

city chic collective

14 January 2022

City Chic Collective Limited Trading Update for the 26 weeks to 26 December 2021

- Unaudited sales revenue of \$178.3m delivering growth of 49.8%¹ and comparable sales growth (CSG) of 44%².
- Unaudited Underlying EBITDA³ in the range of \$22.5-23.5m, in line with the prior corresponding period. This was pleasing as it included a \$4m EBITDA impact from store closures, the impact of acquisitions¹ and COVID-19 related marketing and cost reduction measures taken in the prior comparable period.
- Post Balance Date completed the acquisition of customer lists, brand and URL of CoEdition, a USA plus-size online marketplace.
- Revenue growth has been supported by the strategic investment in inventory to proactively manage the risks associated with global supply chain volatility.

In light of the heightened market uncertainty around the impacts of COVID-19 and global supply chain issues on the retail industry, City Chic Collective Limited (ASX: CCX) (“City Chic” or “the Company”) today provided a trading update for the 26 weeks to 26 December 2021 based on preliminary and unaudited numbers. Despite the continued volatility and widespread impacts relating to the pandemic and the new omicron variant, revenue growth remained strong in all regions. This performance reflects continued execution against the Company’s strategic priorities and connection with its customer base.

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

“I am pleased with our trading results for the first half, with strong revenue growth in all regions despite well publicised labour shortages and impacts to global logistics and supply chains, and government directed lockdowns related to the pandemic. We are continuing to drive growth across all our regions while adapting our business to address the ongoing challenges. While we acknowledge the environment remains uncertain, the performance of the business to date demonstrates the team’s ability to navigate volatile market conditions.

“The particularly strong performance in the USA demonstrates our potential to capture and grow our share of international markets. The global opportunity for City Chic is stronger than ever and we continue to experience growing customer demand across our multi-channel offering.”

¹ Evans and Navabi acquisitions contributed to H1 FY22 revenue and operating costs and not materially during the prior comparable period

² Comparable sales exclude Wholesale and Online Marketplace, the recent acquisitions of Evans and Navabi and periods of extended store closures due to government-directed lockdowns. On a constant currency basis (prior year restated at current year FX rate)

³ Represents preliminary and unaudited Underlying EBITDA which excludes net expenses of \$1.7m, which include transitional costs associated with the acquisition of Navabi, non-operating adjustment to the LTIP, 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

Preliminary and Unaudited FY22 Interim Result and Trading Update

Sales by Region

	Sales Revenue H1 FY22 A\$m	Sales Revenue H1 FY21 A\$m	Total Sales Growth (Reporting Currency)
ANZ	80.8	70.8	14.0%
Americas	77.2	47.7	62.0%
EMEA	20.3	0.5	-
Total	178.3	119.0	49.8%

Results Summary

- Group revenue up 49.8% or 51% on a constant currency basis. Comparable sales up 44%², and EMEA⁴ contributed \$20.3m of total revenue as a result of acquisitions¹.
- Active customer base⁵ of 1.316m increased by 23% during the period.
- Website Traffic⁶ of 70.6m increased by 22% during the period. Traffic is just one of the drivers of Group revenue which is also dependent on conversion and average basket size, both of which have shown pleasing results through our assortment increases and marketing improvements.
- We are pleased with the EBITDA result. Revenue and cost structures are not comparable between H1 FY22 and H1 FY21 due to the impact of the pandemic and acquisitions, with the EBITDA result reflecting:
 - The negative impact of Government directed store closures of approximately \$4m as outlined at the Annual General Meeting in November 2021;
 - EMEA revenue of \$20.3m which was breakeven at EBITDA as the business builds and previously advised COVID and supply chain issues are addressed; and
 - H1 FY21 being impacted by COVID-related cost saving measures predominantly in marketing and other operating expenditure. As outlined at the full year results, H2 FY21 should be considered a more normalised cost structure for these areas. Marketing and advertising costs were \$14.5m in H2 FY21 vs \$6.9m in H1 FY21 as the business continued to invest for growth, which flowed through to H1 FY22 expenditure.
- Global supply chain pressures continue, driven by freight capacity shortages and delivery delays coming out of key areas of supply. To proactively address these supply chain issues, as previously outlined at the Company's AGM on 17 November, the Company has invested in additional inventory. This has contributed to higher stock levels as at 26 December 2021 and will see a further build-up in H2 to secure stock for the Northern Hemisphere summer season and key sales periods, and consequently a higher utilisation of available cash. The cash balance was \$40.5m at 26 December 2021 with no debt drawn. The strong inventory position supported sales growth in the US and Australia through the critical Black Friday and Christmas trading period. As outlined at the AGM, labour and logistics issues in the UK continue to impact the Evans business.
- Post Balance Date City Chic completed the asset acquisition of USA plus-size marketplace CoEdition's customer lists, brand and URL, which will be integrated into its City Chic USA platform in January. City Chic previously traded on CoEdition as a

⁴ EMEA refers to the Europe Middle East and Africa region

⁵ Active customers include customers who have shopped online, in stores and omni channel in the last 12 months; excludes wholesale and marketplace customers and Navabi

⁶ Rolling 12 month Traffic to online websites, excludes traffic to Online Marketplaces and Navabi

marketplace partner. In the 12 months to September 2021, CoEdition had approximately 55k active customers and City Chic paid US\$0.639m for the assets.

- As also outlined at the AGM, it is expected that the earnings split in FY22 will be different from historical trends as a result of acquisitions, H1 disruptions to ANZ stores and as the Northern Hemisphere business evolves, with second half earnings expected to be stronger than first half earnings in FY22.

Regional Performance

- **ANZ:** As previously disclosed, in Q1 the store network was impacted by several periods of closures in response to guidance from Federal and State Governments in ANZ and the impact to profit was over \$1m per month over 4 months. Despite this, the Company has continued to drive growth in ANZ, with revenue growth of 14% in H1FY22 compared to the prior corresponding period. ANZ online revenue growth is 40%, with the addition of Conservative stream product proving successful and providing a catalyst for continued growth.
- **Americas:** Strong revenue growth of 62% as the Company executes its strategy of re-engaging the significant Avenue customer base, with Avenue.com trading materially above pre-acquisition levels, and the City Chic USA website performing strongly, trading back at historic growth levels.
- **EMEA:** Despite ongoing supply and logistics challenges outlined at the AGM, EMEA operations contributed \$20.3m to Group revenue.

Notice of FY22 Interim Results

City Chic Collective will announce its audited interim FY22 financial result for the 26 weeks to 26 December 2021 on Thursday, 24 February 2022.

Conference Call for Investors and Analysts

The Company will host a conference call for investors and analysts to discuss the trading update at 9.30am AEDT today, Friday 14 January, accessible for pre-registration via the following link:

<https://s1.c-conf.com/diamondpass/10018964-asmds4.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 plus-size women's apparel, footwear and accessories. It is a collective of customer-led brands including City Chic, Avenue, Evans, CCX, Hips & Curves and Fox & Royal. City Chic and CCX appeal to fashion forward women and its omni-channel model comprises of a network of 94 stores across Australia and New Zealand (ANZ) and websites operating in ANZ and the US. Avenue (US-based) and Evans (UK-based) target a broad customer base across conservative and fashion segments, both with a long history and significant online customer following. Hips & Curves in the US, and Fox & Royal in ANZ and the UK are online intimates brands. City Chic Collective owns European-based online marketplace Navabi, and sells its collective of brands through marketplace and wholesale partners in the US, Canada, UK and Europe.

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