of apparel, accessories, and sports equipment for women, men, and children. The company products under several brand names including Review, JETS, Bondi Bather, Black Pepper, White Runway, Yarra Trail, Marco Polo and Fiorelli. It also offers sports products under the Everlast, Dunlop, Slazenger, Lonsdale, and Russell Athletic brands. The PAS Group Limited sells its products through retail stores, department and discount department stores, specialty and independent retailers, as well as online. The PAS Group Limited was founded in 2004 and is based in Mount Waverley, Australia.

ANN INC.

ANN INC. engages in the retailing of women's apparel, shoes, and accessories under the Ann Taylor and LOFT brands. ANN INC. was founded in 1954 and is headquartered in New York, New York. As of August 21, 2015, ANN INC. operates as a subsidiary of Ascena Retail Group Inc.

Sheplers Inc.

Sheplers, Inc. provides apparel and accessories for men, women, and children. The company sells products through its stores, an online store, and catalog. Sheplers, Inc. was founded in 1899 and is based in Wichita, Kansas. It has stores in Arizona, Colorado, Florida, Kansas, Missouri, Nebraska, Oklahoma, and Texas. As of June 29, 2015, Sheplers, Inc. operates as a subsidiary of Sheplers Holding Corporation.

New Look Retail Group Limited

New Look Retail Group Limited operates a chain of retail stores that sell apparel, footwear, and accessories for women, men, and teenage girls. The company sells its product online and operates stores in the United Kingdom, Ireland, France, Belgium, Poland, China, Germany, Eastern Europe, the Middle East, and Asia. New Look was founded in 1969 and is based in Weymouth, United Kingdom. New Look Retail Group Limited operates as a subsidiary of Top Gun Midco Limited.

ACCENT FOOTWEAR NZ Ltd.

ACCENT FOOTWEAR NZ, Ltd. retails and distributes shoes in Australasia. The company was incorporated in 1937 and is based in Auckland, New Zealand. It has sales offices in Sydney, Brisbane, and Melbourne, Australia; and Auckland, New Zealand. As of May 27, 2015, ACCENT FOOTWEAR NZ, Ltd. operates as a subsidiary of RCG Corporation Limited.

For personal use only

Appendix D. - Statement of qualifications and declarations

D.1. Qualifications

PwCS is beneficially owned by the partners of PricewaterhouseCoopers (PwC), a large international entity of chartered accountants and business advisors. PwCS holds an Australian Financial Services Licence under the Corporations Act.

Richard Stewart OAM is a Senior Fellow of the Financial Services Institute of Australasia, Chartered Accountants in Australia and New Zealand (CAANZ) and the Society of Certified Practising Accountants in Australia. He is also an Adjunct Professor in Business Valuation at the University of Technology, Sydney and is Business Valuations Specialist Accredited, CAANZ. He holds a Bachelor of Economics and a Masters of Business Administration. He has 34 years' experience with PwC and extensive experience in preparing valuations and Independent Expert reports as well as providing merger and acquisition advice. He is also a partner of PwC, and is an authorised representative of PwCS.

Richard Stewart was assisted by Meredith Chester and Siobhan Hall in the preparation of this Independent Expert Report.

D.2. Declarations

Prior to accepting this engagement, we considered our independence with respect to Noni B Limited by reference to ASIC Regulatory Guide 112 Independence of Experts. In our opinion, we are independent of Noni B Limited and the outcome of the transaction.

Neither PwCS nor PwC has any interest in the outcome of the Offer. PwCS will receive a fee of approximately \$100,000, exclusive of GST, in relation to the preparation of this Independent Expert's Report. The fee payable to us is payable regardless of the outcome of the Proposed Transaction. None of PwCS, PwC, Mr Stewart, Ms Chester and Ms Hall hold securities in Noni B Limited and have not held any such beneficial interest in the previous two years.

A draft of this report was provided to the directors of Noni B Limited for a review of factual accuracy on 12 November 2019 with a final draft provided on 19 November 2019. No changes to our opinion arose as a result of this review.

D.3. Purpose of report

This Independent Expert's Report has been prepared at the request of the Directors of Noni B Limited and should not be used for any other purpose. In particular, it is not intended that this Independent Expert's Report should serve any purpose other than an expression of our opinion on whether the Proposed Transaction is Fair and Reasonable to the Non-Associated Shareholders. This Independent Expert's Report has been prepared solely for the benefit of the Directors of Noni B Limited and for the benefit of the existing shareholders of Noni B Limited. Neither the whole nor any part of this Independent Expert's Report nor any reference to it may be included in or attached to any document, circular, resolution, letter or statement without our prior written consent to the form and context in which it appears.

D.4. Special note regarding forward-looking statements and forecast financial information

Certain statements in this Independent Expert's Report may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of Noni B Limited to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following:

- General economic conditions;

-
- The future movements in interest rates and taxes;
 - The impact of terrorism and other related acts on broader economic conditions;
 - Changes in laws, regulations or governmental policies or the interpretation of those laws or regulations to Noni B Limited in particular; and
 - Other factors referenced in this Independent Expert's Report.

D.5. Indemnity

In preparing this Independent Expert's Report, Noni B Limited has indemnified PwCS, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by Noni B Limited which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

In addition, Noni B Limited has agreed that if it makes any claim against PwC or PwCS for loss as a result of a breach of our contract, and that loss is contributed to by its own actions, then liability for its loss will be apportioned having regard to the respective responsibility for the loss, and the amount Noni B Limited may recover from PwCS will be reduced by the extent of its contribution to that loss.

D.6. Consent

PwCS has consented in writing to this Report in the form and context in which it appears being included in the Explanatory Memorandum which will be issued by the directors of Noni B Limited and which will be distributed to Shareholders.

Neither PwCS nor PricewaterhouseCoopers has authorised or caused the issue of all or any part of the Explanatory Memorandum other than this report. Neither the whole nor any part of this report nor any reference to it may be included in or with or attached to any other document, circular, resolution, letter or statement without the prior consent of PwCS to the form in which it appears.

D.7. APES 225 "Valuation Services"

This Independent Expert report has been prepared in accordance with APES 225 "Valuation Services".

Appendix E. - Sources of information

In preparing this Independent Expert's Report, we have had access to and relied upon major sources of information, including:

- ASX announcements for Noni B Limited
- Pro-forma accounts for EziBuy Limited
- Discussions with management and the advisers to Noni B Limited
- Other information provided by management of Noni B Limited
- Information obtained from Bloomberg, Capital IQ, Mergerstat, Broker Reports and IBISWorld Industry Reports
- Other publicly available information including information from websites

We have not performed an audit, review or any other verification of the information presented to us. Accordingly, we express no opinion on the reliability of the information supplied to us.

In forming our opinion PwCS has assumed that:

- Matters such as compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed.
- The information set out sent by Noni B Limited to its shareholders is complete, accurate and fairly presented in all material aspects.
- The publicly available information relied on by PwCS in its analysis was accurate and not misleading.

In addition, PwCS assumes no responsibility and offers no legal opinion or interpretation on any issue in respect of legal issues relating to assets, properties, or business interests or issues regarding compliance with applicable laws, regulations and policies.

Appendix F. - Glossary

Term	Definition
A\$	Australian dollar
Alceon	Alceon Group Pty Limited, or the Vendor
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BNPL	Buy Now Pay Later
CAANZ	Chartered Accountants in Australia and New Zealand
CoE	Capitalisation of future maintainable earnings
Corporation Act	Corporations Act 2001 Section 661A
DCF	Discounted cash flows
EBITDA	Earnings before interest, tax, depreciation and amortisation
Effective Date	21 November 2019
EPS	Earnings per share
EV	Enterprise value
EziBuy	EziBuy Limited, or the Target
FSG	Financial Services Guide
FY	Fiscal Year (01 July to 30 June)
GST	Goods and services tax
IER	Independent Expert's report
Independent Directors	Independent directors of Noni B Limited
LTM	Last twelve months
m	Million
Non-Associated Shareholders	Non-Associated Shareholders of Noni B Limited
Noni B	Noni B Limited, or the Company
NTA	Net tangible assets
NZ\$	New Zealand dollar
P	Price (equivalent to Market Capitalisation)
Peer Group	Comparable public company peer group
Proposed Buyer Option	An option for Noni B to acquire the remaining 49.9% of EziBuy on or before 31 December 2020 for cash payment of A\$11.0 million
Proposed Initial Transaction	Acquisition of a 50.1% interest in EziBuy for A\$1 consideration on 21 November 2019 (Proposed Initial Transaction)
Proposed Transaction	The Proposed Initial Transaction and Proposed Buyer Option
PwC	PricewaterhouseCoopers

For personal use only

PwCS	PricewaterhouseCoopers Securities Ltd
RG76	Regulatory Guide 76 (Related party transactions)
RG111	Regulatory Guide 111 (Content of expert reports)
RG112	Regulatory Guide 112 (Independence of experts)
Valuation Date	31 October 2019

Appendix G. - Financial Services Guide

G.1. PricewaterhouseCoopers Securities Ltd

This Financial Services Guide (FSG) is dated 20 November 2019.

G.2. About us

PwCS (A54 003 311 617, Australian Financial Services Licence No 244572) has been engaged by Noni B Limited to provide a report in the form of an Independent Expert's report (IER).

G.3. This financial services guide

This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration PwCS may receive in connection with the preparation of the IER, and how complaints against us will be dealt with.

G.4. Financial services we are licensed to provide

Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds and deposit products.

G.5. General financial product advice

The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

G.6. Fees, commissions and other benefits we may receive

PwCS charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages PwCS to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and are approximately \$100,000.

Directors, authorised representatives or employees of PwCS, PricewaterhouseCoopers (PwC), or other associated entities, may receive partnership distributions, salary or wages from PwC.

G.7. Associations with issuers of financial products

PwCS and its authorised representatives, partners, employees and associates may from time to time have relationships with the issuers of financial products. For example, PwC may be the auditor of, or PwCS may provide financial advisory services to, the issuer of a financial product in the ordinary course of its business.

G.8. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request. If we are not able to resolve your complaint to your satisfaction within 45

days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS), and external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

G.9. Compensation arrangements

PwCS has professional indemnity insurance in place that satisfies the compensation arrangement requirements under section 912B of the Corporations Act. This insurance will cover claims in relation to the conduct of representatives and employees who no longer provide services to PwCS (but who did at the time of the relevant conduct).

G.10. Contact details

PwCS can be contacted by sending a letter to the following address:

Mr Richard Stewart

Authorised Representative

PricewaterhouseCoopers Securities Ltd

GPO Box 2650

SYDNEY NSW 1171



NONI-B LIMITED/NBL ABN 96 003 321 579

NBL

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10.00am (Sydney time)** on **Saturday 21 December 2019**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Noni B Limited hereby appoint

the Chair of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chair of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Noni B Limited to be held at Level 32, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, on Monday 23 December 2019, at 10.00am (Sydney time) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Approval of an acquisition of a substantial asset from a substantial shareholder by the grant and exercise of the NBL Call Option	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Approval of the disposal of a substantial asset to a substantial shareholder by the exercise of the Alceon Call Option	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Approval of the disposal of a substantial asset to a substantial shareholder by the exercise of the NBL Put Option	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval of the acquisition or disposal of a substantial asset to or from a substantial shareholder by way of the Default Acquisition Right	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Approval in respect of the Ezibuy Security and NBL Support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically



For personal use only

MOSAIC

BRANDS LTD

Extraordinary General Meeting Dec 23rd 2019

Millers WOMAN •  rockmans • NONI B •  rivers • KATIES • AUTOGRAPH • W·LANE • CROSSFOODS • beme

Resolution 1

Item 1: Approval of an acquisition of a substantial asset from a substantial shareholder by the grant and exercise of the NBL call option

“That, for the purposes of Listing Rule 10.1 and for all other purposes, and subject to Shareholder approval of Resolutions 2, 3, 4 and 5, Shareholders approve the grant by Alceon Retail to the Company of a call option under which the Company is entitled to acquire 49.9% of the shares in Ezibuy and the exercise of that option by the Company, on the terms and conditions set out in the Explanatory Memorandum”.

Resolution	Vote type	Voted	%	% of all securities
1, APPROVE NBL CALL OPTION	For	41,719,967	99.6	43.03
	Against	82,509	0.2	0.09
	Open-Usable	84,993	0.2	0.09
	Abstain	164,307	N/A	0.17

For personal use only

Resolution 2

Item 2 : **Approval of the disposal of a substantial asset to a substantial shareholder by the exercise of the Alceon Call Option**

“That, for the purposes of Listing Rule 10.1 and for all other purposes, and subject to Shareholder approval of Resolutions 1, 3, 4 and 5, Shareholders approve the exercise of a call option to be granted by the Company to Alceon Retail under which Alceon Retail is entitled to acquire 50.1% of the shares in Ezibuy from the Company, on the terms and conditions set out in the Explanatory Memorandum”.

Resolution	Vote type	Voted	%	% of all securities
2, APPROVE ALCEON CALL OPT	For	41,719,967	99.6	43.03
	Against	82,509	0.2	0.09
	Open-Usable	84,993	0.2	0.09
	Abstain	164,307	N/A	0.17

For personal use only

Resolution 3

For personal use only

Item 3 : Approval of the disposal of a substantial asset to a substantial shareholder by the exercise of the NBL Put Option

“That, for the purposes of Listing Rule 10.1 and for all other purposes, and subject to Shareholders approval of Resolutions 1, 2, 4 and 5, Shareholders approve the exercise by the Company of a put option granted to the Company in respect of the sale by it of 50.1% of its shares in Ezibuy to Alceon Retail, on the terms and conditions set out in the Explanatory Memorandum”.

Resolution	Vote type	Voted	%	% of all securities
3, APPROVE NBL PUT OPTION	For	41,719,967	99.6	43.03
	Against	82,509	0.2	0.09
	Open-Usable	84,993	0.2	0.09
	Abstain	164,307	N/A	0.17

Resolution 4

Item 4 : **Approval of the acquisition or disposal of a substantial asset to or from a substantial shareholder by way of the Default Acquisition Right**

“That, for the purposes of Listing Rule 10.1 and for all other purposes, and subject to Shareholder approval of Resolutions 1, 2, 3 and 5, Shareholders approve:

- *the exercise of an option by Alceon Retail to acquire 50.1% of the shares in Ezibuy from the Company (subject to an event of default occurring in respect of the Company under the SHA) and,*
- *the exercise of an option by the Company to acquire 49.9% of the shares in Ezibuy from Alceon Retail (subject to an event of default occurring in respect of Alceon Retail under the SHA),*

in either case, on the terms and conditions set out in the Explanatory Memorandum”.

Resolution	Vote type	Voted	%	% of all securities
4, DEFAULT ACQUISITION RIGHT	For	41,739,066	99.65	43.05
	Against	64,487	0.15	0.07
	Open-Usable	84,993	0.2	0.09
	Abstain	163,230	N/A	0.17

For personal use only

Resolution 5

Item 5 : Approval in respect of the Ezibuy Security and NBL Support

“That, for the purposes of Listing Rule 10.1 and for all other purposes, and subject to Shareholder approval of Resolutions 1, 2, 3 and 4, Shareholders approve:

- a) the exercise by Alceon Retail of its rights under the security granted by Ezibuy and the other members of the Ezibuy Group to Alceon Security Trustee as security trustee for the benefit of Alceon retail in connection with the Alceon shareholder loan;*
- b) the exercise by AMAC of its rights under the security granted by Ezibuy and the other members of the Ezibuy Group to Alceon Security Trustee as security trustee for the benefit of AMAC in connection with the facility made available by AMAC om connection with the Ezibuy WC facility; and*
- c) the entry into the NBL Support by the Company*

In each case, on the terms and conditions set out in the Explanatory Memorandum”

Resolution	Vote type	Voted	%	% of all securities
5, EZIBUY SEC & NBL SUPPORT	For	41,743,143	99.66	43.05
	Against	60,410	0.14	0.06
	Open-Usable	84,993	0.2	0.09
	Abstain	163,230	N/A	0.17



GROUND FLOOR
61 DUNNING AVENUE
ROSEBERY NSW 2018

T: 1300 728 980
ABN: 96 003 321 579

**Mosaic Brands Limited
(ASX: MOZ)**

ASX Release

Results of the Extraordinary General Meeting Dec 23rd 2019

In accordance with Listing Rule 3.13.2 and section 251AA of the Corporations Act, we advise details of the resolutions and the proxies received in respect of each resolution are set out in the attached summary.

-ENDS-

For media and shareholder queries, please contact:

Anthony Tregoning
Financial & Corporate Relations (FCR)
02 8264 1000 / 0411 852 448



Living our purpose with shared values and behaviours.

For personal use only

Mosaic Brands Ltd
Extraordinary General Meeting
Monday, 23 December 2019
Voting Results

The following information is provided in accordance with section 251AA(2) of the Corporations Act 2001 (Cth).

Resolution details		Instructions given to validly appointed proxies (as at proxy close)			Number of votes cast on the poll (where applicable)			Resolution Result	
Resolution	Resolution Type	For	Against	Proxy's Discretion	Abstain	For	Against	Abstain*	
1. Approval of an acquisition of a substantial asset from a substantial shareholder by the grant and exercise of the NBL Call Option	Ordinary	41,719,967 99.60%	82,509 0.20%	84,993 0.20%	164,307	41,805,750 99.80%	82,509 0.20%	164,307	Carried
2. Approval of the disposal of a substantial asset to a substantial shareholder by the exercise of the Alceon Call Option	Ordinary	41,719,967 99.60%	82,509 0.20%	84,993 0.20%	164,307	41,805,750 99.80%	82,509 0.20%	164,307	Carried
3. Approval of the disposal of a substantial asset to a substantial shareholder by the exercise of the NBL Put Option	Ordinary	41,719,967 99.60%	82,509 0.20%	84,993 0.20%	164,307	41,805,750 99.80%	82,509 0.20%	164,307	Carried
4. Approval of the acquisition or disposal of a substantial asset to or from a substantial shareholder by way of the Default Acquisition Right	Ordinary	41,739,066 99.65%	64,487 0.15%	84,993 0.20%	163,230	41,824,849 99.85%	64,487 0.15%	163,230	Carried
5. Approval in respect of the Ezibuy Security and NBL Support	Ordinary	41,743,143 99.66%	60,410 0.14%	84,993 0.20%	163,230	41,828,926 99.86%	60,410 0.14%	163,230	Carried

* Votes cast by a person who abstains on an item are not counted in calculating the required majority on a poll.