



city chic collective

LEADING A WORLD OF CURVES

1H FY20 RESULTS

20 February 2020

1H FY20 RESULT HIGHLIGHTS

\$105m

Global Sales

11.3%

Comp Sales¹
Growth

39.0%

Top Line Sales
Growth

\$16.0m

Reported
Profit Before Tax
(Continuing Operations)

\$19.1m

Underlying
EBITDA²

20.8%

Underlying EBITDA
Growth

18.2%

Underlying EBITDA
Margin

53%

Online Sales
Penetration³

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Phil Ryan, CEO

Munraj Dhaliwal, CFO

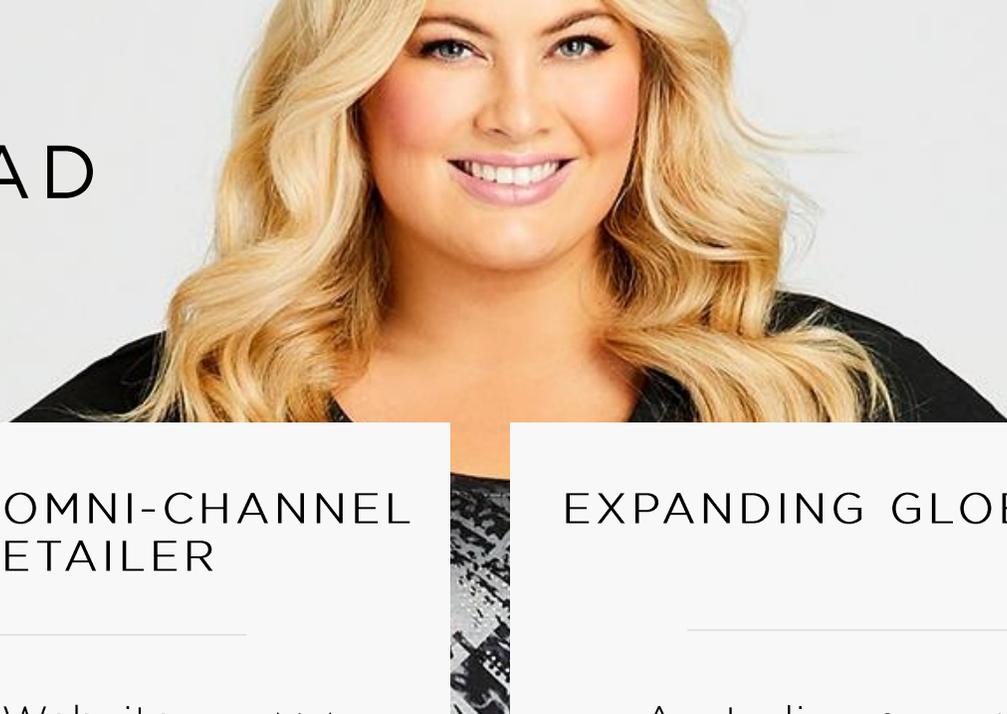




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CITY CHIC COLLECTIVE

OUR VISION IS TO LEAD A WORLD OF CURVES



OUTSTANDING PLUS-SIZE BRANDS

city chic

CCX

avenue®

Hips & Curves

*Leading position in an
underserviced segment*

GLOBAL OMNI-CHANNEL RETAILER

- Online Website – multiple websites globally
- Stores – 107 in ANZ
- Online Marketplace¹
- Wholesale²

*Being where she wants,
when she wants us*

EXPANDING GLOBALLY

- Australia – Stores, Website
- US – Website, Marketplace, Wholesale
- NZ – Stores, Website
- Europe/UK – Wholesale

*Women's global plus-size apparel
market worth >\$50bn³*



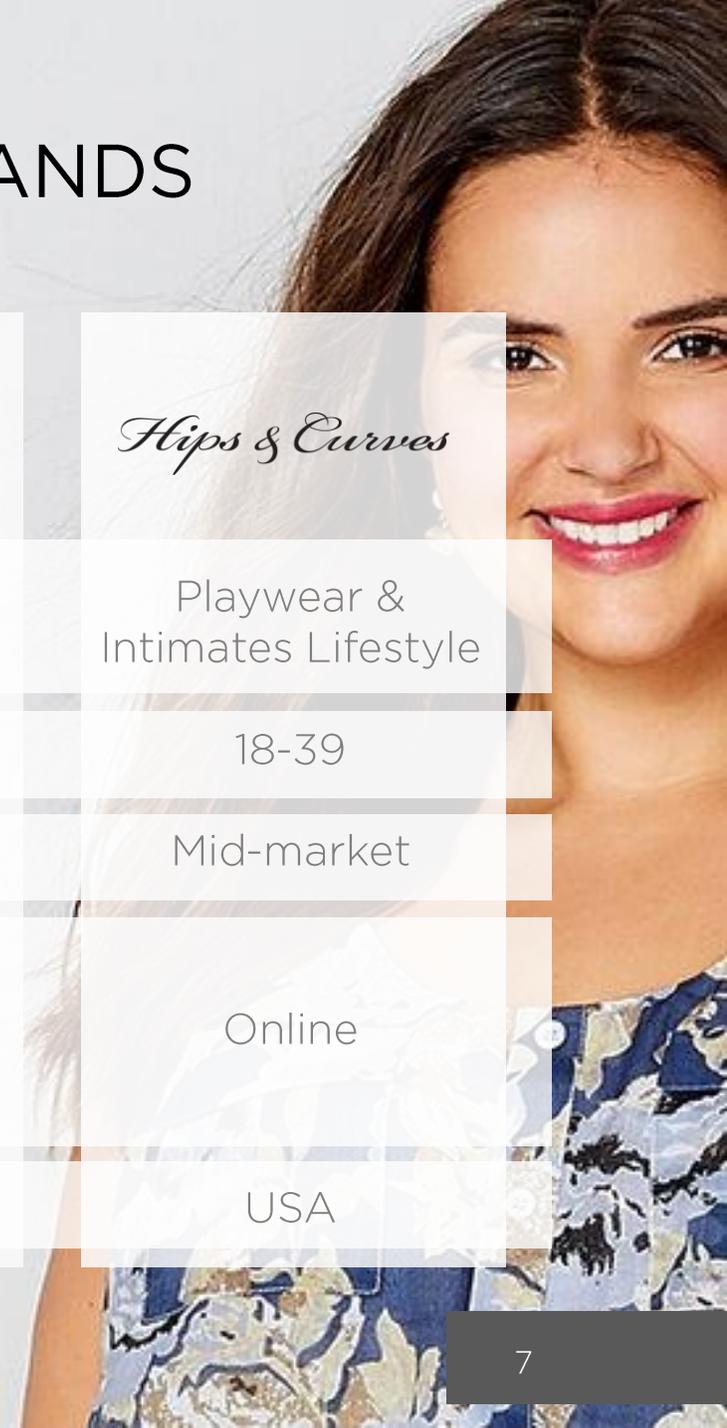
CUSTOMER-CENTRIC OPERATING MODEL



1. Defined as transacted in last 12 months. Includes Avenue and Hips & Curves customers who have transacted since acquisition

A GLOBAL COLLECTIVE OF PLUS-SIZE BRANDS

	city chic	CCX	avenue®	<i>Hips & Curves</i>
Segment	Fashion Forward	Youth Casual	Conservative	Playwear & Intimates Lifestyle
Age	18-35	18-25	35-55	18-39
Price Point	Mid/High	Mid/High	Mid-market	Mid-market
Channel	Stores Online Marketplace Partnerships	Stores Online	Online	Online
Region	ANZ, USA, EU, UK	ANZ	USA	USA





- Acquired e-commerce assets of US plus-size retailer Avenue in October 2019 for US\$16.5m
- Independent US website targeting women with mid-market price point
- Met key strategic objectives of US customer base growth and plus-size segment expansion

1H FY20 Update

- Trading profitably
- Implemented customer-centric operating model
- Increased Average Selling Price
- Rebuilt stock position
- Pleased with customer reaction post bankruptcy

FY20 Priorities

- Integrate supply chain
- Introduce better buying disciplines
- Improve engagement with digital customer
- Improve customer experience
- Migrate store customers to online channel



INDUSTRY TRENDS: PLAY TO OUR STRENGTHS

Strong growth in global plus-size market

Underserved customer, limited choice for quality and fit

Demand for seamless multi-channel offering

Scalability of online retailing, endless aisle

Value in loyalty and personalisation

STRATEGIC PRIORITIES: SCALING GLOBALLY

Leverage product across expanded online customer base

Customer acquisition and driving brand awareness

Segment expansion within plus-size, extend product offering

New wholesale and marketplace partnerships

Store rollout and large format conversions in ANZ



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1H FY20 RESULT OVERVIEW

1H FY20 RESULT SUMMARY



Strong 1H FY20 result with 11.3% comparative sales growth¹ and Underlying EBITDA growth of 20.8%²



Delivered strong growth in online and our offshore business; store rollout on track in ANZ and supporting online growth



Avenue acquisition met strategic objectives of US customer base growth and segment expansion; trade to date pleasing



Strong cash generation and relatively low ongoing capital requirements



1H FY20 OPERATIONAL HIGHLIGHTS

Acquisition and integration of Avenue

53%¹
Online sales penetration

Northern Hemisphere revenue **tripled**

515K
Active Customers globally²

3.5x
range online vs in-store for City Chic

Global e-commerce platform upgrade launched for City Chic

New US partners including Dillard's and Bare Necessities

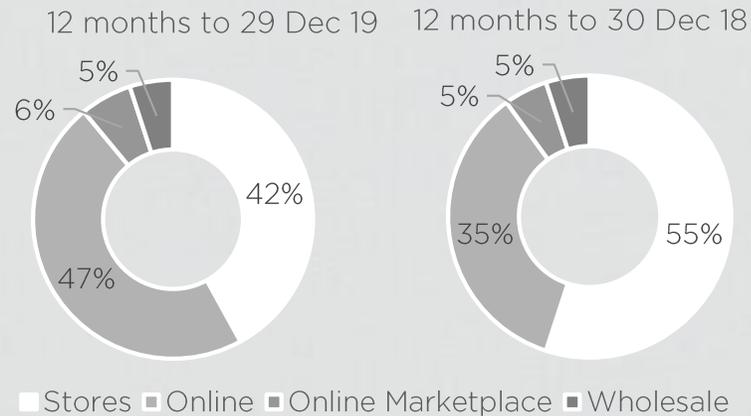
7 new stores
1 large format conversion

PERFORMANCE BY CHANNEL & REGION

REVENUE BY CHANNEL

A\$m	1H19	2H19	1H20
Stores	41.3	33.3	41.3
Online	27.0	28.6	54.4
Marketplace	3.6	5.6	4.7
Wholesale	3.5	5.6	4.4
Total Revenue	75.4	73.1	104.8

CHANNEL: CONTRIBUTION¹

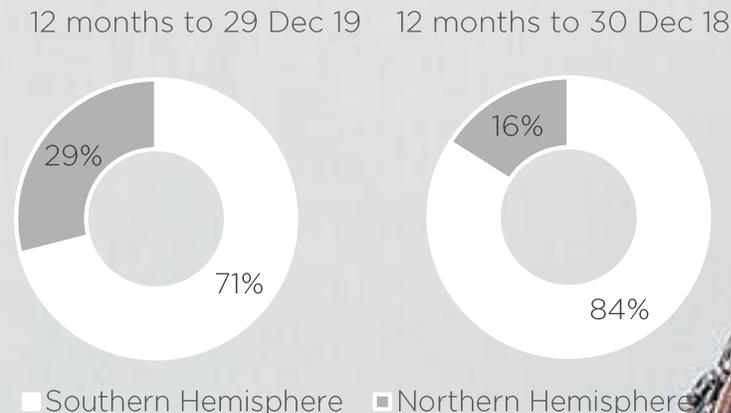


- Online represents 53%² of total sales
 - Strong growth for CC ANZ and US website; the most profitable channels
 - Avenue contribution represents 11 weeks post acquisition
 - Active customer base growth globally
- Store revenue flat
- Marketplace and wholesale growth in US and Europe/UK positive

REVENUE BY REGION

A\$m	1H19	2H19	1H20
SH	63.6	55.9	69.9
NH	11.7	17.3	35.0
Total Revenue	75.4	73.1	104.8

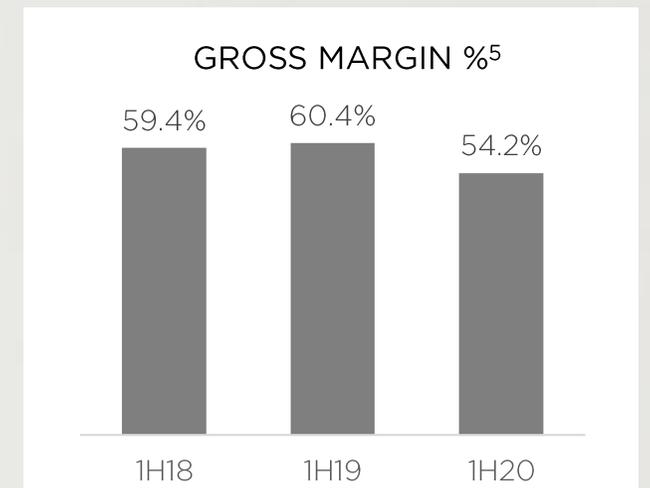
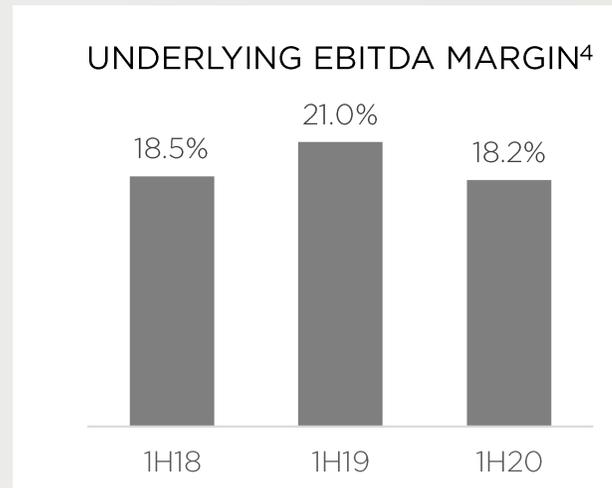
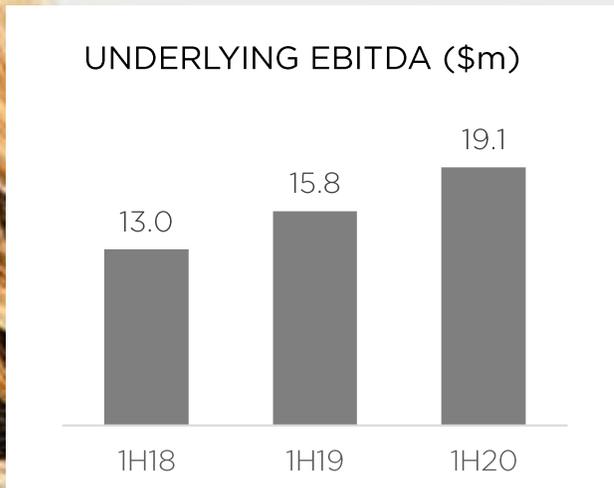
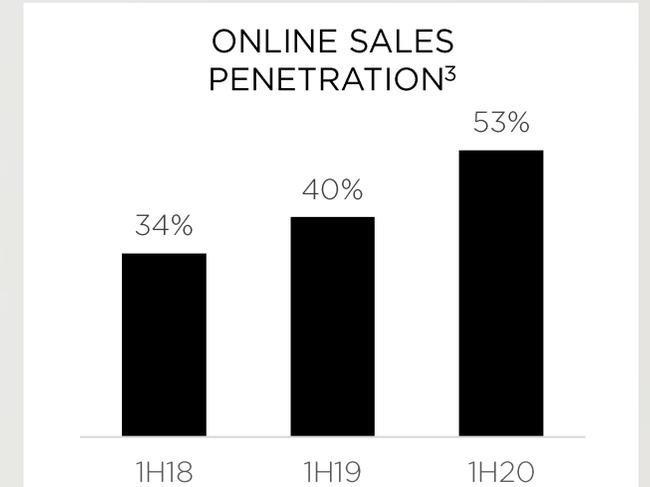
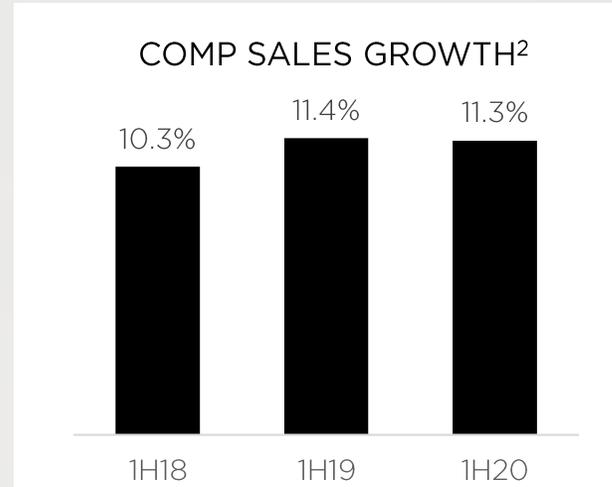
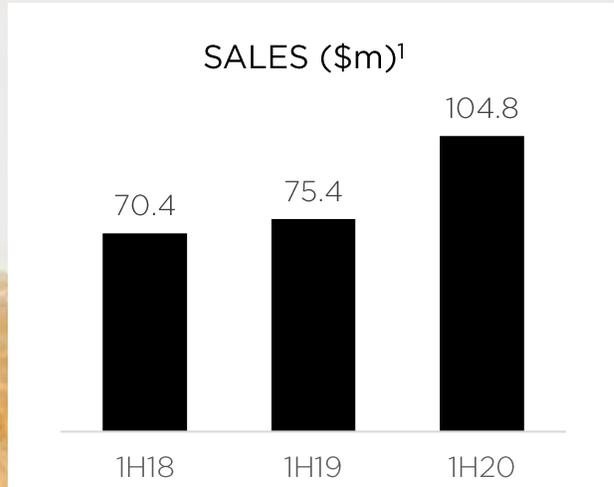
REGION: CONTRIBUTION¹



- Southern Hemisphere growth of 10% in the 6 months to December 2019 vs PCP
- Northern Hemisphere revenue tripled in 6 months to December 2019 vs PCP
- NH contribution increased to 29% of total sales¹ up from 16%; growth driven by:
 - CC customer base and basket size growth
 - Growth in CC partner business
 - Contributions from Avenue and Hips & Curves acquisitions (part year)

1. Based on last 12 months revenue to remove seasonality impacts
 2. Includes Online Website and Online Marketplace sales

TRACK RECORD OF DELIVERING CONSISTENT GROWTH



1. 1HFY20 has the same number of trading days as 1HFY19 and 2 less trading days than 1HFY18
 2. Excludes Wholesale and Online Marketplaces, and recent acquisitions Avenue and Hips & Curves
 3. Online represents websites and online marketplace sales; on a rolling 12-month basis
 4. Underlying EBITDA in 1H20 includes \$1.5m share-based payments expense (1H19: \$0.2m, 1H18: \$nil)
 5. Gross margin is presented including logistics costs. Gross margin in 1H20 is impacted by greater online mix and lower GM% Avenue contribution



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1H FY20 FINANCIAL REVIEW

1H FY20 RESULTS OVERVIEW

FINANCIAL PERFORMANCE

Sales Revenue \$104.8m	<ul style="list-style-type: none"> • 11.3% comparable sales growth¹ • 53% online penetration² 	Gross Profit \$56.8m	<ul style="list-style-type: none"> • Gross margin of 54.2% driven by shift in mix to lower GM% online channel, including the Avenue and Hips & Curves businesses • Store gross margins maintained
EBITDA³ (Underlying) \$19.1m	<ul style="list-style-type: none"> • 18.2% Margin • 20.8% growth vs PCP • Underlying CODB % of sales decreased to 36.0% from 39.5% PCP⁴ 	EBIT³ (Underlying) \$16.8m	<ul style="list-style-type: none"> • 16.1% Margin • Relatively low ongoing capital requirements
PBT (Reported, Continuing) \$16.0m	<ul style="list-style-type: none"> • 15.2% Margin • Impacted by one-off costs associated with the Avenue acquisition and AASB16 	NPAT (Reported, Continuing) \$10.5m	<ul style="list-style-type: none"> • Strong NPAT result for City Chic business • EPS of 5.4 cents

FINANCIAL POSITION (29 Dec 19)

Net Debt \$2.6m	<ul style="list-style-type: none"> • Cash of \$14.9m and borrowings of \$17.5m • Strong normalised cash flow 	Inventory \$36.8m	<ul style="list-style-type: none"> • Disciplined buying and controls, stock clean • Investing to support growth • Avenue and Hips & Curves stock at commercial levels
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1. Excludes Wholesale and Online Marketplaces, and recent acquisitions Avenue and Hips & Curves
 2. Online represents Online Websites and Online Marketplace sales. Based on 12 months to December 2019
 3. EBITDA (underlying) and EBIT (underlying) adjusted for Avenue acquisition related costs and impact of AASB16
 4. CODB includes \$1.5m share-based payments expense in 1H20 (1H19: \$0.2m); excluding these, CODB as percentage of sales for 1H20 was 34.5%.

FINANCIAL PERFORMANCE

A\$m	1H FY19	1H FY20
Continuing Operations: Underlying ¹		
Sales Revenue	75.4	104.8
<i>Revenue Growth vs PCP</i>	7.1%	39.0%
<i>Comparable Sales Growth²</i>	11.4%	11.3%
Gross Profit	45.6	56.8
<i>Gross Profit Margin</i>	60.4%	54.2%
Underlying EBITDA	15.8	19.1
<i>Underlying EBITDA Margin</i>	21.0%	18.2%
<i>Underlying EBITDA Growth</i>	21.5%	20.8%
Group: Reported		
NPAT: Continuing	9.9	10.5
NPAT: Discontinued	0.3	0.1
NPAT: Group	10.1	10.6

- Strong comp sales growth despite cycling high growth in PCP; driven by Online Website growth
- Top-line sales growth relative to comp sales growth reflects contribution from Avenue and Hips & Curves acquisitions, as well as wholesale and marketplace growth
- Gross margin % impacted by Avenue (which is a lower GM% business), and a greater mix of online (which is a lower GM% channel, due to higher logistics costs)
- Support office costs increased in line with expectations as we invested in our operational base to support growth (includes \$1.5m of share-based payments expense in 1H FY20 vs \$0.2m in 1H FY19)
- Reduced Underlying CODB as % of sales to 36.0% from 39.5% PCP
- Strong Underlying EBITDA growth of 20.8%
 - Adjusting for AASB16 impact (positive \$1.1m) and transaction costs associated with executing the Avenue acquisition (negative \$1.8m)
 - Avenue was earnings accretive in 1H FY20
- Discontinued operations in 1HFY20 reflect the settlement of the completion adjustment associated with the divestment of brands to Noni B in 2018

CASH FLOW

A\$m	1H FY19	1H FY20
Continuing Operations		
Receipts from customers	82.2	114.8
Payments to suppliers	(90.2)	(95.6)
Interest and other revenue	0.2	0.0
Income taxes	(1.0)	(4.0)
Operating Cash Flows	(8.7)	15.2
Investing Cash Flows		
Capex (pre landlord contribution)	(3.5)	(4.0)
Sale proceeds	31.1	-
Payment for purchase, net of cash acquired	-	(25.7)
Investing Cash Flows	27.6	(29.7)
Financing Cash Flows		
Repayment of borrowings	(12.9)	-
Repayment of lease liabilities	-	(7.2)
Proceeds from borrowings	-	17.5
Dividends Paid	-	(2.9)
Financing Cash Flows	(12.9)	7.4
Increase/(Decrease) in Cash: Continuing	6.0	(7.1)

- Normalised Operating Cash Flow of \$17.1m for 1HFY20 is up from 1HFY19 of \$14.6m. Normalisation adjustments to \$15.2m Reported Operating Cash Flow include:
 - Reclassification of rental payments to financing cash flows in relation to AASB16 of \$7.2m
 - Transaction costs associated with the Avenue acquisition (\$1.8m), outflows associated with the divestment of brands to Noni B and associated tax (\$2.3m), earlier receipting of stock for the US (\$3.0m) and cash collateral paid to factoring companies to secure stock for Avenue (\$2.1m)
- Capex primarily relates to IT investment, the new store roll-out and enhancements to the existing store portfolio
 - Capex presented does not include landlord contributions; capex net of landlord contributions was \$2.5m for 1HFY20
- Upfront cash consideration paid for the acquisition of Avenue ecommerce assets in October 2019
 - Funded by debt (A\$17.5m) and existing cash
- FY19 final ordinary dividend of 1.5cps paid in September 2019

FINANCIAL POSITION

A\$m	30 Dec 18	30 Jun 19	29 Dec 19
Cash and cash equivalents	35.5	23.2	14.9
Inventories	15.2	19.4	36.8
Other	6.0	5.9	14.4
Current Assets	56.7	48.5	66.1
Property, plant, equipment	8.3	9.3	10.6
Right-of-use assets	-	-	30.4
Intangibles	12.0	15.2	39.0
Deferred tax asset	7.3	12.1	9.4
Non-current Assets	27.6	36.5	89.5
TOTAL ASSETS	84.3	85.0	155.6
Trade and other payables	20.6	25.5	39.5
Provisions and Other	11.4	11.4	10.2
Borrowings	-	-	12.5
Lease liabilities	-	-	12.1
Current liabilities	32.1	37.0	74.3
Borrowings	-	-	5.0
Provisions and Other	4.0	3.8	0.3
Lease Liabilities	-	-	22.6
Non-current Liabilities	4.0	3.8	27.9
TOTAL LIABILITIES	36.1	40.7	102.2
NET ASSETS	48.2	44.3	53.4

- Cash position of \$14.9m and borrowings of \$17.5m
- Subsequent to the half year-end, received a credit approved commitment to refinance the existing \$17.5m facility with a \$35.0m 3-year facility
- Acquisition of Avenue for US\$16.5m funded through existing cash and debt facilities, as well as a A\$12.5m acquisition facility
- Investment in inventory to support growth
 - Online growth and store roll-out; flat comp store inventory
 - Growth in CC US Online (including Marketplace)
 - Avenue and Hips & Curves acquisitions; stock now at commercial levels
- Right of Use Assets and Lease Liabilities in association with adoption of AASB 16
- Intangibles includes acquisition of Avenue as at December 2019
- Current liabilities includes \$4m income tax payable relating to FY19 and includes tax related to revenue generating assets sold as part of the divestment
- No interim dividend – Board determined the best use of capital is to reinvest in the various global growth opportunities. Payment of a dividend will be continually reviewed based on free cashflow generation, capital requirements and opportunities to invest in growth initiatives

IMPACT OF AASB16

AASB16 adopted from 1 July 2019 (no adjustment for prior year comparatives)

Balance Sheet

Recognised Right of Use Assets of \$30.4m and Lease Liabilities of \$34.7m as at 29 Dec 2019.

Difference between assets and liabilities recognised on the balance sheet as a result of AASB16 was \$0.4m¹, which is an adjustment to retained earnings.

Profit & Loss

EBITDA materially increases as lease expenses are replaced by depreciation and interest.

Net impact of AASB16 on the profit and loss for 1HFY20 is \$1.1m. AASB16 impact broken down by:

- \$7.9m lease expense backed out of rental expense
- \$6.3m additional depreciation expense relating to the Right of Use Assets
- \$0.5m additional interest expense relating to the Lease Liabilities

A\$m	1HFY20, Continuing Operations		
	Reported	AASB16 Impact	AASB16 Impact Reversed
EBITDA	25.3	7.9	17.3
Add back: Avenue Transaction Costs	1.8	-	1.8
EBITDA (before transaction costs)	27.0	7.9	19.1
Depreciation & Amortisation	(8.6)	(6.3)	(2.3)
EBIT (before transaction costs)	18.4	1.6	16.8
Net Interest Expense	(0.6)	(0.5)	(0.1)
NPBT (before transaction costs)	17.8	1.1	16.7

Underlying EBITDA

Cash Flow

No impact on net cash flow. However, the lease payments have been reclassified from operating cash flow to financing cash flow.

1. Right of Use Assets and Lease Liabilities recognised and existing liabilities relating to lease portfolio reversed (stepped lease and onerous lease)





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OUTLOOK

FY20 UPDATE AND OUTLOOK



Positive comp growth in of 2HFY20 to date; on track for positive comp growth for FY20*

Grow customer base across segments and regions

Leverage product across global online footprint to drive scale

Pleasing performance from Avenue, focus on implementing operational priorities

Build on trial in Europe and UK

* At this stage, no impact of COVID-19 ("Coronavirus"). If disruptions to supply chain continue, there will be an impact on stock levels and sales for the ANZ operations in the last quarter of FY20, impacting the level of positive comp sales for FY20.

GLOBAL PLUS-SIZE RETAILER

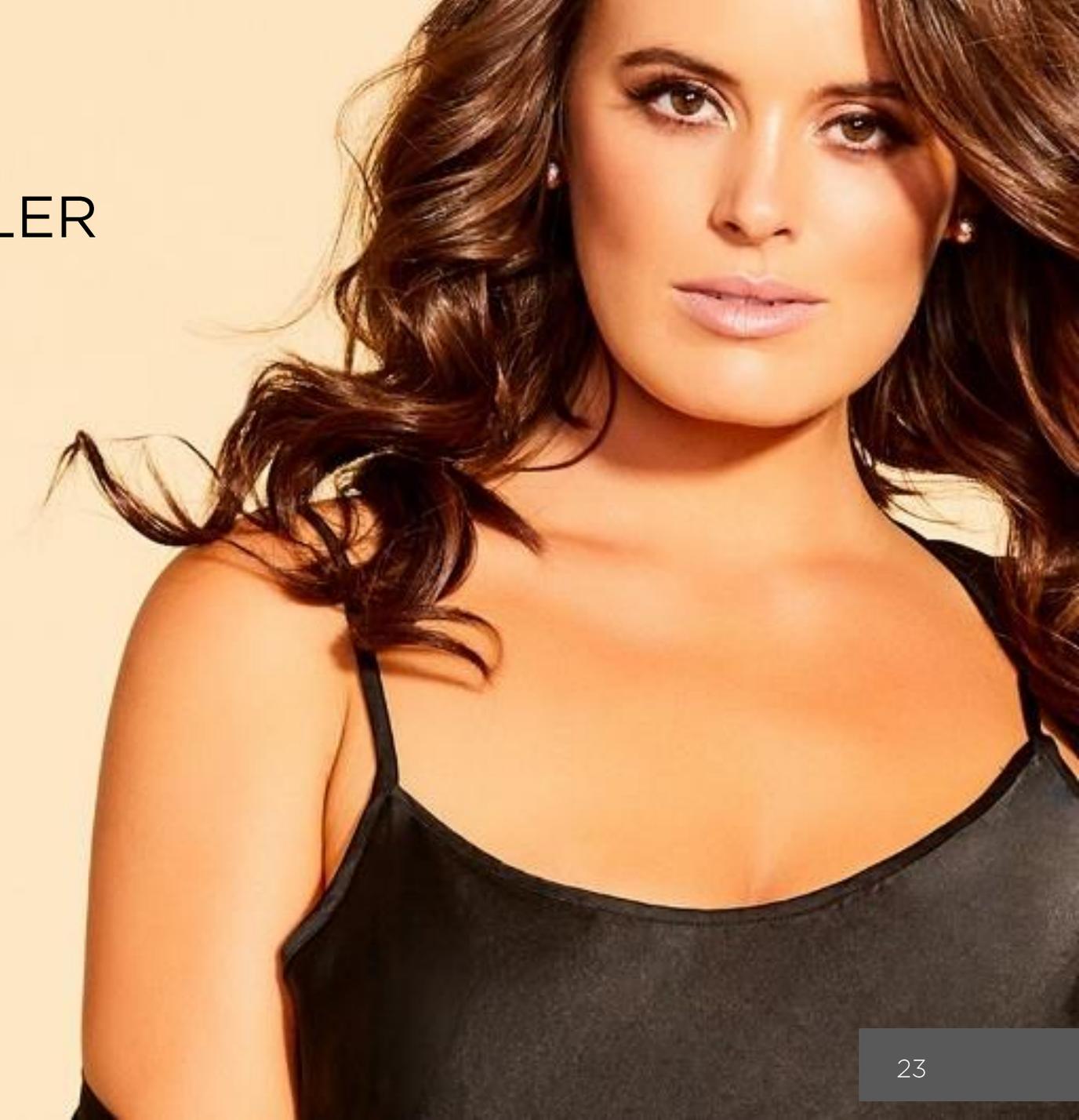
Scaling across channels,
segments & regions

city chic

CCX

avenue®

Hips & Curves





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APPENDIX

ETHICAL TRADE UPDATE



Our Ethical Trade Scorecard FY19

- ✓ Achieved B+ in the Ethical Fashion Report
- ✓ Green Light in Oxfam's Living Wage Company Tracker
- ✓ Rolled out our Grievance Hotline across Tier 1
- ✓ Strengthened our Zero Tolerance policies to continue to fight for a safer and slave free supply chain
- ✓ Published our roadmap to Living Wage

We promise to source product in a recognised, responsible and transparent supply chain	Working together to empower our workers and give them a voice in the supply chain	Right of every worker in our supply chain to enjoy safe and healthy working conditions in an environment where they are not exploited	We care for the environment and the management of waste in our supply chain
<p>We publish our:</p> <ul style="list-style-type: none"> • Vendor Terms and Conditions • Code of Conduct • Vendor Rules of Engagement • Ethical Sourcing Policies (including our Human rights, Environmental and Animal welfare policies) • Our Factory List <p>Over the year we have continued to develop our factory onboarding to communicate our ethical trade policies along with educating vendors on the importance of:</p> <ul style="list-style-type: none"> • Living Wage • Gender Equality • Eradicating Modern Slavery and Child Labour 	<p>Worker voice is essential in running a transparent supply chain so that all workers should feel free to have their say.</p> <ul style="list-style-type: none"> • Hotlines, email address and WeChat set up is now in place for workers • Training and info cards are provided to factory workers • We train and audit factory management to help spread the worker voice message • We encourage workers to set up their worker appointed safety committees within the factory 	<p>Through our Third Party Auditors and our own team's factory visits, we check that working conditions are clean and safe and workers are not performing any unsafe work.</p> <p>We monitor that all factories are clear on our rules of engagement and operate within those guidelines.</p> <p>We welcome the Federal Modern Slavery Act. Our team is already working towards mapping our Supply Chain through all its tiers, as well as implementing key strategies to empower worker voice and a slave free supply chain.</p>	<p>As part of our audit programme, we ensure that all textile processing and waste management is in line with the legislation of the manufacturing country.</p> <p>It is a mandatory requirement for all our factories in China to register and provide an Environmental Impact Assessment (EIA) of their factory.</p> <p>We audit against this EIA and put in place corrective action which is monitored to ensure progress and remediation has been completed.</p>

EARNINGS RECONCILIATION

A\$m	Continuing		Discontinued		Group	
	1H19	1HY20	1H19	1H20	1H19	1H20
Underlying EBITDA	15.8	19.1	-	-	15.8	19.1
Depreciation & Amortisation	(1.0)	(2.3)	-	-	(1.0)	(2.3)
Underlying EBIT	14.8	16.8	-	-	14.8	16.8
Net Interest Income / (Expense) ¹	0.2	(0.1)	-	-	0.2	(0.1)
Underlying NPBT	15.0	16.7	-	-	15.0	16.7
Transition costs	(1.1)	-	-	-	(1.1)	-
Transaction-related items & adjustments	-	(1.8)	0.4	2.7	0.4	0.9
AASB 16 implementation ²	-	1.1	-	-	-	1.1
Underlying Adjustments	(1.1)	(0.7)	0.4	2.7	(0.7)	2.0
Reported NPBT	13.9	16.0	0.4	2.7	14.3	18.6
Taxation	(4.0)	(5.5)	(0.1)	(2.5)	(4.2)	(8.0)
Reported NPAT	9.9	10.5	0.3	0.1	10.1	10.6

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