

CHICO'S FAS INC

# Well-Positioned for Profitable Growth and Value Creation

“

The strategic changes we began across the Company in 2019 are positioning Chico's FAS for sustainable, profitable growth. Prior to the pandemic, on February 27, 2020, we reported positive comparable sales for all three brands for the first time since 2014. As our Q1 2021 results show, with consumers returning to stores, so is our business momentum. We are confident in our future and our ability to deliver enhanced value creation.

”

MOLLY LANGENSTEIN  
CEO & President

SOMA



chico's



WHITE  
HOUSE  
BLACK  
MARKET





# Forward-looking language

This presentation contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The statements relate to expectations and projections regarding the Company's future performance and may include the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "will," "plan," "outlook," "project," "should," "strategy," "potential," "confident" and similar terms. These forward-looking statements are based largely on information currently available to our management and on our current expectations, assumptions, plans, estimates, judgments and projections about our business and our industry, and are subject to risks and uncertainties that could cause actual results to differ materially from historical results or those expressed or implied by such forward-looking statements. Although we believe our expectations are based on reasonable estimates and assumptions, there is no assurance that our expectations will, in fact, occur or that our estimates or assumptions will be correct, and we caution investors and all others not to place undue reliance on such forward-looking statements. Factors that could cause actual results to differ include, but are not limited to: the effects of the pandemic and uncertainties about its depth and duration, new variants of COVID-19 that have emerged, and the speed, efficacy and availability of vaccine and treatment developments, as well as the impacts to general economic conditions and the economic slowdown affecting consumer behavior and discretionary spending (before and after the pandemic) and any ongoing temporary store restrictions (including reduced hours or capacity) due to government mandates; the effectiveness of store reopenings, cost reduction initiatives (including our ability to effectively restructure our lease portfolio to obtain future rent relief), the extent, availability and effectiveness of any pandemic stimulus packages or loan programs, including the Coronavirus Aid, Relief, and Economic Security Act, the ability of our third-party business partners, including our suppliers, logistics providers, vendors and landlords, to meet their obligations to us in light of financial stress, staffing shortages, liquidity challenges, bankruptcy filings by other industry participants and other disruptions due to the pandemic, the impact of the pandemic on our manufacturing operations in China, and trends in consumer behavior and spending during and after the end of the pandemic; our ability to successfully implement any alternatives that we pursue including our ability to achieve the cost savings described in this release; government actions and policies; increases in unemployment rates and taxes; local, regional, national and international economic conditions; changes in the general economic and business environment; changes in the general or specialty retail or apparel industries, including the extent of the market demand and overall level of spending for women's private branded clothing and related accessories; future permanent store closures; the effectiveness of our brand strategies, awareness and marketing programs; the ability to successfully execute and achieve the expected results of our business strategies and particular strategic initiatives (including, but not limited to, the Company's organizational restructure and five fiscal 2021 operating priorities which are: continuing our ongoing digital transformation; further refining product through fit, quality, fabric and innovation; driving increased customer engagement through marketing; maintaining our operating and cost discipline; and further enhancing the productivity of our real estate portfolio); cyber security or other data or security breaches; sales initiatives and multi-channel strategies; customer traffic; our ability to appropriately manage our inventory and allocation processes; our ability to leverage inventory management and targeted promotions; the successful recruitment of leadership and the successful transition of members of our senior management team; uncertainties regarding future unsolicited offers to buy the Company and our ability to respond effectively to them as well as to actions of activist shareholders and others; changes in the political environment that create consumer uncertainty; the risk that our investments in merchandise or marketing initiatives may not deliver the results we anticipate; significant changes to product import and distribution costs (such as unexpected consolidation in the freight carrier industry, and the ability to remain competitive with customer shipping terms and costs pertaining to product deliveries and returns); new or increased taxes or tariffs that could impact, among other things, our sourcing from foreign suppliers; the risk that future legislation may prohibit certain imports from China; and significant shifts in consumer behavior. Other risk factors are detailed in the Company's Annual Report on Form 10-K and, from time to time, the Company's Quarterly Reports on Form 10-Q and other reports filed with the Securities and Exchange Commission. These factors should be considered in evaluating forward-looking statements in this presentation. There can be no assurance that the actual future results, performance, or achievements expressed or implied by such forward-looking statements will occur. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that projected results expressed or implied in such statements will not be realized.



# **New Talent** Across the Organization with Relevant Skills and Experience to Re-Establish Brands as Fashion Destination and Drive Digital Transformation

## New Executive Leadership



### **BONNIE BROOKS**

*Executive Chair of the Board,  
Chico's FAS, Inc.*

+3 decades of global executive leadership experience in mid- and high-end apparel, including executing turnaround of 3 major retailers

Appointed interim CEO in April 2019 and CEO and President in July 2019. Transitioned to Executive Chair in June 2020 with Molly Langenstein's appointment as CEO & President



### **MOLLY LANGENSTEIN**

*CEO and President,  
Chico's FAS, Inc.*

+30-year retail industry veteran with significant merchandising, fashion buying, planning and brand development experience

Appointed President, Apparel Brand Group in August 2019. Named CEO and President in June 2020

Prior to COVID-19, CHS posted one of the fastest turnarounds in fashion retail, with a 9.4% increase in sales from Q1 to Q4 FY 2019 and all 3 brands posting positive comps for the first time in 5 years.

Post-COVID sales momentum is returning, with Q1 2021 results underscoring the tremendous progress of the turnaround strategy and power of three unique brands.

# New Talent to Re-Establish Brands as Fashion Destination and Drive Digital Transformation

## New Merchant, Design, Marketing, Store Leadership



### **VANESSA DUSOLD**

*SVP GMM Merchandising and Design, Intimates Group*

+20 years of experience in global merchandising and brand development in e-commerce, entertainment, specialty retail, department store and mass retail industries, including at HSN, Juicy Couture, Lantis Eyewear

Joined CHS in October 2019



### **KIRSTEN BOWEN**

*SVP GMM Merchandising and Design, White House Black Market*

+25 years omni channel executive and brand developer with record of re-inventing and turning around retail apparel brands, including at JackRabbit, Anthropologie, Limited Brands

Joined CHS in September 2019



### **NANCY JOHNSON**

*SVP GMM Merchandising and Design, Chico's*

+30 years retail executive with expertise in merchandising, production, sourcing, and brand strategy with successful creation and launch of innovative lifestyle branding in fashion retail, including at Macy's, Federated Department Stores

Joined CHS in June 2021



### **MELLONEY BIRKETT**

*VP, Design, Chico's FAS, Inc.*

+25 years international design experience in fashion retail and previous President & Founder of Birkett Inc., a contemporary sportswear company

Joined CHS in January 2020



### **REBECCA REEDER**

*SVP, Stores, Chico's FAS, Inc.*

+20 years retail executive with success in driving customer experience and operational efficiencies in luxury and mass businesses for large and small cap companies

New Role April 2020



### **KIMBERLY GRABEL**

*SVP, Marketing, All Brands*

+25 years data-driven marketing executive with a deep passion for developing a brand's essence in the luxury retail industry, including at Holt Renfrew, Saks Fifth Avenue

New Role April 2020

Fueled by significant improvements in product and marketing, CHS posted strong Q1 2021 performance with a ~38% increase in net sales vs. Q1 2020.

New and reactivated customers grew on a monthly basis in Q1 2021; average age of new customers continues to drop.

Improvement performance reflects refined product through styling, fabric and innovation, enhanced marketing efforts with digital storytelling and organic social efforts.

# New Talent to Re-Establish Brands as Fashion Destination and Drive Digital Transformation

## New Digital Leadership

**JAY TOPPER**

*Chief Digital Officer,  
Chico's FAS, Inc.*

+20 years of digital experience leading e-commerce, supply chain, marketing, customer service and technology at consumer-based businesses, including at FTD®, Vitacost, Rosetta Stone

Joined CHS in March 2021

**STACEY BLICKER**

*VP Ecommerce,  
Chico's FAS, Inc.*

+20 years of experience in developing brands and growing sales through omni, digital, e-commerce business technology strategies, including at Ann Taylor, Macy's, Kroger

Joined CHS in January 2020

**DIMPLE RAO**

*VP, Product Management  
& Design, Chico's FAS, Inc.*

+15 years of digital customer experience as well as design and product management experience in direct-to-consumer retail and marketing technology businesses, including at FTD®, Walgreen's, Spins.com

Joined CHS in June 2021

CHS has transformed into a digital-first company enabling it to reach new customers and reinforce the loyalty and outstanding service for which its brands are known, even when stores were closed.

Customer demand in the digital channel is solid. CHS achieved ~20% growth in digital sales during fiscal 2020 and ~13% YoY digital sales growth in Q1 2021, its most recent reported quarter.

# At Soma, New Investments in **Inventory** and New **Product** and **Marketing** Strategies Are Contributing to **Extraordinary Growth** and **Broadening Reach**

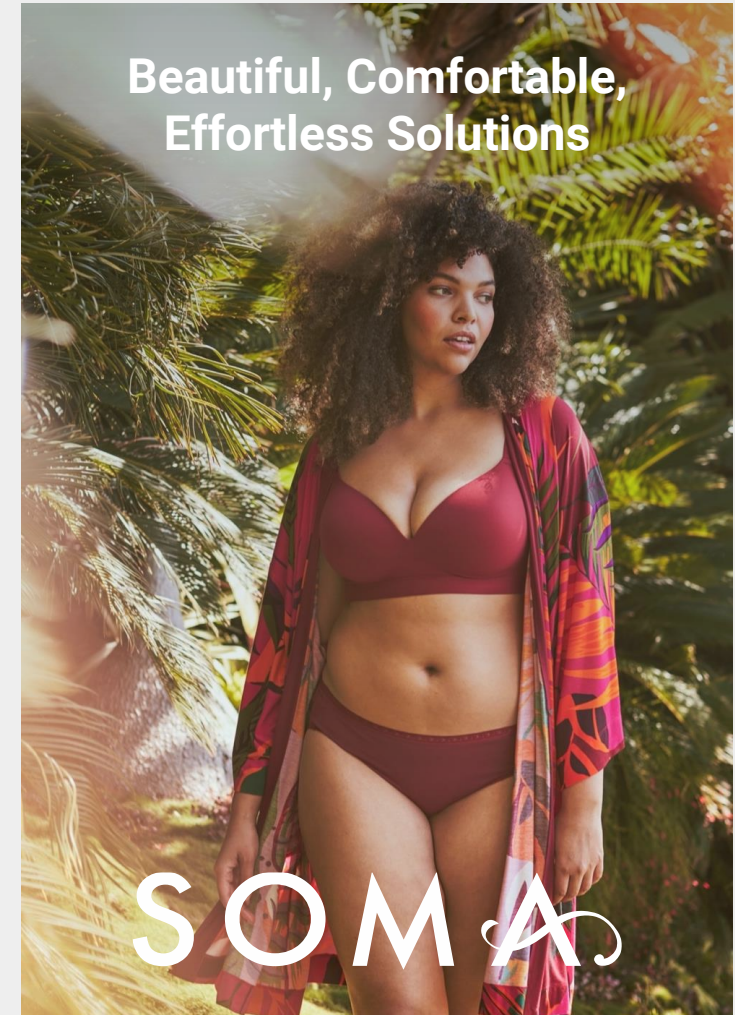
**39%** comparable sales growth over Q1 2019<sup>1</sup>

**65%** sales growth over Q1 2020<sup>1</sup>

**Top 10** brands for non-sport bras and panties<sup>2</sup>

**Top 5** brands in sleepwear<sup>2</sup>

**8 year** drop in average customer age YoY<sup>3</sup>



# In **Apparel**, a Focus on **Brands' Roots, Fashion, Fabric** and **Fit** Are Supporting Higher Sell-Through Rates and Higher Maintained Margins

## Brand Vision

Inspiring accomplished women to embrace and express their individuality

## Brand Positioning

For women who have grown to know themselves, we always have something chic and unique just for them

*chico's*

## Customer Values

Family  
Friends  
Fun  
Creativity  
Self-expression

## Brand & Customer Personality

Purposeful | Genuine  
Magnetic | Timeless



## Brand Vision

Inspiring independent women to embrace both their power and their femininity

## Brand Positioning

For women who understand and accept their duality, we offer fashion infused with designer details that are as surprising as she is

**WHBM**  
WHITEHOUSEBLACKMARKET™

## Customer Values

Family  
Friendship  
Confidence  
Achievement  
Optimism

## Brand & Customer Personality

Authentic | Smart | Stylish  
Social | Determined





# New Investments in **Marketing, Technology** and **Innovation** Are Driving Digital-First Transformation



**~20%**

FY2020 YoY Digital Sales Growth

**~13%**

Q1 2021 YoY Digital Sales Growth

**2x**

Q1 2021 Digital Exceeds Traditional Marketing Spend

**~3.5x**

Increased Spend in Omni- vs. Single-Channel Customers

**2020**

Named **"Best Online Shops"** by **Newsweek**

## **My Closet - Launched 2020**

- Personalized experience enabling customers to augment their closets by coordinating their wardrobe with past purchases
- Generates strong conversion, exceeding 6x the site average

## **Shop the Look - Launched 2020**

- Leveraging customers shopping behaviors and likes to help guide our customers and build confidence and urgency through reviews, and other social proofing mechanisms

## **StyleConnect<sup>SM</sup> - Launched 2019**

- Proprietary digital styling and selling tool
- Allows for intimate distance connection in a meaningful manner that is resonating with customers
- At nearly half customer file enrolled in StyleConnect; approximately 3 million



# New **Real Estate** Strategies Are Enhancing Portfolio Productivity, Driving Brand Awareness and Generating Sales

## Growth with Soma

258

boutiques  
currently

## Soma Shop-in-Shops at Chico's Exceeding Plan

47

open

## Rebalancing Mix to Digital and Closing Locations that Don't Meet Profitability Hurdles



Target closing ~13% to 16% of fleet over next three years;  
40 to 45 planned in FY2021



Majority of closures mall-based Chico's, WHBM stores



\$75M landlord commitments in rent abatements and  
reductions obtained in FY2020 + Q1 2021



60% of leases coming up for renewal or kick-outs available  
over next three years

Stores continue to be a strategic asset. Digital sales are typically higher in markets where we have a retail presence

# New Commitment to **Operating and Cost Discipline** Is Driving Structural, Lasting Benefits

~\$**235M**

in annual expense savings in FY2020, **23%** greater than original plan

savings realized in FY2020 expected to be maintained in FY2021 and benefit future years

**30%**

reduction in corporate structure

reflecting functions across all brands keeping merchandising and design unique by brand

↓ **35%**

Apparel

on-hand Inventory in Q1 FY2021 YoY

↑ **13%**

Soma

current and properly balanced inventory

- demand outpacing supply in Q1 FY2021
- productivity high, strategically fueling more full price sales

# New Actions to Overhaul **Supply Chain** Are Reducing Costs, Removing Steps and Shortening the Product Cycle to Market



**20%** reduction in supplier base in FY2020



**20%** reduction of Chinese goods in FY2020



**40%** of agents removed since FY2019.  
By FY2022 agents will represent 18% of receipts from 32%



**150** vendor partners reduced to **100**  
vendor partners since FY2019



Streamlining and expanded  
outbound shipping and ship-  
from-store processes



Optimizing operations to  
increase product speed-to-  
market and improve quality



Increasing use of 3D design  
for our outlet products



# Executing to **Drive Growth** and **Enhance Value Creation**

“ We entered 2021 as a digital-first, customer-led company with the capabilities to support continued improvement, enhanced value creation and a return to growth in the years ahead. ”

MOLLY LANGENSTEIN

CEO & President



New talent with relevant skills and experience to re-establish brands as fashion destination and drive digital transformation



At Soma, new investments in inventory and new product and marketing strategies are contributing to extraordinary growth and broadening reach



In apparel, a focus on brands' roots, fashion, fabric and fit are supporting higher sell-through rates and higher maintained margins



Optimizing real estate footprint with new strategies, which are enhancing portfolio productivity, driving brand awareness and generating sales



Commitment to operating and cost discipline is driving structural, lasting benefits



New actions to overhaul supply chain are reducing costs, removing steps and shortening the product cycle to market





CHICO'S FAS INC