

city chic collective

5 May 2025

Update on USA Trade Tariffs and 2H FY25 Trading

City Chic Collective Limited (ASX: CCX) (“City Chic”, or the “Group”) today provides an update following the ongoing announcements from the United States government regarding global tariffs.

The United States government has announced increased global tariff rates on products manufactured outside the USA, with goods imported from China especially affected. While these tariff rates have been revised multiple times over the past three months and remain subject to change, as things stand they add 145% to the historic average duty rate of 27.5% on our USA product.

Approximately 20% of the Group’s revenue is generated in the USA, and over 90% of the Group’s products are sourced from China. In anticipation of the tariff increases, the Group has successfully brought the bulk of its Summer 2025 range and a substantial portion of its Winter 2026 product into the USA ahead of the changes being implemented.

This proactive approach ensures that sufficient pre-tariff inventory is currently on hand and will sustain operations through Q2 FY26, allowing further time to plan. The Group is actively working with its suppliers to manage the existing order pipeline and has, for the time being, paused all further stock entering the US market. Marketing spend has also been reduced to baseline requirements.

Due to the tariff situation and its potential impact on consumer demand, USA sales expectations have been reduced for FY26. Pleasingly, with its predominantly variable cost structure, and a further \$1.5m in fixed cost reductions, it is anticipated that this approach will help enable the business to maintain a neutral contribution margin in the short term, while also unlocking a material portion of cash tied up in working capital through the sell-down of pre-tariff inventory.

The City Chic management team is monitoring all peer retailers in the USA that source product from China, many of which are anticipating or already implementing price increases. While the Group will continue to closely monitor market developments, in the current economic climate it does not believe that it will be feasible to raise prices sufficiently to entirely offset tariffs in the USA without materially impacting demand.

Given the economic uncertainty and fluidity of potential tariff negotiations, it is not yet possible to provide a reliable estimate of the impact on the revenue of the USA business for the remainder of FY25. Should these conditions continue over the medium to long term, the Group has commenced discussions with its suppliers to further mitigate the impact of the increased tariffs. Due to restructuring of the business and the variable nature of the cost base, the Group has the option to exit the USA with minimal cost if the tariff situation remains uncommercial.

2H FY25 Trading Update¹ and Revised FY25 Outlook

Trade and consumer sentiment was already volatile in the USA, and this has been amplified over the past month, on an almost daily basis, by the ongoing tariff announcements. In contrast, ANZ has continued to grow and is up 17% on PCP, customer numbers remain strong, and traffic both online and in stores has been positive. The growth has been lower than planned, with the expected uplift from the recent interest rate cut and improved consumer sentiment yet to materialise to the extent the Group anticipated.

¹ Based on preliminary, unaudited numbers for weeks 27 – 43 of 2H FY25. All reporting is for the continuing operations, excluding EMEA and Avenue.

As a result, trading for the first 18 weeks of 2H FY25 to 4 May 2025 (weeks 27-44) is as follows:

- Total growth of 8% on PCP
- ANZ up 17% on PCP; with comp sales up 21% and all channels showing growth
- USA down 13% on PCP
- Group online traffic up 23% on PCP
- Gross Margin % remains in line with expectations
- Cash balance of \$7m and \$5m remains undrawn from the \$10m debt facility

The ANZ business remains on track to have 78 stores open by the end of FY25. The new format store in Wetherill Park, that is more contemporary in its design, has recently opened to highly positive feedback from customers.

The Group is committed to consistently aligning the cost base and business structure with revenue levels. The additional \$2m of cost out measures remain on track, including the recent change in auditor and audit fees which better reflect the size of the business. There is also a further \$1.5m cost reduction in the USA.

At the 1H FY25 results announcement, the Group revised its FY25 financial targets to revenue of between \$137m and \$147m and EBITDA of between \$8m and \$12m. Due to the volatile market conditions in the USA and trading for the first 18 weeks of 2H FY25, as things stand the Group is now targeting the lower end of this range.

While management will use the low end of this range as its target for the remainder of the financial year, the current volatility and uncertainty puts this result at risk and results could fall short of this target. The management team remains firmly focused on executing its strategy, driving sales, protecting margins, and delivering the planned cost reduction program to position the business for long-term success.

The release of this announcement was authorised by the Board.

About City Chic Collective

City Chic Collective is a global omni-channel retailer specialising in better dressing plus-size women's apparel, footwear and accessories. Its omni-channel model comprises a network of 76 stores across Australia and New Zealand (ANZ) and websites operating in ANZ, the USA, and third-party marketplace and wholesale partners in Australia, New Zealand, USA, Canada.

Investor and Media Enquiries

Matthew Gregorowski +61 422 534 755
Saskia West +61 452 120 192
Citadel-MAGNUS