

# city chic collective

20 January 2023

## Trading Update for the 26 weeks to 1 January 2023<sup>1</sup>

- Global sales revenue of \$168.6m
- Underlying EBITDA<sup>2</sup> loss of \$2.5-4.0m
- Inventory of \$163-164m, ahead of target
- Net debt of \$12.9m with amended debt facility

**City Chic Collective Limited** (ASX: CCX) (“City Chic”, or the “Group”) today provided a trading update for the 26 weeks to 1 January 2023 (1HFY23) based on preliminary and unaudited numbers.

Group sales revenue for 1HFY23 is expected to be down approximately 8% to \$168.6m compared to the prior corresponding period (PCP)<sup>3</sup>; but up approximately 38% on FY21. Revenue by region and channel is detailed further below.

Consistent with previous updates, demand has continued to be volatile with promotional activity required to stimulate demand, in line with the market, through the key Black Friday / Cyber Monday and Christmas / Boxing Day sales period. This promotional activity has continued to impact the Group’s gross margin.

The previously reported increase in fulfilment costs has remained consistent in the period since the AGM. This will result in a higher cost of doing business (CODB) as a % of sales for 1HFY23 compared to the PCP.

The combined effect of reduced revenue and gross margin, and higher fulfilment costs, is expected to result in an underlying EBITDA loss (pre-AASB16) for 1HFY23 of between \$2.5-\$4.0m, subject to finalisation of ordinary accounting period-end review and audit.

City Chic confirms inventory is expected to be between \$163-164m at the end of 1HFY23, which is below the range guided at its AGM. The Group remains on track to deliver an inventory balance of \$125m to \$135m at the end of FY23 with purchases in 2HFY23 remaining flexible to demand fluctuations. The Group continues its strong focus on cost management reflecting the current macroeconomic uncertainty.

In line with current business requirements and to reduce line fee costs, City Chic has amended its multi-currency debt facility to \$46.5m and increased the amount available for working capital.

The amendments also include the current Net Leverage Ratio and Fixed Cover Ratio covenants being replaced by a Liquidity Ratio for 2HFY23. The facility limit will be reduced by a further \$10m at the start of FY24 in line with the Group’s expectations of being in a positive net cash position by the end of the FY23. Net debt as at the end of 1HFY23 is expected to be \$12.9m.

<sup>1</sup>Based on preliminary, unaudited numbers for 1HFY23

<sup>2</sup>Underlying earnings adjusted for various non-operating expenses, including expenses associated with acquisitions and their integration into the business, costs associated with other acquisition opportunities and strategic review of Northern Hemisphere logistics. Presented pre-AASB16.

<sup>3</sup>Prior year revenue numbers have been restated to include freight income consistent with the reclassification made at year end FY22.

Phil Ryan, Chief Executive Officer and Managing Director of City Chic said:

“We maintain strong engagement with our core customer groups and are on track to deliver our strategic logistics initiatives. Meanwhile we continue to focus on cost management and with the support of our lender have amended our debt facility in line with our changing business needs. We remain extremely confident in executing on our strategies and returning to profitable growth as these cyclical headwinds unwind. We thank our stakeholders for their support and look forward to progressing our vision to lead a world of curves.”

### Preliminary and Unaudited 1H FY23 revenue by region and channel

Revenue by Region (A\$'000)	1HFY23	vs 1HFY22 <sup>4</sup>	vs 1HFY21 <sup>4</sup>
ANZ	79,466	-3%	11%
Americas	68,937	-14%	36%
EMEA	20,163	-4%	4127%
Total	168,567	-8%	38%

Revenue by Channel (A\$'000)	1H FY23	vs 1HFY22 <sup>4</sup>	vs 1HFY21 <sup>4</sup>
Stores	35,859	27%	6%
Online	115,424	-21%	34%
Partners	17,284	111%	545%
Total	168,567	-8%	38%

- **ANZ:** 1H Revenue of ~\$79m is down slightly on last year, with stores up 27% (noting there were periods of store closures in PCP with most stores trading by the end of November 2021) and up 6% on FY21; Online is down 19% off a strong PCP and up 16% on FY21.
- **Americas:** 1H Revenue of ~\$69m is down 14% with increased pressure on consumer demand, and cycling a very strong result in PCP, although up 36% on FY21.
- **EMEA:** 1H Revenue of ~\$20m is down 4% due to continued challenging market conditions and higher levels of returns.
- **Partners:** The partner business continues to deliver strong growth albeit at a lower level, with 1H Revenue across all regions of ~\$17m, up 111% on PCP.

### Notice of FY23 Interim Results

City Chic will announce its audited 1H FY23 financial result for the 26 weeks to 1 January 2023 on Monday, 27 February 2023. The City Chic management team will host a conference call for analysts and investors on 27 February at 09.30am AEDT to discuss the 1HFY23 results and business outlook. Details of the call will be provided in due course.

All financial information included in this trading update is unaudited and remains subject to further review and finalisation.

The release of this announcement was authorised by the Board.

<sup>4</sup> Prior period revenue numbers have been restated to include freight income consistent with the reclassification made at year end FY22.

## **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, Evans, CCX, Hips & Curves, Fox & Royal and Navabi. City Chic and CCX are better dressing for plus women and its omni-channel model comprises; of a network of 90 stores across Australia and New Zealand (ANZ) and websites operating in ANZ, the US, the UK and Europe. Navabi (Germany-based), Avenue (US-based) and Evans (UK-based) target a broad customer base across the conservative segment, both with a long history and significant online customer following. Hips & Curves and Fox & Royal are online intimate brands. City Chic Collective acquired European-based online marketplace Navabi in the current year and also sells its collective of brands through third-party marketplace and wholesale partners in Australia, New Zealand, US, Canada, UK, Europe and the Middle East.

### **Investor and Media Enquiries**

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