

city chic collective

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LEADING A WORLD OF CURVES

INTERIM FY21 RESULTS

24 February 2021



# 1H FY21 RESULT HIGHLIGHTS

**\$119m**

Global Sales

**13.5%**

Top Line Sales  
Growth

**20.8%**

Comp Sales<sup>1</sup>  
Growth

**801k**

Active Customers  
YoY Growth of 56%,  
adding 286k<sup>2</sup>

**73%**

Online Sales  
Penetration<sup>3,4</sup>

**\$23.3m**

Underlying  
EBITDA<sup>5</sup>

**21.8%**

Underlying EBITDA <sup>5</sup>  
Growth

**19.6%**

Underlying EBITDA <sup>5</sup>  
Margin

**\$13.1m**

Statutory  
Net Profit After Tax  
YoY Growth of 24.8%

**45%**

Sales in  
Northern Hemisphere<sup>4</sup>

1. Excludes the period Victorian stores were closed due to COVID-19 restrictions (July - October 2020). Including Victorian store closures the CSG was 12.7%. In both calculations, CSG excludes Wholesale and Online Marketplaces and includes Avenue from mid-October 2020 (one year since acquisition)
2. Active customers include customers who have shopped online, in stores and omni-channel in the last 12 months; excludes wholesale and dropship customers
3. Online represents websites and online marketplace sales
4. Based on last 12 months revenue to remove seasonality impacts
5. Underlying EBITDA adjusted for net expenses of \$0.6m, which include transaction costs associated with the July-August 2020 equity raise and the acquisition of Evans, as well as other adjustments. Underlying EBITDA is on a pre-AASB16 basis in order to present earnings on a like-for-like basis to prior periods.

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Phil Ryan, CEO

Munraj Dhaliwal, CFO

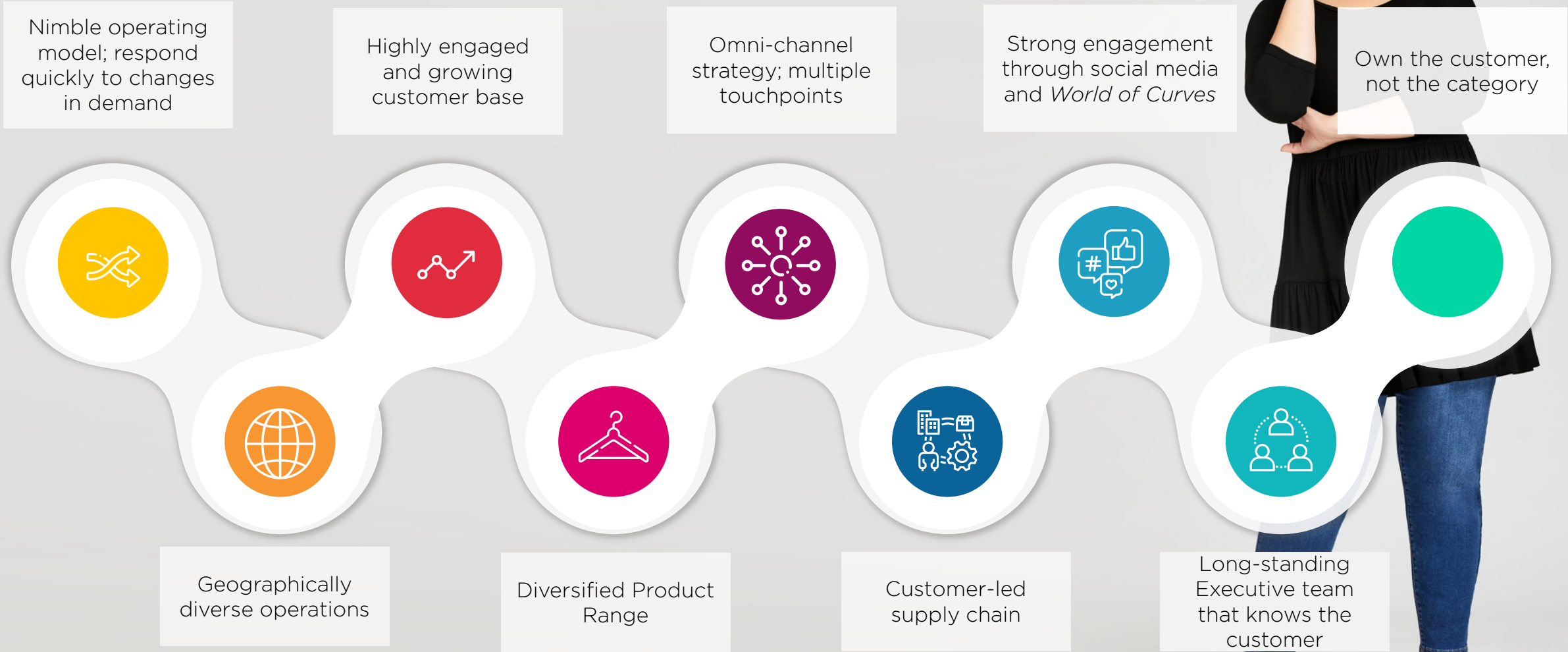




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CITY CHIC COLLECTIVE

# CUSTOMER-CENTRIC OPERATING MODEL





FIERCELY FASHIONABLE

CITY CHIC



SERIOUS STREET STYLE

CCX



LUSTFUL LINGERIE

HIPS & CURVES / FOX & ROYAL



MODERN FASHIONABILITY

EVANS



EVERYDAY ESSENTIALS

AVENUE

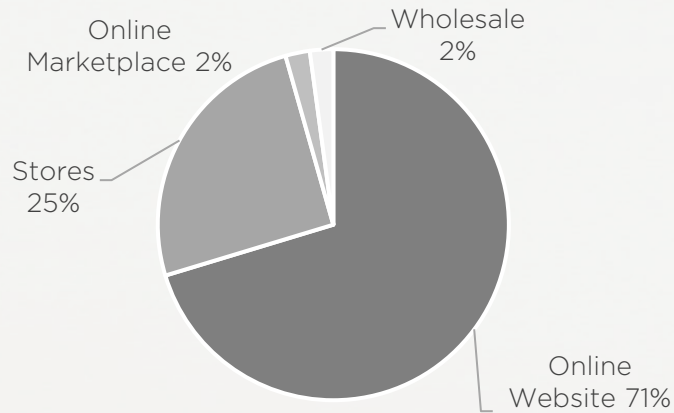


JUST LIKE WALKING ON AIR

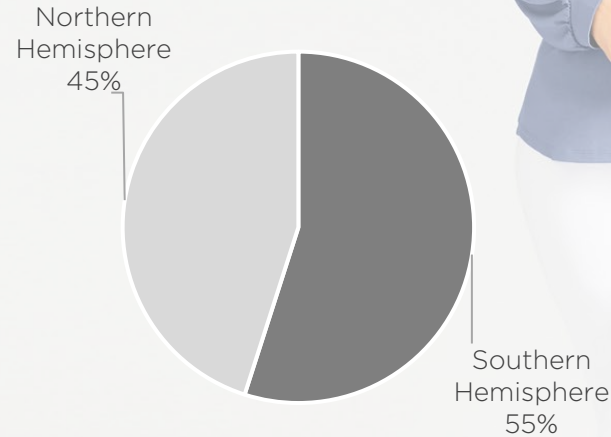
CLOUDWALKER

# GLOBAL BUSINESS OVERVIEW

## GLOBAL CHANNEL CONTRIBUTION<sup>1</sup>



## GLOBAL REGION CONTRIBUTION<sup>1</sup>

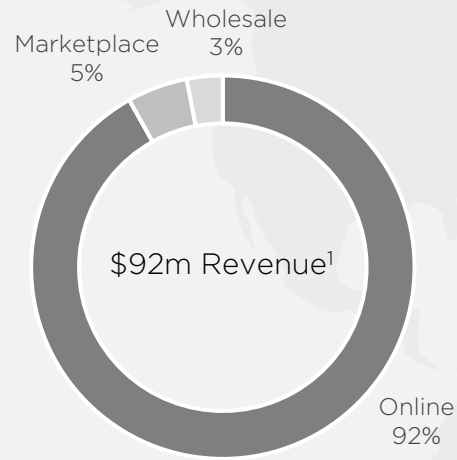


- **\$209m** global revenue (LTM)<sup>1</sup>
- **73%** global online penetration (LTM)<sup>2</sup>
- **801k** global active customers<sup>3</sup>
- **42m** global online annual traffic (LTM)<sup>4</sup>
- **3** key operating regions. Established in ANZ and USA; newly entered the UK

Note: All figures above and in charts exclude Evans

# GLOBAL BUSINESS OVERVIEW

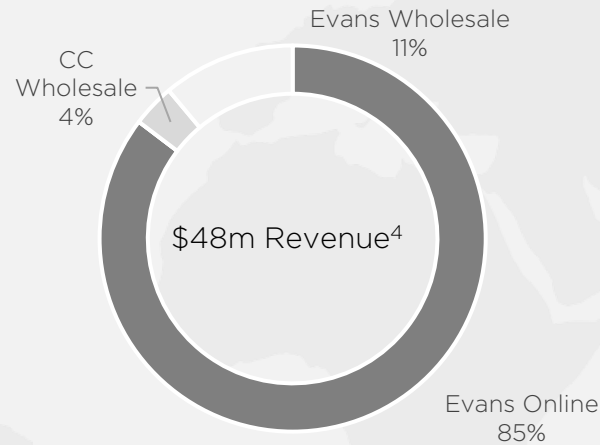
## UNITED STATES OF AMERICA



- 411k Active Customers<sup>2</sup>
- 26m Annual Traffic
- A\$206 avg annual spend<sup>3</sup>

city chic avenue  
CCX Hips & Curves CLOUDWALKERS™

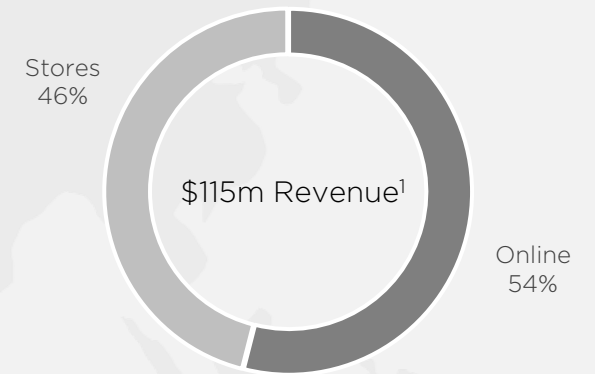
## UNITED KINGDOM (Pro-forma Evans<sup>4</sup>)



- 19m Evans Annual Traffic<sup>4</sup>

EVANS CCX city chic

## AUSTRALIA & NEW ZEALAND



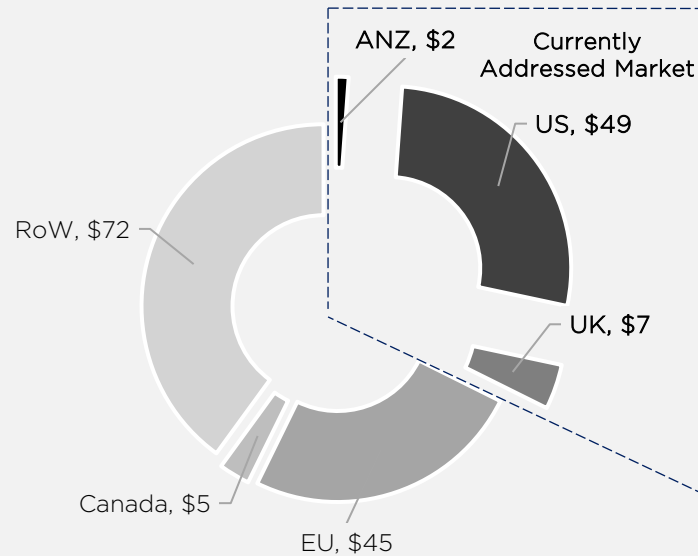
- 390k Active Customers<sup>2</sup>
- 16m Annual Traffic
- A\$295 avg annual spend

city chic CCX  
FOX&ROYAL



# GLOBAL PLUS-SIZE LANDSCAPE

Global Plus-Size Market US\$bn



## CITY CHIC COMPETITIVE ADVANTAGE

| FOCUS   | RANGE                        | REACH   |
|---|------------------------------|---|
| Curvy is all we do  | Categories & lifestyles      | Our brands are available globally through:  |
| We fit for confidence and design exclusively for the plus-size customer | From conservative to fashion | <ul style="list-style-type: none"> <li>Flagship websites</li> <li>City Chic stores in ANZ</li> <li>Global partners</li> </ul> |
|   | c.900 styles per month       |   |

### SIZE

- Current market addressed by CCX valued at US\$58bn<sup>1</sup> annually
  - Up from previously disclosed \$50bn+ based on 2019 research for ANZ<sup>2</sup>, USA & UK
- The global plus-size market is valued at US\$180bn<sup>1</sup> annually

### GROWTH

- The plus-size market is forecast to grow at c.7%<sup>1</sup> annually
- Avg annual spend in plus-size is currently significantly less than the rest of the women's apparel market
  - Curvy women increasingly gaining confidence
  - Increasing rates of plus-size women globally

### ONLINE

- Plus-size women have embraced shopping online
- Current online sales represent one quarter<sup>1</sup> of total plus-size sales globally
- Strong forecast growth in online channels in the global plus-size market

### UNDERSERVED

- Traditionally, plus-sized women's clothing has been serviced by department stores or select retailers with extended sizing
- Few independent plus-sized brands

1. Source Credence Research, Inc. – engaged in 2021 for detailed market research for global plus-size market  
 2. Estimate for ANZ market now at \$2bn, up from \$1bn+ previously disclosed based on 2018 research

# CURRENT BRAND PORTFOLIO & STRATEGIC OPPORTUNITY

Current brand footprint around the globe. Opportunity to address global market with our portfolio of brands

|                          | FASHION / YOUTH   | CONSERVATIVE VALUE  | INTIMATES  |
|--------------------------|---|---|--|
| AUSTRALIA & NEW ZEALAND  | city chic CCX<br><i>Greater Share of Wallet</i>                       | Market Entry Opportunity  | city chic CCX<br>FOX&ROYAL<br><i>Market Share Expansion and Greater Share of Wallet</i>                          |
| UNITED STATES OF AMERICA | city chic CCX<br><i>Market Share Expansion / Customer Acquisition</i> | avenue<br>CLOUDWALKERS®<br><i>Market Share Expansion / Customer Acquisition</i> | avenue<br>city chic CCX<br><i>Hips &amp; Curves</i><br><i>Market Share Expansion and Greater Share of Wallet</i> |
| UNITED KINGDOM           | city chic EVANS<br><i>Market Entry Opportunity</i>                    | EVANS<br><i>Market Share Expansion / Customer Acquisition</i>                   | city chic CCX<br><i>Market Entry Opportunity</i>   |



# KEY INITIATIVES TO LEAD A WORLD OF CURVES

## MARKET SHARE EXPANSION IN THE USA

- Significant market share opportunity in the US\$49bn<sup>1</sup> market
- Cross selling of City Chic product to the Avenue customer is tracking well
- Expand marketing campaigns to grow customer base and to re-engage customers
- Expand existing and enter new marketplace and wholesale partnerships

## MARKET SHARE EXPANSION IN THE UK

- Significant market share opportunity in the US\$7bn<sup>1</sup> market
- Evans acquisition accelerates entry into the UK
- Key priorities outlined on slide 12

## MARKET ENTRY FOR 'CONSERVATIVE VALUE' IN ANZ

- Website build underway; targeting mid/end-2021 launch
- Leverage product stream already produced
- Leverage existing infrastructure in ANZ; significant reach in current market

## MARKET ENTRY IN EUROPE

- Significant market share opportunity in the US\$45bn<sup>1</sup> market
- Currently trialing in Europe through wholesale channel
- Partner marketplace strategy in Europe well-progressed with launch expected mid-2021



WORLD OF CURVES SOCIAL COMMUNITY

EXPAND FASHION / YOUTH OFFERING GLOBALLY

EXPANDED STORE FOOTPRINT IN ANZ

# INTRODUCING EVANS

## ACQUISITION HIGHLIGHTS

Strong position in underpenetrated UK plus-size market valued at US\$7bn<sup>1</sup> with high online penetration

Provides scale and profitability in new market and platform to expand further in the region

Aligned to existing City Chic Collective product

Leverage existing traffic and customer base to introduce wider range of product and lifestyles

Opportunity to improve profitability by overlaying lean, customer-centric operating model

- £23 annual online revenue<sup>2</sup>
- £3m annual wholesale revenue<sup>2</sup>
- 19m annual online traffic<sup>2</sup>

Evans is a well-recognised specialty retailer of plus-size apparel and footwear; established in 1930 in the United Kingdom

Targeting a broad customer base across the conservative and fashion segments in the curvy market, the independent website sells the Evans brands as well as other plus-size brands

city chic collective

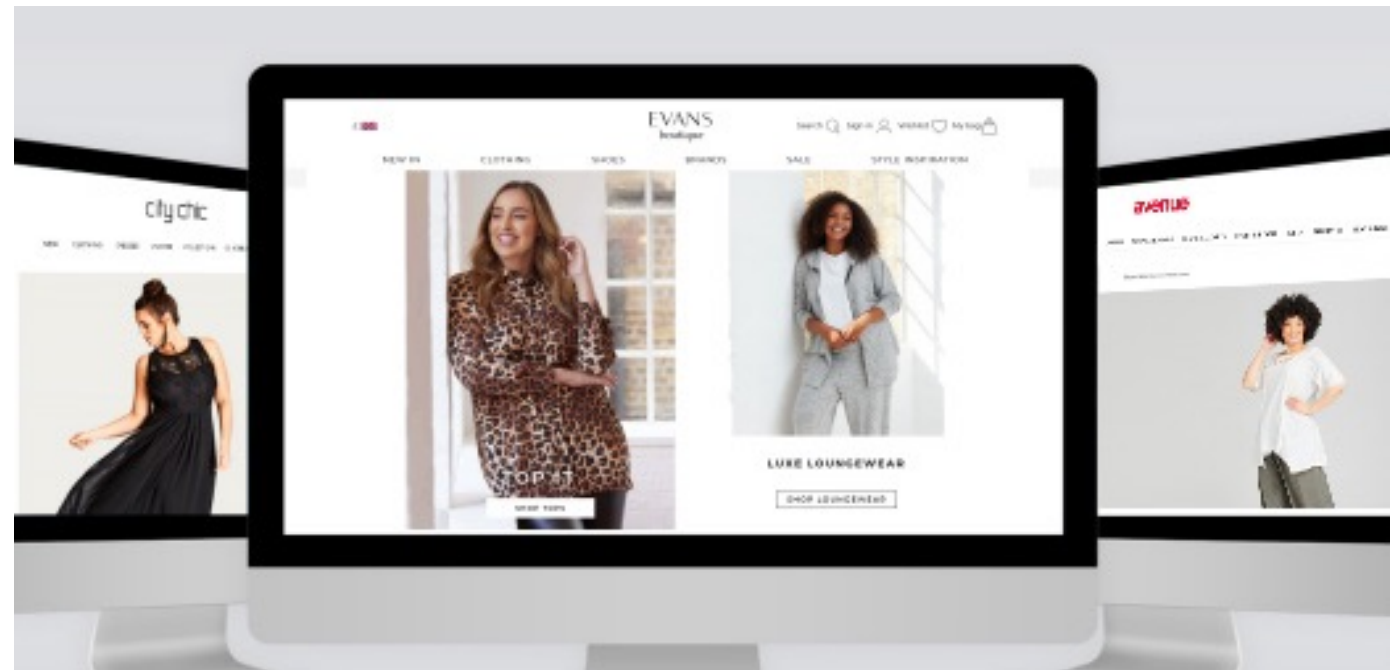
1. Source Credence Research, Inc
2. Financial year to August 2020 (12 months)

## ACQUISITION UPDATE

- Completed acquisition of UK-based Evans eCommerce and wholesale business on 23 December 2020 for £23.1m (A\$41.0m)
- Operating under transitional services agreement until end of April 2021
- Secured third party logistics provider based in the UK
- Website build well-progressed

## POST ACQUISITION PRIORITIES

- Introduce a wider range of product and lifestyles
- Optimise as a digitally led business
- Expand wholesale and marketplace relationships
- Implement customer-centric operating model for UK operations
- Integrate supply chain, logistics and eCommerce platform



A YEAR OF



- Earnings accretive and trading profitably; exceeding sales and earnings expectations
- Store customer re-engagement underway through increasing our spend in direct mail and digital retargeting, with pleasing early signs
- City Chic product received well by the Avenue customer
- New eCommerce experience with new website and improved customer service
- Integrated supply chain and logistics to support cross selling across brands
- Introducing consistency in extended lifestyles including sleep and intimates
- Cloudwalker shoe brand trading well with supply and design capabilities established
- Built inventory to drive growth, aligned to elevated marketing campaign



**Avenue** ranked one of the best 2021 Women's Fashion (single brands) by [Newsweek](#)



Acquired US-based Avenue e-commerce business in October 2019 for US\$16.5m



US website delivering everyday fashion with mid-market price point



Leveraging longstanding customer base to deliver broader range of product



2

## 1H FY21 RESULT OVERVIEW

# 1H FY21 RESULTS & OPERATIONAL HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

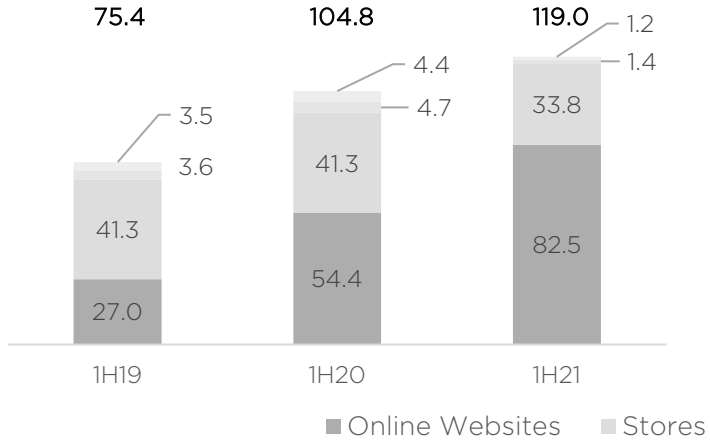
## OPERATIONAL HIGHLIGHTS

|  |   |   |
|--|---|---|
| <p>➔ 1H FY21 sales revenue of \$119.0m, representing 13.5% YoY total sales growth and 20.8% comparable sales growth<sup>1</sup></p>                          | <p>Entry into the UK market with acquisition of <b>Evans</b></p>                              | <p>Expanded online offering including casual, basics and sleepwear</p>                              |
| <p>➔ Gross trading margin<sup>2</sup> of 61.2% vs 61.9% in 1H FY20; driven by shift in mix to lower GM% online channel (but higher earnings margin)</p>      |   |   |
| <p>➔ Underlying CODB<sup>3</sup> % of sales decreased to 41.6% from 43.7% in prior corresponding period (pcp); shift in mix to lower cost online channel</p> | <p>Introduced City Chic and CCX brands to Avenue.com</p>                                      | <p>New partnerships in the northern hemisphere including <b>Hudson's Bay Canada</b></p>             |
| <p>➔ Underlying EBITDA for 1H FY21 is \$23.3m<sup>4</sup> representing 21.8% growth on 1H FY20 and 19.6% margin</p>  |   |   |
| <p>➔ Statutory Net Profit After Tax of \$13.1m representing 24.8% growth</p>   | <p>Launched new direct mail campaigns in northern hemisphere to re-engage store customers</p> | <p>Investment into store environments with <b>7 new stores</b> and closure of 4 holdover stores</p> |
| <p>➔ Completed Equity Raise of \$111m to support future growth</p>   |   |   |
| <p>➔ Strong balance sheet with net cash of \$83.0m at 27 December 2020</p>   |   |   |

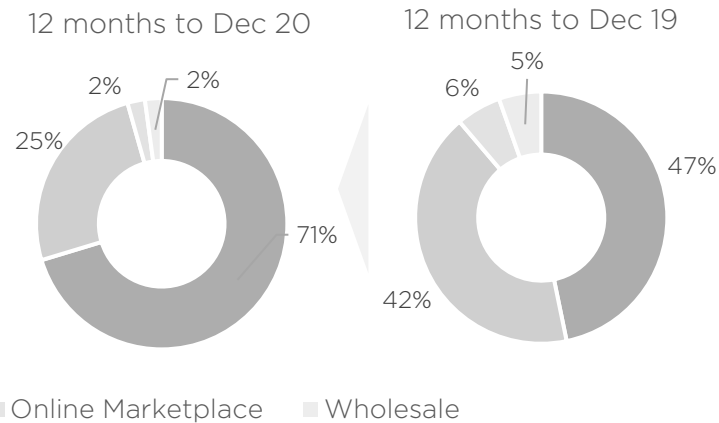
1. Excludes the period Victorian stores were closed due to COVID-19 restrictions (July - October 2020). Including Victorian store closures the CSG was 12.7%. In both calculations, CSG excludes Wholesale and Online Marketplaces and includes Avenue from mid-October 2020 (one year since acquisition)
2. Gross Trading Margin represents Sales Revenue less purchase and inbound-related costs of inventory
3. CODB represents all costs after Gross Trading Margin and before EBITDA, net of other income. From this period onwards CODB will include Fulfilment Costs, which represent warehousing and freight costs to deliver online sales. In prior periods, Fulfilment Costs were included in the calculation of Gross Margin. In 1H FY21 CODB includes \$1.5m non-cash share-based payments expense (1H FY20: \$1.5m)
4. Underlying EBITDA excludes transaction costs associated with the July-August 2020 equity raise and the acquisition of Evans and adjusts for accounting changes relating to AASB16 Leases which were effective from 1 July 2019, in order to present Underlying EBITDA on a like-for-like basis to the prior periods.

# SALES PERFORMANCE BY CHANNEL & REGION

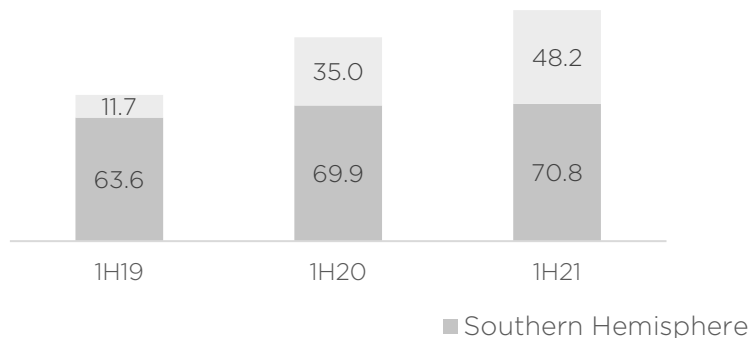
## REVENUE BY CHANNEL



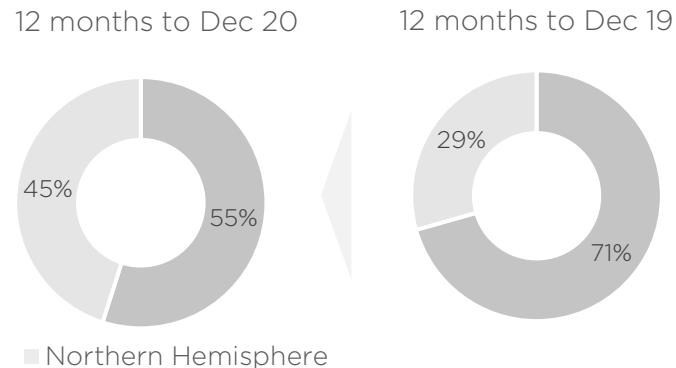
## CHANNEL: CONTRIBUTION<sup>1</sup>



## REVENUE BY REGION



## REGION: CONTRIBUTION<sup>1</sup>



- Online represents 73% of total sales<sup>1,2</sup>
  - Strong active customer base growth
  - Avenue contribution represents 26 weeks for 1H FY21 vs 11 weeks for 1H FY20
- Online website sales growth of 52% globally
- Like-for-like store growth positive; total store sales impacted by temporary store closures due to COVID-19 restrictions and permanent closure of 14 holdover stores in June 2020
- Marketplace and wholesale down in 1H FY21 due to COVID-19 impact on key US partners

- Southern Hemisphere sales growth of 1% for 1H FY21; impact of temporary store closures offset by strong online growth of 30%
- Northern Hemisphere growth of 38%; strong growth from Avenue, whilst COVID-19 impacted CC USA website (major dress category) and US partners
- Northern Hemisphere contribution increased to 45% of total sales for the 12 months to Dec 2020 compared to 29% for pcp

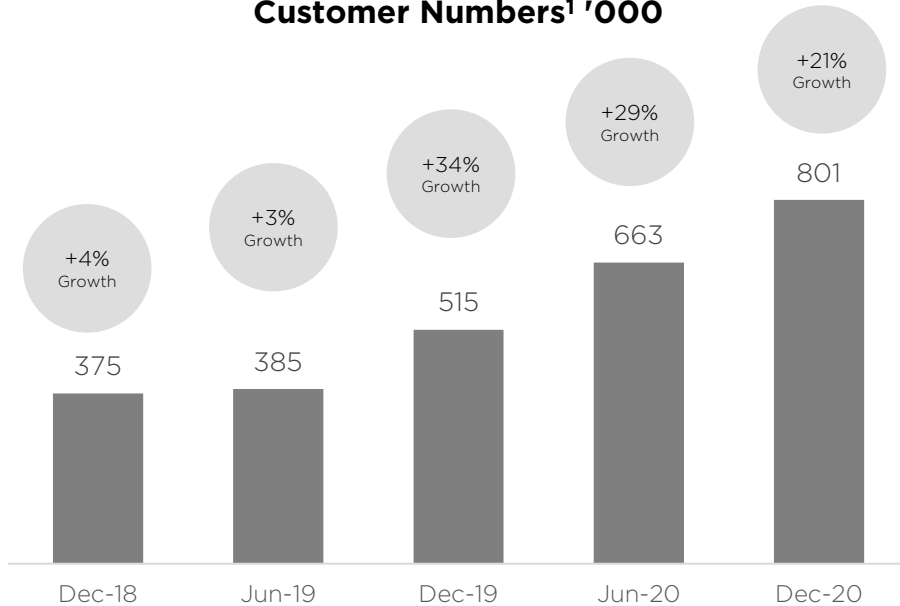


# CUSTOMER-FOCUSED GROWTH STRATEGY

Plus-size focus, global customer base growth, digital

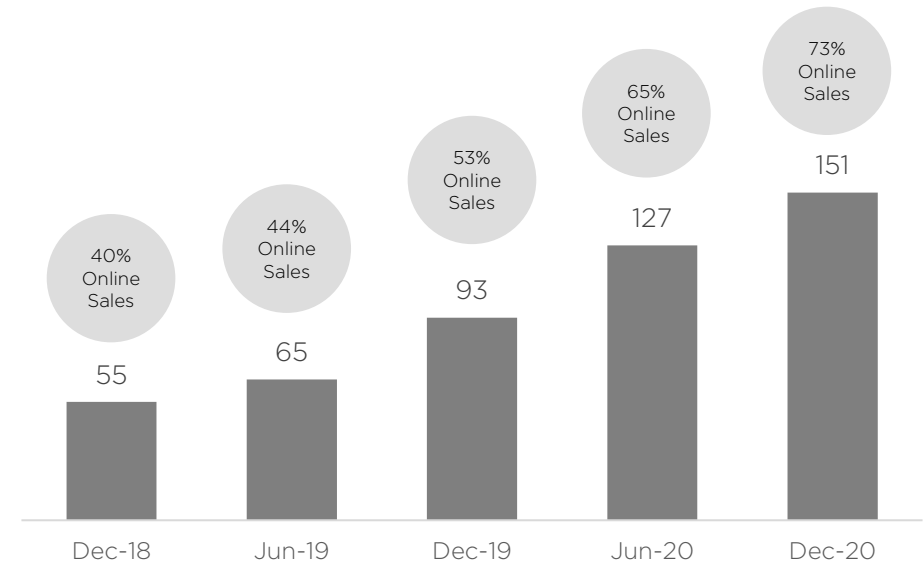
## GLOBAL CUSTOMER BASE GROWTH

### Customer Numbers<sup>1</sup> '000



## INCREASED ONLINE PENETRATION

### Rolling 12-month Global Online Sales<sup>2</sup> \$m



- Active customers increased from 515k to 801k in the last 12 months representing a 56% increase compared to December 2019
- Active customer growth driven primarily by the northern hemisphere; growth in southern hemisphere driven primarily by average annual spend

- Online penetration has increased from 53% to 73% in the last 12 months
- Strong online growth in both northern and southern hemispheres



3

1H FY21 FINANCIAL REVIEW

# FINANCIAL PERFORMANCE

| A\$m: Continuing Operations                    | 1H FY19      | 1H FY20      | 1H FY21      |
|--|--------------|--------------|--------------|
| <b>Sales Revenue</b>                           | <b>75.4</b>  | <b>104.8</b> | <b>119.0</b> |
| <i>Revenue Growth vs PCP</i>                   | <i>7.1%</i>  | <i>39.0%</i> | <i>13.5%</i> |
| <i>Comparable Sales Growth<sup>1</sup></i>     | <i>11.4%</i> | <i>11.3%</i> | <i>20.8%</i> |
| <i>Online % of Sales Revenue</i>               | <i>41%</i>   | <i>56%</i>   | <i>71%</i>   |
| <b>Gross Trading Margin<sup>2</sup></b>        | <b>49.9</b>  | <b>64.9</b>  | <b>72.8</b>  |
| <i>Gross Trading Margin %</i>                  | <i>66.1%</i> | <i>61.9%</i> | <i>61.2%</i> |
| Fulfilment costs <sup>3</sup>                  | (4.3)        | (8.1)        | (14.8)       |
| Employee Benefits Expense                      | (14.4)       | (17.1)       | (15.3)       |
| Marketing Expenses                             | (2.5)        | (4.6)        | (6.9)        |
| Rent (pre AASB 16)                             | (7.7)        | (7.4)        | (5.4)        |
| Other  | (5.2)        | (8.6)        | (7.1)        |
| Underlying Cost of Doing Business <sup>4</sup> | (34.0)       | (45.8)       | (49.5)       |
| <i>CODB %</i>                                  | <i>45.1%</i> | <i>43.7%</i> | <i>41.6%</i> |
| <b>Underlying EBITDA<sup>4</sup></b>           | <b>15.8</b>  | <b>19.1</b>  | <b>23.3</b>  |
| <i>Underlying EBITDA Margin</i>                | <i>21.0%</i> | <i>18.2%</i> | <i>19.6%</i> |
| <i>Underlying EBITDA Growth</i>                | <i>21.5%</i> | <i>20.8%</i> | <i>21.8%</i> |
| <i>Underlying EBITDA Margin (excl SBP)</i>     | <i>21.2%</i> | <i>19.7%</i> | <i>20.8%</i> |
| <b>Statutory NPAT</b>                          | <b>9.9</b>   | <b>10.5</b>  | <b>13.1</b>  |
| <i>Statutory NPAT Growth %</i>                 | <i>34.5%</i> | <i>6.3%</i>  | <i>24.8%</i> |

- Strong comp sales growth<sup>1</sup> in 1H FY21 driven by online growth in ANZ and the US, as well as buoyant trading in stores
- Impact on topline sales set out on following slide
- Gross trading margin % reflects the shift to the lower GM% online channel, including an additional 15 weeks of Avenue in 1H FY21
  - In ANZ the higher levels of discounting in July and August due to COVID restrictions was offset by stronger gross margins in December 2020
  - Store gross margins over the period were in line with PCP
  - Smaller contribution from lower margin wholesale and marketplace channels
- Reduced Underlying CODB as % of sales from 43.7% to 41.6%
  - Driven by shift in mix to the lower CODB online channel
  - Relatively low fixed cost base; early action to realise cost efficiencies including rental reductions through COVID-19
- Higher US fulfilment costs due to disruptions caused by COVID-19 and freight surcharges; in order to address significant delays in shipping, faster freight was offered to customers at a materially higher cost to the group
- Additional investment in digital and physical direct marketing in the US
  - First direct mail campaign to the store and lapsed Avenue customer base in November delivered a positive result and strong sales growth
- Underlying EBITDA growth of 21.8%
  - Adjusting for AASB16 impact (negative \$0.6m), transaction costs associated with executing the Evans acquisition (negative \$0.9m), costs associated issue of shares in equity raising (negative \$0.2m) and other adjustments<sup>5</sup> (positive \$0.4m)

1. Excludes the period Victorian stores were closed due to COVID-19 restrictions (July - October 2020). Including Victorian store closures the CSG was 12.7%. In both calculations, CSG excludes Wholesale and Online Marketplaces and includes Avenue from mid-October 2020 (one year since acquisition)
2. Gross Trading Margin represents Sales Revenue less purchase and inbound-related costs of inventory
3. Fulfilment Costs represent warehousing and freight costs to deliver online sales
4. Underlying EBITDA excludes transaction costs, costs associated with equity raise in July-August 2020 and foreign currency gains from settling intercompany balances within the group, and adjusts for accounting changes relating to AASB16 Leases which were effective from 1 July 2019  
Underlying EBITDA includes the non-cash long term incentive share-based expense of \$1.5m in 1H FY21 (\$1.5m in 1H FY20; \$0.2m in 1H FY19)
5. Other includes FX gains on intercompany balances and a settlement and subsequent release of a provision on Avenue acquisition

# 1H FY21 PROFIT & LOSS IMPACTS

## Sales

- ⬆️ Additional 15 weeks contribution from Avenue vs 1HFY20<sup>1</sup>
- ⬇️ Government directed temporary closure of Victorian stores for up to 17 weeks and NZ stores for 3 weeks; over the corresponding period in FY20 these stores contributed \$4.7m in sales
- ⬇️ US marketplace and wholesale partner sales temporarily lost while partners managed through the pandemic; \$6.4m fall in sales vs 1HFY20
- ⬇️ 14 holdover stores permanently closed in June 2020 as City Chic was unable to reach agreement with landlords on appropriate rents

## Costs of Doing Business

- ⬇️ Increased freight costs, particularly in the US, due to large temporary freight surcharges and disruption caused by COVID-19
- ⬇️ Additional investment in marketing with spend of \$6.9m vs \$4.6m in PCP, across both digital and physical direct marketing
- ⬆️ Early action to realise cost efficiencies during COVID-19
- ⬆️ JobKeeper received from Australian Government for July - September<sup>2</sup>

Appreciation of AUD during 1H FY21 reduced AUD equivalent sales for the US operations and reduced AUD equivalent costs paid in USD for AU and US operations

The natural hedge with USD inflows and outflows resulted in no material FX impact on the group's earnings

# CASH FLOW

| A\$m  | 1H FY19       | 1H FY20       | 1H FY21       |
|---|---------------|---------------|---------------|
| <b>Continuing Operations</b>                |               |               |               |
| Receipts from customers                     | 82.2          | 114.8         | 126.4         |
| Payments to suppliers                       | (90.2)        | (95.6)        | (103.9)       |
| Net interest, other revenue, grants         | 0.2           | 0.0           | 4.9           |
| Income taxes                                | (1.0)         | (4.0)         | (6.1)         |
| <b>Operating Cash Flows</b>                 | <b>(8.7)</b>  | <b>15.2</b>   | <b>21.3</b>   |
| <b>Investing Cash Flows</b>                 |               |               |               |
| Capex (pre landlord contribution)           | (3.5)         | (4.0)         | (2.6)         |
| Payment for purchase, net of cash acquired  | -             | (25.7)        | (41.0)        |
| Sale Proceeds                               | 31.1          | -             | -             |
| <b>Investing Cash Flows</b>                 | <b>27.6</b>   | <b>(29.7)</b> | <b>(43.6)</b> |
| <b>Financing Cash Flows</b>                 |               |               |               |
| Repayment of lease liabilities <sup>2</sup> | -             | (7.2)         | (5.7)         |
| Proceeds from / (Repayment) of borrowings   | (12.9)        | 17.5          | (17.5)        |
| Dividends Paid                              | -             | (2.9)         | -             |
| Net Proceeds from issue of shares           | -             | -             | 108.6         |
| <b>Financing Cash Flows</b>                 | <b>(12.9)</b> | <b>7.4</b>    | <b>85.5</b>   |

- Normalised Operating Cash Flow of \$21.5m for 1H FY21 vs \$17.1m in 1H FY20. Net normalisation adjustments of \$0.2m to the 1H FY21 Statutory Operating Cash Flow includes:
  - Reclassification of rental payments to financing cash flows in relation to AASB16 (\$5.7m)
  - JobKeeper grant received relating to prior period FY20 (\$1.4m)
  - Victorian store rents temporarily deferred (\$1.3m)
  - + Repaid deferred tax payments of \$3.7m from prior period (relief received due to COVID-19 in FY20)
  - + Cash outflows related to transaction costs of \$1.0m<sup>1</sup>
  - + Working capital adjustment and finalisation of income tax associated with the 2018 divestment \$3.8m
- Investment in the business and organic growth initiatives funded by strong operating cash flow
- Government JobKeeper grant of \$4.9m includes \$1.4m relating to FY20 and \$3.5m relating to 1H FY21
- Capex primarily relates to IT investment and new store roll-out
  - Capex presented does not include landlord contributions; capex net of landlord contributions was \$1.7m for 1H FY21
- Equity raising of \$108.6m (net of costs) in July-August 2020 to strengthen the balance sheet and accelerate the company's global growth ambitions, both organically and inorganically
- Repaid borrowings of \$17.5m; \$40m debt facility remains undrawn
- Cash consideration paid for the acquisition of Evans in December 2020 for £23.1m (A\$41.0m) was funded with cash raised earlier in the period
- No dividend declared for FY20 period (and therefore no dividend payment during 1H FY21)

# FINANCIAL POSITION

| A\$m                           | 29 Dec 19    | 28 Jun 20    | 27 Dec 20    |
|--------------------------------|--------------|--------------|--------------|
| Cash and cash equivalents      | 14.9         | 21.4         | 83.0         |
| Inventories                    | 36.8         | 38.1         | 48.7         |
| Other                          | 14.4         | 7.3          | 9.2          |
| <b>Current Assets</b>          | <b>66.1</b>  | <b>66.8</b>  | <b>140.8</b> |
| Property, plant, equipment     | 10.6         | 8.9          | 8.4          |
| Right-of-use assets            | 30.4         | 22.3         | 18.4         |
| Intangibles                    | 39.0         | 39.2         | 75.9         |
| Deferred tax asset             | 9.4          | 8.7          | 8.7          |
| <b>Non-current Assets</b>      | <b>89.5</b>  | <b>79.1</b>  | <b>111.5</b> |
| <b>TOTAL ASSETS</b>            | <b>155.6</b> | <b>145.8</b> | <b>252.3</b> |
| Trade and other payables       | 39.5         | 37.5         | 47.5         |
| Provisions and Other           | 10.2         | 9.0          | 8.8          |
| Borrowings                     | 12.5         | -            | -            |
| Lease liabilities              | 12.1         | 9.2          | 8.7          |
| <b>Current liabilities</b>     | <b>74.3</b>  | <b>55.7</b>  | <b>65.0</b>  |
| Borrowings                     | 5.0          | 17.5         | -            |
| Provisions and Other           | 0.3          | 0.8          | 1.5          |
| Lease Liabilities              | 22.6         | 18.0         | 14.3         |
| <b>Non-current Liabilities</b> | <b>27.9</b>  | <b>36.3</b>  | <b>15.8</b>  |
| <b>TOTAL LIABILITIES</b>       | <b>102.2</b> | <b>92.0</b>  | <b>80.8</b>  |
| <b>NET ASSETS</b>              | <b>53.4</b>  | <b>53.9</b>  | <b>171.5</b> |

- Cash position as at 27 Dec 2020 of \$83.0m and nil borrowings. Since 28 June 20, key non-operating movements in the cash balance include:
  - Received net proceeds from the Placement and SPP of \$108.6m
  - Acquired Evans eCommerce and wholesale business £23.1m (A\$41.0m)
  - Repaid debt of \$17.5m; \$40m debt facility fully paid down
  - Repaid deferred tax payments from FY20 of \$3.7m from prior year
  - Cash associated with working capital adjustment and finalisation of income tax associated with the 2018 divestment \$3.8m
- Increase in inventory to drive global digital growth; driven primarily by acquisitions of Avenue and Evans
  - Avenue stock was not at commercial levels shortly after acquisition in December 2019
  - Acquired \$4.2m of stock with the Evans acquisition in Dec 2020
  - Inventory in stores lower vs prior corresponding period
  - Materially higher goods in transit in order to re-stock well ahead of Chinese New Year and avoid delays in deliveries
- Intangibles include acquisition of Evans in December 2020; allocated to goodwill on a provisional basis (to be finalised in full year accounts)
- Right of Use Assets and Lease Liabilities relates to adoption of AASB 16
  - Reduction in balance in 1H FY21 due to amortisation of leases
- Current liabilities include trade payables for additional goods in transit and \$3m of provisions and payables relating to Evans
- Given the potential organic and inorganic opportunities to accelerate growth and the ongoing uncertainty caused by COVID-19, the Board has not declared a dividend for the period



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OUTLOOK

# FY21 UPDATE AND OUTLOOK

Strong positive comparable sales growth in 2H to date

Integration of Evans and introduction of wider product range

Invest in marketing to drive re-engagement and new customer acquisition

Introduction of conservative product stream to ANZ

Introduce marketplace and expand wholesale partnerships in UK and EU

Re-start partner business in the US (following pandemic impact in 2020)

Rotation of store portfolio into new fit-outs and conversion to larger format stores

Develop the *World of Curves* social community





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APPENDIX

# IMPACT OF AASB16

AASB16 adopted from 1 July 2019

## Profit & Loss (Continuing Operations<sup>1</sup>)

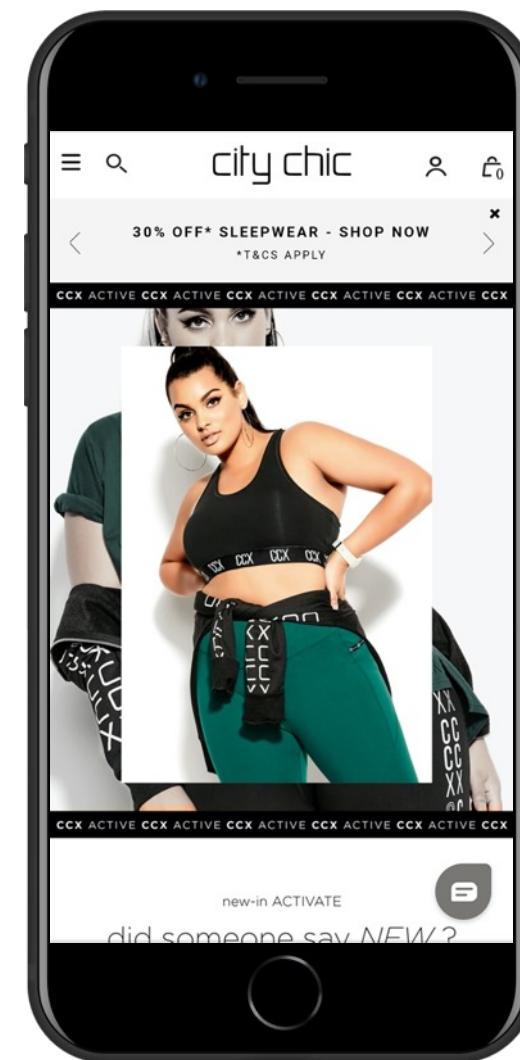
| A\$ million                                      | 1H FY21<br>Statutory<br>Post AASB16 | AASB 16<br>Impact | 1H FY21<br>Pre AASB16 | Underlying<br>Adjustments <sup>2</sup> | 1H FY21<br>Underlying<br>Pre AASB16 <sup>2</sup> | 1H FY20<br>Underlying<br>Pre AASB16 <sup>2</sup> | Variance<br>\$ | Variance<br>% |
|--|-------------------------------------|-------------------|-----------------------|--|--|--|----------------|---------------|
| Sales  | 119.0                               | -                 | 119.0                 | -                                      | 119.0  | 104.8  | 14.2           | 13.5%         |
| Purchase & Inbound-related<br>Costs of Inventory | (46.2)                              | -                 | (46.2)                | -                                      | (46.2)   | (39.9)   | (6.3)          | (15.7%)       |
| <b>Gross Trading Profit</b>                      | <b>72.8</b>                         | -                 | <b>72.8</b>           | -                                      | <b>72.8</b>                                      | <b>64.9</b>                                      | <b>7.9</b>     | <b>12.2%</b>  |
| Cost of Doing Business                           | (46.3)                              | (3.9)             | (50.2)                | 0.6                                    | (49.5)   | (45.8)   | (3.7)          | 8.1%          |
| <b>EBITDA</b>                                    | <b>26.5</b>                         | <b>(3.9)</b>      | <b>22.7</b>           | <b>0.6</b>                             | <b>23.3</b>                                      | <b>19.1</b>                                      | <b>4.2</b>     | <b>21.8%</b>  |
| Depreciation & Amortisation                      | (7.2)                               | 4.1               | (3.1)                 | -                                      | (3.1)  | (2.3)  | (0.8)          | (35.0%)       |
| <b>EBIT</b>                                      | <b>19.4</b>                         | <b>0.2</b>        | <b>19.6</b>           | <b>0.6</b>                             | <b>20.2</b>                                      | <b>16.8</b>                                      | <b>3.4</b>     | <b>20.0%</b>  |
| Net Finance Cost                                 | (0.5)                               | 0.3               | (0.2)                 | -                                      | (0.2)  | (0.1)  | (0.1)          | 57.1%         |
| <b>Profit Before Tax</b>                         | <b>18.8</b>                         | <b>0.6</b>        | <b>19.4</b>           | <b>0.6</b>                             | <b>20.0</b>                                      | <b>16.7</b>                                      | <b>3.3</b>     | <b>19.7%</b>  |
| Income Tax Expense                               | (5.8)                               | -                 | (5.8)                 | -                                      | (5.8)  | (5.8)  | -              | -             |
| <b>Net Profit After Tax</b>                      | <b>13.1</b>                         | <b>0.6</b>        | <b>13.6</b>           | <b>0.6</b>                             | <b>13.6</b>                                      | <b>13.6</b>                                      | <b>-</b>       | <b>-</b>      |

## Balance Sheet

Recognised Right of Use Assets of \$18.4m and Lease Liabilities of \$23.0m as at 27 December 2020

## Cash Flow

No impact on net cash flow. Rental payments previously captured in operating cash flow replaced with repayment of lease liability in financing cash flow.



1. Continuing operations exclude profit and loss impact of discontinued operations divested to Noni B in July 2018

2. Underlying EBITDA adjusted for net expenses of \$0.6m, which include transaction costs associated with the equity raise and the acquisition of Evans, as well as other adjustments

# EARNINGS RECONCILIATION

| A\$ million                             | Continuing   |              | Discontinued |         | Group       |              |
|---|--------------|--------------|--------------|---------|-------------|--------------|
|   | 1H FY20      | 1H FY21      | 1H FY20      | 1H FY21 | 1H FY20     | 1H FY21      |
| <b>Underlying EBITDA</b>                | <b>19.1</b>  | <b>23.3</b>  | -            | -       | <b>19.1</b> | <b>23.3</b>  |
| Depreciation & amortisation             | (2.3)        | (3.1)        | -            | -       | (2.3)       | (3.1)        |
| <b>Underlying EBIT</b>                  | <b>16.8</b>  | <b>20.2</b>  | -            | -       | <b>16.8</b> | <b>20.2</b>  |
| Net Interest expense <sup>1</sup>       | (0.1)        | (0.2)        | -            | -       | (0.1)       | (0.2)        |
| <b>Underlying NPBT</b>                  | <b>16.7</b>  | <b>20.0</b>  | -            | -       | <b>16.7</b> | <b>20.0</b>  |
| Transaction-related items & adjustments | (1.8)        | (0.9)        | 2.7          | -       | 0.9         | (0.9)        |
| Share issue                             | -            | (0.2)        | -            | -       | -           | (0.2)        |
| AASB 16 impact <sup>2</sup>             | 1.1          | (0.6)        | -            | -       | 1.1         | (0.6)        |
| Other <sup>3</sup>                      | -            | 0.4          | -            | -       | -           | 0.4          |
| <b>Underlying Adjustments</b>           | <b>(0.7)</b> | <b>(1.2)</b> | -            | -       | <b>2.0</b>  | <b>(1.2)</b> |
| <b>Statutory NPBT</b>                   | <b>16.0</b>  | <b>18.8</b>  | -            | -       | <b>18.6</b> | <b>18.8</b>  |
| Taxation                                | (5.5)        | (5.8)        | (2.5)        | -       | (8.0)       | (5.8)        |
| <b>Statutory NPAT</b>                   | <b>10.5</b>  | <b>13.1</b>  | <b>0.1</b>   | -       | <b>10.6</b> | <b>13.1</b>  |

# ETHICAL TRADE UPDATE

*We are proud of the long-standing strategic partnerships we have in place with several key suppliers. These relationships have been built and maintained as our business has grown through cooperation, transparency and an alignment in relation to ethical trade initiatives and sustainable improvement. Following the acquisition of Avenue and with the diversification of our sourcing regions, we have sought to partner with, and on-board, select new factories and vendors into our supply chain and our ethical trade policies.*

|   |  |   |   |
|---|--|---|---|
| Working together to empower our workers and give them a voice in the supply chain | Sourcing product in a recognised, responsible and transparent supply chain | Right of every worker in our supply chain to enjoy safe and healthy working conditions in an environment where they are not exploited | We care for the environment and the management of waste in our supply chain |
|---|--|---|---|

As part of our worker voice program, we were excited to launch our worker survey tool out to factory workers as a pilot, with support from our participating factories. The survey is in addition to our worker hotline and grievance mechanism and designed to provide another channel to talk to factory workers.

As part of phase 1, the survey was rolled out across 24 factories and touched ~4300 workers to seek their feedback across the following areas with the following results:

**WORKER SURVEY SCORECARD**

- ✓ Modern Day Slavery - 93% positive
- ✓ Labour Practices - 89% positive
- ✓ Health & Safety - 95% positive
- ✓ Worker Satisfaction - 89% positive

Enhancing our worker voice tools is a key initiative to help support us in gaining a more direct line to all workers and to help inform areas for improvement. It also gives us the ability to contact workers by sending them surveys, training materials and information designed to empower workers to have a voice about their individual working conditions.

*“As we navigate through this global pandemic, we continue to place great importance on all our ethical trade policies and responsible sourcing practices”*

### Our COVID-19 Fashion Commitment Scorecard

City Chic was rated as GREEN as part of the Covid-19 Fashion Report published in Oct 2020, reflecting that City Chic provided evidence of actions and initiatives that cover *all* areas covered as part of the Covid-19 Fashion Commitments.

We believe these commitments are an extension to the ethical trade policies we already have in place. We also recognise there is room for further sustainable improvement and we continue to review our policies and how we should act and respond.

Working with factories to recognise that a minimum wage does not always equal a living wage

We partner with our factories to implement a plan to work towards paying a living wage so that workers are on a path to earning an income that covers their basic family living expenses.

We seek to partner with suppliers that share our commitment to providing safe and healthy working conditions for workers.

As part of the audits and factory visits conducted by our third-party auditors, we check that working conditions are clean and safe and workers are not performing any unsafe work.

When we audit factories, we assign a risk rating to help prioritise corrective actions required, and we monitor their progress implementing these improvements.

We understand that not all factories will be at the same stage in their ethical trade journey, however we are committed to partnering with factories who also are committed to coming on this journey with us.

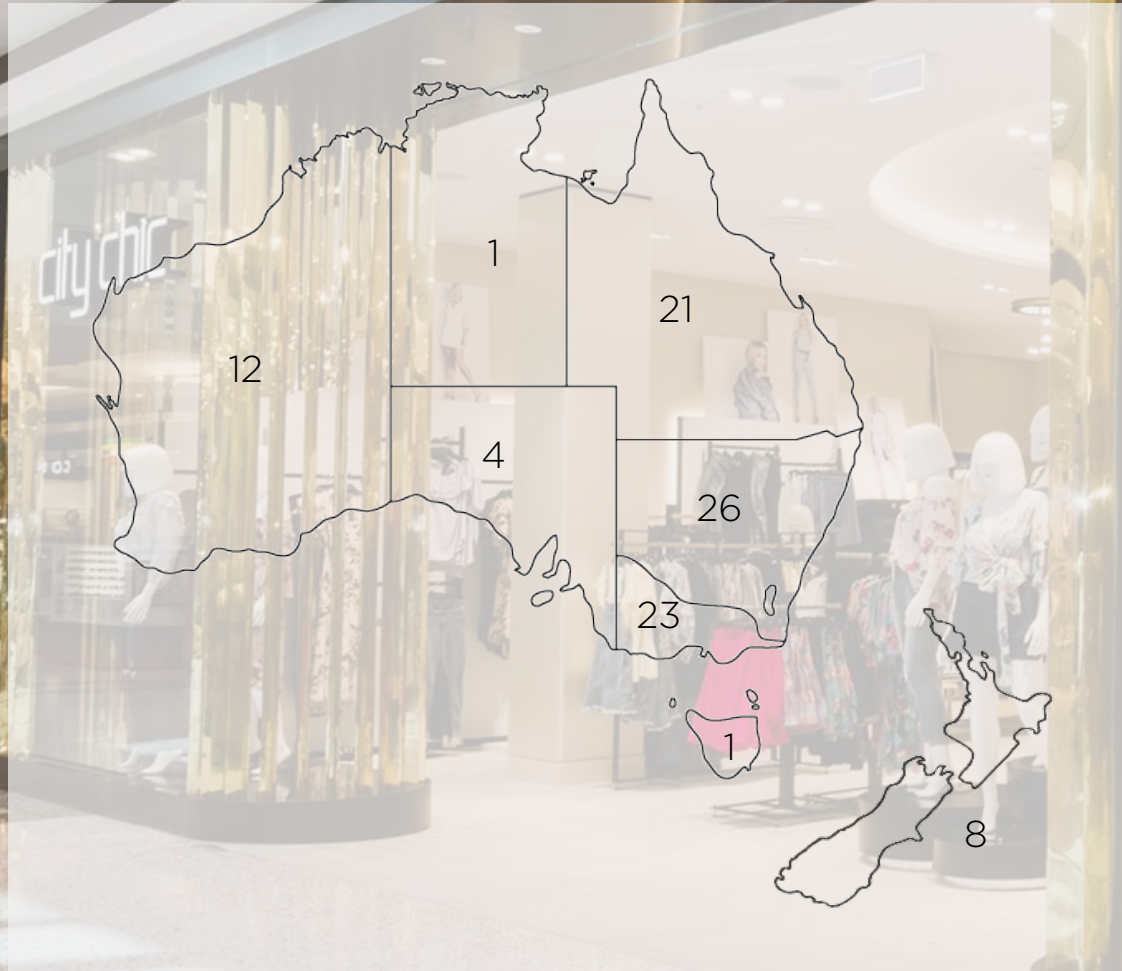
We seek to ensure that all textile processing and waste management is in line with the legislation of the manufacturing country by collaborating with our factories.

Our audits include Environmental and Waste Management checks for

1. Legal Authorisations - such as the EIA
2. Solid & Hazardous wastes
3. Wastewater, Air Emissions and Noise
4. Energy & Water reductions

In China, the factories we work with provide an Environmental Impact Assessment (EIA) of their factory, and in the other regions we are developing, we request factories provide equivalent assessments where mandated by local requirements

# STORE NETWORK



- 96 stores as at the end of December 2020
- Portfolio rotation to newer fit-outs in 1H FY21: 7 new stores opened, 4 closures; 1 relocation to a larger format site
- 6 larger format flagship stores with average footprint of 213 sqm
- 18 newer stores in the 'Gold' look design and with a larger footprint of 147sqm on average compared to historic smaller format stores of approx. 100-120sqm
- Focus on in-store experience with enhanced store environments and migration to larger footprint sites - stores that are representative of the City Chic brand and support the omni-channel experience for the loyal customer base
- Very few old fit-outs remaining in the portfolio
- Approximately one third of our portfolio has been recently renewed including new fit-outs and more favourable terms
- Approximately one third of portfolio is in holdover
- 6 stores planned to open or relocate to improved sites before the end of FY21
- 5 stores closed in 2H FY21 to date where appropriate rent deals could not be agreed with view to re-locate to more favourable sites with new 'Gold' fit-out

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