

# city chic collective

30 January 2024

## Trading Update for the 26 weeks to 31 December 2023<sup>1</sup> and Response to Media Speculation

- Global sales revenue of \$105.8m
- Significant improvement in revenue and margin in Q2 vs Q1 especially in ANZ stores
- Material reduction in cost base from strategic actions taken
- Underlying EBITDA<sup>2</sup> loss of \$7m to \$10m
- Inventory of approximately \$39.5m, down 27% from 2 July
- Net cash position of \$3.5m

**City Chic Collective Limited** (ASX: CCX) ("City Chic", or the "Group") today provides a trading update for the 26 weeks to 31 December 2023 (H1 FY24) based on preliminary and unaudited numbers.

Group sales revenue for H1 FY24 is expected to be down approximately 29% to \$105.8m compared to the prior corresponding period (PCP) with the margin improving by 10 percentage points in Q2 over Q1 in line with expectations. Revenue by region and channel is detailed below:

- **ANZ:** H1 Revenue was ~\$53.8m, down 32% on PCP. Comparative full price stores improved through Q2 as new product performed well.
- **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 the regional revenue above) was down 20% overall on PCP, however improved through Q2 with encouraging sales in the wholesale channel.

Consistent with City Chic's strategy as previously advised, the Group successfully cleared inventory during Q1 in both regions. This impacted revenue and trading margins but resulted in new and relevant product being available in ANZ through the key Black Friday / Cyber Monday and Christmas / Boxing Day sales period. These new ranges had strong sell through in Q2 at higher margins, particularly in stores.

Promotional activity remained higher during Q2 in the US to drive revenue and continue to clear excess inventory, however trading margins in Q2 were above Q1 and are expected to return to historical levels with the arrival of new ranges towards the end of H2 FY24.

Good progress was made in the Group's cost reduction program including headcount reductions, while fulfilment costs and warehouse renegotiations continue to improve in line with plan.

City Chic expects to achieve an underlying EBITDA loss (post-AASB16)<sup>2</sup> for H1 FY24 of between \$7m and \$10m, subject to finalisation of ordinary accounting period-end review and audit.

City Chic's inventory clearance has been successful with inventory expected to be approximately \$39.5m at the end of H1 FY24, down 27% from July, reflecting trading during the period and a strategic reduction in inventory intake. Inventory levels are in a much healthier position with a 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.

<sup>1</sup> Based on preliminary, unaudited numbers for 1H FY24. All reporting is for the continuing operations, excluding EMEA.

<sup>2</sup> Underlying EBITDA (post AASB 16) exclude non-recurring costs, including expenses related to the Northern Hemisphere warehouse strategic review and re-location, costs associated with business integrations and restructuring costs. Presented post-AASB16. Expected pre-AASB16 EBITDA loss of \$14m to \$17m

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

“The second quarter performance demonstrates the positive momentum we are seeing as a result of the strategic actions we've taken. In the first quarter our focus was on clearing our inventory position and delivering new, relevant product to support our key trading period and we did that successfully. This is reflected in stronger sell through at improved margins in the second quarter, especially in our stores business, and we remain on track to return to profitable trading overall in the second half.

“We have further reduced our cost base and continue to streamline our business model with additional benefits to be realised in the second half. While there is still more to do, we are making good progress and expect these positive trends to continue.”

### **Response to recent media speculation regarding potential interest in City Chic's North American business.**

City Chic is regularly involved in exploratory discussions with different parties regarding initiatives that could create value for its shareholders. However, there is no certainty that any of these opportunities, including any potential sale of City Chic's North American business, proceed to a binding transaction. Luminis Partners has been a long-standing adviser to City Chic on various projects. City Chic will keep shareholders informed of any material developments in accordance with its continuous disclosure obligations.

### **Notice of FY24 Interim Results**

City Chic will announce its audited H1 FY24 financial result for the 26 weeks to 31 December 2023 on Tuesday, 27 February 2024.

### **Conference Call for Investors and Analysts**

The City Chic management team will host a conference call for analysts and investors on Tuesday 27 February at 09.30am AEDT to discuss the 1H FY24 results and business outlook. Details for the call will be released closer to the date.

All financial information included in this trading update is unaudited and remains subject to further review and finalisation.

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 86 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.

### **Investor and Media Enquiries**

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