

# city chic collective

LEADING A WORLD OF CURVES

FY24 RESULTS & FY25 OUTLOOK

28 August 2024



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PHIL RYAN, CEO

PETER MCCLELLAND, CFO



1 FY24 EBITDA ~10% ahead of proforma adjusted forecast<sup>1</sup>

2 Business transformation now complete, including sale of Avenue, brand refresh, inventory normalised and cost base right-sized

3 FY25 First 8 weeks have shown strong positive momentum in strategic KPI's of Trading Gross Margin<sup>2</sup> \$, up 28% and Average Selling Price up 58% on PCP

4 FY25 Targeting \$142-\$160m Revenue and \$11-\$18m EBITDA post AASB16



1. Proforma adjusted P&L as presented on page 13 of the Sale of Avenue, Business Transformation & Equity raising Investor Presentation dated 21 June 2024  
2. Trading Gross Margin represents the difference between product sell price and product cost and is before accounting and other adjustments

BUSINESS UPDATE



# FY24 RESULTS OVERVIEW<sup>1</sup>

Underlying FY24 EBITDA 9.8% better than Proforma Adjusted Forecast<sup>2</sup>

<b>GLOBAL SALES</b>  <b>\$131.6m</b> <small>(28.3%) vs FY23</small>	<b>ACTIVE CUSTOMERS<sup>3</sup></b>  <b>481k</b> <small>(22.5%) vs FY23</small>	<b>INVENTORY</b>  <b>\$30.7m</b> <small>(42.8%) vs FY23</small>	<b>NET CASH</b>  <b>\$3.9m</b>
<b>UNDERLYING EBITDA<sup>4</sup></b>  <b>(\$8.4m)</b> <small>47.3% vs FY23</small>	<b>UNDERLYING EBIT<sup>5</sup></b>  <b>(\$24.3m)</b> <small>23.3% vs FY23</small>	<b>STATUTORY NPAT FROM CONTINUING OPERATIONS<sup>6</sup></b>  <b>(\$38.4m)</b>	<b>ONLINE PENETRATION<sup>7</sup></b>  <b>56%</b> <small>(9.5%) vs FY23</small>

1. Results are presented on a continuing business basis and exclude EMEA and Avenue businesses

2. Proforma adjusted P&L as presented on page 13 of the Sale of Avenue, Business Transformation & Equity raising Investor Presentation dated 21 June 2024

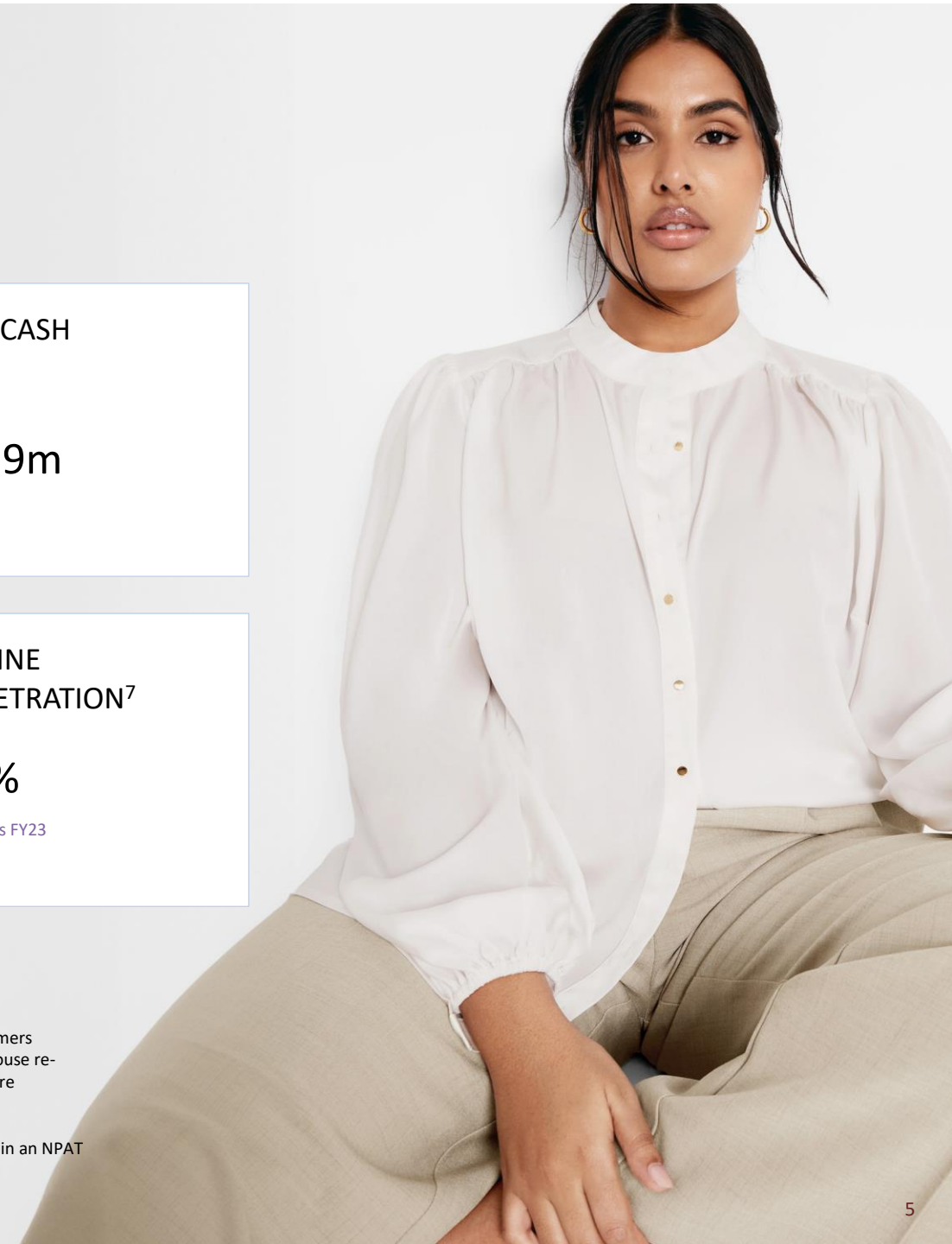
3. Active customers include customers who have shopped online, in stores and omni-channel in the last 12 months; excludes wholesale and marketplace customers

4. Underlying EBITDA (post AASB 16) is for continued operations and excludes non-recurring costs of \$6.8m (Restructuring \$2.2m, Northern Hemisphere warehouse relocation \$0.5m, lease modification \$2.7m, capital restructure \$1.2m and Transaction costs \$0.2m). FY23 non-recurring costs were \$4.8m (Northern Hemisphere warehouse strategic review and relocation \$4.5m, costs related to acquisition opportunities that did not materialise of \$0.3m))

5. Underlying EBIT is derived from underlying EBITDA and excludes non-recurring impairment of the Head Office lease (Right of Use Asset) of \$4.6m

6. Statutory NPAT for continuing operations excludes the loss from discontinued businesses of \$54.6m, (\$13.3m trading loss and \$40.5m impairment), resulting in an NPAT loss attributable to shareholders of \$92.8m

7. Online penetration represents website and online marketplace sales; based on last 12 months revenue (incl. freight revenue) to remove seasonality impacts



# OPERATIONAL HIGHLIGHTS

Positive Average Selling Price and Gross Margin momentum driven by business transformation initiatives

## Refocus on City Chic Customer

- Business transformation programs are largely completed
- Dedicated single brand offering focused on the higher value City Chic customer in ANZ and the US
- Strategic refresh of brand through product and marketing initiatives increasing high value customer mix

## New Product Delivering Improved Operating Metrics

- NPS up at 72 with strong customer support for strategic changes in product and marketing
- High Value Customer up 11% in FY24 on PCP.
- Improving Gross Margin<sup>1</sup> with H2 above 61%
- Improving Average Selling Price with H2 at \$54, up 49% on PCP

## Business Simplified and Costs Reduced

- Cost base right-sized and business simplified to support return to profitability
- Sale of Avenue facilitated change in fulfilment provider with significant cost saving and return to more agile operating model
- Business restructure undertaken to deliver \$20.3m<sup>2</sup> in costs savings with ~85% of initiatives implemented

## Balance Sheet Strengthened

- Divestment of Avenue and Equity Raise proceeds used to pay down debt facility and provide working capital
- Reduced multi-currency debt facility to \$10.0m, with an extension of the facility to December 2026
- Inventory of \$30.7m with a return to typical purchasing cycles

# POSITIVE MOMENTUM IN FY25

Focus on driving margin with new seasonal product and marketing programs

## TRADING FOR THE 8 WEEKS TO 25TH AUGUST 2024

Strategy continues to deliver an uplift in Gross Margin and Average Selling Price:

- Trading Gross Margin<sup>1</sup> \$ up 28% on PCP
  - Trading Gross Margin % up 17.7 pp to 61.3% vs PCP of 43.7%
- Trading Revenue<sup>2</sup> down 9.1% versus FY24 which was a period of high discounting to clear stock
  - Comp stores up 9.9%, total stores revenue flat with 11 fewer stores
- Average Selling Price up 58% on PCP to \$58
- Benefits of cost reduction programs have reduced employee costs and lowered total CODB with run rate improvements in July vs PCP in line with expectations

1. Trading Gross Margin represents the difference between product sell price and product cost and is before accounting and other adjustments  
2. Trading Revenue represents product revenue before accounting and other adjustments



STRATEGY UPDATE





# FOCUSED GROWTH STRATEGY

The transformation initiatives support City Chic's strategy of focusing on its higher value customer in ANZ and the US

## KEY STRATEGIC PILLARS

### 1 Amplify our focus on Her, forging genuine emotional connections



Increase ASP<sup>3</sup>, retention and profitability  
Focused marketing investment

### 2 Revitalise product assortments, focusing on higher value product



Targeting 62% Gross Margin<sup>4</sup>

### 3 Simplify the business and drive down costs



Targeting CODB 50%<sup>1,2</sup>

## DELIVERED THROUGH INITIATIVES UNDERTAKEN

- ✓ ASP<sup>3</sup> up 49% in H2 on PCP
- ✓ First 8 weeks of FY25 ASP up 58% on PCP
- ✓ High Value Customers up 11% in FY24
- ✓ Targeted Marketing Initiatives - driving traffic increase of 28% in YTD FY25 vs PCP
- ✓ Brand Refresh – new imagery and website updated to focus on higher value City Chic customer

- ✓ H2 FY24 Trading Gross Margin<sup>5</sup> 59% trending towards targets
- ✓ Trend continuing in the first 8 weeks of FY25 with Trading Gross Margin at 61%
- ✓ Avenue Divestment allows resources to be allocated exclusively to the City Chic brand offering
- ✓ Introduce Elevated Essentials to the range following customer feedback.

- ✓ FY24 CODB ~17% below PCP
- ✓ Restructure of US Fulfilment – de-risked with more variable cost structure
- ✓ Targeting Fulfilment Costs of 12%
- ✓ Cost Reduction Initiatives – streamlining the business with savings of \$20.3m<sup>6</sup> (85% complete)
- ✓ Balance Sheet Strengthened – provides strong platform for future growth

1. See slide 15 for breakdown of CODB

2. CODB target of 50% includes the impact of Fulfilment Costs

3. ASP: Average Selling Price

4. Gross Margin is accounting gross margin

5. Trading Gross Margin represents the difference between product sell price and product cost and is before accounting and other adjustments

6. See page 13 for detail

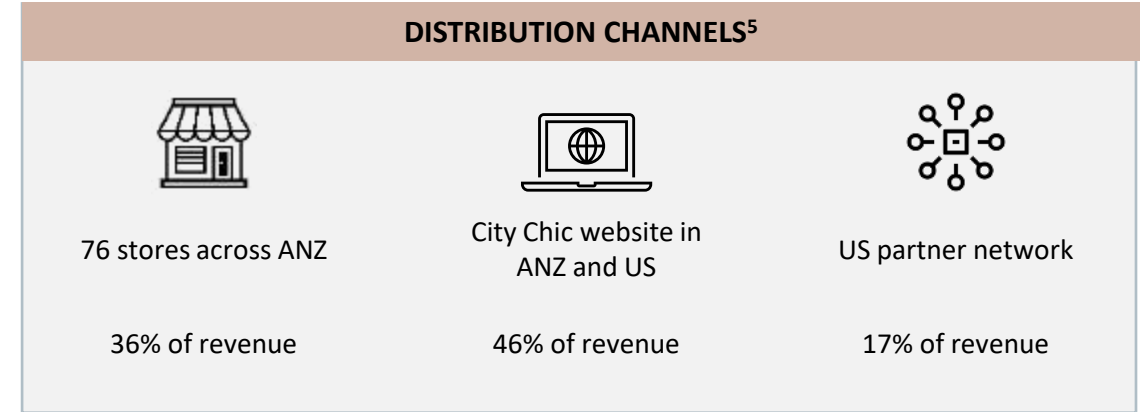
# 1 A BUSINESS DEDICATED TO HER

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

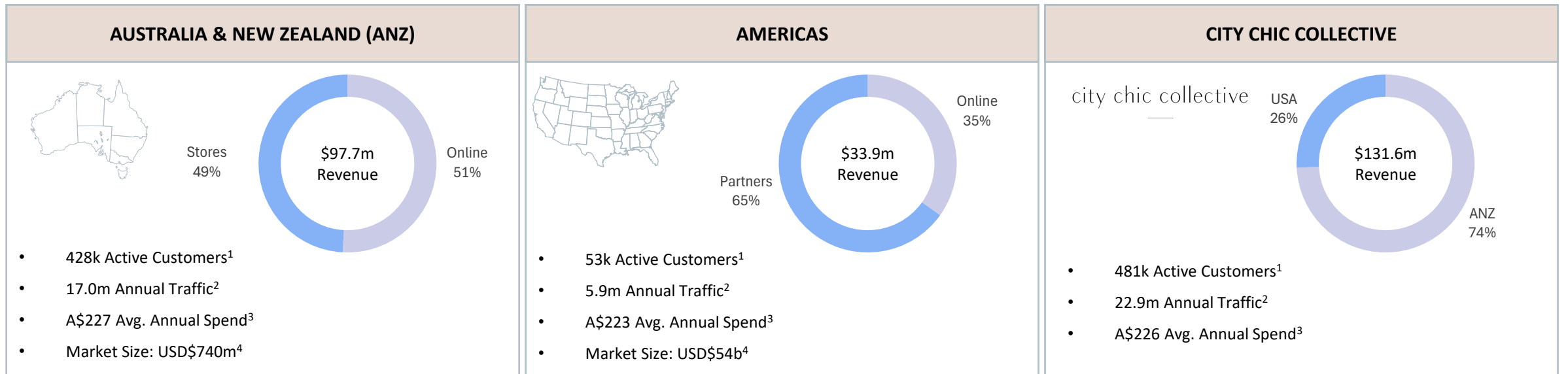
city chic

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

481k Active Customers up 25% from 2019<sup>6</sup>



## FY24 REVENUE AND CUSTOMER METRICS BY REGION<sup>5</sup>

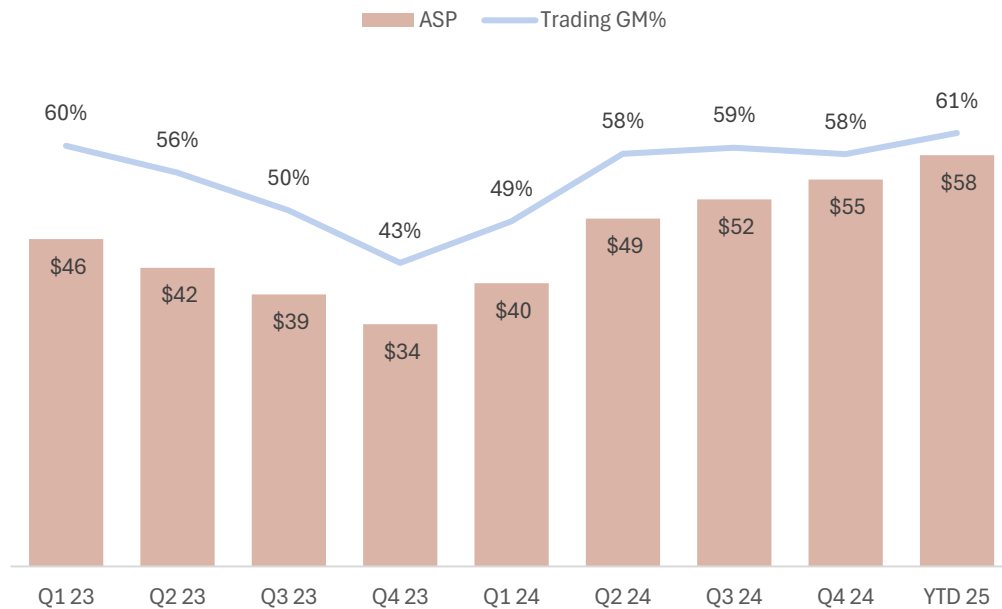


1. Active customers includes customers who have shopped online, stores and omni channel in the last 12 months; excludes wholesale and marketplace customers  
 2. Traffic to our own websites in the 12 months to Jun 2024; excludes stores and partner websites  
 3. Average annual spend is net of returns; 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

# 1 2 KEY PERFORMANCE METRICS

Focus on high value customer delivering positive trends in ASP and margin continuing into FY25



## ASP AND GM COMMENTARY

- ASP and margin improvement across the year with new inventory arrivals in ANZ from Q2 and US in Q3
- This trend has continued into FY25 YTD with GM% closer to the target of 62%
- Trading Gross Margin<sup>1</sup> \$ up 28% YTD in FY25 vs PCP

## UNITS COMMENTARY

- In line with strategy, focus is on higher value customer which is impacting total volumes - however at higher ASP and Gross Margin \$ contribution

1. Trading Gross Margin represents the difference between product sell price and product cost and is before accounting and other adjustments

## 2 NEW PRODUCT RESONATING

Target customer responding to our new season range

Following feedback from our customers, we have evolved the product mix to include more elevated essentials, a better end casual lifestyle that allows greater versatility.

"The new range is amazing in Elevated Essentials, would love to see more of this instore!"

"I love the introduction of the Elevated Essentials, which was much needed. The employees were so cheerful."



### 3 COST REDUCTION INITIATIVES

Total planned cost savings of \$20.3m, simplifying the business for improved operating leverage

		Commentary	Realised Savings <sup>1</sup>	Incremental Expected Savings <sup>2</sup>	Completion Status
Lower operating expense initiatives	→	<ul style="list-style-type: none"> <li>Programs initiated in FY24</li> <li>Operating expense cost rationalisation focused on head count reduction, marketing expenses, and other operating expenses</li> </ul>	\$8.8m	\$4.3m <sup>3</sup>	
Avenue divestment impact	→	<ul style="list-style-type: none"> <li>Unlocks cost reduction opportunities through right-sizing the business</li> <li>Further reduction in back-office headcount of \$1.1m has now been implemented and other cost rationalisation of \$4.0m<sup>4</sup> is underway</li> </ul>	-	\$5.1m	
Change in US fulfilment provider	→	<ul style="list-style-type: none"> <li>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<sup>5,6</sup></li> <li>More streamlined and variable cost base will deliver operating efficiencies and greater flexibility with changing demand</li> </ul>	-	\$2.1m	
<b>Total Savings<sup>1,2</sup></b>			<b>\$8.8m</b>	<b>\$11.5m</b>	
<b>Further Margin Improvement Initiatives</b>					
Supply chain simplification	→	<ul style="list-style-type: none"> <li>Return to narrower supply base will drive sustained margin improvement</li> <li>Return to DDP providers - lower logistics cost and working capital benefits</li> </ul>	Margin Improvement		

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

FY24 FINANCIAL  
SUMMARY



# SUMMARY FINANCIAL PERFORMANCE<sup>1</sup>

## Margin and Cost actions are delivering

\$'m:	FY23	FY24 Proforma adjusted <sup>5</sup>	FY24	% to FY23
Sales	183.5	131.5	131.6	(28.3%)
Other Revenue	0.4	0.7	0.7	60.8%
Sales & Other Revenue	184.0	132.2	132.3	(28.1%)
Gross Margin	85.2	74.4	75.8	(11.0%)
<i>Gross Margin %<sup>2</sup></i>	46.3%	56.3%	57.3%	11.0%pp
Fulfilment Costs	(33.5)	(16.3)	(17.9)	46.5%
Marketing & Advertising Expense	(8.3)	(9.7)	(9.6)	(16.4%)
Employee Benefits Expense	(40.9)	(35.5)	(34.6)	15.3%
Rent (Post-AASB16)	(2.9)	(4.7)	(4.3)	(49.0%)
Other	(15.6)	(17.5)	(17.7)	(13.9%)
Underlying Cost of Doing Business <sup>3</sup>	<b>(101.1)</b>	<b>(83.7)</b>	<b>(84.2)</b>	<b>16.7%</b>
<i>CODB %</i>	55.0%	63.3%	63.6%	(7.3%)
Underlying EBITDA (Post-AASB16) <sup>3</sup>	(15.9)	(9.3)	(8.4)	47.3%
<i>Underlying EBITDA Margin</i>	(8.7%)	(7.0%)	(6.3%)	2.4%
Underlying EBIT (Post-AASB16) <sup>4</sup>	(31.7)	(27.5)	(24.3)	23.3%
<i>Underlying EBIT Margin</i>	(17.2%)	(20.8%)	(18.4%)	1.2%
Statutory NPAT (Continuing Operations)	(34.2)		(38.4)	12.3%
Statutory Loss Attributable to Shareholders	(99.8)		(93.0)	6.8%

- Financial Performance is presented on a continuing business basis following the exit of Evans and Avenue
- Underlying EBITDA loss of \$8.4m is 9.8% better than forecasted proforma adjusted P&L. Key variances to the forecasted position include:
  - Margin higher at 57.3%
  - Fulfilment costs higher due to allocation of AASB16 adjustment between continuing and discontinued business
  - Lower labor costs delivering lower other CODB
- Sales & Other Revenue of \$132.3m
  - In line with strategic plan revenue impacted by inventory clearance actions (now complete) and volumes impacted by targeting the higher value customer
  - Strategic initiatives delivering significant YoY and QoQ improvement in Average Selling Price and Gross Margin % and \$ contribution
- Gross Margin of 57.3% trending up in line with target of 62%
  - GM strengthening in H2 at 61.2% with new product arrivals
- Cost actions delivering lower CODB
  - \$8.8m achieved in FY24 from restructuring, delivering incremental saving of \$4.3m in FY25
  - Further savings post the sale of Avenue targeting \$7.2m including labour, operational and a lower fixed cost warehouse operation in the US
  - Employee Benefits includes the non-cash LTIP expense of \$0.9m

1. All reporting is for the continuing operations, excluding EMEA and is on a post AASB 16 basis

2. Gross margin represents Gross Margin divided by Sales & Other Revenue.

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

4. Underlying EBIT is derived from underlying EBITDA and excludes non-recurring impairment of the Head Office lease (Right of Use Asset) of \$4.6m

5. Proforma adjusted P&L as presented on page 13 of the Sale of avenue, Business Transformation & Equity Raising Investor Presentation dated 21 June 2024

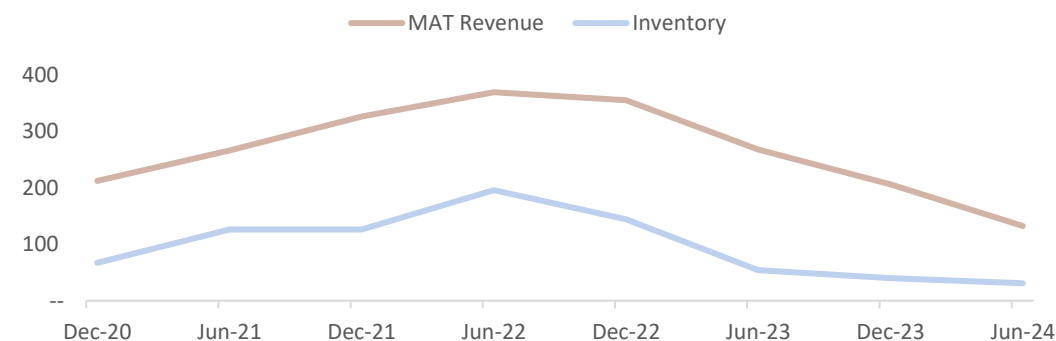
# SUMMARY FINANCIAL POSITION

## Inventory normalised and positive net cash

A\$m	30 June 2023	30 June 2024
Cash & cash equivalents	12.4	21.4
Inventories	53.8	30.7
PP&E/Intangibles	77.8	27.8
Right of use assets	57.0	27.6
Other assets	23.4	20.8
Assets held for sale	13.2	12.6
<b>Total Assets</b>	<b>237.7</b>	<b>140.9</b>
Trade & Other Payable	51.0	37.0
Provisions & Other	11.8	9.7
Lease Liabilities	60.0	41.1
Borrowings	1.5	17.5
Liabilities associated with assets held for sale	0.6	0.5
<b>Total Liabilities</b>	<b>125.0</b>	<b>105.8</b>
<b>Net Assets</b>	<b>112.7</b>	<b>35.1</b>
<b>Net Cash</b>	<b>10.9</b>	<b>3.9</b>

- Net cash position of \$3.9m
  - Includes proceeds of Capital raise of \$14.4m with further \$3.1m received post period end in July
  - Net proceeds<sup>1</sup> of \$15m from the sale of Avenue received in July
  - Business is more resilient to cyclical changes
- Inventory now back to a normalised level with a return to typical purchasing cycles post stock unwind during FY24
  - Inventory wind down focused on aged product, with inventory on hand now comprising newer and higher value product
- Continued support from lender - reduction of multi-currency debt facility to \$10.0m from July 2024, with an extension of the facility to December 2026 and financial covenants replaced by cleandowns<sup>2</sup>

### Returned to a Normalised Inventory Position



1. Net proceeds are after working capital adjustments of \$3m  
 2. The clean down requirement is for 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. The first of the 2 clean down requirements for FY25 was completed during July 2024



FY25 OUTLOOK



# OUTLOOK

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

## FINANCIAL OUTLOOK

- Trading conditions may remain uncertain in the short term
- Expecting the higher ASP and Gross Margin trends from H2 FY24 and leading into FY25 to continue
- Marketing focus on brand engagement in ANZ and targeted customers in USA
- Business restructure, cost out program and sale of Avenue delivering incremental cost savings of \$11.5 million in FY25
- Inventory now returned to a normalised level and a typical purchasing cycle
- FY25 financial targets
  - Revenue of \$142m to \$160m
  - EBITDA Post AASB16 of \$11m to \$18m

*These targets are based on the Assumptions on page 25 and subject to the Key Risks outlined on pages 26-27*

## LONGER-TERM OPPORTUNITY

- Long-term thematic in global plus size fashion market remains strong with continued industry growth expected<sup>1</sup>
- 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 beyond 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)



1 FY24 EBITDA ~10% ahead of proforma adjusted forecast<sup>1</sup>

2 Business transformation now complete, including sale of Avenue, brand refresh, inventory normalised and cost base right-sized

3 FY25 First 8 weeks have shown strong positive momentum in strategic KPI's of Trading Gross Margin<sup>2</sup> \$, up 28% and Average Selling Price up 58% on PCP

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Thank you for your attendance and participation

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APPENDIX



# SALES BY CHANNEL & REGION

Sales reflect inventory clearance and a challenging consumer

REVENUE BY REGION	FY24	Sales Revenue (A\$m)	Sales Growth Reporting Currency FY23	Constant Currency FY23 <sup>1</sup>
ANZ		97.7	(30.8%)	(30.8%)
AMERICAS		33.9	(20.0%)	(22.3%)
Total		131.6	(28.3%)	(28.8%)

REVENUE BY CHANNEL	FY24	Sales Revenue (A\$m)	Sales Growth Reporting Currency FY23	Constant Currency FY23
Online		60.9	(38.4%)	(38.8%)
Stores		48.0	(20.0%)	(20.0%)
Partners		22.7	(7.7%)	(10.1%)
Total		131.6	(28.3%)	(28.8%)

## FY24 REVENUE REFLECTS:

- Revenue from continuing businesses
- Inventory clearance impacted sales in H1
- ANZ was down 30.8%
  - Comp Stores down 15% and in Q4 only 5% down at higher margins<sup>1</sup>
  - Online ANZ is down 39% with Q4 showing materially improved gross margins with traffic recovering.
- USA down 20%
  - Continued inventory clearance in H1
  - H2 impacted by warehouse move (now complete)
  - City Chic online down 39% as marketing was reduced due to clearance activity, improving into Q1 FY25.
  - US partners down 4% in FY24, up 15% in H2
    - Amazon outperformed as a partner in FY24
    - Macy's marketplace in the first 6 months has been pleasing.

1. Constant currency is calculated by restating the prior year sales at the current year FX rate; prior year revenue numbers have been restated to include freight income consistent with the reclassification made at year end FY23.

# ETHICAL TRADE UPDATE

We welcome the new opportunities and recognise the challenges that come with the complex apparel supply chain. Our focus was the on consolidation of key partnerships and simplifying our supply chain where possible to help reduce waste.

We continue to build on our ethical sourcing policies and practices. Our goal is to work together with our global partners for a more positive impact to people and planet.

## OUR FY24 HIGHLIGHTS



### SOCIAL RESPONSIBILITY

- Continued to strengthened our Forced Labour policy and tracing processes
- Enhanced our chain of custody policy and process for all tiers of the product sourcing supply chain
- Achieved “NICE” Rating on the 2023 Oxfam ‘Naughty or Nice’ list, recognising our commitment to working towards paying a living wage
- Conducted living wage social audits on our top 10 tier 1 factories
- Continued to make progress against our Modern Slavery Act roadmap
- Continued our engagement with key NGO’s



### ENVIRONMENTAL SUSTAINABILITY

- Continued to develop a selection of product incorporating preferred and more considered fibers
- Continued to develop more sustainable packaging options
- Continued to build knowledge & capacity for future climate strategies
- Developed a risk assessment on risks related to climate
- Partnered with a charity that redirects surplus new clothing from potential waste to vulnerable people in communities around Australia

# IMPACT OF AASB16 – CONTINUING OPERATIONS

AASB16 adopted from 1 July 2019

A\$millions	FY24					FY23				
	Statutory Post AASB16	Underlying adjustments <sup>1</sup>	Underlying Post AASB16	AASB Impact	Underlying Pre AASB16	Statutory Post AASB16	Underlying adjustments	Underlying Post AASB16	AASB Impact	Underlying Pre AASB16
Sales & other revenue	132.3		132.3		132.3	184.0		184.0		184.0
Purchase & inbound related costs of inventory	(56.7)	0.2	(56.5)		(56.5)	(98.8)		(98.8)		(98.8)
<b>Gross trading profit</b>	<b>75.6</b>	<b>0.2</b>	<b>75.8</b>	<b>0</b>	<b>75.8</b>	<b>85.2</b>	<b>0.0</b>	<b>85.2</b>	<b>0.0</b>	<b>85.2</b>
Fulfilment cost	(18.1)	0.2	(17.9)	(1.3)	(19.2)	(33.5)		(33.5)	(0.9)	(34.4)
Marketing & Advertising expense	(9.6)		(9.6)		(9.6)	(8.3)		(8.3)		(8.3)
Employee benefits expense	(36.8)	2.2	(34.6)		(34.6)	(40.9)		(40.9)		(40.9)
Rent	(4.3)		(4.3)	(9.4)	(13.7)	(2.9)		(2.9)	(10.4)	(13.3)
Other	(21.9)	4.1	(17.7)		(17.7)	(18.0)	2.5	(15.6)		(15.6)
Cost of doing business	(90.8)	6.6	(84.2)	(10.6)	(94.8)	(103.6)	2.5	(101.1)	(11.2)	(112.4)
<b>EBITDA</b>	<b>(15.2)</b>	<b>6.8</b>	<b>(8.4)</b>	<b>(10.6)</b>	<b>(19.0)</b>	<b>(18.4)</b>	<b>2.5</b>	<b>(15.9)</b>	<b>(11.2)</b>	<b>(27.2)</b>
Depreciation, amortisation & impairment	(20.5)	4.6	(15.9)	9.8	(6.1)	(15.8)		(15.8)	9.9	(5.9)
<b>EBIT</b>	<b>(35.7)</b>	<b>11.4</b>	<b>(24.3)</b>	<b>(0.8)</b>	<b>(25.1)</b>	<b>(34.2)</b>	<b>2.5</b>	<b>(31.7)</b>	<b>(1.3)</b>	<b>(33.0)</b>
Net finance cost	(3.6)		(3.6)	2.3	(1.3)	(3.8)		(3.8)	2.3	(1.5)
<b>Loss before tax</b>	<b>(39.3)</b>	<b>11.4</b>	<b>(27.9)</b>	<b>1.5</b>	<b>(26.4)</b>	<b>(37.9)</b>	<b>2.5</b>	<b>(35.5)</b>	<b>0.9</b>	<b>(34.5)</b>
Income tax expense	0.8		0.8		0.8	3.7		3.7		3.7
<b>Net loss after tax</b>	<b>(38.4)</b>	<b>11.4</b>	<b>(27.0)</b>	<b>1.5</b>	<b>(25.6)</b>	<b>(34.2)</b>	<b>2.5</b>	<b>(31.8)</b>	<b>0.9</b>	<b>(30.8)</b>
Loss after income taxes from discontinued operations	(54.6)		(54.6)		(54.6)	(65.6)		(65.6)		(65.6)
<b>Loss after income taxes – whole business</b>	<b>(93.0)</b>	<b>11.4</b>	<b>(81.6)</b>	<b>1.5</b>	<b>(80.1)</b>	<b>(99.8)</b>	<b>2.5</b>	<b>(97.3)</b>	<b>0.9</b>	<b>(96.4)</b>

1. Underlying earnings for continued operations and excludes non-recurring costs of \$6.8m (Restructuring \$2.2m, Northern Hemisphere warehouse re-location \$0.5m, lease modification \$2.7m, capital restructure \$1.2m and Transaction costs \$0.2m). FY23 non-recurring costs were \$4.8m (Northern Hemisphere warehouse strategic review and relocation \$4.5m, costs related to acquisition opportunities that did not materialise \$0.3m) also excludes non-recurring impairment of the Head Office lease (Right of Use Asset) of \$4.6m



# FY25 OUTLOOK KEY ASSUMPTIONS

## Key assumptions include:

1. With greater stabilisation of the macroeconomic environment, consumer sentiment improvements are reflected in spend patterns in H2 FY25 which results in a stronger revenue and profitability in that period.
2. FY24 trading was heavily impacted by inventory clearance as aged product was traded out. This impacted on the Average Selling Price and Gross Margin. FY25 will benefit from new product with regular stock delivery in all channels and an associated improvement in the Average Selling Price and Gross Margin as embodied in Q4 FY24 and the first 8 weeks of FY25.
3. In line with strategy, the targeting of higher value customer through marketing and advertising campaigns and associated product assortments will deliver a higher Average Selling Price and margins %'s and dollars. The improvements already seen in Q4 FY24 and the first 8 weeks of FY25 are expected to continue through FY25. While these metrics improve, this may deliver a reduction in unit volumes in segments/categories that are not the core focus of the company.
4. Increased focus on growing key partners particularly in the US.
5. Renewed supplier relationships and lower inbound logistics costs will result in a strengthening Gross Margin.
6. Cost in line with initiatives outlined in the Proforma adjusted P&L as presented on page 13 and subject to inflationary increases.
7. A USD/AUD FX rate of 0.65 has been assumed.

## Outlook Preparation

The outlook has been prepared based on an assessment of City Chic's existing ANZ and US business and head office functions.

## 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 in the Key Risks outlined on pages 26-27, these results may also be affected by, 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.

# KEY RISKS

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 and the industry in which it operates.. 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 the operating and financial performance of 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.

<b>Sales and revenue risk</b>	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 risk that consumer spending, and particularly discretionary consumer spending, will be negatively impacted by ongoing high inflation and interest rates.
<b>Customer preferences or trading patterns</b>	There is a risk that City Chic fails to anticipate and adapt quickly to changing consumer behaviour and preferences in a timely manner. If this occurs then lower revenue and margins could result and this 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. 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).
<b>Supply chain risk</b>	While sufficient levels of inventory are currently in place, there is 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 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 this occurs there could be a material adverse effect on City Chic's operating performance and earnings.
<b>Liquidity risk</b>	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.
<b>IT risk, privacy and cybersecurity</b>	City Chic relies heavily on its 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 or cyber-attacks, among other things. Any interruptions to operations could impact City Chic's ability to operate and result in 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. 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. 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.
<b>Landlord relationships and store sites</b>	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.
<b>Competition risk</b>	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.
<b>Warranty risk and product liability exposure</b>	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. 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.
<b>Intellectual property and patent risk</b>	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.
<b>Key personnel risk</b>	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.

# KEY RISKS (CONT.)

<b>Regulatory and compliance risk</b>	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.
<b>Sovereign risk</b>	<p>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.</p> <p>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.</p>
<b>Exchange rates</b>	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.
<b>Changes in interest rates</b>	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.
<b>Funding risk</b>	There is no guarantee that the monies currently available to City Chic 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.
<b>Forecast risk</b>	City Chic's FY25 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 FY25 Outlook. Refer to page 26 for further drivers of the forecast.
<b>Dependence on general economic conditions</b>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Litigation risk</b>	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. City Chic commenced proceedings in the Supreme Court of NSW against iCare (the NSW Workers Compensation insurer) and the NSW State Insurance Regulatory Authority disputing the basis and calculation of historical insurance premiums. 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.
<b>Legislative and regulatory changes</b>	<p>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.</p> <p>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.</p>
<b>Accounting standards</b>	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.
<b>Speculative investment</b>	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 City Chic's securities. Therefore, an investment in City Chic's securities carries no guarantee with respect to the payment of dividends, return on investment or return of investment. Potential investors should consider that an investment in City Chic is speculative.

# 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 28<sup>th</sup> August 2024 (**Presentation**).

## **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](http://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.

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This Presentation has been prepared without taking into account any investor's 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.

## **Financial information**

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

## **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 and City Chic's expectations about the performance of its business. 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 slide 18 for an outline of the forecast financial information that appears in this Presentation and slide 25 for 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.

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