

city chic collective

25 May 2020

COVID-19 Update

- Commenced a staged re-opening of Australian and New Zealand stores
- Strong online sales growth, building on the already high online penetration globally
- Achieved cost efficiencies including rental reductions agreed with landlords
- Eligible for JobKeeper in Australia and Wage Subsidy Scheme in New Zealand
- Global operations have traded profitably during COVID-19 restrictions
- Clean, seasonally appropriate stock position across channels and geographies
- Strong capital position with significant headroom in \$40m debt facility
- Continue to progress global growth agenda

City Chic Collective Limited (“City Chic”) has commenced a staged re-opening of its Australian and New Zealand stores following announcements by the Australian Government on 8 May and the New Zealand Government on 11 May to ease restrictions relating to the COVID-19 pandemic. Phil Ryan, Chief Executive Officer and Managing Director of City Chic said:

“On 27 March we announced the temporary closure of our Australian and New Zealand stores. I am proud of how engaged our store teams have been throughout the closure period and know they are ready and energised to get back to serving our customers in store. We have trialed a select number of stores in the past two weeks to ensure we can open our store network with the appropriate safety protocols in place for our team members and customers.

“Being an omni-channel retailer with online contributing two-thirds of our global sales, a majority of our business has continued to operate through the COVID-19 related restrictions. This has pleasingly meant we have traded profitably through this period.

“Despite online already being such a big part of our Australian and New Zealand business, we achieved 57% online sales growth during the store closures versus the same period last year. We achieved that by quickly moving to adjust our product mix to better suit the customer’s needs during these times, and have seen strong buying of our intimates, casual and streetwear to offset the weaker demand for our better-end dressing. However, we have been more promotional in order to manage our cashflows and inventory during this period of uncertainty, which means our online gross margins have been lower.

“Avenue, the US ecommerce business we acquired last year, has traded resiliently and continued to exceed our expectations. The team is focused on our vision to *Lead a World of Curves* more than ever. We continue to progress plans to take our collective of brands around the world, as well as seek new opportunities.”

On 27 March 2020, City Chic outlined plans to minimise the impact of COVID-19 restrictions on its performance. Over the past eight weeks, City Chic has driven working capital efficiencies, deferred non-essential capital expenditure and reduced costs across head office and in relation to store-driven activity. City Chic has agreed reduced rents with a large majority of landlords, as well as market appropriate go-forward rents while uncertainty relating to COVID-19 remains. City Chic is eligible for the JobKeeper payment subsidy in Australia and the Wage Subsidy Scheme in New Zealand, which further assists in reducing the cost base.

City Chic has worked collaboratively with its flexible supply base to align intake to consumer demand and preferences, as well as be positioned for the appropriate seasons across the globe. The business has also successfully redeployed inventory across its channels and geographies to optimise sales and minimise inventory investment.

City Chic remains in a strong financial position with minimal net debt and significant headroom in its \$40m debt facility, which matures in February 2023. To further bolster the balance sheet and funding to execute on its global growth plans, City Chic has executed the \$5m accordion agreed as part of the \$35m facility established in February 2020.

About City Chic Collective

City Chic Collective is a global omni-channel retailer specialising in plus-size women's apparel, footwear and accessories. It is a collective of customer-led brands including City Chic, Avenue and Hips & Curves. City Chic, including youth oriented CCX, appeals to fashion forward women and its omni-channel model comprises of a network of 107 stores across Australia and New Zealand; multiple websites operating in Australasia and the US; marketplace and wholesale partnerships with major US retailers such as Macys and Nordstrom; and a wholesale business with European and UK partners such as ASOS and Zalando. Avenue targets value-conscious women and Hips & Curves is an intimates brand; both are online only with a significant customer following throughout the US.

The release of this announcement was authorised by the Board.

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