ASX Announcement

28 August 2024

City Chic Collective Limited FY24 Results[1], Trading Update & FY25 Outlook

- **FY24 Sales Revenue of $131.6m, down 28.3% on FY23**
- **FY24 Underlying EBITDA[2] loss of $8.4m, 47.3% improvement on FY23 and 9.8% ahead of proforma forecast[3]**
- **Inventory down 42.8% to $30.7m as at 30 June 2024, reflecting the sale of Avenue, improved inventory management and sell-through**
- **Net cash position of $3.9m as at 30 June 2024**
- **Business restructure to deliver $20.3m in costs savings with 85% of initiatives implemented**
- **Trading in first 8 weeks saw Trading Gross Margin[4] dollars up ~28% on PCP**
- **Strengthened balance sheet through divestment of Avenue and Equity Raise; debt facility reduced to $10m with extension to December 2026**
- **Targeting revenue of $142m-$160m and EBITDA post AASB 16 of $11-18m[5] in FY25**

City Chic Collective Limited (ASX: CCX) ("City Chic", or the "Group") today announced its financial results for the full year ended 30 June 2024 ("FY24").

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

"The result for FY24 reflects a year of business transformation, including decisive actions that were taken to streamline the business and focus on our high-value City Chic customer base and product mix in ANZ and the US. The divestment of Avenue enabled us to simplify our brand portfolio and refocus on what we do best - delivering high-quality, on-trend products that our customers love. In the latter part of FY24 we saw strong positive momentum in Average Selling Price (ASP) and Gross Margin contribution as inventory returned to appropriate levels and new product has been introduced. In addition, we have delivered a material reduction in operating costs to align with demand.

"In the first 8 weeks of FY25 the positive momentum in our key performance metrics has continued with Trading Gross Margin[4] dollars up 28% and ASP up 58% compared with the prior corresponding period, as our new product ranges resonate well with customers. Compared with the same period last year when we were heavily discounting to clear stock, Trading Revenue[6] is down just 9.1%, with comparable physical stores recovering well with sales up 9.9%. I am confident the business will return to demand-driven growth, as our 481k customer base remains engaged, with our NPS score at 72."

"Looking ahead, we are targeting revenue of $142m-$160m and EBITDA post AASB 16 of $11m-$18m in FY25. We have a stronger balance sheet following the divestment of Avenue and the Equity Raise, and with our right-sized cost base and improved operational flexibility we are well placed to return to sustainable, profitable growth."

[1] All reporting is for the continuing operations, excluding EMEA and Avenue.

[2] Underlying EBITDA (post AASB 16) is for continued operations and excludes non-recurring costs of $6.8m (restructuring $2.2m, Northern Hemisphere warehouse re-location $0.5m, lease modification $2.7m, capital restructure $1.2m and transaction costs $0.2m). FY23 non-recurring costs were $4.8m (Northern Hemisphere warehouse strategic review and relocation $4.5m, costs related to acquisition opportunities that did not materialize $0.3m)

[3] Proforma adjusted P&L as presented on page 13 of the Sale of Avenue, Business Transformation & Equity Raising document of 21 June 2024

[4] Trading Gross Margin represents the difference between product sell price and product cost and is before accounting and other adjustments

[5] See key risks and FY25 outlook assumptions on pages 25-27 of the FY24 Results investor presentation

[6] Trading Revenue represents product revenue before accounting and other adjustments

FY24 Results Review

Group sales revenue for FY24 was down approximately 28.3% to $131.6m compared with the prior corresponding period (PCP). Revenue by region and channel is detailed below:

- **ANZ:** Revenue was $97.7m, down 30.8% on PCP. Comparable stores were down 15%, with strong improvement in Q4 which was only 5% down, performing at higher margins. ANZ online was down 38.3%. **Americas:** Revenue of $33.9m was down 20% on PCP, driven by inventory clearance in H1, and warehouse movements in H2, which are now complete.
- **Partners:** Revenue of ~$22.7m (included in regional revenue above) was down 7.7% overall on PCP, however US partners were up 15% in H2, with Amazon outperforming as a partner in FY24, and a strong first 6 months with Macy's new marketplace.

Inventory reduced by 42.8% to $30.7m, reflecting a strategic approach to managing stock levels and better aligning with customer demand. The Group has new product assortment available in all markets to support trade in FY25.

City Chic undertook strategic initiatives to strengthen its balance sheet and support its turnaround strategy in FY24. The Group divested Avenue and Evans which has simplified its operations, unlocked cost savings, and allowed the Group to refocus on the City Chic customer in ANZ and US.

City Chic has also undertaken a significant right sizing of its cost base to create a more streamlined operation. Total actions taken or to be taken following the sale of Avenue are expected to deliver $20.3m in savings, $8.8m of which are in the FY24 results and the balance of $11.5m to be realised in FY25. This includes the further reduction in back-office headcount of $1.1m which has now been implemented and other cost rationalisation of $4.0m which is underway.

City Chic also successfully completed an Equity Raise of $14.4m in FY24 with a further $3.1m received in July. The Group reduced its multi-currency debt facility to $10.0m from July 2024, with an extension of the facility to December 2026 reflecting continued support from its lender. These initiatives have provided additional financial flexibility to execute the growth strategy and navigate the current market conditions. The Group's net cash position at the end of FY24 was $3.9m.

The Group's underlying EBITDA loss (post-AASB16) was $8.4m, reflecting the challenging trading environment and the transitionary period as City Chic repositions itself for a return to profitable growth. The Board has decided not to declare a dividend for FY24.

Trading Update and FY25 Outlook

In trading for the first 8 weeks to 25th August 2024, City Chic's revised growth strategy has continued to deliver an uplift in Trading Gross Margin and Average Selling Price:

- Trading Gross Margin $ up 28% on PCP
  - Trading Gross Margin % up 17.7 pp to 61.3% vs PCP of 43.7%
- Trading Revenue down 9.0% to PCP, which was a period of high discounting to clear stock
  - Comp stores up 9.9%, total stores revenue flat with 11 fewer stores
- Average Selling Price up 58.2% on PCP to $58.3

City Chic's cost reduction programs have reduced employee costs and lowered its total cost of doing business with run rate improvements in July in line with expectations.

While trading conditions may remain uncertain in the short term, the Group expects the positive trends in higher ASP and Gross Margins to continue. With the macroeconomic environment stabilizing, improved consumer sentiment is anticipated to benefit spend patterns in H2 HY25 which should result in stronger revenue and profitability in that half.

City Chic is targeting revenue of $142m-$160m and EBITDA post AASB 16 of $11m-$18m in FY25[5]

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 AEST accessible via the following link:
Webcast link: https://webcast.openbriefing.com/ccx-fyr-2024/

Conference call link: https://s1.c-conf.com/diamondpass/10040924-w9nekz.html

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 77 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 and the USA.

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