# SALE OF AVENUE, BUSINESS TRANSFORMATION & EQUITY RAISING

June 2024

city chic collective

# IMPORTANT NOTICE & DISCLAIMER

The following disclaimer applies to this investor presentation prepared by City Chic Collective Limited ACN 057 569 169 (**City Chic**) and is dated 18 June 2024 (**Presentation**). This Presentation has been prepared in relation to a proposed institutional placement of new fully paid ordinary shares in City Chic (**New Shares**) (**Placement**) and an accelerated pro rata non-renounceable entitlement offer of New Shares (**Entitlement Offer**) (together, the **Equity Raising**) to be made under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by ASIC Corporations Instruments 2016/73 and 2016/84) and section 708A of the Corporations Act. The Entitlement Offer will be made to eligible institutional shareholders and eligible retail shareholders. The purpose of the Equity Raising is to support City Chic's business transformation and to provide balance sheet enhancements. Specifically, the funds raised in the Equity Raising will be used to funds the coasts associated with the change in US fulfilment provider, to reduce City Chic's debt profile, to fund City Chic's ongoing working capital requirements and pay the transaction costs associated with the sale of Avenue, the restructuring of City Chic's debt facility and the Equity Raising. By accepting or receiving this Presentation, you acknowledge and agree to the terms set out below.

## Summary information

This Presentation contains summary information about City Chic and its activities that is current only as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information that a prospective investor may require in evaluating a possible investment in City Chic or that would be required in a prospectus or other disclosure document prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with City Chic's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**) at www.asx.com.au.

The information in this Presentation has been obtained from or based on sources believed by City Chic to be reliable. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither City Chic nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications and no representation or warranty, express or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy.

Reliance should not be placed on information or opinions contained in this Presentation and, subject only to any legal obligation to do so, City Chic does not have any obligation to correct or update the content of this Presentation.

## Not an offer

This Presentation is not a prospectus or other disclosure document under the Corporations Act or any other law, and will not be lodged with the Australian Securities and Investments Commission (**ASIC**) (or any other foreign regulator). This Presentation is for information purposes only. This Presentation is not, and does not constitute, an invitation or offer of securities for application, subscription, purchase or sale in any jurisdiction.

## Retail entitlement offer

The retail entitlement offer booklet for the retail entitlement offer will be made available following its lodgement with ASX. Any eligible retail shareholder who wishes to participate in the retail entitlement offer should consider the retail offer booklet in deciding whether to apply under that offer and apply in accordance with the instruments in that document and the entitlement and acceptance form.

This Presentation does not constitute financial product advice and does not and will not form part of any contract for the acquisition of New Shares.

## Not an offer in the United States

This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. This Presentation may not be distributed in the United States or released to US wire services . The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the U.S. Securities Act (which City Chic has no obligation to do or procure) or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

## Not financial product advice

The information contained in this Presentation is not investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire New Shares. This Presentation does not and will not form any part of any contract or commitment for the acquisition of New Shares. Any references to, or explanations of, legislation, regulatory issues or any other legal commentary (if any) are indicative only, do not summarise all relevant issues and are not intended to be a full explanation of a particular matter. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the information in this Presentation.

This Presentation has been prepared without taking into account your investment objectives, financial situation or particular needs. Before making an investment decision, you should consider whether it is a suitable investment for you in light of your own investment objectives, financial situation and particular needs and having regard to the merits or risks involved. Any decision to buy or sell securities or other products should be made only after seeking appropriate financial advice. Cooling off rights do not apply to the acquisition of New Shares.

## Financial information

All financial information in this Presentation is in Australian dollars unless otherwise stated.

The Presentation includes certain pro forma financial information. Any pro forma historical financial information provided in this Presentation is for illustrative purposes only and is not recognised as being indicative of City Chic's views on its, nor anyone else's future financial position or performance. Any pro forma historical financial information has been prepared by City Chic in accordance with the measurement and recognition principles, but not the disclosure requirements, prescribed by the Australian Accounting Standards (**AAS**). In addition, the pro forma financial information in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Investors should refer to slides 40 and 41 for an outline of the basis of preparation of the pro forma financial information in this Presentation and iof the key assumptions that underpin this information.

Investors should be aware that certain financial measures included in this Presentation are 'non-IFRS information' under *ASIC Regulatory Guide 230: Disclosing non-IFRS financial information* published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Act and are not recognised under AAS and the International Financial Reporting Standards (**IFRS**). Such non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. While City Chic believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation.

Certain figures, amounts, percentages, estimates, calculations of value and fractions provided in this Presentation are subject to the effect of rounding. As such, the actual calculation of these figures may differ from the figures set out in this Presentation.

## Past performance

The past performance and position of City Chic reflected in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of City Chic's views on its future financial performance or condition. Past performance of City Chic cannot be relied upon as an indicator of (and provides no guidance as to) the future performance of City Chic, including future share price performance. Nothing contained in this Presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

# IMPORTANT NOTICE & DISCLAIMER (CONT.)

Forward-looking statements and future performance

This Presentation contains forward-looking statements and comments about future events, including about the plans, strategies and objectives of City Chic's management, City Chic's expectations about the performance of its business, the timetable and outcome of the Placement and Entitlement Offer and the proceeds to be raised from the Placement and Entitlement Offer. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "opinion", "predict", "project", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

You are cautioned not to place undue reliance on any forward-looking statement. While due care and attention has been used in the preparation of forward-looking statements, the forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions, circumstances and events specific to the industry, countries and markets in which City Chic and its related bodies corporate and associated undertakings operate.

Forward-looking statements including projections, expectations, guidance on future earnings and estimates concerning the timing and success of strategies, plans or intentions are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, contingencies and uncertainties and other factors, many of which are outside the control of City Chic and cannot be predicted by City Chic. Forward-looking statements may involve significant elements of subjective judgement and assumptions as to future events, which may or may not be correct, and therefore you are cautioned not to place undue reliance on such information. Please refer to slides 40 and 41 for an outline of the basis of preparation of the forecast financial information that appears in this Presentation and the assumptions that underpin this information.

A number of important factors could cause City Chic's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Refer to the 'Key risks' section of this Presentation for a non-exhaustive summary of certain general and company-specific risk factors that may affect City Chic. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based, including but not limited to the risk factors set out in this Presentation. Neither City Chic nor any other person gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed implied in any forward-looking statement will actually occur.

The forward-looking statements are based on information available to City Chic as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), City Chic disclaims any obligation and makes no undertaking to provide any additional or updated information whether as a result of new information, future events or results or otherwise, or to reflect any change in expectations or assumptions.

Disclaimer

Canaccord Genuity (Australia) Limited ACN 075 071 466 will be the lead manager (**Lead Manager**) for the Placement and Entitlement Offer, and will fully underwrite the Equity Raising. A summary of the key terms of the underwriting agreement between City Chic and the Lead Manager (as underwriter) is included with this Presentation (refer to the "Summary of Underwriting Agreement" section of this Presentation).

To the maximum extent permitted by law, City Chic and the Lead Manager and their respective related bodies corporate and affiliates, and their respective officers, directors, partners, employees, agents and advisers: (i) disclaim all responsibility and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any loss, expense, damage or cost arising from this Presentation or reliance on anything contained in or omitted from it or otherwise arising in connection with this Presentation; (ii) disclaim any obligations or undertaking to release any updates or revision to the information in this Presentation to reflect any change in expectations or assumption; and (iii) do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this Presentation or that this Presentation contains all material information about City Chic or all information that a prospective investor or purchaser may require in evaluating a possible investment in City Chic or acquisition of shares in City Chic, or the likelihood of fulfilment of any forward-looking statement of any event or results expressed or implied in any forward-looking statement.

Neither the Lead Manager nor any of its related bodies corporate and affiliates, and their respective officers, directors, employees, agents and advisers (together, the **Lead Manager Parties**) accept any fiduciary obligations to or relationship with you, any investor or any potential investor in connection with the Placement or the Equity Raising. Neither the Lead Manager nor the Lead Manager Parties have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, for the avoidance of doubt, and except for references to their name, none of them makes or purports to make any statement in this Presentation, and there is no statement in this Presentation which is based on any statement by any of them. Recipients agree that, to the maximum extent permitted by law, they will not seek to sue or hold the Lead Manager Parties liable in any respect in connection with this Presentation or the Equity Raising.

The information in this Presentation remains subject to change without notice. City Chic reserves the right to withdraw either or both of the Placement and Entitlement Offer or vary the timetable for either or both of the Placement and Entitlement Offer without notice. The determination of eligibility of investors for the purposes of the Placement and Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of City Chic and the Lead Manager. Each of City Chic and the Lead Manager (and their respective related bodies corporate and affiliates, and their respective officers, directors, employees, agents and advisers) disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Disclosure

The Lead Manager, together with its affiliates and related bodies corporate, is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, marketing making, market lending, brokerage and other financial and non-financial activities and services including for which it has received or may receive customary fees and expenses. The Lead Manager (and/or its related bodies corporate) have performed, and may perform, other financial or advisory services for City Chic, and/or may have other interests in or relationships with City Chic and its related entities or other entities mentioned in this Presentation for which they have received or may receive customary fees and expenses.

In the ordinary course of their respective various business activities, the Lead Manager (and their respective affiliates and related bodies corporate) may purchase, sell or hold a broad array of investments and actively trade or effect transactions in equity, debt and other securities, derivatives, loans, commodities, currency default swaps and/or other financial instruments for their own accounts and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and instruments of City Chic, its related entities and persons and entities with relationships with City Chic and its related entities. The Lead Manager Parties may, from time to time, have long or short positions in, buy and sell (on a principal basis or otherwise) and may act as market makers in, the securities or derivatives or serve as a director of any entities mentioned in this Presentation. The Lead Manager (and its affiliates and related bodies corporate) currently hold and may continue to hold, equity, debt or related derivative securities of City Chic and its related entities.

International Offer Restrictions

The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. Please refer to the "Foreign Selling Restrictions" section in this Presentation for more information. By accepting this Presentation, you represent and warrant that you are entitled to receive such a presentation in accordance with such restrictions and agree to be bound by the limitations set out in this Presentation.

1. **Business transformation through divestment of Avenue to focus on the core CCX customer base through a single brand in both ANZ and US**

2. **Rebased business unlocking additional cost savings with positive sell price and gross margin momentum leading into FY25F**

3. **Amended debt facility, equity raise and additional cash from sale of Avenue to accelerate the turnaround strategy and strengthen the balance sheet for future growth**

# TABLE OF CONTENTS



Phil Ryan, CEO

Peter McClelland, CFO

# EXECUTIVE SUMMARY

## Business transformation initiatives to accelerate City Chic's strategy: Sale of Avenue, further material right-sizing and simplification of the cost base plus balance sheet enhancements

| | |
|---|---|
| **Avenue Divestment** | • Divestment of Avenue assets for US$12m (~A$18m), to be paid on completion in all cash[1]<br>• Enables business simplification through creation of a dedicated single brand offering focused on the core City Chic customer in ANZ and the US<br>• Unlocks material cost savings<br>• Delivers immediate margin improvement and sell price increase |
| **Business Transformation** | • Further right-sizing and business simplification to support return to profitability<br>- Change in US fulfilment arrangements enabled by the Avenue divestment<br>- Further cost reductions to be implemented in FY25 unlocked by the Avenue divestment<br>• Business restructure undertaken throughout FY24 and into FY25 with further benefits to be realised in FY25 and beyond<br>• Strategic redefining and refresh of brand through product and marketing initiatives<br>• Total planned cost savings of $20.3m with $8.8m in savings already achieved in FY24F, with a further $11.5m expected to be achieved in FY25[2] |
| **Balance Sheet & Capital Structure** | • Reduction of multi-currency debt facility size to $10.0m, with an extension of the facility to December 2026, provides additional balance sheet strength<br>• Inventory normalisation initiatives now complete post the COVID inventory build and a return to typical purchasing cycles<br>• Equity raising of $23.0m via an Institutional Placement (Placement) and Accelerated Non-Renounceable Entitlement Offer (Entitlement Offer), together (the Offer)[6]<br>• Amended debt facility, equity raise and additional cash from sale of Avenue to accelerate the turnaround strategy and strengthen the balance sheet for future growth |
| **Trading Update** | • Trading conditions have remained challenging with forecast Group sales including Avenue for FY24F[3] down ~30% compared to FY23 PCP to $187m<br>• FY24 forecast Proforma Adjusted EBITDA post-AASB16 from Continuing Operations[4] loss of $9.3m which includes $8.8m of realised cost savings. Incremental cost savings of $11.5m are expected to be achieved in FY25 from actions already taken and implementation of other identified initiatives following the sale of Avenue[2]<br>• Active customers in the continuing business[5] is 32% higher than 2019 however lower frequency and conversion reflecting current cost-of-living pressures<br>• Continued positive trends in web traffic supported by new seasonal product and marketing programs with higher Average Sale Price (ASP) resulting in margin improvements |

1. Subject to working capital conditions and adjustments on completion. The cash proceeds of the divestment will be the $18m less the expected working capital adjustments of c.$3.5m which will be confirmed on completion. Residual Avenue Accounts Payable/Accruals of $0.6m relating to inventory sold that remain with continuing operations will be settled by City Chic
2. See slide 9 and 14 for more detail on cost savings
3. Based on 10 months of Actuals and 2 months of forecast
4. Excludes the trading results of Avenue and EMEA which will be treated as discontinued businesses and also excludes restructuring and other non-operating costs. See page 13
5. Residual business excludes Avenue. 2019 pre-Avenue Active Customers 385k
6. The Equity Raising is underwritten up to $17.5m

# BUSINESS TRANSFORMATION

city chic collective

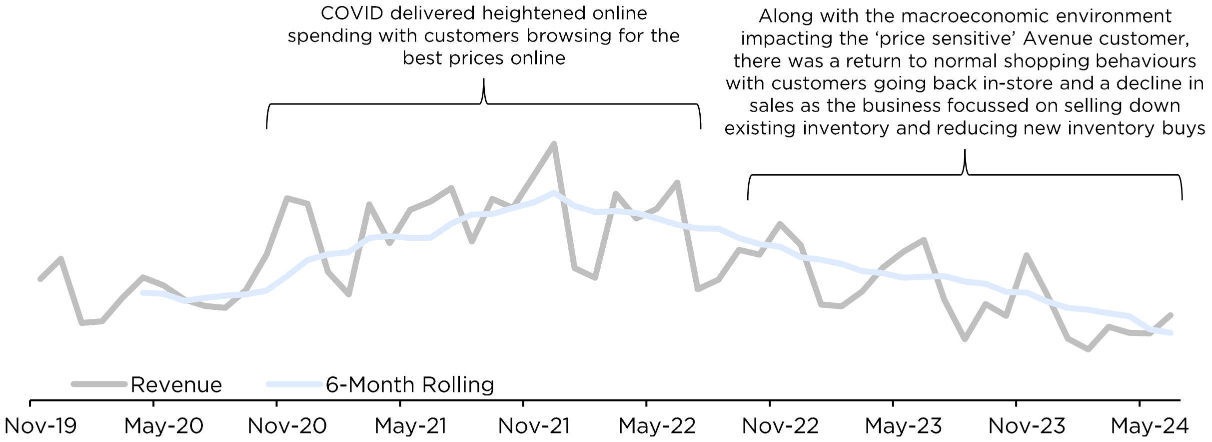
# AVENUE DIVESTMENT SUMMARY



## The divestment of Avenue allows City Chic to focus on its core customer in ANZ and the US

- City Chic has agreed to divest Avenue assets to FullBeauty Brands (FBB) for total consideration of US$12m (~A$18m), to be paid on completion in all cash[1]. City Chic will continue trading the City Chic website and partner business in the US
- Ongoing commercial relationship with FBB ensures that Avenue.com platform remains a channel for sale of City Chic product in addition to other existing FBB businesses
- Divestment is effected via an asset sale (including Avenue trademarks, inventory, customer lists), subject to customary completion conditions, with completion expected to occur in early July 2024
- Short term transitional services agreement to be implemented to provide an orderly transition

### Avenue Historical Revenue Trend




### Delivers an Acceleration of City Chic's Current Strategy

- Single brand focus and strategic refresh of brand through product and marketing initiatives strengthens appeal to the City Chic customer in ANZ and the US. The Avenue customer has a lower average retail price and basket size than City Chic customers in the US
- Product, marketing and planning to align to the core City Chic customer
- Delivers immediate sell price and margin improvement to the business
- Further cost reduction initiatives unlocked with the divestment of Avenue, reduces supply chain complexity and a return to historical factory partners
- Enables full focus on growing the City Chic brand in ANZ and the US

1. Subject to working capital conditions and adjustments on completion. The cash proceeds of the divestment will be the $18m less the expected working capital adjustments of c.$3.5m which will be confirmed on completion. Residual Avenue Accounts Payable/Accruals of $0.6m relating to inventory sold that remain with continuing operations will be settled by City Chic

# COST REDUCTION INITIATIVES



## Total planned cost savings of $20.3m with $8.8m[1] in savings already achieved in FY24F with a further $11.5m to be achieved in FY25F[2] simplifying the business for improved operating leverage

| | Commentary | Realised Savings[1] | Incremental Expected Savings[2] |
|---|---|---|---|
| Lower operating expense initiatives | • Business restructure and cost out initiatives completed through FY24F realised savings of $8.8m[1,2], expected to realise further benefits in FY25F of $4.3m[3]<br>• Operating expense cost rationalisation focused on head count reduction, marketing expenses, and other operating expenses | $8.8m | $4.3m |
| Avenue divestment impact | • Unlocks cost reduction opportunities through right-sizing the business<br>• A head count reduction directly related to Avenue of $1.6m which is included in the cost base of Avenue and reflected in the pro forma adjustments (not included in Realised Savings, see page 13 for P&L adjustments)<br>• A further reduction in back-office head count of $1.1m and other cost rationalisation of $4.0m[4] to be implemented | - | $5.1m |
| Change in US fulfilment provider | • Move to new fulfilment provider that supports a more agile business model, enabled by the Avenue divestment. Future savings to the residual City Chic US business[5,6]<br>• More streamlined and variable cost base will deliver operating efficiencies and greater flexibility with changing demand | - | $2.1m |
| | **Total Savings[1,2]** | **$8.8m** | **$11.5m** |

### Further Margin Improvement Initiatives

| | | |
|---|---|---|
| Supply chain simplification | • Return to narrower supply base will drive sustained margin improvement<br>• Return to DDP providers lower logistics cost and working capital benefits | Margin Improvement |

city chic collective

1. Savings from existing initiatives and realised in the FY24F pro forma adjusted EBITDA
2. Incremental savings are based on a comparison with the FY24F cost structure and do not factor in inflation that may occur in FY25F
3. The $4.3m is based on the annualisation impact of initiatives that were yet to have their full 12 months of benefits in FY24
4. The $4.0m anticipated savings and benefits the company expects to realise in FY25 are based on current expectations and estimates in which the company will operate with a materially reduced size following the sale of Avenue and will be less likely to require the same level of spend in IT, insurance and other operating expenses.
5. Given the reduced fixed cost nature of the new agreement
6. Fulfilment cost savings reported at the FY24 half year results have been excluded as these were largely related to the US fulfilment costs which are excluded as part of the Avenue cost base now excluded as a discontinued business

# BALANCE SHEET & CAPITAL STRUCTURE



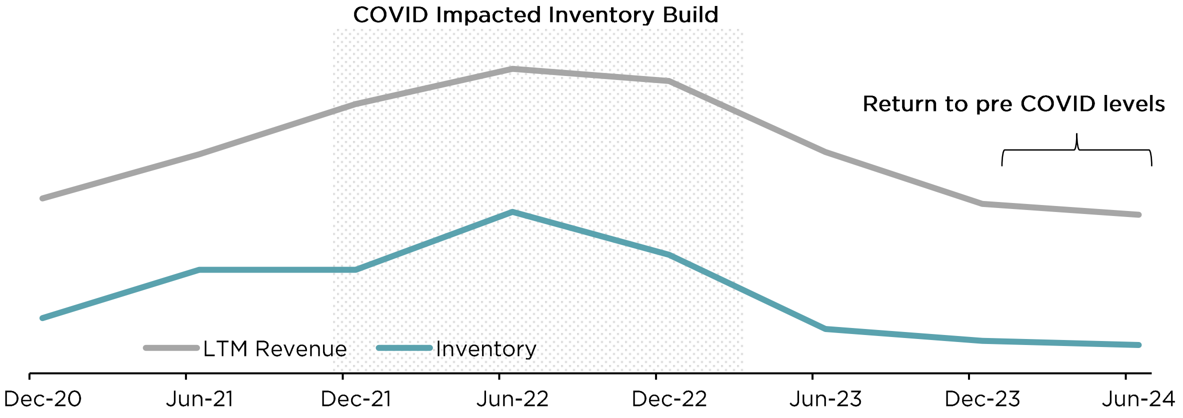
Equity raising combined with key initiatives to strengthen the balance sheet, creating a resilient platform to deliver sustainable growth

- Debt Refinance[1]
- +
- Divestment of Avenue
- +
- Right-Size Initiatives
- +
- Equity Raising[2]

=

- ✓ Strengthens balance sheet to support a return to profitability and cash flow generation
- ✓ More appropriate balance sheet settings in the current environment
- ✓ Supportive lender providing funding for working capital needs
- ✓ Streamlined business delivering a platform for profitability
- ✓ Delivers a resilient business, future proofed against challenging trading conditions

## Returned to a Normalised Inventory Position




Inventory now back to a normalised level and a return to normal purchasing cycles post stock unwind during FY24F

Inventory wind down focused on aged product, with inventory on hand now comprising newer and higher value product

1. Summary of the debt refinance terms found in slide 25
2. Summary of the equity raising found in slide 24

city chic collective

# FINANCIAL OVERVIEW

city chic collective

# FY24F TRADING UPDATE

## Continued challenging trading conditions, with signs of positivity starting to show

- Trading conditions have remained challenging with forecast Group sales for FY24F[1] down ~30% compared to FY23 PCP to $187 million
- ANZ Stores have stabilised with rolling LTM sales broadly flat in the 6 months to May-24
- City Chic Channels (ie excluding Avenue) have seen continued positive trends in ASP driven by new seasonal product and marketing programs (see page 15)
- This has resulted in further margin improvement, with overall Q4 gross margins forecast to be up 15% points on PCP (see page 15)
- However, lower frequency and conversion rates due to cost-of-living pressures have resulted in lower trading volumes
    - 507k Active Customers in continuing business up 32% from 2019[2] however lower frequency and conversion lower reflecting current cost-of-living pressures
- Benefits of cost reduction programs has reduced employee costs 2H vs 1H and lowered the total CODB with run rate improvements expected into FY25F
- Inventory levels have normalised excluding Avenue where continued strategic reduction of inventory has impacted margin

| Revenue by Region (A$M) | FY24 Forecast[1] | Vs FY23 Actual |
|---|---|---|
| ANZ | 97.0 – 98.0 | (32%) - (31%) |
| Americas | 89.0 – 90.0 | (30%) - (29%) |
| **Total (including Avenue)** | **186.0 – 188.0** | **(31%) - (30%)** |
| **Discontinued Avenue Revenue** | **(55.0)** | **(34%)** |

| Revenue by Channel (A$M) | FY24 Forecast[1] | Vs FY23 Actual |
|---|---|---|
| Stores | 47.5 - 48.0 | (21%) - (20%) |
| Online | 114.5 - 115.5 | (38%) - (37%) |
| Partners | 24.0 - 24.5 | (2%) – 0% |
| **Total (including Avenue)** | **186.0 – 188.0** | **(31%) - (30%)** |

1. Based on 10 months of Actuals and 2 months of Forecast. Revenue by Region and by channel includes Avenue. We note the revenue assumed for the Stat forecast is $187.52m (on the following page), which is lower than the upper range forecast and does not assume significant downside sensitivities to recent ASP and volumes
2. Residual business excludes Avenue. 2019 pre-Avenue Active Customers 385k

# FORECAST FY24 STATUTORY & PRO FORMA P&L[1]

## Forecasted pro forma EBITDA (post-AASB16)[4] of $(9.3)m excluding the impact of Avenue and other one-off items

| AUD $m | Stat. P&L View | | | Adjustments | | | Pro Forma |
|---|---|---|---|---|---|---|---|
| | Stat. P&L | Gross up of Avenue Trading (Discon. Ops) | Stat P&L[3] Incl. Discon Ops | 1 Removal of Avenue Trading / Warehouse Exit | 2 Avenue impairment / disposal loss | 3 Other Rest. Costs & Discon. Business | Pro Forma Adjusted |
| **Revenue** | 132.2 | 55.0 | 187.2 | (55.0) | - | - | 132.2 |
| **Cost of Sales** | (57.8) | (30.6) | (88.3) | 30.6 | - | - | (57.8) |
| **Gross Margin** | 74.4 | 24.5 | 98.9 | (24.5) | - | - | 74.4 |
| ***Gross Margin %*** | *56.3%* | *44.5%* | *52.8%* | | | | *56.3%* |
| Fulfilment Costs | (21.0) | (20.4) | (41.4) | 25.1 | - | - | (16.3) |
| Employee benefits expense | (37.7) | (1.6) | (39.4) | 1.6 | - | 2.2 | (35.5) |
| Rental-related Recoveries, Concessions and Expenses | (4.7) | - | (4.7) | - | - | - | (4.7) |
| Other Expenses | (31.3) | (8.1) | (39.4) | 12.2 | - | - | (27.2) |
| **Total Cost of Doing Business (CODB)** | (94.8) | (30.1) | (124.9) | 38.9 | - | 2.2 | (83.7) |
| **EBITDA post-AASB16 from Continuing Operations** | (20.4) | (5.6) | (26.0) | 14.4 | - | 2.2 | (9.3) |
| Depreciation, Amortisation and Impairment Expenses | (18.2) | (0.3) | (18.4) | 0.3 | - | - | (18.2) |
| Finance Costs | (4.0) | - | (4.0) | - | - | 0.5 | (3.5) |
| **Loss Before Income Taxes from Cont. Operations** | (42.6) | (5.8) | (48.4) | 14.7 | - | 2.7 | (31.0) |
| Income Tax Benefit / (Expense) | 0.1 | - | 0.1 | - | - | - | 0.1 |
| **Loss After Income Taxes from Cont. Operations** | (42.5) | (5.8) | (48.4) | 14.7 | - | 2.7 | (30.9) |
| Loss After Income Taxes from Discont. Operations[2] | (49.0) | 5.8 | (43.2) | - | 40.1 | 3.1 | - |
| **Profit / (Loss) After Income Taxes** | (91.5) | - | (91.5) | 14.7 | 40.1 | 5.8 | (30.9) |

## Commentary

- Forecasted revenue for FY24 of $132.2m after removing the impact of Avenue
  - Impacted by inventory clearance initiatives, which are now complete and not expected to continue
  - ASP improvements in continuing business in H2 driven by mix of new product and heading back to higher levels achieved historically
- Pro Forma gross margins of 56.3% when removing the impact of Avenue
  - GM strengthening in H2 with new product arrivals and increased mix of new product
- Pro forma fulfilment costs in FY24 (12.4% of revenue) exclusive of Avenue
  - Further savings to be achieved with the move to the new fulfilment service provider due to a lower fixed cost structure
- Pro forma adjusted EBITDA (post-AASB16) of $(9.3)m excludes the full year benefit of initiatives already completed in FY24F to be realised in FY25 ($4.3m) as well as additional cost reductions in fulfilment and from right-sizing of back office wages and costs of $7.2m, which are also expected to be realised in FY25 (see table on page 9)

**Pro Forma Adjustments**

1. Removal of Avenue includes the trading P&L and direct support costs of Avenue as disclosed in the Discontinued Ops (loss of $5.6m[4]); plus $8.8m of one off costs to exit the existing warehouse contract, inventory move costs and the write down of AASB16 balances associated with the previous warehouse contract
2. Avenue impairment / disposal loss of $40.1m to be recognised upon the disposal of Avenue based on the proceeds less the carrying value of the assets with a significant portion of the balance relating to Avenue intangibles and goodwill, which is written down
3. Represents one off costs associated with restructuring programs implemented in FY24 to date and redundancies for resizing the business post the sale of Avenue and costs associated with the amended debt facility. $3.1m of discontinued operations relates to the EMEA business, which has been discontinued with the majority of the revenue and trading relating to Jul-23 and Aug-23 prior to the completion of the sale

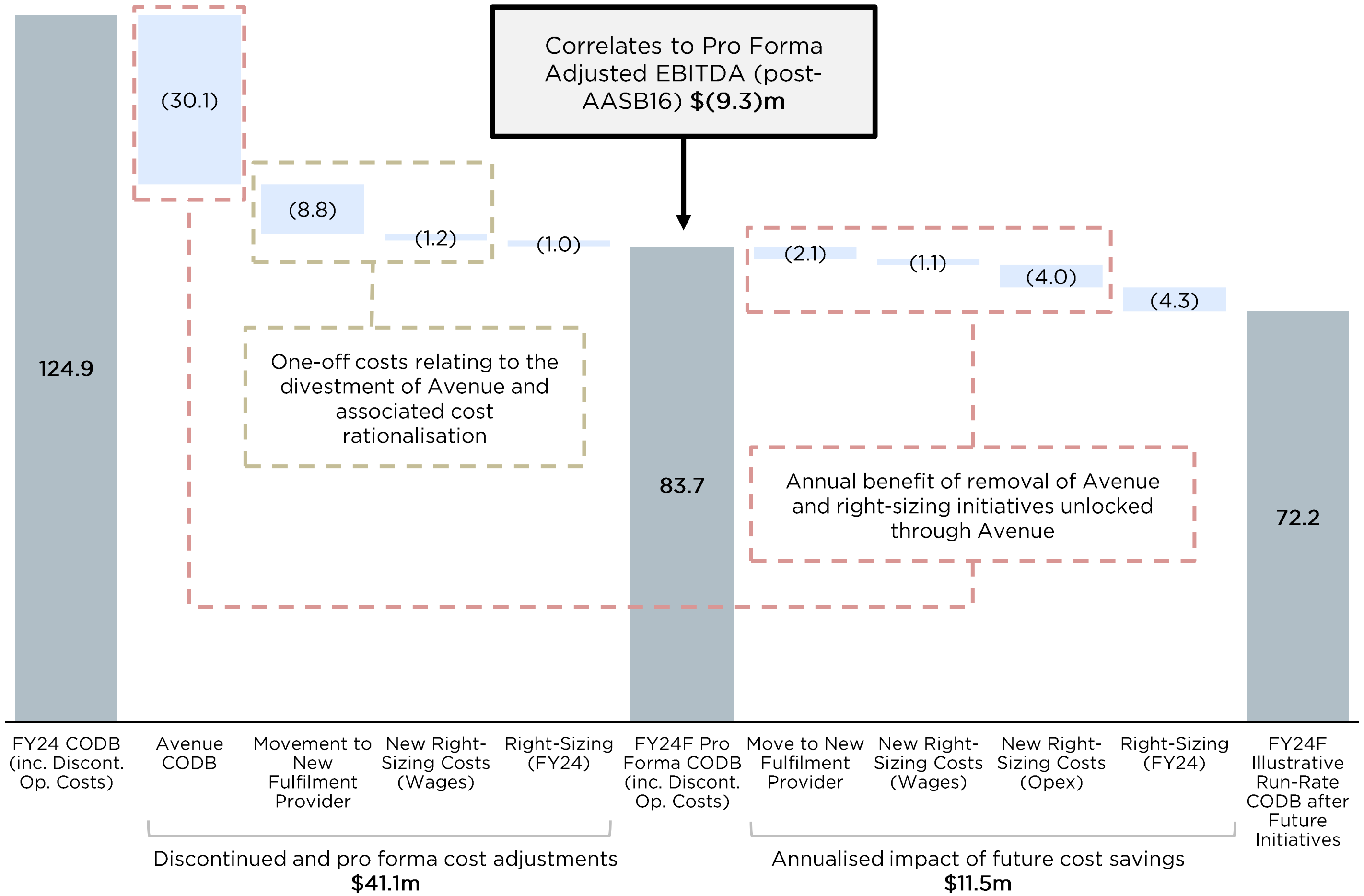
city chic collective

1. The above Profit & Loss statement should be read in conjunction with the basis of preparation and key assumptions as set out on page 40
2. Statutory discontinued operations of $49.0m includes $5.8m of Avenue trading plus the estimated $40.1m loss on the disposal of Avenue, and $3.1m of losses relating to the previously reported discontinued operations of EMEA
3. Represents the statutory financial statement numbers, presented in the pro forma format, showing Avenue on a continuing operations basis
4. EBITDA post AASB16. Adjustments for Pre AASB16 EBIDTDA are on page 39

# RUN RATE COST SAVINGS IN THE REBASED BUSINESS

## Incremental cost savings of $11.5m are expected to be achieved in FY25 (of which $6.4m have already been implemented[1]), and have been illustrated below showing the impact on the FY24F CODB if the initiatives had been implemented from 1 July 2023

### Cost of Doing Business (CODB) Illustrative Cost Savings Based on FY24F Costs




### Commentary

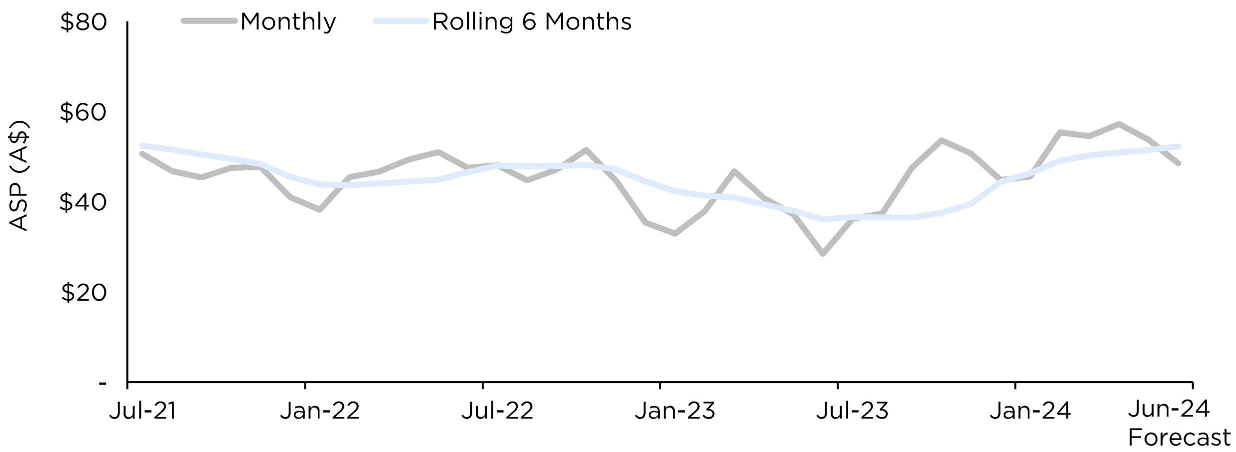
- **Avenue CODB** – Removal of the Avenue's associated fulfilment costs and other SG&A costs for FY24, which total to $30.1m[2,3]
- **Movement to new fulfilment provider** – One-off cost associated with breaking the current contract and moving to a new US fulfilment provider of $8.8m, including $3.7m non-cash cost relating to AASB-16 lease write-down. Breaking current contract enabled the Avenue divestment in addition to delivering ongoing annual savings for the remaining CC USA business of $2.1m
- **New right-sizing costs – Wages** – Restructuring as a consequence of the sale of Avenue results in one off costs of $1.2m, which have been adjusted in the Pro Forma position. This will translate into cost savings of $2.7m relating to group cost rationalisation unlocked from divesting Avenue ($1.6m already included in Avenue CODB) and a further $1.1m in the residual business
- **New right-sizing costs – Opex** – Further cost rationalisation programs to deliver $4.0m of annual savings in non-staff back office costs
- **Right-sizing (FY24)** – One-off redundancy costs of $1.0m. Full year impact of cost rationalisation program already implemented in FY24 delivering $4.3m ($3.8m of labour and $0.5m of other cost savings) in FY24 with the full year benefit still yet to be realised

1. Comprising Right-Sizing (FY24) and Move to New Fulfilment Provider
2. $1.1m shown in New Right-Sizing Costs – Wages (Avenue Related) and $1.6m included in the Avenue Trading loss (not included in savings items, see slide 13 for P&L adjustments)
3. Whilst Avenue has a greater amount of employee costs, the adjustment only considers related staff that will no longer be retained. Some of the Avenue employees have been redeployed to fill vacancies in other parts of the business and are not included as part of this adjustment

# CURRENT TRADING METRICS (EXCLUDING AVENUE)

Strong momentum in key business metrics underpinning future growth

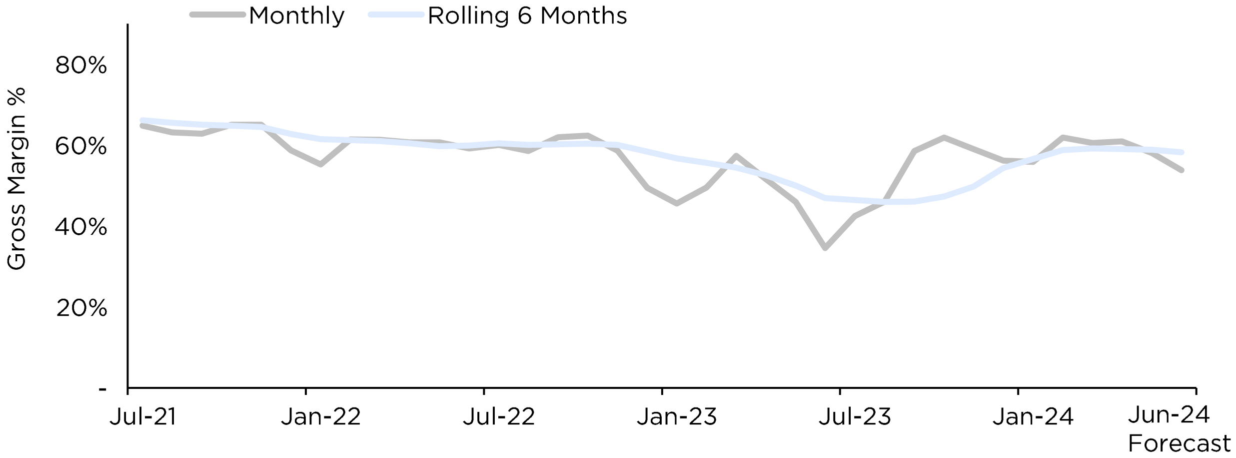
## Group ASP (exc. Avenue)




## Commentary – ASP now exceeding historical levels

- ASP increasing with product mix and move back to elevated essentials and new lifestyle ranges
- ASP also increasing post completion of stock clearance with inventory back to normalised levels
- Continued increases expected as the business returns the focus on the core City Chic customer. This will impact customer volumes
- Price sensitivity and propensity to spend remains uncertain in current economic environment

## Trading Margin % (exc. Avenue)



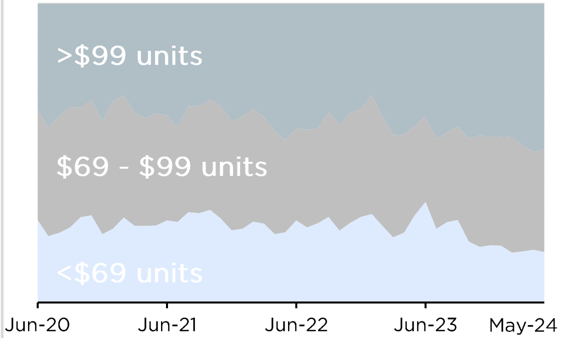

## Commentary – GM heading back to target levels

- Margin improvement with new ranges. FY24 H2 proforma adjusted margin of 59%
- Inventory shifting with a revitalised product range, focusing on elevated essentials, which are higher value products that are not in competition with discount operators
- Cost price improvements expected to continue as City Chic moves to leverage volumes with fewer third party factories. This operating model also facilitates business simplification and associated cost restructuring initiatives
- May and June 2024 impacted by clearance ahead of warehouse move and sale of Avenue

# CURRENT CUSTOMER METRICS (EXCLUDING AVENUE)

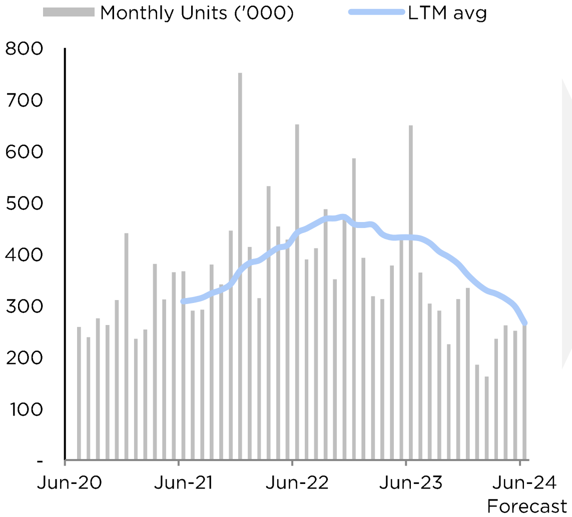
## Growth in high value customers and returning customers in the last 10 weeks (to 26 May 2024) is an early indication of the top-of-funnel marketing strategy and product mix working

### Proportion of Units Sold




There has been a trend away from lower price points (units under $69 sold), which represent under 20% of the product mix in recent months and is in line with the strategy of prioritising elevated essentials and ultimately driving an increased blended ASP

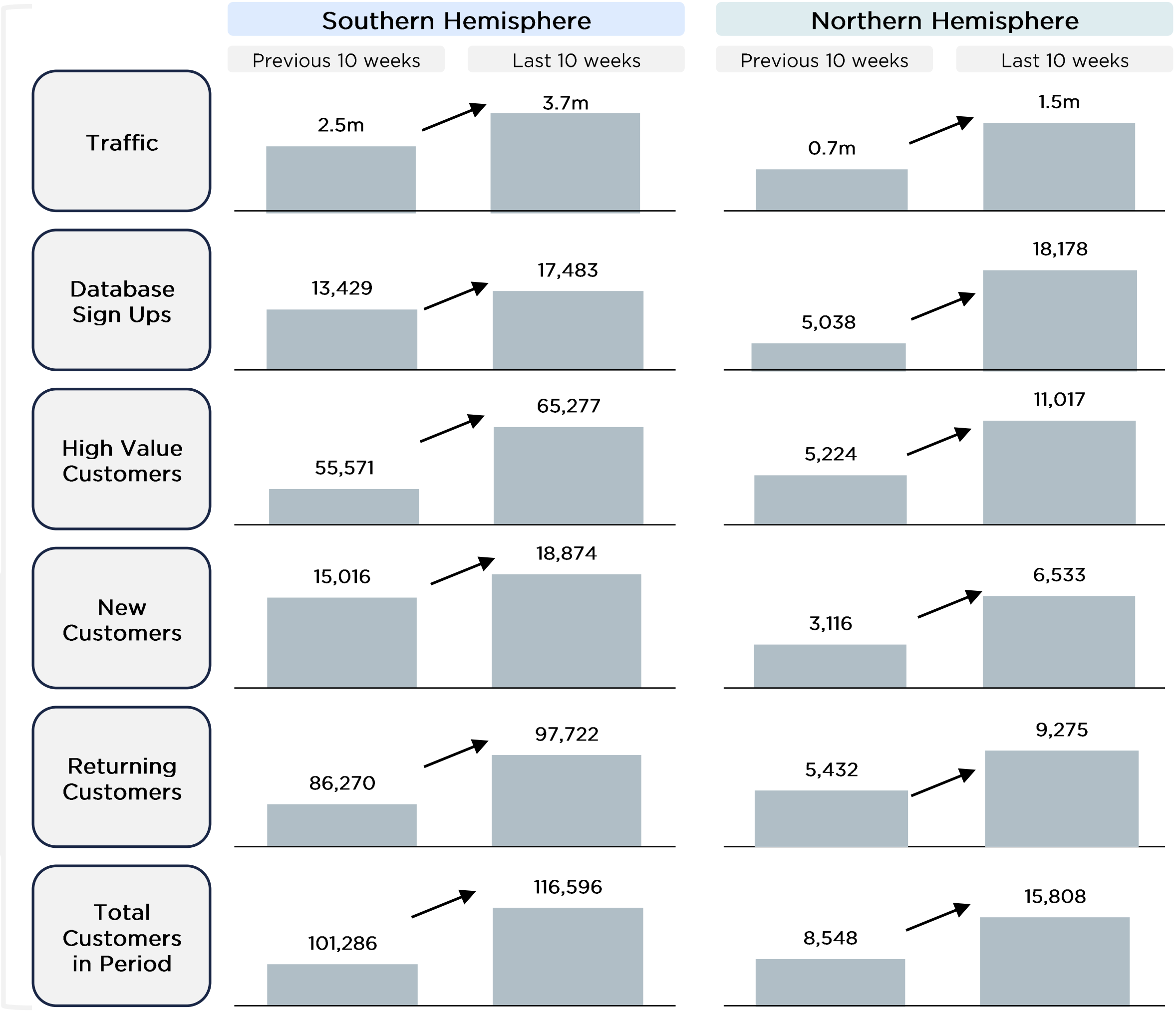
### Monthly Units and LTM Average




Unit volumes have declined as part of the strategy to transition to the more resilient value repeat customer and away from the low value one-time customer. Macroeconomic pressures also continue to impact purchasing patterns

Over the last 10 weeks in LTM Apr-24, there has been a 17% increase in its high value customers compared to the prior 10 weeks in ANZ. This has also been reflected in a 13% growth in returning customers over the same comparative period

### Marketing Metrics




city chic collective

# TOP RANKED MOST LOVED RETAILERS

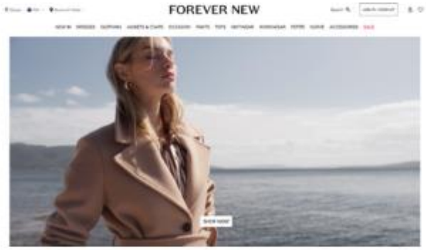
The Iconic


NPS SCORE: **64**

City Chic


NPS SCORE: **63**

Forever New




NPS SCORE: **63**

Dusk


NPS SCORE: **62**

## CITY CHIC HAS BEEN RANKED IN THE TOP 4 MOST LOVED RETAILERS OUT OF 100 OF AUSTRALIA'S BEST RETAILERS BY NPS SCORE

Source: Power Retail – Most Loved Retailers 2024

# GROWTH STRATEGY

city chic collective

# A BUSINESS DEDICATED TO HER

## Streamlined business with a return to a single brand focus and a strong omnichannel presence

city chic

Leveraging a long history of knowledge and experience, in an attractive market segment, under the high value City Chic brand. A customer research led brand refresh through product and marketing initiatives supported by an ability to focus on delivering a dedicated premium experience to Her

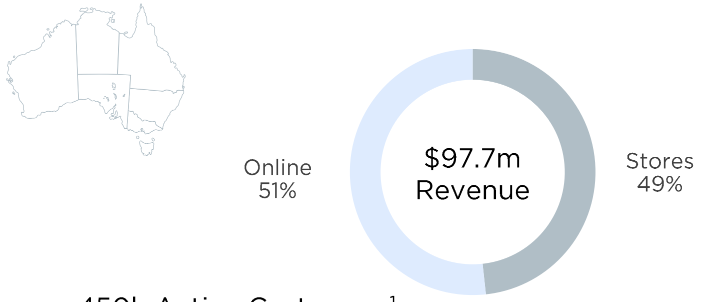
507k Active Customers up 32% from 2019[6]

### Distribution Channels[5]

| 77 owned stores across ANZ | City Chic website in ANZ and US | US partner network |
|---|---|---|
| 36% of revenue | 47% of revenue | 17% of revenue |

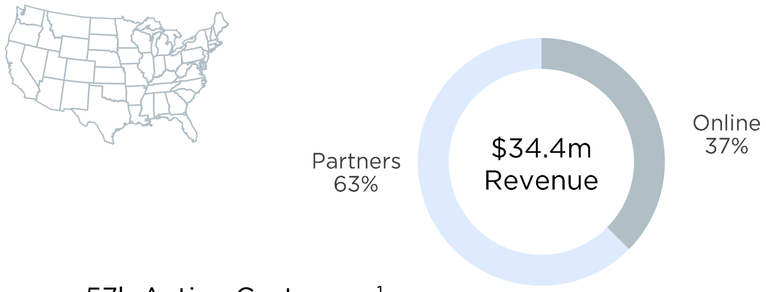
### FY24F Pro Forma Revenue and Customer Metrics by Region[5]

#### AUSTRALIA & NEW ZEALAND (ANZ)




- 450k Active Customers[1]
- 17.2m Annual Traffic[2]
- A$223 Avg. Annual Spend[3]
- Market Size: USD$740m[4]

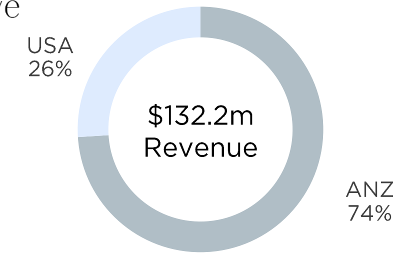
#### AMERICAS




- 57k Active Customers[1]
- 5.6m Annual Traffic[2]
- A$234 Avg. Annual Spend[3]
- Market Size: USD$54b[4]

#### CITY CHIC COLLECTIVE

city chic collective




- 507k Active Customers[1]
- 22.8m Annual Traffic[2]
- A$224 Avg. Annual Spend[3]

city chic collective

1. Active customers includes customers who have shopped online, stores and omni channel in the last 12 months; excludes wholesale and marketplace customers
2. Traffic to our own websites in the 12 months to May 2024; excludes stores and partner websites
3. Average annual spend is net of returns; excludes wholesale and marketplace customers
4. Source: Plus Size Women's Clothing Market (Credence Research 2023)
5. All metrics exclude Avenue
6. 2019 pre-Avenue Active Customers 385k

# GROWTH STRATEGY – FOCUS ON CORE

The transformation initiatives accelerate City Chic's strategy

**Key Strategic Pillars**

| Amplify our focus on Her, forging genuine emotional connections | Revitalise product assortments, focusing on higher value product | Simplify the business and drive down costs |
|---|---|---|
| Increase ASP, retention and profitability<br>Focused marketing investment | Targeting 62% gross margin | Targeting CODB 50%[1,2] |

**Delivered Through Initiatives Undertaken**

- **Avenue Divestment** – provides a dedicated focus on the core City Chic customer
  - Retreat from high volume and low value Avenue customer increases AOV[3] and refocus on the core customer
  - Refined and targeted marketing efforts
  - Rationalised supply chain
- **Brand Refresh** – fresh imagery and website update to focus on the higher value City Chic customer
  - Supported in new above the line campaigns in ANZ, and more targeted online campaigns

- **Avenue Divestment** – allows resources to be allocated exclusively to the City Chic brand offering
  - Focus on optimising the product mix to maximise profitability per sale
  - A narrowed focus allows a deeper understanding on key market trends
- **Brand Refresh**– new season styles to mix changes and elevated essentials and better dressing

- **Avenue Divestment** – returns to a single brand focus
- **Restructure of US Fulfilment** – provides strong platform for future growth. Targeting Fulfilment costs of 12%
- **Cost Reduction Initiatives** – streamlines the business to execute on strategy
- **Balance Sheet Enhancements** – provides strong platform for future growth

1. See slide 13 for breakdown of CODB
2. CODB target of 50% includes the impact of Fulfilment Costs
3. AOV: Average order value

# OUTLOOK

City Chic is focussed on delivering profitable and sustainable long-term growth

**Financial Outlook**

- Trading conditions expected to remain uncertain
- Expecting the higher ASP and gross margin trends from H2 FY24F to continue
- Marketing focus on brand engagement in ANZ and targeted customers in USA
- Business restructure and cost out program completed in FY24 or in the process of implementation with the sales of Avenue delivering incremental cost savings, estimated to be realised in FY25 of $11.5 million
- Inventory now returned to a normalised level and a return to the typical purchasing cycle

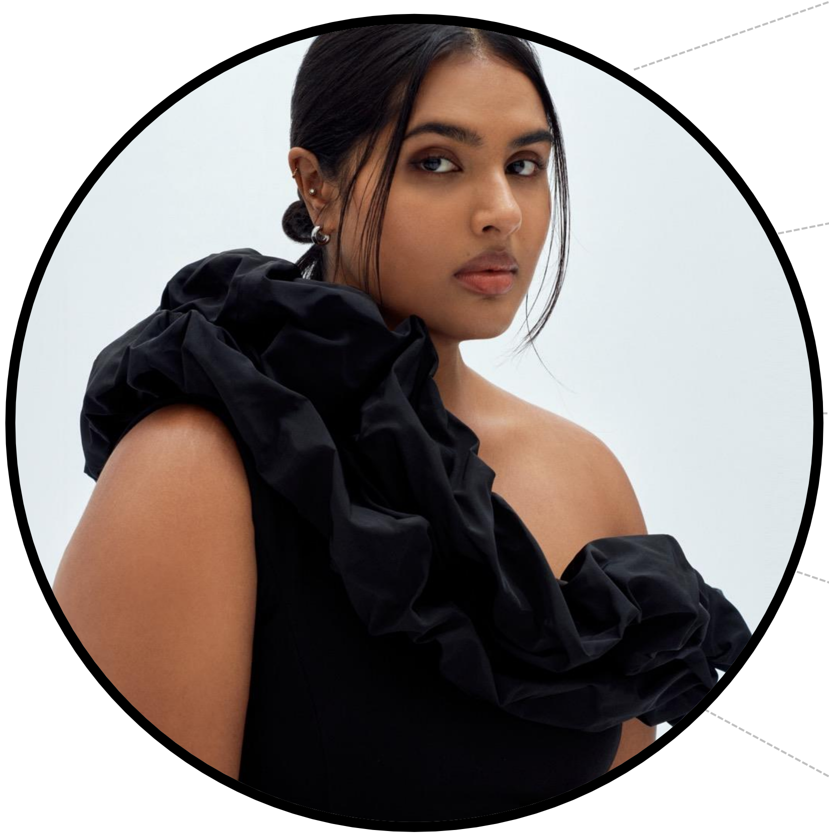
**Additional Commentary**

- Long term thematic in global plus size fashion market remains strong with no structural change and continued long term growth expected in the industry[1]
- All channels focused on the higher value aspirational City Chic customer, with greater customer numbers in this segment than FY19, the focus is on increasing her annual spend to historical levels.
- Review store portfolio with a view to 120 store chain in 3 to 5 years

1. Source: Plus Size Women's Clothing Market (Credence Research 2023)

# INVESTMENT HIGHLIGHTS

Returning to a proven model with a dedicated focus on Her and a strong platform for profitability



- Refocus on growing the core business, targeting a higher value customer broadening reach through brand refresh and product and marketing initiatives
- Clean and simplified business with a single brand focus and streamlined supply chain, delivering margin improvement
- Cost base "right sized" and positioned for profitability
- Attractive plus size sector with strong annual growth rates (projected to double by 2030[1])
- Balance sheet strengthened to support future growth and business de-risked to navigate challenging consumer conditions

1. Source: Plus Size Women's Clothing Market (Credence Research 2023)

# EQUITY RAISING SUMMARY

city chic collective

# DETAILS OF THE OFFER

| | |
|---|---|
| Offer Size and Structure | • A$23.0m equity raising (Equity Raising) consisting of:<br>- An underwritten institutional placement (Placement) to raise approximately A$5.4m<br>- A 1 for 2.04 pro-rata accelerated non-renounceable entitlement offer (Entitlement Offer) to existing shareholders to raise approximately A$17.6m<br>  - Comprises an underwritten institutional entitlement offer to raise approximately A$10.0m (Institutional Entitlement Offer) and a partially underwritten retail entitlement offer to raise approximately A$7.6m (Retail Entitlement Offer)<br>  - The Retail Entitlement Offer will be underwritten up to A$2.1m<br>  - Eligible shareholders will be invited to subscribe for 1 new City Chic share (New Share) for every 2.04 existing City Chic shares held as at 7.00pm (Sydney time) on Monday, 24 June 2024 (Record Date)<br>  - The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable<br>• Approximately 153.2m New Shares to be issued under the Equity Raising representing approximately 64.0% of current shares on issue |
| Offer Price | • The Equity Raising will be offered at a price of A$0.15 per New Share (Offer Price)<br>- 50.0% discount to the last closing price of A$0.30 on 17 June 2024; and<br>- 37.9% discount to the Theoretical Ex-Rights Price (TERP[1]) of A$0.24 |
| Use of Proceeds | • The proceeds will be applied to costs associated with the change in US fulfilment provider, paydown of debt, working capital and transaction costs |
| Institutional Entitlement Offer and Placement | • The Institutional Entitlement Offer, and the Placement, will open on Friday, 21 June 2024 and close on Friday, 21 June 2024<br>• Institutional entitlements not taken up and those of ineligible institutional shareholders will be placed into an institutional bookbuild to be conducted on Friday, 21 June 2024 |
| Retail Entitlement Offer | • The Retail Entitlement Offer to open on Friday, 28 June 2024 and close at 5.00pm (Sydney time) on Wednesday, 10 July 2024<br>• Only eligible shareholders with a registered address in Australia or New Zealand as at the Record Date may participate |
| Director Participation | • Some members of the Board intend to participate in the Entitlement Offer |
| Ranking | • New Shares will rank equally with existing City Chic shares on issue |
| Underwriting | • The Equity Raising is underwritten by Canaccord Genuity[2] |

1. The Theoretical Ex-Rights Price ('TERP') is the theoretical price at which City Chic shares should trade immediately after the ex-date of the Entitlement Offer and includes shares issued under the Placement. TERP is a theoretical calculation only and the actual price at which City Chic shares will trade on the ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP
2. The Equity Raising is underwritten up to $17.5m

# SOURCES AND USES OF FUNDS AND DEBT FUNDING

## Providing a solid foundation through strengthening the balance sheet

### Sources and Uses of Funds

| Sources | A$m | % |
|---|---|---|
| Equity Raising (underwritten component)[1] | 17.5 | 54.7% |
| Divestment of Avenue[3] | 14.5 | 45.3% |
| **Total Source of Funds** | **32.0** | **100.0%** |

| Uses | A$m | % |
|---|---|---|
| Repayment of existing NAB Facility and Associated Fees | 18.0 | 56.3% |
| Working Capital[4] | 3.4 | 10.6% |
| Costs of change in US fulfilment provider[2] | 4.7 | 14.7% |
| Transaction Costs | 4.1 | 12.8% |
| Restructuring Costs | 1.8 | 5.6% |
| **Total Use of Funds** | **32.0** | **100.0%** |

### Debt Refinance

- Current lender has agreed to provide an extension to the current debt in the form of an updated facility
- Facility size being reduced from $20m to $10m on 2nd September 2024
- Extension until 31 December 2026, covenants replaced with a requirement to complete a clean down, which requires City Chic to repay all drawings under the facility for a period of at least 7 consecutive days twice in any financial year and no less than 3 months apart
- This facility has been renegotiated as a variation to the current facility agreement in place
- We expect to pay down the $17.5m (as of May-24) NAB facility using a portion of the proceeds from the equity raise and the sale of Avenue. There will be a further $0.5m relating to costs to refinance the debt

### Use of Funds Commentary

- **Relates to the underwritten component of the Equity Raising being $17.5m. Any additional funds raised via the non-underwritten portion of the Retail Entitlement Offer ($5.5m) will be applied to working capital**
- Funds predominately applied to working capital requirements of the business including restructuring costs and transaction costs
- Facilitate a reduction in the debt facility
- One-off costs in nature required to fund the transition to the new US fulfilment centre, delivering sustainable cost savings on a go forward basis
- Transaction costs associated with the sale of Avenue and the Equity Raising
- Further restructuring costs incurred as part of resizing the cost base post the sale of Avenue

### Availability of Funds

- Immediate use of funds to pay down debt facility, with the ability to redraw up to $10.0m for working capital purposes

| A$m | Pro Forma |
|---|---|
| Cash (as at 31 May 2024)[5] | 7.1 |
| Undeployed working capital[6] | 3.4 |
| Available Debt Facility | 10.0 |
| **Estimated Available Funds** | **20.5** |

1. Relates to the underwritten component to the Equity Raising. Any additional funds raised under the Retail Entitlement Offer will be applied to working capital
2. Change in US fulfilment provider delivers annualized cost savings of $2.1m via a variable cost model. See slide 14 for more detail
3. Reflects the cash proceeds of the divestment being the purchase price of $18m less the expected working capital adjustments of $3.5m which will be confirmed on completion
4. There will be Residual Avenue Accounts Payable/Accruals of $0.6m relating to inventory sold that remain with continuing operations will be settled by City Chic
5. See slide 27 for pro forma balance sheet items
6. Relates to equity raising proceeds applied to working capital

# OFFER TIMETABLE

| Event | Date[1] |
|---|---|
| Equity Raising announced and investor presentation lodged to the ASX | Friday, 21 June 2024 |
| Institutional Entitlement Offer and Placement opens | Pre-Market, Friday, 21 June 2024 |
| Institutional Entitlement Offer and Placement closes | 5.00pm. Friday 21 June 2024 |
| Results of Institutional Entitlement Offer and Placement announced and trading resumes on an ex-entitlement basis | Monday, 24 June 2024 |
| Record Date for Retail Entitlement Offer (7pm AEST) | 7.00pm, Tuesday, 25 June 2024 |
| Retail Entitlement Offer opens and Retail Offer Booklet despatched | Friday, 28 June 2024 |
| Settlement of Institutional Entitlement Offer and Placement | Friday, 28 June 2024 |
| Allotment and normal trading of New Shares under the Institutional Entitlement Offer and Placement | Tuesday, 2 July 2024 |
| Despatch of holdings statements for New Shares under the Institutional Entitlement Offer and Placement | Tuesday, 2 July 2024 |
| Retail Entitlement Offer closes | 5.00pm, Wednesday, 10 July 2024 |
| Results of Retail Entitlement Offer announced | Thursday, 11 July 2024 |
| Settlement of Retail Entitlement Offer | Monday, 15 July 2024 |
| Allotment of New Shares under the Retail Entitlement Offer | Tuesday, 16 July 2024 |
| Normal trading of New Shares issued under the Retail Entitlement Offer | Wednesday, 17 July 2024 |
| Despatch of holding statements for New Shares under the Retail Entitlement Offer | Wednesday, 17 July 2024 |

1. These timings are indicative only and subject to variation. City Chic reserves the right to alter the timetable at its absolute discretion and without notice, subject to the Listing Rules, Corporations Act and other applicable laws. All references are to Australian Eastern Standard Time (AEST)

# DEC-23 PRO FORMA BALANCE SHEET[1]

| A$m | Statutory Balance Sheet Dec-23 | Pro Forma Adjustments | | | | Pro Forma Adjusted[2,3] |
|---|---|---|---|---|---|---|
| | | 1 Net Equity Raise | 2 Sale of Avenue | 3 Net debt raise | 4 Other Transaction Items | |
| Cash and cash equivalents | 16.0 | 15.4 | 12.4 | (13.0) | (6.5) | 24.3 |
| Trade and other receivables | 7.6 | - | - | - | - | 7.6 |
| Inventories | 39.5 | - | (14.4) | - | - | 25.1 |
| Income tax refund due | 2.1 | - | - | - | - | 2.1 |
| Other | 2.3 | - | - | - | - | 2.3 |
| **Current assets** | 67.5 | 15.4 | (2.0) | (13.0) | (6.5) | 61.4 |
| Plant and equipment | 12.1 | - | - | - | - | 12.1 |
| Right-of-use assets | 45.7 | - | - | - | (14.5) | 31.3 |
| Intangibles | 62.9 | - | (45.6) | - | - | 17.3 |
| Deferred tax | 7.6 | - | - | - | - | 7.6 |
| **Non-current assets** | 128.3 | - | (45.6) | - | (14.5) | 68.2 |
| **Total assets** | 195.8 | 15.4 | (47.6) | (13.0) | (20.9) | 129.6 |
| Trade and other payables | (38.1) | - | - | - | - | (38.1) |
| Lease liabilities | (11.8) | - | - | - | 2.7 | (9.1) |
| Borrowings | (12.5) | - | - | 12.5 | - | - |
| Provisions | (6.1) | - | 0.8 | - | 0.2 | (5.1) |
| Other | (2.7) | - | - | - | - | (2.7) |
| **Current liabilities** | (71.2) | - | 0.8 | 12.5 | 3.0 | (55.0) |
| Lease liabilities | (36.5) | - | - | - | 7.9 | (28.6) |
| Provisions | (0.9) | - | - | - | - | (0.9) |
| **Non-current liabilities** | (37.4) | - | - | - | 7.9 | (29.5) |
| **Total liabilities** | (108.7) | - | 0.8 | 12.5 | 10.9 | (84.5) |
| **Net assets** | 87.1 | 15.4 | (46.8) | (0.5) | (10.0) | 45.1 |
| Issued capital | 182.0 | 15.4 | - | - | - | 197.4 |
| Reserves | (28.5) | - | - | - | - | (28.5) |
| Accumulated losses | (66.4) | - | (46.8) | (0.5) | (10.0) | (123.8) |
| **Total Equity** | 87.1 | 15.4 | (46.8) | (0.5) | (10.0) | 45.1 |

## Commentary

- **Adj #1 - Net Equity Raise -** This relates to the underwritten component of the proposed equity raise of $17.5m, net of expected transaction costs amounting to $2.1m
- **Adj #2 - Sale of Avenue -** Reflects cash proceeds of $14.5m less transactions costs of $2.1m and removal of associated balances that are expected to be divested:
  - $14.4m of inventory, net of provisions;
  - $45.6m of Intangibles which relates to Impairment of goodwill on the sale of Avenue ($32.4m) and removal of Avenue Brand ($13.2m). The goodwill impairment is still provisional in nature and subject to the year-end audit.
  - $0.8m of gift card provisions
- **Adj #3 - Net Debt Raise -** This represents the restructuring of the existing $20m NAB facility down to a $10m facility ($9m of debt facility available for use with $1m held for bank guarantees). On completion of the transaction, a portion of the proceeds from the equity raise and the sale of Avenue will be utilised to repay its existing multi-currency debt facility debt ($12.5m) and fund the new facility costs ($0.5m). The table below reflect the actual positions as at Dec-23 and May-24.

| A$m | Dec-23 | May-24 |
|---|---|---|
| Cash | 16.0 | 7.1 |
| Debt Drawn | (12.5) | (17.5) |
| **Net cash/(debt)** | **3.5** | **(10.4)** |
| Undrawn facilities[4] | 6.5 | 1.5 |
| **Total facility** | **20.0** | **20.0** |
| Lease obligations | (48.3) | (34.9) |
| **Net debt with AASB16 lease obligations** | **(44.8)** | **(45.3)** |

- **Adj #4 - Other Transaction Items –**
  - $6.5m of cash payments which $4.7m relates to moving warehouse providers from Radial to Cart and $1.8m for redundancy and leave entitlement payments
  - Removal of $14.5m of ROU assets relating to the lease of the fulfilment facility
  - Removal of $10.7m of lease liabilities for the fulfillment centre ($2.7m current and $7.9m non-current)
  - Removal $0.2m of leave entitlement provisions settled as a part of the redundancies

1. The above Balance sheet should be read in conjunction with the basis of preparation and key assumptions as set out on page 41
2. The pro forma historical balance sheet above assumes that all transactions had occurred as at Dec-23
3. The cash outflows to fund the underlying operating losses and working capital movements that have occurred since 31 December 2023 have not been considered above. The net debt position at May-24 has increased by $13.9m as a result
4. Undrawn facilities are net of $1m of bank guarantees held against facility rather than cash-backed

# KEY RISKS

city chic collective

# KEY RISKS

## RISK FACTORS

There are a number of factors, both specific to City Chic and of a general nature, which may affect the future operating and financial performance of City Chic, its products, the industry in which it operates and the outcome of an investment in City Chic. There can be no guarantee that City Chic will achieve its stated objectives or that forward-looking statements will be realised.

This section describes certain, but not all, risks associated with an investment in City Chic. Each risk set out below could, if it eventuates, have a materially adverse impact on City Chic's operating performance, financial performance, financial position, liquidity and the value of its shares.

You should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

## SPECIFIC RISK FACTORS

The Directors believe that there are a number of specific factors that should be taken into account before investors decide whether or not to apply for New Shares. Each of these factors could have a materially adverse impact on City Chic, its expansion plans, operating and product strategies and its financial performance and position. These include the following:

| KEY RISKS ASSOCIATED WITH CITY CHIC'S BUSINESS | |
|---|---|
| Sales and revenue risk | City Chic's revenue depends on the extent and timing of future product sales. There is a risk that expected revenue levels may not be realised. Given the current global market and economic conditions, there is a heightened risk that consumer spending, and particularly discretionary consumer spending, will be negatively impacted by ongoing high inflation and interest rates. |
| Customer preferences or trading patterns | There is a risk that City Chic fails to anticipate and adapt to changing consumer behaviour and preferences in a timely manner. If City Chic misjudges customer behaviour or fails to convert market trends into appealing product offerings on a timely basis, these may result in lower revenue and margins and could adversely impact City Chic's financial and operating performance. Further, any misjudgement in predicting customers' trading patterns, or any significant decreases in customer demand patterns during peak trading periods, could have a material adverse effect on City Chic's financial and operating performance.<br>An unexpected decrease in consumer demand and sales could also result in a surplus of inventory. Failure to maintain appropriate inventory levels may adversely affect City Chic's operating and financial performance, particularly if City Chic is required to implement deep and/or broad-based discounts to reduce the volume of inventory (which may lead to reduced business revenue and gross profit). |
| Supply chain risk | While sufficient levels of inventory are in currently in place for the forthcoming season, there remains a risk that future events may have an adverse impact on City Chic's supply chain. This could occur if the ability to transport products between countries or interstate (as the case may be) is disrupted, City Chic's suppliers are negatively affected or if City Chic is otherwise unable to efficiently distribute products to its stores and customers. In the event that City Chic's supply chain is disrupted, this may have a material adverse effect on City Chic's operating performance and earnings. If City Chic is unable to secure key supply inputs in a timely and economically acceptable manner, it could have a materially adverse effect on its ability to meet customer demand and sell products profitably. |
| Liquidity risk | There is a risk that City Chic's ability to collect receivables may be slower than assumed and bad debts may also be higher than assumed given City Chic's exposure to the risk of wholesale customers and others being able to pay City Chic. As a result, City Chic may have insufficient liquidity to cover payments or meet its own capital requirements. |
| iCare Risk | City Chic is currently in the process of resolving a dispute with iCare (City Chic's workers' compensation insurer), relating to calculations made by iCare of historical insurance premiums payable by City Chic. The amount assessed by iCare over the two year period between 2016 and 2018 is approximately \$3.8 million. The assessed amount of \$3.8 million arising from the dispute is fully provided for in City Chic's financial accounts. However, depending on the period over which payment of the assessed amount is made (if any), there may be a material impact of City Chic's future cashflows and liquidity. |
| IT risk, privacy and cybersecurity | City Chic relies heavily on its computer hardware, software and information technology systems, including to drive its online sales channel. City Chic's technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication providers' failure, fire, natural disasters, terrorist acts, war or human error. These events may cause one or more of City Chic's systems to become unavailable. Should these not be adequately maintained, secured or updated or City Chic's disaster recovery processes not be adequate, system failures may negatively impact on its performance. Any interruptions to these operations would impact City Chic's ability to operate and could result in business interruption, the loss of customers and revenue, damaged reputation and weakening of competitive position and could therefore adversely affect City Chic's operating and financial performance.<br>Through the ordinary course of business, City Chic collects a wide range of confidential information. Cyber-attacks may compromise or breach the systems used by City Chic to protect confidential information. There is a risk that the measures taken by City Chic may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential information. Any data security breaches of City Chic's failure to protect confidential information could result in the loss of information integrity, or breaches of City Chic's obligations under applicable laws or agreements, each of which may materially adversely impact City Chic's financial performance and reputation. |

# KEY RISKS (CONT.)

| | |
|---|---|
| **Changes in technology** | Technology plays an increasingly important role in the delivery of services to City Chic's customers. City Chic's ability to compete with other retailers may be impacted by its ability to maintain or develop appropriate technology platforms in the efficient delivery of its services. Maintaining or developing appropriate technologies may require significant capital investment by City Chic. |
| **Online channel risks** | City Chic's customers are increasingly using laptops, mobile phones and other devices to make purchases, making City Chic's online channel critically important to the success of the business. Maintaining and continuing to improve City Chic's online channel offering requires a significant capital investment and the operation of the online channel offering is subject to a number of risks, including the IT, privacy and cybersecurity risks referred to above. A failure by City Chic to successfully address these risks on an ongoing basis could have a material adverse effect on City Chic's business, operating and financial performance. |
| **Services provided by third party payment providers** | City Chic relies on the services provided by third party banking and payment providers such as credit card companies. City Chic is exposed to risks in relation to the methods of payment it currently accepts, including credit card, PayPal, Afterpay, ZipPay(AU) and vouchers. Several of these payment methods have associated rules and regulations. If City Chic fails to comply with the applicable rules and regulations (which may change over time), City Chic may become subject to higher transaction fees or fines or may face restrictions upon its ability to accept digital payments, which may have an adverse effect on City Chic's financial and operating performance. City Chic may also incur losses from fraud, erroneous transactions and customers who have insufficient funds to satisfy payments. This may lead to direct financial losses, as well as damage to City Chic's reputation, or may result in litigation or regulatory action. |
| **Landlord relationships and store sites** | City Chic operates many stores under which it is the lessee. The loss of key store sites or leases could materially adversely affect City Chic's business, operating and financial performance. On the other hand, being unable to exit underperforming store sites quickly (e.g., because a lease cannot be ended before the expiration of its term) could also have a material adverse effect on City Chic's performance. |
| **Competition risk** | City Chic operates in a competitive market. The loss of customers may negatively affect earnings. Additionally, the risk from increased competition may negatively impact on sales and profitability. The actions of an existing competitor or of new competitors may make it difficult for City Chic to grow or maintain its business, which in turn may have a material adverse effect on its profitability.<br>There is a risk that new entrants in the market may disrupt City Chic's business and existing market share. Existing competitors and new competitors may engage in aggressive customer acquisition campaigns. Such competitive pressures may materially erode City Chic's market share and revenue, and may materially adversely impact City Chic's revenue and profitability. A general increase in competition may also require City Chic to increase marketing expenditure, offer discounts to customers or engage in other promotional activity, which would decrease profitability even if City Chic's market share does not decrease. |
| **Warranty risk and product liability exposure** | There is an inherent risk of defective workmanship or materials in the manufacture of products sold by City Chic and for exposure to product liability for damages suffered by parties attributable to the use of the product.<br>Defective products may have a materially adverse impact on City Chic's reputation, its ability to achieve sales and commercialise its products and on its financial performance due to warranty obligations. It may also give rise to product liability claims which could impact on City Chic's viability, particularly if its liability exceeds any insurance coverage. City Chic will mitigate this risk via the usual contractual provisions which exclude liability for consequential loss and so on, but it is not possible to protect City Chic against reputational loss. |
| **Insurance risk** | Not all risks are insured or insurable. City Chic cannot be certain that its current insurance is adequate or that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially acceptable terms. If City Chic experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. These risks may have a material adverse effect on City Chic's future financial position and operating results and therefore the value of its securities. |
| **Intellectual property and patent risk** | The ability of City Chic to maintain protection of its proprietary intellectual property and operate without infringing the proprietary intellectual property rights of third parties is an integral part of City Chic's business. There can be no assurances that the validity, ownership or authorised use of intellectual property (both owned and licensed) relevant to City Chic's business cannot or will not be challenged. |
| **Maintenance of reputation** | City Chic's success is reliant on the maintenance of its reputation and any brand names. Any factors that damage the reputation of City Chic may potentially result in a failure to win new customers and impinge on the ability to maintain relationships with existing customers, as well as affect its ability to attract key employees. If any of these occur, this could materially adversely affect City Chic's business, operating and financial performance. |
| **Key personnel risk** | City Chic relies heavily on the experience and knowledge of its management team. City Chic is also dependent on its ability to recruit and retain suitably qualified personnel. Competition could increase the demand for, and cost of hiring, quality personnel. City Chic's ability to meet its labour needs while controlling costs associated with hiring and training personnel is subject to external factors such as unemployment rates, prevailing wage legislation and changing demographics. In the event that key personnel leave City Chic and City Chic was unable to recruit suitable replacements, or there is a delay in their replacement, such loss could have a materially adverse effect on City Chic. |
| **Asset impairment risk** | Changes to the carrying amounts of City Chic's assets could have an adverse impact on the reported financial performance of City Chic in the period that any impairment provision is recorded and could increase volatility of reported earnings in cases where there is further impairment or a reversal of impairment provisions that were recorded in previous periods. |
| **Dividends** | There is no guarantee as to future earnings of City Chic or that City Chic will be profitable at any time in the future, and there is no guarantee that City Chic will be in a financial position to pay dividends at any time in the future. |

# KEY RISKS (CONT.)

| | |
|---|---|
| Regulatory and compliance risk | There can be no guarantee that City Chic will be able to comply with the regulatory requirements imposed on it (whether in Australia or overseas). The existence of any such failure is likely to have a materially adverse effect on City Chic. Further, there is the prospect of the cost of compliance exceeding expectations and having an adverse impact on the financial position of City Chic. This may prevent City Chic from accessing markets in certain jurisdictions.<br>As an example, City Chic has a number of controls in place to ensure compliance with employment laws, however, there is a risk that underpayment of employees could occur in circumstances where employee rostering is mismanaged, employees are mischaracterised as casual or permanent or where payroll errors are made on a material scale. Any such underpayment could have a significant detrimental impact on City Chic's reputation and its financial performance. |
| Completion risk for Avenue | Completion of the sale of the Avenue business in the US (**Avenue Sale**) is subject to a number of conditions precedent as set out in the asset purchase agreement with respect to the Avenue Sale which signed on 17 June 2024 (**Asset Purchase Agreement**).<br>If the conditions precedent are not satisfied and/or waived prior to the 'sunset date' of 1 September 2024, completion of the Avenue Sale may not occur on the current terms or at all. Similarly, if any of the completion deliverables are not delivered, completion of the Avenue Sale may be deferred or may not occur on the current terms or at all.<br>If the counterparty to the Asset Purchase Agreement defaults in the performance of their obligations, it may be necessary for City Chic to approach a court to seek a legal remedy, which can be costly.<br>If completion of the Avenue Sale is delayed, City Chic may incur additional costs and it may take longer than anticipated for City Chic to realise the benefits of the Avenue Sale. Any failure to complete, or delay in completing, the Avenue Sale may have a material adverse effect on City Chic's financial position and trading prices of City Chic's shares.<br>If the Avenue Sale does not complete as a result of a failure to satisfy the conditions precedent (or otherwise), the cost savings outlined in slide 9 of this Presentation will not be realised in the timeframes anticipated and may not be realised at all. In these circumstances, City Chic will consider alterative methods to achieve the best possible outcome.<br>Further, the Underwriter's obligation to underwrite the Equity Raising is conditional upon the Asset Purchase Agreement remaining valid and enforceable until the Retail Entitlement Offer settlement date. As noted below, termination of the underwriting agreement would have an adverse impact on the amount of proceeds raised under the Placement and the Entitlement Offer, and could materially adversely affect City Chic's business, cash flow, financial performance, financial condition and share price. |
| Sovereign risk | Certain suppliers of City Chic are subject to the risks associated with foreign emerging countries. These risks may include economic, social or political instability or change, hyperinflation, or changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, export duties, capital controls, repatriation of income or return of capital, environmental protection, labour relations and government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents. No assurances can be given that the co-operation of such authorities, if sought by City Chic, will be obtained, and if obtained, maintained.<br>It cannot be ruled out that any government in any foreign jurisdiction in which City Chic operates may adopt substantially different laws, policies or conditions which impact on City Chic's business. City Chic may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Any future materially adverse changes in government policies or legislation in any foreign jurisdiction in which City Chic operates may affect the viability and profitability of City Chic. |
| Exchange rates | City Chic is potentially exposed to movements in exchange rates. City Chic's financial statements are expressed and maintained in Australian dollars. However, a portion of City Chic's income and costs are earned in foreign currencies. Exchange rate movements affecting these currencies may impact the profit and loss account or assets and liabilities of City Chic (to the extent the foreign exchange rate risk is not hedged or not appropriately hedged) and the general competitiveness of City Chic's products in the market. |
| Changes in interest rates | Changes in interest rates will affect borrowings which bear interest at floating rates. Any increase in interest rates will affect the costs of servicing borrowings and may affect the relative strength of operations and financial performance. |
| Dilution risk | If shareholders do not participate in the Entitlement Offer then their percentage shareholding in City Chic will be diluted as a result of the Placement and Entitlement Offer. Even if a shareholder does take up their full allocation under the Entitlement Offer, their percentage shareholding in City Chic may be diluted by the Placement.<br>Further, as the Entitlement Offer is non-renounceable, entitlements under the Entitlement Offer cannot be traded on ASX or otherwise transferred. Therefore, non-participation in the Entitlement Offer by a shareholder will result in a dilution of their holding in City Chic without the opportunity to realise value for their renounced entitlements. |
| Funding risk | There is no guarantee that the monies raised under the Placement and the Entitlement Offer will be adequate or sufficient to meet the ongoing funding requirements of City Chic under its current business plan. If City Chic requires access to further funding at any stage in the future, there can be no assurance that additional funds will be available either at all or on terms and conditions that are commercially acceptable to City Chic. Given current global market and economic conditions, access to equity capital markets may be negatively impacted over the medium to long term. If City Chic is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results. |
| Underwriting risk | City Chic has entered into an underwriting agreement under which the Lead Manager has agreed to fully underwrite the Placement and the Entitlement Offer, subject to the terms and conditions of the underwriting agreement. The Lead Manager's obligation to underwrite the Placement and the Entitlement Offer is conditional on certain customary matters, including City Chic delivering certain certificates, sign-offs and opinions. Further, if certain events occur, some of which are beyond City Chic's control, the Lead Manager may terminate the underwriting agreement.<br>Please refer to the summary of the underwriting agreement annexed to this Presentation, which among other things, sets out the key bases for which the Joint Lead Managers may terminate the underwriting agreement.<br>Termination of the underwriting agreement would have an adverse impact on the amount of proceeds raised under the Placement and the Entitlement Offer, and could materially adversely affect City Chic's business, cash flow, financial performance, financial condition and share price. |

# KEY RISKS (CONT.)

| GENERAL RISK FACTORS | |
|---|---|
| Forecast risk | The forecast has been developed based on a number of key assumptions which may not eventuate if there is a further decline in consumer sentiment and customer spending habits. The key impact on forecast achievability and positive trading trends in FY25 relies on maintaining AOV in line with recent trading trends, with no significant changes in the mix of sales products and no significant levels of discounting. An adverse change in any one of these could result in not achieving the FY24 forecast, and uncertainty over the FY25 outlook. Refer to page 40 for further drivers of the forecast. |
| Share market | On completion of the Placement and the Entitlement Offer, the New Shares may trade on ASX at higher or lower prices than the issue price. Investors who decide to sell their New Shares after the Placement and the Entitlement Offer may not receive the amount of their original investment. The price at which the New Shares trade on ASX may be affected by the financial performance of City Chic and by external factors over which the Directors and City Chic have no control.<br>These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.<br>Investors should consider the historical volatility of Australian and overseas share markets.<br>The Directors make no forecast in regard to the strength of the equity and share markets in Australia and throughout the world. |
| Dependence on general economic conditions | The operating and financial performance of City Chic is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets and government fiscal, monetary and regulatory policies.<br>A prolonged deterioration in general economic conditions, including through sustained high interest rates or a decrease in consumer and business demand, could be expected to have a materially adverse impact on City Chic's business or financial condition.<br>Changes to laws and regulations or accounting standards which apply to City Chic from time to time could adversely impact City Chic's earnings and financial performance. The Directors make no forecast in regard to the future demand for City Chic's products and services. Neither City Chic nor the Directors warrant the future performance of City Chic or any return on an investment in City Chic. |
| Tax risk | Changes to the rate of taxes imposed on City Chic (including in overseas jurisdictions in which City Chic operates now or in the future) or tax legislation generally may affect City Chic and its Shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to City Chic's interpretation may lead to an increase in City Chic's tax liabilities and a reduction in shareholder returns. In addition, any change in tax rules could have an adverse impact on the level of dividend imputation and franking. Personal tax liabilities are the responsibility of each individual investor. City Chic is not responsible either for tax or tax penalties incurred by investors. |
| Litigation risk | City Chic may in the ordinary course of business become involved in litigation, claims and disputes (e.g. with suppliers or customers). Any litigation, claim or dispute could be costly and damaging to City Chic's reputation and business relationships, which could have an adverse effect on its financial performance and industry standing. |
| Legislative and regulatory changes | Legislative or regulatory changes in jurisdictions in which City Chic operates, including property or environmental regulations, fair trading and consumer protection, or regulatory changes in relation to products sold by City Chic, could have an adverse impact on City Chic, including by increasing the cost to the business of complying with legal requirements. Any such adverse effect may impact City Chic's future financial performance.<br>There is a risk that laws or regulations may be introduced that restrict City Chic's use of its customer database and customers' personal information, or otherwise restricts its interactions with consumers, sales tactics and marketing campaign efforts. Such changes could impact the normal operations of City Chic and reduce its ability to generate revenue. |
| Accounting standards | Australian Accounting Standards are issued by the Australian Accounting Standard Board and are not within the control of City Chic or its directors. Any changes to the accounting standards or the interpretation of those standards may have an adverse effect on the financial performance of City Chic. |
| Speculative investment | The above list of risk factors ought not to be taken as exhaustive of the risks faced by City Chic or by investors in City Chic. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of City Chic and the value of the securities offered under the Placement and the Entitlement Offer. Therefore, the shares to be issued pursuant to the Placement and the Entitlement Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Potential investors should consider that an investment in City Chic is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to the Placement and the Entitlement Offer. |

# FOREIGN JURISDICTIONS & SUMMARY OF UNDERWRITING TERMS

city chic collective

# FOREIGN SELLING JURISDICTIONS

**International Offer Restrictions**

This document does not constitute an offer of new fully paid ordinary shares in City Chic ("New Shares") in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

**Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

**New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of City Chic with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

**Singapore**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# FOREIGN SELLING JURISDICTIONS (CONT)

## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to City Chic.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated ("relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

## United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Shares may be offered and sold in the United States only to:

- institutional accredited investors within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) under the US Securities Act; and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

# SUMMARY OF UNDERWRITING TERMS

City Chic has entered into an underwriting agreement with Canaccord Genuity (Australia) Limited (**Underwriter**), pursuant to which the Underwriter has been appointed as bookrunner, lead manager and underwriter to the Entitlement Offer and Placement (together, **Offer**) (**Underwriting Agreement**).

The Underwriting Agreement contains conditions precedent, representations, warranties, undertakings and indemnities in favour of the Underwriter.

The Underwriter may, at any time prior to 11.00am on Institutional Entitlement Offer settlement date and/or the Retail Entitlement Offer settlement date (as applicable), immediately terminate the agreement if any one or more of the following occurs:

- City Chic ceases to be admitted to the official list of ASX or its shares are suspended from trading on, or cease to be quoted on, ASX (or it is announced that either of these will occur);
- City Chic or a subsidiary representing 5% of more of the group's consolidated assets or earnings is likely to or becomes insolvent;
- City Chic withdraws all or part of the Offer;
- it becomes illegal for the Underwriter to satisfy its material obligations under the agreement or market or settle the Offer;
- City Chic is unable to issue any Offer shares by virtue of the ASX Listing Rules, applicable laws, or a government agency or court;
- any government agency commences any public enforcement action or investigation against City Chic (or any director, CEO or CFO), or announces its intention to do so, unless such action has been not become public and has been withdrawn or terminated by the earlier of: (a) the settlement date of the Institutional Entitlement Offer and Placement (**Institutional Offers**) or Retail Entitlement Offer (as applicable); or (b) 3 business days after the action is commenced;
- a director or the CEO or CFO of City Chic is charged with an indictable offence or fraud, or is disqualified under the Corporations Act from managing a corporation;
- there is a change in the CEO, CFO or chairman of City Chic (other than one disclosed prior to the agreement date);
- there is an alteration to the capital structure of City Chic without the Underwriter's prior consent (except as disclosed in the Offer documents lodged with ASX, or as expressly provided in the agreement);
- the S&P/ASX Small Ordinaries Index falls:
    - by 10% or more below the level at the close of trade on the business day before the agreement date, and closes at or below that level on any business day after the agreement date and on or before the business day prior to settlement of the Institutional Offers; or
    - by 12.5% or more below the level at the close of trade on the business day before the agreement date, and closes at or below that level: (a) on any two consecutive business days from the Institutional Offer settlement date to the business day before the Retail Entitlement Offer settlement date; or (b) at the close of trading on the business day before the Retail Entitlement Offer settlement date;
- ASIC takes certain actions in relation to the Offer, including making an application under Part 9.5 of the Corporations Act, holding an inquiry or investigation, or commencing proceedings against or prosecuting City Chic or its employees, officers or agents; unless the action has not become public and is withdrawn by the earlier of: (a) the settlement date of the Institutional Offers or Retail Entitlement Offer (as applicable); or (b) 3 business days after the action is commenced.
- there is an application to a government agency (including the Takeovers Panel) for an order or declaration in respect of the Offer, unless that application has not become public and is withdrawn by the earlier of: (a) the settlement date of the Institutional Offers or Retail Entitlement Offer (as applicable); or (b) 3 business days after the action is commenced or received.
- ASIC makes a determination under section 708A(2) or 708AA(3) of the Corporations Act;
- City Chic issues a defective cleansing notice in connection with the offer, is required to give a corrective notice under s708AA(10) or s708A(9) of the Corporations Act, and this, in the reasonable opinion of the Underwriter, has a materially adverse impact on the Offer;
- a certificate which is required to be furnished by City Chic under the agreement is not furnished when required or is materially untrue or misleading or deceptive;
- a new circumstances sign-off required under the agreement is not furnished by City Chic when required;
- approval by ASX for official quotation of the Offer shares is refused or not granted in time to issue the shares in accordance with the Offer timetable;

# SUMMARY OF UNDERWRITING TERMS (CONT'D)

- any event in the Offer timetable is delayed (unless a variation to the timetable is consented to by the Underwriter in accordance with the agreement);
- City Chic publicly states or notifies the underwriter that it does not intend to proceed with the Debt Refinance Agreement with NAB, that agreement is terminated or rendered void, or is breached in a materially adverse way (in the reasonable opinion of the Underwriter); or
- City Chic publicly states or notifies the underwriter that it does not intend to proceed with the Avenue sale agreement, that agreement is terminated or rendered void, or is breached in a materially adverse way (in the reasonable opinion of the Underwriter).

The Underwriter may at any time prior to 11.00am on the Institutional Entitlement Offer settlement date and/or the Retail Entitlement Offer settlement date (as applicable), immediately terminate the agreement if any one or more of the following events occurs, and the Underwriter has reasonable grounds to believe that the event has had or is likely to have a material adverse effect on (a) the financial position or performance of City Chic and its subsidiaries; (b) the success or outcome of the Offer; (c) the willingness of investors to subscribe for Offer shares; (d) the market price of the Offer shares or the ability to settle the Offer, or could otherwise give rise to a breach by, or liability of, the Underwriter under the Corporations Act or other applicable law:

- City Chic fails to perform or observe any obligations under the Underwriting Agreement;
- any of the due diligence documents (including the due diligence report) have been withdrawn or varied without the Underwriter's consent;
- the due diligence report or information provided by City Chic to the Underwriter in relation to the due diligence program or the Offer is false, misleading or deceptive;
- a representation or warranty given by City Chic under the agreement is or becomes untrue, incorrect, misleading or deceptive;
- after execution of the agreement, legal proceedings are commenced against City Chic or its subsidiaries or their directors, or a regulatory body commences any enquiry or public action against the City Chic or its subsidiaries;
- City Chic or any of its directors engage in misleading or deceptive conduct in connection with the Offer;
- a new circumstance arises which is adverse to Offer investors and would have been required to be included in the Entitlement Offer cleansing notice if it had arisen prior to lodgement of that notice;
- there is an adverse change (or the likelihood of an adverse change) in the business, assets, liabilities, financial position or performance, operations, management, outlook or prospectus of City Chic or its subsidiaries;
- any expression of belief, expectation, intention or future statement in an Offer document or public information becomes incapable of being met, or the Underwriter reasonably believes it will not be met in the projected timeframe;
- any of the Offer documents contain a statement which is or becomes misleading or deceptive (or is likely to mislead or deceive), or do not contain information required to comply with applicable laws;
- City Chic issues, varies or withdraws an Offer document without the Underwriter's approval (which must not be unreasonably withheld);
- an Australian law or policy is introduced or a government announcement is made which is likely to or does prohibit or regulate the Offer or adversely affects City Chich or its subsidiaries;
- there is: (a) a general moratorium on commercial banking activities in Australia, New Zealand, the US, the UK, Singapore, China or Hong Kong, or a material disruption in commercial banking / security settlement or clearance services in those countries; (b) trading in all securities on the ASX or the London, New York, Singapore, or Hong Kong Stock Exchange is suspended or materially limited for at least one trading day; or (c) any other adverse change or disruption to the economic conditions and currency rates in the above mentioned countries;
- there is a commencement or escalation of hostilities or a declaration of emergency in Australia, New Zealand, the US, Japan, Singapore, Israel, Iran, Ukraine, Russia, the UK, an EU member state, China or Hong Kong, or a major terrorist threat is perpetrated anywhere in the world;
- City Chic breaches the Corporations Act, ASX Listing Rules, Constitution or other applicable laws.
- any material authorisation (including a licence, lease, or permit) of City Chic or its subsidiaries is (or is likely to be) revoked or invalid; or such authorisation is breached in a material respect; or
- an event specified in paragraphs (a) to (h) of s652C(1) of the Corporations Act occurs during the Offer period (other than as contemplated by the agreement, management questionnaire, Offer documents, or City Chic issuing securities upon conversion of securities, employee incentive scheme, or distribution plan).

# AASB-16 SUMMARY & FINANCIALS BASIS OF PREPARATION

city chic collective

# IMPACT OF AASB16

| EBITDA (pre and post AASB16)[1] | | | | |
|---|---|---|---|---|
| AUD in $m | Stat. P&L | Gross up of Avenue Trading (Discon. Ops) | Stat P&L Incl. Discon Ops | Pro Forma Adjusted |
| EBITDA (post AASB16) | (20.4) | (5.6) | (26.0) | (9.3) |
| AASB16 adjustments | (12.7) | - | (12.7) | (12.7) |
| EBITDA (pre AASB16) | (33.0) | (5.6) | (38.6) | (22.0) |

1. AASB16 adjustments include $11.6m depreciation of rights-of-use assets and $2.3m interest on lease liabilities, with cash cost of rent amounting to $12.7m

# BASIS OF PREPARATION & KEY ASSUMPTIONS – PRO FORMA PROFIT & LOSS

- City Chic prepares its financial statements in accordance with Australian Accounting Standards. The accounting policies upon which the pro-forma profit and loss statement and balance sheet has been prepared are set out in the City Chic Collective 2023 Annual Report – for the year ended 2 July 2023. A copy of this can be found at https://www.citychiccollective.com.au/annual-reports
- The statutory financial information has been extracted from the Consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2023, reviewed by EY in accordance with Australian Auditing Standards. EY issued an unmodified review report. A copy of this report can be found at: https://www.asx.com.au/markets/trade-our-cash-market/announcements.ccx
- The pro forma profit & loss is on slide 13 and has been prepared for illustrative purposes and reflects:
  1. The sale of the Avenue business
  2. Removal of one off restructuring costs; and
  3. Impairment of the business sold.
- The following key assumptions have been made:
  1. The Avenue sale is signed and completed by 30 June 2024, noting practically that the effective date of completion may occur subsequent to this date. The terms, cash proceeds and working capital completion adjustment are being worked through and yet to be finalised.
  2. The Radial Warehouse transition will be completed by 30 June 2024. Management are discussing the commercial arrangement of the costs (for the remaining 3 weeks in July) with the proposed purchaser of Avenue.
  3. No debt costs have been assumed to be capitalised.
  4. AASB16 adjustments have been estimated to 30 June, based on current lease agreements in place.
  5. The impairment write down is based on the current model estimates which are subject to audit and finalisation of the Jun-24 results.
  6. The tax impact of repatriation of cash back to Australia relating to the Avenue sale is expected to be nil.
  7. The size of the raise has been assumed at $27.5m.
  8. A USD/AUD FX rate of 0.65 has been assumed

**Forecast Preparation**

The Forecast Financial Information has been prepared based on an assessment of City Chic's existing ANZ and US business and head office functions. The Forecast Financial Information, reflects the year to date trading performance through to Apr-24 and 2 months of forecast.

**Fluctuations in future operating results from period to period**

City Chic's revenues, operating margins, cash flows and other operating results could vary significantly from period to period as a result of various factors and City Chic may not be able to accurately predict its future revenues or results of operations. In addition to other risk factors described elsewhere in this Key Risk Section, this may arise from, for example:

- changes in the mix of City Chic's sales products;
- level of discounting required
- key assumptions on return to spending
- level of customer engagement
- City Chic's customers purchasing decisions;
- City Chic's ability to control costs, including City Chic's operating expenses;
- changes in the competitive dynamics of City Chic's market and general economic and political conditions and uncertainty, and
- changes in laws, regulations and accounting standards.

Many of these factors are outside City Chic's control, and the variability and unpredictability of such factors could result in City Chic failing to meet or exceed City Chic's financial expectations for a given period.

Further, City Chic bases its current and future expense levels on City Chic's operating plans and sales budgets, and City Chic's operating costs consist of a fixed component in the short term. As a result, City Chic may not be able to reduce its costs sufficiently to compensate for an unexpected shortfall in revenues, and even a small shortfall in revenues could disproportionately and adversely affect City Chic's financial results for that period.

City Chic also notes these results will be subject to finalization of ordinary accounting period-end review and audit.

# BASIS OF PREPARATION & KEY ASSUMPTIONS – BALANCE SHEET

- City Chic prepares its financial statements in accordance with Australian Accounting Standards. The accounting policies upon which the pro-forma profit and loss statement and balance sheet has been prepared are set out in the City Chic Collective 2023 Annual Report – for the year ended 2 July 2023. A copy of this can be found at https://www.citychiccollective.com.au/annual-reports
- The statutory financial information has been extracted from the Statement of Financial Position as at 31 December 2023, reviewed by EY in accordance with Australian Auditing Standards. EY issued an unmodified review report. A copy of this report can be found at: https://www.asx.com.au/markets/trade-our-cash-market/announcements.ccx

- The pro-forma balance sheet is on slide 27 and has been prepared for illustrative purposes and reflects:
  1. The reviewed City Chic statement of financial position, as reported in the City Chic Interim Financial Reports – 31 December 2023.
  2. The impact of the equity raise, net of associated costs (The adjustment reflects the underwritten component of the Equity raise. Any additional funds raised would reflect an increase in cash and an increase in equity).
  3. The impact of the sale of Avenue.
  4. Impairment of the business sold.
  5. Impact of the debt repayment.
  6. One off items for the warehouse transition and one-off restructuring costs.

- The following key assumptions have been made:
  1. The equity raise is considered to be a 100% issuance of new equity, of which all advisor costs associated with the equity raised will be offset against equity.
  2. The Avenue sale is signed and completed, noting practically that the effective date of completion will occur subsequent to this date. No material net working capital peg adjustments are assumed to be paid on completion.
  3. The impairment write down is based on the current model estimates which are subject to audit and finalisation of the Jun-24 results.
  4. It is assumed all debt will be repaid on receipt of cash to satisfy "clean down" conditions in the debt agreement and not subsequently redrawn.
  5. The Avenue payables and provisions are currently assumed to be stranded liabilities as they are not being sold with the Avenue business. These have been retained on the balance sheet and will be settled in cash in due course.
  6. The Radial warehouse transition will be completed by 30 June 2024;
  7. Restructuring is assumed to have been implemented, with redundancy provisions paid.
- The pro-forma balance sheet is presented based on the assumption the above acquisition took place on 31 December 2023. It is not represented as being indicative of City Chic's views on its future financial position.
- Balance sheet items are translated into Australian Dollars at the balance sheet date, with the exception of US dollar based transaction payments which will be hedged and are translated at the agreed rates being 1 AUD = 0.65 USD.

Thank you for your attendance and participation

www.citychiccollective.com.au

city chic collective