

city chic collective

3 August 2023

Sale of Evans and exiting EMEA

City Chic Collective Limited (ASX: CCX) (**City Chic**, or the **Group**) today announces that it has divested its Evans business and EMEA inventory via an asset sale and purchase agreement (**Agreement**). AK Retail Holdings Limited (**AK Retail Holdings**), has acquired the Evans brand, intellectual property and customer base under the Agreement that signed and closed on 3 August 2023. The Agreement also includes the sale of all the inventory in City Chic's EMEA business.

As part of its ongoing strategic review to simplify and streamline the business, the Board determined that in light of prevailing economic conditions, the investment required to deliver profitable trading in EMEA would be better allocated to other parts of the Group. The sale of Evans has the following immediate benefits:

- Strengthening the Group's balance sheet;
- Accelerating the reduction in its debt facility; and
- Further reducing its inventory to allow for a clean inventory position sooner than planned.

Phil Ryan, Chief Executive Officer and Managing Director of City Chic said: "The focus of the strategic review has been on our online and international businesses to determine the most efficient way of returning to profitable growth. We have seen a significant deterioration in the EMEA market over the past two years which has hampered our ability to sell our expanded product range, compounded by global supply chain constraints.

"We are continuing with the rationalisation of our product offering, streamlining our supply chain and focusing on cost management. I am confident that we can return to a more agile operation that quickly responds to her changing needs and puts us in a much stronger position for when market conditions improve."

Transaction details

Under the Agreement, AK Retail Holdings will pay City Chic a total cash consideration of £8 million. Net of transaction costs, which includes the closure of City Chic's UK warehouse, the consideration is c. £6.4 million (c. \$12 million AUD).

City Chic has agreed with its 3PL provider to close its UK warehouse which also supports its European operations. As a result, the Navabi business will cease trading.

City Chic retains the right to trade under the City Chic, Avenue and other non-Evans brands in EMEA in the future. There will be a transition period for AK Retail Holdings to sell all non-Evans branded product and for City Chic to sell its remaining Evans-branded product in ANZ and North America.

Balance Sheet

The proceeds from the sale of Evans will be used for working capital purposes and to pay the Group's remaining \$1.5 million acquisition facility. As a result, City Chic's debt facility limit has been reduced to \$20 million (from \$30 million) and will reduce by a further \$5 million at the end of June 2024, reducing its funding costs.

FY23 Results

These steps form part of the outcomes of the strategic review first announced on 22 May 2023. A further update on the outcome of the strategic review will be outlined with City Chic's FY23 results on Wednesday 30 August 2023. While the accounting treatment is yet to be finalised, it is expected that the EMEA business will be treated as a discontinued operation in FY23. The assets held for sale at the end of FY23 will incur an impairment of between \$29m-\$31m including closure and transactions costs.

-ENDS-

This announcement was approved by the City Chic board of directors.

About City Chic Collective

City Chic Collective is a global omni-channel retailer specialising in plus-size women's apparel, footwear and accessories. It is a collective of customer-led brands including City Chic, Avenue, Evans, CCX, Hips & Curves, Fox & Royal and Navabi. City Chic and CCX are better dressing for plus women and its omni-channel model comprises of a network of 90 stores across Australia and New Zealand (ANZ) and websites operating in ANZ, the US, the UK and Europe. Navabi (Germany-based), Avenue (US-based) and Evans (UK-based) target a broad customer base across the conservative segment, both with a long history and significant online customer following. Hips & Curves and Fox & Royal are online intimate brands. European-based online marketplace Navabi also sells its collective of brands through third-party marketplace and wholesale partners in Australia, New Zealand, US, Canada, UK, Europe and the Middle East.

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Forward Looking Statements

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