

city chic collective

LEADING A WORLD OF CURVES

H1 FY24 RESULTS

27 February 2024



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Phil Ryan, CEO

Peter McClelland, CFO



H1 FY24 Result
Overview

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H1 OVERVIEW¹

Margin recovery into Q2 and positive margin momentum into H2

Revenue of \$106m, down 29% on PCP	<ul style="list-style-type: none">- Economic conditions impacting transaction volumes- Stores performance strengthening on improved gross margin, online remains challenging
Significant improvement in trading metrics Q2 vs Q1 as new product introduced	<ul style="list-style-type: none">- Gross margin up 10 percentage points following clearance activity in Q1- Average sell price (ASP) up 31%- Average order value (AOV) up 7%
Strategic initiatives delivering results	<ul style="list-style-type: none">- ~\$25m in annualised cost savings and mitigation actions; phased in over next 7 months- Higher sell-through of new and more focused ranges- Strong customer engagement with NPS score of 71
Underlying EBITDA ² of (\$7.5m), down from \$3.6m in PCP	<ul style="list-style-type: none">- The strategic cost actions taken to date delivered ~\$3m savings in H1; would have generated an additional ~\$6.3m of savings in H1 if implemented as at 1 July 2023⁴
Inventory level normalised and positive cash position	<ul style="list-style-type: none">- Inventory of \$39.5m at 31 December 2023 representing 3 stock turns³- Net cash at 31 December 2023 of \$3.5m

1. All reporting is for the continuing operations, excluding EMEA

2. Underlying EBITDA (post AASB 16) is for continued operations and exclude non-recurring costs, including expenses related to the Northern Hemisphere warehouse re-location, costs associated with business integrations and restructuring costs and a gain on cancelled lease. Pre AASB16 EBITDA loss was \$14.4m.

3. Stock turn measured as cost of product (incl. inbound logistics cost and duties) but excluding stock in transit

4. See slide 9 for further details

Strategy Update

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STRATEGY RECAP: THE PATH TO PROFITABLE GROWTH

With right-sized cost base focus now on driving margin and demand

1 Amplify our focus on Her, forging genuine emotional connections

Put Her first: leverage our rich customer understanding developed over many years of connection.

Target our more valuable customer with attractive customer economics.

Deliver products She sees value in that fit, exceed expectations and make Her feel amazing.

Continue to listen and anticipate the evolving needs of HER.

Increase AOV, retention and profitability
Focused marketing investment

2 Revitalise product assortments, focusing on higher value product

Simplify range and focus on high-value and fashionable styling.

Deliver newness to drive customer engagement.

Disciplined assortment management and shorter lead times.

Creating styles that increase average sell price and deliver a better margin.

Targeting 60% gross margin
Targeting 3 inventory turns

3 Simplify the business and drive down costs

Focus on attractive core markets.

Streamline the operating model.

Simplifying our supply chain.

Drive down operating costs.

Create a culture of cost containment focused on delivering a quality garment at a great price.

\$25m¹ annualised cost saving and mitigation,
Targeting Fulfilment costs of 19%

DELIVERY ON OUR STRATEGY

Customer engagement remains strong

1

Amplify our focus on Her, forging genuine emotional connections

Put Her first: leverage our rich customer understanding developed over many years of connection.

Target our more valuable customer with attractive customer economics.

Deliver products She sees value in that fit, exceed expectations and make Her feel amazing.

Continue to listen and anticipate the evolving needs of HER.



- Continued extensive customer research focused on driving demand
- Launching 'through the line' ANZ advertising campaign in Q3 working with market leading brand agency
- Q2 AOV¹ up 5% on PCP (up 7% Q2 v Q1) and ASP¹ up 12% (up 31% Q2 v Q1)
- Customer engagement remains high with NPS score up to 71
- New store ranges showing strong sell through

DELIVERY ON OUR STRATEGY

Improving margin and new product sell-through

2

Revitalise product assortments, focusing on higher value product

Simplify range and focus on high-value and fashionable styling.

Deliver newness to drive customer engagement.

Disciplined assortment management and shorter lead times.

Creating styles that increase average sell price and deliver a better margin.



- Introducing broader price points in response to customer feedback
- Option count significantly reduced to focus on core ranges and freshness
- New lifestyle mix delivering higher ASP and margin in line with target customer
- New US product continuing to land in H2 with ASPs increasing, will accelerate with arrival of spring/summer ranges
- Margin up 10 percentage points Q2 v's Q1 and trending towards 60% target
- Inventory reduced to \$39.5m representing 3 stock turns¹

DELIVERY ON OUR STRATEGY

Cost initiatives exceeding targets, annualised cost savings and mitigation of ~\$25m

3

Simplify the business and drive down costs

Focus on attractive core markets.

Streamline the operating model.

Simplifying our supply chain.

Drive down operating costs.

Create a culture of cost containment focused on delivering a quality garment at a great price.



- Head count restructuring programs and store rostering delivering ~\$12m in annualised savings including further reductions in February 2024
- Renegotiation of logistics arrangements delivering ~\$12m in annualised cost reductions and cost mitigation; realised over next 7 months
- Other cost initiatives actioned delivering ~\$1m run rate savings
- EMEA sale and exit completed in August
- Simplifying supply chain to historical models and partners to improve agility, purchasing leverage and working capital

H1 FY24 Financial
Summary

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SUMMARY FINANCIAL PERFORMANCE¹

Cost cutting measures delivering business appropriate cost profile

\$'m:	H1 FY23	H1 FY24	%
Sales Revenue	149.9	105.8	(29%)
Gross Trading Margin ²	74.5	51.8	(32%)
<i>Gross Trading Margin %</i>	<i>49.7%</i>	<i>48.9%</i>	<i>(0.8%)</i>
Fulfilment costs	(29.0)	(20.1)	31%
Marketing & Advertising Expense	(8.5)	(8.5)	0%
Employee Benefits Expense	(22.4)	(19.7)	12%
Rent (Post-AASB16)	(1.3)	(2.2)	(64%)
Other	(9.6)	(8.8)	21%
Underlying Cost of Doing Business ³	(70.9)	(59.3)	18%
<i>CODB %</i>	<i>48.3%</i>	<i>56.0%</i>	<i>(7.7%)</i>
Underlying EBITDA (Post-AASB16) ³	3.6	(7.5)	(306%)
<i>Underlying EBITDA Margin</i>	<i>2.4%</i>	<i>(7.1%)</i>	<i>(9.5%)</i>
Underlying EBIT (Post-AASB16) ³	(3.9)	(16.6)	(331%)
<i>Underlying EBIT Margin</i>	<i>(2.6%)</i>	<i>(15.7%)</i>	<i>(13.1%)</i>
Statutory NPAT (Continuing Operations)	(5.2)	(21.0)	(301%)
Loss Attributable to Shareholders	(27.2)	(24.0)	12%

- Comparative FY23 Data is on a continuing business basis following the exit of EMEA
- CODB down \$11.6m due to management actions taken along with volume and other decreases
- Cost actions would have generated an additional ~\$6.3m of savings in H1 if implemented 1 July 2023 resulting in CODB for H1 of \$53m (see following slide for more details)
- Margin similar to PCP as a result of continued promotional activity in Q1, with Q2 showing strong momentum on Q1 and PCP
- Business reporting on post AASB16 basis³

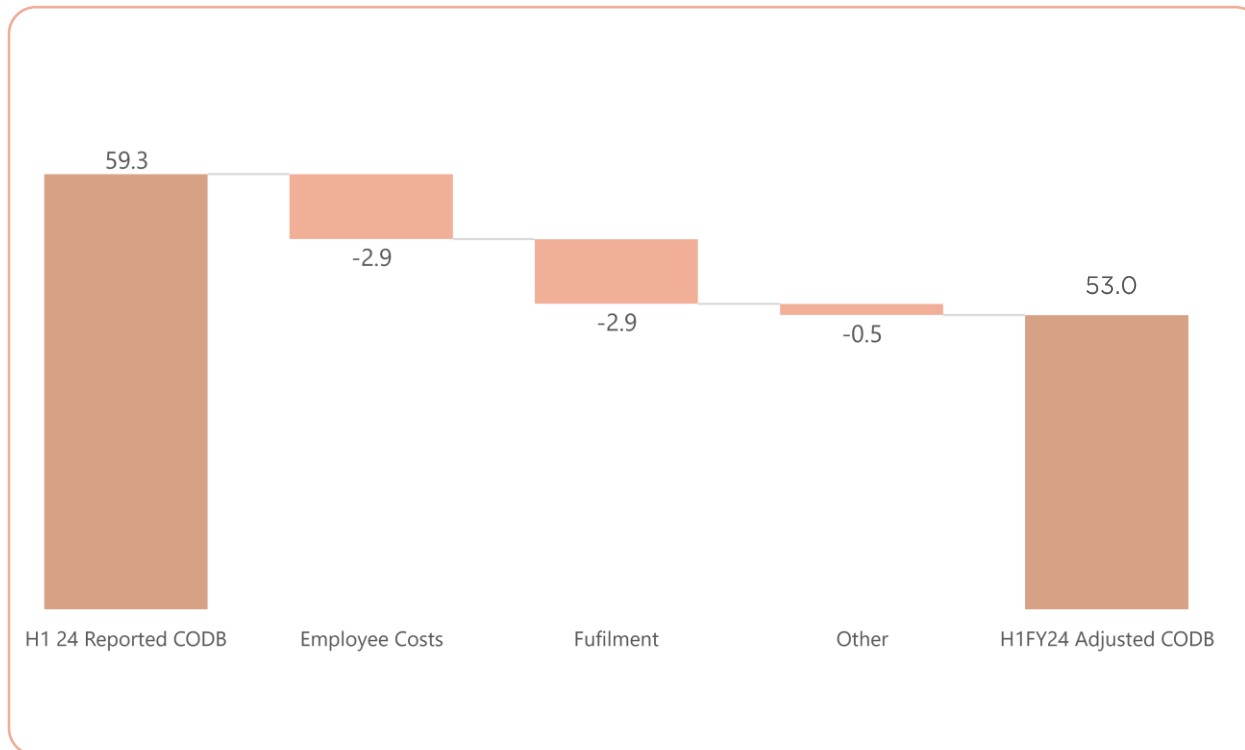
1. All reporting is for the continuing operations, excluding EMEA and is on a post AASB 16 basis

2. Gross trading margin represents sales revenue less purchase and inbound-related cost of inventory

3. Underlying results (post AASB 16) is for continued operations and exclude non-recurring costs, including expenses related to the Northern Hemisphere warehouse re-location, costs associated with business integrations and restructuring costs and a gain on cancelled lease. Pre AASB16 EBITDA loss was \$14.4m v's H1 FY23 loss of \$1.6 - refer to slide 21 for post and pre AASB 16 reconciliation.

STRATEGIC COST ACTIONS

Cost actions deliver in H1 with sustainable benefits into H2



- Strategic cost actions taken to right size the cost base business¹
- Adjusted CODB base of ~\$53m represents ~50% of revenue
- Actions delivered ~\$3m cost reductions to H1; would have generated an additional savings in H1 of ~\$6.3m if implemented 1 July 2023
- Future benefits include mitigation of contracted increases in key fulfilment contracts

1. See slide 9 for details of actions

SUMMARY FINANCIAL POSITION

Inventory normalised and positive net cash

A\$m	H1 FY23	H2 FY23	H1 FY24
Cash	22.1	12.4	16.0
Inventory	143.7	53.8	39.5
PP&E/Intangibles	99.3	77.8	75.0
Right of use assets	37.6	57.0	45.7
Other assets	26.6	36.6	19.6
Total Assets	329.3	237.7	195.8
Trade & Other Payable	46.5	51.0	38.1
Provisions & Other	17.2	12.5	9.8
Lease Liabilities	45.3	59.9	48.3
Borrowings	35.5	1.5	12.5
Total Liabilities	144.4	125.0	108.7
Net Assets	184.9	112.7	87.1
Net Cash	(13.4)	10.9	3.5

Working Capital

- Net cash position of \$3.5m
- Target of 3x stock turn (excluding stock in transit) achieved through inventory winddown
- Inventory position includes gross inventory of \$47.6m and provisions of \$8.1m
- Other assets included EMEA assets held for sale at H2 FY23

Right of Use Assets & Liabilities

- Right of use assets and liabilities decline due to renegotiated warehouse agreements

Trading Update &
Outlook

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FY24 TRADING UPDATE & OUTLOOK

Margin recovery on track, with AOV and ASP improving and positive store momentum

Trading for the 8 weeks to 25th February

- Revenue is 33% below PCP, however positive margin momentum continuing with GM\$ down 16%
 - Stores performing well with comparative full price stores 6% above PCP at higher margins
 - Online channel continues to be challenging with traffic down as she returns to stores
- Positive trading metrics trends continues
 - Average order value (AOV) up 11% on PCP
 - Average sell price (ASP) up 31% on PCP

Expect to trade profitably in H2

- Trading conditions remain uncertain
- Strategic marketing programs commenced to drive traffic from returning and new customers with a focus on the online channel
- New season product continuing margin improvement
- Cost reductions being realized and delivering benefits in H2

Q&A

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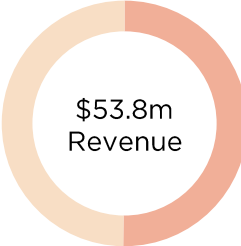
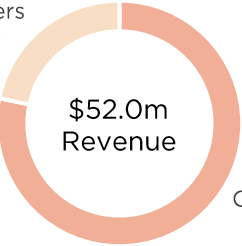
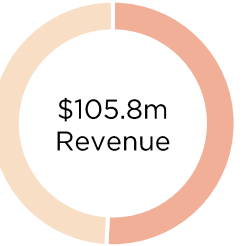


Appendix

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REVENUE AND CUSTOMER METRICS BY REGION

AUSTRALIA & NEW ZEALAND	AMERICAS	City Chic Collective
 <p>\$53.8m Revenue</p> <p>Stores 50% Online 50%</p>	 <p>\$52.0m Revenue</p> <p>Partners 22% Online 78%</p>	 <p>\$105.8m Revenue</p> <p>USA 49% ANZ 51%</p>
<ul style="list-style-type: none"> Revenue Reporting Currency (33%) Revenue Constant Currency (33%) Stores Revenue Reporting Currency (26%) 	<ul style="list-style-type: none"> Revenue Reporting Currency (26%) Revenue Constant Currency (29%) Partners Revenue Reporting Currency (20%) 	<ul style="list-style-type: none"> Revenue Reporting Currency (29%) Revenue Constant Currency (31%)
<ul style="list-style-type: none"> 492k Active Customers¹ (down 11.4% YoY) 17.9m Annual Traffic² (down 20.0% YoY) A\$232 Avg. Annual Spend³ (down 18.9% YoY) 	<ul style="list-style-type: none"> 366k Active Customers¹ (down 27.1% YoY) 27.2m Annual Traffic² (down 21.9% YoY) A\$242 Avg. Annual Spend³ (up 0.9% YoY) 	<ul style="list-style-type: none"> 858k Active Customers¹ (down 18.8% YoY) 45.1m Annual Traffic² (down 21.2% YoY) A\$236 Avg. Annual Spend³ (down 10.6% YoY)

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 Dec 2023; excludes stores and partner websites
 3. Average annual spend is net of returns; excludes wholesale and marketplace customers

ETHICAL TRADE UPDATE

We welcome the new opportunities and recognise the challenges that come with the complex apparel supply chain. Our focus continues to be on the 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 H1 - HIGHLIGHTS



SOCIAL RESPONSIBILITY

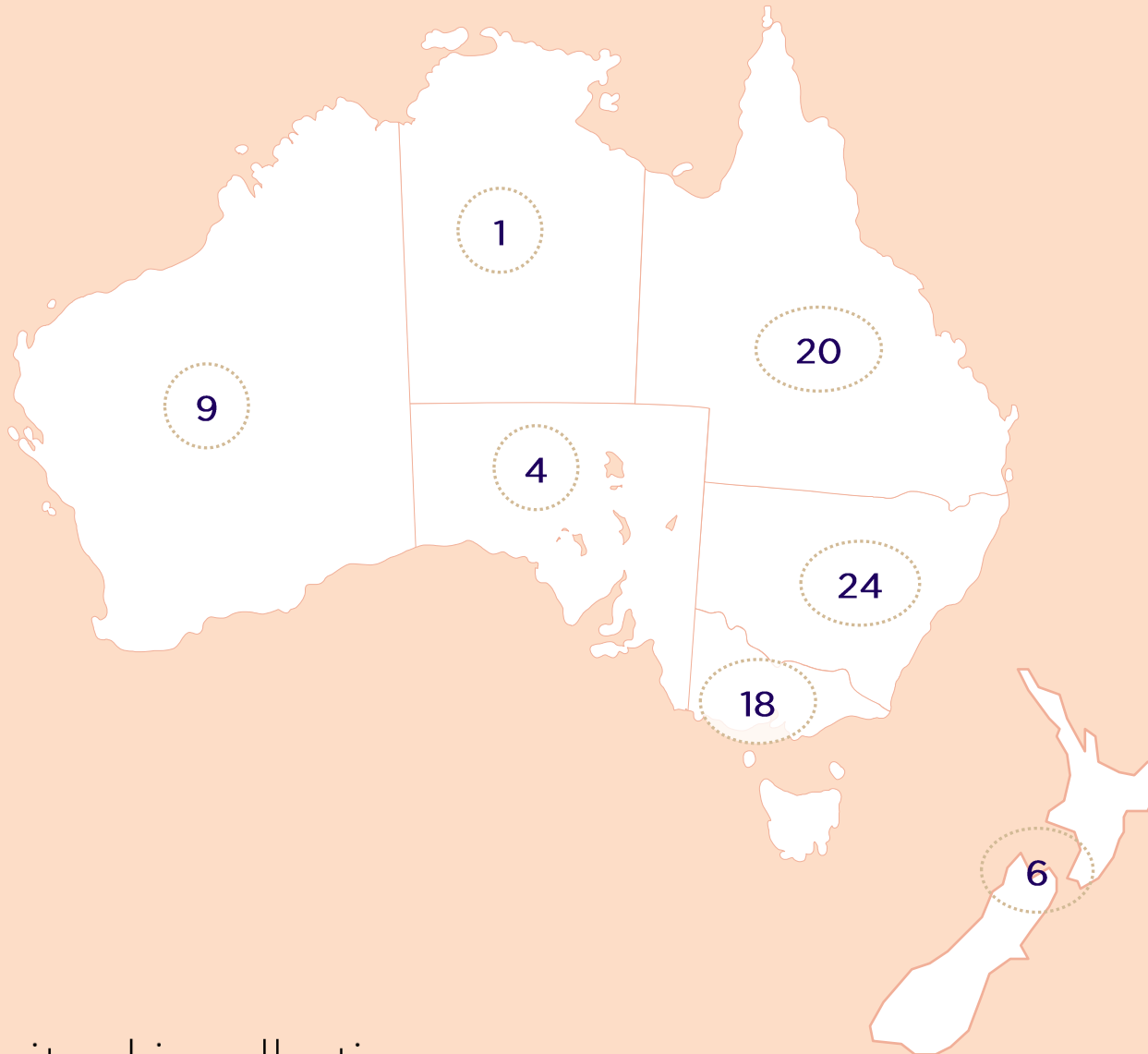
- Continued to strengthen our Forced Labour policy and tracing
- Chain of custody policy and process in place for all tiers of the product sourcing supply chain
- Introduced Living Wage audits in our top factories
- Achieved “NICE” Rating on the 2023 Oxfam ‘Naughty or Nice’ list, recognising our commitment to working towards paying a living wage
- Ranked in the top 40% of companies assessed in the ‘Behind the Barcode Report’ / Ethical Fashion Guide by Baptist World Aid
- Continued to make progress against our Modern Slavery Act roadmap
- Continued our engagement with key NGO’s



ENVIRONMENTAL SUSTAINABILITY

- Increased the selection of product using natural fibres in new product ranges
- Continued to develop more sustainable packaging options
- Continued to build knowledge & capacity for future climate strategies
- Ongoing risk assessment on risks related to climate

STORE NETWORK



- 82 own stores as at period end
- Full priced store network remained the same
- 17 larger format stores with average footprint of c.200m² with at least 1 in every state (ex. NT and TAS)
- 35 newer stores in the 'Gold' look design and an average of c150m² compared to historic smaller format stores of c.100-120m² in addition to the 17 larger format stores
- Focus on in-store experience with enhanced store environments and migration to larger footprint sites – stores that are representative of the City Chic brand and support the omni-channel experience for the loyal customer base
- Very few old fit-outs remaining in the portfolio
- Future strategy remains to continue upsizing high performing stores, closing poor performing old stores and increasing the number of 'Gold' look design stores

IMPACT OF AASB16

A\$ million	HY24 Statutory Results Post AASB16	Underlying Adjustments ¹	HY24 Underlying Results Post AASB16	AASB 16 Impact	HY24 Underlying Results Pre AASB16	HY23 Underlying Results Pre AASB16	Variance \$m	Variance %
Sales	105.8	-	105.8	-	105.8	149.9	(44.1)	(29%)
Purchase & Inbound-related Costs of Inventory	(54.2)	0.2	(54.0)	-	(54.2)	(75.4)	21.3	28%
Gross Trading Profit	51.6	0.2	51.8	-	51.8	74.5	(22.8)	(31%)
Cost of Doing Business	(59.8)	0.5	(59.3)	(6.9)	(66.2)	(76.1)	10.0	13%
EBITDA	(8.2)	0.7	(7.5)	(6.9)	(14.4)	(1.6)	(12.8)	(793%)
Depreciation & Amortisation	(9.1)	-	(9.1)	6.1	(3.0)	(3.2)	0.2	7%
EBIT	(17.3)	0.7	(16.6)	(0.8)	(17.4)	(4.8)	(12.6)	(262%)
Net Finance Cost	(1.8)	-	(1.8)	1.3	(0.6)	(0.8)	0.2	27%
Loss Before Tax	(19.1)	0.7	(18.4)	0.5	(18.0)	(5.6)	(12.4)	(222%)
Income Tax Gain/(Expense)	(1.9)	(0.2)	(2.1)	-	(2.1)	1.1	(3.2)	(300%)
Net Loss After Tax	(21.0)	0.5	(20.5)	0.5	(20.1)	(4.5)	(15.6)	(346%)

¹ Underlying adjustments are made up of 0.3m in transaction costs, 0.4m in US related warehouse strategic relocation, 0.7m in restructuring costs and 0.7m gain due to lease renegotiation with Radial

Thank you for your attendance and participation

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