

city chic collective

ASX Announcement

27 February 2024

City Chic Collective Limited H1 FY24 Results¹

- Sales Revenue of \$105.8m, down 29% on H1 FY23
- Significant improvement in revenue and margin in Q2 vs Q1, especially in ANZ stores
- \$25m in annualised cost savings and mitigation actioned
- Underlying EBITDA² loss of \$7.5m
- Inventory of approximately \$39.5m, down 27% from 2 July
- Net cash position of \$3.5m
- Expect to trade profitably in H2

City Chic Collective Limited (ASX: CCX) (“City Chic”, or the “Group”) today released its financial results for the 26 weeks ended 31 December 2023 (“H1 FY24”).

Phil Ryan, Chief Executive Officer and Managing Director of City Chic said:

“In the first quarter of FY24, we were focused on executing our strategy through rightsizing our cost base, optimising our inventory position and introducing new and relevant products to our markets to drive demand. I am pleased to report that the revitalisation of our product assortment is delivering improving margin and sell-through rates, particularly in stores.

“Our cost reduction measures will deliver approximately \$25m in annualised savings and mitigation, exceeding our initial targets.

“Meanwhile, the connection we have with our customer remains strong, with an NPS score of 71. While cost of living pressures are impacting transaction volumes, the feedback and sell-through on our new ranges has been encouraging and our new product is expected to support our return to profitable trading”.

H1 FY24 Results Review

Group sales revenue for H1 FY24 is down approximately 29% to \$105.8m compared to the prior corresponding period (PCP), impacted by consumer confidence with stores strengthening through Q2 and online remaining challenging. Revenue by region and channel is detailed below:

- **ANZ:** H1 Revenue was \$53.8m, down 33% on PCP. Comparative full price stores improved through Q2 with new product delivering higher ASP and stronger margins.
- **Americas:** H1 Revenue of \$52.0m was down 26% on PCP as promotional activity continued, although improved in Q2 through the key trading period.
- **Partners:** H1 Revenue of \$11.5m (included in regional revenue above, predominantly USA) was down 20% overall on PCP, however improved through Q2 with encouraging sales in the wholesale channel.

Aligned with City Chic’s strategy, the Group was focused on clearing inventory during Q1 which impacted trading margins. However, this also resulted in new and relevant product being available in ANZ through the key Q2 sales period. In ANZ these new ranges had strong sell through in Q2 at higher margins, and CCX USA product also achieved higher selling prices and improved sell-through in Q2.

¹ All reporting is for the continuing operations, excluding EMEA.

² Underlying EBITDA (post AASB 16) is for continued operations and exclude non-recurring costs, including expenses related to the Northern Hemisphere warehouse re-location, costs associated with business integrations and restructuring costs and a gain on cancelled lease. Pre AASB16 EBITDA loss was \$14.4m.

City Chic's inventory clearance resulted in an inventory balance at 31 December of \$39.5m, down 27% from 2 July, reflecting trading during the period and a strategic reduction in inventory intake. Inventory levels are in a much healthier position with new assortment available in market to support second half trading.

The Group's net cash position at the end of H1 FY24 is \$3.5m following the sale of the EMEA business and working capital improvements.

City Chic implemented initiatives that will deliver \$25m in annualised savings and mitigation, reflecting the strong progress made in the Group's cost reduction program including headcount reductions and warehouse renegotiations which will continue to phase in over the next seven months.

City Chic delivered an underlying EBITDA loss (post-AASB16)² for H1 FY24 of (\$7.5m).

The Board has decided not to declare a dividend for H1 FY24 in light of continued market uncertainty and the Group's capital management priorities.

Trading Update and FY24 Outlook

In the first 8 weeks to 25 February, City Chic has seen strong margin recovery and positive trading metric trends continue, with AOV up 11% on PCP and ASP up 31% on PCP. Revenue is 33% below PCP, noting positive margin momentum has continued, with gross margin dollars down only 16%. Stores have performed well, with comparative full price stores 6% above PCP at higher margins, while online continues to be challenging.

While trading conditions remain uncertain, City Chic expects to trade profitably in H2 as the Group's strategic marketing programs commence to drive traffic from returning and new customers, new season product continues to deliver margin improvement and cost reductions are realised.

Additional Information

An Investor Presentation has also been lodged with the ASX today.

City Chic will host a webcast for analysts and investors at 9.30am AEDT accessible via the following link:

Webcast registration link: <https://registrations.events/direct/OCP99901259>

Conference call registration link: <https://webcast.openbriefing.com/ccx-hyr-2024/>

The release of this announcement was authorised by the Board.

About City Chic Collective

City Chic Collective is a global omni-channel retailer specialising in better dressing plus-size women's apparel, footwear and accessories. Its omni-channel model comprises a network of 82 stores across Australia and New Zealand (ANZ) and websites operating in ANZ, the USA, and third-party marketplace and wholesale partners in Australia, New Zealand, USA, Canada.

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