



HBC and Insight Partners Launch Saks as a Standalone Ecommerce Company Set to Rapidly Expand Customer Base in Growing Online Luxury Fashion Market

- *Raises \$500 million from Insight Partners to create preeminent luxury ecommerce platform, valuing Saks at \$2 billion*
 - *Marc Metrick to serve as CEO and board member of new company*
 - *Sebastian Gunningham to join Saks board and serve as advisor*

NEW YORK, March 5, 2021 - HBC and leading growth capital investor, Insight Partners, have entered into a partnership that establishes Saks Fifth Avenue's ecommerce business as a standalone entity, which will be known as Saks. Insight Partners has made a \$500 million minority equity investment in Saks, valuing the business at \$2 billion. The retailer's 40-store fleet will operate separately as an entity referred to as SFA, which remains wholly owned by HBC. As separate but related sister companies, Saks and SFA will be better able to appropriately plan for and invest in their respective service models.

HBC's Governor, Executive Chairman and CEO, Richard Baker said, "Luxury ecommerce is poised for exponential growth, and as a standalone digital company with an existing strong position in luxury, Saks is primed to win significant market share. With this move, we are redefining the luxury shopping ecosystem, supercharged by an enviable customer base, incomparable brand equity, long-standing relationships with top designers, and exquisite stores in top markets across North America. The team's fashion expertise combined with a renewed digital focus will provide customers with an unmatched shopping experience. Furthermore, this transaction reinforces HBC's ability to unlock significant value within our company's assets. We are delighted to partner with Insight Partners, a firm globally recognized for its ability to scale Internet, software and ecommerce leaders, to unleash Saks' full potential as the preeminent luxury ecommerce platform."

ACCELERATING SAKS' GROWTH AS A LUXURY ECOMMERCE PLATFORM

Marc Metrick, previously President and CEO of Saks Fifth Avenue, will serve as CEO of Saks and a member of the company's board of directors. Under his leadership, Saks will make strategic investments to evolve and expand its online experience. These investments will bolster Saks' already well-established digital business, starting with strengthening its service model through elevated styling capabilities and data-driven personalization. Ultimately, Saks will feature a hybrid retail and marketplace platform, expanding its assortment while maintaining a curated experience.

Baker continued, "Marc's leadership of Saks Fifth Avenue over the past several years drove a total transformation of the brand and customer experience. His efforts, along with those of his expert management team, enabled the business to generate industry-leading top-line growth and impressive market penetration. With this, I am confident that he will bring this same innovative leadership to Saks as it embarks on its journey as a standalone ecommerce company."

Mr. Metrick said, "For nearly a century, our customers have loved and trusted the Saks Fifth Avenue shopping experience, cementing the brand as a leading fashion authority and setting the bar in luxury retail. As a standalone company, we are well-positioned to make the appropriate investments to drive exponential growth and deliver the same exceptional experience online. We are energized by the opportunities that lie ahead for our customers and our vendor partners. This is a pivotal beginning of Saks' next one hundred years as a leading luxury retailer."

With Saks' transition to an ecommerce business, Sebastian Gunningham will join the company's board of directors and serve as an advisor. Mr. Gunningham was previously a member of the executive team at Amazon and led its marketplace expansion, among other large technology and operational divisions at the company. He has also held executive roles at Apple and Oracle, along with other leadership roles at world-class enterprises.

Insight Partners' Managing Director, Deven Parekh added, "Luxury ecommerce is an exceptionally resilient high-growth sector and we are excited to invest in an iconic century-old brand that has so successfully morphed to a native digital strategy. Saks has thrived by continuously reinventing itself but by also staying close to its strategy of being the premier partner of choice of so many leading global brands. We look forward to partnering with Marc and the rest of his management team as they continue to expand their global customer base and become the defining company in luxury ecommerce."

STORES TO REMAIN KEY CUSTOMER TOUCHPOINT

Saks Fifth Avenue will remain as the customer-facing name for both businesses. Saks and SFA will work in conjunction to continue delivering a seamless customer experience. Returns, exchanges and SaksFirst credit cards will continue to be accepted both online and in stores.

Saks will lead marketing and merchandising across both businesses, while the stores will fulfill the physical functions of Saks, such as Buy Online, Pick Up In-Store, exchanges, returns and alterations. Saks will retain ownership and control of the Saks Fifth Avenue intellectual property, including the brand and visual identity.

Larry Bruce has been appointed President of SFA and will report directly to Mr. Baker. Mr. Bruce has been with Saks Fifth Avenue for nearly 20 years and has served for the past eight years as Director of Stores. Mr. Metrick added, "The Saks Fifth Avenue brand is rooted in delivering the best in fashion and beauty. Saks' expanding online presence will drive brand awareness while the physical locations will continue to serve as an important customer touchpoint. I am certain that Larry is the right leader to continue driving the store fleet into the future. We look forward to maintaining a symbiotic relationship and working together to provide a seamless customer experience across all channels."

Rhône Capital, a significant shareholder of HBC, was actively involved in the transaction.

Franz-Ferdinand Buerstedde, Managing Director, Rhône Capital, said, "There is great potential in businesses that operate at the intersection of retail, technology and real estate. We are pleased to see this transaction come to fruition and are confident it will lead to significant value creation. The strategy to expand Saks' ecommerce offering while continuing to serve customers through its well-positioned store locations will be mutually beneficial, and further solidify the Saks Fifth Avenue brand as the true leader in luxury retail."

ADVISORS

Morgan Stanley & Co. LLC served as HBC's placement agent for the transaction.

Ropes & Gray LLP and Stikeman Elliott LLP served as legal advisors to HBC.

District Capital Partners served as financial advisor and Willkie Farr & Gallagher LLP served as legal advisor to Insight Partners.

ABOUT HBC

HBC is a holding company of portfolio businesses that operate at the intersection of retail and real estate. A long-term investor in iconic companies, HBC's valuable assets span top markets and prime locations across North America.

Among HBC's portfolio companies are three distinguished retailers: Saks Fifth Avenue, a premier luxury retailer, Hudson's Bay, Canada's preeminent multi-category retailer, and Saks OFF 5TH, a leading off-price retailer.

HBC owns or controls, either entirely or with joint venture partners, approximately 40 million square feet of gross leasable area. HBC Properties and Investments, the company's real estate and investments portfolio business, manages these assets along with additional real estate offerings, including Streetworks Development, its property development division.

Founded in 1670, HBC is North America's longest continually operating company and is headquartered in Toronto and New York. For more information visit: www.hbc.com.

ABOUT INSIGHT PARTNERS

Insight Partners is a leading global venture capital and private equity firm investing in high-growth technology and software ScaleUp companies that are driving transformative change in their industries. Founded in 1995, Insight Partners has invested in more than 400 companies worldwide and has raised through a series of funds more than \$30 billion in capital commitments. Insight's mission is to find, fund, and work successfully with visionary executives, providing them with practical, hands-on software expertise to foster long-term success. Across its people and its portfolio, Insight encourages a culture around a belief that ScaleUp companies and growth create opportunity for all. For more information on Insight and all its investments, visit insightpartners.com or follow us on Twitter @insightpartners.

ABOUT SAKS FIFTH AVENUE

Saks Fifth Avenue is the leading name in luxury shopping. Since 1924, the brand has maintained a reputation for delivering an expertly curated assortment of fashion and highly personalized service. The Saks Fifth Avenue experience offers seamless all-channel shopping through an elevated digital platform and in-person services provided by an extraordinary network of 40 Saks Fifth Avenue stores across North America.

Shop on Saks.com and the Saks app, or visit Saks.com to find a Saks Fifth Avenue store location near you.

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